

AGRIBUSINESS

FIELD NOTES

Weekly news update from the KPMG Agribusiness network



LAUNCH OF:
FIELDNOTES.CO.NZ

HOT OFF THE PRESS:
**KPMG AGRIBUSINESS
AGENDA 2013 VOLUME 4**

19 February 2014

Organisations referenced in this week's Field Notes include:

AGCARM	Masterton A+P Show
Beef+Lamb New Zealand	Meat Industry Excellence Group
Canadian Swine Health Board	Ministry for Primary Industries
Cawthorn Institute	OSPRI New Zealand
City Forests	Pacific Andes
Countdown	PGG Wrightson
DairyAmerica	Plant and Food Research
European Union	Progressive Enterprises
Federated Farmers	Safe Food
Federation of Maori Authorities	Saputo
Fishpool	Silver Fern Farms
Flower Growers Association	Southern Wood Council
Fonterra Co-operative Group	Supreme Biotech
Greenpeace	Terror Selections
ICE Angels	Trinity Hills
Kroger	UN Food and Agriculture Organisation
Livestock Improvement Corporation	Villa Maria
Maraeroa C Incorporation	Warrnambool Cheese and Butter
Marine Harvest	

This week's headlines

Red meat	Meat Industry Excellence bids for B+L funding [12 February/ Business Day]
Dairy	Fonterra US export agent deal ends [12 February/ Business Day]
Food safety	New food industry group to tackle dairy traceability [18 February/ National Business Review]
International	Modified corn a step closer to approval in Europe [12 February/ New York Times, USA]
Agribusiness strategy	Key supports extortion claims inquiry [13 February/ Radio New Zealand National]

Horticulture

Ginseng nearly ready for harvest [17 February/ Radio New Zealand Rural] After seven years of effort, the Maraeroa C Incorporation in Te Kuiti is about to harvest its first crop of New Zealand grown ginseng, the Chinese king of herbs. The herb grows best in cold conditions and it is being grown under a pine forest canopy. The Maori owned company has worked with Plant and Food Research to fill an identified gap in the market with an intention of creating an export market for wild ginseng. Over 95% of the world's ginseng is grown intensively under artificial canopy and it is now rare to find wild ginseng in forests in Asia and North America. Chief Executive, Glen Katu, said the company eventually plans to make and export tonics and alcohol products with Ginseng to China. He notes that the first harvest will not be a large one.

Viticulture

Villa Maria acquires Hawke's Bay neighbour [13 February/ The National Business Review] Villa Maria has purchased a 41ha property containing a vineyard, on the Gimblett Gravels area in Hawke's Bay, to assist securing its grape supply. The vineyard has previously provided Villa Maria with its surplus grapes. Villa Maria now owns a third of the 800ha of land in the official Gimblett Gravels winegrowing district, which is defined by soil type. Villa Maria's founding owner Sir George Fistonich said that with the current growth in demand for wine, it is important to secure grape supply. Buckland Grove, the 5.9ha multi-award winning Marlborough winery, inclusive of its three bedroom house has been put up for sale with a closing date for offers set at February 28. Bayleys Marlborough salesman, Andy Poswillo said the vineyard's approximate 5100 odd sauvignon plants produce an average of 47 tonnes per annum, with 2014 production expected to be over 20% higher at 57 tonnes. The property is believed to have a rateable value of \$1.025 million.

Trinity Hills winery sold to US buyer [17 February/ New Zealand Herald] Hawkes Bay based wine producer, Trinity Hills, has announced that US investor, Charles Banks, will take a 67% controlling stake in the company through his investment company, Terroir Selections. Trinity Hills is a medium sized producer which was founded by Robyn Wilson and John Hancock who will remain investors in the company. Terroir Selections also has wine investments in California (including Mayacamas) and South Africa (Mulderbosch). Mr Banks said that Trinity Hills is in a terrific position to prosper having consistently delivered high quality wines adding his company planned to invest the necessary capital to allow continued improvement in quality. The founders noted that Mr Banks' s involvement will assist the company to get its flagship wines onto US wine lists.

