cutting through complexity

AGRIBUSINESS

FIELD NOTES

Weekly news update from the KPMG Agribusiness network

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HOT OFF THE PRESS:
KPMG AGRIBUSINESS AGENDA 2014 VOLUME 1

30 July 2014

Organisations referenced in this week's Field Notes include:	
AgResearch	MyFarm
Alliance Group	National Farmers Union (Great Britain)
Association of Freshwater Anglers	New Zealand Kiwifruit Growers
Beef + Lamb New Zealand	New Zealand Pork
Capital Peak Asset Management	New Zealand Winegrowers
Charoen Pokphand Group	Ngai Tahu Farming
CoBank	Sainsburys
Economists at Large	Scales Corporation
Energy Efficiency and Conservation Authority	Sealord Group
Environment Canterbury	Shanghai Husi Food
Federated Farmers	Shanghai Municipal Food and Drug Administration
Fish & Game Council	Smithfield International Inc
Fonterra Co-operative Group	Starbucks Corporation
Forest Industry Contractors Association	Techion Group
Green Party	Tesco
Horticulture New Zealand	The Reserve Bank
Irrigation New Zealand	Tyson Foods Inc
Itochu Corporation	US Department of Agriculture
JBS	US OSI Group
Labour Party	Villa Maria
Livestock Improvement Company	Westpac NZ
Meat Industry Association	WH Group Ltd
Meat Industry Excellence Group	White House Rural Council
Ministry for Primary Industries	Zespri

This week's headlines	
Horticulture	**Scales shares edge lower on debut** [25 July/ NZ Herald]
Fishing and aquaculture	**Sealord appoints new CEO** [24 July/ The National Business Review]
Dairy	**Fonterra cuts milk payout** [29 July/ Business Day]
Pork	**Pork industry signs biosecurity deal** [23 July/ Radio New Zealand Rural]
Environment and emissions	**Nick Smith denies bullying Fish and Game** [28 July/ Stuff Politics]

Horticulture

Seasonal worker scheme expanded [23 July/ Radio New Zealand Rural] The Government has increased the Recognised Seasonal Employer worker cap from 8,000 to 9,000. Horticulture New Zealand CEO, Peter Silcock said that while the industry's priority is to employ New Zealanders, overseas workers will also be needed. NZ Kiwifruit Growers' president, Neil Trebilco expects seasonal workers to increase as the industry recovers from the Psa disease. Mr Silcock said that there were talks with the Government to establish a similar scheme for domestic workers where workers from other regions of New Zealand move into production regions for seasonal work. He also highlighted discussions with the Government about how it could lead to fulltime employment and how the processes around this can be improved.

Gold surge tipped for Zespri [25 July/ NZ Farmers Weekly] Zespri CEO, Lain Jager highlighted to growers at the Group's recent Annual General Meeting that the record prices of $12.91 gross a tray for gold fruit due to the low harvest volume (11.1 million trays - resulting from the grafting change from the Hort16a variety to the more Psa-tolerant Gold3 and associated varieties) would not be permanent, as unprecedented growth is expected next season. He attributed the $250 million drop in revenue (to $1.256 billion) to the 13.5 million tray drop in gold kiwifruit. It is expected that gold prices will decline to approximately $7 per tray as production increases towards 50 million trays per annum by 2018. Mr Jager said that with 4,800 hectares of gold kiwifruit already planted, there will be no new licences issued for next season. Mr Jager highlighted that Zespri is targeting to grow demand to address the surge in expected volume, with heavy investment in processes and people to support the growth, which will result in an increase in the company's overheads. He said that the continuing growth in China (currently 9 percent of sales) is expected to provide strong demand over the next five years. He also highlighted the 13 percent increase in green fruit returns and noted the impacts from a strong dollar, saying that if the dollar did not fall over the next two years, green kiwifruit prices could drop to $4.50 per tray. Mr Jager said that the future of the Gold9 variety was uncertain, with its tendency to shrivel on the shelf.

