

LOCAL VOICE

PROVINCIAL NEWSLETTER



HAWKE'S BAY

AUGUST/SEPTEMBER 2010

Recent meeting

The Federated Farmers Hawke's Bay executive recently held their quarterly meeting. This was attended by: Kevin Mitchell (chairperson), David Hunt, Andrew Russell, Tom Clouston, Will Foley, Rob Foley and Tania Kerr, as coordinator. The meeting included an address from two guests speakers, first was Andrea Beagley, the new Federated Farmers Hawke's Bay Field Officer. Andrea is a dairy farmer from Woodville and covers the Hawke's Bay as well as the Wairoa and Gisborne regions. If you see her in her travels, please say hello.

If you know of any farmers who might be interested in joining Federated Farmers, please put them in contact with Andrea:

Phone: 06 753 9991 or 027 551 1673

Email: abeagley@fedfarm.org.nz



The second speaker was Detective Sergeant Mark Moorhouse, (also known as Moose). Mark is in charge of resolving stock thefts and spoke passionately about how we can all contribute to this. Further details about Mark's presentation are outlined in this newsletter.

The next executive meeting will be held:

Thursday, 11 November 2010 at 6pm at the Fruitgrowers Association Offices (behind W&K at Stortford Lodge), all members are welcome.

The executive team also reported on their various roles. Federated Farmers Hawke's Bay provincial president, Kevin Mitchell, has spent a lot of time over past months on Federated Farmers business as his diary notes show:

March 12: Resilient Farming Systems run by Hawke's Bay Regional Council (HBRC) and the Ministry of Agriculture and Forestry (MAF) at the McRae Trust Farm, Frasertown, Wairoa
March 18: Federated Farmers Farm Day organisation meeting, held at Phil and Robyn Holt's Farm.



March 28: Federated Farmers Farm Day - about 150 people attended. Thanks to all those who helped, especially the Holt family

April 8: Discussion with Mark Harris, James Palmer and Ian Millner regarding combining efforts to aid Hawke's Bay/East Coast farm profitability

April 20: Emissions Trading Scheme (ETS) meeting at Tremains Real Estate

April 21: Wool Partners International road show, marketing their presentation

April 22: Taharua catchment meeting at Poronui with David Hunt

April 28: Farm exit and entry strategies organised by the Sheep and Beef Council

May 3: Meeting with Bill Jerram at Hawke's Bay Regional Council (HBRC) - Andrew Newman and Bruce Corbett

May 5: Federated Farmers Hawke's Bay AGM

May 6: Hawke's Bay Farmer of the Year field day at Tim Aitken and Lucy Robertshaw's farm in Central Hawke's Bay

May 27: Central Hawke's Bay Council submissions to Annual Plan - supporting Tom Clouston

June 3: Hastings District Council submissions to Annual Plan

June 9: HBRC submissions to Annual Plan

June 11: Meeting with Craig Foss to discuss the impacts of the ETS on farming, with Hugh Ritchie and Will Foley

June 13: Walking Access Commission - dinner and update

June 14: MAF farm monitoring session

June 17: Taharua catchment meeting at Poronui, with David Hunt

June 23-25: Annual Federated Farmers National conference in Invercargill.

Kevin Mitchell - Federated Farmers Hawke's Bay president



Awards come to Hawke's Bay

The Ballance Farm Environmental Awards (BFEA) are coming to the Hawke's Bay/Gisborne region.

Entries for the new 'East Coast' region awards open Wednesday, 1 September 2010 and run for six weeks. Judging takes place in October/November, with the Awards evening scheduled to be held on 24 March next year.

This is an exciting new nationally recognised award for our region. The objective of the BFEA is to promote sustainable land management on New Zealand farms, based on the belief that role models and education are effective tools to improving farming practices.

This region has no shortage of very worthy contenders and I would strongly encourage you to consider entering. This is a great way to share your ideas, expertise and passion with the wider farming community and also an opportunity to benchmark your environmental practices with others.

More information and entry forms can be found at www.bfea.org.nz. I am also happy to be contacted on phone: 06 834 9704 or email: trelinnoe@clear.net.nz should you wish to discuss the awards or ask any questions.

