



cutting through complexity

AGRIBUSINESS

FIELD NOTES

Weekly news update from the KPMG Agribusiness network



FIELDNOTES.CO.NZ

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

12 November 2014

Organisations referenced in this week's Field Notes include:

Advertising Standards Board	Horticulture New Zealand
AgroFresh	Kerrygold
GE Free New Zealand	Lincoln University
Agri-Women's Development Trust	Market Gardeners co-op
Alliance Group	Ministry for Primary Industries
ANZCO	Motueka Fruit Growers Association
Apple and Pear Australia	New Zealand Honey Producers Co-operative
ASB	New Zealand Hothouse
Asia Infrastructure Investment Bank	New Zealand Institute of Economic Research
AsureQuality	Ngati Tūwharetoa Trust
Beef + Lamb New Zealand	Open Country Dairy
Comvita	Oravida
Dairy Women's Network	Overseas Investment Office
East Taupo Lands Trust	Pan Pac Forest Products
Environmental Defence Society	Pipfruit New Zealand
Federated Farmers	Primary Industry Training Organisation
Fish & Game	Primary Production Select Committee
FNSEA	Royal Forest & Bird Protection Society
Fonterra Co-operative Group	Sydney Postharvest Laboratory
Food Valley Netherlands	Synlait
Greenpeace	Tatua Co-operative Dairy Company
High Value Nutrition	World Organisation for Animal Health
Irrigation New Zealand	Zespri

This week's headlines

Horticulture	Devastating storm for Motueka growers [6 November/ Radio New Zealand Rural]
Water	Farmers flock to Ruataniwha meeting [6 November/ Rural News Group]
Dairy	Disbelief as milk forecast drops again [11 November/ NZ Farmer]
Red meat	Working together for sheepmeat [5 November/ Otago Daily Times]
Red meat	Bonus pool to reward farmers [10 November/ NZ Farmers Weekly]

Horticulture

Devastating storm for Motueka growers [6 November/ Radio New Zealand Rural] A severe hail storm which hit orchardists in Motueka on November 4 destroyed apple and kiwifruit crops at a vulnerable time in the fruits' life cycle. Riwaka grower, Jared Fry said he had reduced staffing by 25 percent due to the impact, which would carry on to the long run. He mentioned that despite many farmers being insured, the monetary impact is likely to be felt in the long-term. Mr Fry said that it was unlikely anything could be salvaged from the destruction. Motueka Fruit Growers Association chairman, Simon Easton said it will be approximately two weeks before the true extent of the damage can be determined.

Kiwifruit can't rest on laurels [10 November/ NZ Farmers Weekly] Zespri CEO, Lain Jager told the company's grower conference that its current model is not sufficient to retain a sustainable advantage into the future. He emphasised the need to refocus on the global environment and strengthening itself to face upcoming challenges. China, which is currently producing more kiwifruit than all other countries and more gold kiwifruit than New Zealand, is expected to double its kiwifruit production over the next five years. He said that the kiwifruit industry needed to consider how proprietary varieties and foreign direct investment would impact on global trends. He also said that the industry needed to examine if it could optimise sales and fruit quality by sending the crop to its own storage facilities overseas rather than using distributors. Mr Jager stressed the need to innovate ahead of the competition and emphasised the urgency at which it needs to be progressed.

GAP gives growers market access [10 November/ NZ Farmers Weekly] Horticulture New Zealand business manager Matt Dolan welcomed the New Declaration in Abu Dhabi of Global Good Agricultural Practices, which aims to make global food supplies more secure and provide New Zealand producers access to international markets. The declaration aims at developing common agricultural practices criteria to define safe, environmentally sustainable and socially responsible agriculture and aquaculture. He stressed the importance of having the New Zealand Good Agricultural Practices recognised in global markets. Pipfruit New Zealand business development manager, Gary Jones said New Zealand already met many of the criteria listed in the new declaration, but said there was as yet no method of measuring performance in meeting the listed goals. He said that the Global Good Agricultural Practices was important to good record keeping, administration systems, risk assessment and traceability. However Mr Jones expressed concerns that each new version of Global Good Agricultural Practices were becoming increasingly difficult to meet, making it a barrier to entry for developing producers. International Trade Centre's Joe Wozniak said the declaration was targeted at helping small businesses achieve market access.

