

AGRIBUSINESS

FIELD NOTES

Weekly news update from the KPMG Agribusiness network

18 March 2015

Organisations referenced in this week's Field Notes include:

A2 Milk	New Economics Foundation
Aeronavics Company	New Zealand Extracts
AFFCO	New Zealand Infant Formula Export Association
Alliance Group	New Zealand King Salmon
Animal Control Products	New Zealand Kiwifruit Growers
ANZCO Foods	Nutraceutical and Natural Products
Aqua-Spark	Open Country Dairy
Aurecon	Pipfruit New Zealand
Ballance Agri-Nutrients	Rural General Practice Network
Beingmate Baby & Child	Rural Health Alliance Aotearoa NZ
Callaghan Innovation	Seeka Kiwifruit Industries
CEN Biotech	Silver Fern Farms
Federated Farmers	Synlait Milk
Fonterra Co-operative Group	Tuatara Natural Products
Food HQ	Tyson Foods Inc.
General Mills Inc.	Westland Milk Products
Green Party of New Zealand	Wine Marlborough
Independent Kiwifruit Growers	Wools of New Zealand
Marlborough Chamber of Commerce	Zespri
Ministry for Primary Industries	

This week's headlines

Horticulture	Kiwifruit harvest likely to be a bumper crop [16 March/ Radio NZ Rural]
Fishing and aquaculture	High price for Maori Fisheries Review [16 March/ Business Day]
Dairy	1080 threat: Dairy firms reassure [13 March/ NZ Herald]
Dairy	Lactose technology boost for Fonterra [16 March/ Business Day]
Red meat	Meat industry report backs co-op model [17 March/ NZ Herald]
Rural communities	Rural health conference opens today [13 March/ Radio NZ Rural]



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**HOT OFF THE PRESS:
KPMG AGRIBUSINESS
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Horticulture

Kiwi referendum closes soon [13 March/ Radio NZ Rural] Kiwifruit growers have until 20th March to vote in a referendum on recommendations from the Kiwifruit Industry Strategy Project, designed to future proof the industry and protect grower control. Grower Representative, Peter Ombler expected the vote to reaffirm support for the current industry structure but there are some changes that need to be decided on, such as the ownership structure of Zespri. The Independent Kiwifruit Growers Group called on growers to reject recommendations as they do not resolve the issue of ownership of Zespri, where 20 percent of growers control 75 percent of shares. It also has issues with the voting process. Currently around a third of growers have voted.

NZ apple growers to help India's apple industry [16 March/ NZ Herald] Pipfruit New Zealand is taking the lead on a World Bank project to rejuvenate India's declining apple industry, as production drops because of aging trees, pests and disease issues. The New Zealand apple industry, seen as world leading and having already rejuvenated itself in 2001, is likely to hit its \$1 billion export target, ahead of its 10 year 2022 deadline. Pipfruit New Zealand Chief Executive, Alan Pollard said the New Zealand pipfruit industry has a long term strategy of building relationships and more welcoming trading environments, with hope of a tariff free window when no Indian fruit is available. Apple exports to India incur a 50 percent tariff, costing USD 15 million a year. Export volumes to India have been in decline, with 1 million 18kg cases in 2012 dropping to 694,000 cases in 2014.

Kiwifruit harvest likely to be a bumper crop [16 March/ Radio NZ Rural] New Zealand Kiwifruit Growers President, Neil Trebilco said growers in Kerikeri and Whangarei had experienced nowhere near the damage expected from the remnants of Cyclone Pam, however Gisborne growers are anxiously awaiting the arrival of the storm. Kiwifruit growers are expecting a bumper crop this year, with fruit ready for picking a week early. Mr Trebilco explained that the picking period for the gold variety had arrived earlier due to changes in maturity protocols. The industry is steadily recovering from losses caused by the PSA disease with expected tray volumes rebounding to pre PSA numbers, at 110 million trays. Seeka CEO, Michael Frank said the fire which destroyed a shed and damaged a cool room has not put the company on the back foot, with the site still being about 95 percent operational.

