

## Hard facts or hot air?

The Climate Change (Emissions Trading and Renewal Preference) Bill (ETS) has recently hit the headlines again with Federated Farmers President, Charlie Pedersen appearing before the Finance and Expenditure Select Committee to present farmers concerns over the proposed legislation.

The federation wants a climate change policy that is practical, cost effective, and allows New Zealand farming to remain economically viable, and internationally competitive.

This legislation will affect all farmers in the future as it covers agricultural gases such as methane from enteric fermentation and nitrous oxide from animal excrement and synthetic fertilisers.

Ministry of Agricultural and Forestry have provided us with some answers to frequently asked questions about the emissions trading scheme.

Rough estimate of livestock emissions are:

- Average dairy cow = 2500kg/yr CO<sub>2</sub>e
- Average sheep = 330kg/yr CO<sub>2</sub>e
- Average deer = 650kg/yr CO<sub>2</sub>e
- Average beef animal = 1700kg/yr

### Agriculture in the New Zealand Emissions Trading Scheme

#### Are any other countries including agriculture in their domestic climate change policies?

New Zealand is currently the only country that has included agriculture in a domestic emissions trading scheme. This is not surprising – the contribution of agriculture to New Zealand's emissions profile is unique internationally. Agriculture makes up almost 50 per cent of New Zealand's total emissions, whereas it makes up about 12 per cent of most developed countries' emissions. New Zealand has no choice but to promptly tackle emissions from this sector.

#### Who's in? Who's out? Where is the point of obligation?

The Government has not reached a final decision on where to place the primary

obligations of the emissions trading scheme for agriculture. Its initial preference is for dairy and meat processors and fertiliser companies to be the primary points of obligation, and therefore have responsibility to report emissions and surrender units on behalf of the sector.

#### How can New Zealand reduce agriculture emissions without new technology?

At this stage, the opportunities for farmers to reduce emissions (other than by reducing output) are limited to some extent, but they do exist. There is currently greater opportunity to reduce nitrous oxide emissions, such as through the use of nitrogen inhibitors and more effective fertiliser use. Increased use of these technologies will also reduce impacts on water quality.

Improvements in productivity will also reduce nitrous oxide and methane per unit of production. For example, the level of emissions per unit of milk solids has been decreasing by around 1.2 per cent a year over recent years. The ETS will help encourage the development of emissions-reducing technology.

The ETS will also ensure that the cost of carbon is factored into farmers' investment decisions, such as the conversion of land to production systems that result in higher emissions.

#### Why doesn't the Government just put more money into researching technologies that will reduce methane emissions?

The Government is putting significantly more money into research, in parallel with increased investment from the sector. But more can and must be done, and the ETS will provide greater incentives for the sector to search out ways to reduce emissions.

Why isn't agriculture coming in earlier when it is such a large emitter?

There are several reasons why agriculture is joining the scheme in 2013 and not sooner. Ensuring systems are in place to meaningfully monitor and verify emissions

is difficult, and devising the right solutions will take some time. Also relevant is the agreement between the Government and the agricultural sector signed in 2002, and the desire to allow sufficient time for the research effort underway aimed at reducing methane-related emissions to take effect.

The Government expects the sector to start taking steps towards reducing emissions before 2013, and it will require the sector to monitor and report its emissions as early as 2011. The five-year period before agriculture enters the scheme will also provide opportunities for:

- pilot farm level monitoring and reporting of emissions;
- increased contribution from the sector towards research into mitigation and adaptation;
- increased sector contribution to technology transfer; in particular commitments to roll out mitigation technology and energy efficiency on farms.

This all means that farmers cannot afford to bury their heads in sand when it comes to emissions trading. It is very real legislation that will affect all farming business, and as Charlie Pedersen said to the Finance and Select Committee:

"As it stands the emissions trading scheme poses a huge economic burden on the main driver of our economy – namely agriculture, which earns the bulk of the nations export dollars.

