



AGRIBUSINESS

Field notes

Weekly news update from the KPMG Agribusiness network

KPMG

5 June 2013

Organisations referenced in this week's Field Notes include:

Agrecovery	Livestock Improvement Cooperative
Alliance Group	Meat Industry Association
Bank of New Zealand	Meat Industry Excellence Group
Ballance Agri-Nutrients	National Fieldays Society
Central Plains Water	Ministry for Primary Industries (MPI)
Crafar Farms	PGG Wrightson
CRV Ambreed	Rabobank New Zealand
DairyNZ	Seafood New Zealand
European Commission	Synlait Dairy
Farmers Mill	Textiles New Zealand
Fonterra Cooperative	Trading Among Farmers
Gallagher Group	US Department of Agriculture (USDA)
Indonesian Ministry of Agriculture	Westland Milk
Just Feijoas	Wood Council of New Zealand
Lincoln University	Yashili New Zealand Dairy

This week's headlines

Arable	Kiwi farmers take flour future in own hands with new \$10m Timaru mill [30 May/ Media Release: Farmers Mill]
Dairy	Fonterra payout could give economy \$2b boost [29 May/ New Zealand Herald]
Meat	Agreement reached in Beijing on NZ meat exports [2 June/ Radio New Zealand Rural]
Wool	Move to create new integrated fibre industry body [30 May/ Radio New Zealand Rural]
Farms and farmers	Agricultural figures recognised in Queen's Birthday Honours [4 June/ Radio New Zealand Rural]

Arable

Kiwi farmers take flour future in own hands with new \$10m Timaru mill [30 May/ Media Release: Farmers Mill] The Prime Minister has opened a new flour processing mill in the South Island's Timaru. South Island independent grower-owned and operated flour producer Farmers Mill has invested \$10 million in the flour processing facility. It is set to serve some of New Zealand's leading baked goods producers such as Griffin's Foods Limited and Coupland's Bakeries. Farmers' Mill flour will be traceable from the paddock to plate, the company's Chairman Murray Turley said in a recent media release. He added that the new processing plant will put more of Canterbury's famous grains into some of New Zealand's favourite foods and offer a high-quality local substitute for imported flours and grains. The facility has planned production capacity of up to 28,000 metric tonnes per year. The mill was officially opened by Prime Minister John Key last week and Farmers Mill Chief Executive Grant Bunting said that it is a positive step that looks to continue the strong tradition of flour production in New Zealand and will sustain the arable farming sector long-term. He also said that the facility gives the home-grown mill a clear advantage in supplying local customers who now have the reassurance that their products are made with 100% Kiwi grown grains.

Horticulture

Late crops could be lucrative [4 June/ Bay of Plenty Times] Although the drought has had an impact on the feijoa crop this season, Just Feijoas Director Hamish Blackberry remains optimistic. He said that this season's growers' yield was down 20 to 30 per cent due to the dry summer conditions affecting pollination and causing smaller fruit size however the lack of water has made this year's fruit "extra tangy". Mr Blackberry said that the Hawke's Bay has a clear industry advantage as the region is the southernmost region in the North Island that produces feijoas commercially and the fruits here are harvestable three weeks after harvesting begins in Northland in mid-March. He added that Hawke's Bay fruit attracts a premium because other regions generally sell out of the majority of their crop before the Hawke's Bay crop is marketable. Just Feijoas is researching and developing a cold-storage process to allow container shipping which would give a 667 per cent saving in freight charges. Mr Blackberry said that having the option to sea freight would provide a more efficient supply chain.

