

AGRIBUSINESS

FIELD NOTES

Weekly news update from the KPMG Agribusiness network



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**KPMG AGRIBUSINESS
AGENDA 2013 VOLUME 4**

11 December 2013

Organisations referenced in this week's Field Notes include:

| | |
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| Ag First | Lincoln University |
| AgResearch | Livestock Improvement Corporation |
| ANZCO Foods | Mackenzie District Council |
| Beyond Meat | Marisco Vineyards |
| BNZ | Meat Industry Excellence Group |
| Borton Fruit | Neat Meat |
| Chatham Rock Phosphate | Ngai Tahu |
| Dairy New Zealand | Oritain Global |
| Deepwater Group | PGG Wirghtson |
| Delegates Group | Ravensdown |
| Federated Farmers | Royal Forest and Bird Protection Society |
| Fonterra Co-operative Group | Silver Fern Farms |
| Fresco Nutrition | South Taranaki District Council |
| Global Dairy Trade | Stevenson Group |
| Hampton Creek Foods | Westland Milk Products |
| Harmony Foods | Westpac |
| Infant Nutrition Council | World Trade Organisation |
| Land O'Lakes | |

This week's headlines

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| Dairy | Fonterra auction demand strong [4 December/ Business Day] |
| Meat | Farmers urged to vote [4 December/ Otago Daily Times] |
| Rural infrastructure | Oritain contracted to certify US-grown apples [6 December/ Otago Daily Times] |
| Environment and emissions | Big stink over dumped milk in Taranaki [6 December/ Business Day] |
| Economics and trade | Trade ministers hail WTO's trillion dollar 'Doha-lite' breakthrough [9 December/ National Business Review] |

Viticulture

Vineyard makeover for historic Marlborough farm [5 December/ Marlborough Express] Marisco Vineyards, owned by Brent Marris, has commenced the development of a 600 hectare vineyard on the historic Leefield Station in the Waihopai Valley in Marlborough. Marisco have started by establishing an 85 hectare vineyard of 200,000 Sauvignon Blanc plants this year and plan to put a further 100 hectares in grapes for each of the next five years. Mr Marris said that if he could have 200 hectares of the 600 hectares today, there would be a market to sell the wine. Processing the grapes at the Marisco winery will not be an issue with resource consent almost complete and all the infrastructure, other than a couple of tanks, being in place. The wine produced will be sold under Marisco's The Ned and The Kings Series labels. Mr Marris noted that more 900 hectares of the station would be kept to farm 5,000 stock units of sheep and cattle with 300 hectares being allowed to develop as native bush. Mr Marris noted that retaining farm life on the station was important to enhancing the proposition that the company is able to offer to customers when they visit the station, adding that not a lot of business is talked but a lot of business is achieved during visits.

Delegat's sees lift in 2014 profit, but high dollar hurting [5 December/ New Zealand Herald] Speaking at Delegat's Group's annual general meeting, Managing Director, Jim Delegat, said profit was expected to rise by about 10% to \$29 million for the year to June 2014. Mr Delegat however noted that the high kiwi dollar had the potential to impact on earnings. The wine maker is currently focused on increasing case sales from 1.95 million cases to 3.07 million over the next six years by focusing on Oyster Bay and Barossa Valley Estates varieties in the super premium category. The recently acquired Barossa brand will drive some growth together with a major focus on North American markets (which will become the biggest sales region 2014). Plans to support the growth through the construction of a new 10,000 tonne winery in Hawkes Bay, expansion of its Marlborough winery and vineyard development were highlighted as part of \$132 million investment to be funded through retentions and debt.

