

# FIELD NOTES

Weekly news update from the KPMG Agribusiness network

16 September 2015



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

#### Organisations referenced in this week's Field Notes include:

ANZ Bank	Meat Industry Association
ANZCO	Ministry for Primary Industries
ASB Bank	National Beekeepers Association
Atelier d'Architecture Autogérée	National Farmers Union
Beef + Lamb New Zealand	New Zealand Avocado
Biosecurity New Zealand	New Zealand First
Bright Foods	NZX AgriHQ
Coal Action Network Aotearoa	OSPRI
Council of Trade Unions	Overseer
Craigs Investment Partners	Pacific Equity Partners
DairyNZ	Prestressed Timber
Devon Funds Management	Pure Hawkes Bay
Farm Forestry Association	Shanghai Maling Aquarius
Federated Farmers	Shanghai Pengxin Group
Fonterra Co-operative Group	Silver Fern Farms
Forest Products Innovation	Stantiall and Partners
Hastings District Council	Straits Financial
Humane Society of the United States	Tenon
International Cotton Advisory Committee	The University of Auckland
Irrigation New Zealand	Waikaitu
Labour Party	Westland Milk Products
Manuka Health New Zealand	Wood Council of New Zealand
McDonalds	

#### This week's headlines

Health and safety	<b>Not guilty verdict in forestry manslaughter trial</b> [14 September/ NZ Herald]
Dairy	<b>Fonterra opens \$36m packaging plant in Indonesia</b> [9 September/ Business Day: NZ Farmer]
Red Meat	<b>Low farmer turnout gives Beef+Lamb NZ mandate</b> [14 September/ Business Day: NZ Farmer]
Red Meat	<b>Silver Fern confirms Chinese investor</b> [15 September/ NZ Herald]
Biosecurity	<b>MPI, cruise industry to combat fruit fly</b> [12 September/ Rural News]

**Water**

**Innovation in Irrigation award** [Irrigation New Zealand Press Release] Entries and nominations are now open for Irrigation New Zealand's Innovation in Irrigation award. A \$2,500 cash prize will be awarded for the best innovation, discovery or achievement that has made a positive contribution to irrigation in New Zealand. Nominations and entries close on October 9 and October 31 respectively. To enter, visit <http://irrigationnz.co.nz/events-training/innovation-in-irrigation-award/innovation-in-irrigation-award-2016/>. KPMG is proud to be supporting the 2016 Irrigation New Zealand Conference being held in Oamaru in April 2016.

**Horticulture**

**Court papers suggest Biosecurity NZ negligence** [9 September/ Radio NZ Rural] University of Auckland Law Professor, Bill Hodge said information disclosed in court papers given to him by members of Kiwifruit Claim, could prove that Biosecurity New Zealand was negligent in allowing PSA into the country. Mr Hodge said the papers suggested that the source, specific time and transmission method could be identified, and that it may have been preventable. Mr Hodge added that the government will present a scientific opinion that is contrary to what the court papers suggest. Currently, around 30 percent of gold and 10 percent of green kiwifruit growers have signed up to the Kiwifruit Claim, which is seeking damages of \$885 million caused by the outbreak of the PSA virus.

**Avocado congress should 'raise industry profile'** [14 September/ Radio NZ Rural] New Zealand Avocado Chief Executive, Jen Scoular said the Avocado Congress, held every four years and being held this year in Peru, was a great opportunity to raise the profile of the industry. Ms Scoular added that the congress allowed countries to share science and research information, with tree productivity and irregular bearing of avocados being a hot topic at this year's meeting. Ms Scoular said the 2014/15 avocado season was a record crop for New Zealand, with 7.1 million trays harvested, up from 6.1 million the previous year.

**Health and safety**

**Not guilty verdict in forestry manslaughter trial** [14 September/ NZ Herald] Forestry Contractor, Paul Burr has been found not guilty of the manslaughter of Forestry Worker, Lincoln Kidd, who was crushed to death by a falling tree on a Horowhenua forestry block in December 2013. Mr Burr was operating a felling machine and did not realise the young worker was standing close to him when a tree fell in an unexpected direction. Council of Trade Unions President, Helen Kelly expressed disappointment over the decision, as there was insufficient care taken to protect Mr Kidd. The verdicts also saw the lifting of suppression orders covering further health and safety charges.