MG shareholders revolt over growing venture [10 November/ National Business Review] Some grower-shareholders in the Market Gardeners Co-operative (MG Marketing) are against it becoming directly involved as a horticulture producer, saying it would result in the company competing with its own shareholders. MG Marketing consists of over 430 grower-shareholders, with \$178.8 million of assets, gross sales of \$538.8 million and profit of \$6.382 million as per its 2014 annual report. Chartered Accountant, David Steele who has been asked to review the governance structure of the company said that it is unusual for a co-operative to use the shareholders' fund to establish a competitive business. MG Marketing chairman, Brian Gargiulo said its involvement in growing operations enhances the business, while New Zealand Hothouse managing director and MG Marketing shareholder, Brett Wharfe disagreed. Mr Wharfe also said that Mr Gargiulo has held his position for 20 years, in comparison to the Institute of Directors' average term of five years, and the two independent directors are not voted by the shareholders as per usual, but by the board. Mr Wharfe said that the shareholders are intending to establish a shareholders' council.

Honey

Comvita moves secure honey supply [10 November/ National Business Review] The health products producer, Comvita has entered into a joint venture with East Taupo Lands Trust to harvest its main ingredient, manuka honey. The joint venture, Kaimanawa Honey GP will commence harvesting with an initial 3,000 hives on Ngati Tūwharetoa Trust's land holdings. As part of its attempt to secure honey supply, Comvita acquired the Timaru based New Zealand Honey Producers Co-operative for \$12.3 million in July 2014. The company is to report its first half earnings on November 12, and expects profits of between \$9 million and \$10 million (up from \$7.6 million a year earlier) on revenue of between \$140 million and \$145 million (up from \$115 million) in the year ending March 31, 2015.

Forestry

Southern forestry boom 'great news' [8 November/ Otago Daily Times] The Overseas Investment Office approved the sale of Milton's former Southern Cross Forest Products' asset to Pan Pac Forest Products. Pan Pac lumber general manager, Michael Reaburn said 'several million dollars' would be spent on upgrading the sites ahead of commencing full production in April 2015. Mr Reaburn said that the majority of the work and capital expenditure will be local, with recruitment of the 31 staff at the two sites anticipated to commence progressively from December. He also said that some former employees would be considered for positions at the sites. Mr Reaburn commented that the sites would be merged, with the potential for more jobs following further expansion. The Clutha District Mayor, approved of the move and said he was pleased that a company such as Pan Pac with the ability to make a positive change is coming into the town. The settlement and change of ownership of the sawmilling and drying assets are to be completed by November 18.

Water

Farmers flock to Ruataniwha meeting [6 November/ Rural News Group] Over 250 Hawke's Bay farmers and growers attended the 'It's Now or Never' Ruataniwha meeting focusing on irrigation development experiences of South Island farmers. The meeting hosted by Federated Farmers included farmers showing how sheep finishing, beef, cropping and speciality seed can benefit alongside diary support operations from reliable irrigation. Irrigation New Zealand CEO, Andrew Curtis said that the focal point of the meeting was information sharing by those who had experience. Local irrigators, Arthur Rowlands and Hugh Ritchie also spoke about how they would make the irrigation development work for its users. Irrigation New Zealand and Federated Farmers will continue to gather the Hawke's Bay farming community for the uptake of water. Mr Curtis said based on support from the meeting, the dam is now definitely over the line.

