

FIELD NOTES

Weekly news update from the KPMG Agribusiness network



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

23 September 2015

Organisations referenced in this week's Field Notes include:

AgResearch	Marine Farming Association
AgTasker	Meat Industry Excellence
Alliance Group	Meat Workers Union
Archer Daniels Midland	Ministry for Primary Industries
ASB	Miraka
Beef + Lamb New Zealand	National Institute of Water and Atmospheric Research
Beyond Meat	New Zealand Meat Board
BioConsortia	NZX AgriHQ
Comvita	Oceania Dairy
Craigs Investment Partners	Peanut Corporation of America
Farmlands	Plant & Food Research
Federated Farmers	Rabobank
Fonterra Co-operative Group	Shanghai Maling Aquarius
Food Marketing Institute	Shanghai Pengxin
Future Forest Research	Silver Fern Farms
Graincorp	Sprout
Green Party	Stanford University
Hollands Honey	Stevenson Group
Impossible Foods	Synlait Milk
Kenepuru and Central Sounds Residents' Association	University of Waikato
Labour Party	Westpac
Lawson's Organic Farms	Yamaha

This week's headlines

Aquaculture	New programme brings credibility to NZ marine farmers [17 September/ Business Day: NZ Farmer]
Dairy	Innovation for new UHT products [19 September/ Dairy News]
Red Meat	Editorial: Silver Fern deal an inevitability [17 September/ NZ Herald]
Economics and trade	Hopes fade for deal with India [21 September/ NZ Farmers Weekly]
Farmers and producers	Ministers reject Lochinver farm bid [17 September/ Radio NZ Rural]

Biosecurity

Final push in fruit fly programme [20 September/ Rural News] The Ministry for Primary Industries said that it hopes to complete the Queensland fruit fly eradication programme, in Auckland, within the next few months. Ministry for Primary Industries Planning Manager, Edwin Ainley said fruit flies remain inactive over winter and that the next few months would be vital in ensuring its eradication. Mr Ainley said the ministry has resumed more frequent checking of the surveillance traps in the A Zone of the controlled area. Mr Ainley hoped to declare the fly's eradication before Christmas.

North Canterbury seed smuggler sentenced for sneaking corn into country [18 September/ Business Day: NZ Farmer] North Canterbury Seed Grower, Richard Watson has been sentenced to 180 hours of community service after he was caught trying to smuggle untreated corn seeds from the United States into the country. Mr Watson pleaded guilty to a charge of recklessly importing unauthorised goods. Ministry of Primary Industries Border Clearance Services Manager, Andrew Spelman said the untreated corn seeds could have contained mites, fungi and viruses which may have damaged New Zealand's corn and grain industries, which are worth around \$380 million to the economy.

Apiculture

Comvita to move South Island packing north [17 September/ Business Day: NZ Farmer] Comvita is to close its Pleasant Point's honey factory but said its Hollands Honey brand will survive. Comvita is planning to shift the factory's honey operations from its South Canterbury site to Paengaroa in the Bay of Plenty, next year. Comvita Chief Executive, Brett Hewlett said the Hollands Honey brand will now be made from local honey within the North Island. Mr Hewlett said the factory's facilities needed too much money spent on them, although they did meet required packing quality specifications. Mr Hewlett added that lower than predicted honey volumes also contributed to the factory's closure. Geraldine Beekeeper, Peter Smith believed the factory's closure will not have an effect on South Canterbury beekeepers.

Forestry

Remote tree logger aims to cut forestry deaths [18 September/ Business Day: NZ Farmer] The forestry industry has unveiled a remote controlled robotic tree logger, which aims to reduce deaths and injuries, while boosting productivity. Future Forests Research Chief Executive, Russell Dale said the technology was a world leader which will help reduce the number of forestry accidents. The logger is expected to be working next year. Primary Industries Minister, Nathan Guy said mechanisation was important to the industry, as it would help reduce the amount injuries and deaths. Forestry Contractor, Ross Wood said that mechanisation in the forests he managed had increased productivity from 200 tonnes a day to 350 tonnes a day. The technology was developed through the stepland harvesting primary growth partnership.