**Apiculture**

**Thieves target beehives as global buzz grows over manuka honey** [9 September/ Business Day: NZ Farmer] National Beekeepers Association Chief Executive, Daniel Paul urged beekeepers to be on the lookout for suspicious activity after a series of beehive thefts in the North Island. Mr Paul said the thefts appeared to be commercially motivated raids, linked to the growing global demand and domestic price of premium manuka honey. Dannevirke-based producer, The True Honey Company was the latest theft victim, with 19 of its hives worth around \$14,000 being stolen. Last month, 50 hives were stolen from a Kiwi Bee Waikato site near Te Awamutu, with other apiaries across the North Island also reporting thefts. Comvita owned, Kiwi Bee Waikato had up to 80 hives stolen last year, and is to consider whether it increases security measures by installing cameras and GPS trackers into its hives.

**Pacific Equity Partners buys Manuka Health in a sweet private equity deal** [11 September/ NZ Herald] Manuka Health New Zealand has been bought out by private equity firm, Pacific Equity Partners. Manuka Health Founder, Kerry Paul did not disclose the sale price, but said shareholders will receive a very good return. Mr Paul said the experience of Pacific Equity Partners made it an ideal partner for the company's next growth stage. Mr Paul added that the company will attempt to transform itself into selling medical products, with additional capital going towards research and development. The company's current management team will remain the same, with additional expertise being added in the future.

**Forestry**

**Govt's sustainable forestry claims challenged** [10 September/ Radio NZ Rural] Farm Forestry Association President, Dean Satchell has challenged the governments belief that New Zealand is a sustainable leader of natural and planted forests. Mr Satchell said the call was incorrect considering that national plantation estate has decreased by 100,000 hectares since 2002. Mr Satchell said deforestation was due to problems with the Emissions Trading Scheme, which he believed sheltered pastoral farm conversions. Mr Satchell added that he wants to work with the government to create an emissions trading scheme that encouraged the planting of forests on erosion-prone land.

**US boosts some but China lagging** [14 September/ NZ Farmers Weekly] Wood Council of New Zealand Chairman, Bill McCallum said the growth in the United States housing market was boosting earnings for a small number of New Zealand forest-based businesses, but added that it was not enough to increase the price of New Zealand logs. Mr McCallum said the build-up of inventories in China had prevented price increases, which was further exaggerated by the increased competition from Russian exports benefited by the decline of the Rouble. Mr McCallum added that the domestic market remained competitive. NZX AgriHQ Forestry Analyst, Emma Dent said there were now hopes that demand would increase in September, but that remained uncertain. Ms Dent said the industry was still trying to recover from a decline in lumber sales to Australia when the New Zealand dollar was too high. Ms Dent added that the housing recovery in the United States was positive for New Zealand, but that exposure was too low. Mr McCallum said NZX-listed timber group, Tenon was a major benefiter of the United States housing recovery, and that it trebled its profits in the year ending June 30.

**Timber innovation company signs Canada deal** [14 September/ Business Day] Christchurch start-up, Prestressed Timber has signed an agreement with Canadian company, Forest Products Innovation for the use of its laminated timber technology. Prestressed Timber owner and University of Canterbury Engineering Professor, Andy Buchanan, said the company had helped the Canadian company build a 15 storey timber building in Ottawa. Mr Buchanan said suppliers in the United States were interested in the technology as they were concerned about damage to concrete buildings during earthquakes. The timber has already been used in Wellington and Christchurch, but Mr Buchanan was disappointed that its use was not more widespread in the Canterbury rebuild.

