

FIELD NOTES

Weekly news update from the KPMG Agribusiness network

25 November 2015

Organisations referenced in this week's Field Notes include:

Agri Womens Development Trust	National Farmers Federation
AquaBounty Technologies	New Plymouth District Council
Campaign for Wool NZ Trust	New Zealand King Salmon
Carvin Streetwear	New Zealand Veterinary Association
Clearwater Mussels	NIG Nutritionals
DairiConcepts	NZX AgriHQ
Dairy Farmers of America	OnCard International
Ecology Action Centre	OnFarmSafety NZ
Egg Farmers of Australia	PGG Wrightson
Federated Farmers	Privateer Holdings
Fonterra Co-operative Group	Ravensdown
Food Choice Task Force	Revolution Tours
Free Range Egg Producers of South Australia	Rural Women NZ
GLAM	S Kidman and Co
Green Party of New Zealand	Scott Technology
Honey New Zealand	Shanghai Maling
JBS	Silver Fern Farms
Just Shorn	Taranaki Investment Management Limited
KPMG	TasFoods
Latitude	Van Diemen Land Company
Lincoln University	Wellard
Massey University	WizWireless
Ministry For Primary Industries	Zespri

This week's headlines

Horticulture	Kiwifruit marketer forecasts for China [19 November/ NZ Herald]
Animal Health	Growing antibiotic resistance an opportunity for NZ [20 November/ Rural News]
Dairy	Young 'hubsters' develop new business models for Fonterra [18 November/ Dairy News]
Environment and emissions	Tim Groser confident of climate change deal at Paris talks [22 November/ Business Day]
Research and development	New remote sensing air fertiliser technology tested [24 November/ Business Day: NZ Farmer]



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**HOT OFF THE PRESS:
KPMG AGRIBUSINESS
AGENDA 2015 VOLUME 2**

AgriHQ Pulse: Ian Proudfoot's latest opinion piece

Diversity in leadership creates opportunities to differentiate ourselves in the market

KPMG was honoured to be able to host the graduation celebration for the latest cohort of graduates from the Agri-Women's Development Trust's Escalator programme on Wednesday. For the graduates the evening represented the culmination of a year's hard work but also placed expectations on them to utilise the leadership skills they have honed for the long term benefit of the primary sector and the wider community. Discussing with the cohort some of the opportunities and challenges arising from the unprecedented global disruption we face, reinforced how much we need leaders that are able to bring diverse perspectives to our discussions. The industry has proven time and again that if you keep doing the same things year after year you consistently get similar outcomes. Now more than ever we need leaders able to think outside of the box to capitalise on global market opportunities.

One example that came up during the discussion was the position that the NZ Veterinary Association (NZVA) has taken on Anti-Microbial Resistance (AMR). AMR is a significant threat to global society as growing resistance renders many staple antibiotics increasingly ineffective and could ultimately see the death rate from 'routine' infection rise to levels we have not seen for a century.

The challenge of AMR is being recognised around the world, as is the contribution that the use of antibiotics in farming systems makes to the problem. Consequently in the last few months many global restaurant operators have pledged to shift their sourcing of animal protein to farmers able to provide them with assurance that their animals have been raised without the systematic use of antibiotics.

The NZVA has challenged its members to eliminate reliance on antibiotics for the maintenance of animal health and wellness by 2030. This is not doing the easy thing; following this course of action will impose costs on farmers, impact yields and increase the price of food. Unsurprisingly the NZVA has received pushback from the industry claiming the goal is unilateral, unnecessary given the nature of our farming systems and unlikely to have any impact on the global AMR challenge.

To me this is the sort of situation that sees real leaders stand up and take a stance. They do the right thing because it is the right thing to do. NZVA's position is undoubtedly the right thing to do; tightly managing the use of antibiotics across society will prolong their effectiveness buying time for researchers to create the next generation of infection control agents. In simple terms it will keep people alive! It is also the right thing to do for our customers, who are prepared to pay a premium for unadulterated food.

