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AGRIBUSINESS

FIELD NOTES

Weekly news update from the KPMG Agribusiness network

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Organisations referenced in this week's Field Notes include:	
AgResearch	Meat Industry Excellence Group
ANZ Bank	Ministry of Economic Development
Ballance Agri-Nutrients	Ministry of Primary Industries
Beef + Lamb New Zealand	National Beekeepers Association
BNZ Bank	Nelson Seasonal Employers Inc.
Canpotex Potash	New Zealand Boysenberry Council
Dairy Companies Association of New Zealand	New Zealand Nuffield Farming Scholarship Trust
DairyNZ	Open Country Dairy
Fonterra Cooperative	Progressive Meats
Federated Farmers	Real Estate Institute of New Zealand
HortNZ	Synlait Milk
Kiwifruit Growers Incorporated	Trans-Pacific Partnership
Maastricht University	Uralkali Potash
Meat Industry Association	Westpac Bank

This week's headlines	
Horticlture	**New HortNZ head well-known to industry** [2 August/ Business Day]
Fonterra scare	**Dirty pipe dents Fonterra's reputation** [August 3/ Rural News Group]
Dairy	**Farmers advised to use milk payout to reduce debt** [1 August/ Radio New Zealand Rural]
Research and development	**AgResearch jobs head to Lincoln, Palmerston North** [31 July/ New Zealand Herald]
Economics and trade	**MPI under-staffed to cope with China trade** [2 August/ Radio New Zealand Rural]

KPMG Perspectives

Although the week has been dominated by Fonterra's announcements early on Saturday morning, there are two other stories this week that indicate progress is being made in positioning our primary sector for the future.

The media response to AgResearch's announcement of its plan to consolidate the majority of activities on two campuses has focused on the impact that this will have on jobs in the regions affected. While this cannot be ignored, what has been overlooked is the transformational impact that the move will have on the organisation and its ability to collaborate, both internally and externally. The relocations to the Lincoln and Palmerston North innovation hubs are part of a wider strategy many of our leading primary sector science providers are pursuing to create greater value for the industry.

This is a concrete sign that AgResearch is prepared to change its whole business to increase the likelihood that the hubs can deliver the science based step changes the primary sector needs. It also will help create an innovation environment that is more likely to attract and retain the best and brightest people in our science community. Congratulations AgResearch on making a significant commitment to the future of New Zealand.

It was also interesting this week to see the positive comments from US trade negotiators on the likelihood of a successful outcome to the TPP negotiations. TPP is a critically important agreement to New Zealand as it will increase our access to almost 40% of the world economy, including the US, Canada, Mexico and Japan. The benefits of gaining preferential trade access have been very apparent from the way our trading relationship has grown with China over the last five years; however we are concerned that this has caused our whole economy to become overly China focused. TPP will provide opportunities for us to diversify our markets and identify niches that maximise the returns to our economy and the farm gate, provided a high quality agreement is delivered. The sooner an agreement is done on TPP the better, however securing agricultural access must remain the bottom line for our government as the negotiations continue.

Horticulture

Kiwifruit growers now need to detail PSA-V management [1 August/ Radio New Zealand Rural] Kiwifruit growers will be required to create action plans relating to how they managing the vine-killing disease PSA-V on their orchards. The requirement for a plan to be in place from 1 August is part of the National PSA-V Pest Management Plan, which took effect in May. More than 2000 kiwifruit orchards have now been labelled as having the PSA disease. Kiwifruit Growers Incorporated president Neil Trebilco said that he believed that orchard management plans were essential. This has been met with differing views from some growers. One producer, Chris Dunn, said that spraying had not stopped the disease and he thinks that the management plan and growers' role in it is not worth the effort. KVH Chief Executive Barry O'Neill said that the new requirement represented the best plan they could come up with so far.

New HortNZ head well-known to industry [2 August/ Business Day] Horticulture New Zealand has elected Julian Raine as President of the organisation. Mr Raine took over the role this week from Andrew Fenton who had been president since HortNZ's inception in 2005. He also has roles in other industry organisations and is well respected by many in the industry. Mr Raine was elected to the board of HortNZ in 2011 and is hoping to make a difference to the organisation with his new role. Mr Raine will be adopting an inclusive approach in the organisation and will be brushing up on his communication skills he said. The organisation advocates for 5500 commercial fruit, vegetable, berryfruit and olive growers, who contribute $5 billion to the economy. Mr Raine has also been a Director of the New Zealand Boysenberry Council and Nelson Seasonal Employers Inc. He is also Chairman of the New Zealand Nuffield Farming Scholarship Trust and a trustee of the Massey Lincoln Agricultural Industry Trust. Mr Raine has been a grower since the early 1980s and is a partner in Wai-West Horticulture, which grows apples, boysenberries and kiwifruit on 140 hectares, and in Hinetai Hops, which grows blackcurrant and hops on 70 hectares.