Dam 'will taint water quality' [11 November/ NZ Farmer] Fish & Game, the Royal Forest & Bird Protection Society and the Environmental Defence Society have appealed the Board of Inquiry's final report on the Tukituki Catchment Proposal, with Fish & Game having told the High Court at Wellington that the Board of Inquiry has made errors of law by not attempting to improve water quality as required by the National Policy Statement on Freshwater Management in its final ruling into the Tukituki Catchment Proposal. They also argued procedural unfairness due to appellants not having been given an opportunity to make submissions on a matter that was of a more than minor and technical change. Fish & Game said that as the Board had not allowed interested parties to comment on the changes, it had breached the principles of natural justice.

Dairy

Dairy auction gives hope to farmers [5 November/ NZ Herald] GlobalDairyTrade auction prices showed a decline by just 0.3 percent compared with the mid-October auction. Whole milk powder sold for USD 2,522 per tonne (up 1.6 percent), building on a 1.4 percent increase at the previous auction, but almost \$1,000 short of what is needed to avoid Fonterra Co-operative Group revising its farmgate forecast of \$5.30 per kilogram of milksolids for 2014/15. Bank economists have stated that if market prices stagnate at low levels, the farmgate milk prices could decline to approximately \$4.80 per kilogram of milk solids this season, preventing many farmers from breaking even. Westpac stated that at this level, the milk price would equate to a \$2.5 billion loss in export revenue, compared to a more 'normal' price in the low \$6.00 range. ASB Bank commented that Fonterra was carefully managing its auction volumes by holding back product, and said that it expects dairy prices to stabilise more conclusively over the coming auctions before recovering over 2015. ANZ said that if prices only revive during the last quarter of the season, Fonterra will be pushed to achieve their current milk price forecast of \$5.30 kilograms per milksolid, with recent auctions indicating a price close to the low \$4.00 range. ANZ Bank expects a milk price this season of approximately \$4.85 per kilogram.

Oravida's promo photo angers PM [7 November/ Business Day] Prime Minister, John Key intends to again tell exporter, Oravida to refrain from using his image to promote its products, saying it amounts to 'false advertising'. Oravida's Shanghai arm had used Mr Key's image on its stand at the China Fisheries and Seafood expo in Quindao this week, after the Prime Minister had asked it not to be used. The Prime Minister said his office was handling the matter and he knew Oravida was not the only company that attempted to use his image. Former cabinet minister, Judith Collins' husband, David Wong-Tung, who is a director of Oravida in New Zealand said he had no knowledge of the Prime Minister's image being used.

Fonterra to offer free milk to schools in Sri Lanka [11 November/ NZ Farmer] Primary Industries Minister, Nathan Guy said the Fonterra Co-operative Group is contemplating commencing a pilot free 'milk in schools' programme in Sri Lanka, as one of its initiatives to boost the country's dairy industry. The co-operative's liquid processing plant in the country processes 30,000 litres a day and is supplied by 4,000 farmers. Model farms set up by Fonterra has resulted in a 42 percent increase in overall milk production and a 55 percent increase in income on average after the first 12 months in the programme. Mr Guy said that the new milk chilling station to be built in Gampaha will increase the quality of raw milk collected in the area. Following on from a few setbacks Fonterra faced in the country, Mr Guy said that the two countries are building a stronger relationship through the New Zealand-Sri Lanka Dairy Co-operation Arrangement. He said that New Zealand had valuable expertise to be shared with Sri Lankan dairy producers, such as improving productivity, genetics, animal husbandry, feeding techniques and technology. He also mentioned of the possibility of exporting live cattle to Sri Lanka. Other initiatives under the New Zealand-Sri Lanka Dairy Co-operation Arrangement is a five year \$2.2 million aid programme focusing on veterinary education, improving animal nutrition, extension services and the fostering of veterinary exchanges.