Red meat

Meat Industry Excellence bids for B+L funding [12 February/ Business Day] A remit at Beef+Lamb New Zealand's annual meeting in March will ask farmers to approve Beef+Lamb funding to the Meat Industry Excellence group. Chair of the group, John McCarthy, said the idea of asking for funding came from farmers who see the sector as needing reform and also pay a compulsory levy to Beef+Lamb. Beef+Lamb Chair, Mike Petersen, said that the organisation had reimbursed \$40,000 expenses to the MIE in the past year and further funding would depend on farmer's feedback. The costs to date have been reimbursed on the basis that MIE had played a role in helping farmers become better informed and engaged in issues beyond the farm gate but further funding would mean other activities would have to be reprioritised as there was no surplus funding. Mr McCarthy said that MIE provided a vehicle to implement the aligned procurement and market co-ordination legs of the Red Meat Sector Strategy, adding that until these issues were addressed and an NZ Inc type strategy implemented the sector will not be able to compete with dairy. Mr McCarthy said that the group needed to look for support across the board, including the government and banks, but recognised that the group could not continue to beg and borrow and needed to be placed onto a more solid financial footing. Mr Petersen said he would expect Beef+Lamb to adopt the stance of the remit provided it was fiscally achievable and meets constitutional and Commodity Levy Act requirements.

NZ tour for Chinese food industry reps [18 February/ Radio New Zealand Rural] Silver Fern Farms is hosting a group of 45 Chinese food industry representatives to help them understand what we do in New Zealand, how we do it and the benefits of dealing with New Zealand (including understanding the New Zealand Inc story and how we treat the environment). Keith Cooper, CEO of Silver Fern Farms, said that the company dealt with about a dozen companies in China, which is now its largest market, and it wanted to bring the procurement managers and marketers from these customers to New Zealand as seeing is believing. Mr Cooper added that at the end of the trip he hoped that delegates would then be able to understand and advocate for the procedures that sit behind our products particularly around their food safety aspects.

Forestry

China requires more logs [14 February/ Otago Daily Times] With record log prices and a 50% increase in log exports last year, sawmillers are finding it difficult to maintain profit margins from the now expensive logs. Southern Wood Council chairman and Dunedin City Council-owned City Forests CEO, Grant Dodson said that China's demand for logs and lack of competition from Russia, US and Canada combined with China holding smaller log stockpiles is set to provide New Zealand growers with a relatively stable market in the short to medium term, and believes that the Chinese demand is not creating a "bubble". Log prices for a combination of unpruned grades are at \$103/m³ compared to \$94/ m³ six months ago and \$88/m³ a year earlier. But he cautioned against the unpredictability of the commodity market. He acknowledged that local sawmillers were finding the current conditions difficult and said City Forests' will maintain its commitment to deliver 45% of logs to local sawmillers. Mr Dodson warned southern forest owners against the temptation to sell currently available woodlot, and that China was willing to pay the same price for radiata in the unmaturing 20 to 25 year category as the matured 26 to 30 year category. Craigpine forestry manager Brett Armour said that 10 medium sized mills had closed around the country over the last three years and mentioned that domestic prices are not reflecting the 20-25% increase in log prices.

Floriculture

Valentine irony for flower-growers [14 February/ Radio New Zealand News] The Flower Growers Association estimates that at least 600,000 roses expected to sell on Valentine's Day are cheap imports from India and Colombia, with India being the biggest challenge to local growers. Association chairman David Blewden said that imported flowers need to be chemically treated and any flowers missing treatment pose a biosecurity risk. Mr Blewden said that local growers are having to compete with cheap imports, which have increased significantly over the past eight months. He indicated that if sufficient evidence was found, the New Zealand growers would like to make a claim to the government either under the applicable dumping rules or unfair international competition under the World Trade Organisation rulings. Until such decision is made, Mr Blewden said that the association is promoting the message that fresh is best, and encouraging consumers to check the origin of the flowers they are buying.

Fishing and aquaculture

Chris Bell: Algae find sets firm on road to success [13 February/ The NZ Herald] Astaxanthin, a compound found in microalgae growing in salmon, trout and crustaceans can sell for \$8,000 to \$10,000 per kg. Most firms producing astaxanthin proliferate the algae in ponds or outdoor facilities. Owner of Supreme Biotech, Tony Dowd says that this leaves the yield exposed to seasonal variations and contamination. After commissioning the research body, Cawthron Institute to conduct research into growing the microalgae indoors, the company now produces the compound in a closed door-environment, and Mr Dowd stated that they have been in continuous production for the past 18 months. Auckland businessman and investor, Ray Thomson, now a board member of Supreme Biotech, invested in the company and promoted it to other angel investors. This year the company raised \$1.95 million supported by the Auckland based investment network, ICE Angels, beating its funding target of \$800,000. The capital is being utilised to support operating costs, strengthen its management team, build its AstaSupreme product portfolio and develop an international distributor network. With revenue at approximately \$1 million, Mr Ray predicts that the company is about 6 months away from breaking even. He stressed the value of angel investing to New Zealand's future, mentioning that it is not limited to funding, but also providing leadership and help to entrepreneurs.

