

FIELD NOTES

Weekly news update from the KPMG Agribusiness network



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

29 July 2015

Organisations referenced in this week's Field Notes include:

AGCARM	Labour Party
Alliance Group	Livestock Improvement Corporation
ANZ Bank	Mash Direct
ASB Bank	Ministry for Primary Industries
BNZ	New Zealand Feed Manufacturers Association
Camperdown Dairy International	New Zealand King Salmon
Comvita	New Zealand Veterinary Association
Costa Group	North Dakota State University
Dee District Salmon Fishery Board	Onions New Zealand
Deer Industry New Zealand	Open Country Dairy
Driscoll's	PGG Wrightson
Environment Canterbury	Pipfruit New Zealand
Federated Farmers	Plant and Food Research
Firstlight Foods	Potatoes New Zealand Inc.
Fonterra Co-operative Group	Salmon Net Fishing Association
Forestry Institute	Silver Fern Farms
Foundation for Arable Research	Statistics New Zealand
Goldman Sachs	Transport and Industrial Relations Committee
Grainland Moree	UBS
Great Wall Trading	Venture Southland
Harris Meats	Zespri
Keewai	

This week's headlines

Animal Health	Vets aim to remove antibiotics from animals [23 July/ Business Day: NZ Farmer]
Forestry	Forest sector needs more trees [27 July/ NZ Farmers Weekly]
Aquaculture	NZ King Salmon wants to move into Southland [23 July/ Business Day]
Dairy	Dairy firm cuts forecast farmgate price [21 July/ Radio NZ Rural]
Economics and trade	Trans-Pacific Partnership talks down to the wire in Hawaii [27 July/ Stuff: World]

NEW!! KPMG International Publication**KPMG Global CEO Outlook released**

Growth. Volatility. Disruption. Uncertainty. When it comes to doing business, CEOs globally are being challenged to navigate the path to success within an environment of constant change. But what are CEOs doing to ensure there are no limits to their future growth?

With a focus on companies over US\$500m in revenue, our *Global CEO Outlook* involves global businesses discussing complex issues: strategy, growth, market disruption, innovation, cybersecurity, talent and transformation. The results are eye-opening. While many CEOs are confident in the global economy and the 3 year growth outlook of their companies, many recognize they need to transform their businesses if they are to survive and prosper. **In order to do so, however, big businesses need to be willing to take bigger risks.**

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Explore this study to find out why, the report can be accessed from our global website:

<http://www.kpmg.com/global/en/issuesandinsights/articlespublications/ceo-outlook/pages/default.aspx>

Arable

Research comes FAR in 20 years [27 July/ NZ Farmers Weekly] The Foundation for Arable Research celebrated its 20th anniversary at its annual conference, last week. Foundation for Arable Research Chairman, David Birkett also acknowledged the FAR Chief Executive, Nick Pyke’s involvement with the organisation since it began. Mr Birkett said Mr Pyke had led the development of the organisation to become a successful, adaptive and effective industry body. At the conference, the organisation also outlined its 20 by 2020 project, which aimed to increase wheat yields and productivity, and improve farm profitability. Mr Pyke said the project aimed to introduce new genetics and practices to increase wheat yields. The project also looked at options to increase value through the export of higher quality wheat and to increase exports of processed products. Mr Pyke also said that capability and capacity of human resources, biosecurity and new market options remained an ongoing focus for the organisation.

Horticulture

Zespri facing 'headwinds' after strong year [22 July/ NZ Herald] Zespri Chief Executive, Lain Jager said the company enjoyed a very strong year, but faced difficulties in the year ahead from the weakness in both the euro and yen, and the return of Chile to the market after the country experienced severe frosts last season. Zespri Chairman, Peter McBride said the organisation delivered \$1.57 billion of sales in the 2014/15 season, an increase of 16 percent. Volumes of New Zealand kiwifruit sales also increased 11 percent to 95.2 million trays, and are expected to grow to over 130 million trays in the next five years. Zespri’s net profit after tax increased from \$17.2 million, to \$34.6 million in 2014/15 and included a one-off factor of \$19.6 million of unpaid revenue from new cultivar licences from previous years. Excluding this figure, Zespri’s normalised profit would have been \$21.5 million.