Viticulture

Wine helps to boost Marlborough's GDP by \$213m [13 March/ Business Day] Marlborough's gross domestic product rose \$213 million to \$2.3 billion for the year ending March 2014, the third highest regional increase in the country. Wine Marlborough General Manager, Marcus Pickens said the figures showed the region benefitted from the wine sector performing well, after being hit hard by the dry 2013 conditions. Marlborough Chamber of Commerce General Manager, Hamish Macfarlane agreed to Mr Pickens comments and added that the region needs to be supportive of primary industries in every way possible. The bumper grape harvest last year helped to boost both the region and the nation's economy, with Marlborough contributing to 1 percent of the country's total GDP of \$229.7 billion.

Biotech firm toasts fruity fatbuster [15 March/ NZ Herald] New Zealand Extracts' newly formed marketing arm, Tuatara Natural Products, have launched a new weight loss product called Satisfax. The product, made from Marlborough grape and kiwifruit extracts slows down the digestion of food, making people feel fuller after eating less. New Zealand Extracts Co-founder and Chief Technical Officer, Dr Glenn Vile said with a third of the world being overweight, the weight management market is huge and growing. Satisfax, which had \$12 million invested into it by Plant and Food Research, had been trialed in Blenheim with 46 out of 52 participants losing an average of 3kg in eight weeks with many continuing to drop weight after the trial. Dr Vile believed that Satisfax has a significant point of difference to that of competitors, as New Zealand's clean, green association with production is enhanced by the company's water extraction method, which preserves the natural status of the product while competitors use chemical methods. Dr Vile added that the biggest challenge is financing the operation, with the company open to raising more capital and taking on partnerships to expand, as highly expensive clinical trials are needed to fully support any claim they make.

Honey

Beekeepers offer peace pipe to agrichemical industry [17 March/ Rural News] After a spraying mistake in the Waikato, which wiped out thousands of bees, Federated Farmers Bee Industry Chairman, John Hartnell said that communication between the Beekeepers' Industry Council and the agri-chemical industry is needed or else they would never find agreeable solutions. Mr Hartnell added that there is a bee health survey to be held this spring, partly funded by Agri-chemical organisation AgCarm, which will analyse the New Zealand's bee population. Mr Hartnell wanted the survey to be held every few years, enabling benchmark data to be collected and be used in the policy making process. Plant and Food Bee Expert, Dr Mark Woodward explained that wild bee losses were at an unsustainable 30 percent, and added that everyone needs to work together in finding mutually acceptable solutions.

Food Safety

Food safety a focus for Food HQ [12 March/ Radio NZ Rural] Food safety is a strong focus for the Food HQ research collaboration. Food HQ Programme Director, Mark Ward said there are now 12 partners in Food HQ, with one of the biggest advances being encouraging multiple agencies to work together on food safety. Mr Ward added his delight with the development of healthier food products, such as those on display at the current Central Districts Fielddays. Mr Ward said the event demonstrated that through innovation, science and knowledge which Food HQ partners hold, New Zealand food can get healthier and healthier.

Fishing and aquaculture

Millions lost after warm seas kill salmon [13 March/ Business Day] Warm sea temperatures in the Marlborough Sounds has contributed to the deaths of many salmon, creating a multimillion dollar problem. New Zealand King Salmon Chief Executive, Grant Rosewarne said the water temperatures at the Waihinu Bay Farm had stayed above 18 degrees Celsius for three months, with the fish functioning best in temperatures between 12C and 17C. The Waihinu Bay farm is the only farm affected by higher mortality rates, with no primary pathogen identified during investigations into what was causing the fish deaths. Mr Rosewarne added that everything is being done to reduce the stress on the fish, and that moving the fish to another site is not an option. Mr Rosewarne indicated that production will only be impacted in the short term, with enough time to put a plan in place to avoid significant long term effects. The company had moved to more expensive feed at the farm following a high mortality rate the previous year, however this had not been as successful as hoped, with another review of feed to take place. The dead fish have been transported to Kakariki Proteins, where oils and proteins are extracted from the fish before turning the salmon into pet food.

High price for Maori Fisheries Review [16 March/ Business Day] The recommendations from a six month review of the commercial structure of Maori fisheries have been met with controversy. Iwi and fishing industry representatives are to meet to discuss the contentious report, which recommends dismantling organisations, such as the Te Ohu Kaimoana Trust, put in place to allocate Maori Fisheries Settlements. Labour's Fisheries Spokesman, Rino Tirikatene believed the proposed overhaul will unnerve the industry, commercial interests and banks. Mr Tirikatene added that the recommendations were commercially shallow, weaken Maori investments and undermines the 2200 Maori fishery employees and Maori business partners. Another concern was the involvement of previous ACT MP, Donna Awatere-Huata, on the committee which agreed to the \$915,000 review.