Scales shares edge lower on debut [25 July/ NZ Herald] The fruit marketer, Scales Corporation's share price has declined to $1.59, from its July 25 initial public offering price of $1.60, which valued the firm at $224 million. The current investors, private equity company, Direct Capital Investments, the New Zealand Superannuation Fund and Accident Compensation Corporation have retained a cornerstone shareholding of 20 percent in the company following the initial public offering. The offer raised $148 million, with $30 million new capital that will be allocated to debt payments. Scales Managing Director, Andy Borland expressed his satisfaction that approximately 50 percent of the offer has been subscribed to by New Zealand retail investors, and emphasised the Group's aspiration to maximise the opportunities available through a fast growing Asian sector. With forecasted net profit of $15.9 million in 2014 and $20.8 million in 2015 (from $20.4 million in 2013), the company anticipates a dividend payout of between 9.4 cents and 9.6 cents per share, indicating a gross dividend yield of 7.2 to 8.2 percent for the 2014 financial year.

Viticulture

NZ wine favoured by British [25 July/ Business Day: NZ Farmer] Nielsen figures indicate that New Zealand has surpassed Australia to become the number two country of origin in Britain for wine sold for over $13.85 (GBP7.00), with New Zealand wines constituting 18 percent of all wines sold in the premium price segment in Britain, while Australia holds a 16.7 percent market share. Villa Maria founder, George Fistonich said that New Zealand had potential to surpass France to the number one spot for wines sold for over $13.85. New Zealand Winegrowers global marketing director, Chris Yorke said that while France's market share increased by 11 percent last year, New Zealand's market share increased by 31 percent.

NZ Winegrowers stunned by criticism [28 July/ Radio New Zealand Rural] Australian wine icon Wolf Blass said wine companies from New Zealand had claimed approximately $25 million in rebates through Australia's Wine Equalisation Tax scheme which was designed to promote Australian wines. New Zealand Winegrowers CEO, Philip Gregan said that the rebate is a result of the Closer Economic Relations trade agreement that has been in place for the past 30 years. Mr Gregan criticised the attack and mentioned that Australia has a higher share of the New Zealand wine market than New Zealand's share of the market in Australia.

Arable and seeds

Bad weather renders seeds worthless [24 July/ Business Day: NZ Farmer] Federated Farmers Grain and Seed industry group vice-chairman, David Clark said that the bad weather had a severe impact on the quality and germination percentage of carrot and radish seed crops. While some farmers were aware that their seed crops did not meet the required standard, others were in the process of conducting quality tests, with the prospect of having to discard the crop if they do not meet contractual specifications. Mr Clark highlighted the tight margins and the need for every crop to meet the specifications. He said that in some instances, 15 to 20 percent of farm income was from carrot or radish seeds. Although wheat and barley crops have been downgraded, they are able to be redirected as animal feed. The shortage of feed grain meant that feed barley was selling at a higher price than its alternative use for malting. If the trend towards decreasing arable crops continued, there would be a heavier reliance on imports. Mr Clark said that the strong demand for feed crops was due to the conversion to dairying and the decline in arable farming. Despite the poor harvest, seeds would not be in short supply as overseas companies managed their risk by holding extra stocks each year. As a result of the poor harvest, Mr Clark expects some farmers to convert to dairying and for some to move to lower value vegetable type seeds to reduce their risk. He said that without high value vegetable crops, it is difficult to maintain an economically sustainable arable business. The worst affected areas were inland mid Canterbury, parts of South Canterbury, North Otago and around Leeston and Oxford areas of central Canterbury.

Honey

Report focuses on health of bee population [29 July/ Radio New Zealand Rural] A report by the Primary Production Select Committee is expected to support industry efforts to conduct a national bee population survey to establish a clearer indication of the status of bee colonies in New Zealand. The report will also address the link between Colony Collapse Disorder overseas and the systemic insecticides known as neonicotinoids. The Green Party primary industries spokesperson, Steffan Browning criticised the lack of monitoring and direct research around neonicotinoids in New Zealand.

Forestry

Forestry workers condemn road delays [24 July/ Radio New Zealand Rural] Logging operators affected by Northland's storm have said that although farmers affected by the flood are receiving support, with many of the smaller roads in the Far North barely usable following the Northland's storm, trucks and forestry contractors are left unable to get into fell trees or move the logs to port. Forest Industry Contractors Association CEO, John Stulen estimated the loss to contractors up to date at hundreds of thousands of dollars. Mr Stulen stressed the impact felt due to the delays in getting roads re-opened. He said that forestry contractors will be informing the Economic Development Minister, Steven Joyce of the impact from the road damage and delays in Northland.