Pipfruit industry on track [22 July/ Rural News] Pipfruit New Zealand CEO, Alan Pollard said the New Zealand industry has regained its position as the world’s most competitive pipfruit industry. Mr Pollard said the organisation’s annual conference provided an opportunity for the industry, government and commercial partners to reflect on what is driving growth, address key risks and to ensure that its strategy will deliver long term sustainable and improving returns to growers. Mr Pollard added that the conference will be an important networking and educational event for the industry. Pipfruit exports have increased in value from \$340m in 2012 to \$536m in 2014, with the industry on track to reach its \$1bn export target by 2022.

Potato expert praises NZ research [23 July/ Rural News] North Dakota State University Plant Pathology Professor, Gary Secor, who presented at the Potatoes New Zealand Inc. annual conference, has praised New Zealand as a world leader in potato research. Mr Secor said New Zealand has world recognised research and a good breeding programme that served the industry well. Mr Secor presented a session at the conference on disease management and a workshop with seed growers on seed development and handling.

NZ onion growers look to better season after export slide last year [27 July/ NZ Herald] Onions New Zealand Chairman, Michael Ahern said the industry is optimistic about a better season, with a lower currency and good start to the growing season increasing grower confidence. According to Statistics New Zealand, exports of onions fell to \$81.4 million in the year through June, from \$97.1 million, as poor weather affected yields and returns were hit by a higher currency and increased competition from northern hemisphere rivals. Mr Ahern hoped the exchange rate would hold for the majority of the New Zealand selling period, spanning January through May. Mr Ahern added that it was too early to tell if the northern hemisphere season was strong.

Animal health

New safety scheme for stock feed [22 July/ Radio NZ Rural] New Zealand animal feed manufacturers have been signing up to the New Zealand Feed Manufacturers Association’s new FeedSafeNZ accreditation scheme that ensures feed produced for livestock is safe. New Zealand Feed Manufacturers Association Executive Director, Michael Brooks said 14 of its 20 members have been accredited thus far. Mr Brooks said the initiative will maintain the group’s already high standard of stock feed production, and may become a condition for joining the association.

Vets aim to remove antibiotics from animals [23 July/ Business Day: NZ Farmer] New Zealand vets have announced a commitment to make sure NZ livestock is largely antibiotic free by 2030 providing an advantage to exporters and improved animal health and wellness. New Zealand is the third lowest user of antibiotics in animals amongst OECD countries, but NZ Veterinary Association President, Steve Merchant, noted that with sharply increasing levels of resistance to antibiotics worldwide, the association wants animals, and by extension, humans, to enter the post-antibiotic era as safely as possible. The prize for the strategy is not so much animal health, NZ animals are already among the healthiest on the planet and use far lower levels of drugs than those in other countries, but a response to market demands for quality and safety. While there will always be a need for emergency use of antibiotics, Mr Merchant said with considerable teamwork the goal would be achievable.

Vets' antibiotics goal 'unrealistic' [27 July/ Radio NZ Rural] AGCARM Chief Executive, Mark Ross claimed that the NZ Veterinary Association's goal to be no longer reliant on antibiotics by 2030 is unrealistic. Mr Ross said the goal came as a surprise to his organisation, as they had been working alongside the association and the government on issues around antibiotics. Mr Ross said AGCARM did share the association's concerns around growing levels of antibiotics resistance.

Apiculture

Beekeepers face bigger battle with new parasite [22 July/ Radio NZ Rural] Plant and Food Research Head of Bee Unit, Mark Goodwin said the recent *Lotmaria Passim* parasite discovery had serious implications for the bee industry because it and another parasite, *Nosema Ceranae*, have been linked with bee colony collapses overseas. Dr Goodwin also said beekeepers were also finding it harder to control the varroa mite, which is now resistant to most chemical treatments. Dr Goodwin added that bee losses have been increasing, and as resistance spreads, the way to manage varroa mite will need improving.