Forestry

Vital investment tool developed for wood processors [4 June/ Wood Council Media Release] The Wood Council of New Zealand has recently released a major study that highlights the importance of New Zealand developing profitable businesses from the byproducts of established wood products industries like sawmilling. The WoodScape study is a result of a collaboration between the forest and wood products industry, MPI and NZ Trade and Enterprise and it evaluated wood processing investment opportunities using a NZ specific evaluation model. The objective of the study was to evaluate ideas, such as biofuels and biochemicals, to identify those with the potential to generate more jobs and increase export earnings from the national timber harvest. Council chair, Doug Ducker, said the survey highlighted a key imperative, that viable primary processing industries, like sawmilling, are vital to investment in further downstream secondary processing, adding the opportunities are most viable when the primary processing sector sells its wood residues to be used in new and emerging technologies. The WoodScape study was an important step in implementing the Wood Council's Strategic Action Plan which aims to increase export revenues from \$4.5 billion to \$12 billion by 2022.

Fishing and aquaculture

Seafood exports predicted to grow [30 May/ Radio New Zealand Rural] The new industry body, Seafood New Zealand, had its official launch at Parliament recently and Chairman Eric Barratt has indicated that the aquaculture industry's future looks positive. The organisation was created last year as the representative body for the aquaculture, pua, rock lobster, and inshore and deepwater fishing branches of the industry. Mr Barratt said that seafood is now New Zealand's fifth largest export earner, bringing in \$1.57 billion last year. This figure that is expected to continue to grow as global seafood consumption increases.

Dairy

Fonterra payout could give economy \$2b boost [29 May/ New Zealand Herald] If Fonterra's forecast farmgate milk price of \$7.00 per kilogram holds true for the 2013/14 season, then economists predict that the economy could receive a \$2 billion boost. The starting announcement sets milk prices at a \$1.20 per kilogram, or 20.7 per cent, increase on the forecast for the 2012/2013 season, which ended on May 31. The \$2 billion boost would represent approximately 1.25 per cent of nominal gross domestic product. Bank of New Zealand Economist Doug Steel said that the move provides a large lift in expected dairy industry returns and it will be fairly significant support for economic growth if it pans out. Westpac Economists also agreed with a spokesperson saying that combined with the expected rebound in production, this is a sizeable boost to New Zealand's income. Fonterra holds a more restrained view, with the cooperative stating that they think that prices may have peaked. The company said it was holding its current forecast farmgate milk price for the current season at \$5.80 per kilogram, and a forecast dividend of 32 cents per share. This would amount to a cash payout of \$6.12 for a fully shared-up farmer. Future forecasts are subject to revision, Fonterra announced. Chairman John Wilson said that farmers would need to be cautious in managing their budgets. He added that the higher forecast milk price for the new season reflected continuing strong international prices for dairy and the general consensus held was that dairy commodity prices have peaked but will continue at or near current levels until the fourth quarter of 2013. Fonterra Chief Executive Theo Spierings said that shareholders should expect the strong lift in international dairy powder prices to create a more challenging environment for the cooperatives earnings in the first half of the 2014 financial year. He said that volatility on world commodities markets meant that Fonterra had taken a cautious approach and he emphasised that farmers should not finance their farms based around a \$7.00 milk price. He also said that the drought had taken the shine off what would have been a strong season for New Zealand.

NZ formula draws bad news in China [31 May/ New Zealand Herald] A series of Chinese news stories are highlighting concerns around New Zealand's reputation for high-quality food production. One news story saw a journalist from the CCTV 13 channel visit an Auckland address that is provided on the cans of a New Zealand-made baby milk brand sold in Chinese supermarkets. The address turned out to be a panelbeater's yard on Great South Road and staff at the business had no knowledge of the infant formula firm. Another story saw a CCTV reporter highlight a list of around 30 New Zealand-made baby formula brands sold in Chinese supermarkets and they then visited Pak 'n Save and Countdown supermarkets looking for these particular brands. All the journalist reportedly found were brands that would be familiar to many Kiwi consumers, such as Karicare, of which the journalist then went on to suggest that the absence of the certain brands found in Chinese supermarkets from New Zealand supermarkets was a concern. This was suggested despite the fact that most infant formula products made in New Zealand are produced solely for export. The reports then went on to state that the way some manufacturers in New Zealand produced their products was of concern due to companies using contract manufacturing facilities. This arrangement was suggested as making it difficult for Chinese import authorities to ensure that the formula brands were safe. It was said by one infant formula exporter, who remained anonymous, that New Zealand dairy exports were still to recover from the dicyandiamide (DCD) issue that surfaced earlier this year. The issue saw traces of the nitrate inhibitor found in New Zealand milk, and the exporter said that the CCTV news coverage just compounded the problem. A spokesman for the Ministry for Primary Industries said that there were a number of inaccuracies in the CCTV stories. He said that the Government was addressing these through the New Zealand Embassy in Beijing and contact with major news organisations had been made, including an interview with the People's Daily newspaper.