Disbelief as milk forecast drops again [11 November/ NZ Farmer] New Zealand's second biggest milk processor, Open Country Dairy has told farmers to prepare for a reduced payout in the \$4.70 to \$4.90 range, while Canterbury processor, Synlait is forecasting a payout of \$5.00 per kilogram. On a trade-weighted basis, the GlobalDairyTrade price index dropped 0.3 percent, with volume reducing from 50,816 tonnes two weeks ago to 45,499 tonnes. BNZ senior economist, Doug Steel said the Fonterra Co-operative Group forecast of \$5.30 is based on prices recovering to approximately USD 3,500 per tonne by the end of the season (currently at USD 2,649 on the Global Dairy Trade Auction). Industry watchers have commented that they are unable to understand why Fonterra has not downgraded its forecast. Despite warnings of a low payout, Nielsen survey indicates high farmer confidence, with 56 percent of farmers expecting the rural business climate to remain at the same level over the next 12 months, while 23 percent expect it to get better and 14 percent expect it to deteriorate. According to ASB, farmers have been accumulating their earnings from a buoyant year, with agricultural bank deposits totalling \$7.2 billion over the year to the end of September, compared with \$5.8 billion for the previous year. ASB economist, Nathan Penny said farmers should be capable of handling one tough season, but a second similar season will be putting pressure on farmers. Dairy income is expected to decline \$5.7 billion to \$9.6 billion in the 2014-15 season, from a season earlier. He expects milk production to increase 3 percent this season compared with last season.

Tatua's 100 years celebrated by 'family' [11 November/ Business Day] Tatua Co-operative Dairy celebrated its 100th year of business with a gala dinner in Hamilton at the weekend, attended by 700 suppliers, staff, international customers and dignitaries. CEO, Paul McGilvary, said the success of the company came down to a combination of many factors but the people and the relationships they had built was central to the organisations success. Chairman, Steve Allen, said that the company had wonderful staff that took care of the milk, added value to it and created products for the co-operatives customers adding that there is a strong inter-dependency between the farmers and the staff, which has built trust over a long period of time. The company is currently making the largest investment in its history, building a third dryer that is due for completion in April 2015 and will make speciality powders for added value products. Mr Allen said the defining moment in the co-op's history came when the dairy industry was deregulated in 2001, the company became truly independent and had to work to maintain and build relationships and take a hard look at where it needed to go.

New farmer director for Fonterra board [11 November/ Radio New Zealand Rural] The Fonterra Co-operative Group has appointed South Canterbury farmer, Leonie Guiney to its board, joining directors, John Monaghan and David MacLeod, who were returned in the board elections. Ms Guiney is a director of four dairy farming companies and was a strong opponent of Fonterra's Trading Among Farmers plan.

Red meat

Working together for sheepmeat [5 November/ Otago Daily Times] A memorandum of understanding on sheepmeat co-operation has been signed between New Zealand, Australia and Mexico in order to build global sheepmeat demand, as well as focusing on animal health and welfare, food safety, environmental sustainability and industry profitability. Beef + Lamb New Zealand director, Andy Fox said that in a market where sheepmeat is facing strong competition from other proteins, the industry must work together to promote its premium product. Australian Agricultural Minister, Barnaby Joyce said that more farmers should form co-operative structures to capture a bigger share of profits. Meat Industry Excellence chairman, John McCarthy said that although New Zealand's final price is highly volatile and been declining over time, it remains better than the Australian comparative. He stressed the need to form a strong co-operative led, farmer owned processor and marketer in order to ensure the price improves.

