

AGRIBUSINESS

# FIELD NOTES

Weekly news update from the KPMG Agribusiness network



LAUNCH OF:  
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HOT OFF THE PRESS:  
**KPMG AGRIBUSINESS  
AGENDA 2013 VOLUME 2**

4 September 2013

#### Organisations referenced in this week's Field Notes include:

A2 Corporation	Huishan Dairy
AgResearch	Livestock Improvement Corporation
Alliance Group	Ministry for Primary Industries
Australian Therapeutic Goods Administration	New Zealand Tube Mills
Biopolymer Network	Plant and Food Research
British National Sheep Association	Scion Research Institute
Cawthron Institute	Silver Fern Farms
Consumer Goods Forum	Sri Lankan Ministry of Health
Endorsement of Forest Certification	Steritech Australia
Federated Farmers	Synlait Milk
Fonterra Cooperative Group	Tomatoes New Zealand
Food Standards Australia New Zealand Authority	University of Auckland
Horticulture New Zealand	Wine Marlborough

#### This week's headlines

<b>Horticulture</b>	<b>Rules 'must be followed' on irradiated tomatoes</b> [2 September/ NZ Farmers Weekly]
<b>Dairy</b>	<b>Govt to work on Sri Lanka dairy agreement</b> [2 September/ Radio New Zealand Rural]
<b>Red Meat</b>	<b>Yachting eatery succeeds</b> [2 September/ Otago Daily Times]
<b>Research and development</b>	<b>Funding boost for shellfish research</b> [2 September/ Radio New Zealand Rural]
<b>Trade and exports</b>	<b>Terms of trade rise</b> [2 September/ Rural News Group]

## KPMG Agribusiness Agenda 2013

### Agribusiness Agenda 2013 – Volume 2, Maintaining Our People-Powered Performance

The capability of the people in New Zealand's primary sector has been a key contributor to global successes that have been achieved and is critical to the sector's future.

While competitors can replicate equipment and processes, it is not easy to replicate the insight and relationships that people have developed over decades.

A fundamental issue facing businesses and organisations in the industry is sourcing the right people, with the correct skills, to facilitate their success in an evolving global agri-food system.

However KPMG's There is still a strong perception that primary sector careers are viewed by many as second-class opportunities – not for our best and brightest people.

The importance of securing an appropriate share of the talented people this country produces was consistently raised as a high priority for the industry leaders we talked to in researching the 2013 KPMG Agribusiness Agenda.

As a result the second volume of this year's KPMG Agribusiness Agenda focuses on the issues and opportunities associated with people in the primary sector.

The leaders we spoke to recognise that this is an industry issue and needs collaboration between organisations to address the issue. Initiatives are needed throughout our schooling system, at university level, in the workplace and the boardroom to ensure the best talent is attracted into the sector and then developed and retained.

Some of the root causes of the people challenges facing our primary sector are identified in the Agribusiness Agenda as:

- A lack of recognition of agriculture within our school curriculums given its importance to the economy, and a need to educate teachers and careers advisers on the challenging technical, global careers the sector can provide.
- A continuing tendency amongst people in the industry to place a low priority on people management and development, and a need to move beyond a "just farmer" mentality to recognise a career in agriculture as a professional career.
- A rapidly approaching wave in retirement in our national science community which will start to seriously reduce our capability in the next five years, and a need to look beyond our competitive science funding regimes to preserve our national institutional knowledge.
- The increasing scale and cost of farming businesses are raising the barriers for young people wanting to get into the sector at the same time as many older farmers are looking at how they can retire from their business.
- The industry continues to be challenged by diversity, be this recognising and leveraging the contribution women make to agribusinesses or supporting the integration of migrant workers into rural communities. We need to ensure everybody's talents are directed towards the long term success of the sector.

One comment summed up the issue, when it was noted that the industry has to give Granddad back the confidence to recommend that his grandkids should look at a career in New Zealand's primary sector.

The challenge to the industry is to take the steps now that will grow its prosperity and maintain its people-powered performance into the future.

