AGRIBUSINESS

Field notes

Weekly news update from the KPMG Agribusiness network

KPMG

20 February 2013

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Organisations referenced in this week's Field Notes include:	
Animal Health Board	Integrated Food Limited
Aulana	Livestock Improvement Corporation
AUSVEG	Ministry for Primary Industries
Beef+Lamb New Zealand	Miraka
BNP Paribas	New Image Group
Central Plains Water	New Zealand Dairy Goat Co-operative
CIMMYT	OSPRI New Zealand
Commerce Commission	Rabobank
Comvita	Real Estate Institute of New Zealand
Deer Industry New Zealand	Sanford Limited
Deutsche Bank	Satara Co-operative Group
Eastpack	Simmons Corporate Finance
European Commission	Statistics New Zealand
Federated Farmers	Techion
Federation of Maori Authorities	Turners & Growers
GlobalDairyTrade	Victoria University
Green Fuels New Zealand	Wakatu Incorporation
Horticulture New Zealand	Wools of New Zealand
Immigration New Zealand	Yashili

This week's headlines	
Horticulture	**Poor seasons blamed for price rise** [15 February/ Business Day]
Honey	**Honey shortage hits Comvita bottom line** [19 February/ stuff.co.nz]
Dairy	**Dairy prices up 3.1% in overnight auction** [20 February/ NZ Herald]
Wool	**Wools of NZ reaches milestone** [19 February/ Business Day]
Economics & Trade	**EU-US unveil trans-Atlantic free trade plan** [14 February/ NZ Herald]

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Animal Health and welfare

Deer industry ready for NAIT [14 February/ Business Day] Deer species are set to join the NAIT scheme next month as the New Zealand deer industry plans for a smooth transition. Deer Industry New Zealand chief executive Mark O'Connor feels that while there will be some inevitable teething issues, the benefits of NAIT outweigh the cons. He highlights the fact that many deer farmers are more likely to recognise the opportunity that exists for improved productivity by knowing more about the individual animals and their performance within a herd. The addition of deer into the scheme is set to occur on 1 March, with most farmers taking the time to understand the extent and implications the scheme may have on their businesses. He expects the introduction of deer into the scheme to benefit from being able to learn from the initial establishment of NAIT last year. The rules for deer in NAIT are similar to those for cattle; any deer moving off a farm will need to have a NAIT tag. Once the scheme is up and running, it is the breeder who would have to apply the tag. Deer exempt from the tagging rules include fallow deer due to rules around animal husbandry. Farmers with fallow deer would be required to record their stock numbers annually, reporting movements and figures to NAIT. A positive for farmers with deer who are about to become recorded with the NAIT is that many deer farmers also have cattle, which would mean less of a big jump for them, Mr O'Connor said.

Merged organisation named [18 February/ Radio NZ Rural] The merger of the Animal Health Board and NAIT (the National Animal Identification and Traceability scheme) has created a new organisation to be called OSPRI New Zealand. Chairman Jeff Grant said that it reflects the company's aim of providing operational solutions to primary industries. Functions are set to be drawn from the Animal Health Board, which is working to eradicate bovine tuberculosis in cattle and deer herds and the national animal identification and traceability scheme, which was introduced for cattle last year, operational by the middle of this year.

Vet-only call prompts drench sale debate [19 February/ Rural News] A call by the British Veterinary Association to make drenches prescription only in the UK as a response to growing levels of parasite resistance has prompted New Zealand industry leaders to discuss the same issue. In Britain, the BVA is calling for tighter rules on access to the products across the European Union to safeguard the efficacy of the products in the future. One animal health expert, Greg Mirams of Techion, said he believes the doctor and chemist supply model will have to evolve to help combat the burgeoning resistance problems but also to address environmental and food residue concerns. In Mr Mirams' view, the doctor and chemist model moves away from the conflict of interest (real or perceived) were the prescription and dispensing of remedies is part of the same business. Mr Mirams notes that with more consolidation of veterinary practices, farmers are less likely to have a strong relationship with a local vet that has been actively involved in the planning and management of a farm's livestock and the larger practices are also employing managers to drive product sales. He adds that at present 60 to 70% of drenches sold in New Zealand are through veterinary practices but little of the volume is sold to users who have taken veterinary advice, while in Europe and Australia only a few percent of drenches are sold through veterinary practices. Jeanette Maxwell, chair of Federated Farmers Meat and Fibre, says smart farmers are already using a doctor and chemist model in managing their parasite problems as it helps them stay ahead, meaning the system becomes fairly self regulating.

