AGRIBUSINESS

Field notes

Weekly news update from the KPMG Agribusiness network

KPMG

7 February 2013

Organisations referenced in this week's Field Notes include:	
Beef+ Lamb New Zealand	Professional Harvest Systems
Combined Rural Traders (CRT)	Rabobank
Dairy New Zealand	Rank Group
Dairy Technology Services	Rural Delivery Contractors Association
EastPack	Sanford
Farmlands Co-operative	Satara Co-operative Group
Federated Farmers	Seafood Innovation
Fonterra Co-operative Group	Silvercrest Foods
Gisborne Wine Growers	Southern Pastures Partnership
Godfrey Hirst	Southern Produce
Immigration New Zealand	South Pacific Regional Fisheries Management Organisation
Karaka Fisheries	Summit Wool Spinners
Ministry for Primary Industries	Tesco
MyFarm	Textiles New Zealand
NDA	Tru-Test
New Zealand Post	United Fisheries
Pastoral Greenhouse Gas Research Consortium	Waikato Regional Council
PIMCO	Wools of New Zealand
Pipfruit New Zealand	Yashili International
Primor Produce	

This week's headlines	
Horticulture	**Satara-EastPack merger back on after two-year hiatus** [4 February/ National Business Review]
Horticulture	**Avocado exporters to combine operations** [4 February/ NZ Farmers Weekly]
Diary	**Dairy prices up 2.4pc in first GDT auction since DCD scare** [6 February/ NZ Herald]
Wool	**Demand for wool carpet collapsing** [1 February/ Radio NZ Rural]
Rural Infrastructure	**Ex Directors back merger proposal** [30 January/ Otago Daily Times]

Agri chemicals

Fish silage to be commercialised [1 February / Business Day] A fish silage for feeding livestock is about to be commercialised says United Fisheries founder Kypros Kotzikas. Two liquid fish fertilisers have just been released by the Kotzikas family business, having been researched at Lincoln University in a $1.6 million project in a 50-50 partnership with Seafood Innovation. An enzymatic hydrolysis process is used to produce the biological and organic liquid fish fertilisers under the Bio Marinus brand next to United Fisheries' Christchurch fish processing plant. Processing one million tonnes of fish yearly produces an associated 600,000 tonnes of fish waste. The production process involved in making fish meal is an energy-intensive procedure. Kotzikas sees the liquid fish fertiliser and fish silage as a better use of the waste. He believes that more fish offal needed to be diverted into natural fish fertilisers in order to heavily reduce the use of chemical fertilisers on pastures and crops. The liquid fertilisers are already in use on farms in Canterbury, the West Coast, Central Otago and Southland. United Fisheries had the ability to produce 30 tonnes of fish waste a day.

Horticulture

Contractor exploited migrant workers [31 January/ stuff.co.nz] A horticulture contract in the Tasman region has been sentenced to nine months home detention by the Nelson District Court for underpaying six workers by up to $7,000 each. In addition to the home detention sentence, Bun Thuon Lam was also ordered to perform community work and pay reparations to the workers. Mr Lam was found by Immigration New Zealand to be hiring unlawful migrant labour and paying them below the minimum wage. Mr Lam employed the six workers knowing that they were unlawful in New Zealand, did not provide them with employment contracts, failed to pay the workers regularly or at the minimum wage and did not make holiday payments. A spokesperson for Immigration New Zealand said that the case shows that the consequences of employing unlawful migrant labour are serious and said the agency would take swift action against any employer involved in such activity.

Satara-EastPack merger back on after two-year hiatus [4 February/ National Business Review] Major kiwifruit industry players, Satara Co-operative Group and EastPack, are set to resume merger talks that were shelved when Psa was identified in New Zealand orchards. The proposed transaction will see Satara shareholders being issued with shares in EastPack, as well as being paid a fully imputed special dividend, which will value the deal at 65 cents per Satara share (a 63% premium to the co-operative's current trading price). Non-grower shareholders will be paid out in cash and the company will be delisted from the NZAX market. The chairman of the two companies said in a joint statement that the merged company will be totally focused on its grower-owner needs, focused on better meeting expectations for quality processing, higher returns and lower packing prices, all of which will improve the return on investment for growers. The merged company is expected to account for 27% to 30% of total kiwifruit volumes and have an annual turnover of $112 million.