Aquaculture

\$40m to renew marine farm consents [16 September/ Business Day: NZ Farmer] Marine Farming Association Chief Executive, Graeme Coates said the cost of renewing all 580 marine farms in the Marlborough Sounds will cost the industry \$41.2 million every 20 years. Mr Coates said that it will cost \$21.3 million to renew 300 farms in coastal marine zone two in the next nine years, and added that the renewal of consents for the 22 farms in zone one would cost \$1.5 million. Mr Coates said the cost of renewing consents for zone one farms was a waste of resources as they are in a zone where marine farming is allowed. Mussel Farmer, Graeme Clarke said some farmers are having to sell up as they cannot afford to go through hearing processes. Kenepuru and Central Sounds Residents' Association Marine Committee Member, Trevor Offen said estimates of \$41.2 million to renew consents were exaggerated by farmers wanting to avoid public hearings. Mr Offen said the residents association did not want all mussel farms to leave the area, but added that some areas were overdeveloped and dominated by marine farms.

New programme brings credibility to NZ marine farmers [17 September/ Business Day: NZ Farmer] A new programme designed to bring transparency and integrity to the aquaculture industry in New Zealand has been launched. The programme, named A+, will act as a performance measurer allowing marine farmers monitor their farm's performances and log it into an online portal. The information will give a clearer picture to both domestic and international markets of the sustainable practices used to produce seafood in New Zealand. The programme measures a wide range of aspects on the marine farms, including water quality, iwi involvement and community interactions.

Dairy

ASB lifts forecast to \$5kg/MS [16 September/ Rural News] ASB Bank has increased its milk price forecast to \$5 per kilogram of milksolids, after the third successive lift in GlobalDairyTrade auction prices. ASB Rural Economist, Nathan Penny also expected milk production to fall by around 5 percent, resulting in a further increase in prices. Overall dairy prices on the auction platform increased 16.5 percent, much higher than the anticipated 10 percent increase. Whole milk powder and skimmed milk powder increased by 20.6 percent and 17 percent respectively. Mr Penny said the results were better than the RBNZ expected, but maintained the belief that the Official Cash Rate will be cut by a further 25 basis points.

Dairy prices rise again [16 September/ Radio NZ Rural] Dairy prices at the latest GlobalDairyTrade auction increased for the third successive time, with the overall index price rising 16.5 percent to USD 2,568 per tonne. Whole milk powder increased by 20.6 percent to USD 2,495 per tonne, and is now above the USD 2,200 mark needed for Fonterra to meet its forecasted payout price of \$3.85 per kilogram of milk solids. The overall amount of product sold was 36,050 tonnes. NZX AgriHQ Analyst, Susan Kilsby said the volume of whole milk powder offered was 5 percent lower than the last auction and 43 percent lower than the previous year. Ms Kilsby added that the lower volume, as well as the expectation that New Zealand milk production will fall this season, were behind the lift in prices. Ms Kilsby said demand still remained weak and needed to improve. University of Waikato Agribusiness Professor, Jacqueline Rowarth said there was a long way to go until Fonterra was able to pay farmers a fair price. Federated Farmers Dairy Chairman, Andrew Hoggard said a recovery period was starting to firm, which would improve farmers' spirits, but added that it was still going to be a tight season.

Innovation for new UHT products [19 September/ Dairy News] Miraka Chief Executive, Richard Wyeth has welcomed a partnership with AgResearch and Plant & Food Research to develop a new family of shelf-stable beverages. Mr Wyeth said the healthy, whole-food-based beverages will be aimed at high-value segments of Asian markets and could create significant new value for the New Zealand food industry. AgResearch Science Team Leader, Dr Brendan Haigh said the aim of the research is to develop new scientific knowledge and technology around manufacturing of dairy-based UHT milk products. Mr Haigh said the team will look to develop natural shelf-stable products that taste great, yet retain all of the natural health benefits that the dairy and plant material ingredients bring. The project is funded by the 2015 Ministry of Business, Innovation and Employment's 2015 science investment round.

Fonterra confirms 230 more job cuts [21 September/ Business Day: NZ Farmer] Fonterra has announced that it is to cut a further 230 jobs. Fonterra Managing Director of People, Culture and Strategy, Maury Leyland said the latest round of job cuts would be the last to result from the co-operative's centrally led review, but added that she could not rule out the possibility of more jobs going in future as the co-operative tweaked its new structure. Ms Leyland said the latest cuts were more heavily skewed towards international losses and would bring Fonterra's annual savings up from the \$60 million per year to \$100 million. Fonterra Chief Executive, Theo Spierings said the changes are aimed at making the co-operative more agile, allowing it to cope with the increased volatility in global dairy markets. Federated Farmers Waikato President, Chris Lewis said most farmers supported Fonterra focus on cost reduction, but added that many did not enjoy seeing job cuts in their own communities. Fonterra also announced that the savings generated through the business review had allowed the co-operative to further support farmers.