Dairy

Why didn't NZX companies disclose 1080 threat? [11 March/ NZ Herald] Questions are being raised to why Fonterra Co-operative Group, Synlait Milk and A2 Milk did not keep the market informed about the recently announced 1080 infant formula contamination threat. NZX listing rules require material information to be released to the market immediately. Synlait Milk General Counsel and Company Secretary, Quentin Lowcay said there were exemptions to continuous disclosure rules. Mr Lowcay added that Synlait had to sign a confidentiality agreement with the Ministry for Primary Industries before it received information on the threat. The NZX and Financial Markets Authority, who actively engaged on the disclosure implications, said that as the information was maintained in confidence, under NZX rules it was not subject to earlier disclosure. The NZX added that there is no evidence of the market being materially influenced by false or misleading information and that the release of imprecise information may have had an unintended adverse impact on the three companies' shares. Both the NZX and FMA believed the approach to the announcements were appropriate given the unusual circumstances.

1080 threat: Dairy firms reassure [13 March/ NZ Herald] Dairy companies are confident security measures are strong enough to prevent a 1080 poison contamination, following threats to poison infant formula, despite Westland Milk Products only being informed of the scare a few weeks ago. Ministry for Primary Industries said Westland Milk was told at the same time as other manufacturers. Westland Milk Products CEO, Rod Quin said the company already had robust measures in place and could do little more to boost them, other than advise staff to be more vigilant. Synlait said it was also confident its food safety and security systems protects their products. The Ministry for Primary Industries said the manufacturing and distribution chain for infant and other formula is extremely secure.

Missing 1080 sought in infant formula probe [13 March/ Business Day] Police are trying to track down missing, possibly stolen 1080 poison following a threat to contaminate infant formula. Deputy Police Commissioner, Mike Clement said he was aware of unaccounted for batches of 1080, manufactured some years ago, with police currently keeping track of all 1080 coming into the country and the parties responsible for it. Police have also been visiting stockists of infant formula across the country, providing advice and support. Ministry for Primary Industries Deputy Director-General, Scott Gallacher said there were no reports of exports being blocked at international borders following the threats. Mr Gallacher added that it is not clear the nation is looking at a significant economic impact. Currently, police are three quarters the way through intensive forensic testing of the letters and envelopes.

Waikato expansion likely for Open Country Dairy [13 March/ Business Day] Open Country Dairy's decision on a further plant expansion is near, with the company making its major capital investment decisions around May every year. The Waikato region is believed to be on the directors' minds. The company, with a processing volume of 1.45 billion litres a year, has three fully booked out plants for supply next season and a supply wait list of more than 500 farmers. In the Waikato region, where dairy farmers are vocal about supplying the company, directors could opt to expand its foundation site, Waharoa or build a greenfield plant at Horotiu. Maximising return on investment and production mix will be on directors' minds when making mid-year capacity decisions, with a move into cream production or milk fats being an option. The company reported a record \$29.8 million profit for the 12 months to September 30, from an \$18.2 million profit during a 14 month period the previous year, after changing its balance date from July 31 in 2013. It paid suppliers \$8.41/kg last season.

Masses of formula heading to China without '1080-free' certificate [14 March/ NZ Herald] Between \$10 million and \$15 million of New Zealand infant formula will arrive in China, without new '1080-free' import certification, introduced following the 1080 contamination threat. New Zealand Infant Formula Export Association Chairman, Michael Barnett said that one exporter had between \$1.5 million and \$2 million of product stuck at a Shanghai port without certification. Mr Barnett added that the association is disappointed with the Ministry for Primary Industries for not informing exporters about the new testing requirement earlier. Ministry for Primary Industries Deputy Director General, Scott Gallacher explained how the ministry was only informed of the new certification this week and were still working with Chinese counterparts to gather further details of the testing requirements. Mr Gallacher added that the ministry's Chinese counterparts were unaware of any products being held up in relation to the 1080 threat. A Fonterra spokesman also explained how the 1080 threat had no impact on the co-operatives sales this week.