Low costs may tempt young [4 August/ Stratford Press] Even though there is still a large Psa risk attached to kiwifruit growing, sources say that the industry is ripe for investment. Kiwifruit Growers Association Chairman Neil Trebilco said that the large majority of the industry's success was that an average-size kiwifruit orchard was only 4 hectares. Orchard prices had remained low and could provide opportunities for people who realised potential gains in kiwifruit. Mr Trebilco also highlighted the fact that growers were financially viable based on the number of hectares they are able to successfully manage. In addition, there was a large drive in demand at present for kiwifruit exports. The recent report, *Driving Growth in the Fresh Fruit Sectors*, commissioned by the Ministry of Economic Development, shared the export value of kiwifruit doubled from $567 million in 2002 to $1.043 billion last year. Even though gold kiwifruit is more profitable, Mr Trebilco highlighted that it was more susceptible to the Psa vine disease. Traditional markets were also starting to face trading changes. Markets such as Europe and North America were being overtaken by exports towards Asia. New Zealand has already been tipped as becoming the 'fruit bowl of Asia'. Recent figures from the Real Estate Institute of New Zealand show that in May this year, ten Bay of Plenty horticulture properties sold for an average price of $148,808 per hectare. This compares with the May 2011 average price paid of $205,833.

Honey

Signs of resistance to varroa bee mite treatments - assoc [1 August/ Radio New Zealand Rural] It is predicted that the fight against the varroa mite will cost of almost $1 billion over the next three decades, according to the National Beekeepers Association. Chief Executive of the Association, Daniel Paul, said that there are now signs that the effectiveness of the chemical used in controlling the mite seems to be weakening. With appearing signs of resistance. The mite has now spread throughout the country. He also said that the former organisation MAF stated that varroa would cost New Zealand about $900 million over 35 years which emphasised the potentially major effect of one small biosecurity breach. Honey bees are worth $5 billion a year to the New Zealand economy and the varroa mite posed a threat to the industry.

Fonterra scare

Dirty pipe dents Fonterra's reputation [August 3/ Rural News Group] Fonterra Cooperative has highlighted that a scarcely used piece of pipework is behind the potential contamination of Fonterra's whey protein concentrate WPC80. The protein is used in a variety of Fonterra's products including infant formula, growing up milk powder and sports drinks. Managing Director of NZ Milk Products, Gary Romano, has said that after the contamination was detected, the company went straight to the source of the issue and isolated a very little used piece of pipework that not as sanitary as it should have been. He said that food safety was Fonterra's number one priority.

Russia bans all Fonterra products - report [4 August/ New Zealand Herald] All products made by Fonterra have been banned by Russian officials, in one of the most extreme responses to the dairy giant's contamination scare. Trade Minister Tim Groser said that Russia was not the only country affected by the contamination, which included New Zealand, Australia, China, Vietnam and Thailand. Russia's consumer protection watchdog has reportedly recalled Fonterra's products including infant formula in addition to advising Russian consumers to avoid buying Fonterra's products.

Fonterra 'sorry' for contaminated product scare [5 August/ BBC News] Fonterra Chief Executive Theo Spierings has apologised for the distress caused to parents because of a contaminated dairy products scare. Batches of the contaminated product were exported to a number of countries, including China. Botulism is an extremely dangerous form of food poisoning and it may have contaminated Fonterra's product through a dirty pipeline at one of its New Zealand manufacturing facilities. Earlier in the week New Zealand Prime Minister John Key questioned why Fonterra had delayed informing the New Zealand Government. John Key said that was concerns over the contamination were raised after a series of tests in May 2012.