Bonus pool to reward farmers [10 November/ NZ Farmers Weekly] Alliance Group shareholders are to receive the first supplier pool payments in a number of seasons after the group reported a pre-tax profit of \$17.6 million. The pool payments during December will total \$7 million and be on a flat per head basis for qualifying stock, with the group also to provide a \$0.50 per head for shareholders who sold store lambs to finishers and which were then processed by the group. The pool payments are additional to the yield quality payments at the time of processing. Alliance CEO, Grant Cuff stressed the importance of the store lamb programme, and said the level of profitability was such that it was inappropriate to pay a dividend. After tax and the pool distribution, the latest profit is \$6.2 million, in comparison to the \$5.6 million the prior year without pool payments. Revenue increased from \$1.3 billion to \$1.46 billion. Alliance chairman, Murray Taggart said that growing demand for the red meat products (especially in China), improving prices and focusing on operational efficiencies were major factors for its profit improvement. Mr Cuff said that it was well placed for further growth, with reduced sheep numbers domestically and overseas supporting the firm's strategy of operating at the top end of the market. Mr Taggart said that the group was open to commercially viable solutions on industry restructuring to address processing over capacity, provided that it was in the best interest of farmers.

Research and development

Call for hard line against GE [6 November/ Radio New Zealand Rural] GE Free New Zealand presented a petition to the Primary Production Select Committee at Parliament on November 6 calling the Government to take a harder line against genetic engineering, especially regarding the labelling of food that may be genetically engineered or modified. GE Free New Zealand, along with other groups said the plant breeding technique, marker-assisted breeding, which Greenpeace science unit scientist, Janet Cotter called conventional breeding, is making genetic engineering or genetic modification redundant. Dr Cotter said the technique uses marker technology to mark genes of interest, which can then be traced through the breeding process into new crop varieties. Federated Farmers CEO, Graham Smith said Gene modifying technology that was currently restricted could benefit farmers and increase agricultural productivity.

New facility aims to boost sheep profits [10 November/ Rural News Group] A new 21 hectare education and research facility by Lincoln University is aiming to increase profitability in the sheep sector. The facility will be used for student and farmer training, field days, demonstrations and research. Lincoln University Faculty of Agriculture and Life Sciences professor, Tony Bywater said with the correct approach, sheep farms are able to compete with dairying. A significant research focus is placed on maximising profitability and consistency on summer safe and summer dry production systems, which involve increasing stock numbers to maintain pasture quality on non-irrigated land and moving sale stock to a smaller irrigated finishing block before the dry period, resulting in less water usage and higher numbers and returns on the breeding unit. Mr Bywater said that the cost of irrigating a finishing block to intensify numbers would be approximately one third the cost of a dairy conversion. Research will also include examining ewe elasticity to obtain guidelines on the changes in fat and protein content, testing options for gaining more lambs in a season, identifying more efficient ewes in terms of weight of lamb weaned and the increase use of technology to monitor individual animals through electronic tagging, as well as research on the effects of selective drenching to exclude animals that do not show parasitic infection.

Decisions on controversial High Value Nutrition funding to be made by year end [10 November/ National Business Review] The Government's first National Science Challenge, High Value Nutrition is soon to determine what projects will be receiving funding from the up to \$180.8 million fund, over ten years to meet the goal of developing high value foods with validated health benefits to boost exports to \$45 billion by 2025. Options for potential funding is expected before a science board for review on December 17. Initial funding of \$30.6 million will be allocated next year and a further \$53.2 million in 2019 following a review, at which point decisions will be made about which projects will be taken to market. High Value Nutrition director, David Cameron-Smith said that projects were unlikely to commence until later in 2015 and will be long-term turnarounds. He emphasised the targeted shift from an ingredient supplier to a value adding finished branded product supplier. He acknowledged the need to debate the issues raised by critics such as the lack of transparency, too much funding absorbed by bureaucracy and over emphasis on commercial drivers rather than blue sky research. The High Value Nutrition challenge is headed by researchers from the University of Auckland, the University of Otago, Massey University, AgResearch and Plant and Food Research, with the focus placed on four key research areas (mothers and babies, gut and immune health, obesity and diabetes and mobility). Mr Cameron-Smith highlighted the need for the end products to be consistent with the New Zealand story of being natural and healthy, as well as underpinning New Zealand's reputation for food safety and being the best in the market.

