

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**

4 June 2014

Organisations referenced in this week's Field Notes include:

AgResearch	Food Workers Union
Alliance Group	Green Party
Aotearoa Fisheries	Ironside Management Services (Twelve Oaks Poultry)
ASC Fine Wines	Irrigation New Zealand
Australian Competition and Consumer Commission	Kelly Logging and Trinder Engineers
Australian Egg Corporation Ltd	Labour Party
Ballance Agri-Nutrients	Lincoln University
Beef + Lamb New Zealand	Ministry for Primary Industries
Cloudy Bay Vineyards	Nestlé
Constellation Brands	New Zealand Pork
Council of Trade Union	Niwa
Dairy Partners Americas	Northland College
Delta Wine Company	Overseas Investment Office
Direct Capital	Sanford
Ernslaw One	Scales Corporation
Farm Pride Foods	Sealord Group
Federated Farmers	Venture Southland
Fonterra Co-operative Group	

This week's headlines

Dairy	Fonterra's lower 2015 milk forecast to be drag on NZ GDP, gave less impact on earnings [28 May/ The National Business Review]
Water	Degraded state of rivers pinpointed by Irrigation NZ [29 May/ The National Business Review]
Environment and emissions	Greens unveil bold carbon tax plan [1 June/ NZ Herald]
Research and development	High hopes for PGP research [29 May/ Business Day]
Farmers and producers	Backlash follows wage law change [30 May/ Otago Daily Times]

Horticulture

Scales tip July IPO [3 June/ NZ Herald] Agribusiness company Scales Corporation said it was considering an initial public offering and a listing on the NZX, with the majority shareholder Direct Capital reducing its 84 percent share while still maintaining a cornerstone shareholding. The company is involved in the apple growing, packing and exporting, logistics, storage and in food ingredients. A prospectus is expected to be released in mid-June with the company expected to list in late July.

Viticulture

Marlborough land deals go ahead [2 June/ Business Day] The Overseas Investment Office decision summaries for six land purchases in April showed that two of the purchases were for vineyards in Marlborough. French and British owned Cloudy Bay Vineyards acquired approximately 34.7 hectares at Delta Lake Heights, Waihopai from the Delta Wine Company for an undisclosed price. The decision summary stated that Cloudy Bay was a long-established owner and operator of vineyards in Marlborough, with its wine exported to over 30 countries. The Office said that Cloudy Bay was seeking the Waihopai land and vineyard in order to produce high quality pinot noir in large volumes to meet its expanded targets. The Overseas Investment Office stated that the purchase satisfied the requisite "substantial and identifiable benefit to New Zealand" legal test by providing jobs and increased export earnings. The second vineyard purchase was by American company Constellation Brands of approximately 12.1 hectares in Redwood Pass, Marlborough from Andrew Graham for an undisclosed price, in order to expand its vineyards and winery business. The "substantial and identifiable benefit to New Zealand" test was met through providing jobs, increased export earnings, greater productivity and efficiency, as well as increased processing of primary products. Malaysian family owned Ernslaw One also purchased 513.9 hectares in Marlborough's Waihopai Valley for \$780,000 from Peter Thomas Smith to be converted to forestry, with the "substantial and identifiable benefit to New Zealand" test satisfied by providing jobs, increased export earnings, greater productivity and additional investment for development purchases, as well as providing protection for indigenous vegetation and fauna and greater walking access.

Fishing and aquaculture

Sanford first half profit slips on cheap tuna and mackerel [28 May/ The National Business Review] Sanford reported a 17 percent decline in profit to \$11.7 million and 9.6 percent decline in sales to \$221.1 million for the six months ended March 31, driven by lower prices for pelagic species such as skipjack tuna and blue mackerel, while maintaining its first half dividend at \$0.09 per share. Sanford's New Zealand earnings declined 23 percent to \$11.3 million, whereas the company's Australian unit recorded a profit of \$183,000 from a loss of \$1.1 million the previous year. Consumer sales in New Zealand amounted to \$42.3 million (up 7.6 percent), North American sales \$38.4 million (up 34 percent), Australian sales \$39.6 million (from \$44 million), while European sales remained largely constant at \$29.8 million. Sanford is to acquire the mussel farming and processing assets of Greenshell NZ Ltd and Greenshell Investments from its receivers. Sanford said that if weather permits, it expected aquaculture and fishing operations to exceed that of the previous year.