Analysis produced by the Ministry of Agriculture and Forestry and the New Zealand Institute of Economic Research raises huge concerns about the practicality of the proposals. These figures show that some sections of New Zealand's food producing sector would simply be unviable"

**Extract from report to Golden Bay Federated Farmers supplied by MAF Nelson.**

## North Canterbury

JUNE 2008

### Field day/AGM a great success

North Canterbury Federated Farmers had a wonderful field day at The Lakes Station in the high country. Our thanks go out to Ted and Sandy Phipps for their wish that the AGM to go ahead in the midst of their own tragic circumstances.

About 260 people made the trip, with 220 staying on for an excellent dinner (and let's

not forget the morning tea) in Harwarden provided by the local Lions Club. The day showed that farmers need fellowship ahead of meetings.

"What do Federated Farmers do?" is often the question asked by members. Here are some examples of the issues on the local front, which both staff and members of the executive have been, or are in the process of, handling.

- Annual plan submissions for Waimakariri,

Hurunui, Selwyn, Christchurch and Kaikoura District Councils, along with tock droving bylaws for the first four councils. These all require a tremendous amount of work especially Waimakariri District Council which is trying to implement a particularly onerous law. At the moment we have managed to delay implementation through intense lobbying, hopefully to the stage of getting the bylaw completely rewritten after a new round of submissions.

- There is a continual round of mediation in the environment court with Environment Canterbury's Air Quality chapter of the Natural Resources Regional Plan (NRRP).
- The ten years spent on the Banks Peninsular Landscapes case.

All this can be abbreviated in a few words, but as I read the June Policy issues "27 pages of headlines", it reinforces that without Federated Farmers we would have no industry. So let's work together and encourage everyone to renew their memberships to give us the tools to fight those who want our overseas funds, but take away our ability to earn them.

**Chris Sundstrum - North Canterbury President**



Chris Sundstrum (far left) addressing attendees at the field day/AGM held at The Lakes Station. Other pictures taken throughout the day.



### Recruit members and be paid

Earn commission, work in your local area.

You choose the hours, when and how you work.

Federated Farmers is looking for contractors to recruit new members.

**For more information contact:**  
Di Wyllie 0800 327 646  
dwyllie@fedfarm.org.nz

### On farm cost on the rise

The 07/08 season has generally been an interesting one for the dairy sector with most having experiencing both good and bad on the farm.

The record milk payout by Fonterra has definitely been outstanding news and is a welcome boost to the dairy industry after two financially more challenging seasons. The confidence in the dairy industry is huge, with next season's forecast currently at \$7.00 for Fonterra suppliers. Unfortunately this increase in payout seems to have gone hand-in-hand with an increase in costs in most areas.

Prolonged periods of irrigation restrictions and the shortage of rain have resulted in a lack of feed surpluses in most areas, which has driven supplementary feed and winter grazing prices to new highs. Even now, some dryland pastures are slow to take off. The large

number of frosts experienced in most areas over the last month have further reduced pasture performance. Despite high feed prices, dairy cows and heifers are fetching record prices with \$2500 not uncommon for a good line of cows.

**Peter Schouten North Canterbury Dairy Chairman**



North Canterbury Federated Farmers publishes regular newsletters to keep our members informed

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For comments on this newsletter or if you wish to join Federated Farmers please contact

## Scanning results down

What a variable few months we have just been through! For some, especially further north, rain has been quite regular since April, while for others the rainfalls have been few and far between. To me it seems that it is pure luck as to what rain you receive.

As a result of the weather most scanning results, I have heard, have been behind last years results, especially the number of dries in some cases. This trend is apparent in both sheep and cattle scanning.

Let's hope that we can satisfactorily feed our pregnant animals and have some valuable offspring later in the year. If you read any paper now that is talking about the future of sheep and beef, you will no doubt be full of confidence for the coming season. I hope the media have got it right for a change. I have been hearing for the last two years that the outlook for sheep and beef looks great in the future. But I am still waiting for the future to arrive! I hope it gets here soon. I do have to admit that I have not seen lamb discussed at \$5/kg as frequently as in the past month.

