



cutting through complexity

AGRIBUSINESS

FIELD NOTES

Weekly news update from the KPMG Agribusiness network

22 October 2014

Organisations referenced in this week's Field Notes include:

Agrifax	Labour Party
Alliance Group	Lincoln University
Ballance Agri-Nutrients	Loro Piana
Beef + Lamb New Zealand	McDonalds
Beef and Lamb New Zealand Genetics	Ministry for Primary Industries
Chiquita Brands	New Zealand Guild of Agricultural Journalists
Dairy NZ	NZ China Council
Danone Asia Pacific Holdings	NZ Fresh Produce Importers Association
Environmental Science and Research (ESR)	NZIER
Federated Farmers	Precision Seafood Harvesting
Food Safety Australia New Zealand	Rabobank New Zealand
Fonterra Co-operative Group	Rural Health Alliance
Fyffes	Saputo International
Gallagher Group	Scott Technology
GE Free New Zealand	Silver Fern Farms
Green Party	Standards & Poor's
Horticulture New Zealand	Statistics New Zealand
Hubei Academy of Environmental Science	Wool Levy Group
Institute of Geodesy and Geophysics	

This week's headlines

Horticulture	Hort industry slams Medical Officer [17 October/ Radio New Zealand Rural]
Wool	Farmers vote against wool levy return [15 October/ Otago Daily Times]
Dairy	Milk price lifts 1.4% but clouds remain [17 October/ Otago Daily Times]
Agri-Tech	Innovation in agriculture awards [16 October/ Radio New Zealand Rural]
Economics and trade	China trade needs more than logs and milk: NZIER [21 October/ NZ Herald]



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**KPMG AGRIBUSINESS
AGENDA 2014 VOLUME 1**

Horticulture

Hort industry slams Medical Officer [17 October/ Radio New Zealand Rural] Horticulture New Zealand CEO, Peter Silcock, criticised the Canterbury Medical Officer of Health, Alistair Humphrey for discussing the ESR report on the outbreak of *Yersinia pseudotuberculosis* saying it was inconclusive, and Mr Humphrey was irresponsible in discussing it. The outbreak affected 127 people with 38 requiring hospital treatment. The study had found that Pam's Fresh Express mesclun salad and Pam's Fresh Express lettuce were the two most common exposures among those who got sick, but also stated that more investigation was needed for a definitive conclusion. The report also noted that those who ate lettuce and carrots from New World or Pak'n Save were 2.33 times more likely to contract *Yersinia pseudotuberculosis* than those who shopped at Countdown, while those who bought lettuce from independent supermarkets were 4.08 times more likely to become ill.

Growers' kiwifruit disease lawsuit delayed [20 October/ Radio New Zealand Rural] The Kiwifruit Claim group spokesperson, John Cameron said that it has postponed the filing of the class action law suit seeking damages from the government for its claimed responsibility for the Psa incursion, as it works on ensuring its legal position is watertight. Mr Cameron said the filing of the claim has been delayed until later this week as it sorts issues around the company involvement in the lawsuit. Mr Cameron expects the filing to occur later this week.

Irradiated Australian produce likely to be in stores soon [20 October/ New Zealand Herald] The Department of Agriculture in Queensland has applied to irradiate 11 fruits and vegetables to help protect against the Queensland Fruit Fly including products that are exported to and sold in New Zealand. In total around \$2 billion of product (including melons, strawberries, grapes and peaches) will be irradiated. Food Standards Australia New Zealand last year permitted irradiation of tomatoes and capsicums at the same dose is expected to approve the application in April. Horticulture NZ accepted that the irradiation process was safe but expressed concern that some of the fruit would be used as an ingredient in other products without any warning to customers, with Peter Silcock particularly highlighting the lack of labelling on products sold through food service challenges (as salads, juices and smoothies). NZ Fresh Produce Importers Association CEO, Kevin Nalder, said the process should be fast tracked now it had been confirmed to be safe and suggested irradiation labelling was outdated. Mr Nalder added that the timing of approvals would come too late for grapes and might miss the winter season for zucchini.