## Aquaculture

**Wakame seaweed backed to fix Western diet woes** [10 September/ Stuff: Well & Good] Waikaitu Pure Algae Founder, Alex Pressman, said processed and treated foods were causing western countries to eat more, as they are devoid of the nutrients the body needs. Waikaitu currently sells seaweed products made from brown wakame seaweed harvested in the Marlborough Sounds, and Mr Pressman believed that seaweed could be the answer to the world's nutrition problem. Mr Pressman said seaweed was a great store of antioxidants and omega three oils, and has more than 71 nutrients including magnesium, iron and calcium. Mr Pressman added that Marlborough wakame seaweed, a non-native invasive species introduced to New Zealand in the 1980's, was some of the cleanest and least contaminated seaweed in the world due to the environmental focus within the Sounds'. The company's seaweed is currently sold-out on Amazon.com and is rated within the top 1 percent of grocery products on the website. Mr Pressman added that the seaweed is also mixed with healthy bacteria and then sold as a fertiliser to viticulturists, with results showing it had improved plant health as well as increased resistance against disease.

## Dairy

**Fonterra opens \$36m packaging plant in Indonesia** [9 September/ Business Day: NZ Farmer] Fonterra has opened its new \$36 million Indonesian manufacturing plant. The plant has the capacity to pack around 16,000 tonnes of dairy ingredients a year, and will blend and package the Anmum, Anlene and Anchor Boneeto brands. Fonterra Chairman, John Wilson said Indonesia was a major market for Fonterra, with the company exporting \$423.8 million worth of dairy products there in the year to June. Fonterra Managing Director Asia, Middle East, and Africa, Johan Priem said the demand for dairy products in Indonesia was expected to increase by 5 percent every year to 2020. ASB Rural Economist, Nathan Penny believed that tapping into emerging markets was the way forward for New Zealand and Fonterra.

**Fonterra shelves coal mine idea** [10 September/ NZ Herald] Fonterra has confirmed it is to put its proposed Mangatangi coal mine on hold while it reassesses its energy options. Coal Action Network Aotearoa Member, Jeanette Fitzsimons said Fonterra sent a letter to local residents confirming its decision to postpone the project, and that it was down to its economic position and the position of the overall dairy industry. Ms Fitzsimons estimated that Fonterra consumes around 520,000 tonnes of coal a year. The proposed project had consent to mine around 700,000 tonnes of coal per year for eight years, with the land being converted back to pastoral farming once mining had ended. Fonterra said it was committed using cleaner, more efficient forms of energy, and added that it continued to look for cost-effective alternatives to reduce emissions.

**US firm gains NZX dairy access** [11 September/ NZ Herald] The NZX has accredited American company, Straits Financial as a general clearing, trading and advising participant for the NZX dairy derivatives market. It is the first American clearing member to receive approval since authorisation was granted from the US Commodity Futures Trading Commission in February last year. The addition of Straits is expected to boost dairy derivative trading on the NZX.

**Dairy debt is a major concern for NZ economy, NZSA conference told** [12 September/ National Business Review] Devon Funds Management Director, Paul Glass said the high level of debt carried by Fonterra and dairy farmers was a major concern to the economy. Mr Glass said Fonterra was heavily indebted, and had around \$7 billion of debt and less than \$1 billion of earnings. Mr Glass said farmer debt had also risen to be around \$35 billion, with the average dairy farmer holding \$19 of debt per kilogram of milk solids, which when compared to current milk price, was a high level of debt. Economist, Shamubeel Eaqub said Fonterra's forecast milk price of \$3.85 was the lowest ever in real terms, and questioned at why the co-operative took on so much debt ahead of the downturn. Mr Eaqub said the low inflation, low interest rate environment investors now face is likely to continue for a long time, due to excessive capacity in the global market. Mr Glass said the three main reasons why inflation was low was the growth in global labour pools, the excessive amount of global capital and the disruptive impact of technology companies where losses are accepted in the short term.

**Better prices tipped at next dairy auction** [14 September/ NZ Herald] The NZX futures market has indicated that a 10 percent gain in the GlobalDairyTrade weighted index could be achieved at its next auction. ANZ Bank said the implied gain for wholemilk powder seemed too aggressive, with the bank expecting around a figure between USD 2,200 to USD 2,300 per tonne. Private forecasters expect production to fall by up to 10 percent, based on a larger than expected cow cull, reduced use of supplementary feed and potential droughts coming from the current El Nino weather pattern. ANZ Rural Economist, Con Williams said the fall in production would support prices, but added that demand needed to improve.

