

AGRIBUSINESS

FIELD NOTES

Weekly news update from the KPMG Agribusiness network



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HOT OFF THE PRESS:
**KPMG AGRIBUSINESS
AGENDA 2013 VOLUME 1**

14 August 2013

Organisations referenced in this week's Field Notes include:

Alliance Group	Ministry of Foreign Affairs and Trade
ASB Bank	Ministry for Primary Industries
Beef+Lamb NZ	National Farmers Federation
Department of Trade & Industries	New Zealand's Charge d'Affaires
Environmental Defence Society	New Zealand Meat Board
Federated Farmers	North Canterbury Grain and Seed
Fonterra Cooperative	PGG Wrightson
Horticulture Export Authority	Pipfruit New Zealand
Imperial College of London	Radiation
King Salmon	Rural Equities
Kiwifruit Vine Health	Sanford Fisheries
Lincoln University	Sustain Our Sounds
Massey University	Waikato University
Marlborough District Council	World Wine Trade Group
Ministry of Economic Development	Zespri Kiwifruit

This week's headlines

Horticulture	Pipfruit NZ sets sights on \$1b goal [9 August/ Radio New Zealand Rural]
Fishing and aquaculture	King Salmon's Marlborough Sounds consents upheld at appeal [9 August/ National Business Review]
Fonterra scare	Botulism scare prompts four investigations [13 August/ Radio New Zealand Rural]
Agribusiness strategy	Buckle up for big retailing changes [8 August/ Business Day]
Rural infrastructure	PGG Wrightson books goodwill write down [13 August/ Business Day]

KPMG Perspective

The whey processing issue at Hautapu has brought the primary sector onto the front pages of the mainstream media in New Zealand. Again the focus has been on the industry's challenges rather than the positive initiatives businesses across the sector are taking to deliver high quality, safe and sustainable food, fibre and timber products to premium customers across the world. Much of the commentary has only served to reinforce the perceptions of the sector as unattached to its customers in the minds of the wider population.

Our local media have been willing to report on stories such as that run in the Daily Mail (which we have summarised in this Field Notes) or by government press agencies in China without exploring the agenda's behind these stories.

New Zealand sells products into highly competitive global markets and nobody owes us a living. Thus when we do make mistakes we must expect our competitors to seek to capitalise on the opportunity created, after all that is business. Many of the international reports are supporting the agenda's of their domestic producers aiming to do damage to brand New Zealand and can't be considered as balanced or objective assessments of the way this issue has been viewed by our customers and consumers in these markets.

As we noted in the first volume of this year's Agribusiness Agenda, it is critically important that the whole industry stands up and focuses on building strong links with the wider population. The contribution our primary industries make to our economy must be explained but equally the sector must listen and understand the expectations that the wider community place on it. The need to do this in a comprehensive and open way is more critical than ever after the last two weeks of reporting. The food safety scare has highlighted the importance of leadership and communication on matters of critical interest to our customers and our nation's brand.

The country, the media and the primary sector will do better working together to create a prosperous New Zealand we can all be proud of; based on consensus views of the future we want for our country.

GrowthGuide for Agri-service industry

KPMG, ANZ and VantagePoint have collaborated to produce **GrowthGuide for Agri-service industry**, it is a sector based research report developed to advise aspiring businesses on how to achieve their growth objectives - in all cases grounded in the clarity gained from powerful, insightful quantitative research from 178 businesses. GrowthGuide focuses on:

- Helping New Zealand agri-services businesses better understand what's driving or constraining growth in their market sector; and
- Stimulating agri-services businesses to take action to increase their own growth prospects, either independently or with the help of KPMG.

Horticulture

Pipfruit NZ sets sights on \$1b goal [9 August/ Radio New Zealand Rural] A new Pipfruit New Zealand strategy is aiming to more than double the value of apple and pear exports in the next decade. Improvements in market access, especially in the growing Asian markets was said to be key to making the industry a \$1 billion-a-year earner. Pipfruit New Zealand Chief Executive Alan Pollard said that the goal was ambitious but achievable despite the ongoing obstacles in markets such as China. Although New Zealand has a free trade agreement, Mr Pollard, said that such agreements don't generally bring rapid results. He said that the protocols for getting New Zealand fruit into Australia were quite tough and that it was expensive to prepare fruit for the Australian market. However, Mr Pollard was optimistic that such obstacles could be overcome and that more flexible quarantine rules could be negotiated with regards to sending apples to Australia. He also said that Asian markets such as Taiwan were key to helping achieve their \$1 billion target.