Comvita CEO stepping down [23 July/ NZ Herald] Comvita Chief Executive, Brett Hewlett has announced he is to step down as chief executive of the company after a ten year tenure. Comvita Chairman, Neil Craig said the board is to review potential candidates, and has anticipated that an appointment will be made before the end of 2015. Mr Craig added that Mr Hewlett has been invited to join the board within 12 months of his departure to enable him to continue to contribute to the business' growth. Mr Hewlett's announcement followed the company revising guidance on future earnings to the end of March 2016, signalling an expected increase in net earnings in excess of 35 per cent over 2015, and sales in excess of \$180 million.

Forestry

Forest sector needs more trees [27 July/ NZ Farmers Weekly] Forestry Institute President, James Treadwell believed the forestry industry lacked official encouragement in contrast to the rest of agriculture, which caused annual rates of new plantings to be at its lowest point since World War Two. Mr Treadwell urged the government for equal treatment for things such as the Emissions Trading Scheme, irrigation and erosion control. Mr Treadwell said the industry could do much more for the country, such as cleaning streams, fixing carbon, stabilising hills, promoting biodiversity and increasing tourism. The institute has begun forming a comprehensive long-term national forest policy, which is to be discussed at its annual conference during August. Associate Primary Industries Minister, Jo Goodhew said the government was incentivising the planting of trees through schemes such as the Afforestation Grant Scheme. Ms Goodhew added that the governments support for irrigation did not only benefit dairying but also other intensive land uses. Mr Treadwell urged input from groups such as Federated Farmers about the work the Institute is doing.

Aquaculture

NZ King Salmon wants to move into Southland [23 July/ Business Day] New Zealand King Salmon has met with representatives of Southland's four councils and Venture Southland to discuss its possible expansion into the region. New Zealand King Salmon Chief Executive, Grant Rosewarne said the company could make major contributions to the economic wellbeing of the region, with around \$100 million in investment into the venture and 150 jobs created. Mr Rosewarne said the company looked to secure five surface hectares, and hoped the industry would grow in the region. The company believed expansion into the region would diversify stocks in the case of unforeseen risks. Venture Southland Group Business and Strategic Projects Manager, Steve Canny said aquaculture was a very important opportunity for the region, in terms of job and revenue creation. Mr Rosewarne said it is up to the council to identify any space that they would like to put forward to the industry.

Scale next step for koura industry [27 July/ Otago Daily Times] Keewai Aquaculture Manager, John Hollows said the only thing holding back Southland's freshwater crayfish farming industry is its scale. The company made its first sales to Hilton Queenstown, and is intending to supply crayfish to the hotel again next year. Mr Hollows said the company intends on building up stock, supplying two to three high end restaurants, and then exporting the rest. Mr Hollows added that the venture was still a few years away from being able to export, but when it could, it would start exporting to both China and Hong Kong. While the company received many inquiries, Mr Hollows said the company will wait for stocks to build so it could cater for demand.

Dairy

Dairy firm cuts forecast farmgate price [21 July/ Radio NZ Rural] Open Country Dairy has dropped its forecast farmgate milk price to below \$4 per kilogram of milk solids. Open Country Dairy Chair, Laurie Margrain said the lowered price reflected the company's outlook in terms of exchange rate, foreign currency, contract positions, and sale prices in the market place. Mr Margrain said the forecasted payout sat in the high \$3 region, and did not discuss last season's final payout. Mr Margrain added that the company is to offer a guaranteed milk price scheme, as a one-off later in the season, which would be above \$5 per kilogram of milk solids.

BNZ tips dairy price recovery [23 July/ NZ Herald] BNZ has lowered its 2015/16 milk price forecast for Fonterra to \$3.80 per kilogram of milk solids from its previous forecast of \$4.30. BNZ believed that while the lower New Zealand dollar provided broad support, prices will remain weak in the short term due to over-supply, with improvement being seen within the next year. Reasons for a price improvement from late 2015 could include lower production and higher consumption arising from low prices. BNZ also said that drought conditions in California continued to dent milk production from the United States.