**Westland Milk co-op says staff redundancies likely** [14 September/ Business Day] Westland Milk Products has signalled that it is likely to axe jobs as it conducts a review of staff roles across the country. Westland Milk Products Chief Executive, Rod Quin said the review included cost reductions to enable the best return to shareholders during the decline of dairy prices. Mr Quin said the review will be completed over two rounds, the first this month, and the second in September. Affected staff will be consulted, and given an opportunity to provide feedback on any proposed changes. Mr Quin said the co-operatives budget had been reduced by \$15 million in the year to July 31, but added that co-operative will continue its programme of efficiency gains and cost savings.

**Fonterra steady on milk** [14 September/ NZ Farmers Weekly] Fonterra has forecasted a 2 to 3 percent reduction in milk volume, a range that may be already underestimated. Reports have shown that season-to-date reductions currently sit between 4 and 8 percent. Fonterra Affairs Director, Miles Hurrell said that it was too early for the forecast to be definitive, as it is reliant on weather conditions, which so far have been poor for production. Mr Hurrell said that evidence of farmers reducing production further could lead to a revised forecast later in the season. Stantiall and Partners Farm Consultant, Gary Massicks said most of his clients had reduced peak herd numbers by 5 percent. NZX AgriHQ Dairy Analyst, Susan Kilsby said that pasture growth index figures indicated that the start of spring had been slow for most dairy regions. Ms Kilsby added that milk production was hard to predict so early in the season, but said that the decline in the number of cows to be milked would have an effect.

**Plenty of talent to choose from** [14 September/ NZ Farmers Weekly] A field of ten strong candidates are vying for three of the five farmer-director positions on the board of DairyNZ. Two sitting directors are retiring by rotation, while current DairyNZ Chairman, John Luxton is to retire after 12 years as a director. DairyNZ hoped the high interest for the director positions will increase voter participation above the historical average of 20 percent. Current DairyNZ Directors, Jim van der Poel and Alister Body will continue in office, and are front-runners in the chairmanship race. Farmer-Directors, Ben Allomes and Michael Spaans have been nominated for their second and third terms respectively. The other eight candidates include; Sharemilker of the Year Winner, Elaine Cook, Ballance Farm Environment Aware Supreme Winner, Grant Wills, Tatua Director and Lincoln University Farm Management Lecturer, Kevin Old, Fonterra Shareholder Councillor, Kevin Ferris as well Dairy Farmers, Murray Jamieson, Greg Maughan, Michelle Wilson and Steve Hines. DairyNZ Chief Executive, Tim Mackle said the company preferred four year terms as it allowed for more continuity and were cheaper than annual elections.

### Red meat

**NZ First: Government should bail out Silver Fern Farms** [8 September/ Business Day: NZ Farmer] New Zealand First Leader, Winston Peters believes the government should bailout Silver Fern Farms to avoid it falling in the hands of Chinese investors. Mr Peters said the government could quite easily give the co-operative the \$100 million it is seeking. Finance Minister, Bill English said that if farmers wanted to maintain 100 percent ownership of Silver Fern Farms, then they needed to put up the money to secure its ownership. Labour Leader, Andrew Little said the co-operative was crucial to the meat industry, and that the government had to be careful in surrendering it to overseas owners. Primary Industries Minister, Nathan Guy said the topic needed a reality check, considering that there is already foreign investment in the primary sector. Mr Guy added that ANZCO is 80 percent owned by Japanese interests, and that it has been positive for industry as it enabled export growth.

**British farmers bleating mad over lamb debate** [12 September/ NZ Herald] The National Farmers Union has blasted British supermarket chain, Tesco after it found shelves of imported New Zealand lamb sitting under a banner promoting Scottish lamb. Tesco said the meat's origin was correctly labelled on each pack. National Farmers Union Scotland President, Allan Bowie said Scottish farmers were disgusted when they heard the news.