Bruce Wills, Chairman Ballance Farm Environmental Awards East Coast Region



FMG

The FMG provincial rebate was \$1264.51

Stock thefts

At the Federated Farmers Hawke's Bay AGM, Detective Sergeant Mark Moorhouse spoke passionately about the increasing incidents of stock theft, what all livestock farmers need to do to keep themselves and their stock safe and how rural communities can help police.

Recently orchards have been targeted as they are often closer to town and livestock is easy to get to. Mark explained that the drug 'P' is big factor that drives the thefts, because 'P' users need cash to fund their habit which can often cost them upwards of \$700 per week. In the past, stolen sheep have been slaughtered in backyards and sold for \$50 a carcass and as a result some commercial orchard graziers have seen losses of around 30 percent. Mark said Police are noticing that more and more gangs are getting involved in the thefts and explained that their investigations show that the bulk of the stock is being sold through the mongrel mob and is providing cheap food for people of low moral fibre, while gang members use the money they make to fund their drug habits and other anti social activities.

The Police are asking farmers to report all stock losses, even if it happened a while ago. This information helps police to build a pattern and allows police to target particular areas, people or times. Police are also able to provide farmers with alarms, camera and other security devices. Mark commended the Rural Support Networks (neighbourhood watch) and reinforced their importance in curbing stock theft.

Mark explained that once a person is convicted for one theft, the burglar can be back on the street within 12 months, but if Police are able to establish a pattern of numerous burglaries a longer penalty can be handed down, for example eight years. Therefore, it is very important for Police that farmers report all stock thefts.

Mark reminded those present at the meeting of how important it is that farmers do not to confront thieves themselves, but contact police immediately instead. 'P' users are unpredictable and can be dangerous; the paramount concern is to ensure that families are kept safe. Once again this reinforces the importance of knowing and having regular contact with your neighbours and wider community. Look after each other, especially when someone is away.

Please use the Police contacts, listed below and report all suspicious vehicles, this helps to build a profile and pattern. It's important to remember that rural burglaries can also include shearing gear.

At the meeting Mark was asked about how farmers can spot 'P' labs in houses and sheds.



He advised that 'P' Labs can be identified by an acrid chemical smell, burning in the back of the throat and nose. The presence of bottles of chemicals and lab equipment can also be an indicator. 'P' labs can be of a permanent nature, for example in a kitchen or of a portable nature; Police have even found labs in car boots in the past, which are just as dangerous. Mark warned all those present not to touch labs and to ring Police immediately, so they can effectively and safely dispose of the lab. These chemicals can be very dangerous to humans and can cause major health issues if they are not totally respected.

Farmers can protect stock by:

- Keeping their stock out of sight, for example behind shelter belts
- Making stock harder to access, by locking gates or using electric fences, burglars are lazy and will go for the 'easy' options
- Putting "buzzers" on sheds and gateways. Laser eyes are a cheap option, but make sure you put the laser eye at human height so they are not set off by stock
- Using electronic monitoring, for example that if a gate is opened, a text is sent to farmer.
- Reporting all thefts to Police.

The following individuals have been convicted for stock theft: Jonathan Kaka, Desmond James Cook, Jonathan Dunick and Wiremu Baabaa. Mark strongly advises all farmers not to employ these people.

Mark also asked farmers to please keep an eye out for the following vehicle and report any sightings: an old grey Mazda 626 Station Wagon with registration number OS 530. This driver has been burgling rural properties and stealing trailers, quad bikes and power tools, including chainsaws. Mark explained that although the man has been recently arrested, he is on bail and may still offend.

Mark's contact details:

Phone: 06 873 0525

Mobile: 027 296 4653

Email: Mark.Moorhouse@police.govt.nz

Other Police officers that can be contacted:

Pete Gimlett, Taradale Rural

Phone: 06 845 9460

Email: Peter.Gimblett@police.govt.nz

John Bruce, Bayview Rural

Phone: 06 836 6009

Email: john.Bruce@police.govt.nz

Central Hawke's Bay contacts:

Sergeant Ross Gilbert and

Detective John Brans.

