
**MINUTES OF THE FARM & AERODROME COMMITTEE MEETING
OF THE STRATFORD DISTRICT COUNCIL HELD IN THE COUNCIL
CHAMBERS, STRATFORD DISTRICT COUNCIL ON TUESDAY 16
JUNE 2020 AT 11:00AM**

PRESENT

Councillors G W Boyde (the Chairman), P S Dalziel, V Jones and Committee Members the Finance Officer – Ms K Lawrence and the Property Officer – Mrs T Hinton.

IN ATTENDANCE

The District Mayor, N C Volzke, the Deputy Mayor A L Jamieson, Councillor W J Sandford, the Chief Executive – S Hanne, the Director Community Services – Ms K Whareaitu, the Director Corporate Services – Mrs T Radich, the Director Environmental Services – Mr B Sutherland, the Executive Administration Officer – Mrs E Bishop, the Parks and Reserves Officer – Mrs M McBain, the Special Projects Manager – Mr N Cooper, the Communications Manager – Ms G Gibson, Mr P Radich (Fonterra) and one member of the media (Stratford Press).

1. WELCOME

The Chairman welcomed the Chief Executive, the District Mayor, Councillors, staff, guests and the media to the first meeting of the Farm and Aerodrome Committee. He reminded those present to ensure they were familiar with the health and safety notice at the start of the agenda.

2. APOLOGIES

Apologies were received from Councillor R W Coplestone and the Director – Assets – Mrs V Araba.

RECOMMENDATION

THAT the apologies be received.

DALZIEL/JONES
Carried
F&A/20/1

3. ANNOUNCEMENTS

The Chief Executive noted that following the adoption of the Terms of Reference, the Finance Officer – Ms K Lawrence and the Property Officer – Mrs T Hinton, would join the table as members of the committee.

4. **DECLARATION OF MEMBERS INTEREST**

There were no declarations of interest.

5. **ATTENDANCE SCHEDULE**

The attendance schedule for Farm & Aerodrome Committee meetings was attached.

6. **DECISION REPORT – FARM & AERODROME COMMITTEE -
TERMS OF REFERENCE**

D20/10812 (Pages 7-14)

RECOMMENDATIONS

1. THAT the Farm and Aerodrome Committee Terms of Reference, as adopted by Council, be received.

BOYDE/JONES
Carried
F&A/20/2

2. THAT the Finance Officer and Property Officer, or substitutes as appointed by the Chief Executive, be appointed as the two staff members to the Farm and Aerodrome Committee (with no voting rights).

BOYDE/DALZIEL
Carried
F&A/20/3

Recommended Reason

To ensure that the Committee members formally acknowledge, at the inaugural meeting of this Committee, the terms by which the Committee operates.

The Director – Corporate Services noted the following points:

- The Terms of Reference were adopted by Council in April.
- These outline the scope and responsibilities of the committee and will give the ability to review its performance along with the programme of works.
- In April, Council requested a change to the third objective regarding the dividend to allow some flexibility - so the \$50,000 that was previously stated has been removed. It was noted that this would need to align with the Long Term and Annual Plans.
- It was noted that the second resolution appointed two staff members to the committee as per the committee membership section. All Directors will also be involved in the meetings as usual. The two positions suggested are roles that are actively involved in the farm already.

Questions/Points of Clarification:

- It was noted that it had been requested at Council that the first objective be changed to read “*To operate the Council owned farm and aerodrome*”. This would be recommended to Council to amend.
- Councillor Dalziel commented that the change to objective 3 was worded well for flexibility, however he questioned if this committee was to be responsible for setting what the dividend would pay. It was clarified that this committee would make a

suggestion to Council for consideration. The committee would be involved in the planning for the Long Term or Annual Plan process in December where the level of dividend would be set for the ensuing financial year.

- The District Mayor noted in the previous objective 3 it was a compulsory requirement for \$50,000 of rate mitigation which was to ensure the current rate payers see some rates mitigation from the dividend, however this removes this and leave it as a decision to be made by the Council of the day.
- It was clarified the dress code requirements were consistent for all Council and council committee meetings.