### Download the KPMG Agribusiness Agenda 2013- Volume 2

#### Horticulture

**Rules 'must be followed' on irradiated tomatoes** [2 September/ NZ Farmers Weekly] Horticulture New Zealand is pushing for compulsory labelling of irradiated tomatoes and capsicums from Australia just as the first imports of irradiated fruit and vegetables arrive on New Zealand shelves this week. Tomatoes New Zealand Chairman Alasdair MacLeod reminded the food industry of a requirement to label irradiated food at the point of sale or on menus. The legal requirement to label irradiated produce should be strongly enforced, Mr MacLeod said. He said that without adequate labelling customers would not be able to distinguish imported tomatoes and capsicums from irradiation-free New Zealand product. The New Zealand Food Standards Code applies to food ingredients and components and was already in force for imported Australian items such as mango, papaya and custard apple. Tomato imports represented a sizeable competitive threat, Mr MacLeod said. Tomatoes New Zealand has put the annual value of its domestic trade at \$110 million which compares to \$10 million in exports. The primary irradiator of fresh produce in Australia is Steritech and Chief Executive Murray Lynch said that food labelling and food safety views of the irradiation treatments were identical. He said that the Australian point of view towards the treatments was that there was no need to make a distinction between the different practices at the retail level. Irradiated tomatoes and capsicums were approved by the Food Standards Australia New Zealand Authority in May this year.

## Viticulture

**Steel solution to wine's organic hopes** [2 September/ Business Day] New Zealand Tube Mills, the Seaview manufacturing company, has engineered steel posts for vineyards that meet organic growing requirements in the wine industry. Treated timber posts cannot be used at wineries that seek organic certification in Australia or New Zealand. In 2004, a study undertaken in Marlborough found that copper, chromium and arsenic had leached from wooden posts into the soil in which the grapevines are grown. The Eco-Trellis line that New Zealand Tube Mills has developed has been custom-designed to meet the needs of the industry and already has a variety of customers including Villa Maria, Ara Wines and Pegasus Bay. Approximately half a million Eco-Trellis posts are expected to be produced for use in New Zealand and Australia in 2014. The company also makes organic-approved kiwifruit trellis under the AgBeam name, food grade stainless steel tubes and NZTM Stock Rail.

**Vineyards get jump start** [2 September/ Business Day] Chardonnay vines in the Marlborough region have come into bud ten days earlier than last year as the area records its warmest winter on record. Plant and Food Research Scientist Rob Agnew said on Friday that last month would have been the warmest August in 82 years for the region. The past three months saw temperatures at unusually high levels and August's mean temperature was higher than the mean September temperature. Vineyard buds have been recorded as bursting out in warmer areas, including upper Wairau Valley and Rapaura. Warm spells in August followed by frosts were not unusual in Marlborough and the industry was well equipped with frost-fighting gear, Wine Marlborough Chairman Dominic Pecchenino said. Climatologist Stu Powell said that he had fielded a few inquiries from corporate vineyard owners in the Wairau Valley late last week who had received very early bud burst on the vineyards and were concerned about frosts on Thursday and Friday night. Mr Powell said that he predicted a prolonged cool spell which was expected at this time of year in addition to some light frosts in the cooler areas in the region.

## Forestry

**Submissions open for new forestry certification system** [30 August/ Radio New Zealand Rural] A proposed new environmental certification system for the forestry sector is now open for submissions. The voluntary standard would set rules for participating foresters and would act as a guarantee that their wood was ethically and legally sourced. Endorsement may be given to the system by the International Programme for the Endorsement of Forest Certification. The organisation's Secretary General Ben Gunneberg said that it was important that New Zealand develops its own national standard as customers are increasingly demanding sustainably sourced wood. Mr Gunneberg said that the Consumer Goods Forum was a body that represents about 400 companies collectively worth about \$US3 trillion and includes corporations such as Colgate, McDonalds and Nestle. He added that the forum was now looking to ensure that all of its supply chains are legal and preferably sustainable as well.

## Dairy

**Fonterra should have kept scientists in loop - microbiologist** [29 August/ New Zealand Herald] According to University of Auckland Microbiologist, Siouxie Wiles, Fonterra should not have delayed their disclosure of the botulism scare. Ministry for Primary Industries has said that the bacteria found in batches of Fonterra's whey concentrate were not the botulism-causing *Clostridium botulinum*, but *Clostridium sporogenes*, a strain that has no safety concerns. Ms Wiles said that testing for both types of bacteria generally shows similar characteristics, however upon further inspection of the toxin levels of both, differences will show. She said that Fonterra chose not to disclose such important information to scientists, which resulted in very concerning consequences. If Fonterra had started by saying that they had found an organism that had the potential to be *Clostridium botulinum* but that they were not one hundred percent sure of its existence, then this would have had very different implications for the public, she said. Fonterra Chief Executive Theo Spierings said that the cooperative had done the right thing with the recall and that the organisation would do the same thing in the future if confronted with similar circumstances.