Forestry

Export log prices lift in October, underpinned by lower Kiwi [16 October/ National Business Review] The Agrifax monthly survey of exporters indicate the average wharf gate price of A-grade New Zealand logs increased to \$95.70 per tonne from \$87.60 per tonne in September, while the Agrifax Log Price Indicator measuring the average log prices weighted by grade increased from 87.9 to 91.5. Agrifax forestry analyst, Ivan Luketina said the returns are being strengthened by the declined New Zealand dollar value, although the important prices in China remain stagnant on the back of relatively unchanged inventory levels from a weak housing market. He said that although some foresters were receiving average prices of \$100 per tonne for A-grade logs, production is unlikely to be increased due to concerns over Chinese demand.

Wool

Farmers vote against wool levy return [15 October/ Otago Daily Times] Wool Levy Group chairwoman, Sandra Faulkner said that preliminary results indicate that the bid to reintroduce the wool levy will not pass through, with growers having voted 43.2 to 56.8 percent against the levy while the weighted vote from larger enterprises was 40.29 to 59.71 percent against the levy as of October 14. The levy was to be 2.75 cents per kilogram on an average produced sheep per annum. Ms Faulkner said that there will be some disappointment that the \$700 million wool industry will not have an independent, internationally recognised, non-commercial voice. Ms Faulkner commended the 47 percent voter turnout from the 12,201 voting packs that were sent to sheep farmers. Official results are to be released at noon on October 15.

Aussies pip Kiwis for world merino wool title [16 October/ Business Day: NZ Farmer] The South Canterbury couple who farm at Visulea, near Timaru, Barrie and Yvonne Payne produced a bale of 11 micron wool, which almost won the world's finest bale of merino wool at the World Wool Record Challenge Cup hosted by Italian luxury clothing company, Loro Piana. The award was taken by Australian Robert and Pamela Sandlant from Pyrenees Park in Victoria taking the award. Loro Piana deputy chairman, Pier-Luigi Loro Piana said that the competition was a close call, but the Australians produced a fibre slightly longer and stronger.

Fishing and aquaculture

Live NZ fish to wing their way overseas [17 October/ Business Day] Sanford general manager (operations), Greg Johansson said that the Precision Seafood Harvesting system (which won the Supreme Innovator Award at the New Zealand Innovator Awards) that allows live fish to be caught while allowing juveniles to escape could provide for live fish export to prime markets of Asia as well as Australia, in approximately three years. Precision Seafood Harvesting is a \$52 million Ministry for Primary Industries Primary Growth Partnership programme, co-funded by Sealord, Aotearoa Fisheries and Sandford, and is projected to increase GDP by \$43.6 million per annum by 2025.

Dairy

Danone says long wait 'injustice' [16 October/ New Zealand Herald] Danone Asia Pacific Holdings argued in the Court of Appeal that the potential wait for legal action over Fonterra's WPC contamination scare in August 2013 until the completion of arbitration is unjust, particularly as it could be 2018 before the case is heard in court. Danone counsel stated that the company would agree to the stay in proceedings on the condition that pre-trial steps could continue, allowing Danone to proceed straight to trial if arbitration failed, rather than restarting proceedings from scratch. Fonterra responded saying that the arbitration will deal with all substantive issues, apart from Danone's desire to expand the defendants in an attempt to avoid limited caps in the supply agreement between the two parties.

Timaru 'hollow' without dairying [17 October/ Business Day: NZ Farmer] Dairy NZ chairman, John Luxton defended the dairy industry's performance at its annual meeting on October 16 saying it was South Canterbury's largest employer providing 7 percent of the region's employment. The tension between the economy and the environment was a central theme at the meeting, with public perceptions of dairy farmers forming a contentious topic in the question session. Dairy NZ CEO, Tim Mackle said that the industry has shifted to improve its conduct from a year ago when the environment was not a focus. Dairy NZ Strategy and Investment leader for sustainability, Rick Pridmore highlighted the need to address the misinformation in the public, but acknowledged it will take time.