Dairy

Fonterra and Nestlé overhaul Latin American joint venture [28 May/ The National Business Review] The Fonterra Co-operative Group and Nestlé are overhauling their Latin American joint venture, with Fonterra Co-operative Group taking a 51 percent share in Dairy Partners Americas Brazil, which commercialises chilled dairy products, while the Co-operative and a local partner acquires Nestlé's share of the DPA Venezuela. The Co-operative will sell its share in the DPA milk power manufacturing business and DPA Ecuador to Nestlé for an expected \$96 million. Fonterra Managing Director Latin America, Alex Turnbull, highlighted the benefits of rapid urban growth markets such as Brazil, where a focus on healthy nutrition is driving demand for dairy products. The change in the joint venture agreement is conditional on regulatory approval. The Fonterra said that DPA produces over 900,000 metric tonnes of dairy products per annum, with approximately \$3.5 billion of revenue from consumer dairy, food service and dairy ingredients.

Fonterra's lower 2015 milk forecast to be drag on NZ GDP, gave less impact on earnings [28 May/ The National Business Review] The Fonterra Co-operative Group announced its initial forecast of the farmgate milk payout for the coming season at \$7 per kilogram of milk solids, from \$8.40 per kilogram of milk solids for the current season. Dairy product prices have declined 23 percent since Fonterra record payout forecast in February of \$8.65 kg/ms. The Co-operative confirmed the guidance it gave in December for 2014 earnings before interest and tax of \$500 million to \$600 million. The dividend forecast remained unchanged at \$0.10 per share. The company expects next season's milk supply to increase 2 percent to 1.62 million kilograms of milk solids. ANZ Bank rural economist, Con Williams said that although the reduction in the payout will cost the domestic economy approximately \$2.6 billion (approximately 1.1 percent of gross domestic product) in the next 18 months, farmers' cash flow is likely to be similar to the previous 12 months. Fonterra has highlighted it will spend an additional \$400 to \$500 million, over the next three to four years, targeted at increasing capacity in order to reduce product mix constraints. Fonterra CEO, Theo Spierings predicts more volatility in global markets, and expects supply-demand balance to be impacted from factors such as strong Chinese demand and import and local production pressure in Russia.

Red meat

Alliance considering pool payment [28 May/ NZ Farmers Weekly] Alliance Group chairman, Murray Taggart announced the possibility of a pool payment (first in two years) and the planned rollout on October 1 of a new yield payment system based on different price premiums for the primal shoulder, leg and loin cuts. Farmers currently receive an extra \$4.20 per head if 80 percent of supplied lambs meet yield thresholds and an extra \$6.00 per head if over 80 percent make the cut, but could receive more under the new system. Livestock general manager, Murray Behrent said that producing the ideal lamb could allow farmers to earn up to \$8.90 per head over and above the schedule. Mr Taggart highlighted the Alliance Group's long-term focus and said that although they did not always provide the highest schedule price, the overall offer of schedule plus yield premiums gave suppliers a better long-term return. He also said that it has the strongest balance sheet in the industry and mentioned the payment guarantee to suppliers. He said that one of the big challenges was to meet the demands of an omni-channel retail environment that consisted of a growing range of traditional and online outlets, and stated that they will be capable of supplying product to any of those channels.