Water

Farmers make energy and water savings [28 July/ Business Day: NZ Farmer] Twelve farmers who took part in a pilot project targeted at implementing energy efficient measures to their irrigation systems, run by the Energy Efficiency and Conservation Authority and Irrigation New Zealand identified average savings of $7,444 per year on electricity, with a payback period of 3.5 years on a $25,888 capital investment. Farmers found they were able to reduce water usage on between 10 and 15 days over a six month season, adding to the energy savings achieved. Irrigation New Zealand's Paul Reese said that a typical system could operate at a cost of $400 to $500 a day. Demands on energy infrastructure are anticipated to increase with some forecasts suggesting a further 350,000 hectare of irrigation coverage over the next 20 years. Irrigation New Zealand's conservative estimates indicate that energy savings could result in a 10 to 20 percent improvement in performance, translating to 110,000 to 220,000 megawatts per year.

Fishing and aquaculture

Sealord appoints new CEO [24 July/ National Business Review] Current McCain Foods Australia CEO, Steve Yung will be taking over from Graham Stuart as the new Chief Executive Officer of Sealord, effective August 25. Sealord Group chairman, Matanuku Mahuika highlighted Mr Yung's extensive experience in the multi-national food manufacturing industry. According to a Sealord statement, Mr Yung has commented that he is looking forward to joining a company with an increasingly growing focus on customers, an innovative approach to sustainability leadership and a proven history of shareholder returns.

Protecting dolphins 'small price to pay' [28 July/ Stuff Politics] Over 50 percent of the 1,000 New Zealanders questioned in an independent survey conducted by Australian sustainable economics firm, Economists at Large said that they would be happy to pay a tax to save the severely threatened Maui's and Hector's dolphins, with most participants saying that an annual tax between $1 and $15 is acceptable. The latest Department of Conservation figures indicated the remaining adult dolphin population to be 55 Maui dolphins and 7,200 Hector dolphins, with numbers having declining steadily over the recent decades. As an alternative, almost 66 percent of New Zealanders would be in favour of a rise in the cost of fish at the supermarket if it reduced the number of dolphins killed, with a third willing to pay up to $3 per kilogram more. The survey also indicated that 80 percent wanted greater protection by the New Zealand Government to ensure the survival of the two dolphin sub-species.

Dairy

Fonterra signals Canpac job cuts [24 July/ NZ Herald] Fonterra's second largest packager of milk powders, the Canpac operation in Hamilton is contemplating laying off up to 110 of its 330 employees, partly in response to last year's botulism scare and the tightened quality control conditions imposed by China, with plans to have the plant running 24 hours, five days a week rather than the current 24 hours, seven day week. Fonterra said that the change will include the operation packing higher value paediatric nutrition lines. Employees were told that the plant was running below capacity and that changes were needed. Fonterra's Director of New Zealand operations, Robert Spurway said that formal staff consultations will begin next week, with the proposed change expected to be enacted by late August or early September.

Don't write off dairying, MyFarm says [25 July/ Radio New Zealand Rural] Although the average whole milk powder price at the GlobalDairyTrade auctions has declined 28 percent since February and there is speculation that Fonterra will drop the forecast $7 per kilogram of milksolids price, MyFarm executive director, Andrew Watters said that a pessimistic view of dairy farming is premature. He said that the long term outlook for the industry was the same as it was last year, although there may be some fluctuations in prices, this just highlighted the need to continually control cost structures and debt levels. Mr Watters said that although the co-operative was likely to lower the payout forecast this season to the lower end of the $6 mark, it would increase during the season, backed by a recovery in demand.

Fonterra cuts milk payout [29 July/ Business Day] Fonterra has cut its new season forecast to $6 per kilogram milk solids with the dividend expected to be 20 to 25 cents per share. Fonterra expect the milk supply to increase in the coming season resulting in an estimated milk payout to farmers of $9.7 billion, a sharp fall on the estimated $13 billion for the current season. Westpac chief economist, Dominic Stephens, said the announcement will come as a shock to many farmers and noted that the final payout for 2014/15 still remained very uncertain with much hinging on the future auction results. Mr Stephens said that Westpac expect a substantial recover in auction prices but not until the last quarter of the year. Fonterra's CFO, Lukas Paravicini, said the lower forecast was due to an increase in supply combined with weak demand in some markets, adding it does actually include an expectation for global dairy prices to go up somewhat. Mr Paravicini said that the co-operative was confident that Chinese buyers would come back to the market at some point. John Wilson, Fonterra Chairman, noted that the drop in returns would impact farmers' cash flows and urged farmers to show caution with on farm budgets in light of the continuing international volatility. The initial forecast for the season was $7 per kilogram milksolids but prices have fallen by a third on the GlobalDairyTrade auction since January with the issues being heightened by a stubbornly high kiwi dollar, which has not fallen in line with commodity prices.