Monster fishing ship in Pacific, east of Australia [17 February/ Sydney Morning Herald, Australia] The world's largest factory freezer ship, Lafayette, together with six attendant trawlers, has been registered as being north east of Norfolk Island in the Pacific Ocean. The Russian flagged, Chinese owned ship is capable of processing 1,500 tonnes of fish a day and is the flagship of the Hong Kong based Pacific Andes fleet. The existence of the ship in the South Pacific has raised the concerns of regional fisheries authorities and Greenpeace, who suggested it was in waters that face a crisis of overcapacity with more ships chasing a reduced number of fish. Official sources confirmed that the ship currently lacked authorisation to operate in either the Western Pacific tuna and billfish fishery or the South Pacific jack mackerel fishery. A spokesperson for Pacific Andes said the fleet was heading towards the jack mackerel fishery adding it was not taking fish on board in Australian waters. The company said the accompanying trawlers would be operating within quotas set by the South Pacific Regional Fisheries Management Organisation.

Dairy

Fonterra US export agent deal ends [12 February/ Business Day] The 13 year old export agreement between Fonterra and US based marketing co-operative DairyAmerica, in which Fonterra acted as the export agent for DairyAmerica's skim milk powder has been ended. DairyAmerica's members produce approximately 45% of the non-fat and skim milk powder in the US. The DairyAmerica CEO, Hoyt Huffman indicated the intention to sell direct to customers. Fonterra's director of global sales, Tim Deane stated that the decision that had been planned for 12 months was not related to the recent contamination scare. Mr Deane said that the agreement was "not particularly significant" to Fonterra in financial terms. DairyAmerica has been using Fonterra's online trading platform GlobalDairyTrade (GDT) to market their skim milk powder internationally. GDT director Paul Grave expects DairyAmerica to continue using the platform. NZX Agri analyst Susan Kilby mentioned that US producers exported to the same markets as New Zealand, but only when there was internal surplus, and said that they have not fostered long term relationships in the past. Ms Kilby also mentioned that US producers have started to export more aggressively. US Dairy Export Council figures show that US dairy exports amounted to USD6.7 billion last year (up 31%).

Open Country Dairy looks ahead with caution [17 February/ National Business Review] In releasing its annual report for the 14 month period to 30 September 2013, Open Country Dairy has noted its confidence in maintaining a competitive payout to suppliers this season but is sounding a word of caution over product prices. The report notes that pricing has been extremely strong at the start of the 2013/14 season which will drive higher milk payouts with the probability of a significant drop in pricing during the season reducing as time passes. The company does however caution that significant reverses have occurred before. OCD has told farmers to expect a payout of \$8.50 per kilo milk solids on the back of an improved trading environment but recognises that fluctuations in the dollar and pricing (particularly of whole milk powder) have the capacity to produce trading results that are significantly different to those currently being reported. With a processing capacity of around 900 million litres of milk, Open Country is the second largest dairy processor in New Zealand.

Pork

US outbreak gave Canada 'heads up' on pig virus [17 February/ Globe and Mail, Canada] Canadian Swine Health Board Executive Director, Robert Harding, said that the emergence of the porcine epidemic diarrhoea in the US last year gave the industry and government in Canada a heads up and has helped slow the spread of the disease now it has arrived in Canada. The disease which was first detected in Canada less than a month ago has already been found in two provinces, however Mr Harding believes it would be across the country already without the detailed focus on biosecurity in Canada. The industry has focused on the factors that can facilitate the spread of the disease (for instance the pig hauling trucks) and have taken steps to manage these as tightly as possible. To date 16 cases have been identified in Canada, leaving Mr Harding believing that there is still a chance of winning the battle against the disease that has killed over a million piglets in the US.