Milk price lifts 1.4% but clouds remain [17 October/ Otago Daily Times] The Global Dairy Trade auction dairy trade average winning price increased 1.4 percent to USD 2,640 from two weeks ago, while auction volumes sold declined 8.0 percent to 50,816 tonnes. However, analysts are predicting prices will have to increase a further 30 percent by the end of season in May 2015 in order to achieve the Fonterra Co-operative Group's forecast payout of \$5.30 per kilogram of milksolids. Craigs Investment Partners broker, Peter McIntyre said that despite prices having stabilised, it is too early to call a trend, with potential downward pressure yet to come. Westpac economist, Michael Gordon said whole milk powder prices increased 3.1 percent and anhydrous milk fat prices increased 7.3 percent, while skim milk powder prices decreased 3.6 percent. ASB chief economist, Nick Tuffley said that there needs to be further price increases over the rest of the season, with powder prices needing to increase from the current USD 2,500 per tonne to above USD 3,000 per tonne, in order to achieve a milk price above \$5.00. AgriHQ dairy analyst, Susan Kilsby said the AgriHQ Snapshot Farmgate Milk Price indicates that if the USD 2,640 was maintained across the entire season, the milk price would be at \$3.90 per kilogram of milksolids. Her calculations indicate that the payout will only reach \$4.75 per kilogram. She said that despite the increase in whole milk powder price, the AgriHQ Seasonal Farmgate Milk Price has declined further with the recovery in dairy commodity prices expected to be slower.

Red meat

Bull scheme all pain but no gain [14 October/ NZ Farmers Weekly] Silver Fern Farms CEO, Keith Cooper said that despite investing a substantial amount of funds into the bull beef value chain contracting, it could not ensure the model worked satisfactorily for all parties, with insufficient weight gained by the animals to achieve the desired prices. Mr Cooper said that with the cattle life term at 20 to 24 months, the market did not remain homogenous over the period, with the possibility for changes in pasture conditions and prices resulting in some parties benefiting while others lost out. Mr Cooper suggested that in an ideal model, dairy farmers would use good quality Hereford or Angus bulls to produce dairy beef progeny. He also mentioned that despite the annual crop of dairy calves being a huge opportunity for the meat industry, the meat farmers did not own sufficient land. He highlighted that the issue was in maintaining a sustainable return at each stage of the animal's growth to keep the industry attractive.

Record high returns for meat [15 October/ Rural News Group] Beef + Lamb New Zealand chief economist, Andrew Burt said North Asia has been the largest market region for New Zealand meat exports for the second season in a row at 31 percent of total returns, while the European Union and North America remained the primary markets for lamb, and beef and veal respectively. He highlighted that despite lamb export volumes declining 3 percent due to a smaller crop, returns increased 9.5 percent to \$2.52 billion resulting from the 13 percent increase in the average value of lamb per tonne being exported (from \$7400 in 2012-13 to \$8,300). He said the average return for North Asia was \$6,000 per tonne, compared to the \$10,200 per tonne in the European Union reflecting the different product mixes exported. The 2013-14 year was New Zealand's second largest mutton export season at 93,000 tonnes, an 11 percent increase from last season, mainly supported by land conversion to dairying. The 2013-14 year was also the largest beef and veal export season at 383,000 tonnes, due to high beef production and increased number of dairy cows processed. Total beef and veal returns increased 8.4 percent to \$2.29 billion, while the average value increased 2.1 percent to \$6,000 per tonne, with North America accounting for 48 percent of beef and veal returns and North Asia accounting for 30 percent.

Monaghan opts out [16 October/ Otago Daily Times] Fonterra Co-operative Group director, John Monaghan said that he will not stand for this year's Alliance Group supplier representative director election, mentioning his heavy workload in the second half of the year. There were several unsuccessful attempts made previously to appoint Mr Monaghan to the Alliance board. Mr Monaghan said it was clear from discussions with the group's shareholders that there was an increasing momentum for industry reform. He said the current procurement practices, over capacity and lack of marketing leverage needed to be addressed, with the red meat sector needing to adopt a model ensuring scale, vertical integration, and collaboration that the dairy industry used, in order to achieve the additional \$0.5 to \$1.3 trillion in agricultural exports by 2050.

Breeders gathering success [20 October/ Otago Daily Times] The success of an inaugural gathering of around 100 sheep breeders is set to make the forum an annual event. The forum was hosted by Beef and Lamb New Zealand Genetics with the goal of engaging and involving breeders in the programme and help guide the future of the new entity. BLG has been created with a vision of facilitating profitable genetic gain for the sheep and beef industry through better breeding objectives, improving genetic evaluations and matching genetics to end user needs according to General Manager, Graham Alder. BLG wants to develop enhancements to sheep breeding programmes to deliver traits that will improve profitability including ewe longevity and improved body condition to breed more robust ewes. It also wants to promote the use of parentage testing to improve pedigree accuracy and genomic selection. Mr Alder noted that BLG is looking to work with breeders to ensure farmers have the right genetics for the future and that they are easy to select.