The Finance officer and the Property Officer joined the table at 11.15am.

Points noted in discussion:

- It was clarified that the three appointed Councillors had voting rights for this committee. All elected members have full speaking rights at the meeting but cannot vote.
- Ms Lawrence and Mrs Hinton were welcomed to their roles within the committee and introduced themselves to the meeting.
- Mr Cooper and Mrs McBain were thanked for their contribution to the operation of the Council farm.

7. **PROGRAMME OF WORKS**

D20/10858 (Page 15)

RECOMMENDATION

THAT the programme of works be received.

DALZIEL/BOYDE
Carried
F&A/20/4

The Director – Corporate Services noted that this was the first draft for a programme of works in terms of what staff can deliver to the committee and for what the committee may want to see. It will be open to change and up for discussion at each committee meeting.

8. **INFORMATION REPORT – FARM BUSINESS REPORT 2020**

(ANNUAL)

D20/10755 (Pages 16-86)

RECOMMENDATION

THAT the Farm Business Report 2020 be received.

DALZIEL/JONES

Carried

F&A/20/5

Recommended Reason

The Farm Business Report 2020 gives an overview of the 2019/20 results, outlines the budget for 2020/21, and considers items of relevance to the Council owned farm investment for the Committee to consider.

The Chairman welcomed Paul Radich from Fonterra to present to the committee. Points noted during his presentation:

- Fonterra is a cooperative formed nearly 150 years ago in 1871 with the idea that if the farmers owned the factory there was control to get the full price for milk and a certainty to have the highly perishable product processed. It operates under the same ideas today.
- Council is a member and owner of the cooperative. To supply milk to Fonterra it is required that you be an owner as well.
- Fonterra is proud that Council owns a farm and feels it is a good fit for the farming community.
- There are a lot of Stratford residents who are employed in the Eltham Fonterra stores. Local schools benefit from the milk in schools project and both Midhirst and Toko have received funding through the grassroots funding scheme from Fonterra.
- Council has 158,000 shares with the big portion of the payout coming from the milk solids, it is hoped to see 10-15 cents dividend for the shares this year.
- The year ahead is unknown with the current Covid-19 situation. China buys one in every four tanker loads of milk so there is a big reliance on that market. Currently Rabobank have their prediction for the future payout at \$5.60 with Futures trading at \$6.20. A season has never been entered into with so much uncertainty before. There is also the potential for the American and European milk to enter in our markets with local demand decreasing.
- There is the option to fix up to 50% of milk production price and this is offered to the owners every month. The price is dependent on how Futures is trading. This option provides a bit of certainty.

Questions/Points of Clarification:

- Councillor Boyde noted the variance between the prices of the milk solids makes a huge difference overall.
- Mr Radich noted that when a country becomes more affluent then they consume more milk and China has been a good example of this.
- It was clarified that Fonterra was unable to encourage its owners to fix milk price but that there are several resources and analysts available to help make that decision.
- It was noted that the budget for the coming year had the milk price as \$6.50.

The Director – Corporate Services noted the following points:

- This report will now be presented to this committee annually instead of going to the Policy and Services Committee. It is an information report that documents the past financial year and what predictions would be for the next financial year.
- 2019/20 was a record year for the farm with the highest milk production and highest income recorded. The increased income was largely due to the high payout. 37,000 milk solids were locked in at \$6.80 which has meant the average is \$7.10 for the final revenue.
- Operating expenses were only 2% higher than predicted and overheads and depreciation were lower.
- There was \$200,000 of profit this year to go towards debt with \$50,000 for rate mitigation.
- The environmental report attached was received earlier in the year and had some good recommendations. The riparian planting is almost complete.