Arable

Biodiesel company plans to double production [16 February/ Radio NZ Rural] One million litres a year or more of biodiesel is planned to be produced by Green Fuels New Zealand as it doubles its current production at the former Solid Energy plant. Managing director Martin Johnson says that it will continue to produce its Biogold fuel from recycled cooking oil. He also said that using fresh oil pressed from rapeseed grown on South Island farms is not economic at this stage. Stark Brothers, the Lyttelton based fishing, ship repair and transportation company is a partner in the venture.

Horticulture

Poor seasons blamed for price rise [15 February/ Business Day] Prices for apples rose 21 per cent in January of this year compared to levels this time a year ago. Data released by Statistics New Zealand earlier this week indicated the price of apples being at its highest level since December 2008. Geoff Hipkins, the chief executive of Turners & Growers, said the sudden price rise was a result of a classic rise in overall demand for apples meeting a shortage of supply due to poor growing conditions in the northern hemisphere. While other countries have been struggling to keep up with generating sufficient supply of apples, New Zealand is in the advantageous position that the recent good summer months have been helping apple farmers with growth rates. Other fresh produce items that were proving to be costly for consumers' were Kumara and avocados, seeing the former's prices rise 98 per cent and the latter's rise 86 per cent. In comparison, milk prices fell 10 per cent below the level that they were at a year ago, with international dairy prices trading well short of last year's February peak. The food price index rose 1.9 per cent, month-on-month, bringing about its first gain in five months an the single biggest monthly increase since July 2011.

Satara and Eastpak growers to vote on merger [19 February/ Radio NZ Rural] Two of the kiwifruit sector's largest post harvest operators are asking their growers to vote on a merger aimed at reducing costs and creating a more efficient operation for growers. Growers that supply both Satara and Eastpack will vote on Friday on the proposed merger which could lead to a rationalisation of both companies' assets. The proposed merger is being put to growers as the Psa vine disease continues to reduce fruit supply and returns continue to be pressured by high dollar. The two companies had considered amalgamating several years ago but set the proposal aside so they could assess the impact of Psa on the industry.

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Chinese vegetable 'Made in NZ' claim rubbished [19 February/ Business Day] Horticulture New Zealand Chief Executive, Peter Silcock, has described claims that frozen Chinese vegetables are being sold as "Made in New Zealand" as blatant protectionist scare-mongering. A claim was made on Australian radio by a spokesperson for Australian vegetable industry group, AUSVEG, that produce could leave China as frozen product, be packaged or modified in New Zealand and then deceptively labelled "Made in New Zealand from local and imported ingredients". It was suggested that the Chinese product could be grown in conditions that would not be permitted in Australian and Australian consumers could be eating Chinese broccoli, cauliflower, cabbage and carrots deceptively. Mr Silcock said that Australian growers need to stop complaining about competition and get better at what they do, adding that most of the products leaving New Zealand had been grown here, but it was also entirely legal for Chinese imports to be exported from New Zealand. Mr Silcock added that there is a huge difference between 'Made in' and 'Product of' and said that if consumers did not like the law, they should get their government to change it.

