



'race for the bottom' auction system as a basis for selling wool, they want to partner with manufacturers and link them directly to the growers. The WoolExporters have responded with all sorts of accusations aimed at muddying the waters and keeping the status quo.

Here again we have a choice between doing what we always have and getting what we always got, or supporting a proposal that has a chance to add value. I urge you all to at least take a good look at the WPI model.

### NATIONAL ANIMAL IDENTIFICATION & TRACEABILITY (NAIT)

Federated Farmers of New Zealand is opposed to the NAIT scheme in its proposed form. The problem is that of who should pay. The big processors are united in their support but they refuse to pay a cent. I think a suitable division of costs would be government 50 percent, processors and farmers 25 percent each. If the meat companies were putting real cash in up front then we would be assured that the scheme is essential from their point of view. NAIT appears to be a 'nice to have' that farmers will pay for, it will not improve returns and that is unacceptable given current sector profitability.

Lastly, I hope you all have an excellent Christmas and New Year period. Please ring me if you have any issues you wish to discuss.

***Nigel Harwood - Golden Bay Meat & Fibre Chairman***

### DAIRY ROUND-UP

Summer greetings and thank you for your feedback and support this year. The Golden Bay executive continue to represent farming views locally and can only do so with your membership mandate.

Strong positive representation has been made on a number of issues with Tasman District Council (TDC) and in the media, particularly landscape and biodiversity values, with further consultation set for the New Year. Remember that the local executive is happy to work alongside you on particular issues, as support. If you engage us early on an issue it makes it easier to help to facilitate positive outcomes.

Also we urge each of you to get alongside farmers new to our area or new to farming and encourage them to join Federated Farmers if they are not already and to get involved at a local level.

The annual TDC effluent report highlighted the high compliance achievements in Tasman. However, vigilance is required to

maintain these high levels. The spotlight on dairy continues.

Fish & Game together with Forest & Bird critiqued the Clean Streams Accord Review. Federated Farmers peer reviewed this critique and concluded that these organisations had promoted a biased and poorly written report. Bias in that the data for areas, including Tasman, have shown good compliance were largely ignored. Poor correlation between 'cause and effect' also gave bias to the report. You can access these reports through the Federation's website - [www.fedfarm.org](http://www.fedfarm.org).

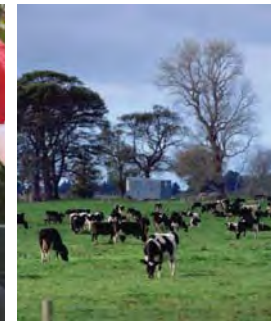
Many environmental groups continue to slate our industry. However, they are failing to recognise the effort and investment being made across the country and tend to de-motivate landowners who consider we can never do enough to satisfy the critics. I question these group's motives and challenge them to celebrate and support the positive. Often political dialogue gets in the way of action.

The recent DairyNZ election failed to inspire most farmers to vote (83 percent didn't) and Fonterra director elections will be completed by the time you read this with, most likely, a similar turn out. Why are so few of us engaging with our industry-good organisation and with our co-operative? There is no excuse!

We owe it to those dairy farmers who worked hard during the last century and built the industry we now have to continue to involve ourselves and the operation of our co-operative. We can support those we elect as directors and shareholder councillors either directly by contacting them with our views or by attending and participating in meetings. Fonterra has indicated that capital structure is back on the agenda as of now. It is time to revisit the Fonterra co-operative cornerstone document developed by the Shareholder's Council. Pull it out of your filing cabinet, or look it up on Fencepost and make sure that you are part of the dialogue as we work to ensure our co-operative takes us profitably into the next decade. Membership of a co-operative obliges active member participation. We only have to look at other agricultural industries to see what happens if we don't get it right.

All the best for a strong second half to the dairying season as we look for a more settled, warmer weather pattern, with just the right amount of rain!

***Michelle Riley - Golden Bay Dairy Chairwoman***



*Merry Christmas and  
Happy New Year*

## WHAT CAN WE EXPECT FROM A NEW NATIONAL GOVERNMENT?

For a start they have said they will look at fast tracking some parts of the RMA. Well and good, especially for our roading infrastructure. Farming and business will benefit from reduced costs on the consent processes. Tasman District's primary producers would benefit hugely from up grading our arterial routes; Riwaka Road straightening, Motueka by-pass, Mapua bypass (which has finally started after many years of delays).



Nelson City Council needs to address the Southern Link, which is constantly bottle-necked with traffic and freight to the port and airport, a direct cost to Tasman producers. Public and private investment with tolls will go a long way to fixing our lack of good arterial routes. Shorter routes mean less truck and driver hours, less carbon and huge cost benefits to food producers.