Farmers quit Fonterra for smaller companies [31 May/ Radio New Zealand Rural] The increases seen in share price as a result of Fonterra's Trading Among Farmers (TAF) scheme is resulting in some farmers quitting the big co-operative in order to move to smaller dairy companies. Since the scheme was launched late last year, the price of the shares farmers need to match their milk supply to Fonterra has leapt from \$5.50 to about \$8.00. This has been seen as a way for farmers to generate some short term income, with them cashing in their shares, reaping the profits and joining another company. The higher price has also made it harder for new farmers to join Fonterra and for existing milk suppliers to increase their production. Fonterra Director of Milk Supply, Steve Murphy, says that farmers have always switched companies but the number leaving Fonterra recently has increased relatively substantially. Fonterra has introduced a range of measures in an attempt to ensure that it is the preferred supplier including a new supply offer, a bonus share scheme, varied contract options for new suppliers and a dividend reinvestment scheme.

Westland dairy co-op announces milk price forecast [31 May/ Radio New Zealand Rural] An opening milk price forecast for the new season of Westland Milk Products' production has been announced. The 2013-2014 season has a predicted payout of \$6.60 to \$7.00 per kilogram of milk solids which is an increase of 60 to 70 cents on the current season. This compares to Fonterra's new season opening forecast of \$7 a kilogram, with a dividend to be applied on top of this. Fonterra's current season forecast remains at a combined milk price and dividend of \$6.12. Westland Chief Executive Rod Quin says that its new season forecast, like Fonterra's, is based on the expectation that strong international dairy prices will continue into next year, however the high value of the New Zealand dollar is still an issue and it is contributing to the volatility of the dairy export market.

Suppliers keen as co-op plans to run year-round [31 May/ Business Day] South Island dairy farmers have indicated that they will supply milk year-round to West Coast cooperative Westland Milk Products. This indication is more than what was expected to be received as more farmer shareholders from the Coast and Canterbury continue milking through the traditional off-season months of June and July. Westland Milk has only recently been able to process milk throughout the year and Chief Executive Rod Quin said that the offer had been made possible because of changes to the way Westland maintained and operated its plant. The plant is now able to generate some income from low volumes of milk supply, which was previously not possible. Although more milk has been produced than was previously expected, Mr Quin said that supply was very weather dependent. He said that if it was a cold winter then they will lose some milk as they progress, however the interest is still high. He said that shareholders were under no obligation to supply milk through off-season months, but the option gave them more income flexibility, provided it worked for their farming business. 2000 litres would set the minimum volume for each collection which might be one to three days' worth of milking. The offer is to Westland shareholders on the West Coast and Canterbury.

Yashili in public relations push [4 June/ Business Day] A public information office is being opened by Chinese food company Yashili in Pokeno, the town where the company aims to build a \$220 million infant milk formula export plant. The company hopes that this will help support its bid for resource consent approval from local councils. Yashili is one of China's top three producers of infant formula for the domestic market in China and its newly formed subsidiary, Yashili New Zealand Dairy, has been cleared to buy land for its new Pokeno plant. The information office will open on June 6 and operate from Monday to Friday, 10am to 3pm. If the company gets building and operating consent from the Waikato District and Regional Councils then construction of the infant formula plant in the new Gateway Business Park will start later this year. Commissioning has been planned for the second half of next year. 120 new jobs will be created in the region with the new plant's completion and it is planned that the facility will operate up to 24 hours a day, seven days a week. Yashili has said in a recently released information document that its investment in New Zealand was wholly concentrated on manufacturing and the plant would produce up to 52,000 tonnes of finished infant milk product a year. Yashili Group currently employs more than 5000 people globally.