Avocado exporters to combine operations [4 February/ NZ Farmers Weekly] Primor Produce and Southern Produce, the country's two largest avocado exporters are to combine their avocado operations from the start of the next export season. The companies handle around 70% of New Zealand's avocado exports, which is the third largest fruit export crop by value in on years. Growers have had a rough few seasons with low export prices in 2011/12 and light fruit harvests in 2012/13. Primor Director, John Carroll, said that the move was aimed at getting extra dollars out of the export market not savings of cents out of packhouse efficiencies. The companies will only collaborate on Avocados and will handle other fruit exports independently. The companies are the largest partners in Avanza, an innovative marketing initiative to try and diversify the markets that the industry exports away from an over reliance on Australia. Mr Carroll said that at least $3 per tray was left on the table in 2011/12 season because of the competition between NZ exporters but noted the current season has been smoother due to the smaller size of the crop. The new venture will be called Avoco and Mr Carroll added the goal was to become hard for customers to resist and consequently earn more value for growers.

Industry aims to send more apples to Australia in 2013 [5 February / Radio New Zealand] Exports of New Zealand apples are expected to increase rapidly over the next year as the industry implements more streamlined processes. Since the 90 year ban on New Zealand apples into Australia was lifted in 2011, only small amounts of apple exports were successfully sent to Australia over the past two seasons. Strict quarantine requirements and rejections of early consignments have hampered efforts to push more New Zealand apple exports into Australia. Pipfruit New Zealand services manager Gary Jones said that this has increased their commitment to build up exports in 2013. He said that it has been important for apple exporters to develop systems and protocols to ensure that no failures exist in the pre-clearance programme. Now the challenge is to increase interest in New Zealand apple exports inside of Australia, Mr Jones said. Pipfruit New Zealand is expecting an increased export of approximately 17 million cartons this year, half of this number estimated to reach growing Asian and Middle Eastern markets.

Viticulture

Export wine growth is slowing [31 January/ Otago Daily Times] The latest Rabobank quarterly wine survey forecasts that export wine growth has slowed and will soon begin to dip on lower available supply. The survey notes that sales to the UK, Europe and Australia have started to fall as our wine exporters have sought to maximise profitable opportunities in markets such as the USA, Canada and China. The report notes that the 2013 harvest is expected to be larger in New Zealand but a lower level of ending stocks was likely to support grape pricing in the key Marlborough region. The heatwave that impacted Australia from late December into January had the potential to moderate production from the 2013 harvest in that country, while Rabobank forecast that Chile is likely to enjoy a good season while production in Argentina is expected to rebound from last year's light crop. The report also notes that the prolonged economic downturn in the European and US markets had 'played havoc' with demand for sparkling wines, channelling consumers downmarket and further into the hands of the off-premise retail chains.

Grape prices back up to sustainability [4 February/ Gisborne Herald] While predicted increases in the price of wine might be bad news for drinkers, the chairman of Gisborne Wine Growers, Doug Bell, says it is good for growers who have had four very tough years due to product surpluses. Mr Bell said the increases could see growers return to what could be a sustainable level of prices in terms of both grapes and wine. However, Mr Bell noted he did not believe it was the end of cheap retail wine, although added in the future it may be from overseas as New Zealand wines find their way into more profitable export markets. Industry commentators have noted that the low prices were never sustainable for the industry as many growers and winemakers were not making money and there have been a lot of receiverships and businesses exiting the market since 2008. One expert noted that the good growing conditions we have experienced so far in 2013 could make the year a cracker for wine production and this could have the impact of swinging the industry back to surplus, adding that there remains a worldwide surplus of wine and quite a bit of New Zealand product is not getting exported.