Red meat

UK farmers told to stop bleating about NZ lamb [24 July/ Business Day: NZ Farmer] Federated Farmers Meat and Fibre spokesman, Rick Powdrell criticised Britain's National Farmers Union for complaining about top New Zealand lamb cuts selling for more than $10 per kilogram less in the UK than they are selling for in New Zealand rather than focusing on addressing the drop in consumption (from 368,000 tonnes in 2008 to 277,000 in 2012). The Labour Party's primary industry spokesman, Damien O'Connor criticised the move by New Zealand exporters to sell to supermarket chain Tesco, which in turns sells the lamb as a loss leader. Earlier in the week, UK farmers protested at the Royal Welsh Show calling for fairer returns for farmers and an end to meat imports, as well as criticising the lack of Tesco's backing for the local industry. Mr O'Connor criticised New Zealand exporters for selling New Zealand lamb at prices lower than Welsh lamb, saying that it indicates New Zealand lamb is inferior. Meat Industry Association CEO, Tim Ritchie said that he did not think New Zealand exporters were underselling lamb, and that they cannot be held responsible for the actions of the supermarket.

Alliance group CEO stepping down [25 July/ Rural News Group] The Alliance Group CEO, Grant Cuff will be stepping down from the position in December 2014. Alliance Group chairman, Murray Taggart said that the group is in a strong position to continue moving forward and praised Mr Cuff for his leadership and commitment to overcome the challenges in the industry and to maintain its position as New Zealand's largest sheepmeat exporter. Mr Taggart said that Mr Cuff's focus on quality livestock, quality products and efficient processing has enabled the group to be more selective in its customer base and target the premium end of the market. The board will commence its search for a replacement immediately to facilitate a smooth transition.

Sainsbury's fund lamb R&D [27 July/ Business Day: NZ Farmer] Dunedin based Techion Group has received research and development funding from UK supermarket giant Sainsbury's, instigated by the supermarket's concerns over sustainable and safe lamb supplies. The funding (understood to be approximately GBP 200,000) will be allocated to further developing Techion's new cloud based sheep parasite diagnosing system, FecPakG2. The technology allows farmers to avoid the need for a vet and reduce the amount of drenching required. The funding will help distribute the FekPakG2s to New Zealand lamb farmers who supply meat to the exporter, Alliance Group. Techion founder, Greg Mirams said that Sainsbury's aim is to help New Zealand farmers by making them more competitive, in order to maintain New Zealand lamb supplies and reassure its customers that its meat is sourced from sustainable and non-chemical dependent farms. The Sainsbury's partnership would aid Techion's plans to establish itself in the UK, Germany, France and Scandinavia.

MIE business plan a road to reform [29 July/ Otago Daily Times] The Meat Industry Excellence Group said that it will provide farmers with a business plan for the reform of the red meat sector. The group has received $219,000 of funding from Beef + Lamb New Zealand to facilitate reform in the industry. Beef + Lamb New Zealand chairman, James Parsons said the board had worked with the group since the farmers' vote supporting a Meat Industry Excellence remit, and it was confident that a comprehensive business plan has been developed. Meat Industry Excellence chairman, John McCarthy highlighted the potential for attrition, especially at the board and senior management levels, if the industry is to address the structural barriers within the industry. He emphasised that while the Meat Industry Excellence provides choices, the decisions are for the farmers to make. Mr McCarthy said that both farmer and industry support would be needed to complete the project.

Pork

Pork industry signs biosecurity deal [23 July/ Radio New Zealand Rural] The pork industry signed a new biosecurity agreement with the Government, where the industry shares the cost of biosecurity and in return obtains a larger influence on how the Ministry for Primary Industries conducts biosecurity relating to the sector. New Zealand Pork chairman, Ian Cater said that he had concerns as to how biosecurity was currently managed, but the deal will allow the industry access to the decision making process. Referring to the recent animal welfare issues in the industry, Mr Carter acknowledged that there were issues at some farms, and said that new systems are being implemented at the farm level to address these.