New HEA appointments [11 August/ Rural News Group] The Horticulture Export Authority has appointed Wade Armstrong to take up the position of Chairman. Mr Armstrong was the principle trade and economic advisor at the Ministry of Foreign Affairs and Trade (MFAT) until he retired in 2011. He was one of the lead negotiators with Indonesia for the ASEAN-CER Free Trade Agreement, and chaired the World Wine Trade Group of major non-EU producers. In 2012 he was appointed to a three-year term as a Government Director for the New Zealand Meat Board. Prior to 2007 he had multiple overseas postings to key markets spanning his 40 year career with MFAT and was most recently New Zealand's Ambassador in Brussels. Mr Armstrong is the successor of Brian Lynch who was former Chair of the HEA Board and served as Chairman since 2004. Another appointment to the board of the HEA is Peter Luxton who is an experienced international marketer, negotiator, value chain architect and strategist. The Department of Trade & Industries (DTI) was Mr Luxton's launching board for his career, where he held positions of senior private secretary in the Office of Minister of Regional Development. He was also the New Zealand Trade Commissioner based in Vienna and was appointed to New Zealand's Charge d'Affaires in The Hague. Mr Luxton will replace Sandra Martin on the HEA Board. The HEA's CEO Simon Hegarty has welcomed Mr Armstrong and Mr Luxton and said that their experiences and contacts will play a crucial role in implementing a reviewed HEA Act.

Illegal kiwifruit came to light only after orchardist tried to sell it to Zespri [13 August/ Radio New Zealand Rural] An illegal orchard in Auckland has been destroyed by the Ministry for Primary Industries after it came to the organisation's attention. It was identified when a suburban kiwifruit grower attempted to sell fruit to the exporter Zespri. Approximately 100 plants were found at the property, which had been grown from seeds illegally brought in from China and planted in 1999. It has also been revealed that the seeds never went through biosecurity checks. Peter Ombler, Kiwifruit Vine Health Chairman, said the industry found out about the orchard only when the owner tried to sell fruit from it. Zespri began to ask about the correct documentation for the orchard including import permits and similar things. The orchardist then went on to say that they did not have the documentation on them at which point the MPI was contacted regarding a particular form of retrospective arrangement whereby they could have the plant material approved. MPI testing revealed that there were several viruses in the vines and a variety of the viruses had not been seen in New Zealand before, Mr Ombler said.

Arable

Livestock farmers warned over feed grain supply [12 August/ Business Day] Feed grain stocks are down on last year despite a good harvest, and livestock farmers are being urged to secure supplies early. The Arable Marketing Initiative report on cereal areas and volumes at July 1 shows the second good harvest in a row, but stocks of feed grains held on farm are down, especially feed barley. Last season yields of feed wheat averaged 9.6 t/ha compared to 9.4 t/ha in the 2012 season. The feed barley average yield was 7.3 t/ha last season compared to 7.4 t/ha the previous season. The report said that while yields were high, a small decrease in areas of feed grains planted resulted in a 3 per cent decrease in wheat harvested and a 4 per cent decrease in barley harvested. The 2013 drought has reduced stocks held on farm. At July 1, 100,000 tonnes of feed wheat were unsold compared to 128,000 tonnes last year, while 68,000 tonnes of feed barley were unsold compared to 113,000 tonnes in 2012. Federated Farmers Grain and Seed chairman Ian Mackenzie said feed barley stocks were down 40 per cent on last year, and were at a similar level to 2011 when barley became difficult to source towards the end of the year. He said the recent dairy payout forecast meant a likely increase in demand for grains. His advice to livestock farmers was to secure feed sooner rather than later. The North Canterbury Grain and Seed chairman Murray Rowlands said the big carryover of grain last year did not exist this year. He also warned that another cold snap could wipe out feed stockpiles that had been accumulated over the past several months. He said the attitude of dairy farmers had been to buy grain only when they needed it, but that created a problem when it ran out. Mr Rowlands said from his area of North Canterbury most of the straw had gone to the West Coast.