Pork

Disease fears raised over pig imports [3 May/ Business Day] Industry body, New Zealand Pork, reports that 250 tonnes of pork from the US and 25 tonnes from the European Union has entered New Zealand in February, highlighted that US and European Union's fresh pork imports threaten the disease free New Zealand pork industry with the porcine reproductive and respiratory syndrome (PRRS) virus. Imports into the country have been allowed since December 2013, when New Zealand Pork failed in its final appeal to the Supreme Court to prevent a change in import rules. New Zealand Pork chairman, Ian Carter said that it was not against the importation of pork carcasses, which were turned into ham or bacon, as the PRRS virus was destroyed during processing. Mr Carter said that currently the Ministry for Primary Industries are only inspecting the imports, and that they have been asking for a testing regime since January. The Ministry for Primary Industries said that testing was not required under the import health standard. While New Zealand Pork hired consultant veterinarian epidemiologist, Erick Newman said there was a risk of an incursion within 10 years, experts hired by MPI said the risk was once in 1,227 years. Dr Newman accounted for the difference by saying that no testing was done as to how much of the virus can be anticipated in an average piece of pork when it is on the plate. Mr Carter also commented that New Zealand Pork was not happy with the current procedures on dealing with diseased waste. Mr Carter acknowledged that New Zealand does not produce sufficient pork to satisfy local demand.

Water

Farmers prepare to pay for \$90m irrigation scheme [28 May/ Business Day] Rangitata South irrigation scheme chairman, Ian Morten said that farmers supplied by the scheme intend to acquire it. The scheme is expected to be fully operational by the next irrigation season and has a total capacity of 16.5 million cubic metres. Mr Morten recognised earthmoving company owner, Gary Rooney's \$20 million contribution and his support in getting the project off the ground. Mr Rooney's design engineer, Steve Agnew said that the scheme will only start taking water from the river when it is running at 110 cumecs, and when it reaches 130 cumecs the scheme has consent to take up to 20 cumecs. The scheme is expected to be able to irrigate 14,000 hectares. Farmers' will be looking to contribute equity of approximately 20 to 30 percent, of the purchase price with the balance being raised from a financial institution. Mr Morten said that they expect to pay for the scheme over the next 15 to 25 years through the water charge.

Degraded state of rivers pinpointed by Irrigation NZ [29 May/ The National Business Review] Irrigation New Zealand released information to the media that included a map of where dissolved inorganic nitrogen levels in New Zealand fresh waterways exceeded the 0.8 milligrams per litre draft limit set by the board of inquiry into the Ruataniwha dam in Hawke's Bay, with the aim of demonstrating that the limit set by the board is too low for intensive farming. The research indicates that 10 percent of the 622 mapped sites exceed the 0.8 milligrams per litre draft limit, with majority of the affected rivers situated in Southland, Canterbury, Manawatu, Taranaki and the Waikato. Irrigation New Zealand CEO, Andrew Curtis said that having to adhere to the limits will significantly impact production as well as the local communities, and stated that reducing the environmental footprint of farming should not stagnate the economy. The board of inquiry is scheduled to make its final decision in June.

Niwa map on nutrient levels in rivers slated [3 June/ Business Day] Environmental groups have criticised Irrigation New Zealand for making misleading comments over the state of New Zealand rivers on a map it released showing nutrient levels in 10 percent of 622 rivers it sited as being above the limit set by the Tūkituki Board of Inquiry. The groups also commented that the limit set by the Board of Inquiry will apply to the average nitrogen concentration, which will be met more easily. They also criticised the Prime Minister, John Key's suggestions that the Government may intervene in the matter, stating that it could be seen to be directed at influencing the board, which is unlawful. The Land and Water Forum, which brought together industry (including Irrigation New Zealand), environmental, recreational, iwi and other organisations to develop a shared vision for freshwater and land management concluded that land use intensification has to be subjected to water quality limits. Environmental Groups suggested the board has concluded that a limit of 0.8 milligrams per litre was the highest nitrogen concentration that would protect ecosystem health while providing sustainable agricultural land use.