Honey

Honey shortage hits Comvita bottom line [19 February/ stuff.co.nz] Natural health and beauty products company, Comvita, has cut earnings guidance after a shortage of Manuka honey has pushed up prices for the Group's key ingredient. The Group is now suggesting that earnings for the year ending 31 March will be about $7 million, down on the $8.2 million reported last year due to a second year of poor honey harvest which had caused wholesale prices to increase by 50% and difficult trading conditions in Britain and Australia. Chairman, Neil Craig, said that relief was in sight with the honey harvest from this season shaping to be above average at the same time as Comvita has increased its capacity through recently purchased beekeeping operations. Mr Craig added that while the company had been successful in securing price increases to reflect the raw material cost increases this had come at the expense of sales to more price sensitive customers. Mr Craig said the company regretted the profit downgrade, but noted that the current strategy still holds with the business on a path of strong earnings growth beyond this financial year.

Fishing and aquaculture

Fishermen jump ship after dispute [15 February/ Timaru Herald] Immigration New Zealand (INZ) has confirmed that 14 crew members from a chartered fishing vessel have jumped ship and are now staying in Timaru after an apparent dispute with their employer, Sanford Limited. South Korean fishing vessel, the Pacinui, sailed from the port on Wednesday night with the remaining 21 crew members. The vessel docked in Timaru on early Tuesday morning. Sanford Limited had been contacted by INZ in order for a full assessment of the situation to be undertaken. INZ fraud and compliance manager, Peter Elms, said that the agency had not yet determined whether further action would be taken or whether a full investigation would be undertaken. He said that it was an issue that they were working with the relevant authorities to attempt to remedy. The nature of the issue was not disclosed, however, allegations were made against the company said last year with regards to dangerous working conditions onboard some of their vessels but the company that an investigation did not identify any crew mistreatment.

Dairy

New Image directors reject takeover offer [18 February/ Business Day] Bovine colostrums health tonics company New Image Group's independent directors have recommended that investors do accept a takeover offer from the firm's largest shareholder. A takeover bid has been launched by Graeme Clegg, who holds just under 70 per cent of New Image's shares and is chairman of the firm, with the aim of de-listing the company. Mr Clegg said that high compliance costs for listed firms, negative media attention and low liquidity meant privatising the company was "compelling". He also said that New Image has no need for further capital, is too small, has too few shareholders, and its shares trade too infrequently for it to remain as a listed vehicle. New Image has recently sent the Target Company Statement and Independent Adviser's Report to shareholders. The Target Company Statement outlined a unanimous recommendation from the independent directors that shareholders do not accept New Image Trustee's offer. Mr Clegg is offering shareholders 26 cents per share, valuing the firm at $61.1 million, with New Image shares recently trading at around 28 cents. Simmons Corporate Finance released an independent advisers' report valuing the company at 35 cents to 42 cents per share, significantly above the offer price, the independent directors said. In late 2012, New Image forecasted a big increase in full-year earnings, with pre-tax profits expected to come in at between $12 million and $14 million, up from a pre-tax loss of $4.8 million in the previous year. The offer is conditional on Mr.Clegg gaining a 90 per cent acceptance rate from shareholders and closes on April 2.

Dairy prices up 3.1% in overnight auction [20 February/ NZ Herald] The latest GlobalDairyTrade auction has seen the largest price rise in the last five months. The overnight auction saw average selling prices increase by 3.1%, the largest increase since a sale in early September and the fifth straight increase. The gain was led by a 5.8% increase in whole milk powder, which saw an average selling price of US$3,756 per metric tonne. Other products to see increases included anhydrous milk fat, butter milk powder, skimmed milk powder, cheddar and rennet casein while the price of milk protein concentrate fell. The rising price of milk exports adds to strong sentiment around the strengthening performance of the New Zealand economy, which has seen the exchange rate reach a two and half year high in recent days, at almost 85 US cents to the NZ dollar.