It is bold actions, fuelled by a belief in doing what is right because it is the right thing to do that will create the opportunity for step change in NZ's primary industry. The greater diversity of perspective we have leading the discussions, the more likely we are to challenge the traditional group think and come up with solutions that differentiate us in the eyes of our community and our consumers.

We look forward to seeing the graduates of this year's escalator cohort actively challenging the conventional wisdom the industry holds dear to its heart and, following the NZVA's example, doing what is right rather than what is easy, as good leaders must.

This article was first published in the AgriHQ Pulse service on 20 November 2015

Horticulture

Kiwifruit marketer forecasts for China [19 November/ NZ Herald] Zespri and the Shaanxi Provincial Government have signed a memorandum of understanding which may lead to the company growing kiwifruit in China in the future. The memorandum outlines an intention to develop the kiwifruit industry in Shaanxi, while establishing trial kiwifruit production bases on two sites and assessing local varieties. Zespri and the Shaanxi Provincial Government have also agreed to establish a research centre in the region to support research, expert exchanges, grower tours and scientific collaboration. Zespri Chief Operating Officer, Simon Limmer said the agreement was an important step in cementing a relationship with one of the world's biggest kiwifruit growing regions. Mr Limmer added that while it was a strategic opportunity, it would be years before Zespri would consider growing Zespri branded fruit in China. Zespri said the Chinese kiwifruit industry is at a critical juncture in its development from a fragmented small-holding base to a modern, sophisticated industry. The company added that fruit quality in China is improving, and that it is inevitable that strong local brands will emerge.

Viticulture

Vineyard flying squad of NZ falcons celebrates first year [19 November/ Business Day: NZ Farmer] Three more New Zealand bush falcons are to be released in Martinborough after a successful trial last year which was designed to reduce the damage done by starlings and other pest birds to the region's grapes. The project was run by local wineries and conservationists under permit from the Department of Conservation, and was supported by the Wingspan national bird of prey centre in Rotorua. The three birds have been raised in such a way that their hunting instincts remain, meaning that their presence will repel smaller, grape-feeding birds. Project Lead, Jane Lenting said that with only 4,500 breeding pairs remaining, the success of last year's trial was a remarkable achievement.

Apiculture

Honey NZ cannot use trademarks, High Court rules [19 November/ Business Day: NZ Farmer] The High Court has agreed with the Ministry for Primary Industries that Honey New Zealand's international trademarks, Manuka Doctor and Manuka Pharm, amount to health claims and therefore cannot be used on the company's products. Honey New Zealand said it was surprised by the decision and will appeal it. The company added that customers were more likely to focus on the high-quality product in the jar, rather than the name on it.

New neonicotinoid studies ring alarm bells – Greens [23 November/ Radio NZ Rural] The Green Party has called for an urgent Environmental Protection Authority review of neonicotinoids, after British research found that low doses of the pesticide can harm bees and reduce pollination. Green MP Steffan Browning said the research found that pollination levels fell by around 30 percent when bumblebees were exposed to low levels of the pesticide. Mr Browning added that it is the first study that has shown a direct link in terms of the amount of pollination reduced due to neonicotinoid pesticides. Mr Browning also said a French study has highlighted that exposure to the pesticide can damage a bee's ability to forage, as well as causing changes in breeding patterns. Mr Browning added that the change in breeding patterns would result in a smaller gene pool and a less resilient bee population. The Environmental Protection Authority said it was aware of the two studies, and that its controls were adequate to manage the risks posed by the use of neonicotinoids.