**SFF secrecy on Chinese deal irking shareholders** [12 September/ Otago Daily Times] Silver Fern Farms shareholders are becoming increasingly dissatisfied by the secrecy surrounding the company's efforts in persuading a Chinese investor to take a significant share in the company. Media reports have suggested that Bright Dairy and Food has been lined up to invest at least \$100 million into the company. Otago Farmer, Allan Richardson said the announcement of the deal is expected within the week. Mr Richardson said he had received phone calls from the co-operative's suppliers, many of which offered support. The Silver Fern Farms board needs 50 percent support for the deal to be passed, with it still unclear whether all shareholders will be eligible to vote. Craigs Investment Partners Broker, Peter McIntyre said farmers would have the opportunity to vote for or against the deal because they owned the co-operative, but added that the co-operative needed capital to survive.

**Season outlook predicts increased profits** [13 September/ Rural News] Beef + Lamb New Zealand has predicted that pre-tax profits for the average New Zealand sheep and beef farm is to rise by 9.6 percent to \$109,900, but is still 3.1 percent lower than the five-year average. Beef + Lamb New Zealand Chief Economist, Andrew Burt said the economy will benefit from increased farm spending, with an estimated \$4.66 billion set to be spent on fertiliser, interest, repairs and maintenance and general farm operating costs. The extra profit is the result of an 11 percent lift in cattle revenue. Sheep revenue is set to rise by 2.6 percent, including a 4 percent rise in lamb farmgate prices, to an average \$5.47 per kilogram. The weaker New Zealand dollar is expected increase export prices. Mr Burt said international beef demand is expected to remain strong, and added that tight sheepmeat supplies will support sheep prices. Export lamb production is forecasted to decrease by 6.3 percent as a result of weather conditions lowering lambing percentages. Beef production is also expected to fall by around 5.3 percent, after last season's record high which was supported by the high level of cull dairy cow processing.

**No taxpayer cash for Silver Fern Farms** [14 September/ Stuff: Politics] Prime Minister, John Key said that there will not be a \$100 million taxpayer bailout of Silver Fern Farms, after it was reported that the co-operative is considering a capital injection from Chinese investors. Mr Key also said there were no cabinet discussions on the proposed sale of Lochinver Station to Chinese-based Shanghai Pengxin Group. Mr Key added that there was a role and a place for foreign investment in New Zealand, but that it is dependent on a case-by-case basis.

**Low farmer turnout gives Beef+Lamb NZ mandate** [14 September/ Business Day: NZ Farmer] Farmers have voted in favour of retaining Beef + Lamb New Zealand as the organisation that represents their interests. Out of those who voted, 86 percent gave their support for the sheepmeat levy, and 85 percent for the beef levy. Voter turnout was 38 percent. Beef + Lamb NZ Chairman James Parsons said that while the turnout was low, it showed farmers were generally happy with the organisation. Mr Parsons added that the referendum was held at a busy time of year for farmers. Federated Farmers President, William Rolleston, disappointed at the low turnout, said the industry needed Beef + Lamb New Zealand.

**Beef quota quandary** [15 September/ Rural News] New Zealand is close to exceeding its 213,402 tonne United States beef quota, which when filled, will activate a 25 percent tariff charge on all beef exports to the country. Meat Industry Association Chief Executive, Tim Ritchie estimated that between 70 percent and 80 percent of the quota had been filled. Mr Ritchie said a combination of strong beef prices in the United States and the culling of dairy cows had pushed New Zealand closer to its quota limit. Mr Ritchie added that speculation of an El Nino weather pattern and droughts on the East Coast of the North Island may prompt farmers to sell stock earlier, increasing the amount of beef exported. Mr Ritchie said companies should diversify by selling product into other high returning markets.