Autumn rain comes to farmers' rescue [4 June/ Business Day] Nelson farmers have received a positive lift as excellent autumn grass growth and a record Fonterra milk price forecast for the forthcoming season have changed the negative mood that has held since the drought. Farmers and their advisers say that the turnaround has been nothing short of stunning and DairyNZ Nelson-Marlborough consulting officer Stephen Arends said that the regular autumn rain had come to the rescue. He said that recorded grass growth had reached their highest rates ever, which helped offset the lack of silage and hay that was made over the spring and summer months. Mr Arends added that pasture covers were now above budget and many farmers were able to put weight on their cows, which were now in the best condition he had seen in a while. Farmers have also been buoyed by Fonterra's \$7-a-kilogram milk price forecast for the new season, which was \$1.20 higher than the current payout. Federated Farmers Nelson Dairy Spokesman Martin O'Connor, who farms at Wangapeka, said that his season had been saved by the excellent autumn. He added that this year had been tough mentally and financially, saying that it was one of the toughest he could remember.

Meat

Indonesia signals increase in beef imports [30 May/ Radio New Zealand Rural] Good news has been given to both New Zealand and Australian farmers from Indonesian signals that indicate it is wanting to boost imports of live cattle and processed beef. Meat Industry Association Chief Executive, Tim Ritchie, said that while it may be too early to tell just how significant Indonesia's move will be, it is a step in the right direction. He said that the government stabilisation agency in Indonesia has been assessing whether sufficient beef is being imported. Although no volume was attached, the Minister of Agriculture in Indonesia said that they were considering using the agency to look at some imports from Australia and New Zealand. Mr. Ritchie added that this comes as good news since New Zealand's beef exports to Indonesia had fallen by 80% in the past two years.

Meat industry reform push ongoing [30 May/ Otago Daily Times] The push from the Meat Industry Excellence Group (MIE) for red meat industry reformation is continuing. The focus is now on structure, a funding strategy and identifying what has been described as the meat industry's "tight five", according to a MIE spokesperson. This week will see meetings held in Wellington to finalise the Group's structure. MIE Chairman Richard Young said that it was important that people with the very best management and governance skills were on board to help drive industry change, and the Group was identifying some skill sets that it believed were needed. Funding streams were also to be discussed at the meetings, with the Group planning to get \$500,000 from farmers which was broken down into \$250 from 2000 farmers, Mr Young said. Alliance Group Chairman Owen Poole has said that the industry was working to develop an improved model and a decision could be expected within two months on whether the proposed plans would go ahead.

Kiwi meat now moving from ports [30 May/ Business Day] Chinese importers of New Zealand meat are starting to collect the first shipments of meat that were stranded at Chinese ports for weeks. Primary Industries Minister Nathan Guy said that it was positive news that the backlog had now begun clearing and that ports are being authorised to release these further consignments. At the end of April, containers of frozen beef and sheep meat were blocked from entering China when problems with certification arose. This issue has been linked to the merging of government departments, Mr Guy indicated.