Greens welcome Federated Farmers proposal for a dairy moratorium [16 March/ Business Day] Green Party Co-leader, Dr Russell Norman has backed Waikato Federated Farmers President, Chris Lewis' call for a moratorium on dairy conversions. Dairy farmers argued that large scale forestry to pasture conversions would reverse the work farmers have done to mitigate their environmental footprint. Massey University Ecologist, Dr Mike Joy also supported the move, applauding farmers for protecting their industry. Waikato Regional Council Industry and Infrastructure Manager, Brent Sinclair said the suggestion was heard with interest and that the council are happy to discuss further with Federation Farmers.

Lactose technology boost for Fonterra [16 March/ Business Day] Aurecon engineers have created a new lactose crystalliser that could benefit Fonterra by up to \$24.3 million per year. The technology, known as CrystaLac, increases lactose yield from whey to 80 percent, from 65 percent. Already installed at Fonterra's Hautapu dairy factory, Cambridge and Clandeboye plant, South Canterbury based CrystaLac is now gaining international recognition after winning an award in the United Kingdom. Aurecon and Fonterra in conjunction with American company Relco, are selling the technology worldwide, with three plants being installed in the Netherlands, Germany and the United States. The three plants are expected to manufacture over 120,000 tonnes of lactose, more than the total quantity New Zealand can produce annually. Aurecon Project Director, Paul Stephenson said Fonterra wanted to sell the technology, rather than keep it, because New Zealand did not produce enough lactose to reap the rewards.

Fonterra confirms \$750m China formula deal [16 March/ NZ Herald] Fonterra Co-operative Group will purchase 18.8 percent of Chinese infant formula maker, Beingmate Baby & Child, for \$754.3 million after confirmation of the purchase was submitted to the Shenzhen Stock Exchange. Fonterra originally planned to spend \$615 million for a 20 percent stake, but currency movements since then have increased the purchase price. Fonterra hope the deal helps its Annum infant formula brand gain traction in China's booming baby-milk market. Fonterra CFO, Lukas Paravicini said the company sees the 18.8 percent stake in Beingmate as a good result. The new partnership will now move to a joint venture purchase of the Australian Darnum plant, and begin the finalisation of a distribution agreement, making Beingmate the exclusive Annum distributor in China. Beingmate reported a 90 percent drop in annual profit, to \$14.3 million, last month.

Key Fonterra figure quits for French rival [17 March/ Business Day] Fonterra Co-operative Group's Asia Pacific, Middle East and Africa Managing Director, Pascal De Petrini has resigned with immediate effect, returning to his former company Danone. Fonterra CEO, Theo Spierings thanked Mr De Petrini for his leadership and announced the process to find a successor has begun, with a replacement aimed to be in place by 1st August. Each of the Asia Pacific, Middle East and Africa head of regions will report directly to Mr Spierings.

Red Meat

Alliance steps up links with rural women [14 March/ Business Day: NZ Farmer] With half of Alliance Group's shareholders being women, the group is wanting to strengthen its links with them to help improve decision making on farms. Visits to a Nelson meat plant followed by a Christchurch workshop and a visit to Alliance's Smithfield site were devised after it was noticed that women sometimes feel uncomfortable attending Alliance meetings. A forum was organised in Christchurch which included talks about domestic sales, marketing, an overview of the group and lamb cut demonstrations. Alliance Group Director, Dawn Sangster said the role of women was widely recognised, with the group wanting to ease the way so women felt part of shareholder meetings. Ms Sangster added that the visits showed how many women were progressing into all areas of the workforce and are very important decision makers.

Impossible not to be excited, new Alliance chief says of role [14 March/ Otago Daily Times] New Alliance Group Chief Executive, David Surveyor said his new role is an opportunity to really make a difference and is excited about running a global business. Mr Surveyor, a newcomer to the red meat industry, has been getting feedback from farmers with discussions about the drought and about how the pricing schedule is not where it should be. Mr Surveyor explained how recent times had been the perfect storm for farmers and there were ways the company could improve the communication of the schedule. Mr Surveyor added that he saw a great growth opportunity, when taking the role, with the middle class growing around the world and global demand for protein consequently increasing. Mr Surveyor also said that the low margin nature of the industry meant his task was how to make a more efficient business and generate better returns. Following the release of the Meat Industry Excellence report on industry reform, Mr Surveyor explained how the Alliance Group will listen to its findings, helping build a better company, with conversations with both Silver Fern Farms and ANZCO about how to look out for each other.

