

FIELD NOTES

Weekly news update from the KPMG Agribusiness network



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**HOT OFF THE PRESS:
KPMG AGRIBUSINESS
AGENDA 2015 VOLUME 1**

24 June 2015

Organisations referenced in this week's Field Notes include:

A2 Milk	Lincoln University
AGCARM	Lloyds of London
AgResearch	Meat Industry Association
AgriProFocus	Meat Industry Excellence
Alliance Group	Ministry for Primary Industries
American Egg Board	Munchkin
ASB Bank	New Zealand Grain and Seed Trade Association
Australian Bureau of Agricultural and Resource Economics and Sciences	Oob
Awassi NZ Holdings	Organics Aotearoa New Zealand
Bayer CropScience	Plant and Food Research
Beef + Lamb New Zealand	Queensland Farmers Federation
European Commission	Rabobank
Federated Farmers	SchoolsLinc
Fonterra Co-operative Group	Silver Fern Farms
Freedom Foods Group	Source NZ
Future Farmers Network Australia	Synlait Milk
GE Free New Zealand	The Soil Association
Ghent University	Uganda Technical Centre for Agricultural and Rural Co-operation
GrainCorp	University of Southern Denmark
Grocery Manufacturers Association	Urner Barry
Irrigation New Zealand	Wood Processors and Manufacturers Association
KPMG New Zealand	Youth Ag Summit

This week's headlines

Horticulture	Oob wins in organic food sales surge [21 June/ Business Day]
Honey	Bee colonies wiped out as new parasite spreads through New Zealand [22 June/ Business Day: NZ Farmer]
Red meat	Saudi company would pay over \$200 per live export sheep [18 June/ Business Day: NZ Farmer]
Agribusiness education	Women flock to farm careers [23 June/ NZ Herald]
Economics and trade	TPP reboots as House passes fast-track trade authority [19 June/ National Business Review]

New Edition of Consumer Currents released

KPMG International has recently released issue 19 of its Consumer Currents magazine which explores some of the trends emerging in consumer markets around the world. This edition provides deep dives into the risks associated with Cyber Crime and the initiatives companies can take to protect themselves, gets inside the mind-set of millennial consumers and suggests strategies to better engage with them and shares learnings from KPMG in the US's Innovation Lab on how identifying weak signals of changes in consumer behaviour can enable companies to develop strategies to transform their businesses and ensure survival. The report also has a case study on innovative San Francisco based chocolate maker, TCHO, that has applied Silicon Valley technology to create a high value, integrated chocolate business delivering consumers a more sophisticated experience than the confectionary sector has traditionally provided its customers. Consumer Currents is one way KPMG communicates our observations on how consumers are responding to rapidly changing market environments. These insights can help New Zealand primary sector companies increase their understanding of and ability to connect with consumers of our produce; the publication can be accessed by clicking on the following link:

http://www.kpmg.com/global/en/issuesandinsights/articlespublications/consumercurrents/pages/default.aspx?utm_medium=email&utm_campaign=2015-cm-consumercurrents-19&utm_source=internal&utm_content=gbl+2015+jun+18+top

Agenda 2015

Primary sector's shortcomings outlined [17 June/ Rural News] According to the latest KPMG Agribusiness Agenda, New Zealand's primary sector is lacking in areas including the lack of a long term vision, quality broadband, getting better qualified people into the sector and a failure to understand the implications of the new regulatory environment. The report also points at the need for the sector to engage more with consumers, enabling a clearer understanding of the industry, and that more work is needed to establish stronger brands. The need for quality broadband is seen as a critical issue to the sector. KPMG Global Head of Agribusiness, Ian Proudfoot explained how fast connectivity not only supported economic growth, it enhances healthcare, overcomes isolation and enables the unemployed to develop skills and become productive. Mr Proudfoot added that greater intervention is needed by both national and local governments to overcome market failures when it comes to the provision of rural broadband and secure greater benefits.