Fishing and aquaculture

King Salmon's Marlborough Sounds consents upheld at appeal [9 August/ National Business Review] The appeals made against a substantial increase in aquaculture activity in the Marlborough Sounds filed have been defeated in the High Court. The High court held the Environment Court's rulings still stand and granted resource consents to the proposed activities in the area. Justice Robert Dobson dismissed appeals mounted by the Environmental Defence Society and the Sustain Our Sounds lobby group. He said that while the board of inquiry had made findings at odds with the Marlborough District Council's plan for the area, it did not mean that the conclusions that they had reached were wrong. In the wake of Government policy changes intended to accelerate aquaculture investment, King Salmon applied for multiple consents. The decision was met with disappointment by the Environmental Defence Society. The Society had appealed against consents at two of the four sites which King Salmon had sought. The sites were Waitata and Port Gore. The Society had stated that the consents applied for by King Salmon failed to protect New Zealand's outstanding natural landscapes. Environmental Defence Society Chairman Gary Taylor said that the recent decisions could yet be appealed to the Supreme Court.

Sanford annual profit to miss forecast after lower harvest [9 August/ National Business Review] New Zealand's largest listed fishing company, Sanford, has announced that its annual profit will fall short of its forecast after lower catches of skipjack tuna and toothfish. The company also highlighted the fact there has been slow growth in the company's main Marlborough mussel growing area. Profit has been forecast as being approximately \$23 million to \$25 million in the year ending September 30. This compares to \$21 million recorded last year. Sanford had forecasted a higher figure in May when it said that second-half profit would probably meet the \$14 million posted in the first half of the year. Higher costs of operating vessels while catches failed to meet expectations have been attributed as causes for the lower profit figures. Harvesting has highlighted lower numbers in the company's mussel operations. This has been primarily attributed to slower growth evident in the Marlborough mussel area. Resulting from the slow growth is lower revenue per kilogram of mussel meat and increased costs of production. Sanford shares fell 1.7 per cent to \$4.60. Retail packed products were expected to meet expectations from the catch of the company's quota species.

Fonterra scare

China milks a scandal [8 August/ Wall Street Journal] Chinese authorities have highlighted to their consumers that the recent Fonterra botulism scandal proves that domestic products are no riskier than the imports that consumers are increasingly demanding. However the scandal does raise serious questions for Fonterra which is one of New Zealand's largest exporters. The contamination affects whey powder that was exposed to the botulism bacteria when it passed through an improperly cleaned pipe. Although the type of contamination is one of serious danger, so far no one is known to have fallen ill. Many in Beijing have been said to have compounded the problem with their actions since the contamination was disclosed over the weekend. The state media has featured the story and questioned the conventional idea that imported foods are safer than their similar Chinese products. A Xinhua editorial even went as far as to label Fonterra's issue to be an attribute to "New Zealand's blinkered devotion to laissez-faire market ideology". New Zealand authorities are to investigate the timeliness of Fonterra's disclosure as it has been constantly highlighted that the company released the news at a point of time after the event had actually occurred.

Questions remain over 'grey market' Karicare [9 August/ New Zealand Herald] It has been revealed that Karicare infant formula sold through Chinese channels may be contaminated as a result of the recent Fonterra issues. However the status of the contaminated batches remains unknown. Four Countdown supermarkets, as well as Gilmours wholesale stores, are all registered to sell infant formula to certified exporters. Most of these exports of infant formula reach China via Hong Kong, which allows traders to circumvent laws that require the product to be manufactured for the Chinese market to specific standards. Karicare Stage 1 and Karicare Gold + Stage 2 Follow On formula products have been recalled in New Zealand. One source has revealed that a large proportion of the Karicare manufactured for New Zealand enters the unofficial market and is consumed in China. The primary countries affected have been identified as New Zealand, Australia, China, Saudi Arabia and Vietnam.

Fonterra chiefs get ‘frank and thorough’ grilling [9 August/ New Zealand Herald] A ‘frank and thorough’ discussion has been had between top Fonterra executives and the Government it was revealed last week. Economic Development Minister Steven Joyce has said that Fonterra had updated the Government on its tracking programme in place for the contaminated product and that the company had set out what its two internal inquiries would cover. Ministers Steven Joyce, Trade Minister Tim Groser and Primary Industries Minister Nathan Guy met with Fonterra’s Chief Executive Theo Spierings and Board Chair John Wilson late last week. Mr Spierings said that Fonterra would be open about the findings of its two inquiries when they were completed. The Government has reported that Fonterra has outlined many ways that the company is going to deal with the situation at hand.

