



cutting through complexity

AGRIBUSINESS

FIELD NOTES

Weekly news update from the KPMG Agribusiness network

8 October 2014

Organisations referenced in this week's Field Notes include:

AgResearch	Labour Party
AgriHQ	Meat Industry Excellence
Agri-Women's Development Trust	Meiji Gakuin University
ANZ Bank	Ministry for Primary Industries
BNZ Bank	Ministry of Agriculture and Forestry
Centre for Livable Future	National Party
Chinese Certification and Accreditation Administration	New Zealand Kiwifruit Growers
Comvita	Niwa
Dairy Women's Network	Noble Bond
DairyNZ	Origin Energy
Derma Sciences business centre	Plant and Food Research
Donaghy's	Prevar
Environment Canterbury	Rabobank
Environmental Defence Society	Red Stag Timber Group
European Commission Food and Veterinary Office	Seeka Kiwifruit Industries
European Union	Sri Lankan Ministry of Health
Federated Farmers	Synlait Milk
Fish and Game	Thai Rice Exporters Association
Fonterra Co-operative Group	Thai Rice Farmers Association
Forest and Bird	United States the Food and Drug Administration
Freshmax Group	Westland Milk Products
Gold International Holdings	Westpac
Green Party	Wools of New Zealand
Hawke's Bay Regional Investment Company	World Gold Council
International Grains Council	Zespri

This week's headlines

Horticulture	Zespri slams Kiwifruit claim [2 October/ Business Day]
Horticulture	Seeka joins Psa class action against MPI [6 October/ The National Business Review]
Forestry	Red Stag to build Rotorua super-mill [3 October/ Business Day]
Wool	Firm creates golden fleece [6 October/ Business Day]
Dairy	Sri Lanka suspends Fonterra milk powder [6 October/ The National Business Review]



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HOT OFF THE PRESS:
**KPMG AGRIBUSINESS
AGENDA 2014 VOLUME 1**

Horticulture

Zespri slams Kiwifruit claim [2 October/ Business Day] Zespri chairman, Peter McBride said that he had written to kiwifruit growers stating that he did not support or agree with the \$885 million class action kiwifruit claim against the Government filed by the alliance of growers accusing Biosecurity New Zealand of negligence for the Psa infection. The kiwifruit claims grower committee chairman John Cameron said that growers representing over 20 percent of gold kiwifruit production had agreed to join the claim. Mr McBride said that the growers are signed up to the claim before they have even had a chance to review the statement of claim in order to consider its legal merits. He criticised the 'kiwifruit claim' for lack of transparency and for not communicating the uncertainties around it. New Zealand Kiwifruit Growers CEO Mike Chapman said last week that the group will refrain from taking a position regarding the claim until more information on the chances of success on the basis of the argument and liability are available. Mr Cameron said that all kiwifruit growers had been invited to join the class action for a one-off fee of \$500, \$1,000 or \$1,500 dependent on orchard size, with post-harvest operators able to join the action for a one-off fee of \$10,000. The litigation funder, LPF Group, is to take a percentage of any settlement or damages.

Seeka joins Psa class action against MPI [6 October/ The National Business Review] The country's largest kiwifruit orchard services and post-harvest operator Seeka Kiwifruit Industries CEO Michael Franks said that it will join the \$885 million class action lawsuit against the Ministry for Primary Industries over the 2010 outbreak of Psa disease. Seeka Kiwifruit Industries estimates the Psa disease has cost it over \$45 million and caused it to cut its workforce by 40 percent. Seeka said it rejected the argument that the claim would put Zespri's legislative monopoly export position at risk, saying that the Government has outlined that as long as the growers support a single desk policy, the Government will leave it in place.

Ex-kiwifruit leader joins lawsuit [2 October/ Radio New Zealand Rural] A former New Zealand Kiwifruit Growers Incorporated president Grant Eynon said new DNA evidence indicated that border officials were to blame for the outbreak of the Psa disease, which originated from a shipment of pollen from China in 2009. Mr Eynon said he has joined the class action lawsuit against the Government and believes it has a high chance of success.

