

SWINGS AND ROUNDABOUTS

2008 has promised so much and delivered so little to farming, with the possible exception of the dairy industry. A drought to tell your grandchildren about followed by a winter that tested most people's patience, that is unless you had prime stock to sell. The result has lifted our overdrafts to stellar levels. Reasonable grass growth this spring has enabled stock to gain weight at rates that are almost compensating for the decline in cattle schedules. Meanwhile overseas markets for our meat and wool, not to mention dairy products, continue to soften as the credit crunch morphs into a full-blown recession.

Councils are threatening rate increases at double the rate of inflation, while house sales and building starts to plummet. The big retail chains must be running out of reasons for a new sale every week. Those who think a new president in Washington and a new Prime Minister in Wellington will make everything okay will be disappointed to find that promises cost money, that just isn't coming into government coffers as it has in the recent past.

Still our politicians managed to change 760 parts of the Emissions Trading Scheme (ETS) in the week before it was passed. The most unfortunate aspect of the ETS is that it fails to encourage tree planting, especially on farms where the cost of compliance and monitoring of the scheme will disadvantage farm-scale planting. Yet our regional council and MAF are suggesting subsidies or rules to force planting of highly erodible land, which is already producing meat and wool on a sustainable basis.



Among these contradictions and enigmas what will 2009 hold for Wanganui farmers? Cash flow will be king and many organisations and people you deal with may not deliver what they have promised. The New Zealand exchange rate may well soften further such that exporters are favoured over importers. Cost control will be vital, but fertiliser may become affordable as overseas demand falls and shipping problems are resolved. Looking to the future, an investment in research and technology similar to the "Fast Forward" initiative is vital if farmers are to survive this recession and earn their rightful place in the sun.

Have a Merry Christmas and best wishes for 2009.

Tim Matthews - Wanganui Vice-President

CHRISTMAS DINNER INVITATION



WANGANUI

You are invited to our
CHRISTMAS DINNER

6.30pm, Saturday 29 November 2008

Avoca Hotel, Upokongaru



\$27.00 per person

6.30pm Drinks

7.30pm Dinner

8.30pm Guest Speaker

RVSP by 20 November

Brian Doughty | Phone: 06 342 1846

DON SCOTT AGRICULTURAL TRAINING TRUST SCHOLARSHIP

This Trust is again calling for applications for grants to enable individuals or groups whose principle place of residence is within the boundaries of Manawatu/Rangitikei and Wanganui Federated Farmers provinces. The grants enable successful applicants to pursue agricultural related studies or group learning initiatives.

Applications of up to \$500.00 per grant close on 19th December 2008.

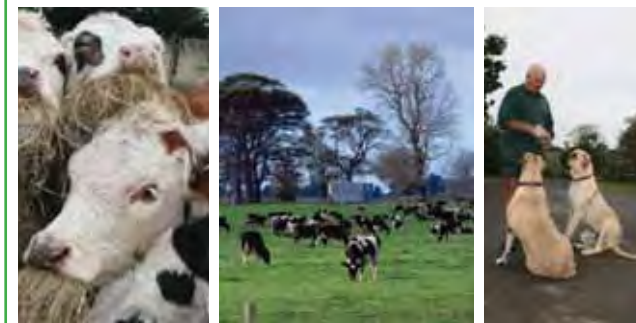
Further information and application forms may be obtained by writing to:

The Trustees, Don Scott Agricultural Education Trust,
PO Box 945, Palmerston North

CHRISTMAS 2008 NEWSLETTER



WANGANUI



*Merry Christmas and
Happy New Year*

LOOKING FORWARD TO A BRIGHTER 2009

Well it seems only like the other day we were sitting down to pen our 2007 Christmas newsletter. Over the year, from a farming point of view, a lot has happened.

Firstly our summer dry affected the central north to southern North Island with devastating effects in some areas. The implications of this may be seen through to the next season. The financial implications of this may also be huge for some, as a result of the current economic downturn, high interest rates, low stock returns and with mortgages to pay. Now would be a good time to talk to your financial advisor.

Since 2004 Horizons Regional Council has been working on the One Plan and, as it works its way through the submission then hearing stages, some conflict and bitterness has crept in to discussions over the Land and Biodiversity sections.