Meat industry report backs co-op model [17 March/ NZ Herald] The Meat Industry Excellence report, produced to effect change in the New Zealand meat industry, has backed the industry to move to a single co-operative model. The report highlighted how the structure of the meat sector meant it was missing out on financial benefits that could be achieved by pooling resources and having an industry with scale. The report also discussed the rapid decline in sheep numbers, estimated to fall from 21 million to 15 million in 5 years, as farmers switch to other land uses such as dairy. Consulting firm, GHD, who advised on the report explained how competition beyond the farm gate was destructive and that continuing with no change is costing red meat farmers \$450 million per year. It is estimated that more than \$400 million in gains was available over five years, if Silver Fern Farms and Alliance joined forces, and around \$1 billion in savings if ANZCO and AFFCO joined them in a co-ordinated and managed consolidation.

Farmers and Producers

Sabotage fear for dairy sheds [16 March/ Business Day: NZ Farmer] Federated Farmers Dairy Chairman, Andrew Hoggard said strong food safety focus may have to shift to food defence at farmer level, following the 1080 contamination threat. Mr Hoggard added that a focus on dairy shed security is needed and has recently installed internet cameras at his farm, enabling him to monitor weird vehicles and revenge attacks by ex-staff such as tipping penicillin into milk vats. Fonterra Shareholders Council Chairman, Ian Brown agreed with Mr Hoggard that the 1080 threat sent a message to farmers about the sabotage risk, but believed the robust food security processes in place made product sabotage unlikely. Mr Brown added that Fonterra was beginning to make packaging more tamper proof.

Wool

Townshend steps down [16 March/ NZ Farmers Weekly] Wools of New Zealand Chief Executive, Ross Townshend has left the company to pursue other business interests, after two years in charge. Mr Townshend believed Wools of New Zealand was making good progress on its 'Direct to Scour' arrangements for farmers supplying wool. Mr Townshend added that recent supply volumes were growing with some growers selling all their wool through the company. Wools of New Zealand Chairman, Mark Shadbolt is to take an executive role until a new chief executive is appointed.

Agri-tech

Rule change may pitch drones further [16 March/ NZ Farmers Weekly] Proposed drone use rule changes, if approved, will see a more risk-based approach to long distance drone flights. The new rules would allow operators seeking longer distant drone flights to apply to the Civil Aviation Authority, allowing them to fly further than the current line of sight rule, which is a distance of about 4km. Callaghan Innovation estimates the proposed longer distance change could bring between \$152 million and \$190 million in cost savings or increased revenue, with agriculture, forestry and electricity sectors the largest beneficiaries. Civil Aviation Authority Spokesperson, Mike Eng said it would be up to the operator to present a case for consideration, with risk aspects analysed on a case by case basis. Aeronavics Company Flight Engineer, Coenraad Brand said that the potential for longer distant flights will enable drones to complete tasks such as fertilising and spray runs. Mr Brand added that the technology had been a success in Japan, and because of New Zealand's rugged nature, there is value to be captured.

Agri-chemicals

Firm is confident its 1080 plant is secure [16 March/ NZ Farmers Weekly] Animal Control Products Chief Executive, William McCook said his company's security processes make it a highly unlikely source of the 1080 powder sent to Federated Farmers and Fonterra. Mr McCook added that he was running a fresh set of eyes over all aspects of the company's Wanganui facility, despite current strict handling and storage controls over the 1080 powder, imported from American manufacturer Tull Chemical Company. Environment Minister, Dr Nick Smith announced there are to be rule changes tightening up controls on high purity 1080 access by research organisations. Rule changes include tighter lab security, tracking of the poison and Environmental Protection Authority certification of high purity 1080 importers. Mr McCook suspected that there were suppliers of 1080 in addition to Tull Chemical, mainly from China.

Biosecurity

Tonga blocks Auckland fruit [10 March/ Radio NZ Rural] Tonga is the only export market to impose restrictions on New Zealand produce following the Queensland Fruit Fly incursion. The total number of flies found sits at 14, but more larvae were found in fruit collected over the weekend, with four properties in the exclusion zone being targeted with foliage spraying and insecticide granules. The operation is ongoing and expected to take several months.