### EMISSION TRADING SCHEME (ETS)

Although National has promised to look at the ETS, it will need the Act Party and farmers' prodding to get any changes made. New Zealand would be foolish to include animals into the scheme. Is it prudent to be spending millions of research money on trying to alter the natural biological workings of an animals gut? Farming will be taxed on its fuel and power usage, dairy factories and meat processors will also be taxed on their use and we all know who's pocket that will be paid out of! More research in this area makes sense to me. New Zealand farming is a lean mean machine, we produce an unsubsidised product onto the world stage at a very low carbon cost. Our policy makers need to take this into account when deciding our future.

What will the change of government in America mean for us? Didly squat I should think, unless the new administration is brave enough to take on the huge lobbyist machine within. Our negotiators must be hard nosed in any bi-lateral deal with the US, just ask the Australians. New Zealand must do everything in their power to get America to put some energy into the WTO. The US is slowly falling on its sword, a Fair Trade Deal with them might be commensurate with how much blood is lost.

Hope it all goes well on your patch for the rest of the season. Merry Christmas to you and your families.

**Graham Ball Golden Bay President**



## SECRETARY'S CORNER

### INCORPORATION

We have successfully completed the process of registering to be Incorporated, which will protect the Executive and also enable us to apply for funding through charities such as the Pub Charity, should we need to do so. Along with this we also had to apply to be registered with the Charities Commission, which we have done.

### WESTERN GOLDEN BAY PLANNING

This is the next stage of planning for Golden Bay and it is important that we have a say in the outcome.

The questionnaires for the Landscapes and Natural Features and Coastal Natural Character have closed, but there will be other opportunities for input, particularly to an issues and options paper next year and a through a series of meetings on this. Other questionnaires are planned regarding the rural environment, settlements (Western Golden Bay) and a vision for Golden Bay.

If you missed the opportunity to provide input to the first two questionnaires, you can still do this by filling in the questionnaires at the following link <http://www.tasman.govt.nz/index.php?DraftPlanningProposals> 'Golden Bay Strategic Planning' (please scroll down the page to find this) up until the New Year. We will keep you up-to-date on progress and plan to have some meetings early next year to discuss issues with effected farmers.

### A&P SHOW

We will be sharing the Rural Service Centre tent at the show, so pop in and see us.

Not much else to report at the moment, have a good Christmas break. Merry Christmas and a Happy New Year to one and all.

**Celia Sowman - Golden Bay Secretary**

## MEAT & FIBRE ROUND-UP

### THE MEAT INDUSTRY

With the risk of being repetitive, I'm going to bang on about the supply chain again as I believe financial sustainability is the single most urgent issue facing us.

The Rural News article entitled 'Income pits at \$20,000' illustrates this point well. New Zealand red meat producers are in big trouble with gross farm incomes averaging \$20,000. If \$20,000 is the average, then a lot of us have large amounts of red on our balance sheets. Despite productivity gains



of 12 percent more lambs from 31 percent less ewes, few of us are making money. We have a long and complex supply chain based on buying low and selling high, and this is sucking up cash leaving little for the farmer. Our productivity improvements are being clipped by everyone else. James Parsons, 2008 Nuffield Scholar, says New Zealand lamb is sold for less money than the UK equivalent, because the UK



supermarkets believe that our costs of production are lower so we should be paid less. This is an example of supermarket power and their ability to dictate terms to a fragmented meat industry. It makes a mockery of Graham Harrison's (ANZCO chairman) claim that the meat industry is not broken. However, I believe he is correct when he says farmers are individualists and want choice, and this has shaped the industry structures we have. Farmers have had numerous chances to vote for reform in both the wool and meat industries. We have failed to act cohesively and for the good of our industry. We now have the prices we deserve, we are the architects of our own bank balances. The real shame is that if we ever did decide to act together we could effect real change that would significantly improve our financial returns. As it is we have had three years of poor prices; we then had a glimmer of hope and now the world economy is in freefall, which will inevitably affect beef, lamb and wool prices for another 12-24 months, here we go again

So where do we need to go? Most farmers have several million dollars in assets and are typically operating their businesses with 1-1.5 percent returns on capital (or less). Every other link in the supply chain clips has between 5 and 45 percent margins. They are able to do this because they have the power and nothing suits them better than several large meat companies competing in the market. This year we had our chance to effect real change and we comprehensively voted for the status quo. In view of this, it is time for farmers to stop whining about prices. Our actions prove that we aren't prepared to effect the change needed to restore sustainability to our industry.

### THE WOOL INDUSTRY

Recently a Meat & Wool NZ initiative, Wool Partners International (WPI), started operation. This company wants to consolidate the industry and offer a new approach to selling wool. Instead of the