Formula scare: Fonterra execs face chop [6 August/ New Zealand Herald] Industry sources are speculating that a number of Fonterra executives may lose their jobs as a result of the contamination scare, although praised CEO, Theo Spierings for his immediate trip to China. Mr Spierings travelled to China from Europe at the weekend for meetings with manufacturers who have used contaminated whey powder supplied by Fonterra for use in infant formula and other products. Market commentators have indicated the Executive's decision to travel to China recently as the right thing to do. Many organisations have so far kept their own counsel on the latest issue, choosing to let Fonterra and the Ministry for Primary Industries deal with the situation amongst themselves. Some North Island farmers have said that the scare is likely to put downward pressure on the farmgate milk price, which has the largest bearing on farm incomes.

Editorial: Reassurance on milk purity vital for NZ to get right [6 August/ New Zealand Herald] The contamination scare could be the worst out of all of the recent challenges the company has faced. Unlike the melamine scandal that faced the company in 2008, this botulism scare is not the fault of the suppliers in another country and, unlike the nitrate scare this year, it cannot be blamed on excessive regulations elsewhere. The recent contamination happened in a New Zealand factory run by Fonterra, and market commentators have highlighted this as being the worst of the three international issues. The commercial damage to the Fonterra brand may still get worse. The New Zealand Government has indicated their frustration with the fact that insufficient warning was given about one local brand, Karicare, which was still on sale last Friday. The delay that existed was said by many commentators to be unacceptable, as it has taken this long for Fonterra to recall many infant formula brands that may be at risk of contamination.

Fallout may be short-lived [6 August/ Otago Daily Times] The New Zealand dollar and units in the Fonterra Shareholder Fund both fell yesterday in response to the contamination scare. Conditions improved later in the day when Fonterra units traded at $6.72, which was down 40 cents from closure on Friday but off their low of $6.50 yesterday morning. The dollar was trading at US$77.81 which was up from its morning low of US$76.93 but down from US$78.90 at close of trading on Friday. The issue was clearly negative for the New Zealand economy, BNZ Economist Doug Steel said, but the extent of the issue was difficult to measure. Mr Steel said that the extent of the issue would depend on the response from Fonterra, authorities and other interested parties. He also said that the real economy impacts from the event should be short lived.

Fonterra systems get full scrutiny [6 August/ Business Day] Prime Minster John Key has warned of gaps in Fonterra's account of the event and has ordered Government officials to double check its claims about the whereabouts of contaminated dairy products. Mr Key said that the Government had all of its possible resources focusing on protecting human health and reassuring trading partners. The product at question was manufactured in May 2012, and questions are continuing to be raised about how the incident unfolded. Mr Key also raised his concern at the period of time it took for Fonterra to identify the issue to the Government. Minister of Economic Development Steven Joyce has had a second meeting with Fonterra's top managers where he was assured that company now had a clear picture of where the contaminated product was in the supply chains of customers around the world. Trade Minister Tim Groser said that he hoped that countries around the world would soon lift their bans on Fonterra products as more information came forward.

Export hit from botulism scare eases [6 August/ Business Day] The threats associated with the botulism risk for Fonterra have lifted slightly. It was confirmed by the New Zealand Government earlier in the week that China was not going to impose a blanket ban on all Fonterra products. China is Fonterra's biggest customer, accounting for 10 per cent of its total sales revenue of nearly $20 billion last year. Three batches of whey protein made at Fonterra's Hautapu plant near Cambridge last year are at the centre of the botulism scare. It has been highlighted that staple exports, whole milk powder and skim milk powder do not contain whey protein, which is also used to make sports drinks and infant formula sold in New Zealand. There had been no reports to the Government of any other market closures, NZ Milk Products Managing Director Gary Romano said. Mr Romano manages Fonterra's manufacturing operations in New Zealand. The Ministry for Primary Industries was still awaiting clarification regarding reports that Russia had banned New Zealand dairy products. Analysts have said that they are taking a wary wait-and-see approach to the crisis, as they try to size up the reaction of key export markets before taking a firm view on the dairy giant.

Dairy

Fonterra lifts dairy forecast [1 August/ New Zealand Herald] Fonterra's upgrade of its payout forecast for the 2013-2014 season has lifted farmer spirits in the wake of one of New Zealand's worst droughts on record. Forecast milk prices for farmers were lifted by 50 cents for the recent season to $7.50 per kilogram of milk solids. A spokesperson for the company attributed these results to a constrained global supply and the lower New Zealand dollar. These new milk forecast prices will mean that the price will be a $1.70 improvement on last season with many economists highlighting the potential boost the results could give the economy. Economists for Westpac have indicated the strong season as contributing $3.4 billion, or 1.6 per cent of nominal gross domestic product, to the economy. Fonterra's forecast dividend payout was unchanged from the previous year at 32 cents. Fonterra's NZX listed Shareholder's Fund closed down 19 cents at $7.30.