Sabotage suggested in Sri Lankan DCD saga [13 August/ Radio New Zealand Rural] A market commentator has stated that either the testing equipment being used to detect dicyandiamide in New Zealand milk is faulty, or ‘agri-terrorists’ are deliberately sabotaging Fonterra’s product. 40 tonnes of milk powder were ordered to be recalled by Fonterra by Sri Lankan authorities after it was revealed that very high levels of DCD were reportedly found in the product. However, Fonterra has said that they tested the product before it left the country and no traces of DCD had been found. Waikato University Professor of Agribusiness Jacqueline Rowarth said that there were issues relating to these overseas’ countries tests for DCD and that clearly something was not right. She said that checks need to be made on their testing machinery in order to determine the actual origin of the products in question. She added that it could be possible that chemicals arrive from places that are not New Zealand and may have been inserted to contaminate the product.

Botulism scare prompts four investigations [13 August/ Radio New Zealand Rural] In total, four investigations will be held in an attempt to better understand the botulism contamination scare that recently hit Fonterra. Two inquiries have been initiated by Fonterra in addition to two by the Government. As well as an operational investigation that is set to review Fonterra’s business processes and traceability systems, the company will also hold a board-level inquiry to review the recent botulism scare and the way the company handled it. Jack Hodder, QC, has been appointed to carry out the review while one of the company’s independent directors, Sir Ralph Norris, will chair the committee overseeing the inquiry. The committee will also be joined by independent directors, Simon Israel and John Waller, farmer-elected board members Blue Read and Nicola Shadbolt, as well as retired High Court Judge Dame Judith Potter. The Ministry for Primary Industries will look into the investigation and form opinions based on whether Fonterra met its requirements under the Food Act and Animal Products Act. Whether the company committed any offences will also be investigated with the investigation expected to take three to six months. The Prime Minister has also indicated that a ‘Government Enquiry’ will be held with wide powers to investigate the scare.

Environment

New Zealand’s green claims are pure manure: Country’s food scares and poor environmental record at odds with ‘100% Pure’ slogan [6 August/ Mail Online] New Zealand’s environmental credentials are not as impeccable as many think with the majority of its rivers too polluted to swim in, a record on preservation of natural environments amongst the worst in the world and being the only OECD country that does not produce a regular environmental report. The Fonterra scare has exposed NZ’s vulnerability to food safety scares and the fragility of the clean, green image underpinning its farming and tourism based economy. New Zealand products command premiums on the back of a reputation as a safe, natural and high-quality food producer and Auckland based brand strategy, Jill Brinsdon of Radiation, said “it was only a matter of time until our dirty little secret came out”. She argues Fonterra is the biggest benefactor of the ‘100% Pure’ brand, something New Zealand has proven itself not to be. New Zealand has no shortage of unspoilt natural attractions, but the marketing overlooks a dark side to the country’s environmental credentials particularly in relation to water quality. Massey University environmental sustainability scientist, Mike Joy, links these issues to a lack of regulation on farm waste for the last 20 years, which has meant farmers have done what they can to increase milk product.

Meat

Alliance confirms Pukeuri workers will be stood down [13 August/ Radio New Zealand Rural] Alliance Group has confirmed 240 employees at its Pukeuri plant in North Otago will be stood down possibly for several weeks while it sorts out a labelling errors that has disrupted shipments into China. The plant’s certification for China was suspended by the Ministry for Primary Industries last month after incorrectly labelled cartons were shipped into the country. Labelling was only located on the outside of the containers, which should have also been labelled on the inside. The company is now waiting for the Ministry to restore its accreditation and has said that the administrative error that caused the incident has since been rectified. The incident comes as the third labelling or certification problem to disrupt New Zealand meat exports to China since June last year.

Water

Massey to look into effects of proposed dam [13 August/ Radio New Zealand Rural] Massey University has been asked by the Hawke’s Bay Regional Council to evaluate the economic and social effects of the proposed Ruataniwha dam. An agreement has been signed between both the University and the Council this week, which engages the University’s to analyse the impacts of the proposed \$600 million water storage scheme, which could eventually irrigate about 25,000 hectares of farmland. The University’s Vice Chancellor Steve Maharey said the University would investigate the practical changes the proposed irrigation scheme could bring in addition to remaining independent and credible.