Distinctive new pear planted in NZ [2 October/ Radio New Zealand Rural] The first New Zealand planting of a distinctive new pear, Piqa Boo, a product of Plant and Food Research's fruit breeding programme which combines the characteristics from European, Japanese and Chinese pears. Prevar (a New Zealand and Australian joint venture aimed at commercialising new pipfruit cultivars) CEO, Brett Ennis said Piqa Boo enticed strong interest at the Asia Fruit Congress. Prevar has signed an exclusive marketing license with Freshmax Group for growing Piqa Boo in Australia, while it is in talks with the New Zealand industry and companies regarding licensing arrangements. He said the fruit could be available to retail around 2016, with other pears in the Piqa range expected to follow.

Honey

Loss to become profit [6 October/ NZ Farmers Weekly] Comvita said that owning a larger Manuka honey supply business will further skew the earnings ratio between the first and second half of the trading year, while the change should also result in greater annual profits. Comvita CEO, Brett Hewlett said that it controls 50 percent of its supply needs for this season. The company anticipates a loss of \$4 million for the six months ended September 30, from a \$800,000 loss from the same period last year, with \$3.4 million of the loss attributed to the one off cost of the supply acquisition and accounting treatment of the beekeeping operations, and the negative impact from revaluation of warrants it owns for the Derma Sciences business centre in the United States. Mr Hewlett said the annual after tax profit was expected to increase to between \$9 million and \$10 million, from a \$7.6 million profit the previous year. While sales of the first half are expected to be approximately 56 million (up from \$43 million), full year sales are forecast to be \$140 to \$145 million (up from \$115 million). Mr Hewlett said that ensuring honey supply allowed the group to progress with growth plans in both major Asian markets, as well as the New Zealand and Australian markets. Sales of the first half are to be released on November 27.

Forestry

Red Stag to build Rotorua super-mill [3 October/ Business Day] The largest saw miller in Australasia, Red Stag Timber Group, announced that it will build the first half of a \$120 million super-mill on its Waipa site in Rotorua, with the second stage left to be decided based on whether the Government adopts a "wood-first" policy, which requires firms constructing Crown buildings under four storeys to at least investigate the option of using timber. Red Stag Timber Group CEO, Martin Verry said that the policy was essential to stimulate domestic timber demand. The mill is funded by Red Stag, with the first stage expected to be completed by mid-2016. Annual production would increase from 450,000 cubic metres of timber to 700,000 cubic metres within five years with further investment. The company's current mill employs 330 staff, but expects fewer staff to be needed at the super mill due to greater efficiency. Mr Verry hopes to manage the staff through attrition, with the need to hire more staff if the second stage of the project is to be commissioned. Mr Verry highlighted that the new sawmill allows it to be able to compete with log importing markets with cheaper labour, allowing it to add value domestically. However, if the wood-first policy is not adopted, Red Stag will focus on the domestic and Australian markets. The company anticipates increasing its market share from approximately 25 percent to over 40 percent, and expects timber prices to drop by up to 10 percent due to competition.

Wool

Firm creates golden fleece [6 October/ Business Day] Agri-science firm Noble Bond professor Jim Johnston, who believes that the future of the wool sector is dependent on adding value to wool, said that his new technology which fuses gold and silver with wool is an example of such an approach. He highlighted the interest from the fashion industry for the product, and outlined the funding he received from the World Gold Council to develop the technology. Professor Johnston has later applied the technology to silver. The purple coloured gold wool fibre sold under the brand AuLana is targeted at the high end affluent market, where the product could wholesale for approximately \$197 to \$394. Wools of New Zealand head of market development and innovation Steven Parsons said that Noble Bond's silver wool brand, NgaPure, has antimicrobial qualities that will last for thousands of years, in comparison to the shortlisting bacteriostatic chemical treatments that are used for carpets. In 2013, Wools of New Zealand acquired a 30 percent stake in Noble Bond and became its exclusive wool supplier. Currently a commercial trial is being held in the United Kingdom where precious metal treatments are applied to wool in an industrial dyeing facility, with Noble Bond forming agreements to licence the technology to Wools of New Zealand's manufacturing partners globally. Mr Parsons said that NgaPure technology could mark up the whole price of wool upholstery from \$39 to \$43 per metre. The Wools of New Zealand business model focuses on making fixed price arrangements with manufactures and retailers, preventing customers and farmers being impacted by market fluctuations.