Rural infrastructure

LIC six-month revenue up \$3.5m [13 February/ Business Day] Livestock Improvement Corporation revenue has increased to \$135.2 million for the six months to November 2013, from \$131.7 million for the same period last year. LIC chairman, Murray King attributed the good performance to high milk prices and stable weather patterns. He mentioned that the spectrum of new technologies available was enabling farmers to manage challenges, and stated that New Zealand dairy farmers have some of the highest technology usage rates. Mr King said that the multimillion-dollar rebuild of their database and IT infrastructure will allow them to provide New Zealand farmers with innovative products and services. After accounting for the rebuild, the net profit after tax was \$26.9 million (-10.25%). The balance sheet shared an increase in total equity to \$219.9 million in comparison to the \$214.6 million in November 2012.

NAIT proposes cattle levy cut [17 February/ NZ Farmers Weekly] OSPRI New Zealand has announced that the early and widespread adoption of National Animal Identification and Tracing (NAIT) has resulted in a proposal to halve the slaughter levy from \$1 to 50 cents per tagged carcass. Dr Stu Hutchings, the Group Manager Programme Design and Farm Operations for OSPRI, said that the high levels of tagging meant that there was an opportunity to reduce the slaughter levy for a second time as the intention of the levy was only to recover enough money to meet the operating and maintenance requirements of the scheme. Dr Hutchings stressed that OSPRI's goal was to properly operate the system but would keep the cost to farmers as low as possible. The levy reduction only applies to cattle as the deer industry, which entered the scheme on 1 March last year, paid in bulk funding rather than levy. Beef + Lamb New Zealand Chair, Mike Petersen, welcomed the proposal noting that it had never been the intention that NAIT develop reserves and adding that he rarely gets complaints about the NAIT system these days with most farmers recognising it is an insurance scheme to protect trade access.

Food safety

Report on pesticide residues in food [13 February/ Radio New Zealand Rural] Safe Food, a pro-organic group, has released a report on pesticide residues in vegetables and fruits which highlights what it calls the 'dirty dozen' most contaminated foods, including grapes and other fruit, celery, bok choy, spring onions, cucumber and bread, with grapes being the worst containing 35 different pesticides in almost all samples tested. The AGCARM organisation, representing agricultural chemical companies has dismissed the report. The AGCARM CEO, Graeme Peters said that the products used are regulated by the Environmental Protection Authority and the Ministry for Primary Industries. However, Safe Food researcher and public health scientist, Alison White said that the findings should be taken seriously, and highlighted the impact the chemicals can have, including pre-natal damage in babies and alteration of brain structure, even with exposures to minute doses.

New food industry group to tackle dairy traceability [18 February/ National Business Review] The government has announced that a new food industry working group will be set up in response to the recommendations of the independent government inquiry into the Fonterra WPC contamination incident last year. Nathan Guy, Minister for Primary Industries, said the inquiry recommended lifting the dairy sector's ability to trace products and ingredients through a working group focusing on regulatory and worldwide best practices. Nikki Kaye, the Food Safety Minister, said that improving the traceability of dairy products will further protect the public in the event of a suspected food safety issue. The group will be led by Dr John Larkindale, a former diplomat with a science background, and include representatives from the dairy and wider food industries. The group will have a mandate to investigate changes to regulations and industry practices to improve food and ingredient traceability. The group will report to the Director General of Ministry for Primary Industries, Martyn Dunne. MPI are expected to finalise the membership of the group this month and it will have its first meeting in March.

Environment and emissions

Lack of action over waterways [12 February/ Business Day] A report released in November on deteriorating water quality by the Parliamentary Commissioner for the Environment, Jan Wright highlighted the effects caused by pollutants nitrogen and phosphorus in waterways, stating that waterways were blocked by weeds, slime and algae. The report which forecasts dairy farmland to increase to almost 400,000ha by 2020 has identified the cause as a shift from sheep and beef farming to dairy. At a select committee discussing the deteriorating water quality, Ms Wright expressed concerns about the lack of action on the water quality issue. Ms Wright has made a submission on proposed amendments to the National Policy Statement for Freshwater Management 2011, which allows Councils until 2030 to set objectives and limits for waterways in their plans. Ms Wright expressed concerns over the length of time and said the money would be better focused on the current nitrogen issue. Replying to National MP Paul Goldsmith's question as to where the balance between costs of cleaning up and benefit to the dairy industry should be, Ms Wright said that this was for the country to decide, but advised that postponing the cleanup would be "very, very difficult and expensive". She stressed that a discussion into how to balance the economy and the environment needs to take place.