**Silver Fern confirms Chinese investor** [15 September/ NZ Herald] Shanghai Maling Aquarius, a unit of China's state-owned Bright Foods, will take a 50 per cent stake in Silver Fern Farms in a deal which could see it invest \$261 million into the co-operative. As part of the deal, Silver Fern Farm's shareholders will be paid 30 cents a share as a special dividend. The deal is subject to shareholder approval at a special general meeting scheduled for October 16 in Dunedin, as well as approval from the New Zealand's Overseas Investment Commission and from Chinese regulatory approvals. Silver Fern Farms Chairman, Rob Hewitt said the deal was watershed moment for the company and the wider industry, which had struggled with overcapacity, under investment, intense competition and low returns. Shareholder groups within the Silver Fern Farms and Alliance Group are still calling for both companies to consider a merger, instead of foreign investment. Wanaka Businessman, John Rodwell said that a number of agribusiness companies had come together offering to underwrite a rights issue initially worth \$40 million, to ensure that shareholders could continue to wholly own Silver Fern Farms. Mr Rodwell said Mr Hewitt rejected the offer as the sum involved was not enough.

## Animal health

**'Big step' in fight against bovine TB** [10 September/ Radio NZ Rural] OSPRI has announced that the number cattle and deer herds infected with bovine tuberculosis (TB) is at an all-time record low, with only 34 cattle herds and two deer herds infected this year. OSPRI Programme Development Group Manager, Stu Hutchings said while the reduction was in line with the goal of eradicating TB by 2026, people needed to remain vigilant during times when stock were heading to processing works. Mr Hutchings added that around 1.1 million hectares of TB eradication of wildlife, out of a target of 2.5 million hectares, has been achieved so far.

## Environment and emissions

**Minister declares war on wilding pines** [11 September/ Radio NZ Rural] Conservation Minister, Maggie Barry has announced that five groups tackling wilding conifers are to receive funding of \$345,000 from the Community Conservation Partnerships Fund. Ms Barry said that wilding conifers covered around 1.7 million hectares of land and were a major threat to ecosystems and farms. Ms Barry added that wilding conifers were growing at a rate of 5 percent per year, and that the funding will increase the amount of control work completed by the five groups.

**Overseer owners defend programme** [11 September/ Radio NZ Rural] Joint-owners of Overseer, the Ministry for Primary Industries, the Fertiliser Association and AgResearch, have assured parliament that they have a plan to address problems linked to the nutrient management tool. Ministry for Primary Industries Director of Resource Policy, David Wansborough said Overseer was the only tool available that can predict nutrient discharge levels on a farm-by-farm basis, and told a select committee that changes were being made to use it as a regulatory tool. Changes to Overseer include improvements in quality assurance, usability, its ability to adopt new farm technologies, its communication with other farm software, its ability to adopt a business focus and its ability to adopt a sustainable funding model. Mr Wansborough added that not all councils would be able to use the tool, due to every catchment being different.

**Hawke's Bay officially GM Free** [14 September/ Radio NZ Rural] Hastings District Council has declared the district as the first official genetically modified free food producing zone in New Zealand. Hastings District Plan rules now prohibit both the release and field trials of genetically modified crops and animals. Pure Hawkes Bay Spokesman, John Bostock said the GM-free status will enable producers to credibly promote and brand products as coming from a clean and green GM-free region.

## Biosecurity

**MPI, cruise industry to combat fruit fly** [12 September/ Rural News] Ministry for Primary Industries Head of Intelligence and Operations, Stephanie Rowe said the ministry will work closely with the cruise ship industry to improve biosecurity. Ms Rowe said the expected record cruise season, coupled with the enhanced fruit fly threat has brought the two together. Ms Rowe added that there will be an increased number of detector dog teams, as well as portable x-ray machines to screen passengers for risk materials. Fruit fly host items account for more than 75 percent of the biosecurity risk items officers seize from cruise ship passengers coming ashore. Ms Rowe said the ministry will also work with cruise companies to increase biosecurity awareness, and how to get biosecurity messages across to passengers.