Compare these sections to the Water Take and Water Quality issues to come in 2009 Land and Biodiversity will seem like a walk in the park.

Its important that we as a farmer representative group continue to sit at the same table as Fish & Game, Forest & Bird, electricity generation companies, Fonterra and the like striving to find solutions to the many problems before us.

Publicly slagging off the opposition will in the end do us no favours, as being able only to talk to yourself has a limited appeal to me.

Farming by its very nature can at times be frustrating with political influences, the weather and finances all designed to push you to the limit. We need, at all times, to be aware of these and take the time to look at the issues.

Our past year has taken its toll, but we will have learned and grown a lot as farmers, family men and women, parents and friends so let's look forward to the 2009 year.

From Rae and myself, enjoy your time with family and friends over the Christmas period and we look forward to catching up with you next year.

**Brian Doughty -
Wanganui President**



LESSONS FROM ABROAD

It's amazing how just a few short months can change everything. While New Zealand, America and the rest of the free world have been distracted by elections, the economics of these same countries go into free fall.

Just one year ago commentators were saying the new world order was being established. Bio-fuels were the new order of the era they said! Food prices were going to break into new levels and stay there, they said. Well now for a dose of late 2008 reality. Dairy prices are starting to plumb new depths, the wrong way. Dairy, being a perishable, cannot be stored for long and new product is arriving before older stock has been moved and buyers are just NOT BUYING.

The New Zealand dollar dropping will ease the pain somewhat, but a dollar can only drop for so long eventually it must reach a level and start moving up again.

Any good news in this? Yes, fertiliser prices are reacting by dropping; unemployment will rise, maybe taking some pressure off the cost of labour; land prices will certainly ease, although that will bring its own share of difficulty; interest rates will be interesting; core rates are dropping, at the same time the margins are increasing.

All commodities are being affected, grain is down, beef the same, lamb is unaffected as yet. Non-agricultural commodity prices are changing by the day.

Some time ago Fonterra chairman, Henry van der Hayden, made a comment that the next few years are going to be marked by volatility. He sure has been proven correct. The season, so far, has been marked by extremely wet conditions, many crops on the eastern side of Wanganui have not yet gone in. Those that have, have been drowned by rain.

Let's hope Christmas will bring a little more cheer to all members and let's not think too negatively about the emission trading scheme or the odd politicians who decide these things.

Tony Rogers - Wanganui Dairy



NEW ZEALAND NEEDS AGRICULTURE

Without export earnings from farming New Zealand would be a third world country. The current crop of politicians (pre-election) wagging their righteous fingers in the farmers direction, claiming a myriad of environmental crimes, do so warmly cosseted in a lifestyle secured by the sweat of generations of New Zealand farmers.



Option B is still not even on the home straight. Have a gander at an atlas and you will see we are but a small gaggle of islands a squillion miles from anywhere, not counting Oz. So any industry based on raw materials not found in our backyard would mean shipping the bits here, our expensive labour force (the ones that haven't moved across the ditch) gluing the aforementioned bits together and then shipping them off to distant markets. Not being up to speed on leading edge business stuff means I may be missing the point, but this plan appears to basically ill-founded. So historically, currently and into the distant future, farmers, farming and all related industries are the only reason New Zealand is open for business every Monday morning.

The mass of Beehive dwellers seem to be missing this point. No one has come out and said, "Hang-on, this farming thing looks like a bit of an earner. Let's get in behind it!" Instead we get an emissions trading scheme.

Compliance costs incurred in the pursuit of environmental purity will limit the viability of farming. This is economic suicide. Primary industry is not a bottomless pit of revenue and in many cases the well is dry.

T150 is not a foot stamping exercise or a line carved in concrete. It's pointing out that if the returns don't improve, hill country farming will turn out the lights and shut the door. Farmers are receiving 30 percent of the end value of a lamb, so this could be a good place to start. How many leading edge agricultural graduates will head for the hinterlands to eke out a pathetic income from traditional sheep and beef? T150 gives a target, creates discussion and when we reach it, will get a much needed new generation excited about entering the industry.

Merry Christmas

Grant Deroles - Wanganui Meat & Fibre Chairman