International

Kerrygold unveils new whole milk product for Chinese market [5 November/ The Irish Times] As part of its strategy to develop premium dairy products for markets in milk deficit regions (particularly in Asia), Kerrygold announced a substantial expansion into the Chinese market with the launch of a new whole milk product, under the Chinese trade mark 'Jin Kai Li'. Kerrygold stated that China will be a recipient of additional milk that will be produced once milk quotas are abolished in April 2015. In anticipation of the quota removal, the Irish Dairy Board, trading under the Kerrygold brand has expanded operations in the United Kingdom, Spain, Germany, America, Africa, the Middle East and China. Spokeswoman, Jeanne Kelly said that it plans to make Kerrygold Whole Milk widely available by building a sustainable business with national, regional and e-commerce retailers. She also mentioned markets with greater opportunity for dairy growth and said that it intends to expand into cheese and butter.

French farmers protest cheap food imports, EU rules [6 November/ Agence France Presse] Angry farmers handed out free fruit and vegetables in a central Paris square in a protest against cheap imported produce, and farmers across the country dumped manure outside Government offices, protesting costly European Union rules on nitrate pollutants in natural fertiliser and increases in fertiliser prices. Union leader, Damien Greffin said that farmers are threatened by the fall in prices of cereal, milk and vegetables, partly caused by the Russian embargo. Regional farmer union, FNSEA is calling for two out of three dishes served in public canteens be made using French produce. Approximately 63,000 farms have also been ordered to invest in their farms in order to comply with a 1991 European Union directive aimed at curbing nitrate pollution. The activist group Young Farmers president for Bourgogne called for the Government to respond to the effects of the Russian embargo.

Asian bird flu strain found in Germany [7 November/ The Irish Times] The World Organisation for Animal Health said Germany has detected a highly pathogenic strain of the bird flu, H5N8, which attacked Asia but had not previously been reported in Europe, with 5,000 turkeys infected on a farm in the north eastern state of Mecklenburg-Vorpommern. Of the 5,000, 1,880 birds were reported to have died, with German authorities having said the dead birds had been safely disposed of, as well as the farm undergoing disinfection procedures.

Synthetic gas keeping fruit 'fresh' for months [8 November/ The Sydney Morning Herald] Sydney Postharvest Laboratory director said half of Australia's apples were being treated with a synthetic gas by AgroFresh, called SmartFresh, in order to prevent the fruit from ripening. The gas is also used on pears, kiwifruits, mangoes and stone fruits. Dr Morris said experiments indicated that the gas had a detrimental effect on the sweetness and aroma of apples, despite the appearance being preserved on the outside. But growers body, Apple and Pear Australia CEO, John Dollison said farmers usually stored the treated applies in cold storage for six to eight months. The Advertising Standards Board recently ruled that Coles had breached the food code by promoting Tasmanian pink lady apples as 'fresh' and 'spring' fruit, although they had been picked four months earlier. Coles claimed the description to be accurate as advanced cold storage helped the fruit retain fresh qualities for extended periods.

Agribusiness strategy

Dutch and NZ food innovation link [5 November/ Radio New Zealand Rural] The Dutch food innovation network, Food Valley Netherlands head, Roger van Hoesel, who attended the Manawatu Agrifood Business Forum said that due to the fact that New Zealand and Netherlands were similar, collaboration between the two countries was feasible. He expressed his goal to link smaller New Zealand and Dutch companies together, while also highlighting the potential of digital technology in linking companies in the two geographically isolated countries.