Water

Dam company won't revisit consents process [6 October/ Radio New Zealand Rural] The National led Government indicated that it will proceed with the Resource Management Act reforms, with the national irrigation body saying it would like see changes that would allow large scale irrigation schemes to be lifted off the ground easier. Hawke's Bay Regional Investment Company CEO, Andrew Newman said it would not have an impact on the Ruataniwha Water Storage Scheme and associated irrigation works. He also that they believe the Board of Inquiry process manages the environment impacts of intensive agriculture appropriately. The company is currently awaiting the result of appeals against the consents from Fish and Game, Forest and Bird and the Environmental Defence Society. Mr Newman said that the company is making progress in signing up farmers to take water from the scheme, and that there is significant interest from potential investors.

Dairy

Westland confirms lower milk payout [1 October/ Radio New Zealand Rural] Westland Milk Products confirmed its final milk payout for 2013/14 season at \$7.57 per kilogram of milk solids, from a 46 percent increase in revenue, whereas the Fonterra Co-operative Group's payout sat at \$8.40 per kilogram of milk solids, plus dividend. Westland's CEO Rod Quin attributed the difference to its product mix, which only contains 10 percent whole milk powder. Mr Quin said that the product mix has worked to the company's advantage this season, where its payout forecast is between \$5.40 and \$5.80. However, Westland is shifting its focus to the production of ingredients for nutritional products such as infant formulas. The company announced plans for a \$40 million UHT (long-life) milk plant at Rolleston, Canterbury, with Mr Quin saying that the market for UHT is predominantly driven through Asia, and mainly China at the real value end. He emphasised the company's focus as being China, but with opportunities to supply UHT to Southeast Asia as well.

Synlait Milk gets China registration [1 October/ Radio New Zealand Rural] Synlait Milk received Chinese registration for the export of finished formulas to China, with the company now able to export finished formulas as well as general dairy products and formula base powders. Prior to its application, the Ministry for Primary Industries approved the risk management programme for its new hi-tech dry blending and consumer packaging plant, which has a processing capacity of 30,000 metric tonnes per annum (110 cans per minute). According to the registered companies listed by the Chinese Certification and Accreditation Administration, nine out of the 13 New Zealand manufactures are now approved to export to China.

Fed Farmers warns dairy farmers face 'austerity' this season [2 October/ The National Business Review] In light of the decline in international dairy prices, Federated Farmers said New Zealand dairy farmers are facing an austere 2014/15 season, with prices having more than halved since the beginning of 2014. Rabobank warned of a protracted bear market for dairy products, which will only ease in 2015 when Chinese inventories start to decline. Federated Farmers dairy chairman, Andrew Hoggard also highlighted the Russian ban for dairy imports from the European Union as an important contributing factor. Resulting from the declining prices, Mr Hoggard expects to see a decline in the additional volumes of dairy being produced in Europe and North America. The ANZ Commodity Price Index declined 1.3 percent in September, led by a 14 percent decline in the value of skim milk powder. However when adjusted for the falling value of the kiwi dollar, the index increased by 1.6 percent in September. Rabobank director of dairy research New Zealand and Asia, Hayley Moynihan said that the price recovery will be some way off. ANZ and Westpac are further declining their expectations for the 2014/15 Fonterra Co-operative Group's payout to \$4.85 and \$4.80 respectively.