Rural infrastructure

Rabobank NZ rating downgraded [16 October/ New Zealand Herald] Standards & Poor's said it placed Rabobank New Zealand's rating on a negative creditwatch at AA- for the long-term and A-1+ for the short-term issuer credit rating due to the Netherland based parent company deciding not to renew its guarantee of the New Zealand operation from April 2015. Standards & Poor's said that it was likely to lower the long-term and short-term issuer credit rating on Rabobank New Zealand to A+ and A-1 respectively once the guarantee expires on April 30, with the rating agency mentioning that this will incorporate its assessment of likely support for the New Zealand operations from the parent.

Plenty try to fill Nikora's boots [20 October/ NZ Farmers Weekly] Ten candidates are to compete to replace the current Ballance Agri-Nutrients Co-operative board director, Dean Nikora. The nominations for the November 25 elections are Narvey Bell (Wanganui), Sarah von Dadelszen (Wairarapa), Sandra Faulkner (Gisborne), Andy Law (Taihape), Gren Maughan (Marton), Mavis Mullins (Dannevirke), Kevin Old (Morrinsville), Michael Plowman (Owhango), Mike Petersen (Waipukurau) and Donna Smit (Whakatane). Ballance chairman, David Peacocke said that he does not believe the large number of candidates indicates a mood change. In order to qualify for election, nominees needed to be registered to vote in ward B, hold over 100 Ballance shares or represent a company or partnership with over 100 share and be aged under 68 years at the date of election.

Environment and emissions

NZ joins Pacific plan to look after soil [16 October/ Radio New Zealand Rural] New Zealand, along with Australia, Fiji and other Pacific Island nations is now part of a United Nations Pacific Soil Partnership, targeted at protecting the planet's soil resource. The National Land Resource Centre director, Landcare Research's Alison Collins stressed the issues around soil literacy and the lack of awareness of the critical functions it performs, while highlighting the need for ensuring that appropriate techniques are used in protecting the soil.

Research and development

Anti-GE group supports call for review [21 October/ Radio New Zealand Rural] The call from Federated Farmers for a rethink on genetic engineering in New Zealand has been echoed by GE Free New Zealand, but with the opposite outcome in mind. While Fed's are calling for a review of the legislation preventing production of GE crops and pasture plants, GE Free New Zealand's spokesperson, Jon Carapiet is arguing that the review should lead to an outright ban on genetic engineering. Mr Carapiet said evidence supports a ban and that research should be directed towards marker assisted breeding which doesn't put GE organisms into the environment, and does not transfer risk to farmers, exporters and future generations.

Food safety

Need for independent food safety agency: O'Connor [17 October/ Rural News Group] The Labour Party Food Safety spokesperson, Damian O'Connor said that the Ministry for Primary Industries' release of ESR's initial reports regarding the source of the stomach bug which affected 127 people was too late, and that it should have been released as soon as it had carried out the investigation. He claimed that the Ministry potentially put consumers at risk by delaying its release and argues that it adds fuel to Labour's call for an independent food safety agency.

International

Concern mounts in China over Yangtze diversion project [14 October/ The Financial Times] The 'Bringing the Yangtze to help the Han River' canal project has been opened to address a growing water shortage in southern areas of the country due to a larger project USD 60 billion project 250 kilometres to the north, which relocates water from a branch of the Han to dry northern China. The relocation is targeted at addressing chronic water shortages to growing cities such as Beijing and Tianjin. However the impacts from the relocation are being felt in the south and central China, which is expected to worsen when 9.5 billion cubic metres per annum is diverted to canals and pipes running north. A study by Hubei Academy of Environmental Science in 2012 highlighted that the diversion is likely to result in inadequate water levels for shipping, as well as making some irrigation networks unusable and destroying certain fish species. There are also concerns that higher pollution concentrations are posing a risk to human health. The Institute of Geodesy and Geophysics's Du Yun said that the 'Brining the Yangtze to help the Han River' project will not address the water scarcity in the south. A cost benefit analysis of the water diversion project is underway to determine whether Beijing proceeds with the most expensive western leg of relocating more water to the north. World Resources Institute environmental economist, Leo Horn-Pathanotai said that the better solution to the scarcity problem is improved economics and governance, rather than relocation.