NEWS IN BRIEF

FORESTRY UPDATE – The forestry sector has been relatively quiet since May. Export prices have eased slightly over the last couple of months, but are still healthy when compared to the five year average. Harvesting over the last few months has slowed due to adverse weather.

The next stage of the Emissions Trading Scheme (ETS) has come into force and we are now starting to see cost rises in areas such as fuel. It will be interesting to wait and see what Australia does with its ETS, in relation to agriculture, as we believe this may have some impact what actions the New Zealand Government takes in the future.

GRAINS UPDATE - After a very wet winter some barley is now being planted, including late plantings of winter malting barley which should have been planted in May. The amount and type of plantings looks to be similar to last year and many farmers are currently in negotiations for contracts for next year.

On a good note; dairy farmers are buying grain again and prices are continuing on their upwards trend.

There is currently not much barley left in storage on the North Island and only limited supplies in Canterbury. The price ex silo is \$370.

Everyone in the grains sector will be looking forward to a good season, hopefully with the weather on our side!

CENTRAL HAWKE'S BAY DISTRICT COUNCIL - Tom Clouston and Kevin Mitchell submitted to the Central Hawke's Bay District Council at the end of May. Council informed them that they have taken on board the Federation's views regarding Uniform Annual Charges (UAC) and targeted rates and are looking to do more work in these areas. Council also advised that they will investigate the roading cost allocation model that Federated Farmers provided them.

FARM DAY - Planning has started again for Farm Day. We are looking to centre our 'public day' on a farm located close to either Napier or Hastings.

LEADERSHIP COURSES

Level One; 'Getting Your Feet Wet'

This is an introduction to agricultural advocacy and central Government politics. This is an entry level course for members who don't currently hold leadership roles but are thinking about getting more involved.

Next Course: 20-21 October 2010

Level Two; 'Shining Under the Spotlight'

This course provides a challenging and positive environment to practice your presentation skills and strategic thinking.

Next Course: 27-28 October 2010

National conference

This year's Federated Farmers National Conference was held at the Ascot Park Hotel in Invercargill from 23-25 June. Don Nicolson opened the event with his usual well researched speech on Federated Farmers role in the agricultural industry and the great people involved. He also served notice on the Government that they risked losing even more support from farmers if they continued down the Emissions Trading Scheme (ETS) path.

On the second day, Leader of the Opposition, the Hon Phil Goff acknowledged farming's input into the New Zealand economy. He argued that the Reserve Bank Act need to be changed because it currently has a very narrow focus on inflation and this is leading to short term currency speculation, driving up the New Zealand dollar.

Bruce Sheppard, Chairman of the Shareholders Associations, spoke on the importance of capital markets. Capital markets exist to aggregate capital, to follow an opportunity, share risk and allow an owner to exit a business while still retaining a share in that business.

Active global capital markets create wealth that allows people to get rich and therefore creating more wealth. New Zealand capital markets have problems with listing rule barriers, which attract and protect New Zealand capital in our own markets. New Zealand companies have very low liquidity levels, which mean essential research and development are not priorities and New Zealand companies are a prime target for overseas buy outs.

Bruce discussed some very strongly held opinions including: that the carbon risk is a total "con", that the New Zealand dollar is hugely overvalued, that the sharemarket portfolio theory is a nonsense and that the major indebted economies of the world will allow their debt be deflated, over time, by inflation and therefore not repay it.

Next to speak was Tim Gibson, former Chief Executive of NZ Trade and Enterprise and currently the Executive Director of Tuia International, a specialised trade promotion, economic development and consulting firm that works with Government here and overseas.

Tim focused on New Zealand companies and argued that they have scale problems and therefore investing in research, marketing and customers is an issue. Tim said New Zealand agriculture had huge opportunities as illustrated by these statistics:

In a given year, the developed world will consume: 16kg of beef per person, 175kg of dairy per person and 4kg of lamb per person.

While the developing world will consume:

5kg of beef per person, 43kg of dairy per person and 2kg of lamb per person.

An average eight percent of income is spent on food in the developed world. Five years ago it was 15 percent, but there are indicators of it moving back up. Wealthy customers can pay more, but food must be produced in an ethical manner. A negative factor on the horizon is our competitors, China (vegetables), South America (beef) and Brazil (beef, cereal, pork, soy, sugar, cotton and grain). Tim's final advice was to stop focusing on structure but to focus on the customer and high earning markets instead.