Dairy price fall to hit farm spending [2 October 2014/ Otago Daily Times] The Global Dairy Trade price index declined 7.3 percent to USD 2,599 per tonne, from the last auction two weeks earlier (48.5 percent decline since the price peak in February). Whole milk powder declined by 10 percent to USD 2,443 per tonne, while skimmed milk powder declined 2.7 percent to an average price of USD 2,540 per tonne, buttermilk powder declined 11.3 percent to USD 2,723 per tonne and sweet whey powder declined 9.3 percent to USD 1,175 per tonne. The Fonterra Co-operative Group downgraded its farm gate milk price forecast to \$5.30 per kilogram of milk solids from a previous \$6.00 per kilogram, with the Co-operative saying that the price would need to reach USD 3,500 per tonne by March 2014 in order to achieve the forecast. BNZ currency market strategists said the New Zealand dollar declined to USD 0.7780 following the Global Dairy Trade result, although it later increased to USD 0.7800. AgriHQ dairy analyst Susan Kilsby commented on the state of the current global market by saying that stocks of global dairy commodities were increasing due to the Russian ban and the lack of enthusiasm from Chinese buyers, while the global supplies continued to expand. The AgriHQ Seasonal Farm Gate Milk Price for the 2014/15 season declined by \$0.05 to \$5.05 per kilogram of milk solids, indicating that if the Global Dairy Trade prices were met across the entire season, the milk price would be at \$3.90 per kilogram. ANZ reduced its forecast for the 2014//15 payout to \$4.85 per kilogram, while ANZ rural economist Con Williams, said the failure of global dairy prices to recover put further downward pressure on Fonterra's milk price forecast, which is well below the average cost of production. He estimated that approximately 70 percent of the dairy sector has exposure to floating interest rates.

Sri Lanka suspends Fonterra milk powder [6 October/ The National Business Review] The Fonterra brands Sri Lanka associate director of science and regulatory affairs, Sanath Mahawithanage, said he has been informed that the Sri Lankan Ministry of Health has temporarily suspended the sale of three batches of the Fonterra Co-operative Group's Anchor milk powder, based on three complaints of children who allegedly consumed the product fell ill. The Co-operative said its investigations confirmed the product was safe to consume. Fonterra commented that it has only received one complaint, while the other two were made directly to the Ministry of Health. Dr Mahawithanage commented that the three affected batches amounted to 76 metric tonnes.

Red meat

Yes to \$10 a lamb levy, MIE finds [2 October/ NZ Farmers Weekly] Meat Industry Excellence chairman John McCarthy said an independent Meat Industry Excellence survey of 800 randomly selected farmers with 491 responses (including 392 sheep and beef farmers) indicated that 86 percent of red meat farmers are likely to invest in the industry reform aiming for a larger co-operative model, with a \$10 per lamb contribution, if they are able to receive gains from the process. The survey shows that 73 percent of farmers would support a restructuring of the industry towards a greater co-operative model over the next three to five years if they could improve returns and secure the ownership for a future generation. Initial results indicated that savings of between \$440 million and \$500 million could be obtained by addressing over capacity and procurement inefficiencies. The survey also indicated that 48 percent of farmers were prepared to sign a supply contract for a fixed term of between one and five years, and another 20 percent were open to the idea, while 13 percent did not support the concept. Nearly 66 percent of farmers believed that a larger co-operative structure would see farmers receiving a greater share of the value chain, which would be reflected in overall returns. The complete finds are yet to be released.

Taranaki abattoir now in Chinese hands [3 October/ NZ Farmer] Chinese State owned Gold International Holdings Ltd received Overseas Investment Office consent to purchase the Strafford's Taranaki Abattoir for \$2 million in July. The sale is expected to proceed once it receives official Ministry of Agriculture and Forestry certification to commence shipping meat. The current owner, Terry Lester, said that Gold International Holdings took over the running of the abattoir floor in June, while he has been contracted in an advisory capacity. Mr Lester said that the abattoir is hoping to receive approval for Chinese export on October 14, after which the number of employees are expected to double to 40. He said that although the new owners have ceased processing meat for small domestic contracts of three or four animals until Chinese export consent is granted, it has not been said this was a permanent move. Currently, local meat sellers have lost the only factory processing small numbers of animals for resale in Taranaki. Although there are fears the abattoir may not process small local contracts in the future, some farmers who have moved processing to Whanganui said it was more cost effective elsewhere.