Forestry

Fine for illegal forest harvesting [3 February/ Rural News] Waikato Regional Council has successfully prosecuted Professional Harvest Systems of Rotorua and a Coromandel based forestry contractor for carrying out forest harvesting unlawfully at a remote Coromandel farm. The case related to a forestry operation where earthworks were carried out without appropriate erosion and sediment controls and two steep gullies were left with forestry debris where waterways could have been blocked. Both defendants pleaded guilty to charges under the Resource Management Act and the court fined them almost $50,000 in total. A spokesperson for the Waikato Regional Council said that the court had sent a clear message to all parties involved in woodlot harvesting that they must go about their activity in a responsible manner, particularly so in more sensitive areas like the Coromandel.

Fishing and aquaculture

Sanford departures, explanations and trading update [30 January/ National Business Review] At its recent Annual General Meeting, the Directors of Sanford have announced the impending retirement of Group Managing Director, Eric Barratt, as well as the decision by long serving Director and former Managing Director, David Anderson, to not seek re-election to the board. Mr Barratt has been the Group Managing Director for 15 years while Mr Anderson joined the company's board in 1982. Mr Barratt explained to shareholders the results of the US court case related to the San Nikunau and said that the verdicts and sentence indicated there had been a pattern aboard the vessel of not following required protocols for bilges and bilge waste. Mr Barrett argued that Sanford has been held vicariously liable for the actions of the engineers and other crew and said the company must accept responsibility for not detecting that these practices were occurring. Shareholders were told that the company has made a positive start to the new financial year and disclosed a deal with the New Zealand Shareholders Association that will hold the total fees paid to directors at $500,000 for another year.

Fishing talks at risk of failure [1 February/ stuff.co.nz] Environmentalists claim that an attempt to save the jack mackerel fishery is on the verge of failing. The fishery which is in international waters between New Zealand and Chile is unregulated and fished by boats from South America, China, Russia, Korea, the EU and Pacific Islands which has resulted in some commentators suggesting it could be one of the most depleted major fish stocks in the world. The newly created South Pacific Regional Fisheries Management Organisation (SPRFMO), chaired by Wellington based Bill Mansfield, has held its first meeting in Auckland to try and bring order to the fishery. Estimates of stocks have fallen from around 30 million metric tonnes two decades ago to around 3 million tonnes now and some nations are said to be reluctant to reduce their jack mackerel catches for the coming year despite the current stock estimates. Mr Mansfield is reported to have told the delegates that the world was watching the outcomes from the meeting and how the issue was addressed, as the fish stock was of great significance for the food security and economic development of the countries of the region over the long term.

Fishing company fined for false quota statements [4 February / New Zealand Herald] Invercargill District Court has fined Karaka Fisheries Limited's Director Martin William Nepia $18,000 plus court costs as well as a sentence of five months' community detention and 250 hours of community work. The Court action comes after the company and director made false statements on fishing returns during the 2010/2011 commercial season. Karaka Fisheries was also sentenced on 10 additional charges of filing late returns in addition to $17,000 plus court related costs. Five copies of the company's November 2010 commercial fishing permit were obtained and used with three North Island-based fishing boats to catch fish from November 2010 to February 2011. During this time, the company filed returns that stated no fish as being caught. Ministry for Primary Industries' (MPI) calculations have estimated about 64 tonnes of fish were caught, carrying a "deemed value" of $820,000. MPI district compliance manager for Southland Reece Murphy said that this type of behaviour undermined the Quota Management System and put the fishing stock at risk. He also said that fishing returns are of high importance in managing commercial fisheries and was pleased with the result the court reached.

Dairy

Dairy prices up 2.4pc in first GDT auction since DCD scare [6 February/ NZ Herald] The first GlobalDairyTrade auction since news emerged about traces of DCD in New Zealand sourced milk powder saw a rise in the average selling prices achieved of 2.4% compared to the previous auction. The average winning price was US$3,598 per tonne, with whole milk powder, the largest product by value, achieving an increase of 5.4% to US$3,468 per tonne. Fonterra had earlier posted a statement on the GDT website assuring customers that none of the New Zealand dairy products on offer at the auction had been manufactured during periods when DCD was detected. Other products to see price increases included anhydrous milk fat, butter milk powder, milk protein concentrate, rennet casein and skim milk powder while cheddar slipped 0.1%.