Agreement reached in Beijing on NZ meat exports [2 June/ Radio New Zealand Rural] An agreement has been reached with officials in Beijing regarding of New Zealand meat exports to China. The refusal came as a result of confusion that had stemmed from name changes that affected relevant documentation. The end of last week saw the clearance of a two week backlog of meat on Chinese wharves. Primary Industries Minister Nathan Guy said that Chinese officials agreed this weekend in Beijing to resume meat exports using New Zealand Food Safety Authority certification. Mr Guy is expecting Chinese officials to visit New Zealand over the next month to review their processes involving importing New Zealand meat in order to help secure future access for New Zealand production

Challenges for sheepmeat [4 June/ Rural News] Rabobank has recently released a new report on the sheepmeat industry, "Sheepmeat – riding the rollercoaster of returns". The report reviews the sheepmeat sectors in New Zealand and Australia and highlights that the industry has recently been hit by a perfect storm of high supply, strong currency and weak consumer demand. The report notes that to capitalise on improved conditions in established export markets, the sector will need to retain sufficient scale and market presence relative to competing meats. Rabobank's New Zealand CEO, Ben Russell, said that the industry has experienced extreme volatility in returns throughout the value chain which is likely to continue with a shortfall in supply looming next year, as a result of the drought and the lower prices farmers have earned this year. Mr Russell also highlighted the structural over-capacity which will need to be addressed, adding that there are risks and practical considerations that need to be carefully considered. He suggested that the path to greater industry prosperity and growth is through creating more value from consumers and a more efficient supply chain, including on-farm, procurement, processing and marketing. This said Rabobank remain enthusiastic about the prospects for the industry, noting the industry needs to focus on cultivating developing markets in Asia and the Middle East. While tighter supply in 2013/14 will assist to firm prices in the coming year, Rabobank suggest that a more sustainable market recovery will need to be driven by improved consumer demand and recovery in the global economy.

Rowing for gold [4 June/ FW plus] Alliance Group has announced a four year sponsorship deal of Rowing New Zealand which will see the Group's Pure South export brand associated with national rowing team through the 2016 Rio de Janeiro Olympic Games and into 2017. The CEO of Rowing New Zealand, Simon Peterson, said the partnership cements an existing relationship, adding that it is fantastic to see high performing sport aligning with a high performing international company. Alliance Group CEO, Grant Cuff, said the company saw huge potential to engage distribution partners, retailers and consumers in Alliance's key export markets through the rowing relationship. He added that rowing is a sport that resonates with the farming community and also noted that rowers identify with the Group's products, given their needs for good protein as part of their training and conditioning. The sponsorship will help reinforce and grow the visibility of the company's key export brand in strategic markets including Europe, Asia and South America.

Wool

Move to create new integrated fibre industry body [30 May/ Radio New Zealand Rural] Textiles New Zealand has set up the Fibrenz initiative which is set to bring closer integration to wool and other fibre producers with processors, textile manufacturers and exporters. Textiles New Zealand has been holding discussions with representatives from other fibre groups where it is looking for a commitment to establish Fibrenz as the administrator and communicator for the New Zealand fibre sector. In the past, many related industries have been divided and fragmented; something which Textile New Zealand Chairperson Stephen Fookes says is what the initiative will hopefully remedy. He said that there are a whole series of creative and innovative sectors and companies within the industry, however there is no service available to allow members to capitalise on their skills and the market opportunities that exist. He added that the aim is to bring the key parts of textile manufacturing and processing back into New Zealand. Wool Equities is one of several bodies that have already committed their support to the Fibrenz concept. Chairman of Wool Equities Cliff Heath said that one of the issues is that wool and textiles have been treated as separate industries in the past when in fact they are one and the same. He hopes a more integrated, united body will result from the initiative.

Environment

Gene find spells end to SCS [31 May/ Bay of Plenty Times] DNA sequence technology used by farmer cooperative Livestock Improvement (LIC) has led to the discovery of a recessive small calf gene. This may allow greater management of pushing Small Calf Syndrome out of the dairy industry. Chief Executive Officer of LIC, David Hemara, has said that the discovery was one of great significance and that identifying the gene means that better management can be given to a problem which has existed on farms for decades. Small Calf Syndrome mainly affects Holstein Friesian and crossbreeds. The incidence has been assessed at around one to two affected calves in the average 400 cow herd in New Zealand each year. The co-operative's ongoing research and large genetics database allowed them to screen 30 years of bull DNA and pedigree records. Mr Hemara said that the company's programme of gene discovery and DNA sequencing is improving their ability to isolate negative genes which will be a large benefit for the dairy industry. CRV Ambreed will work with LIC to manage the genetic variation so that its impact is minimised on New Zealand farms in the future.