International

The yogurt files French dairy bosses caught colluding [13 March/ NZ Herald] Eleven companies were hit with EUR 192 million in fines after a ruling by the French competition authority found six years' worth of evidence relating to fixed prices of the yogurt-related goods stocked on French supermarket shelves. The cartel was uncovered due to a special procedure that allows companies to report their own price-fixing activity to regulators in exchange for reduced punishment. Yoplait, majority owned by U.S.-based General Mills Inc., was the first company to report the activity, and was given no fines. Dairy maker, Senagral was hit with the biggest fine of EUR 46 million after regulators said it received EUR 316 million in sales of price fixed yogurts in 2011. UFC Que Choisir Consumer Group Lawyer, Amal Taleb hailed the investigation but said the consumers are the main victims, with the fines going to the public treasury.

Bird Flu Spreads in U.S Turkey Flocks [12 March/ The Wall Street Journal] H5N2 avian influenza, highly contagious among birds, has infected Arkansas and Missouri turkey farms escalating a multistate outbreak and increasing the prospect of wider international restrictions on U.S. poultry products. The U.S. Department of Agriculture announced that there has been no human cases of H5N2, with a low risk to human health, however there are concerns of disrupted production. Major poultry companies shares declined on Wednesday following the news. China imposed a ban on all U.S. poultry imports, in January, with about 30 other countries also imposing restrictions. Tyson Foods Inc. said it has biosecurity measures in place, with contract farms being more diligent since the virus' spread during the U.S. winter.

Can Aqua-Spark fund the future of aquaculture? [12 March/ The Guardian] Aqua-Spark, a global investment fund based in the Netherlands, aims to invest in new technologies which limit the environmental impact of fish farming. Aqua-Spark Co-founder, Mike Velings said the USD 135 billion aquaculture industry lacked investment, with a lot of knowledge and capital needed. The fund which raised about EUR 8.3 million, has aspirations of raising between EUR 250 and 300 million over the next ten years. The fund has already invested EUR 2 million in Calysta, a firm developing technology that uses a naturally occurring microbe to convert methane gas into a substitute for fishmeal, reducing the reliance on forage fish feed. A further EUR 2 million has been invested into Chicoa Fish Farm, a vertically integrated aquaculture company being developed in Mozambique. Chicoa Co-Founder, Gerry McCollum said Africa is suited to fish farming, with the native Tilapia fish being able to provide steady supply.

No flood of European milk expected [12 March/ Business Day: NZ Farmer] US Dairy Expert, Professor William Bailey said the European Commission forecasts milk production to grow less than 2 percent during 2015 and 2016. Mr Bailey added that European dairy farmers are not expected to significantly increase milk product when quotas are abandoned in April, amid fears it may open production floodgates. The European Commission did not expect changes of whole milk powder exports from current levels. ASB Rural Economist, Nathan Perry said New Zealand will still be the world's number one exporter of whole milk powder, however production and prices are to remain stagnant. Mr Perry suggested that cheese will be the next area of growth, with demand increasing as China start to eat more pizza. Rabobank Economist, Hayley Moynihan said Australia's free trade agreement with China is only a stepping stone in increasing its dairy trade, as Australia needs to lift its milk supply. Australia currently has an exportable surplus of less than 3.5 billion litres of milk, compared to Fonterra which processes 16 billion litres alone, with 95 percent being exported.

CEN Biotech's licence denied after months of misrepresentations [12 March/ The Globe and Mail] Health Canada has refused to grant a licence to CEN Biotech, who were seeking to build the world's largest marijuana operation, after it uncovered numerous misrepresentations were made by the company over the past 14 months. On multiple occasions, the company suggested it had already been licensed pushing up its share price, allowing CEO Bill Chaaban to sell more than 71 million shares at a significant profit. Health Canada issued Mr Chaaban a reprimand letter, warning not to claim the company had a licence. The company ran afoul of Health Canada again, falsely claiming one of its employees had close ties to Health Minister Rona Ambrose. CEN Biotech again mislead shareholders after being informed the government intended to reject its licence, saying it had been asked to provide support for its application. CEN Biotech filed for a judicial review of decision, arguing it was issued with a permit to build the facility and had the requirements for a licence. Health Canada said it has the right to reject an application if concerns arise during the process.