Minister of Agriculture, Hon David Carter

Rodney Jones, Principal of Wigram Capital, was the next speaker. He spoke on his role as an international economist and trader. Rodney also co-wrote a book called 'More Money than God'. Rodney discussed the idea that while the developed world adjusted to financial fiscal excesses, China and India's economic rise is inexorable. Since 2006, China has been more important for world growth than the USA. If the world's financial crisis occurred in 2008, in 2011 it will be the fiscal crisis. There are going to be a lot of negative stories in regards to finance over the next six months, while in Europe there will be no growth for a few years. This will impact on New Zealand, because the credit channel will be very weak, especially from Europe as the growth channel is now in Asia.

In 1970, New Zealand's debt level stood at 60 percent of GDP, now it stands at 150 percent. But Rodney believes New Zealand is able to get out of this debt trap through expanding exports; especially to Asian markets. New Zealand exports to China are currently growing by 15 percent per year. But a limitation of the Chinese and Indian markets is that both countries have weak productivity growth in agriculture (at three percent) compared to manufacturing (at eight percent). This means output cannot keep pace with rising incomes and as a result those markets experience a food price inflation of 15 percent per year. Rodney suggested this create opportunities for New Zealand to export human capital and services in order to help China and India grow agriculture and to help feed their growing populations.

The next speaker was Rod Dury, Chief Executive Officer and Founder of Xero and the 'Farming in the Cloud' initiative. This company uses the web (the cloud) to catch and store data from the farm, the banks and the rural servicing companies which accountants can access. Cloud computing can control data and create export opportunities for systems and information in agriculture. Rod, along with Sam Morgan and Stephen Tindal, started Pacific Fibre. This company aims to bring a fibre cable from USA to New Zealand and Australia which will increase the speed and volume of data on the web and lower the cost.

The third 'Rod' in the line up of speakers was Rod Inglis, Chairman of Woosh Wireless Ltd. This company currently has 30,000 customers, 7,000 in rural Southland. Woosh specialises in delivering broadband to rural areas by laying fibre to hill tops and delivering wireless connections to farms. Rod predicted smart phones and portables will deliver 90 percent of data traffic by 2014. Woosh is built for data, is significantly cheaper than its competitors and has a policy to cover all provinces systematically.

The Minister of Agriculture, the Hon David Carter, spoke of a recent KPMG Industry report which stated that New Zealand is no longer a low cost protein producer and predicted that world dairy and meat consumption will rise by 20 percent by 2018. Mr Carter went on to discuss the well-publicised National Animal Identification and Tracing Scheme (NAIT) and argued that it was necessary to verify traceability and food safety to our markets. He also tried to justify the Emissions Trading Scheme (ETS) by saying that New Zealand has international obligations and the ETS was an investment in our future, not a cost. Mr Carter said that National would invest in water storage, broadband and negotiate free trade agreements to help grow agriculture.

The American Ambassador, His Excellency David Huebner, discussed agriculture in the USA and explained that the industry there is considered a national security sector. But US farmers have similar problems to New Zealand farmers, that is: price volatility, climate extremes and increasing costs. Rural incomes in the US are on average \$14,000 lower than urban incomes and young people are leaving rural areas at an even faster rate than only a few years ago. US politicians are about to debate the 2012 Farm Bill with input from farmers, ranchers, industry and consumers. A key part of the debate is the level of domestic subsidy which was set at \$US399,000,000 in the current bill.

Don Elder, CEO of Government owned Solid Energy, wowed us with some very impressive figures. Don said the GDP of the combined

world economies was \$50 trillion and that this would double in the next 40 years. Currently New Zealand's contribution is a mere 0.33 percent. He said 83 percent of people from undeveloped countries now expect our standard of living in their lifetime but there are not enough food or energy resources to achieve this. For the last 150 years the supply of energy has come from coal, oil and lately gas and this has driven wealth creation in industry and agriculture. Don stated that New Zealand's natural resources of water and minerals were the highest per capita in the world. The value of New Zealand coal reserves alone, rank us higher than Saudi Arabia.