Dairy prices a 'hot topic' at world summit [21 September/ Radio NZ Rural] The week-long World Dairy Summit started this week in Lithuania, with a focus on science, the environment, animal welfare and international trade. Federated Farmers Dairy Chairman, Andrew Hoggard said the reaction to low dairy prices would also be a hot topic at the summit. Mr Hoggard said that if subsidies or government interventions were discussed, he would voice his opinion that they should be axed as they cause volatility. Mr Hoggard said that due to the small amount of open markets, a small change in supply or demand affected volatility greatly.

Oceania Dairy tops Fonterra payout forecast [21 September/ Business Day: NZ Farmer] Yili owned, Oceania Dairy has guaranteed a minimum milk payout of \$4.50 per kilogram for the 2015/16 season. Oceania Dairy General Manager, Roger Usmar said the company wanted to send an important signal of support to its supply farmers at a time when Fonterra had reduced its forecast payout. Yili has also released further information of its \$400 million development project on its Glenavy site. The project will add processing capacity to produce a wide range of additional products and will include a new whole milk powder dryer, an infant formula canning line and manufacturing facilities. Mr Usmar said the company appreciated the importance of retaining and growing its supplier base during a planning phase of strong expansion.

Curb PKE use on farm, farmers told [21 September/ Rural News] Fonterra has urged its farmers to curb the use of palm kernel expeller on their farms. Fonterra recommended a maximum usage of 3 kilograms per cow per day and said the amount will future proof the co-operatives position as a supplier of high-quality pasture-based milk products. Fonterra Director of Co-operative Affairs, Miles Hurrell said consumers globally are driving a trend towards pasture-based dairy products. Mr Hurrell added that palm kernel expeller should only be used as a supplementary feed to ensure Fonterra maintains its pasture-based farming model.

Synlait profits halve as milk prices drop [22 September/ NZ Herald] Synlait Milk's net profit after tax and unrealised foreign exchange losses has fallen to \$10.6 million, a fall of \$9 million from last year. Its revenue also dropped to \$448.1 million from \$600.5 million in the previous year, a fall largely due to the decline in dairy prices. Synlait Milk Chairman, Graeme Milne said the fall in profit was due to the company's decision to prioritise higher advances and final payments to milk suppliers, during a period of a very low milk prices. Synlait Milk's board has decided not to pay a dividend.

Red meat

Alliance submitted bid [15 September/ Rural News] Alliance Group said it submitted a bid to Silver Fern Farms before its capital-raising process began. Alliance Group Chairman, Murray Taggart said the co-operative worked hard to engage with Silver Fern Farms and discussed opportunities for industry consolidation. Mr Taggart added that the co-operative will continue examine and pursue potential opportunities for consolidation, as long as they were in the best interests of its shareholders. Alliance Group Chief Executive, David Surveyor said the co-operative has a clear strategy to ensure higher shareholder returns. Mr Surveyor said the co-operatives strategy will drive efficiency improvements, deliver increased prices to farmers and will increase livestock volumes which will allow for lower costs and reinvestment into the business.

Editorial: Silver Fern deal an inevitability [17 September/ NZ Herald] Shanghai Maling Aquarius' proposed \$261 million investment into Silver Fern Farms has led to disagreement within the industry of what extent the deal will work for Silver Fern Farms' shareholder farmers. Meat Industry Excellence Former Chairman, John McCarthy believed the deal will hand over too much control to the Chinese investors. Mr McCarthy said the deal also had the potential to discourage New Zealand's unique point of difference and global opportunity. Silver Fern Farms Chairman, Rob Hewitt believed the deal would benefit the value-add strategy of the co-operative. The investment would allow for new Chinese distribution channels as well as the updating of plants and the solving of overcapacity issues. Silver Fern Farm shareholders would have liked to retain control of the company's future, however the fact that no New Zealand consortium was willing to fulfil the co-operatives financial needs may indicate how the meat processing industry is viewed by local investors.