Cool heads urged for Fonterra board elections [27 July/ Business Day: NZ Farmer] New Fonterra Shareholders Council Chairman, Duncan Coull urged caution in the upcoming Fonterra director elections and said that they are not a popularity contest. Mr Coull said that while there is a feeling of distrust towards Fonterra, driven by the emotion of the low milk price, he suspected many farmers did not fully understand the difference between governance and shareholder representation. Mr Coull explained that the council carried out the representative function, while directors carry out governance. Federated Farmers Dairy Chairman, Andrew Hoggard said the council would be more effective in repairing the disconnect farmers are saying they feel with Fonterra, than its board of directors, to which Mr Coull agreed.

Crunch time draws near for co-op [27 July/ NZ Herald] The severity of the downturn in the dairy industry will become clear early next month for Fonterra. From 5 August, the co-operative will begin its next round of consultations with staff in a bid to improve cash flows and efficiency. Two days later, the board will convene to discuss the farmgate milk price for 2015/2016. Since the latest forecast, whole milk prices have dropped 20 percent to USD 1848 per tonne, far away from reaching USD 3500 a tonne needed to achieve the co-operatives current \$5.25 forecast. The downturn draws upon five key challenges affecting the co-operative including; low prices, geopolitical unrest causing Russia's trade ban, low oil prices causing subdued demand from key producing countries, friction between the farmgate milk price and Fonterra's dividend, and a wave of milk that the co-operative is unable to reject under the DIRA legislation leading to increased investment and debt to cope with the increase.

Dairy giant shelves equity trust idea [28 July/ NZ Herald] Fonterra has put on hold plans to develop an Equity Partnership Trust that would have given its farmer suppliers access to investor capital to help purchase Fonterra shares when production is increased. Fonterra CFO, Lukas Paravicini said the proposal has been put on hold because UBS decided to end its advisor role, as well as volatility in dairy and equity markets. Fonterra said farmers had been supportive of the idea. Federated Farmers Dairy Chairman, Andrew Hoggard said the inevitable second season of low payments meant there will be a number of farmers looking for more equity to assist with share-up requirements.

Red meat

Meetings on meat mergers [22 July/ Radio NZ Rural] Silver Fern Farms and the Alliance Group are to hold meetings with their farmer shareholders to discuss getting an independent assessment of merger options, after farmer groups achieved the minimum five percent support threshold to call a special meeting. Southland Farmer, Jeff Grant said the resolution will ask the board to look at the benefits and risks surrounding a possible merger.

Silver Fern Farms halts share trading on Unlisted [24 July/ Business Day: NZ Farmer] Silver Fern Farms has suspended trading of its shares until further notice, as it continues to progress its capital raising initiatives. The company's directors elected to be prudent in treating its unlisted share trading as a legally binding securities matter. Six months ago the company had announced it was to review its capital structure so it could reduce debt and inject new capital in order to pursue a strategy based on higher-value, branded retail products. The company had no further comment.

Meat exporter's marketing focus reaping rewards [28 July/ NZ Herald] Firstlight Foods Managing Director, Gerard Hickey said that by concentrating on marketing its cuts, rather than processing them, the company has been able to produce a 15 percent premium for its farmers over rival company schedule prices, in the past five years. Mr Hickey said the company, which outsources processing to third-party operators, has increased sales by using market research to change how retail partners market their products. Mr Hickey conceded that the company's intensive approach could not be easily replicated by larger players, but questioned whether more widespread collaboration could help lift industry-wide returns.