Agribusiness education

Training farms to draw in school leavers suggested [13 August/ Business Day] Job opportunities in the farming sector are hoped to be highlighted as Waikato sheep and beef farmers seek to employ more school leavers on their farms. One farmer questioned why more training farms such as the facility at Smeadley station in the Hawke's Bay could not be established. Beef+Lamb NZ Northern North Island director James Parsons told him there was a lot of interest in establishing such farms. One that was currently under discussion was in Northland. "The Whangarei A&P Association have about \$5 million in equity and they are keen to buy or lease a farm." A Papamoa farmer had also recently gifted his drystock farm to the nation to be used as a training facility, Beef+Lamb NZ mid Northern North Island farmer council chairman Rick Burke said. One of the industry's biggest challenges for school leavers was the lack of jobs in the sheep and beef sector. He said that with dairy there are thousands of jobs out there. But with sheep and beef it doesn't matter how many keen young people you have got there, it's very hard to find a farm for them. Mr Parsons was more optimistic saying that he believed they were starting to improve the outlook, attributing this to the work of New Zealand Young Farmers. "They are doing a fantastic job, they have agri-kids clubs and agri-teen clubs." Beef+Lamb NZ along with Young Farmers also ran agricultural experience days at schools that had been successful. Previously, school career advisers would send along the more academically challenged children to these days. "Now they are starting to send along some of the smarter kids." The meeting was one of several in the region during the past week as Mr Parsons updated farmers on the organisation's activities of the past year. About 20 farmers attended the meeting at Peter Thompson's woolshed north of Maramarua. Mr Parsons said the organisation was about to sign its contract with the Government on the \$64m Red Meat Profit Partnership. The partnership has just appointed an independent chairman and would soon appoint a general manager.

International

Farmers aim to keep chemicals out of terrorists hands [8 August/ Rural News Group] A Government initiative that will seek to prevent potentially dangerous chemicals from falling into the hands of terrorists is being backed by Australian farmers. The National Farmers Federation (NFF) has welcomed a new national code of practice containing tips for businesses to assess and prevent chemical security risks. Australian Attorney-General Mark Dreyfus launched the code last month and has highlighted the security gaps where chemicals could be taken and misused by terrorists. Australian authorities have identified 96 chemicals of security concern and of these, eleven have been identified as being particularly high-risk because they can be used to make homemade explosives. The voluntary code has been established to address this risk. The chemicals hydrogen peroxide, nitric acid and sodium azide are all used in the dairy industry and potassium nitrate is used by the fertiliser manufacturing industry. NFF Chief Executive Matt Linnegar said that farmers should be able to rely on having access to safe and effective chemicals as they aid in the control of pests, weeds and diseases. He said that farmers can help play a role in keeping the country free from terrorism and they can call the Australian National Security Hotline for further information.

Rural Equities to meet Tandou bosses after building 17.6% stake [9 August/ National Business Review] The heads of Tandou are set to meet Rural Equities after the NZ farming group controlled by the Cushing Family built a 17.6 per cent stake in the ASX-listed agri-business. The Chairman David Cushing has said that the company has not considered whether to push for a seat on the Tandou board after Rural Equities bought 11 per cent of Tandou for \$7.9 million at an average price of about 43 Australian cents. This built on the Cushing's family stake. Mr Cushing said that his group plans to have discussions with Tandou executives in the coming weeks. The investment rationale has been linked to Tandou's water rights, which Rural Equities sees as underpinning future Australian agricultural production. He also said that the purchase was at a significant discount to the company's net tangible assets. Mr Cushing highlighted his view of the acquisition as being positive for Rural Equities' shareholders and that it was not viewed as a synergies play. Rural Equities owns 27 farms of which nine are directly managed and the remaining are leased out. Its shares, which are listed on the Unlisted platform, last traded at \$3.90 which gives the company a value of \$139.8 million. Tandou focuses on large scale production of irrigated cereal crops and cotton, the pastoral production of sheep meat and providing agribusiness services to its customers, according to its website. The ASX-listed shares were unchanged at 50 cents today, valuing the company at \$A71.6 million. The Australian company was the subject of a takeover bid by Guinness Peat Group in 2009 and 2010 in an offer Tandou said was the investment company trying to take control "on the cheap". As it liquidated its portfolio, Guinness Peat Group sold its earlier stake for \$A12.8 million.