Silver Fern foreign buy-in result of Government 'disinterest' [18 September/ Radio NZ Rural] Meat Workers Union National Secretary, Graham Cooke said the sale of half of Silver Fern Farms was a result of the government's disinterest in the meat industry. Mr Cooke added that the government needed to do more to consolidate the meat industry and safeguard its future. Primary Industries Minister, Nathan Guy said the government was open to discuss any options for reform in the meat industry. The Meat Workers Union has been reassured of the future of Silver Fern Farms, but Mr Cooke said that past experiences meant that workers are rightly wary of plant closures and changes to pay and conditions. Mr Cooke said the union had been told that it will be business as usual at the co-operative and was encouraged by the co-operatives inclusion of union members in discussions about its future.

Prospect of SFF deal fuels trading [18 September/ Otago Daily Times] Investors have been showing an increased interest in the trading of Silver Fern Farm shares following the co-operatives announcement that Shanghai Maling is to invest \$261 million for a 50 percent stake. Craigs Investment Partners Broker, Chris Timms said some investors were buying on probability that the deal would pass regulatory approval. Mr Timms said there was a high probability the shares would eventually trade closer to their \$2.84 value if the deal was approved by all parties. Mr Timms believed the government would approve the deal, even though it decided to turn down overseas investment in the Lochinver Station sale.

Kiwi bid rejected [21 September/ NZ Farmers Weekly] Reaction from Silver Fern Farms shareholder meetings appear to be supportive of the co-operatives proposed partnership with Chinese-based Shanghai Maling. The meetings were told that a New Zealand meat company made a bid for the co-operative during its capital-raising process, but on the condition that it closes its sheep processing plants. The bid was rejected. Silver Fern Farms Chairman, Rob Hewett said he was growing in confidence that shareholders would support the Shanghai Maling deal. Mr Hewett said the deal would almost double the size of the company, will leave it debt free and enable it to invest in plants and its Plate to Pasture marketing strategy. Clinton Farmer, David Shaw said some still viewed the deal as a short-term solution with little consideration about long term repercussions. Puerua Valley Farmer, Howie Gardner said the co-operatives directors had negotiated a strong deal and added that deal showed the value of Silver Fern Farms' brands and strategic potential. Mr Hewett said that he was aware of a late effort by a group to underwrite funding, but said the boards focus was solely on the Shanghai Maling proposal and the shareholder vote.

Champion to step down [22 September/ Rural News] Beef + Lamb Chief Executive, Dr Scott Champion is to leave his role with the organisation after ten years in charge. Dr Champion said it was time to hand over to a new CEO who can guide the organisation through its next stage of development. Beef + Lamb Chairman, James Parsons said Dr Champion had demonstrated great leadership through periods of highs and lows in the red meat sector. Mr Parsons said the recruitment process to find a new chief executive has begun. Dr Champion has also left his role as chief executive of the New Zealand Meat Board and will leave both positions at the end of March 2016.

Rural infrastructure

New Farmlands head excited for the future [21 September/ NZ Farmers Weekly] Former Goodman Fielder Managing Director, Peter Reidie has been appointed as the new chief executive of Farmlands. Mr Reidie said he was excited by the role and wants to build a strong culture and organisation to support the company's strategy. Farmlands Chairman, Lachie Johnstone said Mr Reidie was a stand-out candidate due to his commercial abilities, leadership and business transformation experience. Mr Reidie will begin his new role on October 19.

Environment and emissions

Federated Farmers welcome Australian GM ruling [17 September/ Radio NZ Rural] Federated Farmers President, Dr William Rolleston said an Australian court ruling on genetically modified crops, that sets out the responsibilities of GM farmers as neighbours, could be applied in New Zealand. The ruling found that farmers putting their land to an abnormally sensitive use, such as organic farming, could not impose limitations on the operations of their neighbours. Dr Rolleston said there cannot be an expectation that a neighbouring farmers will go to extra expense to meet the quarantine standards of others. Dr Rolleston added that genetic modification is used extensively across the world and has been a benefit to farmers and the environment. Green Party Organics Spokesman, Steffan Browning said the ruling was not relevant to New Zealand. Mr Browning added that non-genetically modified crops are better valued than modified ones, and that they should be protected.