Horticulture

Oob wins in organic food sales surge [21 June/ Business Day] Profits at organic ice cream company Oob have surged by nearly 50 per cent in the past year, coupled with a rise of 64 percent in sales to March. Oob Founder, Robert Auton said the past year has been the company's most successful, following its expansion into the Australian market. The company success is on the back of a deal with Australian supermarket chain, Coles, with products sold through more than 1,600 Australian stores. Organics Aotearoa New Zealand Chairman, Brendan Hoare said organic food is now the fastest growing food sector, with sales expected to grow around 20 percent globally. Mr Hoare added that the growing market was a big opportunity for New Zealand businesses trading overseas, with a growing awareness of the importance of healthy food and risks caused by contamination and unsustainability within the food chain. Mr Hoare said there is a need for greater regulation of the industry, to enable the sector to grow and safeguard New Zealand's reputation of quality and consistency. Lobby efforts to the government for tighter regulation over the organic industry are ongoing.

Arable

Hemp hopes hampered [22 June/ NZ Farmers Weekly] New Zealand Grain and Seed Trade Association General Manager, Thomas Chin said that current trans-Tasman food standards are blocking up to \$120 million of hemp seed opportunities for New Zealand. Mr Chin believed that the current ban of the sale of hemp seed foods are unwarranted as it has been proven that there are no associated safety concerns. Mr Chin said the industry could be worth up to \$120 million for the economy, including an additional \$20 million in export earnings.

Honey

Bee colonies wiped out as new parasite spreads through New Zealand [22 June/ Business Day: NZ Farmer] Independent scientists have identified the Lotmaria Passim parasite in bees on the Coromandel Peninsula, raising concerns of another major biosecurity challenge for the industry. Beekeeping sources confirmed that losses on the Peninsula last spring amounted to thousands of colonies, with up to 95 percent of bees in each hive disappearing without trace. Reports of similar losses have surfaced from the Raglan, Wairarapa and Canterbury regions. Plant and Food Research Scientist, Dr Mark Goodwin confirmed there was nothing to link the new pathogen to the disappearance of bees last spring on the Coromandel, however said the cause of the disappearance was difficult to prove. Dr Goodwin added that bee numbers, in the Coromandel, recovered sufficiently to survive the winter but not enough to produce a honey crop. Scientists are reluctant to draw any links between the Coromandel bee losses and colony collapse disorder, and have advised the Ministry of Primary Industries of the new Lotmaria passim pathogen.

Forestry

Dairying swallowing NZ forests, gathering told [19 June/ Business Day: NZ Farmer] Wood Processors and Manufacturers Association Chairman, Brian Stanley said the industry offers a solution to the dairy carbon emission problem, but added that the dairy boom was cutting into forest blocks and threatening the security of wood supply. Mr Stanley said that in the central North Island alone, 100,000 hectares of forest land in the last few years had been lost to dairy farming. Mr Stanley also said that regional wood processors and manufacturers were not getting the level of government support being given to other regional primary industries. Labour Primary Industries Spokesman, Damien O'Connor said that extending and encouraging the uses of wood had to be part of government policy.

Water

Irrigation NZ rejects dam criticism [18 June/ Radio NZ Rural] Irrigation New Zealand has hit back at criticism over proposed Wairarapa dam projects from Economist, Peter Fraser. Irrigation New Zealand Chief Executive, Andrew Curtis labelled the criticism as short-sighted and said that if nothing was done about water shortages in Wairarapa, nothing would be achieved. Mr Fraser criticised the cost of undergoing feasibility studies, so far costing \$2.3 million, and also questioned whether farmers could afford to pay for water supplied from a dam.

Dairy

New raw milk rules unveiled [18 June/ NZ Herald] The government have allowed farmers to continue selling raw milk to consumers, as long as they meet new sale requirements. Food Safety Minister, Jo Goodhew said suppliers must now register with the Ministry for Primary Industries, meet hygiene requirements, test milk for pathogens, keep records of sales, and label the milk appropriately. Ms Goodhew said raw milk was a high risk food, and that the government had to find the right balance between managing the risks to public health while recognising the demand from rural and urban consumers to access raw milk. The new requirements will come into place by March 2016.