## International

**Risk of Syrian conflict cotton in your closet worries manufacturers** [9 September/ Agence France Presse] Islamic State militants have taken control of three-quarters of Syria's cotton production, leaving some cotton manufacturers concerned that conflict cotton could be supplied to them. Some labels have said that they have become more vigilant over the origin of their fabrics, with most wary of the potential PR disaster if they are found using the conflict cotton. The key concern is that the cotton could make its way into international markets via Turkish wholesalers who are buying it at cut-rate prices from the extremists. Turkey has officially refused to accept Syrian cotton grown in the Raqqa and Deir ez-Zor regions, which account for more than a third of Syrian output. Before the war, it was estimated that Syria produced around 600,000 tonnes of cotton per year, that figure has now dropped to less than 70,000 tonnes, of which 3,000 is officially exported. International Cotton Advisory Committee Executive Director, Jose Sette said that Syrian cotton represented around 5 percent of cotton used in Turkey.

**McDonald's to switch to cage-free eggs over next decade** [10 September/ NZ Herald] McDonald's is to switch to cage-free eggs in the United States and Canada within the next ten years. Humane Society of the United States Vice President, Paul Shapiro said the decision by McDonald's showed that battery caged birds do not have a future in the egg industry. McDonald's said it currently buys around 13 million cage-free eggs a year in the United States, however that amount is still less than 1 percent of the 2 billion eggs it uses annually. McDonald's North American Supply Chain Senior Vice President, Marion Gross said the company is working with existing suppliers to convert housing systems for hens. United Egg Producers CEO, Chad Gregory said that around 6 percent of the nation's egg-laying hens are cage-free, and expected that figure to climb in the future.

**Biodiversity: Growing pains** [12 September/ The Economist] A combination of highly efficient farming and a large focus on increasing yields has seen humanity become reliant on only 30 crops, increasing the risk that a single pest or disease could wipe out huge amounts of the world's food production and food security. These risk have been magnified by the changing climate, which has resulted in several droughts, floods and crop diseases. Botanists believed solutions to some of the risks lie in the genes of wild relatives of food crops. Many believe the genes of these wild varieties can be used to breed new varieties, as seen in 1970s when Asian paddy fields were saved from the brown planthopper due to a wild Indian rice species. This strategy is often cheaper and less controversial than genetic modification, but its success is reliant on having thousands of varieties to test. Botanists have said that the responsibility of biodiversity must fall on governments, with the developing and maintaining of seed banks seen as essential in safeguarding against widespread crop destruction.

**Why is a Paris suburb scrapping an urban farm to build a car park?** [12 September/ The Guardian] With the United Nations climate conference putting Paris in the eco-spotlight, the impending closure of urban-sustainability project, R-Urban to be replaced with a carpark, appears to be ill-timed. The scheme based in Colombes, was initiated in 2008 by Atelier d'Architecture Autogérée Founders, Constantin Petcou and Doina Petrescu, and includes an urban agriculture facility made up of allotments whose produce is sold locally. Mr Petcou said the project adhered the UN's belief that tackling climate change starts with individuals and local governments. The City of Colombes Council said the proposed car park is essential to the regeneration of the area and did not comment further. R-Urban residents have launched a petition to save the project, with the projects funding ending on 30 September.

**California lawmakers create medical marijuana 'bureau' to regulate industry** [13 September/ The Guardian] California lawmakers have passed a three bills that will create a legal framework putting the state firmly in control of managing marijuana from seed to sale, while leaving local municipalities with the ability to create their own regulations and impose taxes. The new Bureau of Medical Marijuana Regulation will be created and will manage most aspects of growing, distribution and sale. The Bureau will also oversee state licenses. The bills will also cover a large range of other issues including tracking mechanisms to follow marijuana from the time it is planted until it is sold. California State Assembly Member, Ken Cooley said many of the new measures are to address environmental issues caused by illegal growers, who often dam or divert water from rivers and lakes, dump pesticides and insecticides, as well as leaving behind waste when they are finished growing. The laws will make marijuana growers subject to many of the same regulations as other agricultural crops, with restrictions on water and chemical use. Mr Cooley said the bills will also crack down on physicians who issue cannabis prescriptions without a medical purpose. California Senator, Mike McGuire said the California Department of Food and Agriculture is to establish labelling requirements for medical marijuana.

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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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