Farmers could face €90m penalty for milk surplus [13 March/ The Irish Times] Irish farmers are expected to receive a EUR 90 million penalty for supplying a surplus of milk, as production is increased in preparation of the March 31st milk quota abolishment. As of January 31st, Ireland was 5.47 percent above the quota, increasing from a 1.52 percent surplus the previous year. The approval of a European Commission proposal means penalties can be collected over a three year period, in three interest free installments. European Union Commissioner for Agriculture, Phil Hogan said the proposal allowed for cash flow flexibility enabling farmers to take advantage of the post quota environment. Irish farmers have paid around EUR 144 million in penalties during the 30 year milk quota regime.

UK could double its fish catch if quotas allowed stocks to recover, says study [13 March/ The Guardian] According to a study by the New Economics Foundation, British fishermen could benefit from doubled fish catches within a decade, if the European Union quotas were in line with scientific advice on re-stocking overfished species. If stocks were allowed to recover, a potential EUR 500 million in additional revenue and thousands of extra jobs could become available in the United Kingdom alone. The study shows that if the UK's quota was rebalanced, more than a tenth of current catches would be sacrificed. New Economics Foundation Economic Modeller, Griffin Carpenter said ministers are currently wasting economic potential by failing to sustainably manage a vital environment resource. Under recent reforms to the European common fisheries policy, quotas should use scientific advice when setting a maximum sustainable yield, but the study found ministers last year set quotas above the advised limits for two-thirds of European fish stocks.

Sugar extract offers hope for industry [13 March/ National Business Review] A natural sugar cane by-product, that may help consumers and governments tackle health dangers of excess sugar consumption, has been accidentally discovered by Queensland food scientists during a project to make sugar mills more efficient. The high-potassium, low-sugar, low-sodium natural electrolyte, which is extracted from just 3 percent of cane juice may help food and beverage companies reduce sugar content in products by 40 percent, without affecting flavour. The extract, known as Plant Zap, also masks the acidic or bitter taste of many other low-calorie alternatives. Nutraceutical and Natural Products has bought the rights to the patented technology, with the Queensland government receiving royalties for every tonne sold. Nutraceutical and Natural Products CEO, Mike Lehman engaged in an AUD 16 million capital raising and once Plant Zap gains market acceptance, hopes to build five plants, costing AUD 50 million at major mills in Queensland. Mr Lehman added that five plants would add AUD 70 million to the bottom line of the sugar industry and to its growers. A recent Credit Suisse report tipped world sugar consumption to fall 14 to 16 percent annually, while there is a threat of sugar taxes being introduced.

Agribusiness Education

Students given Ballance boost [10 March/ Rural News] Ballance Agri-Nutrients has awarded \$60,000 in tertiary study scholarships to seven students, with aspirations of a career in the primary industries sector. This year's scholarships bring the total awarded by the co-operative since 2002 to 71. Ballance Agri-Nutrients Science Strategy Manager, Warwick Catto said the high calibre applicants demonstrated a true passion for the primary industry sector and recognition of New Zealand as an exporting nation by combining disciplines such as marketing, agriculture, and international business. The Co-operative awarded four scholarships worth \$4,000 for up to three years and another three, one-year scholarships worth \$4,000. The 2015 programme received 86 applicators, up 11 from last year.

Economics and trade

Food prices fall last month [12 March/ NZ Herald] The New Zealand Food Price Index fell 0.7 percent in February, after a 1.3 percent gain in January. Fruit and vegetable prices declined 2.4 percent in February with declines in apples and tomatoes offset by higher strawberry prices. Meat prices also fell 1.6 percent, with falls in lamb, beef and chicken. Grocery foods slipped 0.6 percent, as lower prices for snack foods, yoghurt, chocolate and bread were offset by higher prices for sweets. Non-alcoholic beverages rose 1.1 per cent reflecting less discounting on energy drinks, soft drinks and packaged coffee.

Rural Communities

Rural health conference opens today [13 March/ Radio NZ Rural] The first National Rural Health Conference held in Rotorua, is expected to attract more than 350 doctors, nurses, medical students and rural community leaders. The conference, held by the Rural General Practice Network and Rural Health Alliance, is giving people working in remote places the chance to discuss and share ideas about rural health problems. Opotiki GP, Dr Jo Scott-Jones, said key topics included mental health, suicide prevention, violence reduction and workforce training problems. Dr Scott-Jones added that another focus of the conference is the sustainability of rural communities, with thinking about how to enhance and sustain economic health of rural communities.

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