Rural infrastructure

Livestock Improvement posts drop in annual profit [23 July/ National Business Review] Livestock Improvement Corporation has posted its third consecutive drop in annual profit as lower milk prices weighed on demand for its services, as well as the co-operative spending more on technology and infrastructure to be able to deliver new products to farmers. Net profit in the year to May dropped to \$13.7 million, from \$18 million in 2014 and \$24.4 million in 2012, while total revenue increased by 10 percent to \$232 million. The cooperative increased its research and development spending by 13 percent to \$16.9 million in the past year, which equated to 7.4 percent of revenue, up from 7.2 percent of revenue the year earlier. Livestock Improvement Corporation Chairman, Murray King said the latest result was in line with 2014 forecasts, as part of the expected impact of lower milk prices and the co-operative's long-term capital investment program. The co-operative will also pay \$6.6 million in dividends, down from \$11.2 million the previous year.

PGG Wrightson buys Australian seeds business Grainland Moree [23 July/ National Business Review] PGG Wrightson has agreed to purchase the assets of Australian seed production, cleaning and wholesale seed marketing business, Grainland Moree for an undisclosed amount. PGG Wrightson Chief Executive, Mark Dewdney said the acquisition aligned with the company's strategy to build its proprietary arable seeds business. Mr Dewdney added that the purchase will give the company's seeds unit a market entry into the productive cropping area of northwest New South Wales. PGG Wrightson's shares rose in response to the news.

Environment and emissions

North Canterbury farmers get reprieve on intensification limits [24 July/ Business Day: NZ Farmer] Environment Canterbury will no longer apply its proposed 10 percent rule in the Hurunui catchment. The organisation released an advice note on the proposal, and said that the land-use change provisions had unintended consequences for normal dryland farming practices. Hurunui-Waiapu Zone Committee Chairman, John Faulkner said the group never meant the 10 percent rule to impact dryland farms and that if the rule was enforced, every farmer in the district would have been in breach. Mr Faulkner added that the reprieve would give farmers time to prepare for Environment Canterbury's plan review in 2018. Dryland farmers undertaking "bona fide" dryland practices in the district will now not be at risk of being non-compliance under the 10 percent limit and will no longer have to apply for consents. Mr Faulkner said farmers had been worried that the plan would impact development.

Consumers are 'taking a big bite out of the Earth' [27 July/ Rural News] Science Writer, Julian Cribb estimated that every meal eaten costs the planet 10 kilograms of soil, 800 litres of fresh water and 1.3 litres of diesel fuel. Mr Cribb, who will be speaking at Horticulture New Zealand's Conference this week, said the modern food system is unsustainably using up a vast amount of resources and that most governments fail to recognise scarcities of resources. Mr Cribb believed that New Zealand's innovative and efficient growers and food producers are well placed to provide the creativity required to feed the planet in the future.

Deer

New uses for lower value venison products [23 July/ Business Day: NZ Farmer] Venison exporters are attempting to boost the rising deer industry by finding markets for undervalued products. Deer Industry New Zealand Venison Manager, Innes Moffat said the industry looked at the United States for pointers on how to achieve extra value from cuts such as ribs, brisket and edible offal. Mr Moffat said the big opportunity within the industry is generating higher prices for various parts of the carcass, as well as traditional striploins and tenderloins. Alliance Group Marketing Manager, Terry O'Connell said there was a big opportunity to add value to shoulder, A- and B-trim and the flaps, all of which are currently under-valued. Mr O'Connell added that venison marketers had been able to take advantage of concerns over food safety and traceability within the United Kingdom and Europe.

Health and safety

Changes to farmland safety regulations [27 July/ Radio NZ Rural] Changes have been made to proposed health and safety laws to encourage farmers to allow recreational access to their properties. The Transport and Industrial Relations Committee clarified that a workplace included farm buildings and structures necessary for the operation of the farm, but not other parts of the farm when work was not being carried out. Federated Farmers' Health and Safety Spokesperson, Katie Milne said the change was sensible and exactly what farmers asked for.

International

Middle East forks out for farm's pre-mashed potatoes [21 June/ The Daily Telegraph] Northern Irish farm, Mash Direct has generated millions in extra revenue by exporting mash and other vegetable side dishes to the Middle East. Middle Eastern sales have increased the company's revenue by £2m towards a predicted £16m this year. Mash Direct Founder, Martin Hamilton said that while international sales represented less than 20 percent of turnover, exports will be a significant growth market for the company. The company is currently negotiating with American customers. Mr Hamilton said that with declining demand for potatoes, suppliers cannot depend on a narrow market.