Forestry

Bridges calls time on all except NZUs [6 December/ Government Media Release] Simon Bridges, the acting Minister for Climate Change, has announced the government's decision to phase out the use of some types of Kyoto Protocol emission units within New Zealand's Emissions Trading Scheme. From 31 May 2015, ETS participants will only be able to surrender New Zealand units (NZUs) to meet emission obligations. The decisions were a result of restrictions being placed on New Zealand's ability to trade any international Kyoto unit after 2015 and the lack of action on international carbon markets at the recent Warsaw negotiations. Mr Bridges said that these conditions make it preferable for our ETS to operate with restricted access to these markets for the time being, adding that the government considers international markets an important component of the ETS and will review the level of access to these markets when conditions are better suited to New Zealand's domestic circumstances. The government also confirmed that existing Kyoto units would continue to be eligible for surrender against obligations up to 31 May 2015, providing certainty to ETS participants as to the use of carbon units over the next few years. The government will actively monitor the impact of these decisions on the operation of the ETS and will consider other measures to ensure market liquidity should the need arise.

Fishing and aquaculture

Seabed miner rejects fishery fears [7 December/ Business Day] Chatham Rock Phosphate has rubbished claims from the deep sea fishing sector that its 20 year mining permit is a step towards marine devastation. The permit which was granted by the Ministry of Business, Innovation and Employment permits Chatham Rock to vacuum the sea floor for phosphate nodules over an 820 square kilometre area of Chatham Rise. The Phosphate will be used in fertiliser products. Chatham Rise is home to New Zealand's only known juvenile hoki nursery ground. Deepwater Group CEO, George Clement, said that the fishing industry would support the extraction of phosphate in a surgical operation but they have concerns that the extraction will damage a central part of the Chatham Rise ecosystem and the sustainable fisheries based on it. Chatham Rock Phosphate CEO, Chris Castle, said the claims about the extent of the damage and the depth of mining on the sea floor were false, suggesting the floor would be lowered by only around two inches and that the company only had plans to mine just 450 square kilometres of the permit area, allowing for fallow strips and leaving areas of significant interest (including geographic features and coral). The final hurdle for the company before mining can begin is to gain a marine consent from the Environmental Protection Agency.

Dairy

Fonterra auction demand strong [4 December/ Business Day] Westpac economist, Anne Boniface, says that the 3.9% increase in the Global Dairy Trade auction means farmers should be expecting their milk cheques from Fonterra to reach record levels. The average winning price on the auction was up to US\$4,973 a tonne which had resulted in Westpac nudging up its milk price forecast for the season to a high of \$8.40 per kilogram milk solids. Fonterra is expected to provide an update on its payout before Christmas. Ms Boniface suggested that prices were likely to fall next year as global dairy supply increased in response to the "exceptionally high" prices on offer with dairy production in Europe and US both running ahead of last year (for instance US milk supply in October across key production states was up 1.2%). Eight of the nine products offered showed increases in the auction, with Rennet casein leading the gains at 18.9%, while whole milk powder (the largest category by volume) rose 3.4%. The only product to decrease was Cheddar.

Drought has little impact on production [7 December/ Otago Daily Times] A strong production season in Otago, Southland and Canterbury alleviated the impact of the widespread drought across the North Island and upper South Island, resulting in national milk production only decreasing 1.6% in 2012/13 season. National production in the season amounted to 1,658 million kilograms of milk solids according to figures from Livestock Improvement Corporation and DairyNZ. The small decline was a testament to the resilience of farmers and their ability to manage through the drought according to the organisations. The strong performance was helped by an increase in cow numbers, good milk production before Christmas and a strong season in the lower South Island. The number of cow herds increased from 11,798 to 11,891 while the number of cows being milked increased by 150,000 to 4.78 million. South Island herds account for 25% of the national total but include 38% of all cows being milked. A recent analysis by the ANZ in its Agri-Focus newsletter said that it was “odds-on” that a record would be set for annual milk production this season given the record milk price, good cow conditions, reasonable pasture covers and addition of more supplementary feed to the production system. ANZ economists are now expecting annual milk production to grow about 7% in the 2013/14 season.