Fonterra retail revamp source of dispute [18 June/ Radio NZ Rural] A trade name dispute between Fonterra and Source NZ is set for a High Court hearing in Auckland next March. Fonterra announced it was revamping its retail, on-line and other services to farmers under a new brand, Farm Source. This has upset stock feed and animal health products company, Source NZ, who have had their name registered as a trademark since 2003. Source NZ Managing Director, Warren Morrill said the main concern is confusion around the names, resulting in a loss of business. Fonterra Farm Source Stores Director, Jason Minkhorst confirmed the dispute and said that the company was confident of its position.

Dairy prices slip but fading kiwi eases pain [18 June/ NZ Herald] The GlobalDairyTrade price index fell by 1.3 percent, its seventh consecutive decline. There were only slight falls for both wholemilk powder and skim milk powder, falling 0.1 and 0.2 percent to USD 2,327 and USD 1,978 respectively. The ongoing weakness in the New Zealand dollar has partially offset the lower prices, following the Reserve Bank cutting its official cash rate by a quarter of a point to 3.25 per cent. Westpac Bank said the unexpected rate cut pushed dairying into the economic spotlight, with the GlobalDairyTrade auctions playing a key role in further interest rate cuts. OM Financial Director, Nigel Brunel said there was no signs the current supply and demand imbalance would improve, especially with the removal of European quota limits. ASB Bank upwardly revised its local production estimate for the season to be 3.5 percent higher than the 2014/15 season.

Grass-fed infant formula venture for Synlait [19 June/ Radio NZ Rural] Synlait is to partner with United States company, Munchkin in creating a new grass-fed infant formula. Synlait Managing Director, Dr. John Penno said the unique aspect of the partnership was that the product will be solely grass-fed, allowing the company to offer farmers a premium for a high value product in an exciting market. Dr Penno said the grass and crop-based diet must come from product grown in New Zealand, and that farmers will be independently audited. Dr Penno added that the company wants to be less reliant on the Chinese market. Munchkin Chief Executive, Steve Dunn said the product would be a premium brand in the United States.

Milk glut 'to delay dairy revival' [23 June/ NZ Herald] Rabobank pushed out its forecast for an upturn in the dairy market until the first half of 2016 because of higher-than-anticipated stock levels brought on by the removal of the European Union's production quotas. Rabobank Director of Dairy Research Australia New Zealand, Hayley Moynihan said that there was too much milk on the market, with global product rising faster than local demand. First NZ Capital Head of Derivatives, Mike McIntyre said there has been an ongoing weakness in dairy futures, and suggested the recovery may not be as quick as originally hoped. Rabobank said while production was set to continue to increase, the rate of growth is expected to slow, while and improvement in demand with help rebalance the market by 2016.

Freedom Foods in takeover bid for A2 [23 June/ NZ Herald] Freedom Foods Group has put forward a takeover offer, with a leading international dairy company, for dual-listed alternative dairy company A2 milk. Freedom Foods currently owns around 19 percent of A2 milk, slightly under the ASX threshold which stipulates an offer must be made if 20 percent is exceeded. In response to the news, A2 Milk's shares rose 23 percent on the NZX before retreating. A2 Milk has also been popular with fund managers, after it was revealed both First NZ Capital and Milford Asset Management have substantial shareholdings.

Red meat

Saudi company would pay over \$200 per live export sheep [18 June/ Business Day: NZ Farmer] Awassi NZ Holdings Founder, George Assaf said his company would pay over \$200 a head for sheep sent to the Middle East for slaughter. Federated Farmers President, William Rolleston said he was comfortable with sending live sheep for slaughter to the Middle East, as it provided more options for farmers, but stressed that animal welfare had to be assured. Mr Rolleston also questioned why New Zealand marketers could not achieve similar returns in the Middle East, with farmers only receiving \$85 a head at freezing works. Mr Assaf said he and his partner Mr Alkhalaf, the owner of the controversial government funded Saudi Arabian farm, shipped millions of sheep in the past and that all of them got there safely. Mr Assaf added that the mortality rate on ships sat at around 0.02 percent, much lower than the average New Zealand farm, which Beef + Lamb New Zealand estimated at 5.2 per cent.