'There's no pink slime in our burgers' – McDonald's lets cameras behind the scenes for first time [15 October/ NZ Herald] McDonalds invited external camera crew from Good Morning America into its California plant as part of its "Our Food. Your Questions" series targeted at confronting the rumours about 'pink slime', worm meat and other burger fillers. The chain also highlighted that it has not used pink slime (lean textured beef trimmings treated with ammonia) in their burgers since 2011. McDonalds admitted to using azodicarbonamide (ADA) in its buns to ensure bread consistency. The chain also said that like most beef producing cattle in the United States, the cattle it sources beef from have also been treated with growth hormones. McDonalds chief brand manager, Kevin Newell told Good Morning America that the decision to invite cameras into its plant was not related to business performance, but to ensure that customers are aware of the story about McDonald's food.

Yes, we have no bananas: Brazilians lift Chiquita bid [16 October/ The Times] The Brazilian consortium of Sutrale and Safra Groups has increased its bid for the American banana producer, Chiquita Brands from USD 13 per share to USD 14, with Chiquita saying that it will consider the revised offer of approximately USD 658 million. The groups said that their offer was superior to the proposed Fyffes merger as it was not encumbered by regulatory requirements and did not require the integration of operations, as well as not being subjected to financing conditions. The proposed Fyffes deal entails the creation of the world's largest banana company valued at over USD 1 billion and involves moving headquarters to Dublin to benefit from tax inversion, which under new United States regulations will prove to be harder and more costly. Goodbody Stockbrokers analyst, Patrick Higgins does not expect the revised offer to displace the Fyffes merger, as shareholders initially expected a USD 15 per share offer. He acknowledged the all cash offer's attractiveness but also stressed the USD 60 million of added value that will come from the synergy if the Fyffes deal proceeds. Chiquita shareholder are to vote on the Fyffes merger on October 24, with Fyffes shareholders due to vote on October 28.

€12m in funding for farm safety plan [16 October/ The Irish Times] The Government is to provide EUR 12 million for a farm-safety scheme to reduce the number of farm accidents by providing a 40 percent grant aid for on farm safety measures. The Minister for Agriculture, Simon Coveney encouraged farmers to invest in making their farms safer, as well as mentioning a EUR 14 million increase in the horse and greyhound fund for 2015. Twenty three people, including five children died have died in farm accidents so far in 2014.

Asia: Governments Offer Farmers Aid [17 October/ The Wall Street Journal Asia] Several Southeast Asian governments have begun to help farmers suffering from steep price declines in rubber, rice and palm oil, with the Thai, Indonesian and Malaysian Governments offering farmers and producers aid payouts, cheap loans and tax exemptions. Thailand National Rubber Policy Committee announced its intention to provide USD 1.8 billion worth of measures to support prices and provide short-term financial assistance. The Thai Government's rubber panel stated that a state agricultural bank would lend up to USD 925 million to the state-run Rubber Estate Organization to purchase rubber from farmers in-order to lift prices. Late in September, Indonesia announced it would suspend an export tax on crude palm oil. Comparatively Malaysia's high value economic activities have put it in a better fiscal position to support farmers, with Prime Minister, Najib Razak saying it extended a waiver of the export tax on crude palm oil. The Government is also funding another USD 12.7 million worth of oil palm plantings while allocating more to help rubber farmers by providing soft loans and working on plans to protect small farmers from losses when global prices decline below certain levels. Thailand, Indonesia and Malaysia have experienced a 30 percent decline in rubber and a 20 decline in palm oil prices, with rice prices down 25 percent from before Thailand launched its subsidy programme in 2011.

Saputo lets rip at milk pricing [18 October/ The Australian] The CEO of Canadian listed global Dairy giant, Saputo International, Lino Saputo Jr, criticised the Australian supermarket duopoly, Coles and Woolworths for selling milk at the excessively low and below cost price of AUD 1.00 per litre. He said this confirmed Saputo's decision to focus on WCB producing value-added products for export. Mr Saputo also highlighted his intentions to secure the existing 900 million litres supplied by Southern Victoria to WCB's Allendale processing plant. He said the arrival of a Chinese food company in Western Australia, with a AUD 500 million investment acquiring 60 dairy farm (producing 500 million litres of milk per year) was not a threat, highlighting that many of the farmers who sold or are intending to sell their dairy farms to the Chinese joint venture consortium are traditional suppliers to WCB who have decided to exit the industry rafter selling their WCB shares to Saputo earlier at AUD 9.60 each. Mr Saputo intends to secure one billion litres of milk, primarily from Western Australia and southeast South Australia due to the location of WCB's processing site. He also highlighted the potential for joint investment programmes to assist dairy farmers increase their production base.