Why report not a magic wand [9 December/ Business Day] Dairy exporters are waiting for the results of a soon to be released Government inquiry hoping it will clarify for Chinese distributors that New Zealand’s food safety systems were safe. The Infant Nutrition Council CEO, Jan Carey, said the report was very important even though the botulism scare turned out to be a false alarm as bad news travels fast and good news travels very slowly. She added the Chinese consumer is concerned about the perception of safety of New Zealand infant formula. One distributor, Gregg Wycherley, the Managing Director of Fresco Nutrition, said the problem is that the message was pushed very hard that there was a problem with WPC80 but the message that it was a false alarm did not get the same priority treatment from the media in China. Mr Wycherley suggests that it is more a political than a commercial issue as the extent of reporting was determined by the Chinese Government. Another exporter said that distributors in China would be interested in the report but probably had more confidence in New Zealand infant formula than the person in the street, but were at the mercy of what their consumers thought. The government has confirmed that the report into the scare would be released in two stages – a report on the wider food safety concerns the scare raised would be released before Christmas, while the segment specifically on the Fonterra incident would not be released until next year. Ms Carey said that the Chinese were more interested in the first part of the report revolving around food safety and supply chain integrity.

Fonterra payout forecast to hit a record high \$8.70 [10 December/ Business Day] Bank economists are predicting that Fonterra will lift its milk price by 20 to 40 cents per kilogram of milk solids when an updated forecast is released this week, giving a forecast cash payout (including a 32 cent dividend) of \$8.82 to \$9.02 per kilogram. A 30 cent lift would see an extra \$497 million flowing into the national economy based on recent statistics from Dairy NZ and Livestock Improvement Corporation. ANZ rural economist, Con Williams, predicted a 20 to 40 cent increase on the current forecast saying he expected the payout to be a record, as international dairy prices were holding and demand remained strong from China. Mr Williams suggested that prices are likely to stay strong until the peak of the Northern Hemispheres milk production in April/May 2014. BNZ economist, Doug Steel, believes that Fonterra will lift its forecast by 30 cents to \$8.60 per kilogram, although noted that they may not move to this level at this point in the season. Westpac were more guarded suggesting softening auction prices may only result in a small lift to \$8.40 while AgFirst consultant, Phil Journeaux, was more bullish and predicted an \$8.80 payout based on strong international prices.

US co-op to sell on dairy auction site [10 December/ Radio New Zealand Rural] Land O’Lakes, one of the largest agribusiness and food co-operatives in United States, has announced that it will start to sell milk products on the Global Dairy Trade auction platform from next March. The co-operative will initially offer skim milk powder and plans to offer butter later in the year. The co-operative has sales of more than US\$14 billion with brands including WinField and exports to more than 60 countries.

Meat

Farmers urged to vote [4 December/ Otago Daily Times] Shareholders in Alliance Group and Silver Fern Farms are being urged to make their votes count in relation to the election of Directors of both co-operatives. Meat Industry Excellence group chair, John McCarthy, said sheep and beef farmers should be as active about the ownership of their co-operatives as they were about their own farms. Mr McCarthy added that not participating means quite simply that farmers get the future that they deserve. He also urged farmers to attend the annual meetings, even though it will be at personal cost for South Island farmers to travel to attend the Alliance meeting in Dannevirke as would send a definitive message to the boards. Mr McCarthy said that a strong integrated co-operative model would be capable of winning back supply to 60% and taking a lead in further industry consolidation. In Silver Fern Farms annual report, the company says the loss reported this year has not diminished the company’s resolve to advance options for industry reform or its continued investment in the long term market focused strategy to achieve greater sustainability for the company. Alliance Group note in its annual report that the company has been involved with other major industry participants trying to derive a constructive model for the future of the industry, adding that a tentative proposal to promote capacity rationalisation was reached but the necessary agreement of other participating companies was not apparent.