Wool

Wool exporters have mixed views [18 February/ Business Day] Wool clips coming through to auction are 15% below predictions leaving exporters, brokers and scourers wondering where the sheep are. They are suggesting the Beef+Lamb estimates could be out by as much as 5 million sheep this season. Beef+Lamb economist, Rob Davison admits the drought made forecasting more difficult but does believe the season is running later than usual and expects the wool will eventually come through the system. Exporters believe that there is no wool bubble hidden in the pipeline, with the Shearing Contractors Association noting that sheep numbers are still falling and the drought had resulted in sheep growing less wool – something expected to continue into the next season. Sheep numbers are used to forecast auction bale numbers and enable scourers to plan throughput. The scouring industry also noted it was being hurt by changed requirements from China for more unscoured greasy wool. The issue with sheep supply seems to be in the South Island where ongoing dairy conversions and better returns from dairy grazing contracts have reduced the number of farmers breeding sheep.

International

Modified corn a step closer to approval in Europe [12 February/ New York Times, USA] After a process that has lasted 13 years an insect-resistant, genetically modified crop is on the verge of being approved by the European Union when a majority of member countries failed to block the authorisation. Final approval requires one more step, the go-ahead of the European Commission although it is not clear what the timetable will be for obtaining that approval. European Health Commissioner, Tonio Berg, said that he was pushing for a mechanism that allows individual member states to ban the growing of biotech crops but would permit the sale of authorised products throughout the union. The maize product, Pioneer 1507, has been developed by DuPont Pioneer and Dow Chemical and is designed to approve yields by resisting pests. It is mostly used for animal feeds. Ministers from at least 18 countries spoke out against the authorisation of the cultivar, Germany did not take a position and Spain and Britain pushed for approval citing that the scientific evidence gave no reason to block the authorisation. If the product receives final approval it will be the third genetically modified crop to receive European acceptance following on from a gene altered grain approved in 1998 (which still only accounts for 1.35% of production in the Union) and a modified starch potato (which was approved in 2010 although the approval was withdrawn last year).

Farmers made to pay for injured animals [13 February/ The Times, UK] A landmark ruling in the Dover Magistrates Court has highlighted that farmers can be punished if an animal is injured in transit to a market, slaughterhouse or farm under European animal welfare regulations. The judge decided that the regulations impose a strict liability on farmers to guarantee that animals will arrive at destinations unharmed; having found that one sheep became lame on a truck journey from a farm to a port for export. Farmer leaders reacted with dismay to the ruling while animal charities welcomed the decision. The ruling will have serious implications on businesses involved in the transit of animals as it means that farmers and haulage companies can be blamed for harm to animals in transit even if they took every precaution to protect them. The judge concluded that it was in the public interest for animals to be transported safely, properly and in conditions guaranteed not to cause them injury and as the rules, which were agreed in 2005, had not previously been in an English court, the judge was left to offer his interpretation.

Suit accuses Kroger of deceit on poultry [13 February/ New York Times, USA] The largest supermarket operator in the USA, Kroger, faces a lawsuit that claims it deceived consumers by marketing its 'Simple Truth' premium price store branded chicken products as humanely raised. It is alleged that the birds were raised under standard commercial farming arrangements despite statements on the packaging to the contrary. The lawsuit claims the birds are raised by Perdue Farms following standard industry practices which include electric stunning the birds before slaughter. A spokesperson for Kroger said the company had yet to see a copy of the lawsuit and had no comment on the case. The case, which has been filed in the Superior Court of California in Los Angeles, highlights the growing tension between food retailers and consumers over how food is produced and marketed which has led to major food producers making changes to production techniques and formulations in recent months.

Bigger catches on the menu as fish-farming giant widens net [14 February/ Irish Times, Ireland] Chief Executive, Alf-Helge Aarskog, of Marine Harvest, the Norwegian based aquaculture company that operates in 22 countries and employs more 10,000 people, is optimistic that it will be able to generate growth in its Irish business following meetings with government officials including the Prime Minister and Minister for Agriculture. The company produces 9,000 tonnes of salmon in Ireland, a fraction of its total global production, but believes it can raise production towards 35,000 tonnes as soon as it can access licenses. The company has already had to wait more than 5 years for some applications to be processed and expects appeals even if licenses are granted. Mr Aarskog says the license application process has been far from efficient. The company produces mostly organic salmon products in Ireland and has experienced problems with diseases, algae and unusually warm water in recent months resulting in it reporting losses but also highlighting the need to diversify the business to new sites to reduce exposure. The Irish government have recognised that aquaculture is an important part of the national economy increasing its turnover from the "ocean economy" to more than EUR6.4 billion by 2020 generating a new job for each 70 tonnes in additional production. Recent weeks have seen Marine Harvest take a listing on the New York Stock Exchange and signal an appetite for acquisitions in Chile and Norway. The company see strong growth in emerging markets like Brazil, Russia and China and recognises that food products that are 'simply Irish' have a strong advantage in many markets as it immediately makes the product niche.