Business and academia join forces to tackle UK food security [21 October/ The Guardian] British non-profit organisation, the National Centre for Universities and Business (NCUB) is experimenting with collaboration between agronomy experts and companies in the food supply chain as part of an initiative to support innovation and sustainability in the agri-food sector in the UK. NCUB's role is to link world-leading experts in the university system with commercial entities to realise opportunities to address strategic issues, such as meeting emerging food security issues. The Food Economy Taskforce includes academics from universities including Cambridge, Leeds and Aberystwyth and representatives of companies including Sygenta, Asda, Marks & Spencer and Sainsburys. One of the key focuses of the group is enhancing the image of the sector to attract young talent. A further key focus is how academia provides information to the commercial sector to enable more sustainable decisions to be made regarding land use.

Agribusiness strategy

How to cater for smart shoppers [20 October/ NZ Farmers Weekly] A Lincoln University Agribusiness and Economic Research Unit roadshow on the first year's research results for India, China, Indonesia, Korea, Japan and the United Kingdom has been presenting results to leading exporters on four key aspects of food; food safety, animal welfare, environmental quality and health food. In Indonesia and China, environmental quality was one of the give most critical determinants of food safety for consumers, with animal welfare playing a significant part for consumers in Indonesia. In India, food safety was linked to the type of feed offered to cattle, which could not contain any animal based products. Project leader, Caroline Saunders said that free-range and barn-raised were not always perceived to be important, with indoor housing seen as better for controlling feed and animal conditions by the Chinese. The research also highlighted that China and Indonesia focused on the long-term impacts from the food, while the United Kingdom for example focused on short-term impacts. Further the ability to ensure the authenticity of food and low prices were important to Chinese consumers. Research also indicated while almost 60 percent of Indian, 40 percent of Chinese and 50 percent of Korean consumers were using mobile devices to purchase food, the figure was less than 20 percent in the United Kingdom. Ms Saunders said that an option for advocating the New Zealand story to the global consumer was to use an umbrella or a New Zealand Inc brand that would carry a common New Zealand theme across all the brands.

Agri-tech

Innovation in agriculture awards [16 October/ Radio New Zealand Rural] Otago's Scott Technology won the Innovation in Agriculture & Environment award at the New Zealand Innovation Awards, for its automated lamb boning room which uses x-rays to scan and cut carcasses to reduce labour. Fonterra's research and development centre won the Innovation in Hospitality, Food and Beverage award for its reduced-fat cheddar, while the Gallagher Group won the Sustained Innovation Excellence Award in recognition of the company's culture of innovation. Precision Seafood Harvesting picked up two titles which included the Supreme Innovator Award for its technology allowing fish to be caught live in a superior condition while smaller fish escaped the net.

Economics and trade

China trade needs more than logs and milk: NZIER [21 October/ NZ Herald] An analysis by NZIER for the NZ China Council says the biggest risk facing our trade growth with China is concentration into a small number of products such as logs and milk powder. Although exports to China have doubled every five years since 1990, the products we export have become more concentrated. NZIER noted this is despite China's imports becoming increasingly diversified. The analysis highlighted that two way trade between New Zealand and China of almost \$20 billion (up from \$10 billion in 2010) had been driven by exports being redirected to China from other markets, were the GFC had impacted demand, rather than a growth in production. The report said relying on further commodity growth could not be relied on for the next doubling of trade as production increases will be unable to keep pace with demand growth and you can't rely on continuously growing market share. The analysis also highlighted the exposure to market volatility when trade is to concentrated with a single market. NZ China Council Executive Director, Pat English, said the report highlighted we needed more companies following Fonterra's lead with it's Beingmate partnership of New Zealand Greenshell Mussels and taking steps to boost higher value exports.