Rural infrastructure

Gould steps down from PGG Wrightson [30 May/ Rural News Group] PGG Wrightson Managing Director, George Gould, will stand down on August 31. Sir John Anderson, the company's Chairman, acknowledged the contribution Mr. Gould has made to the company since he agreed to be Managing Director in February 2011. Sir John highlighted the admirable work that Mr Gould produced during his time at the company, especially with regards to the rural servicing business with which he had a long standing commitment, Mr Gould's successor is set to be determined by a selection process led by Sir John.

Fertiliser price drop brings relief for farmers [31 May/ Business Day] Fertiliser products produced by co-operative Ballance Agri-Nutrients are set to drop in price by \$10 to \$80 a tonne as international prices for ingredients used in making fertiliser products have decreased substantially. Ballance has said that the savings are being passed on by the company to its farmer shareholders. The company said that this is expected to provide some relief for income-depleted farmers, particularly in parts of the North Island enduring one of the worst droughts in 70 years. Ballance Chief Executive Larry Bilodeau said that the savings would encourage dairy farmers looking at the new milk forecast of \$7 a kilogram for next season to put fertiliser on paddocks and assist sheep and beef farmers dealing with low prices. He said that he expected the news to be welcomed with farm incomes increasing and farmers wanting to use more fertiliser in addition to falling prices. Mr Bilodeau said that the drought had a large impact on fertiliser demand in February and March before rebounding in the next two months. He said that this year's sales would be down from last year. Next week, urea prices will drop \$30 a tonne to \$715, Di-Ammonium Phosphate (DAP) \$50 to \$920, potash \$75 to \$780 and superphosphate \$10 to \$348. He also highlighted the falling prices as being largely attributable to sluggish international demand with weakening prices being seen for most major fertilisers.

Full-scale Fieldays assault on Russia in the works [4 June/ Business Day] The National Fieldays Society is muscling up to its job description to help advance New Zealand agriculture and is organising a presence for New Zealand agribusiness companies looking to get a foothold in the Russian market, at a large Moscow show in February. At the same time Hamilton based, Gallagher Group, is looking to grow its business with Russia following a trade mission both organisation joined last month. While progress on a Free Trade Agreement appears to have slowed, with senior Russian Ministers expressing nervousness about the agricultural aspects of the deal, both organisations see significant opportunities as Russia seeks to modernise its agricultural systems. The International AgroFarm exhibition for animal husbandry and breeding in Moscow had 333 exhibitors from 27 countries this year and Fieldays CEO, Jon Calder, is keen to see New Zealand get a foothold in the annual event with key Fieldays exhibitors presenting their solutions as to how Russia can achieve its ambitious agricultural growth targets. Mr Calder said that his goal was for Fieldays to have 365 day a year influence thus supporting exhibitors to attend international shows was a logical extension to its role. Stephen Hoffman of Gallagher Group's animal management group said that Russian agriculture is about to undergo big change as its scale and efficiency increases to produce more protein, adding the government is financially supporting the development of the sector, but particularly dairy. Mr Hoffman said that Gallaghers would evaluate whether to attend the AgroFarm exhibition, but noted that that there were definitely opportunities for Kiwi companies to present a united front in Russia, taking a real New Zealand Inc approach to agricultural technology, skills, methods and products and present them to international markets as a whole system.