Meat marketing entity fails [19 June/ Otago Daily Times] Meat processors have scuppered Beef + Lamb New Zealand's plans to create a collaborative marketing entity for beef and sheepmeat. Beef + Lamb Chairman, James Parsons said processors had decided not to be involved in the proposal. The marketing entity planned to have an initial budget between \$7million and \$9 million, which would have been funded in an equal split between Beef and Lamb and processors. Meat Industry Association Chairman, Bill Falconer said processors had already invested more than \$8 million into their own brand promotions, a figure that will increase as new markets develop, and that they could not justify the cost above their already committed marketing investments.

More sheep price updates on cards [19 June/ Business Day: NZ Farmer] Beef + Lamb New Zealand Chairman, Jamie Parsons said the volatile nature of the market will result in more frequent lamb price forecasts, with the industry questioning role for a quarterly forecasting schedule. Beef + Lamb New Zealand's pre-season outlook in July put out a forecast of \$103 for a 18.5 kilogram lamb, but market swings and drought eventually brought this back closer to an average \$94 lamb at 17.4kg. Mr Parsons said farmers would be disappointed by lamb prices, but that the falling New Zealand dollar may provide some relief.

Meat reformers seek farmer support [19 June/ Business Day: NZ Farmer] Otago Farmers, Allan Richardson and John Cochrane are seeking support from five percent of Silver Fern Farms shareholders to call a special meeting which will investigate the feasibility of a merger with the Alliance Group. Mr Richardson said a resolution had been prepared, calling on the SFF board to do a full analysis of the potential benefits and risks of it aligning with Alliance into a single co-operative, as well as a risk assessment backed up by an independent firm. The decline in lamb prices has pushed farmers to take a deeper look at reform. Mr Richardson said the farmer shareholder resolution was supported by Meat Industry Excellence Chairman, John McCarthy.

Agribusiness education

Student out to make a difference [22 June/ Otago Daily Times] Lincoln University Student, Shaun Snoxell will be joined by five young New Zealanders at this year's Youth Ag Summit, hosted by Future Farmers Network Australia and Bayer CropScience. The purpose of the event is to generate innovative, sustainable and actionable solutions to the issue of food security and its effect on a growing population. An essay competition was held to select the delegates, with entrants outlining their position and ideas on the underlying causes of the issue. Mr Snoxell described the summit as an awesome opportunity.

Women flock to farm careers [23 June/ NZ Herald] The number of female students enrolled to study at Lincoln University has increased by around 10 percent this year, with women now making just over 51 per cent of the total roll. It is the first time female students have outnumbered their male counterparts. There has been a rise in female numbers across all subjects, with numbers in agricultural courses increasing to 50 percent of the total roll, up from 16 percent in 2010. SchoolsLinc Programme Manager, Fiona Scott said more women considered agriculture-related careers as there is more media exposure of the industry that they can relate to. Lincoln University Deputy Vice-Chancellor, Jeremy Baker said it was a good sign that its student body attracted a diverse range of talented people to meet the needs of the sector.

Research and development

Fed Farmers accused of pressuring Govt [17 June/ Radio NZ Rural] GE Free New Zealand accused Federated Farmers of putting pressure on the government to adopt genetically engineered organisms, and loosen the Hazardous Substances and New Organisms Act. Federated Farmers President, William Rolleston said it was forming new advisory teams with the aim of giving itself a more effective voice in the public debates. Mr Rolleston denied it was seeking the loosening of precautions around genetically engineered organisms, but said there was a need to review the Hazardous Substances and New Organisms Act, so that it takes a risk based approach, not a technology based one.