Agribusiness strategy

Buckle up for big retailing changes [8 August/ Business Day] Professor David Hughes, a food marketing specialist at Imperial College in London, is a drawcard at food industry conferences around the world. His recent presentation to the Horticulture New Zealand conference covered new thinking in the world of food. He highlighted the role that technology is playing in highly competitive food retailing markets in Europe, giving an example of how Tesco checkout operators can now match the prices of a competitor at the checkout to guarantee a lowest price shopping trolley. Prof Hughes notes that while this is good for consumers, ultimately it will be suppliers that carry the cost. He also highlighted how stores are using RFID chips in loyalty scheme cards to send tailored offers to consumer's smart phones when they arrive in store, enable them to effectively sell through over stocked products. The rapid growth in online shopping in Europe is meaning that the major chains are changing their store locations and sizes and slowing new opening. The goal is to make it easier for customers to shop more regularly for fresher, higher value products. He also highlighted trends towards selling fruit and vegetables in a processed form (suggesting a fruit smoothie is more common in a lunchbox than a piece of fruit), presenting fresh fruit and vegetables as 'junk food' options, a greater range of home delivery options of prepared and partially prepared fresh food and point of sale advice into buying more healthy products.

Economics and Trade

Expensive veges drive fastest annual food price pace since Feb 2012 [12 August/ National Business Review] Food prices in New Zealand rose for a fourth month in July which was led by more expensive vegetables in the middle of winter. The increases were at the highest level seen since February last year. The food price index increased 0.5 per cent in July, adding to the 2.1 per cent gain in June and is up 0.9 per cent from the same time a year earlier according to Statistics New Zealand. The results come as the fastest annual gain since a 1.5 per cent increase 17 months, with food prices falling on an annual basis in 11 of the intervening months. Vegetable prices rose even higher with a 6.6 per cent increase. Items such as lettuce and broccoli were more expensive and grocery food prices rose on more expensive muesli bars and cheese. A fall in fresh milk prices was recorded at 0.6 per cent in July and preserved milk prices dropped 3.3 per cent. The price of cheese rose 4.8 per cent. It was noted by ASB Economist Jane Turner that over 2012 and the first half of 2013, food price declines were a contributing factor toward the weakness in inflation. She also said that the trends were now reversing with meat and dairy prices likely to remain elevated or will increase over the coming year as a reflection of developments in global markets. Approximately 19 per cent of the Consumer Price Index is accounted for by food prices. The Index showed an annual pace of inflation of 0.7 per cent which has been the slowest rate since 1999.

Farmers and producers

Landcorp profit likely higher than forecast despite drought [9 August/ National Business Review] Landcorp Farming have indicated that their earnings will be a fraction higher than first budgeted. Landcorp, the country's largest farmer, initially thought that it would only break even after the drought hit milk production and livestock prices. A net operating profit of \$13 million in the year ended June 30 is likely which is compared to its original budget of \$12.7 million and is down from \$27 million recorded the year earlier. The company operates 119 properties and in January, they cut earnings expectations to between \$6 million and \$8 million. In March Landcorp said that it may only break even as the worst drought to hit New Zealand in 70 years struck production and hit prices. As June came around the company realised that its earnings expectations were beginning to rise to about \$10 million as the impact of the drought was effectively managed and mitigated where possible by keeping costs down to sustainable levels. Landcorp still believes that the drought will cost at least \$11 million in lower milk and livestock production in addition to increased costs to purchase feed. The company has also announced that total shareholder return would probably show a loss of about \$1.5 million.

Rural infrastructure

PGG Wrightson books goodwill write down [13 August/ Business Day] PGG Wrightson has posted an after tax loss of \$306.5 million, having booked a \$321 million goodwill write down (in comparison to a net after tax profit of \$24.5 million in the prior year). The non-cash, write down follows a review by the board of goodwill that arose from the merger of PGG and Wrightson in 2005, taking account of a range of external factors and a slower than expected recovery of the economy post GFC. Operating EBITDA of \$45.8 million was down on the prior year but within guidance previously provided to the market. New CEO, Mark Dewdney, said the operating result was a solid achievement given the drought experienced during the season and reduced prices for key agricultural commodities. Mr Dewdney added the business was in good shape and making excellent progress in key areas such as engagement with staff and customer satisfaction. Chairman, Sir John Anderson, said the write down of goodwill has no impact on the company's day to day business or banking arrangements. He added that the board expect to see continued improvement in the fundamental performance of the business through 2012/14 based on stronger agricultural commodity prices and a return to normal on farm conditions.

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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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