Water

Irrigator says deal boosts reliability [4 June/ Business Day] A deal to store water in Lake Coleridge will deliver greater reliability to the Central Plains Water (CPWL) scheme. The irrigation company has signed a deal with TrustPower for use of the storage facility when the Rakaia River flow in Canterbury was low, delivering 95% reliability for the \$150 million first stage of the scheme (compared to 70% reliability without the deal). Central Plains Water has said that it will be seeking capital in the next six months to start construction of the first stage. It is expected that the Government will provide part of the funding for stage one, but the company would also be looking for debt and equity funding. The company has already secured \$10 million for detailed design of the canal project. The deal, which is thought to be a first in New Zealand, will require CPWL to book volume a year in advance but TrustPower would release the water with about a day's notice. The first phase of the scheme is expected to supply water to 20,000 hectares of farming land. The chair of the scheme, Doug Catherwood, said that the announcement was good news, as 95% reliability is virtually water every day for farmers and it presents a real alternative to CPWL developing its own water storage reservoir.

Agriculture education

Lincoln aims to get in touch with grassroots [30 May/ Rural News Group] Lincoln University is hoping to engage better with grassroots industries with the institution appointing a group of farmers to provide direction for the university in order to increase its relationship with farmers, and to work towards improving the Lincoln students' specialised experience. Waikato Agri-Businessman Ross Hyland will head the group which will consist of expertise gained from a diverse range of farming systems ranging from sheep, beef and intensive lamb finishing, to dairying and forestry. The farmers will be joined by senior university academics Bruce McKenzie, Ken Hughey, Grant Edwards and Keith Woodford. The South Island Dairy Development Centre Director Ron Pellow and the University's Farms' Manager Andrew Lingard are also set to be involved. Development of 3900 hectare of farmland owned and run by the university will be overseen by the committee, in addition to aiding the improvement of the student experience and involvement in New Zealand farming. Lincoln University has 13 farming and horticultural properties including a dry-land sheep and beef property in Marlborough and the Mount Grand high-country station in Central Otago.

Awards reflect change in focus [31 May/ Business Day] Three new categories have been added to the South Island Farmer of the Year competition which is run by the Lincoln University Foundation this year. \$5000 will be distributed to each winner for the new categories in human resource management, technology use and efficient use of resources. The competition's top prize has been raised to \$20,000 and the Foundation Board of Trustees Chairman Ben Todhunter said that the top prize was given as a travel grant to allow the winners to go overseas to look at other farming practices, examine new technologies and innovations to improve their farm business. He said that the increased value of the top prize and the new categories were part of the foundation's drive to celebrate and share excellence in farming. Mr Todhunter said that farmers were naturally reluctant to put themselves forward as the best in farming and nominations would help to bring out more entries.

Farms and farmers

Incentive pays off for recycling [28 May/ Business Day] It has been revealed that an increasing number of farmers are recycling their plastic agrichemical, animal health and dairy hygiene containers. The recycling group, Agrecovery, jumped by over half during the first quarter of this year because of the programme's recent membership drive putting \$5000 in rewards up for grabs. A draw has been created for all existing and new Agrecovery members who recycle at any of 70 nationwide collection sites in February and March in which one of ten \$500 vouchers were up for grabs. The winners consisted of orchards, dairy farms, sheep and beef farms, several vineyards and a golf club. Duncan Scotland, Agrecovery Sales and Marketing Manager, said that the incentive was a timely reminder for many to start recycling. He said that this year was the second year that the organisation has run the promotion and that both years have seen a strong increase in the number of new Agrecovery members. He said that the continued increase in recycling members was advantageous to the increase in volume of plastic recycled through Agrecovery as opposed to the traditional burning and burying of plastic waste items.