New Zealand's population is currently 4,000,000, however, we only use half of our arable land and by world standards, we could support a population of 400,000,000. A 2008 study estimates New Zealand reserves of standard coal, lignite coal, gas, minerals and off-shore gas and hydrates to be between \$5-20 trillion. Don said New Zealand should accelerate the use of coal

and oil before technology overtakes their use and value. But they should be extracted in a way that meets New Zealand's expectations for the environment. New Zealand's natural resources industry currently generates \$1-2 billion, but Don believes this needs to be closer to \$10-20 billion. In order to achieve these targets, Solid Energy needs about a \$10 billion investment, through either debt or equity capital. Don stressed that if New Zealand does not make this investment, world demand will ensure someone else will and the major economic benefits will go elsewhere.

Dr Lionel Hume, from the Federated Farmers policy team spoke on a new ways forward for water management. Water is New Zealand's competitive advantage and we must learn to control its use and allocation so everyone benefits. Lionel has special interests in the Canterbury Water Management Strategy and explained that recently, there have been encouraging signs of collaboration between the interest groups.

On the final day, there were no changes to the Federated Farmers National Board.

There were five remits put forward by provinces, including Hawke's Bay, opposing the ETS. These provinces got together and put the following combined remit:

"That Federated Farmers of New Zealand continues its opposition to the ETS and to lobby for a delay to the next phased implementation of the ETS". This was passed.

Another remit that could have far reaching implications concerned the Walking Access Commission (WAC). This well supported remit called for Federated Farmers to delay or prevent publication, by WAC, of general maps showing inaccurate or unsubstantiated locations of unformed legal roads.

A general discussion was held on the success and future format of Federated Farmers Farm Day. At this stage provinces can choose one of three support options according to the size of their proposed event.

Meat & Fibre conference

The Federated Farmers Meat & Fibre Conference and AGM was held in Invercargill 23-24 June.

At the event, Keith Cooper, Chief Executive of Silver Fern Farms, spoke on achieving T150, but put the onus back onto farmers saying a large proportion of the shortfall needed to achieve T150 was achievable inside the farm gate with better productivity gains. He also noted that New Zealand lamb is currently in very good demand and he could easily sell twice the volumes that Silver Fern Farms is processing at the moment. When questioned on the Emissions Trading Scheme (ETS) Keith said, largely customers didn't know what the ETS was all about and it was not a priority at all in their purchasing decision.



Professor Caroline Saunders (Lincoln University's Professor of Trade and Environmental Economics and Director of Agribusiness and Economics Research Unit) spoke about wealthy or niche markets that New Zealand should be targeting because of their willingness to pay a premium for products that are safe and healthy. Caroline also said New Zealand farmers should remain adaptive and responsive to consumer

requirements or trends to hold onto and create new and desirable markets.

The next Federated Farmers Meat & Fibre Council meeting will be held in Wellington on Tuesday 26 and Wednesday 27 October 2010.

The old Meat & Wool NZ's new branding as Beef + Lamb NZ was launched on 1 July. Woolshed meetings are currently being held around the country, in order to gather in as large an audience as possible and to discuss their new role since the levy vote. The four key areas they are concentrating on are:

- **Farm** – Deliver research, development and technology transfer for whole farm systems, e.g. farm monitoring
 - **Market** – Deliver market strategies to improve access, demand and positioning for New Zealand meat and associated products
 - **People** – Deliver leadership to improve the standing of the sheep and beef sector in order to attract and retain skilled people, e.g. Farm programme sponsorship
 - **Information** – Deliver information and analysis to aid farmers in decision making.
- After a horribly wet two months, Hawke's Bay is finally seeing some sunshine and should suit the majority of flocks that are lambing from now on. Lamb schedules seem to be holding up well going into spring, with a prediction of short supply through till the start of the new season. Beef schedules are also looking up, as the New Zealand dollar continuing to strengthen.

Bruce Wills - Federated Farmers Hawke's Bay Meat & Fibre chairperson



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"Join the Federation today"

Andrea Beagley represents the Federated Farmers Field Team on the East Coast.

To contact Andrea:
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