AgResearch hub remodelled for Lincoln [19 June/ Business Day: NZ Farmer] AgResearch is to establish a new master plan in a nationwide \$100 million restructuring programme, with more science and agriculture partners joining its vision for innovative clusters at its main Lincoln and Palmerston North hubs. The new plan will cluster science activities on the Lincoln University campus, creating spaces for businesses and science organisations to cluster together and share facilities. The planned shared facilities will make full use of science equipment, reducing costs in a more collaborative environment. AgResearch Chief Executive, Tom Richardson said the organisation will gain more from basing its science activities at the university and that changing the building plans will be worthwhile. The final dates for the revised building schedule will be updated by August, with the project likely to be completed between 2017 and 2018.

Agri-chemicals

Faster path to market for agri-chemicals [21 June/ Rural News] New veterinary medicines and agricultural chemicals are to get to market faster after a negotiated agreement between Agcarm and the Ministry of Primary Industries. Agcarm Chief Executive, Mark Ross said it hopes the current application times of up to six months can be reduced to less than two. The agreement includes an increase of processing fees by 11 percent and the Ministry for Primary Industries employing of two new staff, one each for veterinary medicines and agricultural chemicals. Mr Ross said the agreement will enable better products to be used in New Zealand, and products that effectively tackle the pesticide resistance issue. The proposal has received Cabinet approval. The fee increase will apply from July 1, while new staff will be joining immediately.

International

Organic farms used pesticide lethal to bees [17 June/ The Times] The Soil Association permitted two growers in the UK to use the natural pesticide Azadirachtin, even though it has not been approved by the Health & Safety Executive. A Ghent University study found the pesticide to be more damaging to bumblebees than synthetic pesticides banned by the European Commission. The Soil Association said permission was given incorrectly, and will immediately retrain staff to ensure the situation does not arise again.

USDA program promotes products such as plant-based bottles [18 June/ NZ Herald] The United States Agriculture Department said it is to expand its BioPreferred program, designed to promote ethanol and biodiesel fuels, to companies using plant-based plastic, rubber and fiber in manufacturing products such as bottles and packaging. Agriculture Secretary Tom Vilsack said the proposal will add manufacturers of plant-based products to a loan guarantee program, allowing companies building new plants to borrow up to \$250 million at lower interest rates. Mr Vilsack said it was an exciting opportunity in attracting manufacturing to rural communities, while adding additional market opportunities for those who grow and raise crops and products in the United States. A USDA report said the plant-based materials industry had displaced 300 million gallons of petroleum a year, created four million jobs and contributed \$369 billion to the nation's economy in 2013.

Farmers welcome plan to unlock northern Australia potential [19 June/ Sydney Morning Herald] The Australian government has released a plan that could create an economic powerhouse in northern Australia. The measures highlighted in the plan included foreign investment, stripping restrictions on pastoral leases, and research and development partnerships with other Asian countries. Other measures included a \$600 million roads package, a \$200 million water infrastructure development fund and a \$75 million co-operative research centre. Queensland Farmers' Federation Chief Executive said the plan was ambitious, but achievable.

MRSA superbug found in supermarket pork raises alarm over farming risks [19 June/ The Guardian] Pork sold by leading British supermarkets has been found to be contaminated with a livestock strain of MRSA, prompting calls to curb the misuse of antibiotic in intensive farming. The livestock-associated MRSA CC398 found in the meat poses little risk to the British public as it can be killed through cooking, however it can be transmitted by the touching of infected meat products or coming into contact with contaminated livestock or people. Experts explained that the superbug emerged as a result of antibiotic use in intensive farming, while evidence showed that the UK could be at risk of a wider health crisis unless the issue is tackled. The strain is an endemic in some European countries, with two thirds of Danish pig farms currently infected. None of the British pork test was infected, however findings confirmed that the superbug has spread from British farms into the domestic pork supply chain. University of Southern Denmark Professor, Hans Jørn Kolmos said Britain should use the Danish situation as a warning, emphasising the need for strict biosecurity measures in the industry. Sainsbury's, Asda and the Co-operative said that while they believed there was little risk to consumers they were investigating the sources of contaminated pork.