Feds President attacks Hastings GM-free policy [18 September/ Business Day: NZ Farmer] Federated Farmers President, William Rolleston has blasted Hastings genetically modified-free status, and disagreed with the regions belief that their products will now achieved premium prices. Mr Rolleston said the region could not make the claim because some of the animal feed it uses was genetically modified. Mr Rolleston added that the council had allowed the use of genetically modified veterinary medicines. Mr Rolleston said that other genetically modified-free areas, such as Tasmania, did not receive more of a premium for their products. Lawson's Organic Farms Owner, Scott Lawson disagreed with Mr Rolleston's view and said the genetically modified-free sector was one of the fastest growing in the world. Mr Lawson added that Mr Rolleston did not understand the council's decision, which only applied to field-grown crops. Mr Rolleston believed that the proposed National Environmental Standard for Plantation Forestry threatened Hastings' status, as the council could not prevent the planting of genetically-modified trees in the region.

Research and development

Plant R&D firm with New Zealand origins staking out American technology field [17 September/ Business Day: NZ Farmer] BioConsortia is attempting to convince the world's six biggest agri-tech developers of the value of its Advanced Microbial Screening product. BioConsortia Research and Development Director, Dr Andrew Jacobs said the AMS selection system enabled the identification of plants microbes which are important for the development of various traits. Mr Jacobs added that the company aimed to do joint research with the big six agri-companies in commercial plant-breeding, as well as license the use of the AMS selection system. Mr Jacobs said that BioConsortia's selection method set it apart from other companies. Microbe mixes selected by the AMS could be important for their plant yield, drought tolerance, as well as making plants better at retaining nitrogen and phosphate. Mr Jacobs said the selection system was a natural selection process that could be used on Genetically Modified and non-Genetically Modified plants.

Worry over AgResearch layoffs [22 September/ NZ Herald] Waikato Soil Scientist, Doug Edmeades said the expected layoff of around 90 science staff at AgResearch will be a fatal blow to agricultural research in New Zealand. Mr Edmeades believed the layoffs were not related to the dairy downturn, and that they followed a general downward trend in the amount of government funding on agricultural research. Waikato University Agribusiness Professor, Jacqueline Rowarth said science would continue to struggle in New Zealand due to the reduced amount of government funding and the increased competitiveness of the funding allocation model. AgResearch's half-year report indicated that it was unlikely to hit its revenue budget, with the decline in revenue being related to a decrease in revenues from Ministry of Business, Innovation and Employment and Primary Growth Partnership-related contracts. AgResearch's posted a half year revenue of \$63.7 million, a decrease of \$5.2 million on the same period last year and below a budgeted revenue of \$69.9 million.

Agritech

Unmanned helicopter to take to skies [16 September/ Business Day: NZ Herald] Yamaha is hoping to sell 30 of its unmanned helicopter drones over the next five years, thought to be the largest yet sold in NZ. Yamaha Sky Division New Zealand Salesman, Geoff Lamb said the drone costs \$160,000, weigh 99 kilograms and can be used for spraying, applying seed or fertiliser. Drone operators will have to undergo a training course in Australia for three weeks, even though New Zealand's civil aviation rules do not require an operator to have a licence. The drone is 3.63 metres long and 1.08m high, able to carry a load of 28 kg and runs on a 2 stroke, horizontally opposed 2-cylinder engine.

Sprout looks for help to grow [17 September/ Radio NZ Rural] National agritech business accelerator, Sprout is searching for eight entrepreneurs with new agritech businesses for its new development programme. Sprout Programme Manager, James Bell-Booth said the chosen eight will receive a cash injection of \$20,000 and will be mentored by world-class business and technical experts. Mr Bell-Booth added that the start-ups can range from the production of primary produce to the technologies supporting the production. Entries for the programme close October 16.

International

Agriculture secretary announces goal for cutting food waste [17 September/ NZ Herald] United States Agriculture Secretary, Tom Vilsack has announced that the United States is to cut the amount of food it wastes by 50 percent by 2030. According to the United States Department of Agriculture, Americans waste around 31 percent of their overall food supply. Mr Vilsack said the United States must lead a global effort to use food more efficiently. Environmental Protection Agency Deputy Administrator, Stan Meiburg said that 21 percent of all waste in landfills was food, which produced methane and added to climate change. Food Marketing Institute CEO, Leslie Sarasin said food retailers supported the cutting of food waste, as they are reliant on thin margins of around 1 to 2 percent. Mr Vilsack said the campaign will include education on how long to keep food before it is thrown out.