Environment and emissions

Greens unveil bold carbon tax plan [1 June/ NZ Herald] The Green Party has revealed a plan to tax companies in all sectors \$25 per tonne on carbon dioxide equivalent emissions, while farmers would be charged \$12.50 per tonne, with forestry credited at a rate of \$12.50 per tonne for absorbing carbon pollution. Sheep and lamb farming would initially be exempt from a carbon tax. All proceeds (approximately \$1.1 billion per year) from the carbon tax are to be returned to families and businesses with tax breaks accounting for \$250 million, income tax cuts of \$641 million and forestry credits \$186 million. The plan further suggests that all individual income under \$2,000 will be tax free and companies would receive a 1 percent tax reduction, the tax is expected to increase the cost of petrol, food and electricity. Economic consultancy, BERL analysis indicated that the increased food and electricity are likely to be passed on to consumers. The Green party estimated that once the follow on costs of price increases were taken into account, households would be better off by \$319 per year. A new independent Climate Commission to advise the Government would be established from the savings from the disestablishment of the Emission Trading Scheme. Green Party co-leader, Russel Norman commented that the Government's failure to address the problem has left New Zealand exposed. The Green party feels that the Emissions Trading Scheme is undermined due to farmers creating approximately half of all carbon emissions and the drop in New Zealand carbon credits from \$25 to \$5 giving companies less of an incentive to move to low carbon technology. While mentioning the \$174 million in insurance pay outs for weather related events and \$1.6 billion in damage from drought in the first five months of 2013, Dr Norman said that climate change was already costing New Zealanders.

Research and development

High hopes for PGP research [29 May/ Business Day] The New Zealand Institute for Economic Research's independent report commissioned by the Ministry for Primary Industries estimates that the Primary Growth Partnership's research and innovation programme which aims to increase productivity and profitability of the primary sector through shared investment in research and development could enable hill-country farmers to earn an extra \$270 per hectare, dairy farmers to earn an extra \$600 per cow, increase seafood worth by an extra \$370 per tonne and forestry by an extra \$190 per hectare. To date the programme has received \$708 million in funding, with the Government contributing \$333 million and industry co-investors contributing the remaining \$375 million. Primary Industries Minister, Nathan Guy said that the investment should be worth \$6.4 billion by 2025, and included additional benefits such as environmental sustainability and improvements to health and safety. Mr Guy mentioned the work done by organisations, including those of Ballance Agri-Nutrients on reducing nitrate and phosphorus leaching into waterways, Kelly Logging and Trinder Engineers work on a logging system to work on 40 degree slopes without the need for workers to be in dangerous areas, Aotearoa Fisheries, Sanford and Sealord Group's fish-trawling system able to haul in fish alive and the wool industry's collaboration through the New Zealand Merino Company.

Report 'justifies lolly scramble' [29 May/ Rural News Group] Labour's Primary Industries spokesperson, Damien O'Connor said that a report into the Government's Primary Growth Partnership programme is a desperate attempt by Minister, Nathan Guy to justify his gamble with the programme, ahead of an investigation by the Auditor-General. Mr O'Connor said that the NZIER report's claim that the Primary Growth Partnership has the potential to add \$11.1 billion per annum to the economy in 2025 will only work if all research and development runs flawlessly, the high targets of the programme are met and the innovations are taken up widely. The programme, which aims to promote primary sector innovation and investment in partnership with industries, has received over \$700 million in funds from the Government and farmers. Mr O'Connor criticised the programme by stating that there are no quantifiable results demonstrating how the programme will achieve its targets. He also stated that the Auditor-General will be examining how the programme funds are allocated and accounted for.

AgResearch opponents still unhappy [30 May/ Radio New Zealand Rural] The Crown Research institute, AgResearch is proceeding with its plans to transfer approximately 250 scientists and administration staff principally from Hamilton and Otago to new science hubs in Lincoln and Palmerston North, including the genomics research team, while leaving a few more than anticipated staff at the Invermay campus near Dunedin, which includes a small deer research unit. Although Federated Farmers and the national dairy and deer bodies approved the decision, former director, Jock Allison continued to criticise the move stating that a number of relevant organisations, such as Abacus Bio and Zoetus, were based in Otago are not present in the new venues.