Saputo's WCB win falls short [14 February/ The Australian, Australia] Canadian dairy company Saputo, has emerged from the takeover battle for Warrnambool Cheese and Butter victorious but having only secured 87.9% of the shares of the company it is unable to take home the prize through completing a compulsory acquisition. Saputo said in a statement it looked forward to working with the board and management of Warrnambool to pursue the company's strategic objectives. The largest shareholder not to sell into the takeover offer, Lion (holder of around 10% of the shares), had ruled out accepting the offer after citing its desire to strengthen its business relationship with Warrnambool, which manufacturers cheese products on its behalf. In announcing Lion's full year results, Stuart Irvine, the CEO of Lion, said that the Group was focused on transforming its dairy operation to position it to tap growing demand for branded dairy products domestically and internationally and saw the investment in WCB as a way of strengthening the relationship that companies have enjoyed around the domestic cheese business. While WCB will likely remain listed on the local sharemarket, Saputo is expected to carry out many of the plans that it outlined in its original bidder's statement.

Slow supply growth raises ‘peak salmon’ fear [17 February/ Financial Times, UK] Analysts are questioning whether the world is facing ‘peak salmon’ as strong demand growth and slowing production have sent prices to record highs. According to Fishpool, a forward contract trader for Salmon, price rises have been driven by fears over the lack of supply and they note it is difficult to see substantial new volumes entering the market. Salmon, with its high protein and Omega-3 content, has seen demand grow from both the developed and developing world but some experts say the farmed salmon sector is approaching capacity limits due to falling availability of wild fish to be used as feed stocks, geographical constraints on farming, disease and environmental limitations. The availability of fish oil which is included in the pellets fish are fed is a key constraint as it relies on the supply of wild fish in Latin America. The need for clean, cold water with steady currents and protected coastlines makes new sites increasingly difficult to launch due to local opposition, competing water use demand and concerns about the ecological effects of farms. This is reflected in limited new licenses being granted (for instance no new licenses have been granted in Norway, the leading producer, since 2009). This year is expected to be a landmark for the fish sector when consumption of farmed fish is expected to pass wild harvested varieties. The UN Food and Agriculture Organisation biennial forum for fish trade will this week be discussing ways to use technology to increase output, including new sources of Omega-3 for feed stocks, new growing practices to reduce the time Salmon spend in the sea, genetically modified salmon varieties which could all be more viable with higher prices and stronger demand. One commentator suggests the worst case for the global industry is a plateau of production however suggests even with technological breakthroughs supply is unlikely to keep pace with demand growth at 5 to 10% a year.

Agribusiness strategy

Expert help for Maori farmers [12 February/ Radio New Zealand Rural] The Federation of Maori Authorities has signed a memorandum of understanding with the food science centre, the Riddet Institute (Palmerston North) focusing on providing Maori farmers and growers with expert help to add value to their produce. A spokesperson stated that the Maori agri-business sector is looking at high value opportunities in the international market. Riddet Institute food innovation manager Abby Thompson said that the Federation of Maori Authorities are working to support the Maori economy, and mentioned that they are looking at increasing the value obtained from land that are now under Maori ownership.

Key supports extortion claims inquiry [13 February/ Radio New Zealand National] The Prime Minister John Key said that he would support a Commerce Commission inquiry into the conduct of supermarket chains in dealing with suppliers. Labour MP Shane Jones, in Parliament said that the Australian owned Progressive Enterprises had threatened to remove shelf spacing rights if its suppliers failed to compensate for company losses in 2013. Mr Jones has referred the issue to the Commerce Commission. Mr Key said that the onus is on Mr Jones to substantiate the claim he has made under Parliamentary privilege, and stated that he is always suspicious of MPs who only make claims under Parliamentary privilege. The Commerce Commission confirmed receiving a letter of complaint from Mr Jones, and said it will decide whether to investigate the matter in due course. Progressive Enterprises managing director, Dave Chambers rejects the accusations and stated that they have found no evidence to substantiate the accusations made, and has requested assurances from merchandising managers responsible for supplier negotiations. Food and Grocery Council chairman Pierre van Heerden said that he has been given an assurance that no retrospective payments have or will be requested by Countdown. The Australian Retailers Association executive director, Russell Zimmerman said that the Australian Competition and Consumer Commission is investigating similar claims in Australia of undue pressure being put on suppliers by two supermarket chains. Business commentator Rod Oram and Australian food company owner, Dick Smith expressed concerns at how cut throat supermarket chains are when dealing with suppliers. Horticulture New Zealand CEO, Peter Silcock said that they are not aware of any harsh treatment or allegations.