China plans $210 million Waikato milk plant [5 February / Business Day] Chinese company Yashili International may soon find itself expanding into the Waikato town of Pokeno if the green light is given for the company to go ahead with its planned purchase of land to house a new $210 million infant baby formula operation. The company is one of China's largest makers of infant formula and soymilk powder, and has a conditional agreement to purchase land in Pokeno's Gateway business park. Yashili has formed a New Zealand company, Yashili New Zealand Dairy, for the deal which is expected to create at least 100 local jobs. Once completed, the plant will be able to produce up to 52,000 tonnes of finished and semi-finished milk product annually, having bought its milk from a successful tenderer which could be Fonterra or another party. Experienced dairy infrastructure specialist Terry Norwood spoke to news agencies, saying that commissioning for the plant was expected to commence in the second half of next year. He also said that Yashili's application had been submitted to the Overseas Investment Office before the end of last year. The Waikato District Council was expecting to receive relevant application letters later this month for necessary resource consents to build the plant. Mr Norwood also said that Yashili's interest in New Zealand would be wholly concentrated on manufacturing. Yashili is a 30-year-old company based in Chaozhou, Guangdong province, and has plants in Guangdong, Shanxi and Heilongjiang. For over ten years, the company has imported milk products from New Zealand and has used kiwi milk powder exclusively in its infant milk formula since August 2010, Mr Norwood said.

Meat

Red-meat sector urged to expand [4 February / New Zealand Herald] Federated Farmers meat and fibre chairwoman Jeanette Maxwell has said that the meat industry in New Zealand needs to grow and fill global markets and that the argument for cutting overcapacity is the "wrong argument". Maxwell has urged farmers to support the $65 million Collaboration for Sustainable Growth programme announced last week. She said that it could supercharge New Zealand's red meat exports with $32.4 million of the programme's funds coming from the Primary Growth Partnership Fund. Beef + Lamb New Zealand is also seeking farmer support to invest up to $2.8 million a year over seven years. Maxwell stated that by growing the sector, global markets would create an industry that young people would aspire to join.

Wool

Demand for wool carpet collapsing [1 February/ Radio NZ Rural] The owners of Summit Wool Spinners have cited the collapse in demand for woollen carpet in New Zealand and abroad as one of the major reasons they have decided to exit the business making all the workforce of the Oamaru based company redundant. They say the decline in demand for carpets has reduced demand for good wool yarns and this together with the strong New Zealand dollar led to the decision to sell the plant to Godfrey Hirst Carpets. Godfrey Hirst Managing Director, Tania Pauling, said that the company plans to use the plant to replace capacity the group lost in the Christchurch earthquakes and it was possible that up to 50 employees may be re-hired. Ms Pauling added that the demand for woollen carpet has dropped significantly as a result of consumers becoming increasingly accepting of synthetic carpets. The chairman of Textiles New Zealand, Stephen Fookes, said that the industry was paying the price for not investing in marketing and promotional activities for the last decade, which has allowed its competitors to promote their synthetic products, reducing the overall demand for wool.

NZ wool floors show crowds [1 February/ stuff.co.nz] Wools of New Zealand chairman, Mark Shadbolt, says the reaction of customers to Wools of New Zealand carpet wools at the Domotex exhibition, the world's largest flooring trade show, has reinforced to the organisation's leadership that they are on the right track with a capital raising. Mr Shadbolt said that wool volumes under contract had increased, contracts extended and new customers identified, highlighting that there had been significant growth in the volume of sales of lamb's wool in recent years and the growth is expected to continue. Mr Shadbolt said that the feeling at the Domotex show was that wool was in a resurgence phase and illustrated this with the Laneve brand having 29 carpet ranges in the marketplace from nine manufacturers this year compared to four ranges from three manufacturers last year. Mr Shadbolt added that the aim of Wools of New Zealand remained to raise $10 million and produce 20 plus million kilograms of wool to pursue international marketing and sales strategies, noting that signs were encouraging that farmers would commit the remaining $800,000 by the closing date of the organisations capital raising so that the first target of $5 million of capital is met to enable the programme to continue.