Farmers and producers

Northland tops spring farm sales [16 October/ Rural News Group] A total of 347 farms were sold in the three months to September 2014 (a five farm increase from the same period in 2013), at a \$26,000 median price per hectare for the farms sold, in comparison to the \$22,851 per hectare in the same period in 2013. However the median price per hectare declined 2.2 percent from August 2014. Northland recorded the largest increase at 22 sales, while Auckland increased by 12 sales and Nelson by 10 sales. The largest number of sales were of grazing properties at 46.7 percent of all sales over the period, while horticulture properties accounted for 15.6 percent, finishing properties accounted for 13.8 percent and arable properties accounted for 12.1 percent.

Too many hurt on the job - Greens [16 October/ Radio New Zealand Rural] Commenting on Statistics New Zealand's ACC figures indicating 226 workers per thousand in the primary sector that had ACC claims accepted in 2013 for workplace injuries, Green Party industrial relations spokesperson, Denise Roche said the industry and the Government must introduce minimum safety standards to address the issue. She highlighted that workers in the industry had a one in four chance of being injured, on top of the high death rate that has plagued the industry. Ms Roche said that the Health and Safety Amendment Bill currently before the Parliamentary Select Committee needs to be passed promptly. The final report of the independent panel conducting a review into safety in the forestry sector is to be released later this month.

Lack of data hampers health alliance [21 October/ Radio New Zealand Rural] Rural Health Alliance CEO, Michelle Thompson, said that it has become apparent in the past few months that the organisation is unable to get good quality data it needs to build a case for government for improved health services in rural communities. Ms Thompson noted that if you can't measure something you can't change it and the current challenge is different government departments are working off different data sets. There is no meaningful way to analyse rural health status compared to that in urban areas. Alliance Chair, Jo Scott-Jones, added that per capita funding models also present a challenge for provincial and rural areas where populations are falling and ageing leaving less funding for more healthcare, which is impacting the access rural people have to GP services in particular. He noted a consequence was that rural people are using hospitals more as preventative healthcare is not readily available. Recent statistics on accident and suicide rates in rural areas have further highlighted the importance of ensuring sufficient health provision in rural areas.

Landcorp pushing to diversify – says Chair [21 October/ New Zealand Herald] Landcorp Farming chairwoman, Traci Houppapa, said that the company's decision to take full control of Focus Genetics (New Zealand's largest red meat genetics business) is an example of its wider strategy to diversify operations. While not on the acquisition trial, Ms Houppapa, said the company is looking to enter new markets to spread risk in a managed and conservative way. Ms Houppapa, who won the DLA Philips Fox Board and Management award at the Women of Influence Awards, said Landcorp was looking to improve returns from its core business for the government and the agriculture sector in general. While the reduction in forecast milk prices has impacted forecast earnings, it was noted the company had locked in a share of its production at a fixed price of \$7 utilising Fonterra's guaranteed milk price scheme. Ms Houppapa stressed that Landcorp was not intensifying farming models for short term gain, but was looking at farming systems to optimise the use and stocking rates of its land. The company was looking to develop joint ventures with iwi and Maori group which included the provision of farm management services to post settlement organisations as they develop their own infrastructure.

Rural media

Guild Awards 2014 [18 October/ New Zealand Guild of Agricultural Journalists & Communicators] Radio New Zealand news reporter, Benedict Collins was awarded the top agricultural journalist award, the OPSPRI New Zealand Rongo Award by the New Zealand Guild of Agricultural Journalists and Communicators, with the runner up position being taken by Terry Brosnahan. The Dairy NZ Dairy Industry Journalism Award was taken by The Dairyman's Anne Boswell, while the Alliance Group Red Meat Industry Journalism Award was taken by New Zealand Farmers Weekly writer, Stephen Bell, Federated Farmers Rural Photography Award was taken by The Dominion Post's Kent Blechnnyden, the Business Writing Award by Country-Wide magazine's Lynda Gray, AgResearch Science Writers Award by The Dominion Post's Jon Morgan, the Horticulture New Zealand Journalism Award by Elaine Fisher for articles in the Coast and Country, the Rural Women of New Zealand Award by The New Zealand Farmer's Sonita Chandar and the AGMARDT Agribusiness Award and Beef + Lamb New Zealand News Award by New Zealand Farmers Weekly's Nigel Stirling. The Agricultural Journalism Encouragement Award was given to The Dominion Post's Gerard Hutching.

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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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