**Sighs of relief but test regime questioned** [29 August/ New Zealand Herald] Questions over how testing could have failed Fonterra on such a large scale are being raised, days after it turned out the botulism contamination scare was in fact a false alarm. Crown-owned AgResearch carried out the tests that produced the false results and triggered a series of events which have dented the country's export reputation. China temporarily suspended imports of Fonterra whey powder and dairy base powder soon after the contamination scare was announced. Russia, Kazakhstan and Belarus banned Fonterra products until at least the end of this year. Minister for Primary Industries Nathan Guy said that the all-clear and the tracing report would go a way to help reassure the international community about New Zealand's export integrity.

**Fonterra milk to boost Synlait production** [30 August/ Business Day] Synlait Milk has announced that it will take up to 50 million litres of milk from Fonterra increasing its production volumes for the 2014 financial year, providing it greater confidence around achieving prospectus forecasts. The company has decided to take the milk after further planning and a small investment in new capital equipment provided an opportunity to increase ingredient production. The company has the ability to access an allocation of up to 50 million litres of milk under the Dairy Industry Restructuring Act.



**A2 Corp shrugs off scare as it moves into China** [30 August/ Business Day] and **A2 profit of \$4.12m above expectations** [2 September/ NZ Farmers Weekly] Low-level repercussions for alternative milk company A2 Corp are being felt following Fonterra's contamination scare. A2 Corp Managing Director, Geoffrey Babidge, said that the quality checking process for their product shipments were taking a little longer than usual but the impact would be limited. A2 Corp's annual result yesterday showed sales revenue up 51 per cent to \$94m, exceeding its forecast of \$85m. Net profit after tax dipped to \$4.12m, from \$4.4m in 2012, but the company said the previous year had been boosted by a tax credit and a \$1.1m court settlement. Operating earnings before interest, tax, depreciation and amortisation (EBITDA) more than doubled to \$10.6m. Mr Babidge said that the company had people based in China who were ensuring the contamination scare was being handled properly. He noted that that the bulk of A2's \$94.3 million revenue had been generated by high demand in the Australian market, where sales had increased by 48 per cent on the previous year in an environment of continuing milk wars between the two main Australian supermarket chains. The price wars were said to have severely affected dairy farmer income in fresh-milk sales Mr Babidge said. He added that consumers viewed A2 milk as delivering them strong value propositions and that their brand has grown stronger since the price wars began. He said that the goal of the company was to access the supply of milk in Canterbury and use Synlait to process the milk to enable a push into the Asian infant formula market. The United Kingdom is set to be a strong base for A2 raw milk and the brand currently has 20 farmers supplying milk there.

**Govt to work on Sri Lanka dairy agreement** [2 September/ Radio New Zealand Rural] A dairy sector cooperation agreement is to be worked on between the New Zealand Government and Sri Lanka following the fallout from the Fonterra contamination scare. Fonterra temporarily suspended its operations in Sri Lanka last month after protests were carried out by a nationalist group outside one of its processing plants. The protests were about claims that traces of the agricultural chemical DCD had been identified in milk powder. Sri Lankan Courts have banned Fonterra products from being sold or advertised for two weeks. It was later revealed that Sri Lankan Health Ministry tests had found no evidence of DCD in Fonterra's products there. While tensions still remain in the country, Fonterra has returned to operating in the region. Foreign Affairs Minister Murray McCully made a one-day visit to Sri Lanka last Thursday to discuss expanding cooperation in the dairy sector there with local officials. He said that Sri Lanka was keen to substantially build its domestic capacity in dairy but acknowledged the expertise Fonterra could bring to this area was significant. A substantial amount is hoped to be gained from Sri Lanka expanding its domestic capacity in dairy through the help of international players, Mr McCully said. Discussions are to continue and an agreement is expected to be signed at the end of this year.

**Synlait Milk hikes forecast farmgate payout to \$8/kgMS, affirms revenue forecast** [3 September/ FW Plus] Synlait Milk has followed rival milk processors in increasing its forecast payout to farmers. The company now expects to pay \$8 per kilo of milksolids for the 2013/14 season, an increase of \$1 from the previous forecast. Synlait Milk has also reconfirmed its prospectus forecast of sales of \$524 million and underlying pre-tax earnings of \$32 million. John Penno, the CEO, said that higher than forecast revenue from high commodity prices and additional processing volumes mean that the company is confident of achieving earnings targets despite the higher milk price. The company's share price gained 1.9% on the announcement and have increased 50% from the \$2.20 offer price.