Rural infrastructure

Ex Directors back merger proposal [30 January/ Otago Daily Times] A group of former Farmlands Directors have come out publicly in support of the proposed merger of the Farmlands Co-operative with Combined Rural Traders (CRT) of the South Island. The move follows the resignation of two of the current elected Directors citing concerns about the proposal and the benefits it will generate for farmer shareholders. A statement from the six former Directors (John Hathaway, Sam Robinson, Steve Wyn-Harris, Ross Linklater, Roger Barton and Dennis Munro) said that they strongly believed the merger proposal was sound, backed by good commercial merits and would be voting in favour of the merger. Many of the group were on the board when it considered a similar merger proposal with CRT six years ago, which had been rejected so Farmlands could first focus on the gains available in the North Island. With market share having increased from 12% to 27% over the last five years, the group now believed that the co-operative was "now positioned very well" to consider the merger proposal, particularly in light of the consolidation in the industry and amongst suppliers and the strength of the leadership team that Farmlands has in place.

Buyout aimed to help serve farmers [4 February / Business Day] Milk storage and cooling systems provider Dairy Technology Services (DTS) has been bought for an undisclosed sum by Auckland agriculture equipment manufacturer Tru-Test from NDA, a Hamilton-based stainless steel engineering company. The deal follows Tru-Test's December purchase of Radian Technologies, a dairy automation and technology company. The DTS acquisition was a move towards further improving integrated support for dairy farmers said Tru-Test Group chief executive Greg Muir. The adoption and integration of new technologies and services into the dairy industry needs to be increased in order to achieve the sustainable growth the sector seeks said NDA chief executive Mark Eglinton. He said he viewed the sale as being a positive step for his company and for Tru-Test.

Wheels may come off rural delivery [4 February/ NZ Farmers Weekly] The viability of rural mail contractors may be threatened if NZ Post progresses with a proposal to reduce delivery services to three times a week. NZ Post has commenced a process to change the Deed of Understanding it has with the Government on delivery conditions for standard letters, and recognises in its proposal that rural areas would be most impacted by the changes. The review comes in response to a 24% decline in mail volumes over the last 10 years, a rate which is expected to accelerate over the next five years. The Rural Delivery Contractors Association Chairman, Gavin Free, said most contractors could cope with five day deliveries but a reduction beyond this would impact the viability of contractor's rounds. Most rural delivery contractors rely on NZ Post income and supplement this carrying parcels for courier companies that do not deliver to rural areas, which are often the more urgent items that they are delivering (for instance business deliveries to chemists and parts shops). Mr Free also noted that three day delivery would mean too much volume for standard delivery vans to handle services like free community flier delivery would have to go and could challenge the legal hours a driver could operate. An NZ Post spokesperson said that there would be no return to the fee per box regime that existed in the past and noted that the company had no desire to see the rural sector unduly disadvantaged, so are consequently working with Federated Farmers and Rural Women New Zealand to tailor delivery solutions to rural areas, particularly to those areas with a lack of internet coverage.

Research and development

New funding for primary industry research organisations [5 February / Radio New Zealand] Mark Aspin of The Pastoral Greenhouse Gas Research Consortium has said that the organisation's goal of reducing agricultural emissions from the agricultural sector by 30% by 2030 is becoming increasingly achievable. This will be aided by $16 million of funding that is being provided by the government towards research into technology that farmers are able to use to reduce emissions while not impacting negatively on productivity. Mr Aspin said that the funding will allow the group to further the science programmes it has been working on over the last decade. Work includes enhancing animal breeding, continue development of a vaccine against methane and inhibitory compounds against methane. In addition to the proposed reduction in methane gas over the next 20 years, Mr Aspin is positive that the work will also support the sectors' growth targets of 2% annually. The funding will also reach Seafood Innovations, a partnership between the seafood industry and research organisations, where $5 million will help to increase sustainable production in aquaculture and wild fisheries.