Farmers advised to use milk payout to reduce debt [1 August/ Radio New Zealand Rural] The milk payout increase that Fonterra has forecast should be used by dairy farmers to clear overdrafts and reduce debt, Federated Farmers has said. The organisation's National Dairy Chairman Willy Leferink said that he sees the new forecast as an 'overdraft clearer'. He said that the increase in the monthly advance paid to farmers will also be a magic bullet in helping them to pay back credit extended to them during the drought. The purchasing of supplementary feed as well as other drought associated purchases were some of the main forces influencing farmer debt. Mr Leferink said that the drought was a major factor behind farmer debt growing to more than $51 billion with most of this stemming from the dairy sector. DairyNZ Chief Executive Tim Mackle said that he was also expecting the announcement to contribute to the paying down of farmer debt. He also highlighted the fact that the increase in Fonterra's forecast payout meant that another $845 million would begin to circulate in the national economy.

Open country 'calm' despite Fonterra woe [5 August/ Business Day] Open Country Dairy, New Zealand's second largest dairy producer, has said that its overseas customers are very calm in the wake of Fonterra's botulism scare. The organisation exports whole milk powder, skim milk powder and cheese to China, Asia and the Middle East. The company said that they do not make the whey protein concentrate product that is at the centre of the Fonterra alert. They added that they do not source products from Fonterra either. Chairman of Open Country Dairy Laurie Margrain said that customers appeared satisfied with advice from the company about the safety of its products, however the issue was still relatively recent news. Open Country is a member of the Dairy Companies Association of New Zealand (DCANZ) and the Association's members were left out of the loop when Fonterra discovered DCD nitrate inhibitor in some of its products which sparked an international food scare. Mr Margrain said that DCANZ members did not get advanced warning of the botulism scare but where this week focussing on the future of the dairy industry in New Zealand.

Synlait says infant formula products safe [5 August/ New Zealand Herald] Rakaia-based milk processor, Synlait Milk, has said that its infant formula products have not been caught up in Fonterra botulism scare, adding that it does not expect any long-term impact on its own business. The whey protein concentrate WPC80 that has been recalled by Fonterra is not used by the company, a spokesperson has said. Managing Director John Penno said that Synlait expects the incident will result in some short term disruption to trade and some additional testing requirements for some markets however they do not expect the event to impact the growth of Synlait's infant milk business beyond the immediate disruptions. Early this week, Trade Minister Tim Groser described the situation as very serious and said that attention in the first instance on the health of infants that may be potentially affected should be a large concern. Shares in Synlait Milk rose 3.4 per cent to $2.71 on Friday last week, while A2 Corp, which markets milk with a protein variant claimed to have health benefits, was unchanged at 67 cents.

Meat

Beef and lamb labelling change kicks in [1 August/ New Zealand Herald] The country of origin for all imported meat is now required to be displayed in a move that will help improve the awareness of kiwi meat consumers. Most beef and lamb for sale in New Zealand is produced by local farmers, however a very small amount comes from Australia. Meat retailers instigated the move for better labelling on meat products in New Zealand according to Rod Slater, of Beef + Lamb New Zealand said. It was unanimously decided by Quality Mark, Mr Slater said, adding that the Quality Mark introduced in 2007 was one of the first quality control labels introduced onto New Zealand meat packaging. He also said that while beef and lamb was generally only imported in certain circumstances, customers still deserved the right to know of the origin of their food.

Question of balance in industry [1 August/ Stratford Press] The Meat Industry Excellence Group has been holding further meetings around the country as discussion about sector reform continues. The seriousness and importance of the issue has been recognised by Federated Farmers, is well aware of. The organisation has undertaken a farmer behaviour survey in order to better understand the problems that exist. Farmers who are directly involved with the direction the meat processors take have been shown to have a strong influence. However, many calls for action are often focused on structure and processes and fail to adequately recognise and address all of the underlying issues the industry faces, a spokesperson said.