Russia won't lift EU food embargo if sanctions stay [19 June/ NZ Herald] Russian Deputy Prime Minister, Arkady Dvorkovich said the embargo on European and U.S. foods will remain until sanctions against the country are lifted. Mr Dvorkovich defended the ban, and said it was a means of supporting agricultural producers at a time when interest rates are high and banks are having difficulty obtaining long-term financing from abroad. Mr Dvorkovich said the government will continue its efforts to boost domestic production in agriculture and pharmaceuticals to replace imports, even when the sanctions are lifted.

Grocers: Vermont GMO law could lead to fines of \$10M a day [19 June/ NZ Herald] A letter sent by Grocery Manufacturers Association President, Pamela Bailey to Governor, Peter Shumlin has highlighted how Vermont's law of requiring the labelling of foods made with genetically modified organisms could cost the nation's grocers up to USD 10 million a day in fines. Ms Bailey added that companies could be fined up to USD 1,000 a day per unlabelled item, and that even with excellent supply chain logistics, products will be in the wrong place at any given time. Governor Shumlin said that companies can avoid the fines if all products are labelled nationwide. Ms Bailey acknowledged in her letter that the association is trying to block the law in court, but until that happens it is working to comply.

Growing crops in a bag is ideal for Ugandan families with little space or money to spend on market produce [20 June/ The Irish Times] Residents of Uganda's capital are adopting a form of intensive urban farming known as sack farming, the practice of growing vegetables in a sack. According to Uganda's Technical Centre for Agricultural and Rural Cooperation, 800 million people worldwide have had their food security improved through urban farming, with 40 percent of the Ugandan capital's food requirements being accounted for through urban farming. AgriProFocus Uganda Consultant, Richard Mugisha said practices such as sack farming make sense in urban settings as it does not need a lot of space, produces an all-year harvest and is not reliant on rain. Mr Mugisha added that urban agriculture has the capacity to overcome rising food prices and the associated high calorie food consumption by providing a secure source of nutritional food.

Egg shortage cutting into restaurant profits, menu items [22 June/ NZ Herald] Restaurants in the United States are struggling with high egg prices and low supply, brought about by the H5N2 avian flu virus where around 48 million turkeys and chickens have died or were euthanized to prevent the virus from spreading further. Many restaurants are pulling egg based dishes of menus, while others are contemplating raising prices until the supply returns to normal. The United States Department of Agriculture has lowered its forecast for table egg production this year to 6.9 billion dozens, a decrease of 5.3 percent. According to Urner Barry, the price for a dozen Midwest large eggs had soared 120 percent from their mid-April, pre-bird flu prices. American Egg Board Vice President, John Howeth said that it could take up to two years for normal production to return.

GrainCorp shareholders flee [22 June/ The Sydney Morning Herald] Investors have begun ditching Australia's biggest listed agribusiness, GrainCorp, as El Nino weather patterns threaten to erode earnings. The company's price fell 13.7 percent since early May, as drought-afflicted crop had pushed its interim profit down 40 percent to AUD 30.2 million. El Nino's have caused severe drought in the past, however the Australian Bureau of Agricultural and Resource Economics and Sciences said it is difficult to gauge the impact on grain production. Morgan's Analyst, Belinda Moor downgraded her 2015 earnings forecast for the company.

Agribusiness strategy

Food system shock: The insurance impacts of acute disruption to global food supply [16 June/ Lloyds Press Release] Lloyds of London have released a report that identifies the impacts food security could have on the insurance and risk markets. The report highlighted how a systemic shock to global food crop production could have widespread economic, political and social impacts triggering significant claims across multiple classes of insurance. It also discussed how the insurance industry is in a position to make an important contribution to improve the resilience and sustainability of the global food system by encouraging businesses to think about their exposure to risks throughout the food supply chain and prioritise the development of innovative risk transfer products.