ANZCO bounces back into profit [6 December/ FW Plus] ANZCO Foods has released its trading result early to demonstrate its financial strength, with a pre tax profit of \$12.6 million being reported as well improved operating cashflow. Revenue increased to \$1.28 billion from \$1.21 billion. ANZCO chair, Sir Graeme Harrison, said the company would pay a dividend to shareholders as it has done every year since the current ownership structure was put in place in 2001. Sir Graeme noted that the Directors had been concerned by comments that ANZCO had been actively promoting industry change because it said the company's weakened financial position, which he described as "sheer nonsense". The company recognised the decline in stock numbers and favoured finding an orderly solution to enable the removal of excess slaughter capacity. Managing Director, Mark Clarkson, had a relentless focus on generating cash, which resulted in operating cashflow of \$41 million in the year, adding that while the profit result was still below the required levels the directors were satisfied with the result in a challenging market. Since balance date, ANZCO has acquired a 50% share in Ashburton based Five Star Beef, the country's only large scale cattle feedlot operation, from Itoham Foods of Japan, however Itoham remain a long term shareholder in ANZCO. It was noted that growth in the Food and Solutions business came from the recent acquisition of Bovogen Biologicals in Melbourne, the Aria Farms food business in the Waikato and expanding the Taranaki Bio Extracts businesses. Sir Graeme said that with or without industry restructuring ANZCO was in the industry regardless and would continue to invest.

Meat processor ups exports to Iraq [9 December/ New Zealand Herald] Alliance Group has said that it is developing meat export opportunities in Iraq, exporting directly to hotels, restaurants and catering companies in the country. The exports of fully branded "Pure South" lamb have increased by about 35% in the past year. The lack of reliable electricity for refrigeration means most sheep meat sold in Iraq is fresh although a frozen market would start to develop as infrastructure improved. The initiative together with an in-market partner, Qibbla Halal, is focused on the major business and holy cities as well as the semi-autonomous northern territory of Kurdistan. Murray Brown, Alliance's general manager of marketing said that Qibbla Halal was processing a range of meat cuts sourced from Alliance Group supplier farms in New Zealand. Iraq is becoming an increasingly wealthy country with vast natural resources and is also benefiting from growth in tourism according to Mr Brown, growing the demand for red meat. Mr Brown added that Alliance sees Iraq as a land of opportunity.

Organic meat demand outstrips supply [10 December/ Business Day] Two Auckland based meat suppliers say more organic meat is required to fulfil growing demand. Simon Ericson (Neat Meat) and Mark Hunter (Harmony) say they have big plans to grow the organic market but they have told farmers at a field day that they need more product to make this a reality. Neat Meat, founded in 2001, supplies meat to restaurants, hotels and catering companies and has helped to develop the Angus Pure brand while Harmony initially focused on supplying free range pork to a range of customers including the retail sector. It has since repositioning itself, with significant investment, in the organic beef and lamb market. Mr Ericson said that the biggest constraint on the business is getting a big enough supply, with sales having increased four-fold over the past five years driven predominately by the Auckland retail market. There has been less growth in the foodservice sector were cost rather than organic is the more important procurement driver.

Rural infrastructure

PGG Wrightson targets South America [5 December/ Business Day] PGG Wrightson is still focusing its growth plans on South America despite now being majority Chinese owned. Mark Dewdney, the company's CEO, says that South American revenues are almost \$100 million, up from \$2 million less than 15 years ago, with the pasture seeds business in Uruguay dominating South American sales. Mr Dewdney says that over the next three to five years, revenues would grow in new markets that have been identified in Brazil, Argentina and Paraguay, resulting in South America likely being the fastest growing part of the business. He highlighted the work that PGW is doing building relationships in the southern part of Brazil, where there was huge land masses available for agricultural development. He also noted that PGW's new chair, Alan Lai (a representative of PGW's major shareholder, Agria), was very supportive of the South American focus the business was taking. Mr Dewdney also noted that there are good growth opportunities in China, including opportunities to export live cattle and to grow the seeds business (once testing on new cultivars is complete).