Resurgence of complementary seasonal supply [6 August/ Rural News Group] Craig Hickson of Progressive Meats has said that a potential shift in trendy urban thinking from 'buy local' to 'buy best-in-season' is positive news for New Zealand meat exports. A resurgence in selling New Zealand seasonal meat exports looks to be occurring with major demand stemming from the Northern Hemisphere. Consumers around the globe are beginning to shift their demand and preferences from buying local meat to buying best-in-season meat. Mr Hickson said that the New Zealand meat supply can never necessarily be local in terms of supply but can certainly be best in season. He also highlighted New Zealand's naturally complementary supply from being located in a separate hemisphere from the other major markets. Complementary supply was the genesis of New Zealand's industry back in 1882 when all carcases went to the UK, until they joined the European Union, Mr Hickson said. Beef + Lamb New Zealand Chairman Mike Peterson said that complementary supply might work for some cuts of meat, however this might be more difficult to achieve with other cuts. He highlighted the fact that for some premium markets and for certain cuts of meat, New Zealand supply was year-round.

Rural infrastructure

Record result for Ballance fertiliser co-op [2 August/ Radio New Zealand Rural] Ballance Agri-Nutrients, the New Zealand fertiliser cooperative, is set to pay its farmer shareholders a record rebate and dividend this year. $65 million is to be distributed to more than 18,000 farmers who will each get a rebate of more than $60 a tonne on the fertiliser they've bought. A dividend of 10 cents a share will also be paid. The company has also said that shareholders will also be in line for a recommended 60 cent increase in the value of their shares to $8.10. A record trading result of more than $92 million was reported for the cooperative this year and Chief Executive Larry Bilodeau said that this was obtained despite the drought reducing fertiliser sales.

Research and development

AgResearch jobs head to Lincoln, Palmerston North [31 July/ New Zealand Herald] AgResearch jobs primarily from Hamilton and Dunedin are set to be relocated over the next few years. The country's largest crown research institute is planning to relocate almost 300 jobs according to an announcement made by the company's Chief Executive Dr Tom Richardson. Dr Richardson said that while this would have an impact on Dunedin and Hamilton's local economy, he believed the net overall gain for New Zealand would be greater. 300 roles will be based at Grasslands, 330 at Lincoln, 30 at Invermay and 90 at Ruakura. Dr Richardson highlighted the science at Grasslands as focusing on food, nutrition, animal health and forage. He also said that Lincoln would focus on farm systems and land use as well as sheep, beef and deer productivity, supported by the company's own genomics, proteomics, metabolomics and bioinformatics platforms. None of the roles will be required to be relocated until after 2016 and staff affected would be given a minimum of six months notice before their role was moved.

Scientists unveil first lab-grown burger [August 6/ New Zealand Herald] European scientists have showcased the world's first lab-grown beef burger in London, frying it in a little oil and serving it to volunteers in what they hope will start a food revolution. The 140 gram burger was developed at a cost of more than EUR 250,000 ($425,000) and was helped with backing from Google co-founder Sergey Brin. The cultured beef was made using strands of meat grown from muscle cells taken from a living cow, mixed with salt, egg powder and breadcrumbs and coloured with beetroot juice and saffron. It was claimed by leading researcher Professor Mark Post of Maastricht University in the Netherlands that the meat could eventually replace ordinary meat in the diets of millions of people and in doing so could reduce the large environmental pressure caused by raising livestock. Mr Post said that he was confident that the meat could be on supermarket shelves in the next 10 to 20 years. 20,000 strands of meat were grown for the burger over three months.

Call to action goes out [6 August/ Otago Daily Times] Dunedin Mayor Dave Cull has given a "call to action" to southern business, local government, agricultural and tertiary leaders as part of the fight against job losses at AgResearch's Invermay campus. A summit has been organised by the Mayor to be held on 14 August to discuss the announcement from AgResearch proposing that 85 jobs are to go from Invermay by 2016. Mr Cull also said that he believed that any reduction in roles at Ivermay would have a serious economic and strategic impact. Otago Regional Council Chairman Stephen Woodhead said that he fully supported the meeting and saw it as an opportunity to discuss not only Ivermay but the wider economic development for the region. He also highlighted his concern about resources moving north and centralisation.