AgResearch claims it listened to critics [30 May/ Radio New Zealand Rural] AgResearch which is to proceed with its plans to transfer approximately 250 scientists and administration staff, predominantly from Hamilton and Otago to two expanded science hubs at Lincoln and Palmerston North by 2017, but with an amendment to leave three more staff than originally anticipated at Invermay campus near Dunedin, which includes a small deer research unit said that the changes it has made to its original plan show that it has been receptive to critics. AgResearch CEO, Tom Richardson said that the main change is its decision to keep two hill country research farms that are mainly sheep, beef and deer research. Dr Richardson said that the reasons for the transfer of the animal genetics research team is to have them closely located to the other genetics staff and farms systems teams. Public sector union, PSA warned that the number of staff that will leave due to the transfer could be significant. Beef + Lamb New Zealand chairman, James Parsons has requested more details from AgResearch, expressing concerns about impacts to its interests from the restructure. He said that the move could also affect Beef + Lamb New Zealand staff, but mentioned that AgResearch has informed the organisation that it will be business as usual.

Agricultural education

Revitalised college farm is working wonders [2 June/ NZ Farmers Weekly] Northland College's dairy farm has doubled milk production, reduced costs by half and increased students studying agriculture by six times the college in. Kaikohe has received much needed Government support for training and employment prospects under a government-appointed college administrator, a dedicated principal and staff members and a new farm advisory committee. Since taking over in September 2013 by the new farm committee (with chairman, Murray Jamieson and farm manager, Loretta Smyth), milksolids production increased 70 percent from the previous period and ended the season at 90,000 kilograms, while farm costs were at \$4.70 per kilogram. The Northland College established a partnership with Lincoln University and its subsidiary Telford Farm to raise the profile of agricultural careers. Currently there are 37 students enrolled at the college farm, an increase from six students in 2012/2013, while the truancy rate has halved. In March 2014, two students from the college qualified to represent Northland in the Teen Ag competition at the 2014 Young Farmer Contest grand final. The Northland College and the Lincoln University have signed a five year strategic plan to develop and use the farm.

Food safety

Lessons from Fonterra's false alarm [28 May/ Radio New Zealand Rural] The leader of the whey protein concentrate inquiry team set up by the Fonterra Co-operative Group Board, Jack Hodder told the annual primary industry summit in Wellington that a learning point from the false botulism alarm in 2013 is to ensure there is a crisis management plan that can be put into action quickly and effectively. He highlighted its added importance for companies dealing with consumers in Asia, particularly China. Mr Hodder further stressed the need for companies to also rehearse its crisis management plan.

International

Egg Producers sought to cull chickens and destroy eggs in bid to raise prices: ACCC [28 May/ The Sydney Morning Herald] The Australian Competition and Consumer Commission (ACCC) is taking court action against the Australian Egg Corporation Ltd (with approximately 100 to 150 producer members), its managing director James Kellaway and two directors Jeffrey Ironside and Zelko Lendich, as well as Ironside Management Services (Twelve Oaks Poultry) and Farm Pride Foods, by accusing them of attempting to create a cartel to manipulate egg prices. The ACCC is accusing the Egg Corporation of telling its members to kill hens two weeks earlier than usual to avoid oversupply. The Commission is also alleging that the Corporation met early in 2012 for an oversupply crisis meeting with the top 25 egg producers, where Mr Kellaway said that if a producer's output grew in excess of 5 percent over three years, birds should be killed up to eight weeks prematurely and eggs donated to Foodbank. ACCC chairman, Rod Sims highlighted the importance of industry associations being aware of competition compliance issues when bringing competing firms together. NSW Farmers' egg committee chairman, Bede Burke said that egg prices or manipulation were never mentioned at the 2012 crisis meeting. The Corporation said it would co-operate with the court.