Crafar bidders could lose millions [30 May/ New Zealand Herald] Jack Chen and May Wang, the pair behind the initial Crafar Farms bid, could lose millions of dollars worth of real estate in Auckland and rural Manawatu as the Police Commissioner has placed restraint on various land holdings the couple have. Company shares, bank accounts and a BMW X5 registered to the couple have also been restrained. Four farms in the Manawatu-Whanganui area are owned by UBNZ Asset Holdings, one of the companies that tried to buy the Crafar Farms. The actions are the result of the requests from counterparts in Hong Kong who have asked the New Zealand police to limit the ability for the real estate. The property has been restrained ahead of a hearing, which is expected to take place later this year in the High Court at Auckland. Both Ms Wang and Mr Chen were arrested in Hong Kong in late 2011, with Wang being alleged to have conspired with Chen who was then an Executive Director of Natural Dairy Holdings Limited. They are alleged to have offered two properties in Auckland and a sum of over HK\$73 million (\$NZ11.8 million) to Chen. This action has been alleged to have acted as an award for Chen to procure Natural Dairy to acquire UBAH, which was a company owned by Wang. Wang was the front woman for the bid on the Crafar farms offer in 2010, however the Overseas Investment Office declined the application after Wang failed the character test. Acting Director of the Serious Fraud Office, Simon McArley, said that it is understood a preliminary hearing for the criminal charges would take place in Hong Kong in September.

Agricultural figures recognised in Queen's Birthday Honours [4 June/ Radio New Zealand Rural] A number of prominent New Zealand agriculture figures were made Officers and Members of the New Zealand Order of Merit over the weekend as the Queen's Birthday Honours were announced. The following were made Officers. Dr Doug Edmeades is a leading soil scientist and fertiliser consultant and has worked in the agricultural industry since the 1970s; he was honoured for services to agriculture. Vaughan Jones is now in his 80s and is still working as a farm advisor. He worked for the Gallagher Group and the New Zealand Fieldays Society and was honoured for services to the farming industry. John Tavendale, of Ashburton has also had a long career as a farm advisor and agribusiness consultant and chairs the New Zealand Blackcurrant Cooperative; he was awarded for services to agribusiness. Graeme Milne has been honoured for services to health and the dairy industry. He was Chief Executive of Bay Milk Products and the New Zealand Dairy Group, and is currently Chairman of the Canterbury dairy company Synlait. The following two honours have been named Members of the New Zealand Order of Merit and are Hugh McCarroll and John Steffens. They provided services to shearing and fishing, respectively. George Ward of Ashburton received a Queen's Services Medal for his contribution to agriculture and the community.

International

EU urges tests of US wheat imports [31 May/ Financial Times] The discovery of an unauthorised genetically modified wheat on an Oregon farm has led the European Commission to encourage member states to test some US wheat shipments. The discovery has already resulted in South Korean and Japanese companies suspending imports of some types of US wheat. The wheat variety had been developed and tested by Monsanto but has never been approved for commercial use. The US Department of Agriculture says that there is no evidence that wheat has entered commercial supply and added that it does not pose any health risks. The European Commission said that it was following the presence of the non authorised wheat carefully to ensure that European consumers are protected from any unauthorised GM presence. Politicians from Oregon have called on the US Government to ensure that the discovery does not threaten the state's USD 0.5 billion export industry, suggesting that the discovery of non-harvested, GM wheat should not be used by trading partners to erect spurious, protectionist trade barriers. It is not clear how the wheat ended up in the field, given that field trials on the cultivar were completed in 2004.

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Contact Us

Auckland/ Audit

Ian Proudfoot

09 367 5882

021 656 815

iproudfoot@kpmg.co.nz

Hamilton/ Taxation

Rob Braithwaite

07 858 6517

021 586 517

rbraithwaite@kpmg.co.nz

Tauranga

Robert Lee

07 571 1773

027 451 1035

relee@kpmg.co.nz

Wellington

Michael Day

04 816 4599

027 293 8338

michaelday@kpmg.co.nz

Christchurch

Paul Kiesanowski

Financial Advisory Services

Gary Ivory

Risk Advisory Services

Jamie Sinclair

Business Advisory Services

Hamish McDonald

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8

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

Field Notes presents a summary of some of the media comment on the Agribusiness sector in the last week. The views expressed do not necessarily represent the views of KPMG but are summaries of the articles published.

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