Questions/Points of Clarification:

- It was clarified that the budget for the upcoming financial year has been set. This committee would work on the next budget and then recommend to Council.
- It was clarified that the increase to the overheads budget was made by Council in the Annual Plan. This is reviewed by Officers every three years but if the committee felt there was a need to review the allocation of overheads then a case could be put to Council to review the allocation earlier.
- The District Mayor noted that this had been an outstanding year for the farm and congratulated everyone involved in this result – specifically the sharemilkers. Record production, record income and the ability to repay a significant amount of debt as well as contributing to rate mitigation. He noted that this had been achieved with less cows.

Points noted in discussion:

- It was noted that there could be a 75% decrease of net profit with the current forecast for milk solids. It was noted that there are a lot of fixed costs being a farm owner in a sharemilking agreement such as repairs, maintenance, grazing costs, fertiliser, minerals etc. Options included fixing the milk price to gain some certainty but there might be a lower level of profit next year.
- Councillor Boyde noted that in times of low payouts there is a need to tighten the belt and there are areas that could save considerable amount of money such as the fertiliser programme.
- It was requested that another forecast be presented to the committee with the lower milk prices. This will be added to the matters outstanding.

9. **DECISION REPORT - RISK REGISTER**

D20/10275 (Pages 87-96)

RECOMMENDATIONS

1. THAT the report be received

BOYDE/JONES
Carried
F&A/20/6

2. THAT the Farm Risk Register be approved and adopted.

JONES/DALZIEL
Carried
F&A/20/7

Recommended Reason

Identification of the risks in the Risk Register is necessary to monitor and manage the farm and aerodrome overall risks for continued service delivery at these facilities.

The Property Officer noted the following points:

- The risk register is a working document and can be amended at any time.
- It identifies the key risks.
- The aerodrome register is still being drafted by the aerodrome club and the users.
- Any suggestions now, or at future meetings, can be added to it.

Questions/Points of Clarification:

- It was requested that a risk category be added for:
 - Buildings and infrastructure - unsafe structures (such as bridges);
 - Interest rates increasing.

10. **QUARTERLY REPORT – FARM AND AERODROME BUSINESS REPORT**

D20/10305 (Pages 97-102)

RECOMMENDATION

THAT the report be received.

BOYDE/DAZLIEL
Carried
F&A/20/8

Recommended Reason

This report provides the first quarterly update to the Farm and Aerodrome Committee. It highlights the milk production from the current season at the farm and also reports on the key activities at the Aerodrome.

The Chief Executive noted that this report would be the appropriate location for reforecasted numbers to be brought to the committee.

The Property Officer noted the following points:

- This report provides an overview of the past quarter which includes the Covid-19 lockdown.
- As previously mentioned the farm recorded its best ever production which was achieved with less cows. Giving the lesser number of cows better quality feed resulted in more milk.
- Riparian planting is 95% complete with an aim to have 100% completed by the end of the year.
- The aerodrome numbers dropped significantly from 399 aircraft movements in March 2020 to only 64 in April.

Questions/Points of Clarification:

- Amendments to the dates for calving and crops in Appendix 1 were noted.
- Councillor Boyde noted that it had been an outstanding year for the sharemilker. He noted that during the drought he had put some on once a day but kept the bulk of the herd on twice a day milkings. He has congratulated the sharemilker on behalf of Council and is extremely proud of their efforts, passion and performance.
- It was noted that the quotes were still coming in for the loading race.

11. QUARTERLY REPORT – HEALTH AND SAFETY

D20/10629

(Pages 103-105)

RECOMMENDATION

THAT the report be received.

BOYDE/JONES
Carried
F&A/20/9

The Property Officer noted that this report shows a quick overview of any near misses on the farm and relevant discussions with the sharemilker at the monthly meetings. There were no reported incidents at the aerodrome.

12. QUESTIONS

- Councillor Boyde noted that a total of 6,850 plants will be planted on the farm under the riparian planting programme. 5,600 plants had been planted with a further 1,250 to go.

The meeting closed at 11.59am.

G W Boyde
CHAIRMAN

Confirmed this 15th day of September 2020.

N Volzke
DISTRICT MAYOR