Improved vision required to double primary sector exports [7 November/ The National Business Review] Some commentators are questioning if the Government's goal to double the value of primary sector exports by 2025 goes far enough in addressing deeper, decades old issues. Ministry for Primary Industries director of sector policy, Jarred Mair said that without significant innovation, the estimated value of primary industry exports will be approximately \$29 billion by 2025. He said in order to add value to products, the Ministry is partnering with industry to maximise industry led innovation, with initiatives such as the Primary Growth Partnership being in the forefront. However, there are concerns the scheme lacks financial scrutiny and audit protocols. The New Zealand Institute of Economic Research estimates indicate that the Primary Growth Partnership will provide a GDP increase of \$6.4 billion a year from 2025. KPMG New Zealand agribusiness head, Ian Proudfoot said that the primary sector requires a deeper vision that is able to attract people into the industry, and have a wider focus of creating prosperity for the economy by developing innovative and sustainable businesses that are developing natural assets in accordance with community expectations. Mr Proudfoot highlighted stronger integration of primary sector themes into the school curriculum as one solution, and emphasised the importance of improving the rural infrastructure. New Zealand Institute of Economic Research principal, Shamubeel Eaqub stated that the growth for increased production will need to be driven by on-farm improvements, such as an increase in technology and capital. He compared growth achieved from increased intensification of land use with growth achieved by moving up the supply chain to value creation, and placed emphasis on the preference for the latter.

Food safety

NZ to help China improve food safety [11 November/ Business Day] AsureQuality CEO, John McKay, said the demand for better food safety, quality and choice coming from China's rapid social advancement and urbanisation was behind an agreement signed around the APEC meetings in Beijing. The agreement between AsureQuality, COFCO (China's largest agricultural and food products supplier) and the accountants, PwC, draws on New Zealand and international food and agricultural models to raise food safety and quality standards in China. The group noted that the agreement was a signing example of APEC's goals to support sustainable economic growth and encourage prosperity and human security in the Asia Pacific region.

Agribusiness education

Leadership programme developed for dairy women [9 November/ NZ Farmer] Agri-Women's Development Trust and Dairy Women's Network's pilot Pathways programme to develop the skill and confidence of dairy women to influence and lead positive change in the business and communities is to commence this month. Agri-Women's Development Trust executive director, Lindy Nelson said research indicated that although dairy women faced similar issues to rural women generally, there was an opportunity for a highly-tailored, intermediate-level leadership programme specifically targeted at dairy women. Ms Nelson commented that Pathways is a unique programme targeted at dairy women moving into larger roles in their communities. Dairy Women's Network CEO, Zeldia de Villiers emphasised the benefit of the goal based action plan, as well as the support to implement it that will be provided. Pathways spans six months and consists of two two-day learning modules, individual coaching and mentoring. The pilot is being funded by Dairy New Zealand.

Farm cadets could be back [10 November/ NZ Farmer] New Primary Industry Training Organisation CEO, Mark Jeffries is in talks with Federated Farmers regarding the testing and funding of a new gold standard cadet training programme, amidst criticism from some Waikato farming leaders on the standard of farm staff training. Waikato dairy leaders last month said they were frustrated with the standard of Industry Training Organisation trainees. Mr Jeffries made it clear that improvements will require farmer support to fulfil training standards. He also commented that a significant number programme registrants were unable to read, write or do basic mathematics. Mr Jeffries expects farmers to request increased visits of farmers and trainees on farm. He also highlighted the need to address funding issues for an improved programme, with the potential of seeking funding from the Government, industry-good organisations and agribusiness corporates.

Economics and trade

Trade window 'closes mid 2015' [10 November/ Business Day] Prime Minister, John Key said that due to the political timeline in the United States the Trans-Pacific Partnership faces a crucial window of opportunity that will close in mid-2015 if a deal is not finalised. Mr Key said that each country had work to be done before the Trans-Pacific Partnership could be signed. He also highlighted that United States President, Barack Obama had told him that he privately and publicly believed in the deal and that it was important for growth.