Crowds flock to rejuvenated Masterton show [18 February/ Business Day] Bold changes to the Masterton A&P show had reversed a trend of declining crowds and delivered the highest attendance in 20 years. The society put together a five year plan last year around a new “Gate to Plate” culinary competition, which involved lamb being judged on the hoof, on the hook and on the plate. Sixty one entries were received for the competition before Neil Wyeth of Rangitumau was declared the region’s best lamb producer. Society President, Allan Williams, said that changing the style of A&P shows was required to attract interest from more than just the exhibitors and create a great family atmosphere. Mr Williams added that more tweaks would be made to the programme including extending the concert held to finish the day.

Farmers and producers

Farm block up for sale [13 February/ The New Zealand Herald] PGG Wrightson Real Estate said that a 2000ha block of dairy land owned by Solid Energy has been put up for sale in Eastern Southland. The land consisting of nine farms ranging from 33 to 399 hectares, all within a 5km radius between Mautara and Gore, is one of the largest dairy lands that has been available for sale recently. PGG Wrightson Real Estate general manager, Peter Newbold said that given the current international market for milk powder and dairy farmers’ reluctance to sell should mean that the offer will be well received.

Farm deaths declining [17 February/ Rural News] Federated Farmers has highlighted that both WorkSafe NZ and ACC statistics show a declining trend in fatalities since 2008. Federated Farmers Health and Safety spokesperson, Jeanette Maxwell, said that the statistics show some positive results from industry efforts, with 17.5% reduction in on annual on farm fatalities since 2008. There has also been a growth in farmers using health and safety plans on farms with a significant rise in farmers buying and implementing policies around health and safety and workplace drug and alcohol policies. Ms Maxwell also highlighted a growing awareness amongst farmers that mental and physical health are also key to reduced fatalities on farm. She added that whilst no fatality is acceptable, the industry is seeing a cultural change from the hard work of the agricultural industry and its stakeholders, but just like improving water quality results take time to achieve.

Field Notes

Weekly news update from the KPMG Agribusiness Network – 19 February 2014

7

Subscribe

To subscribe to future editions of Field Notes please [click here](#).

Contact Us

Auckland/ Audit

Ian Proudfoot

09 367 5882
021 656 815
iproudfoot@kpmg.co.nz

Christchurch

Andrew Hawkes

03 353 0093
027 508 0135
ahawkes@kpmg.co.nz

Farm Enterprise

North Island

Julia Jones

07 858 6553
027 524 8901
julijones1@kpmg.co.nz

Hamilton/ Taxation

Rob Braithwaite

07 858 6517
021 586 517
rbraithwaite@kpmg.co.nz

Financial Advisory Services

Gary Ivory

09 367 5943
021 932 890
givory@kpmg.co.nz

South Island

Brent Love

03 683 1871
027 528 1537
blove@kpmg.co.nz

Tauranga

Robert Lee

07 571 1773
027 451 1035
relee@kpmg.co.nz

Risk Advisory Services

Jamie Sinclair

09 363 3460
021 475 735
jpsinclair@kpmg.co.nz

Wellington

Graeme Edwards

04 816 4522
027 296 5050
gdedwards@kpmg.co.nz

Business Advisory Services

Hamish McDonald

07 858 6519
021 586 519
hamishmcdonald@kpmg.co.nz

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

The information provided herein is of a general nature and is not intended to address the circumstances of any individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received nor that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2014 KPMG, a New Zealand partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (KPMG International), a Swiss entity. All rights reserved. The KPMG name, logo and "cutting through complexity" are registered trademarks or trademarks of KPMG International Cooperative ("KPMG International").

KPMG and the KPMG logo are registered trademarks of KPMG International Cooperative ("KPMG International"), a Swiss entity.