Rural infrastructure

Genetics company trades off profit for R&D investment [25 July/ National Business Review] Livestock Improvement Corporation's revenue increased 6 percent to $211 million to the year to May 31, but profits declined 24 percent to $18 million, with dividends reducing by 33 percent to $11.17 million as the co-operative invested heavily in its information systems and research and development. LIC chairman, Murray King highlighted reinvestment as the reason for the drop in profits. Mr King mentioned the co-operative's new strategy is being implemented including a focus on the international business, particularly the UK, Ireland, Brazil and China, with ambitions to grow revenue significantly. Earnings before interest and tax declined 7.2 percent to $25.3 million, while assets increased 8 percent to $283.8 million. Earlier in 2014, the co-operative commenced its plan to increase revenue from just under $200 million in the 2012/13 financial year to $1 billion by 2025.

Environment and emissions

Nick Smith denies bullying Fish and Game [28 July/ Stuff Politics] The Conservation Minister, Nick Smith said that he was contemplating taking legal action against Association of Freshwater Anglers president, David Haynes, who accused Mr Smith of political interference. The allegations were based around a series of billboards that called for greater protections to maintain clean rivers and lakes and Mr Smith's alleged behaviour at a Fish & Game Council meeting in Wellington in June, where Mr Haynes said he was chastising the board of Fish & Game, which could be construed as political interference. Mr Smith released a page of handwritten notes taken at the meeting by the official from the Department of Conservation's head office responsible for Fish & Game, which indicated a very different account of the interaction to that Mr Haynes presented. Mr Smith denied any political interference and said the allegations that he had accused Fish & Game of interfering in the Government's economic agenda were false. Mr Smith said that Fish & Game does need to work with industries such as agriculture and irrigation to achieve the best outcomes for freshwater quality. Labour Party conservation spokeswoman Ruth Dyson said Mr Smith has overstepped the mark as a minister.

Research and development

Fears many AgResearch staff leaving [25 July/ Radio New Zealand Rural] Labour MP for Dunedin North, David Clark said that he believes AgResearch has lost over 10 percent of its workforce since the announcement of its controversial Future Footprint restructuring plans, and said that the percentage could be as high as 20. He highlighted that based on feedback he has been receiving from the sheep sector, many are enraged at the situation. AgResearch disputed the 20 percent figure and said that staff turnover is at approximately 7 percent. Mr Clark accused AgResearch of not being transparent and stressed that farmers were aware that scientists were leaving the organisation.

International

Corn crash: glut hits prices [22 July/ The Globe and Mail] The anticipated record corn crop in the US is resulting in dramatic drop in prices, with farmers attempting to forward sell as much of their crops as possible. Some farmers expect to hold some of the crop in anticipation of better market conditions in the future. Prices for corn have fallen by 27 percent in the past 12 months on the Chicago Board of Trade to approximately USD 3.70 a bushel. A commentator said that the US grain crop could surpass the government estimates of 171 bushels an acre. Although the unrest in Ukraine aided corn and wheat prices, the large US crop is currently driving global market conditions. Mr Suderman said that corn producers in the Black Sea region, Brazil and Argentina are keeping an eye on the US market and are planning on limiting supplies if the high prices continue, which will contribute to an increase in prices.

WH aims to raise $2b in scaled-down public float [23 July/ China Daily] A source with direct knowledge said that the Chinese pork producer, WH Group Ltd is planning to raise USD 2.05 billion in a scaled down Hong Kong initial public offering, with a fixed share price of HKD 6.20 (valuing the company at 11.5 times the estimated 2014 earnings), which is less than the HKD 8.00 to 11.50 range the group proposed in its first attempt at a Hong Kong initial public offering. The group is intending to use part of the funds raised to pay off the debt relating to the Smithfield International Inc purchase. The source also mentioned that the offering will consist only of primary shares, precluding sale by existing shareholders, including CDH Investments, New Horizon, Goldman Sachs and Temasek Holdings Pte Ltd.

China probes food businesses: Hong Kong bans imports in meat safety scare [24 July/ Reuters] Hong Kong said that it has suspended all imports from the US OSI Group owned Chinese supplier Shanghai Husi Food, which supplies to foreign fast-food brands (including KFC, McDonald's Corporation and Starbucks Corporation), based on allegations is has supplied out-of-date meat. The Shanghai Municipal Food and Drug Administration said that it has visited almost 581 food related facilities, with Chinese police, local Government and prosecutors now involved in the case. McDonald's and Japanese convenience store, FamilyMart Co Ltd said that they had removed certain Shanghai Husi Food supplied products off their shelves in Japan. Shanghai Yuanhong Warehouse & Logistics Co said that it had sealed all its Shanghai Husi Food products, which amounted to 300 tonnes (approximately 1 percent of its total stocks). OSI Group said that local Chinese authorities have inspected all its other facilities in China and have found no issues.