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Meat

Challenger says no to PGP [19 February/ Rural News] A candidate for a seat on the Beef + Lamb New Zealand board, John McCarthy, says that the organisation should not be using its reserves to co-fund a primary growth partnership scheme to improve the uptake of science and technology amongst sheep and beef farmers. The scheme will require Beef + Lamb to spend $19.7 million from its reserves, which needs farmer approval at the organisation's annual meeting. Mr McCarthy, who is running against the incumbent Director, Kirsten Bryant, says the organisation's reserves should be sacrosanct and history suggests a move to "get into bed" with industry will not work. Mr McCarthy says that it is his view that the role of Beef + Lamb is to run extension services and using the money to fund more extension will generate a better outcome than setting up another organisation. Mr McCarthy says that he decided to stand for the Director position as he is weary of farmers being forced into being price takers and being told it is good for them and until the price taker in perpetuity, bottom of the food chain approach is changed, farmers will never be able to advance their profitability. He adds that he is standing because he wants to give farmers a change from the status quo, but admits that if he gets elected he might be hated by some people.

Goat

Unity found in goat sector [18 February/ NZ Rural] As a stronger voice and increased funding is sought, the New Zealand goat farming sector has decided to unite under one industry banner. Mohair New Zealand, Meat Goat NZ have two representatives of the leadership of Federated Farmers goat industry group. John Woodward, Mohair New Zealand chairman highlighted the changing times with the industry deciding to put an, at-times acrimonious, past behind it. He also said that because the industry is not paying its way, members would be consulted with regards to reintroducing an industry levy in the future.

Dairy goat co-op sees big increase in interest [19 February/ Radio NZ Rural] New farmers seeking to break into the goat milking industry has reached new highs the New Zealand Dairy Goat Co-operative has said. Spokesperson for the co-operative, Vicki McLean, said that 48 farmers belong to the Waikato-based co-operative at the moment, but 10 more are planning to join in 2013, and a further 15 in 2014. The majority of interested farmers are converting from dry stock units as well as from dairy cows. Other suppliers were "lifestyle blockers" with a proportion of interest being shown from investors. All of the goat's milk produced by the co-operative was converted into infant milk powder for export to Asia and Europe said Ms McLean. Turnover for the industry was reportedly over $100 million for 2012. Speciality cheeses are also produced by other goat milk suppliers in New Zealand.

Wool

Gold and silver add value to wool fabrics [16 February/ Business Day] After $3 million of research and development by Victoria University, a golden yarn has been developed by New Zealand scientists. The yarn, which contains actual pure gold, is expected to be sold to wealthy buyers of luxury carpets, rugs and furnishings. Developed by Jim Johnston and Kerstin Lucas, the Aulana-branded wool combines a tiny amount of pure gold and wool with the chemistry between the two causing a bond to be created. Although the yarn and completed woollen products will not have a golden colour at this stage, colours produced include purple, grey and blue with the range being expected to include a golden hue later. In addition to this new development, business partner NgaPure has developed an antimicrobial wool using silver. NgaPure's company, Noble Bond, is working with Wools of New Zealand to commercialise the technology in high-value markets such as Europe and the United States. The idea came about after planning new ways to add value to yarn in order to help counter declining wool prices. Gold is expected to be added to the yarn in relatively small quantities in order to prevent the yarn from becoming overly expensive, Mr Johnston said. The project began in 2006 and teamed two years later with Wools of New Zealand; initial sales interest had been positive Mr. Johnston said.

Wools of NZ reaches milestone [19 February/ Business Day] Wools of New Zealand has announced that it has achieved its minimum capital raising threshold of $5 million, a week before the share offer's extended deadline of 25 February. Chairman, Mark Shadbolt, said achieving the threshold represented an opportunity for strong wool growers who had invested and committed to own the Wools of New Zealand brands and assets and be involved in a commercial strategy aimed at long term profitability. Mr Shadbolt noted that there remained time for other farmers to make an investment in the new co-operative, adding the Directors were still anticipating a late rush of applications. The capital raising aimed to raise $10 million with a minimum target of $5 million and follows an unsuccessful attempt by Wool Partners International to form a farmer owned company aimed at increasing the profitability of strong wool farming.