Dairy farm incomes surge by 31% due to high milk prices [28 May/ The Irish Times] Dairy farmers' income increased 31 percent in 2013 due to high milk prices and strong growth output, with the average farm income reaching EUR 64,371 in 2013, whereas the national farm average income was EUR 25,639 (up 1 percent), according to Gap Teagasc. An agriculture and food development authority national survey indicated a wide disparity in farm incomes, with tillage farms averaging EUR 29,907 in 2013 (down 20 percent), cattle rearing farms averaging EUR 15,595 (down 13 percent) and sheep farms averaging EUR 11,160 (down 39 percent). Despite the income rise on dairy farms, there was an 11 percent increase in production costs. The average Irish farm's direct payments declined 8 percent in 2013 due to reductions in single payment receipts, agri-environment payments and the ceasing of the suckler cow welfare scheme. Kevin Hanrahn of Teagasc said that the strong dependency of incomes on direct payments demonstrates that cost of production is far in excess of returns from the market, with direct payments averaging at EUR 18,006 on sheep farms in 2013, amounting to 161 percent of farm income.

Anger over coup trumps payout to Thai farmers [28 May/ The New York Times] Thailand's military ordered the country's banks to lend the Government 92 billion baht (USD 2.8 billion), to enable the new regime to pay the funds to rice farmers to cover outstanding support payments the over the over thrown government had failed to make. The payments were targeted at raising incomes in rural provinces. The Bangkok establishment criticised the subsidies, stating that it was a wasteful and corrupt scheme, while Thai newspapers quoted farmers praising the military in highly formal language. It is thought that the rice payments were an apparent attempt by the military generals to demonstrate a compassionate side towards poorer provincial voters.

Organic farmer loses GM canola fight in court [29 May/ NZ Farmer] Justice Martin, sitting in the West Australian Supreme Court ruled against a West Australian organic farmer, Steve Marsh who was suing Michael Baxter, claiming that he lost organic certification for over half of his farm after genetically modified canola drifted onto his land from Mr Baxter's property. Justice Martin said that it was not shown that there had been "any reasonable interference" by Mr Baxter. It was said that Mr Baxter was growing a lawful genetically modified crop using harvest methodology, swathing, which was entirely orthodox. Justice Martin also said that Mr Baxter could not be held responsible in law for the reactions of the organic certification body, NCO. Greens MLC Lyn McLaren criticised the outcome of the West Australian laws and what he called the dismissal of voluntary regulation practices, which could have prevented the contamination of Mr Marsh's organic crops. Mr McLaren said that the Greens will continue to pursue a fairer system.

Agriculture minister open to the idea of using GM technology [29 May/ The Times of India] India's newly appointed union agriculture minister Radha Mohan Singh said that the Government will use genetically modified technology to increase farm productivity if it is absolutely necessary. Mr Singh also highlighted plans to launch other schemes in the farm sector, including a nationwide rural irrigation programme and a new insurance scheme to protect farmer incomes and impacts from crop failure. He mentioned that 44 percent of the country's cultivable land was deprived of irrigation facilities, affecting the majority of the small farmers across the country. The Minister has asked officials to prepare a roadmap to implement all the "doable" suggestions that are reflected in the BJP's manifesto within 100 days, which includes amendments to the Agriculture Produce Marketing Committee Act and cooperative laws. The Minister also stated that the Government will be taking a decision soon on the proposal to fix the minimum support price of Kharif crops, while mentioning its long-term plan set the minimum support price at 50 percent higher than the cost of production. Mr Singh also mentioned the setting up of more central agriculture universities in different parts of the country.