Costa price on the up as local funds pile in [22 July/ The Australian] The floating of the Costa Group has recently attracted steady demand from sceptical local fund managers which, coupled with expected strong offshore demand, could see its share price reach AUD 2.30. A final price of AUD 2.30 would result in a raising of AUD 560 million, a market capitalisation of AUD 731m and a valuation of 15.4 times forward earnings. Investment banks, Goldman Sachs and UBS, are said to have received large orders from both Great Britain and the United States. The banks have also claimed that the experience and intellectual property of a joint venture with United States berries giant, Driscoll's has given international investors' confidence of suitable returns in the group's Chinese operations. One fund manager said demand for the company had returned in the local market following its recent rally on the ASX and the collapse of rival IPOs.

French farmers block Alpine roads over low meat, milk prices [24 July/ NZ Herald] French farmers have blocked roads across the country in protest over low milk and meat prices. Farmers have said their profits have been chipped away by cheap imports and pressure from supermarket chains. Farmers are also angry with the French government, after they did not offer direct financial aid in order not to break European Union market rules. FNSEA President, Xavier Beulin warned of future farmer protests, and said he is willing to work with the government to create mid to long-term solutions. French President, Francois Hollande asked supermarket chains to make the necessary efforts to pay farmers.

Salmon netting ban will destroy livelihoods, fishermen warn [25 July/ The Times] Scottish salmon net fishermen have accused the Scottish government of attempting to destroy their livelihoods by placing a ban on catching wild salmon using coastal nets in order to conserve stocks. The killing of wild salmon caught in rivers without a licence is also to be outlawed under the new measures. Salmon Net Fishing Association Secretary, Keith Allan said there was no evidence to prove that net fishing was damaging stocks. Mr Allan added that the few net fishermen left were at risk of losing livelihoods if the legislation was passed. Dee District Salmon Fishery Board Director, Mark Bilsby welcomed the move, and said the number of young salmon surviving at sea had plummeted over the past 50 years. Mr Bilsby added that the rule will protect 500 jobs that were dependent on salmon fishery on Deeside. Objections to the regulations must be submitted by August 19. A consultation ahead of the proposals attracted 600 responses. The Scottish government said no decision had been taken but it would consider all opinions.

Attack on big sugar long overdue [25 July/ NZ Herald] American Political Advocate, Grover Norquist has announced a campaign to break down tariffs, price supports and quotas that protects sugar producers. Such protections have caused American consumers to pay more than double the world price for sugar, ending American support for sugar producers could put as much as USD 3.5 billion a year back in consumers' pockets. United States producers argue that dismantling protections would lead to the flooding of cheap imports of subsidised sugar into the country. Mr Norquist's campaign coincides with pressure from Trans-Pacific Partnership members for greater market access on sugar.

Free trade a \$9bn winning formula for milk producer [27 July/ The Australian] Camperdown Dairy International has signed an AUD 9 billion deal to supply powdered infant formula to China. The deal, worth AUD 600 million per year for 15 years, will allow buyers to trace the tinned formula back to the farm with a swipe of a smartphone. Great Wall Trading Director, Damien Weis said growing concerns about food safety in China was creating a massive opportunity for Australian farmers and food manufacturers. Mr Weis added that the Chinese middle class were becoming increasingly discerning about the source of their food, and were willing to pay for imported products from country's such as Australia, because of its reputation for clean, safe food. Mr Weis said the Chinese wanted the Camperdown formula because it had control over the entire production process. The deal will triple Australia's existing exports of infant formula from five million 900gm tins to 15 million tins. Camperdown Founder, Bill McDonald said the company will eventually produce 100,000 tonnes of milk powder a year, with 10 percent going to China.