'The Concept' as proposed by the Alliance Group has failed to eventuate. It is good to see the Meat Industry Action Group is still active and trying to get the meat companies to bring about some form of change within the industry. From the meetings they have held so far, the majority of farmers still want to see change, even if the export price does rise of its own accord. We may have increased prices for a year or two and hopefully more. But, as sure as night follows day, farming goes in cycles and we are going to have low prices again. Surely the most economic time

to restructure is when it is buoyant, not when it is on its knees?



Photo courtesy of Neville Wallace

Change is happening in the wool industry following the release of the Wool Industry Network's 'Model For Change' report a few months ago.

Wool Grower Holdings has been established and has purchased all PGG Wrightson's wool assets (including staff) except for its shareholding in New Zealand Merino Co Ltd. \$10m of the purchase price of \$46m will be paid in cash while the remainder of the purchase will be accommodated by debt and equity (up to 40%) in the new entity. The new company will be known as 'The Wool Company' in the interim and is chaired by Mr John Perriam. The new company will seek involvement from farmers as suppliers and shareholders. (Surprise, Surprise!)

The new business will focus strongly on market-led strategies to reposition New Zealand wool as a premium quality fibre, investing in value-added initiatives in marketing, sales and distribution, as well as research and development. (We have been hearing this sort of statement for years!)

I hope this company is successful, not only in its operation, but also by improved returns to farmers. If this is to happen, we need to support it as both suppliers and shareholders. Otherwise we end up with more debt in the industry, and in the long run, I know who services that debt.

I have been to the Hurunui District Council twice in the last month, submitting on your behalf on the Annual Plan and the Draft Stock-droving By-laws. Both these submissions have taken a lot of time by Sonia Voldseth, Federated Farmers Senior Policy Advisor, to read the initial document, write a draft submission and then liaise with various members before sending the final submission to Council. Sonia has been at both hearings and provides valuable support. Please remember that as a federation we do a lot of work behind the scenes on your behalf. We are doing our best in your interest to make your membership worthwhile.

Good luck for the next few months. I know some farmers are going to need it. Feel free to call me about anything. As the officers of North Canterbury Federated Farmers, we are here to help.

**Dugald McLean - North Canterbury Meat & Fibre Chairman**

## Farmers not creaming it

A report commissioned by Federated Farmers shows that while food prices in New Zealand may be rising, the producers of some food items are not the main beneficiaries of this.



The report, prepared by the New Zealand Institute of Economic Research (NZIER) shows that food producers received an average of about a quarter of the price that

selected items sold for in retail outlets. The individual farmers share was: for bread - 16.37 percent; lamb chops - 30.97 percent; blade steak - 18.86 percent; milk - 35.46 percent; honey - 40.12 percent; and cheese - between 15 and 35 percent.

The president of Federated Farmers, Charlie Pedersen says the report shows that in the case of bread, a food producer gets the equivalent of three slices of a 20 slice loaf, a dry-stock farmer one of four pieces of steak and in the case of a dairy farmer, a small slice of cheese.

"The cause of high food prices is complex and outside the control of the food producer. Transport, processing, energy and marketing, plus normal margins are some of the factors which have pushed prices up. There is a link to export prices, but this has never changed since New Zealand began exporting meat

back in 1882. There is a misconception that because dairy farmers are receiving good payouts from Fonterra, this is driving up prices, Mr Pedersen said.

"In fact, fertiliser and the cost of compliance have risen. Food producers have had to cope with a severe drought and pay high prices for supplementary feed for their stock. Many sheep and beef farmers will suffer losses this year adding to the losses of previous years.

"This report clearly shows that food producers are certainly not 'creaming it'. Let's not forget that food producers also have to buy food for their families," said Mr Pedersen.