### Meat

**MPI looking into Pukeuri meatworks** [30 August/ Radio New Zealand Rural] An investigation into why Alliance Group's Pukeuri plant had its export certification to China revoked has revealed interesting results. Minister for Primary Industries Nathan Guy confirmed last week that the Ministry was looking into certain issues faced by the plant. The Ministry revoked Pukeuri's certification in early August this year and since then more than 200 employees have been laid off. The revocation of the plant's certification meant that Alliance Group could no longer export sheep meat to China from the plant. Trouble with China first came about because of a labelling error and Alliance has been waiting for certification to be restored from the Ministry after their audit was carried out more than a week ago. MPI has confirmed that their investigation into the meatworks is ongoing.

**Yachting eatery succeeds** [2 September/ Otago Daily Times] Silver Fern Farms is the sole supplier of red meat to the New Zealand-inspired pop-up restaurant and bar which recently opened in San Francisco in advance of the 34<sup>th</sup> Americas Cup. Group Category Manager Grant Howie said that the restaurant was performing well above Silver Fern Farms initial expectations in terms of product and it was going through close to double what the company had initially anticipated. The company said that new customers were being gained by the restaurant every week and that it was an excellent way to gain a better understanding of the type of product a top end restaurant in a city like San Francisco required. Mr Howie said that while Americans were traditionally large beef consumers and did not eat much lamb, the Silere merino cut was proving to be a point of interest for consumers.

### Deer

**Aussie breakthrough for NZ deer velvet** [2 September/ Business Day] Australia's Therapeutic Goods Administration has approved licensing for producer and processor Mountain Red which will allow the producer to export deer velvet into Australia. Mountain Red Director Karen Morley said that it had been a long and hard battle to access the Australian market and she said that the license means that the company's range of therapeutic products can be distributed in Australia and even prescribed by general practitioners practising integrated medicine. Ms Morley said that Mountain Red's product promotion was different to others, with the company opting not to export whole stick velvet like many companies, preferring to produce and export value-added finished products. She said that the company sought to do things differently to competitors and to develop the best bloodlines. The company was established in 2002 and has since expanded sales into Asia and the United States. New Zealand is an international exporter of deer products with around 500 tonnes of deer velvet being sold internationally each year to earn around \$90 million.

## Animal health

**Tail-breaker's sentence deterrent and punishment, say farmers** [3 September/ Radio New Zealand Rural] Farming representatives have agreed with the sentence delivered by the Hamilton District Court to a man who broke the tails of more than 40 cows. Saul Beaumont, 23, was sentenced this week to four months' home detention and was disqualified from working with dairy cattle for five years after pleading guilty to 46 animal cruelty charges laid by the Society for the Prevention of Cruelty to Animals. More than 40 cows had their tails broken by the man when he worked on a Taranaki dairy farm. Federated Farmers spokesperson Willy Leferink said that the home detention punishment and five year ban would send a strong message from the Courts that animal cruelty will not be tolerated. Mr Leferink also said that it needed to be easier for people who needed help to be able to receive it.

**LIC well prepared for foot and mouth outbreak** [3 September/ Business Day] Dairy genetics cooperative, Livestock Improvement Corporation, has announced that it would go into lockdown if a foot and mouth outbreak occurred in New Zealand. LIC Veterinarian Ken Cottier said that the move was central to a plan to keep its bull and semen stock free from the virus if it ever entered New Zealand. A controlled area notice would be issued in the event of an outbreak by the Ministry for Primary Industries (MPI) which would theoretically halt the transport of animals, germ plasm or anything that might harbour the virus. MPI would then determine whether restrictions should be put in place to subdue any outbreak and Mr Cottier said that he would hope that all movements would cease within 24 hours of the notice being given. He said that with a foot and mouth outbreak in New Zealand, the most important part would be to prevent further spreading. The virus is highly contagious because it can last outside the host animal for up to two weeks. Mr Cottier noted that LIC has about 1000 head of cattle, blood and semen stock, milk samples, and DNA tissue samples all of which can harbour the virus. Under normal protocols, LIC's semen is quarantined for 60 days and in the event of an outbreak, an assumption is made that the disease could have been present in the country for 30 days. The first infection is assumed to occur at the beginning of these 30 days. Mr Cottier said that to make LIC's semen safe, the company goes back another 30 days and this is the basis for their 60 day quarantine. This is to ensure that their bull semen was collected 30 days before a theoretical outbreak. Mr Cottier said that the reason for this set up was because a foot and mouth infected bull can have a lot of semen collected from it before it started to show clinical signs of the disease.