Adjusting to the end of conspicuous consumption [31 May/ South China Morning Post] One of the Chinese mainland's largest fine wine importers, ASC Fine Wines are targeting online consumers in their 30s, 40s and 50s who are purchasing red wine costing around 100 Yuan a bottle, at a time where wine sales are falling due to the Communist Party's crackdown on extravagance. ASC Fine Wines CEO, John Watkins highlighted the opportunity in wine e-commerce by saying that wine accounts for 34 percent of alcohol purchased online in China, while it only accounts for 5 percent of offline alcohol sales. ASC Fine Wines portfolio of approximately 100 suppliers includes wineries in Bordeaux and Burgundy as well as Penfolds and Wolf Blass in Australia. According to Vinexpo, the mainland's overall wine consumption decreased by 2.5 percent in 2013, the first decrease in 10 years. The mainland's customs agency commented that red wine imports declined 18 percent by volume and 20 percent by value year on year in the first quarter of 2014, while Australian customs statistics indicated that bottle wine exports to the mainland declined 7 percent to 33 million litres in 2013, but the average value of bottled exports was 3 percent higher at Australian dollars 6.55 per litre. Mr Watkins said that between 2008 and 2012, as much as 50 percent of all premium wine was related to Government spending, whereas austerity measures meant approximately 80 or 90 percent of purchases were eliminated. Although sales were flat last year, Mr Watkins expects red wine sales on the mainland to increase this year.

Agribusiness strategy

Funding sought to get young into agriculture jobs [23 May/ Otago Daily Times] Venture Southland is seeking between \$200,000 and \$300,000 in funding over three years for its Southland Futures project, which is designed to help the region's unemployed youth find jobs in the agricultural sector by developing improved connections between schools and the industry. The project would also provide mentoring for young people and deliver a work experience programme as well as working with education bodies, Federated Farmers, Young Farmers, industry representatives and employers to develop career pathways. Additionally, the strategy plans to establish a "Good Employer" standard or rating system. Venture Southland enterprise and strategic projects group manager, Steve Canny said that its survey of pupils in December 2013 has found that not many were considering careers in the agricultural sector. The Southland Futures Primary Industry Careers for Young People draft report has highlighted many Southland employers mentioning challenges around recruitment, with several industries reporting labour shortages. The report mentioned that of those aged 15 to 19, Southland had unemployment or out of education rate of 9 percent, with Gore reporting 10 percent and Invercargill reporting 22 percent. The Rural Contractors New Zealand members had reported 200 hard-to-fill seasonal and full-time vacancies around the region.

Farmers and producers

Backlash follows wage law change [30 May/ Otago Daily Times] Trade unions have criticised the Government and dairy farmers following the announcement by Labour Minister, Simon Bridges on the changes to the Minimum Wage Order, which allows employers to set off payments for work in one week against payments due the following week. The decision comes after a court ruled that the longest period which salaried workers could be assessed for Minimum Wage Act compliance was one week. Mr Bridges said that the ruling does not reflect current work practices, such as those of salaried employees on fortnightly rosters. Council of Trade Union general counsel, Jeff Sissons said that the change could result in pay reductions for workers that are earning close to the minimum wage, as well as incentivising employers to require longer work hours from employees. This along with proposed changes to remove guaranteed breaks would result in greater exhaustion and more accidents. Service and Food Workers Union national secretary, John Ryall accused the Minister of helping National Party dairy farmer friends at the cost of low income workers and amidst unions' concerns. Mr Bridges said that the minimum wage rate meant that employees would be paid for every hour of their work, and employers should keep accurate records.

Big issues at High Country conference [30 May/ Rural News Group] Federated Farmers High Country spokesperson, Chas Todhunter said that they will be addressing big issues such as what it means to be a 'Good Neighbour' and what it means to achieve positive outcomes, at its High Country Conference next week in Queenstown. Mr Todhunter mentioned that Green Party spokesperson, Eugenie Sage and Associate Primary Industries Minister, Jo Goodhew will be attending the event with both political parties speaking at the conference. He said that the conference will also be focusing on how neighbours can work together in regards to water and nutrient management and the ongoing battle of pest control. Highlighting the need for collaboration, he praised the Department of Conservation's increasing willingness to involve the wider community in its work and decision making. Mr Todhunter mentioned that the Department of Conservation Director-General, Lou Sanson will be presenting on how the "partnership" principles are developing.

Subscribe

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

Field Notes

Weekly news update from the KPMG Agribusiness Network – 4 June 2014

7

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

juliajones1@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.