Oritain contracted to certify US-grown apples [6 December/ Otago Daily Times] Oritain Global, a Dunedin based company that specialises in scientifically certifying the origin of food products, has secured a contract to undertake origin profiling for Borton Fruit, a US based, family owned producer of apples, pears and cherries. Borton's sales and marketing manager, Sky Johnson, said that food safety was a top priority for the company and that by ensuring an accurate representation of the company's fruit in the world marketplace will strengthen its positioning. Oritain's general manager, George Friedlander, said that given the global reputation of Borton Fruit, the opportunity was hugely exciting and he was hopeful a longer term agreement would follow the initial one year agreement. Oritain uses an 'origin' based system that identifies the geochemistry of the environment to determine the specifications for origin for meat, dairy, orchard fruits, vegetables, honey and seed products and are globally leading in commercialising this origin science. Oritain also recently signed a contract with Westland Milk Products to certify the company's base infant formula.

Ravensdown cuts fertiliser prices [9 December/ Otago Daily Times] Ravensdown has cut its fertiliser prices thanks to softer demand globally and increased production. The co-operative has announced a cut of \$31 per tonne for urea to \$610 a tonne, which is \$189 lower than this time last year. Greg Campbell, Ravensdown CEO, said the global trends are pointing towards further softening in urea products. Cuts of \$10 and \$49 a tonne have also been announced for superphosphate and ammonium sulphate respectively. Mr Campbell noted that the investment in Saudi Arabia in its urea production facilities had been 'immense' and the capacity is coming on stream at the same time as relatively soft demand from developing countries such as India. Mr Campbell added that lower prices will add confidence to the farming sector.

Farm package targets sustainability, growth [9 December/ Rural News] ANZ, New Zealand's largest rural lender, has launched a lending package for farmers wanting to invest in improving the environmental sustainability and productivity of their farms. The bank's Farm Development Package includes a low-interest loan of 4% per annum for capital expenditures being to improve effluent management, water quality management and water and energy conservation. Graham Turley, ANZ Managing Director: Commercial and Agri, said growth in markets is presenting huge opportunities for farmers but increasing production creates environment stresses that farmers need to manage and mitigate. He notes that farmers are achieving this by adopting new technologies to increase production and reduce their environmental footprint and the package was designed to make it easier for farmers to make these investments and achieve sustainable production. The package also contains a loan programme for farmers looking to invest in productivity improvements and an equipment lending facility that uses existing farm assets as security to fund farm development initiatives. Mr Turley said the package was intended to support farmers wanting to increase productivity and profit as well as reducing their impact on the environment.

Water

Farmers need irrigation advice: economist [4 December/ Business Day] ANZ rural economist, Con Williams, said that sixteen water schemes that are planned for New Zealand could result in farmers changing their land use although the schemes had the potential to almost double the irrigatable land to 1.38 million hectares (around 12% of New Zealand's total agricultural land area). Speaking at the Wairarapa Water Summit in Masterton, he said farmers would need to get all the advice they could get as the decision to irrigate was a not a one-size fits all model. Consequently some farmers might consider irrigation for part of their farm or consider more flexible sheep and beef farming models rather than just convert to dairy. He noted that farm profits generally increase as farmers become more skilled in working in an irrigated farming system, through improved productivity and substituting to higher margin production. Mr Williams said that water allocation has historically been done on a first come first served basis leaving some regions fully (or even over) allocated, however this was additional motivation for investment to capture water in order to make use of it at the right time, in the right place and in the right amount. In conclusion, the development of more water storage and enhancements to existing irrigation schemes are key to primary sectors unlocking offshore opportunities.

Environment and emissions

Big stink over dumped milk in Taranaki [6 December/ Business Day] Buttermilk that has been stored by Fonterra at the Eltham Wastewater Treatment plant for the last month has incensed local residents as the smell becomes inescapable. Fonterra has been storing millions of litres of buttermilk at the South Taranaki District Council facility as it struggled to deal with the spring's record supply but it is now starting to break down creating a constant odour that residents are demanding the council take action to address. Fonterra Director of Operations, Robert Spurway, apologised to local residents that had suffered any inconvenience, but said it should never have been an issue as Fonterra understood that the ponds had been specifically designed for the disposal of the type of waste products that were sent to the treatment plant. No further product has been sent since it became apparent there was an odour issue and Mr Spurway said that Fonterra was working with the council to resolve the issue. The Council CEO, Craig Stevenson, said the council had been trying to do the right thing in providing an environmentally acceptable solution for the waste disposal but were "now working their butts off" to minimise the impact as quickly as possible.