White House to begin $10 billion farm investment fund [24 July/ The New York Times] The White House Rural Council is to announce its plan to commence a USD 10 billion investment fund, the Rural Infrastructure Opportunity Fund, that will give pension funds and large investors the opportunity to invest in agricultural projects, including wastewater systems, energy products and infrastructure development in rural America. The fund will be backed by CoBank (a cooperative bank and a member of the Farm Credit System, a Government sponsored network of banks that lend to the agricultural industry), which has committed the first USD 10 billion. The fund will be managed by Capital Peak Asset Management. The agriculture secretary, Tom Vilsack said that being a connector is a new role for the US Department of Agriculture. The arrangement comes as a result of identifying that large investors were interested in making investments in multiple agricultural projects. The fund will allow investors to invest money in bundled projects. Mr Vilsack highlighted California as an area requiring investment, saying that it is facing one of its most severe droughts on record.

Food sets the table for Asian Alliance: Thailand's CP Group, Japan's Itochu reach $1.9 billion agreement [24 July/ The Wall Street Journal Online] Thailand's Charoen Pokphand Group is to buy a 4.9 percent stake in Japan's Itochu Corporation (for approximately USD 1 billion), while Itochu Corporation is to purchase a 25 percent stake of Hong Kong listed CP Pokphand Co, a unit of CP Group (for approximately USD 854 million) with the aim of supplying fast growing Asian markets with food. The CP Group has a 25 percent stake in Charoen Pokphand Foods, Thailand's largest meat and animal feed producer with revenue of approximately USD 12 billion in 2013. Itochu Corporation CFO, Tadayuki Seki said it expects a USD 40 to 50 million per annum bottom line contribution from the bilateral investment in the initial stages with USD 100 million or more of contributions expected eventually.

Shanghai water fight marks new Gold release [25 July/ Rural News Group] Over 1,000 people took part in a Zespri 'Juicy Water Fight' in Shanghai as part of Zespri's launch of SunGold Kiwifruit in China. Zespri China country manager, Lewis Pan said that the Zespri Juicy Water Fight reinforced the Chinese consumers' engagement with the Zespri brand, highlighting its reputation as a healthy and fun New Zealand brand. China is Zespri's third largest market, and is forecasted to be the largest market in five years, with Zespri forecasted to sell approximately 13 million trays of premium kiwifruit in China this year. Zespri has engaged non-traditional advertising this season to promote the brand, as well as providing online purchase options for consumers, with Zespri's online sales demonstrating growth in China (approximately 500,000 trays sold online this year).

Tyson to sell Mexico, Brazil poultry operations [29 July/ NZ Herald] Meat processor, Tyson Foods Inc said that it will be selling its poultry business in Mexico and Brazil for $575 million to JBS, in order to reduce its debt from the recently announced acquisition of Hillshire Brands, saying that the businesses it will sell do not impact on its plans to expand its international operations. The sale is expected to be completed by the end of 2014. Tyson Foods said that the new owners, Pilgrim's Pride (a subsidiary of JBS USA, which is a subsidiary of JBS) intend to maintain all operations and labour contracts of the business. The company said that its plans to close three underperforming US plants which will allow it to move some of the operations and equipment to more cost-efficient plants.

Economics and trade

Farmer relief at interest rate signal [25 July/ Radio New Zealand Rural] The Reserve Bank raised the Official Cash Rate to 3.5 percent on July 24, with an indication by Governor Graeme Wheeler that further increases were on hold for the current time. Federated Farmers President, William Rolleston said that although the increase was detrimental, the strong signal by the Reserve Bank about maintaining the current interest rates is a relief to the dairy industry and other primary sector exporters. Mr Rolleston said that signal means that the market will not have uncertainty that will put pressure on the New Zealand dollar.

Farmers and producers

Ngai Tahu denied giant dairy farm [23 July/ National Business Review] Ngai Tahu has been unable to obtain resource consent to farm 23,000 dairy cows in North Canterbury, with the resource consent panel of Environment Canterbury saying that the conversion of 7,000 hectares of forestry land next to the Hurunui River poses the risk of unacceptable adverse effects. The new water plan allows for a 25 percent increase in nitrates in the Hurunui River. The decision has the potential to be appealed by Ngai Tahu.

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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.