Rural infrastructure

LIC sees rise in interim profit [13 February/ Business Day] Hamilton-based dairy genetics co-operative Livestock Improvement Corporation (LIC) has reported profit up $2 million on the same time last year. A net profit after tax of $30 million for the six months to November 30 was posted by the company. The company reported revenue of $131.5 million, up from $120.1 million for the previous period. Despite conservative times, chairman Murray King said that the result was due to farmers investing in products which drove their prosperity. Demand for the company's research and services grew with increases of 7.6 per cent in herd testing, 10.9 per cent in dairy genetics, 31.9 per cent in DNA parentage testing, 17.6 per cent in farm software, 2.7 per cent in farm automation systems and 21.1 per cent increase in animal health services like BVD testing – to mention just a few. LIC reportedly did not increase product or service pricing, or had kept increases at minimal levels, as a response to industry volatility. Mr King said that the balance sheet remained strong, with total equity of $214.6 million compared to $199.7 million at the same time the year before.

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Water

Govt funding for Canterbury irrigation scheme [19 February/ Radio NZ Rural] $1.7 million worth of government funding has been set to improve Canterbury's largest irrigation scheme. Up to 60,000 hectares of farmland will be irrigated through the Central Plains Water Project using water from the Waimakariri and Rakaia rivers. A further $4 million has been set aside also by the Ministry for Primary Industries dependent on whether the project meets certain milestones. The first stages of the project have been planned to cover at least 20,000 hectares of farmland and a team has met to discuss the preliminary stages. The headrace canal and pipe distribution network will be funded through these preliminary stages as well. Central Plains Water chief executive Derek Crombie said that he expects the company will be looking towards an irrigation investment company which the government is setting up in the near future. This will allow easier access to funding for getting construction started as well as providing greater access for more than just farmers to connect to the project.

Farmers and producers

Attempt to boost Maori farming [18 February/ NZ Farmers Weekly] Industry leaders are increasingly focusing on the opportunities to raise the productivity of Maori land as the agribusiness sector looks to deliver against the government's growth agenda. The cabinet has approved a Maori strategy which has established a Maori economic development panel, Ngahiwi Tomoana, with seven sub working groups, including one focused on land productivity, led by Te Horipo Karaitiana, Chief Executive Officer of the Federation of Maori Authorities (FOMA). FOMA members farm about 272,000 hectares of the 1.5 million hectares of land in Maori ownership making the organisation and its member's significant national players in agricultural production. Some of the operations are highly sophisticated, Mr Karaitiana highlighting Integrated Food Limited (which exports red meat from the Mangatu block farms), dairy operator Miraka and the diversified Wakatu Incorporation. These businesses have all developed on an understanding of how to create and maintain assets, good governance and capacity on farm. Below these operators there is a tier of developing farms and a further tier of blocks of land that are being passively managed or leased out. The sector is challenged by lack of governance structure with around 150,000 hectares having no trustee or incorporation structure over the assets, Mr Karaitiana's believes the assets benefit from being linked with more successful operations in the same region, giving the Te Arawa cluster of 22 trusts and incorporations in the Rotorua area as an example. Mr Karaitiana notes that he expects lasting gains for Maori agribusiness from re-designed farm systems and that "tough nut" called culture change.

Top quality farms in high demand [19 February/ Radio NZ Rural] The Real Estate Institute has reported that demand for top quality farms is outstripping supply, with latest figures showing that almost 400 farms were sold during the three months to the end of January, 13% up on last year. The survey also reported an 18% increase in the media price per hectare and noted that demand for dairy farms is strongest in the South Island. A spokesperson for the Institute said that the supply of listing is barely able to keep up with demand and this was expected to continue for the next couple of months.