Rural communities

Immigration policy 'won't be game changer' [28 June/ Radio NZ Rural] Harris Meats Owner, Bryan Harris said new immigration policies, aimed at attracting migrants to the regions, will help but will not be a game changer. Mr Harris did not believe the new policies would bring about enough change, as it is difficult to attract people to small country districts. Mr Harris added that his company could easily employ 20 more staff, but said finding those was a challenge, due to the small size of regional towns and the lack of job opportunities for people's partners. The new policy will see migrants employed outside of Auckland, for more than 12 months, awarded higher bonus points when applying for residency.

Economics and trade

Labour sets 'non-negotiable' stance on TPP free trade talks [23 July/ Business Day] Labour leader, Andrew Little said his party supported free trade but would not back the Trans-Pacific Partnership unless five non-negotiable conditions were met. The five conditions included the protection of Pharmac, corporations being unable to sue the government for regulating in the public interest, New Zealand maintaining its right to restrict sales of farm land and housing to non-resident foreigner buyers, the upholding of the Treaty of Waitangi and that there are meaningful gains for farmers from tariff reductions and market access. Mr Little believed the conditions reflected protections of the 2008 free trade agreement with China.

Trans-Pacific Partnership talks down to the wire in Hawaii [27 July/ Stuff: World] Pacific Rim trade ministers are set to meet in Hawaii for talks that could make or break the Trans-Pacific Partnership. Japanese Economy Minister, Akira Amari said the meeting will decide the fate of the negotiations, with many members believing this could be the last meeting. Canadian Trade Minister, Ed Fast warned that there was still a lot of work to be done, especially around dairy imports, a major sticking point in the talks. US Chamber of Commerce Senior Vice President of Asia, Tami Overby said it would be very difficult to keep the momentum going if ministers fail to reach agreement this week, although she added that she was optimistic of success. Some of the agreements toughest issues have been left until last, including monopoly periods for new life-saving medicines and preferential treatment for state-owned companies as well as more traditional trade issues such as opening protected markets, such as dairy, to competition. Workers' rights in partner countries have also been a key concern, with many fearing the deal would eliminate jobs due to lower overseas labour standards.

Big gains from dollar's fall [27 July/ NZ Farmers Weekly] According to the ANZ Commodity Price Index, all agriculture sectors, apart from dairy, have gained from the lower New Zealand dollar. Global prices for meat, skins and wool fell by 8.6 percent in the year to June, but the dollar impact resulted in an 8 percent gain in domestic terms. For the three months to June, the average world price for meat, skins and wool dropped by 4 percent, while the New Zealand dollar enabled a gain of 2.4 percent. Horticulture prices, led by kiwifruit and apples, were up by 3.7 percent in world terms for the year to June and up by 5.4 percent in New Zealand dollar terms. Forestry products also turned with the lower dollar, with a 7.5 percent fall in world prices converting to a 9 percent gain over the year, while a 0.2 percent deficit for the latest three months became a 5.7 percent lift in New Zealand dollar terms.

Non-dairy food exports on the up [28 July/ Radio NZ Rural] ASB Bank said falling confidence in the agriculture sector is being offset by flourishing exports of non-dairy foods. ASB Rural Economist, Nathan Penny said that while dairy prices were at their lowest point, prices for beef, lamb, kiwifruit and wine had all steadily increased over the last four years. According to Statistics New Zealand, fruit exports had reached a record annual high of \$2 billion, an increase of 20 percent, led by kiwifruit and apples. Mr Penny said Chinese appetite for non-dairy foods remained steady, despite its falling demand for milk powder.

Farmers and producers

Labour loses bid to tighten farmland sales [23 July/ Radio NZ Rural] The Overseas Investment Amendment Bill, aimed at limiting the sale of rural land to overseas investors and supported by opposition parties, has failed to make it past the first stage in parliament. The bill attempted to limit the discretion of ministers to consent to overseas applications to buy rural land of more than five hectares, and raised the threshold for the benefits they would bring to the country. Labour MP, Phil Goff said the issue will not go away, as figures showed the Overseas Investment Office had not declined one of around 400 applications from overseas investors to buy up land, in the past three years. Mr Goff said offshore investors should be required to deliver greater benefits to the country than they currently do.

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