Farms and farmers

Dairy farmers should act [31 January / Business Day] Dairy NZ Waikato regional team leader Craig McBeth says that New Zealand dairy farmers should take action now to manage their way through the current dry conditions, if they have not already done so. Only a core group of cows should be kept milking until pasture growth has recovered. Mr McBeth also said that implementing some culling, and tallying up supplements, are important actions right now. He also said that closely managing pasture conditions and not overgrazing was of particular importance. In the North Island, except Taranaki, lower-than-normal soil moisture levels were recorded with most North Island Districts needing at least up to 60mm of rain to restore pasture growth to normal rates. Extending milking times into a longer rotation as well as reducing grazing time could also help preserve pasture.

Hart sells off dairy farms [31 January / Business Day] Eight forestry converted dairy farms in south Waikato have been sold by Graeme Hart. Mr Hart sold the farms to Swedish investors, leaving just five of his original large cluster of farms in the area. The deal was closed in December by Southern Pastures Partnership with Hart's Carter Holt Harvey HBU and Rank Group Property Investment companies after the deal obtained Overseas Investment Office consent. The OIO said Southern Pastures is 99 percent owned by a Swedish public company, with a New Zealand company holding 1 percent. Southern Pastures intended to lift milk production and develop and run the farms as commercial dairy farms. The Hart companies have five farms left to sell out of the 31 that came onto the market in December 2009. The Waikato Times said that 24 are believed to have been sold, including the eight, and two have conditional deals on them. Around five years ago, the farms near Tokoroa were converted from forest to dairy use.

US investment giant says buy NZ land [1 February/ stuff.co.nz] In an investment note released by PIMCO, the organisation's founder Bill Gross, noted that the credit markets are increasingly losing their ability to create economic growth, meaning investors need to start looking at other asset categories. Mr Gross wrote in his monthly note that "one of [the] investment committee members swears he would buy land in New Zealand and set sail" however he added that most people can't do that and need instead to prepare to get used to slower growth and shift to global equities with lower but stable returns. Economists in New Zealand said the comment was probably flippant, but with the strength of the New Zealand dollar, our land would be very expensive for US investors at the current time. It was also noted that the price of farm land in New Zealand moves more or less in sync with commodity prices which depend on global growth.

Farm Confidence Survey shows split industry [4 February/ Straight Furrow] Federated Farmers has released its Mid-Season Farm Confidence Survey, which shows some improvement in confidence since the start of the season, although President, Bruce Wills, notes that there is a real split between dairy and the rest of pastoral agricultural. The rising global dairy prices and upward revisions of forecast prices have helped the dairy sector regain some confidence, although given the deep pessimism at the start of the season the sector could not be described as buoyant. In the sheep, beef and grain sectors confidence continues to sink as commodity prices have fallen and the strength of the dollar has further eroded returns. Farmers also noted that they are struggling to find skilled and motivated staff despite the high unemployment figures and the jobs not being low paid positions. Mr Wills also noted that the survey was taken in mid-January when the dry weather would have been becoming a mounting concern for many farmers and it is now biting into production, particularly in the North Island. The survey notes that big issues of concern to farmers include the increasing cost of farming staples, the cost of regulation and compliance, the global prices for our products and the exchange rate. Mr Wills called on the government to focus spending on things that will increase production while simplifying and streamlining regulation.

MyFarm expands to sheep and beef [4 February/ NZ Farmers Weekly] MyFarm Director, Andrew Watters, says that the company proposes to use its syndication model to offer a number of sheep and beef farm syndicates this year. Mr Watters would not specify the locations but said the company was looking at sheep breeding and lamb finishing properties with reliable pasture production and opportunities to utilise new technologies. Mr Watters recognised that the quality of the equity manager is very important and said that they had identified some suitable candidates. Mr Watters said the size of each syndicate would probably be smaller than the dairy farm syndicates, with an expectation of a return of around 4% per annum. MyFarm intends to enter into lamb supply contracts, which may mean it misses out on some peaks as well as the troughs. MyFarm has 44 dairy farms syndicated and under management and attracted $35 million last year into four new and eight existing dairy farm syndicates.