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Economics and trade

Agriculture depends on trade links [13 February/ Otago Daily Times] Rabobank's Agriculture in Focus 2013 report has identified key opportunities and challenges for the competitiveness of agricultural commodities in the year ahead. The report highlights an increasing global focus on food security, along with strong trade links which together will greatly aid the competitiveness of New Zealand's agriculture. Despite some ongoing challenges to competitiveness, the report found the outlook to remain "generally robust". The currency drag which is currently resulting from the high dollar is set to be offset by an increase in demand for New Zealand's exports from a combination attributable to global supply and demand fundamentals. Economies such as those found in areas of Asia with increasingly wealthy populations expected to underpin increases in demand for New Zealand agricultural exports. Like Australia, New Zealand is well placed to increase the volume of agricultural exports to Asia due to its competitive advantages, including superior product quality, developed trade linkages and geographic proximity. Rabobank senior analyst Hayley Moynihan said that extracting and retaining the maximum value for that production would be key to seeing an ongoing growth in exports. The report also emphasised New Zealand's strength in international trade links with key importing markets; this is expected to be one of the distinct competitive advantages for the country's agricultural exporters. A recent important development noted is the purchase of land by China's Yashili for a proposed infant milk formula plant at Pokeno. This development is one that is likely to receive more coverage as more and more international Asian firms show interest in New Zealand agriculture.

Obama's TPP talk excites Feds [14 February/ Rural News Group] The Trans Pacific Partnership is nearing its final stages of negotiations with United States President Barack Obama saying to the American people that he wants to complete discussions, says Federated Farmers president, Bruce Wills. He also said that America has indicated its willingness to increase export growth as much as New Zealand does. TPP economies have a combined GDP of some US$21 trillion, with included economies Australia, Malaysia, Singapore, Brunei, Vietnam, Chile, Peru, Mexico, Canada and the US. Mr Wills believes the TPP negotiations will result in a game changer for the New Zealand economy, especially for primary industries. He said that for 2013, we know that trade is the best guarantor of peace and stability due to is lifting living standards and understanding.

EU-US unveil trans-Atlantic free trade plan [14 February/ NZ Herald] A trans-Atlantic free trade deal has been announced by the European Union and the United States, as the two regions agreed to pursue further talks. Marking the biggest bilateral trade deal ever negotiated, the 27-country EU highlighted the boost that could be received by their economy of an increase of 0.5 per cent to economic output and the US's by 0.7 per cent, according to some estimates. In a time where both economies are struggling with slow growth, high unemployment and high levels of debt, the announcement has provided much interest from around the globe. President of the European Commission, Jose Manuel Barroso, said that both economies needed to grow, indicating their ever-present budgetary problems. Both regions issued a joint statement which highlighted their commitments to making the relationship an even stronger driver of their prosperity. EU Trade Commissioner Karel De Gucht said that trade between the US and EU is already large, reaching €2 billion ($US2.69 billion) a day. The negotiations that have been scheduled to take place will cover a significant array of commercial and agricultural areas, with the negotiations hoping to be completed within two years. While vehicle manufacturing was stated to be an area where harmonisation could readily take place on both sides of the Atlantic, other areas such as agriculture will prove to be more difficult to negotiate. US Trade Representative Ron Kirk said that the US plans to push the EU to relax its ban on genetically-modified crops. That is also a top goal of leading members of the US Congress on trade issues.

Labour pushing for swaps probe [18 February/ Straight Furrow] An unfolding swaps scandal has started Labour spokesman for Primary Industries, Damien O'Connor's pursuit to highlighting the need for an enquiry. Mr O'Connor has written to the chairperson of the Primary Production Committee as he continues to voice his opinion with regard to the swaps. He said that Labour had asked the Commerce Commission to inquire about the perceived swaps earlier. He also stated that it would be important for an investigation directed towards banks in New Zealand to be started, not only for the benefit of the economy but for the relationship between the farming sector and the banking sector. Depending on the scope and significance of the inquiry, Mr O'Connor was confident that one could be up and running before March.