Economics and trade

Saudi farm deal: Lambs 'suffered high death rate' [17 June/ NZ Herald] One News has claimed that lambs born after the airfreighting of 900 pregnant ewes to a Saudi businessman's farm suffered an extremely high death rate, with only 300 of the expected 1100 being born. Labour Export and Trade Spokesman, David Parker has also handed out cabinet papers under the previous Labour Government, in order to "call the Prime Minister's bluff" in regard to the spending on the farm. Foreign Minister, Murray McCully blamed the previous Labour government for antagonising Mr Al Khalaf to the point he took advice that he could sue for \$30 million, and that the spending on the farm was a way to placate the businessman and clear the way for a stalled regional free trade deal.

TPP reboots as House passes fast-track trade authority [19 June/ National Business Review] The House of Representative have passed a bill that gives President Barack Obama trade promotion authority. It will allow the President to submit a final bill for an up-or-down vote, essential to the success of the Trans-Pacific Partnership. Trade adjustment assistance and provisions remain among conditions being demanded by some politicians before both Houses finally agree on a deal for the President. While TPP talks are nearly complete, they have come to a standstill as other countries are unwilling to make final offers until Congress agrees it will not interfere with any agreement.

Getting EU talks over the line [22 June/ NZ Farmers Weekly] Prime Minister, John Key’s visit to Brussels has been set as a de facto deadline for New Zealand’s hopes of getting free trade negotiations with the European Union under way. Trade Minister, Tim Groser said that the possibility of negotiations with New Zealand have been given preliminary consideration by European trade ministers. France, Ireland and Italy are expected to be the biggest obstacles for a free trade agreement, while both the United Kingdom and the Netherlands are said to be fully supportive of the deal. Mr Groser also acknowledged that there was the potential for a trilateral negotiation involving Australia, and that the risk of being played off one-another was better than no deal at all.

NZ seeks better deal with China [23 June/ NZ Herald] The government is to renegotiate its free trade agreement with China, after the Asian country signed its most liberal agreement with Australia. Trade Minister, Tim Groser said it was using the Australian free trade agreement to argue that it was time to improve the New Zealand version. Prime Minister, John Key said the main aim of the new agreement was to remove thresholds allowing China to impose extra tariffs on products such as dairy. Mr Key said the country exported more dairy products than anticipated when the agreement was signed in 2008. The agreements of both Australia and New Zealand are expected to result in the eventual removal of 96 percent of tariffs.

Farmers and producers

'Pub Club' held aims to help farmers through drought [17 June/ Radio NZ Rural] Beef + Lamb New Zealand is to hold its first Pub Club in Hawarden, with the aim of getting locals together to plan for the coming weeks and months. Beef + Lamb New Zealand Northern South Island Manager, Ian Knowles said the club was targeting people who do not normally go to formal events or seminars, but still needed fresh ideas to get through the drought. Mr Knowles said the organisation will look to continue the Pub Club if it is successful, with additional discussions around how farmers can get through the lambing period and other crunch periods of the year.

Farmers battling deep snow in Canterbury [19 June/ Radio NZ Rural] Farmers in Canterbury and Otago are battling to feed stock after snowstorms. Many throughout Canterbury are without power due to snow and tree damage to lines, while several highways around the region remain closed. Farmers are hoping for little frost, as it will cause trouble in moving cattle through the frozen snow. The West Coast is also having to deal with heavy rain, with up to 400 millimetres falling in 24 hours causing flooding in Hokitika and Greymouth.

Help coming for flood-hit farmers [23 June/ Radio NZ Rural] Help is on its way for farmers and rural communities affected by flooding in the lower North Island. Fonterra activated its emergency response team and contacted farmers to see who needed help. Rural Support Trusts in the Taranaki, Whanganui and Manawatu regions are working together with Federated Farmers to organise help for those who need it. There has been a call for locals and other farmers to help fix the effects of the flooding, while Federated Farmers opened up its 0800 feed line and are co-ordinating feed for either grazing off farm, or feed to be delivered on farm. The government has also activated its Enhance Task Force Green programme to help with clean-up operations. Minister for Primary Industries, Nathan Guy is expected to make an adverse weather event declaration, which will trigger further support measures.

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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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