Farming lobby heads to court again over plan [9 December/ Business Day] Federated Farmers in the Mackenzie Country is taking a contentious change to the District Council plan to the High Court for a second time. Last month, Environment Court judge, Jon Jackson, released his ruling on the Mackenzie District Council plan change 13, which will govern the development of the basin, an area that Judge Jackson had previously declared an outstanding natural landscape, providing it with the highest form of protection outside public conservation land. Federated Farmers argue that Judge Jackson went beyond his scope in introducing rules around pivot irrigators, the size and density of farm buildings and pastoral intensification. Any rules proposed will now be put on hold while the appeal process is followed. Federated Farmers challenged the ruling last year that the basin was an outstanding natural landscape, although this was eventually dropped.

Research and development

Secret buyer for AgResearch site [9 December/ Business Day] The AgResearch site north of Trentham Racecourse and Army Camp in Upper Hutt has been sold in two lots after a plan for a major film studio development fell through. Tom Richardson, AgResearch CEO, said that retirement home developer, Summerset, has bought 4 hectares to expand an adjacent retirement village with the balance of the 58 hectare site being under a conditional sales contract to an undisclosed buyer. Dr Richardson said that AgResearch had been working for a significant time to conclude the sale. Upper Hutt Mayor, Wayne Guppy, said that it was great that the land was being made available for development.

International

Food-tech start-ups aim to replace eggs and chicken [9 December/ New Zealand Herald/ AP] Unlike other San Francisco start ups, Hampton Creek Foods, is focused on other technologies other than websites and app's. It is focused on a mission to disrupt the global egg industry, which its backers (including prominent Silicon Valley investors Peter Thiel, Vinod Khosla and Bill Gates) argue wastes energy, pollutes the environment, causes disease outbreaks and confines chickens to tiny spaces. The company (which has just launched its first product, Just Mayo mayonnaise) at Whole Foods Markets is one of a number of start ups aiming to change the way we eat. Venture capital firms invested over \$350 million in food related start ups last year as investors buy into the fundamental challenges associated with the food supply and its long term sustainability resulting in companies developing plant based alternatives to animal proteins (such as eggs and chicken). The biggest challenge may be convincing egg or meat eaters to try something different, the American Egg Board says their consumers want real, natural eggs with their familiar ingredients and the industry is already doing much to reduce its environmental footprint and enhance animal welfare standards. Hampton Creek Foods has so far identified 11 plants that can fulfil the culinary functions of eggs, while being more sustainable and eliminating the need to manage animals. The company hopes to launch cookie dough and a batter that makes a scrambled egg equivalent in the coming months. Another Bill Gates backed venture, Beyond Meat, has launched a range of chicken free strips that have the taste and texture of poultry but are made from plant protein and the company is working on a product to mimic beef. A company spokesman notes the product can fit in a vegan's diet or a carnivore's diet thus it appeals to a full range of consumers, including those focused on moving to more healthy protein.

Economics and Trade

Peru opens borders to NZ meat exports [5 December/ Radio New Zealand Rural] Peru has announced that it is opening its borders to sheep meat and beef exports from New Zealand and it has approved the listing of all exporters that have registered their interest in exporting products to the country. Minister of Primary Industries, Nathan Guy, said the announcement was good news for the meat industry as it provides access to a new market with significant potential for growth. Peru imported only \$19 million of red meat in 2011. The listing of approved exporters is valid for three years and there is an option to have more exporters added to the list.