## Rural infrastructure

**Animal welfare compliance impresses MPI** [3 September/ Business Day] High animal welfare compliance levels in the Waikato region have been welcomed by a senior official from the Ministry for Primary Industries. MPI deals with about 70 animal welfare matters in the Waikato-Bay of Plenty region every year the District Compliance Manager, Brendon Mikkelsen, said. Mr Mikkelsen was impressed with how farmers maintained the welfare of their animals during the drought and the high levels of compliance found during the large scale inspection of farms and saleyards conducted by the MPI last month. During this inspection, the Ministry found the compliance rate to be in the high 90s percentile. Mr Mikkelsen said that the results obtained in the Waikato area were pleasing.

## Research and development

**Polystyrene alternative secures research funding** [2 September/ Radio New Zealand Rural] A plant based alternative to polystyrene has received a funding boost in the latest round of Government research grants. The New Zealand joint venture Biopolymer Network is a collaboration between forest research institute Scion, AgResearch and Plant and Food Research. More than \$11 million will be distributed over six years to continue the development of new plastics from plant materials to reduce the reliance on oil and petroleum based products. Russell Burton is Scion's General Manager for Research and Investments and he has said that the collaboration is the biggest breakthrough so far. He said that the network had achieved a world first by developing a new foam material from a corn extract. The Biopolymer Network has also received a \$6 million high value manufacturing research grant and Dr Burton said that the new product is designed to break down successfully in an industrial compost plant.

**Funding boost for shellfish research** [2 September/ Radio New Zealand Rural] The aquaculture industry is set to get a boost from new research aimed at helping control commercial shellfish breeding. Government funding will be given to the Cawthron Institute for the cultured shellfish programme. \$21 million will be distributed over seven years and project leader Nick King said that the industry still has to rely mostly on wild shellfish stocks for breeding. Research that started around 15 years ago will be continued with the new funding. Mr King said that one of the real challenges was in figuring out how to grow the baby shellfish so that the same kind of domestication practices that have been used on land can be applied.

## International

**Chinese milk producer moves towards \$1bn Hong Kong IPO** [27 August/ The Financial Times] Approximately \$1billion is being raised as a third Chinese milk processors lists on the Hong Kong stock exchange. Liaoning Huishan Dairy hopes to launch the pre-deal marketing work on its initial public offering on Monday, according to people familiar with its plans. The application is to be put in front of the Hong Kong stock exchange's listing committee on Thursday. While the Chinese drink less than half as much milk as their Asian peers on a per capita basis, demand is growing strongly. As a result, shortages in fresh milk have been created and have lifted imports of powdered milk by a factor of five since 2008, according to analysts. Huishan Dairy raised nearly \$300 million two years ago from investors including Hong Kong's private Chow Tai Fook empire of tycoon Cheng Yu Tung. The company has a 110,000 strong dairy herd with a belief that the herd can be grown to 500,000 cattle with the IPO proceeds. Analyst at Macquarie Bank, Jamie Zhou, said that China has been in the midst of a second dairy revolution since the government launched a program to strengthen food safety and strengthen the agricultural industry.

**Colombian president calls for calm as farm protests reach Bogota** [29 August/ Globe and Mail] The city of Bogota saw thousands of Colombian farmers and state workers march through the streets in protest against the government's agriculture and trade policies that have left them impoverished. President Juan Manuel Santos said that he acknowledged that agriculture was in crisis but called for a peaceful collective while possible solutions were discussed. The President said that the farm sector had been abandoned and that via dialogue, the problems would be resolved. Protests were staged outside the Presidential Palace and Congress building with farmers blocking roads, snarling city-bound traffic and pressuring Mr Santos three months before he is to decide whether to run for a second term. It has been highlighted by many market commentators that while the President has made improvements to living conditions of the poor and cutting the jobless rate a priority, farmers were still likely to face difficulties in the coming months.