US burger boom opens beef door for NZ [5 October/ NZ Farmer] The first New Zealander to be accepted in the United States Meat Industry Hall of Fame, California based Steve Kay, encouraged New Zealand farmers to increase cattle numbers over the next four years to supply the United States market, which is critically short of lean manufactured 90CL beef for an expanding hamburger trade. Prices for 90CL beef reached USD 300 per hundredweight in September, compared to USD 220 at the start of 2014, while grain-fed beef also reached record levels. He said that while demand remained unusually strong in the United States, dairy cattle numbers have declined from 105 million to 87 million over the last 14 years. Wholesale beef prices increased 14 percent, while domestic production has only declined by 6.4 percent.

Election 2014

Nathan Guy retains portfolio [6 October/ Rural News Group] The Primary Industries portfolio has been retained by Nathan Guy in the post-election Cabinet reshuffle, with Jo Goodhew retaining the Associate Minister post, as well as taking on the Food Safety portfolio as a minister outside Cabinet. The Minister for the Environment position was picked up by Nick Smith, while Maggie Barry was appointed as the Minister of Conservation.

Labour upset Govt funding Fed Farmers [7 October/ Radio New Zealand Rural] Labour Party primary industries spokesperson Damien O'Connor, said that the farming lobby group Federated Farmers, which attacked the Labour and Green party policies in the run up to the elections, received over \$200,000 of Government funding over the past few years, and compared it to a political bribe. Mr O'Connor said the funding confirms his suspicions that the lobby group is not apolitical. Primary Industries Minister Nathan Guy, said that the funding which was given for open farm days has been put to good use. Federated Farmers released a statement saying that it is not dependent on Government funding and that it has followed an open and transparent application process for the money it received.

Agri-tech

Donaghy's lay-offs 'bad news' [2 October/ Business Day] Donaghy's announced that it is going through a proposal to lay off 30 staff due to export losses on certain products to Australia and the United States, with managing director Jeremy Silva, saying that the proposal is bad news, although the future of the plant looks positive. He said that the company has little choice given the strong outlook of the New Zealand dollar. Mr Silva said that the current challenging environment was to some extent anticipated, with the company investing in a new dairy and applied technology business, which contributed to over half of Donaghy's gross profit. The company is proposing the reduction or discontinuation of five of its 16 manufacturing lines at its Dunedin factory. Mr Silva said that the company is currently working with the staff and the union, with the process expected to take approximately two weeks.

Environment and emissions

Late appeals on water annoying [2 October/ Business Day] Farmers in parts of Hurunui and Mid-Canterbury are calling for an overhaul of the regional council's rules on nutrient discharges to land and water, with Environment Canterbury commissioner Peter Skelton, criticising farmers who are calling for last minute changes to water rules. Mr Skelton said that it appears dry land farmers refrained from the public submission process under the impression that the issue was about dairy farmers. Federated Farmers had also asked Environment Canterbury not to proceed with its plans for the Hinds-Kekeao Plains catchment near Ashburton, where farmers had consent to draw more water than is sustainable. Mr Skelton said that Environment Canterbury would not be unpicking the recommendations of Canterbury's water zone committees based on farmers' last minute appeals. Huruni sheep and beef farmers have voiced complaints that the allowed 10 percent increase in nitrogen per hectare does not account for their needs, as dairy farmers had applied most of the nutrients. Mr Skelton said that as most dry land farmers in the area are leaching 7 to 8 kilograms of nitrogen per hectare, a 10 percent increase is within the catchment tolerance. He said that farmers will need to adjust in order to adhere to the rules.