**For more information contact:**  
Peter Burke, Communications Manager  
or Kara Tait, Communications Advisor  
Phone: 0800 327 646.

## Keeping you informed - policy update

### Update

Councils have been busy reviewing bylaws and annual plans over the past two months and the North Canterbury province has been busy on your behalf with submissions and attendance at hearings.

The Natural Resources Regional Plan (NRRP) mediations on Air Quality also continue to progress with Federated Farmers in attendance.

### Annual Plans

Dugald McLean and myself made a submission and attended a hearing at the Hurunui District Council on its annual plan. The Hurunui District Council has made several changes to its plan in recent years, making it much more palatable to farmers. This is due, largely, to more rural representation on the Council and a shift in relations with Federated Farmers.

Pam Richardson attended the Christchurch City Council Annual Plan hearing. Generally, there were no major changes to the annual plan from the LTCCP, and comments were fairly general. Pam commended the City for making sure it used a targeted rate for its new waste disposal and recycling plan, and continued to encourage the City to use an itemised rate sheet.

### Stock movement bylaws

Dugald McLean and Sonia Voldseth made a submission and attended a hearing at the Hurunui District Council on its stock movement bylaw. Although the bylaw has not been finalised at the time of writing, indications from the Council are that Federated Farmers recommendations have been accepted. Good news!

Chris Sundstrum attended the Waimakariri District Council hearing on stock movement



which contained several onerous provisions. The most concerning provision was a requirement for two pilot vehicles for movement of stock on all roads. The Council has made changes such that pilot vehicles are now required only for certain roads (in Schedule B). However, those pilot vehicles must be at least 100-600m behind the stock. That means that additional drovers will be required to control the stock. A mailout has been sent that outlines these roads. If you are affected please contact Chris Sundstrum.

Neil Stott and myself attended a hearing at the Selwyn District Council on its stock movement bylaw with good results. The Council was very receptive to the views of Federated Farmers and made significant changes to the bylaw to make it less regulatory. The major provision of concern was a requirement to notify authorities of any stock movement (Transit or local police) 48 hours prior to the move. In line with the Federated Farmers submission, that provision has been taken out and a long term permit system has replaced it.

Pam Richardson attended the Christchurch City Council hearing on its Traffic and Parking bylaw, which includes provisions on stock

movement. The bylaw is geared towards Banks Peninsula residents and contained several provisions that are unacceptable to farmers, such as the ability for Council to require permits on certain roads in a "register" that has not been notified, visibility requirements, and several definitions in the bylaw. We are currently awaiting a decision by the City Council.

Pam also spoke at hearings on the Dog Control and the Parks and Reserves bylaws put out by the City Council and decisions are pending on those bylaws.

### NRRP Mediations

Andrew Gillanders, Chris Sundstrum, Paul Stackhouse, Lionel Hume and myself have attended several mediations on Environment Canterbury's (ECan) NRRP Air Quality chapter. Topics have included rural outdoor burning (including agricultural wrap and agrichemical containers), rural domestic burning and load shedding (whether or not generators can be run for over 24 hours in one year). As the Plan is currently written, agrichemical containers and agricultural wrap may not be burned.

During mediation ECan agreed to work towards improving the AgRecovery programme so that more options are available for recycling containers. The question of agricultural wrap is still open and more information is needed on options for disposal. If you have any information please contact Chris Sundstrum or Sonia Voldseth.

**Sonia Voldseth - Federated Farmers of NZ Senior Policy Advisor**

## Employment Seminars Mark your diary now!!

31 October 2008, 10:30am or  
1:30pm (optional)  
Federated Farmers, Unit 8  
35 Sir William Pickering Drive,  
Christchurch

4 November 2008, 10:00am  
Federated Farmers Building,  
cnr Tancred & West Streets,  
Ashburton

4 November 2008, 7:30pm  
Farming House, 23 Butler Street,  
Timaru

5 November 2008, 9:30am  
RSA, Itchen Street, Oamaru

**For more information or to register  
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