International

BNP Paribas loses appetite for food [17 February/ Financial Times] French bank, BNP Paribas, has responded to criticism from Oxfam that it is speculating on hunger by suspending subscriptions to two of its funds. The Parvest World Agriculture Fund and EasyETF Ultra Light Energy fund has been closed to new investors as a 'precautionary' measure. A report by Oxfam France said that the banks have a decisive role to play in the fight against food volatility by minimising speculation in food prices, minimising the risk of food price increases which ultimately increases hunger and fuels conflict and instability. Oxfam calls on the financial markets to help food growers and processors to manage their risk and set prices instead of being a "potential threat to global food security". BNP issued a statement saying the bank had decided to take a precautionary principle but noted that only 0.08% of its assets under management (around EUR 411 million) related to food commodities. Other analysts have said that BNP standing back from the market will mean other analysts come into fill the gap, and recently Deutsche Bank has announced following a six month analyse that they continue to offer clients financial instruments linked to agricultural commodities as it had not found any empirical evidence that financial instruments lead to increases or greater volatility in food prices. The challenge for the world's banks is whether the money made from trading derivatives linked to soft commodities is worth the potential reputational risk to company – BNP Paribas obviously think not.

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World's richest men aid 'Green Revolution' centre [18 February/ NZ Herald] Microsoft founder Bill Gates and Mexican telecom magnate Carlos Slim have donated a total of $25 million to build a new cluster of biotechnology labs at the International Maize and Wheat Improvement Center in Mexico. This particular centre is largely attributable to launching the "green revolution" of the 1960s which dramatically raised crop yields and gave an important push to more sustainable ways of producing crops. According to a statement by the billionaires' foundations, the facilities include hothouses which utilise high-efficiency air particle filters and a water treatment plant to prevent pollen and genetically modified material from escaping to the outdoors. The non-profit research centre, known as CIMMYT, has become known over the past half decade for providing low-cost, improved seeds through hybridisation efforts, using its vast stockpiles of native corn and wheat genes from across the world to cross-breed the best attributes, such as drought-resistance. CIMMYT director, Thomas Lumpkin noted that the research centre had not shipped any true GM seeds yet, and acknowledged that some countries might have concerns. He also highlighted the fact that none of the research the facility undertook was being excessively forced upon countries. Only countries of the developing world that requested the company's research received it. Donor, Bill Gates, noted the legitimate issues surrounding GM crop use, but also noted that these issues were largely solvable. Gates' foundation has the main aim of ensuring that GM traits could be developed by the centre and then donated or bought cheaply by those in various countries who requested it. Mr Lumpkin notes that on one side of the spectrum, there is rapidly increasing demand for food harvested from crops and on the other side, conditions for producing this food are deteriorating rapidly. Without new research avenues, he said, it would make it easier for a new food crisis to result.

Horse meat scandal prompts shift in consumer habits [18 February/ Farmers Guardian] New research suggests that consumers are buying less meat as a result of the horse meat scandal. A survey suggests around 21% of consumers in the UK have reduced their meat purchasing already and 24% have said that they will buy less processed meat, with many indicating that they would switch to buy more unprocessed meat, if they could afford to do so. The survey also indicated that consumers have lost faith in labelling, with 67% saying they now trusted food labels less than before. The scandal could be good news for butchers with 62% of consumers saying that they were more likely to buy their meat from an independent butcher as a result of the scandal. An analyst for the Consumer Intelligence, who completed the survey, said it showed the horsemeat scandal has hit consumers hard and their trust in what the label says, which will give major brands a massive and costly fight to regain consumer trust. Farmer organisations are already planning to exploit consumer concerns by promoting high quality, British meat products, with adverts being run across the national press highlighting the message "Great British Farmers produce Great British food" and urging consumers to look out for the red tractor logo, which stands for traceable and independently inspected food from farm to pack.

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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

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