NZ agin free trade fast track [10 November/ NZ Farmers Weekly] Trade Minister, Tim Groser said New Zealand will resist China's plan to use a meeting of Asia Pacific leaders in Beijing this week to fast track a new free trade area, Free Trade Area of Asia Pacific, with the United States also having opposed an early start to the negotiations as it may compromise the Trans-Pacific Partnership. China, and some other parties believe the Trans-Pacific Partnership is an attempt by the United States to benefit its own companies at the expense of China's economic interests. China has been pushing for a feasibility study and for members to engage in finishing the Free Trade Area of Asia Pacific by 2025. International Business Forum's Stephen Jacobi highlighted the likelihood that China will have to make compromises on the proposed feasibility study. The Free Trade Area of Asia Pacific would arguable provide little gain for New Zealand in terms of increased market access, as the Trans Pacific Partnership included many of the largest economies in the region.

Fighting fund to finance TPP battle [11 November/ NZ Herald] ANZCO meat exports chairman, Graeme Harrison highlighted the need for a 'fighting fund' plan for a pro-Trans Pacific Partnership campaign once a deal has been finalised. He expressed his concern that the public did not understand the benefits of the Trans Pacific Partnership or of the free trade agreement with China. New Zealand is contemplating injecting over \$100 million start-up capital into a new China-inspired Asia infrastructure bank called the Asia Infrastructure Investment Bank, which is being opposed by the United States and its allies in the region, as well as Australia, Japan and South Korea, based on an unsatisfactory structure where China has 50 percent ownership. It would also be challenging the World Bank and is considered as a move by China to assert regional leadership. The Prime Minister, John Key is expected to be in discussions over the matter with President Xi Jinping and other leaders next week. Mr Key said that it was important to have influence over the structure of the organisation, which would benefit New Zealand companies based on the infrastructure developments.

Farmers and producers

Country's coming to town [10 November/ Rural News Group] New Zealand's largest agricultural and pastoral show, the Canterbury A&P Show organisers are expecting 100,000 in attendance this week. It hosts over 1,700 showing classes and over \$100,000 in prize money. Event director, Geoff Bone said that the event is promising some of the highest entry levels in the show's history. He said that equestrian entry numbers are second only to the Royal Show of 2009, and is partly due to the new sections, European Native Breeds and Holden Horse. Sheep and wool and fibre entries are also ahead of 2013.

Northern farmers to get drought smart [10 November/ Radio New Zealand Rural] The organisers of the Beyond Reasonable Drought roadshows have organised another series, 'Beyond, Beyond Reasonable Drought' to start at Kerikeri in the Bay of Islands on November 10. The series includes the award winning Hawke's Bay Farmer, Steve Whnn-Harris and Australian resilience advisor, Dennis Hoiberg. Project co-ordinator, Ant Lagan said the roadshow which was about smart farming has put together a list of ingredients, which includes understanding soils and soil mapping through to responsible cash management programmes and feed budgeting.

Field Notes

Weekly news update from the KPMG Agribusiness Network – 12 November 2014

7

Contact Us			
Auckland/ Audit Ian Proudfoot 09 367 5882 021 656 815 iproudfoot@kpmg.co.nz	Taxation Greg Knowles 09 367 5989 021 307 332 gknowles@kpmg.co.nz	Tauranga Robert Lee 07 571 1773 027 451 1035 relee@kpmg.co.nz	Wellington Graeme Edwards 04 816 4522 027 296 5050 gdedwards@kpmg.co.nz
Christchurch Andrew Hawkes 03 353 0093 027 508 0135 ahawkes@kpmg.co.nz	Financial Advisory Services Gary Ivory 09 367 5943 021 932 890 givory@kpmg.co.nz	Management Consulting Simon Hunter 09 367 5881 027489 9737 simonhunter@kpmg.co.nz	Hamilton/ Private Enterprise Hamish McDonald 07 858 6519 021 586 519 hamishmcdonald@kpmg.co.nz
Farm Enterprise North Island Julia Jones 07 858 6553 027 524 8901 juliajones1@kpmg.co.nz	South Island Brent Love 03 683 1871 027 528 1537 blove@kpmg.co.nz		

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

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

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

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