Trade ministers hail WTO's trillion dollar 'Doha-lite' breakthrough [9 December/ National Business Review] The potential of new life being put into the stalled World Trade Organisation Doha round of talks has arisen with the Trade Ministers from 159 countries reaching agreement over a package of measures in Bali. The agreement relates to a series of trade facilitation measures, initiatives designed to simplify the procedures for doing business across borders, that have been taken out of the stalled Doha round to achieve a separate agreement. The agreement will also improve duty free access for goods sold by the world's poorest countries. The breakthrough in multilateral trade negotiations comes as the Doha round has been grounded for some years due to differences between rich and poor countries, particularly over agricultural trade. Estimates suggest the Bali package could grow trade by US\$1 trillion by standardising costs and time taken to clear goods across borders as well as reducing the risk of perishable products going to waste due to the time to clear the red tape surrounding trade. The other major issue in the package is the extent to which countries should subsidise their agriculture as this can lead to dumping on world markets, although many poor countries have opposed these arrangements and India has been granted a concession. Trade Minister, Tim Grosser, said that it is a modest deal but one well worth having as the cost of failure at Bali would have been very significant for the international trading system. He added that the Bali package shows that key players are prepared to make significant compromises to sustain the system, but comparative flexibility will be required by all major players to advance the rest of the Doha agenda.

Farmers and producers

Ngai Tahu unhappy that farm work linked to beetle extinction [5 December/ Radio New Zealand Rural] Ngai Tahu has rebutted claims from the Royal Forest & Bird Protection Society of New Zealand that its farming development in Canterbury is being blamed for habitat and biodiversity destruction. The Society's Canterbury field officer, Jen Miller, said that the Ngai Tahu conversion of the Eyrewell Forest to dairy farms could lead to the extinction of the Canterbury Plains Ground Beetle and said that the tribe should put the forest into a reserve to protect the beetle, which is rated as being at acute risk of extinction. Ngai Tahu Property CEO, Tony Sewell, is appalled by the accusations, noting that they are looking to plant 150 hectares of native forest on the farm and is committed to preserving valued taonga species. Mr Sewell added that Ngai Tahu is also announcing a three year programme of environmental, biodiversity and water quality monitoring in association with Lincoln University, a project he described as forward thinking and aligned with Ngai Tahu's vision to be a leader in sustainable dairying.

Farmers divided on Goff's farmland bill [6 December/ Radio New Zealand Rural] A bill proposing tougher restrictions on international buyers of farmland has been drawn in the private members bill ballot. The bill entered by Labour's Phil Goff titled Overseas Investment (Owning Our Own Rural Land) Amendment Bill is a response to Mr Goff's perception that dairy farming is a license to print money and the number of foreigners trying to get a slice of the pie is only going to increase. Mr Goff says the only purpose for foreign investment in New Zealand is when it's of benefit to us, we are not running a charity or giving free hand outs to overseas investors. The bill is intended to restrict the ability of foreign speculators buying land with no farming expertise, as Mr Goff suggests they add nothing except inflation of land prices. He also suggests that most New Zealanders view land as a special commodity. Federated Farmers president, Bruce Wills, says that many farmers share Mr Goff's concern that too much land is ending up in foreign ownership, however farmers must have the right to sell their farms to whoever they choose, just as city dwellers are able to do. Mr Wills also notes that a lack of access to overseas capital can be a constraint on growth of farming businesses.

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Prestigious station expected to set farm property record [9 December/ Business Day] One of New Zealand's biggest and most valuable farms, Lochinver Station near Taupo, has been put up for sale by Stevenson Group. Lochinver covers 13,800 hectares and has a rating valuation in excess of \$70 million has been offered for sale with Bayleys acting as the agent. Bayleys Managing Director, Mike Bayley, says that the station is the biggest rural property to come onto the market in the North Island and is expected to set a record price for a farm sale. The station is a sheep and beef breeding and finishing operation with some land being used for dairy support as well as incorporating three airstrips, a recreational hunting block, 22 residential houses, a recreation centre and a school. Stevenson Group CEO, Mark Franklin, said the company (which has owned the station for over 50 years) was rebalancing its investment portfolio and Lochinver no longer fits with Stevenson's future strategic direction, which will be focused around the core businesses of mining, quarrying, concrete and associated investments.

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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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