International

Retailers drop Irish firm over horsemeat row [31 January/ stuff.co.nz] Major UK retailers are delisting the Irish meat supplier that has been proven to have supplied them beef burgers containing horse meat. Tesco, Aldi and the Co-operative Group have all said that they would no longer use Silvercrest Foods because of trust issues relating to where products were sourced. Burger King has also delisted the company. Silvercrest Foods is owned by ABP Foods, the largest exporter of Beef in Europe. A Silvercrest spokesperson tried to deflect the blame for the scandal this week highlighting that Irish Government officials had traced the source of the meat to a Polish supplier and noted that the company had never knowingly purchased or traded in equine product. Tim Smith, Technical Director for Tesco, said that its contract was terminated as the breach of trust is simply too great, adding that Silvercrest had failed to use product sourced from its approved list of suppliers who are exclusively based in the UK and Ireland. Mr Smith told a Parliamentary Committee into the contamination in the UK that he believes the supply issue may have started in May 2012 and noted that the company was still calculating the cost of losses related to the contamination. An analyst said that the damage to Ireland's reputation as a supplier could be hard to shake, describing the scandal as a spectacular own goal which reflects badly on the industry as a whole.

GM rice tipped for a golden future [5 February / New Zealand Herald] Golden rice has been developed by scientists to provide vitamin A to counter blindness and other diseases in children in the developing world. The normal rice has been genetically modified to provide the vitamin and is set to be given to farmers in the Philippines for the first large scale planting. Bangladesh and Indonesia have indicated an interest to start accepting the golden rice in the wake of the Philippines' decision, and other nations, including India, are considering adopting planting the rice. Adrian Dubock, a member of the Golden Rice project is a firm believer in spreading the benefits of the rice. He said that vitamin A deficiencies are deadly and its affect on children's immune systems are a present danger in many developing countries. Around two million children are killed every year from vitamin A deficiencies. He said that boosting vitamin A levels in the rice provides a simple and straight forward way to combat this major cause of blindness in the developing world. He also said that tests have shown that even eating only 60 grams of the cooked golden rice provides substantial amounts of vitamin A. However, the global scientific satisfaction attributed to the production of golden rice has been tempered by the fact that it has taken such a long time for approval to be given. The GM crop was created late last century, but its development and cultivation has been opposed dramatically by campaigners who refused to accept that it could provide such large quantities of vitamin A. Other arguments were raised that the development of the crop would force farmers in the developing world to become increasingly dependent on Western industry. Scientists in comparison have rejected these arguments and emphasise that the project had never been about making money.

Subscribe

To subscribe to future editions of Field Notes please **click here.**

Contact Us

Auckland/ Audit	Hamilton/ Taxation	Tauranga	Wellington
Ian Proudfoot	**Rob Braithwaite**	**Robert Lee**	**Michael Day**
09 367 5882	07 858 6517	07 571 1773	04 816 4599
021 656 815	021 586 517	027 451 1035	027 293 8338
iproudfoot@kpmg.co.nz	rbraithwaite@kpmg.co.nz	relee@kpmg.co.nz	michaelday@kpmg.co.nz
Christchurch	**Financial Advisory Services**	**Risk Advisory Services**	**Business Advisory Services**
Paul Kiesanowski	**Gary Ivory**	**Jamie Sinclair**	**Hamish McDonald**
03 371 4832	09 367 5943	09 363 3460	07 858 6519
021 272 7087	021 932 890	021 475 735	021 586 519
pkiesanowski@kpmg.co.nz	givory@kpmg.co.nz	jpsinclair@kpmg.co.nz	hamishmcdonald@kpmg.co.nz