International

Abe bows to the farm lobby [30 September/ The Wall Street Journal] United States-Japan cabinet level talks on the Trans Pacific Partnership trade pact broke down on Wednesday, mainly due to Japan's refusal to lower farm tariffs and other related import barriers, despite the fact that Japan has the most to gain from the liberalisation of the food trade. Japan's farm sector is only worth ¥5.4 trillion, with the farm sectors that Japan is unwilling to liberalise (rice, beef, pork, dairy, wheat and sugar) only worth ¥3.6 trillion, or 0.8 percent of Japan's gross domestic product, where taxpayers are providing half of farmer income through subsidies. Meanwhile the Government taxes farmland at ¥1 per square metre, while residential land is taxed at ¥180 per square metre. Ending Japanese farm subsidies and equalising land taxes could reduce the country's budget deficit by as much as ¥8.5 trillion per annum. Although the policy was aimed at keeping farmland in the ownership of farmers, it has resulted in small inefficient farms, with farmers unable to realise a capital gain as it has suppressed new development. Research by Meiji Gakuin University indicates the meagre amount of farmland allowed to be converted to non-farm use has appreciated its value dramatically. Further distortions are created through the Local Allocation Grants, where the biggest beneficiaries are regions whose Diet members have held the balance of power in the last three Upper House elections. This has the result of small farms concentrating voting power, with the mostly rural half of the population choosing over 60 percent of the Diet members elected to district seats. This has resulted in the founder of anti-Trans Pacific Partnership caucus founder Hiroshi Moriyama being made the new head of the LDP Task Force on the Trans Pacific Partnership. However, current conditions are favourable for Prime Minister Shinzo Abe to override the farm lobby, with import liberalisations, land tax reforms, and land use laws, having capacity to increase Government revenue and stimulate Gross Domestic Product.

EU gives more aid to farmers hurt by Russia sanctions [30 September/ Agence France Presse] The European Union introduced a new aid package worth €160 million, on top of the €125 million approved in August, to help farmers affected by the Russian sanctions, while tightening up on suspicious compensation claims. The package targets supporting fruit and vegetable prices that have fallen dramatically. However the August package has been suspended amid suspicions of questionable claims. Last week the Commission suspended aid to cheese producers after receiving numerous suspicious claims. The European Union said the new scheme sets specific volumes based on a three year average for each product covered, and takes into account the amounts that have been claimed under the first package. The new scheme includes oranges, mandarins and clementines.

Antibiotics in livestock: FDA finds use is rising [3 October/ The New York Times] An annual report by the Food and Drug Administration said the amount of medically important antibiotics sold to farmers and ranchers for use in animals raised for meat increased by 16 percent from 2009 to 2012, with the most distressing being the increase in the sale of cephalosporins (a class of drugs important in human health), which increased eight percent in 2012 and 37 percent from 2009 to 2012, despite new Food and Drug Administration restrictions which came into force in early 2012. An industry group, the National Chicken Council, said that sale of antibiotics did not necessarily correlate with antibiotic resistance trends. However the most antibiotic used in chicken production is not used in human medicine. According to the Pew Charitable Trust, animals raised for food in America are given substantially more antibiotics than many other countries. In 2013, the Food and Drug Administration requested drug producers to change the labels restricting food animal producers from using antibiotics to increase the animals' growth rate. However health advocates highlighted the loophole that would allow producers to simply argue that the antibiotics were used to prevent animals from getting sick, rather than to increase the growth rate. John Hopkins Centre for Livable Future, Food Production and Public Health programme director Keeve Nachman, said that it is uncertain if the 2013 rules would have an impact on the antibiotics usage trends. The 2013 rules will prevent the sale of drugs over the counter without a prescription, which accounted for approximately 97 percent of the drug sales, according to the Food and Drug Administration report.

CSG means the grass is no greener [4 October/ The Australian] Origin Energy's new AUD 1 billion water treatment plant produces large volumes of water as a by-product of booming coal-seam-gas extraction from aquifers 1 kilometre below in the Great Artesian Basin, which has resulted in eight farms along the coal-seam-gas pipeline receiving water, treated by a hi-tech reverse osmosis process to remove salt and chemicals from the water to meet international safety and contamination standards, which makes it suitable for irrigation. Local farmers get access to as much as 15 gigalitres of water per annum during peak coal-seam-gas production. However, Queensland cattle breeder Joe Hill, has rejected the water on the basis that the water is not as pure as it claims and that a mistake at the plant could result in chemical contamination. He has also refused consent for coal-seam-gas well drilling on his farm. He has expressed the need for independent monitoring and more research as to what is in the water, while another farmer Ashley Geldard, welcomed the water, but commented that the mandatory taking of the allocated water may be challenging. Origin Energy manager of strategic development Rebecca Pickering said all treated water supplied through the Fairymeadow Road irrigation project complied with stringent quality requirements.