Property – Spaces: And the Construction Material of the Future Is – Wood [17 September/ The Wall Street Journal] The United States Department of Agriculture has announced the two winners of its Tall Wood Building Competition. The two winners will share the USD 3 million prize, which is intended partly to fund research into the use of engineered wood, or man-made composites, in high-rise construction. ShoP Architects Principle, Chris Sharples said the technology behind wood construction has improved dramatically, with every element of a building being able to be built from wood. ShoP Architects Principal, Vishaan Chakrabarti said building with wood has environmental benefits, as it reduces the emissions associated with the production of steel and concrete. Mr Chakrabarti added that wood also has an aesthetic advantage to traditional construction products. Arup Group Structural Engineer, David Farnsworth said that most modern wooden products are now not as big as a fire hazard as they once were.

Graincorp up on PM change [17 September/ The Australian Financial Review] The change of power to new Australian Prime Minister, Malcolm Turnbull has appeared to of stoked speculation that Archer Daniels Midland is to submit a new AUD 3 billion takeover bid of Graincorp. The Abbott government originally blocked the first takeover bid. Graincorp's shares rose 9 percent since Mr Turnbull became Prime Minister. Morgans Analyst, Belinda Moore said the share price rise correlated to the change of government, with the belief that Australia will become more open to foreign investment under Mr Turnbull's leadership.

Agriculture exports get \$30m boost in key markets [19 September/ The Australian Financial Review] Australian exporters to Asian, Middle Eastern and western markets are to receive a AUD 30.8 million dollar funding boost after the first proposal from Agriculture Minister, Barnaby Joyce's agriculture white paper received final sign off. The funding will place five new agricultural counsellors in Vietnam, Malaysia, Thailand, and China, as well one more in the Middle East from January 2016. The counsellors will help cut barriers for the countries to buy Australian agricultural products. Mr Joyce said the investment will ensure Australian producers achieve better access to premium overseas markets, and will help to tackle technical barriers to trade.

The (Fake) Meat Revolution [20 September/ The New York Times] Stanford University Structural Biology Professor, Joseph Puglisi said the next few years in the alternative meat industry will be exciting. Mr Puglisi said that it would be only a matter of time until complex meats that are at the pinnacle of the meat industry can be recreated. Beyond Meat Founder, Ethan Brown said the company is focused on getting its alternative meat products into the mainstream. Beyond Meat has recently acquired funding from venture capital firm Kleiner Perkins Caufield & Byers, as well as investments from Microsoft Founder, Bill Gates and Twitter Founders, Ev Williams and Biz Stone. Mr Brown said the company wants to become the next great American meat company, and added that the company now has products in over 7,500 stores. Impossible Foods Founder and Stanford University Biochemist, Patrick Brown said there is an explosion of research on alternative meats, and suggested that the mainstream food industry is becoming increasingly wary of the threat posed by alternative meats. The belief is that when the alternatives to meat get to the point where they are just as tasty, healthier and cheaper as there real counterparts, there may be a revolution of the human diet.

Peanut executive in salmonella case faces prison for life [21 September/ NZ Herald] Peanut Corporation of America Former Owner, Stewart Parnell is to return to court facing possible life imprisonment, a year after a federal jury convicted him of crimes behind a salmonella outbreak which sickened 714 people and caused the possible death of nine. Mr Parnell was convicted of knowingly shipping salmonella-tainted peanut butter from his plant to customers who used it in their products. United States District Court Judge, Willie Sands said Mr Parnell faced a possible sentence of 803 years. Mr Parnell's Defense Attorney, Ken Hodges said the possible sentence was too harsh, and added that Mr Parnell has been punished. Mr Parnell's Brother and Food Broker, Michael Parnell and Peanut Corporation of America Plant Manager, Mary Wilkerson face charges of 19 to 24 years and 5 years respectively.

Westpac invests in agtech innovation [22 September/ The Australian Financial Review] Westpac has indicated that it has a long-term interest in the emerging market for innovative agricultural start-ups. The bank awarded a \$40,000 prize to start-up AgTasker, as part of its first Agtech innovation challenge. Westpac Commercial and Business Bank Chief Executive, David Lindberg said agrtech was a good long term investment and had demonstrated its value to the market. Mr Lindberg added that productivity of Australian farmers had increased by around 50 percent over the last ten years, despite many facing the effects of drought, live export bans, the high Australian dollar and the global financial crisis. AgTasker is developing an online jobs market matching farmers' seasonal workforce needs with casual farmworkers.