International

Potash cartel collapses: 'It is as if Saudi Arabia decided to leave OPEC' [2 August/ The Globe and Mail] A decision to break up one of the world's two potash cartels has shocked global markets. The cartel between Belarus Potash Co. And North America's Canpotex control 70 per cent of the global potash export market. Both companies have traditionally followed each other on major pricing deals. However, this could now be eroded given Uralkali's decision to pursue its business activities alone. Market commentators have indicated a potential price reduction for potash by approximately US$100 a tonne, to the US$300 range from the current US$400. Toronto-Dominion Bank Economists Jonathan Bendiner, Derek Burleton and Dina Ignjatovic said that even a price decline of 10 per cent to 15 per cent would leave a significant mark on the market and Saskatchewan, a globally significant potash production area. It was highlighted by the economists that potash accounts for about 2 per cent of the Saskatchewan economy and the potash exports represent some 18 per cent of its overall exports. Potash is used throughout the fertiliser industry and Russia's Uralkali's decision to leave the cartel will have various implications on the market.

Economics and Trade

Pacific Rim trade talks on track for 2013 deal, says US [30 July/ Financial Times] The end of the year should see a trade deal secured between 12 Pacific Rim nations in spite of concerns that Japan's late entry into the negotiations could delay an agreement. The most recent rounds of Trans Pacific Partnership talks were held in Malaysia last month and US Trade representative Mike Froman said that they had yielded significant progress. He said that there was a real sense of momentum that could be taken from the talks in addition to progress being made on many outstanding issues. During the 18th round of talks, Japan joined the negotiations on the TPP. This step not only expanded the economic impact of the deal but also made the negotiations much more complicated, Mr Froman said. The new US trade representative took up the position this year and has said that he was glad to see Japan in the TPP, considering the agreement now covered 40 per cent of the global economy, but said that it was critical that Japan and the US resolved their disputes on access to the Japanese car and insurance markets before any deal was reached. President Obama's guiding principle in negotiating the trade agreement was whether it would benefit the middle class by creating jobs. Mr Froman highlighted the fact that his department was working with Congress to reach a deal on a so-called "fast-track" authority, offering technical assistance to lawmakers, but suggested that it was ultimately their responsibility to seal the agreement.

MPI under-staffed to cope with China trade [2 August/ Radio New Zealand Rural] The Ministry for Primary Industries has admitted that it was understaffed given New Zealand's escalating trade relationship with China. The main issues the Ministry highlighted were related to the $100 million worth of meat exports that sat on wharves in China because of repeated mistakes by officials over its name change on export certificates. A major review of the mistake revealed that Ministry officials did not anticipate the seriousness of the problem. Acting Director-General for the Ministry, Scott Gallacher, said that it was clear that officials needed to lift their performance to ensure that similar incidents did not occur in the future. The surge in China trade had not been fully anticipated by the Government, Meat Industry Association Chief Executive Tim Ritchie said late last week. He also indicated the potentially damaging effects to New Zealand's trade reputation the incident could have.

Commodity prices up in July, led by wool [5 August/ New Zealand Herald] A small gain was recorded in New Zealand commodity prices last month, which was a positive change from two months of declines. The ANZ Commodity Price Index indicated wool prices as leading the price rise. A 0.6 per cent increase was seen by the index last month, increasing its value to 318. This followed a 3.7 per cent decline in June, for an annual increase of almost 26 per cent. In New Zealand dollar terms, the index increased 0.6 per cent to 217.2 for a 27 per cent annual gain. Nine commodities increased in price, five fell and three were unchanged. The largest increase was attributable to wool prices which rose 4 per cent in July for a 23 per cent annual gain, followed by 3 per cent gains in prices of skim milk powder, casein and lamb. Cheese, aluminium and kiwifruit prices all fell 3 and 2 per cent respectively.

Farmers and producers

Farmers want fair go from councils [6 August/ Otago Daily Times] Federated Farmers have requested that core activities undertaken by Councils are carried out efficiently, effectively, and funded in a fair way. The rural lobby organisation has released "The Farmers' Manifesto" outlining its local government priorities ahead of this year's elections. Federated Farmers President Bruce Wills said that funding and management of rating systems were key concerns for the agricultural sector. The monetary value of rates taken by the local government from the sector has increased from $2.35 billion to $4.65 billion in the past decade (2002-2012). This was a 98 per cent increase at three times the rate of inflation. Despite a recent slowdown in the agricultural industry, rates were still forecast to rise by 58 per cent by 2022, double the rate of inflation. Councils' total public debt was forecast to increase 97 per cent between 2012 and 2022. Mr Wills said that rates could be smoothed across the entire community if more effective revenue gathering mechanisms were used. He highlighted such mechanisms as targeted rates, uniform charges, differentials, rates caps and rate remission policies.

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