**Supermarkets' progress slow in British sourcing** [31 August/ Farmers Guardian] British farming industry leaders have said that the UK's top retailers should be doing more to support British farming by sourcing a higher percentage of home-grown food. In a recent media survey, British supermarket The Cooperative sourced 60 per cent of its lamb from the United Kingdom and Waitrose supermarket sourced 55 per cent. Tesco sourced 50 per cent of its fresh lamb from the UK and Ireland. Wide-scale support for home-grown beef has been given by many retailers and consumers however many are happy with those products sourced from either the UK or Ireland. The British National Sheep Association Chief Executive Phil Stocker recently highlighted that the fall in lamb prices over the summer should act as an indication to retailers that they need to utilise a wider range of lamb cuts, therefore ensuring greater demand from consumers which would filter back to the farm gate. A market commentator highlighted the fact that British farmers were expecting retailers to be promoting and sourcing British lamb wherever possible. They also said that with a growing consumer appetite for more home-grown food coupled with an extended UK lamb season, there was a definite scope for retailers to stock British lamb throughout the year. It was also stated that retailers needed to discontinue selling mature New Zealand lamb in the UK over new season lamb that was produced locally. Results from a farming industry survey in the UK showed that retailers often use Irish products in addition to British products. Supermarket Tesco said that they were committed to sourcing all pork from the UK and Ireland.

### Economics and Trade

**Ministry head on mission to China** [2 September/ Radio New Zealand Rural] The most senior public servant for the Ministry for Primary Industries is flying to China in an effort to mitigate the fallout from the Fonterra botulism scare. Fonterra's Chairman and Chief Executive are already set to make a confidence-building trip to the region in the wake of one of Fonterra's worst contamination issues. Although last week the Ministry announced that no clostridium botulinum had been found in the whey protein causing issues for Fonterra, there have been increased calls in New Zealand for the Government to send officials to China to assure consumers that dairy products this country exports are safe. French parent company of the milk formula manufacturer Nutricia has announced that it is looking at possible compensation claims in relation to the scare. Nutricia was forced to recall 67,000 tins of its Karicare infant formula.

**Terms of trade rise** [2 September/ Rural News Group] New Zealand's terms of trade has increased by 4.9 per cent in the June 2013 quarter due to rising export prices and falling import prices Statistics New Zealand has reported. The terms of trade is a measure of the purchasing power of New Zealand exports abroad and the recent report revealed that dairy was the main contributor to the increase due to rising export prices and falling import prices. The terms of trade rose for the second consecutive quarter but is still 2.5 per cent below the 37 year high reached two years ago. Statistics New Zealand Prices Manager, Chris Pike, said that without dairy the terms of trade would have risen 1.6 per cent. In the June 2013 quarter, export prices rose 3.4 per cent while import prices fell 1.5 per cent. Seasonally adjusted export volumes fell 6.7 per cent and seasonally adjusted import volumes rose 3.9 per cent which was primarily influenced by capital goods. Milk powder was the largest contributor to the increases with dairy export prices rising 14 per cent in the latest quarter.

### Farmers and producers

**Farmer who felled 100-year-old trees fined \$32,800** [27 August/ Business Day] A fine of more than \$32,000 has been delivered to a Waikato dairy farmer who felled up to 70 mature totara trees in order to deter duck hunters from trespassing on his property. Christopher Fraser-Jones, 57, cut down the 100-year-old trees in May and June last year as he feared that duck hunters had spread a deadly parasite on his farm. Last week Mr Fraser-Jones was fined \$32,800 after being convicted of two breaches of the Resource Management Act and one breach of the Local Government Act. Mr Fraser-Jones said that he was not aware at the time that the trees were in fact on public land. Both offences attract a maximum jail term of two years' or a fine up to \$300,000. Judge Harland said that although Mr Fraser-Jones's motivation for chopping down the natives was unquestionably genuine, his actions were considered reckless.

**Land use pressure for Canterbury farmers** [30 August/ Business Day] Agricultural development in Canterbury may be stalled if new land rules are allowed to go ahead, farming commentators have said. Federated Farmers' South Island Grain and Seed Vice-Chairman David Clark has claimed that the proposals for rules limiting changes of land use recommended for inclusion in the Canterbury Land and Water Regional Plan will put pressure on farmers and stop further expansion of dairy farming. He said that the proposals would make it very difficult to change land use with any degree of intensification due to nutrient restrictions. Mr Clark added that restrictions on changes in land use will limit the expansion of dairy farming. Mr Clark said the mild winter and "fantastic" August has been good for arable farmers and many have crops in the ground earlier than usual. Higher payout projections for dairy farmers will also have a positive effect, he said. He said that Canterbury needed more positive strategies in place in order to prevent the issues that were faced by the region during the recent period of drought.

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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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