Economics and trade

John Key: TPP will be 'best we can do' [21 September/ NZ Herald] Prime Minister, John Key has said that the proposed Trans-Pacific Partnership deal will be at least the very best negotiators can achieve. After being asked whether New Zealand would walk away from the deal if it lacked a strong stance on dairy access, Mr Key said that while the deal was a long way from the best position needed on dairy, he was hopeful it could be achieved. TPP Opponent and Auckland University Law Professor, Jane Kelsey said there was little progress on the issues of patent extensions for biologic drugs and dairy market access.

Hopes fade for deal with India [21 September/ NZ Farmers Weekly] The government has downgraded India as a negotiating priority, reducing the likelihood of a free trade agreement with the country. Trade Minister, Tim Groser said the immediate negotiating priorities were in Southeast Asia, China, Latin America and hoped to begin trade negotiations with the European Union. Agricultural Trade Envoy, Mike Petersen said the election of Indian Prime Minister, Narendra Modi had raised hopes of Indian trade deal, but talks broke down over demands for increased access for New Zealand dairy products. Mr Petersen added that the possibility of a deal has become more difficult since Mr Modi announced that trade is not part of his reform agenda. Mr Petersen said he was also surprised that a free-trade deal with the Gulf Co-operation Council relegated to a long-term goal, but understood considering publicity surrounding the investment into a Saudi farm. The government has indicated that it will place a large focus on gaining entry to Latin America's Pacific Alliance trading bloc.

Farmers and producers

Ministers reject Lochinver farm bid [17 September/ Radio NZ Rural] Land Information Minister, Louise Upston and Associate Finance Minister, Paula Bennett have rejected Shanghai Pengxin's application to buy North Island farm, Lochinver Station. The decision, which was contrary to the recommendations made by the Overseas Investment Office, was on the basis that benefits of the sale were not substantial or identifiable. Ms Bennett said the large size of the farm coupled with the lack of job creation were factors in the decision. Ms Bennett added that public and political opposition to the sale did not influence the decision. Labour Party Finance Spokesman, Grant Robertson said the ministers had made the right call, but questioned the reasons for the rejection. Mr Robertson believed that the blocked sale was a result of increased media attention. Shanghai Pengxin said it was surprised and extremely disappointed with the decision. Lochinver Station owners, Stevenson Group said it was also disappointed with the decision as it deprived the company of its right to sell to the highest bidder.

Farming body backs decision on Lochinver [18 September/ NZ Herald] Federated Farmers President, William Rolleston backed the government's decision to decline the sale of Lochinver Station to Chinese-owned Shanghai Pengxin Group. Mr Rolleston said that while the organisation supported overseas investment in New Zealand's farming system, it has to have a clear benefit to the local and national economy. Mr Rolleston added that no benefit was proven in the Lochinver sale, and said the decision reinforced the importance of recent changes to Overseas Investment Office rules. Prime Minister, John Key said the decision will not send mixed messages about New Zealand's approach to foreign investment. Mr Key believed the rejection will not have an impact New Zealand's relationship with China.

Confidence takes a hit [22 September/ Otago Daily Times] Rabobank New Zealand General Manager, Hayley Moynihan said the bank's rural confidence survey indicated that 53 percent of farmers believed that conditions would worsen over the coming year. Ms Moynihan added that some beef and sheep farmers were becoming more positive, with 27 percent now having an optimistic outlook for their business performance. Westpac Chief Economist, Felix Delbruck said the bank's quarterly consumer confidence index showed that overall consumer confidence in the economy, particularly in the rural sector, had fallen sharply. Ms Moynihan said the latest survey continued to reflect two consecutive seasons of low dairy prices, which weighed on the wider New Zealand economy. Ms Moynihan said a drop in New Zealand milk production would be a key driver in adjusting excess supply, which would trigger price recovery, but added that more is needed to correct the demand-supply imbalance.

Farmers suffer in drought-stricken pocket of North Canterbury [22 September/ Business Day: NZ Farmer] According to the National Institute of Water and Atmospheric Research, the North Canterbury district of Hurunui has received less than 40 percent of its average rainfall so far this year, the lowest ratio in the country. Hawarden Farmer, Dan Hodgen said the district received less than one millimetre of rain over the weekend, far less than the predicted 20 millimetres forecast. Mr Hodgen said the Hurunui district had received about 400 millimetres of rain in the last year, and is now beyond the point where one decent rainfall will break the districts drought.

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