Thailand tipped to retake crown as world's top rice exporter [5 October/ Agence France Presse] As Thailand's subsidy scheme, which offered farmers prices exaggerated by up to 50 percent, has started easing, after the scheme was abolished by Thailand's junta, which seized power in May. The Thai Rice Exporters Association honorary president Chookiat Ophaswongse, said the country should be able to reclaim its position as the number one rice exporter this year. International Grains Council senior economist Darren Cooper, also highlighted that the country could surpass India this year as the number one rice exporter. The kingdom has sold seven million tonnes of rice from January to September 2, which according to Mr Ophaswongse is more than that sold in 2013. The country is expected to sell 10 million tonnes by the end of the year, as experts are encouraging farmers to focus on producing higher value and higher quality strains. The junta, while taking a tough stance on subsidies, is focusing on lowering production costs, including fertilisers and machinery. Rice Farmers Association president Prasit Boonchoei said that simply focusing on production costs is insufficient. He said that farmers need to invest an average of 6,500 baht (USD 200) per 1,600 square metres in order to produce 800 kilograms of rice, which is worth between 7,000 to 8,000 baht, below a decent return of 10,000 baht.

EU audit finds lax food safety in fisheries [6 October/ The Irish Times] A European Commission Food and Veterinary Office audit has highlighted deficiencies in food safety controls around the production and sale of Irish fishery products, with listeria found in smoked salmon on four occasions and once in crab, as well as parasites being found in mackerel between 2012 and 2013. The audit stated that the control system contains gaps in the registration of cold stores, inspection of vessels, temperature recording devices and drafting and implementing of food safety management systems. The audit recommendations include the regular inspection of all fishing vessels, as well as authorities ensuring all food business operators maintained procedures based on HACCP principles and that facilities adhere to requirements such as the use of temperature control devices in cold stores before approval is granted.

Agribusiness education

Leadership programme for dairying women [30 September/ Rural News Group] Agri-Women's Development Trust and Dairy Women's Network have established a pilot programme, Pathways, after holding focus groups with dairy women to determine what they needed to gain the confidence in their ability to influence and lead change. Pathways is funded by the Ministry for Primary Industries and DairyNZ. Dairy Women's Networks has engaged AgResearch to evaluate the pilot programme. The programme is six months long and consists of two day learning modules, individual coaching, mentoring and includes the development of skills such as confidence in strategic thinking, conflict management and achieving personal growth to lead change in farming businesses. AgResearch social scientist Neels Botha said that the unique programme will provide dairy women stepping into bigger roles with the knowledge of their strengths and an action plan to lead and influence change in their business and communities.

Farmers and producers

Farmer calls for debate on GM potential [2 October/ NZ Farmer] Federated Farmers president Russell MacPherson, said that he has shifted his position on genetic modification after witnessing the effective application of the technology in the Mississippi River delta, and said that New Zealand farmers should at least engage in a debate of the potential benefits of the technology. Mr MacPherson highlighted an example on a Mississippi River delta project on a corn farm where sediment loss was reduced from 36 kilograms per acre to 9 kilograms per acre through a policy of no tillage cultivation, where genetically modified herbicide tolerant corn seeds are directly drilled into the previous season's slash, which is later sprayed with herbicide when weeds emerge. He mentioned another example where genetic modified plants are used to reduce spraying to control a weevil that eats the roots of plants, and highlighted its potential applicability to clover in New Zealand, which had spread widely in southern pastures.

El Nino could bring second hit for Waikato farmers [6 October/ NZ Farmer] Niwa's latest seasonal climate outlook covering October to December has highlighted the increase in the chance of an El Nino event developing, with the outlook indicating it could continue over January and March. Niwa forecaster Chris Brandolino said that international guidance suggests a 67 percent probability for the development of a weak El Nino event in the next three months. The predictions could further affect farmers grappling with a low \$5.30 farm gate payout forecast for the 2014/15 season.

Field Notes

Weekly news update from the KPMG Agribusiness Network – 8 October 2014

7

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

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