Animal health

Farmer fined \$33,000 for sheep deaths [20 November/ Radio NZ Rural] Manawatu Farmer, Paul Henson has been fined \$33,000 after more than 120 sheep suffered what a vet described as slow and miserable deaths from intestinal parasites. Mr Henson pleaded guilty to the charges of reckless ill treatment of animals and failing to meet the needs of his stock, and was ordered to pay more than \$4,000 in veterinary costs. A Ministry for Primary Industries Animal Welfare Inspector found 111 dead hoggets in varying states of decomposition on a lease block 60 kilometres from Mr Henson's home. A vet said parasites were responsible for the deaths because they stopped the sheep getting enough nourishment from food. Mr Henson said working long hours on re-developing his home farm had contributed to the sheep deaths.

Growing antibiotic resistance an opportunity for NZ [20 November/ Rural News] According to a New Zealand Veterinary Association report, scientific innovations and reduced-antibiotic livestock systems could increase the value of New Zealand's exports. The report said there were potential gains from addressing antibiotic resistance, and believed that doing so would be in line with three of the governments Business Growth Agenda goals. The goals included having more export markets for high-value products, innovation in agriculture and related sciences and using natural resources effectively to support economic growth. The NZVA also announced 2030 as the target date to make New Zealand antibiotic free for the maintenance of animal health and wellness. NZVA Antimicrobial Resistance Strategy Group Chairperson, Steve Merchant said the commitment to developing alternatives to antibiotics could foster world-leading capability in upstream and downstream industries. Mr Merchant added that one of the biggest gains could be future-proofing the supply chain to overseas markets, as concerns about antibiotic use was an emerging consumer issue. The report also noted that New Zealand is in a good position to take up the opportunity of addressing antibiotic resistance, as it is one of the lowest users of antibiotics in the OECD.

Aquaculture

Taiwan resists GM salmon, NZ not interested [24 November/ National Business Review] Taiwan has said it will not be allowing imports of genetically modified salmon from the United States, unless it's inspected, licensed and labelled. The United States Food and Drug Administration approved the salmon on grounds it's not nutritionally different from conventionally farmed salmon and has no food safety issues. New Zealand King Salmon Chief Executive, Grant Rosewarne said the genetically modified salmon was not a threat to the company's products. Mr Rosewarne said the company does not compete against genetically modified and everyday commodity salmon, as the company focuses on high quality taste and appearance, rather than developing a cheap alternative.

Dairy

Fonterra's forecast payout under pressure [18 November/ Radio NZ Rural] Dairy prices have fallen for the third consecutive time at the recent GlobalDairyTrade auction, with whole milk powder falling by 11 percent to USD 2,148 per tonne. The overall index also fell by 8 percent to USD 2,345. NZX AgriHQ Dairy Analyst, Susan Kilsby said the latest fall will put pressure on Fonterra's forecasted payout of \$4.60 a kilogram of milksolids. The Fonterra board is expected to review its forecast payout at its next meeting. Federated Farmers Dairy Chairperson, Andrew Hoggard was unsure at what Fonterra would do, but said falling prices would put pressure on the current forecasted milk price. Mr Hoggard also hoped that international buyers would start to believe that New Zealand production has decreased. Mr Hoggard said that payout predictions for the 2016/17 season will be in the \$5 range, with dividends taking it up to \$6 per kilogram of milksolids, but added that corrections from other markets were needed.

Young 'hubsters' develop new business models for Fonterra [18 November/ Dairy News] Fonterra Chief Executive, Theo Spierings said the co-operative has created hubs for young entrepreneurs to develop new business models. Mr Spierings said the hubs are aimed at young entrepreneurs as they have a different way of thinking, which is needed to keep up with the transformation of China. Mr Spierings said China does not have a vested interest in massive infrastructure or distributors and therefore can shift from a traditional sales channels to the new sales channels much faster than anybody else. Fonterra has already established three hubs in Malaysia, China and Indonesia, with another one to be established in Auckland via the co-operative's graduate programme. Mr Spierings said that if the co-operative is not as fast as China and its consumers, it will lose its market share.

Fonterra sells stake in US business for \$196m [19 November/ NZ Herald] Fonterra is to sell its 50 percent stake in DairyConcepts for around \$196 million. DairyConcepts was created in partnership with Dairy Farmers of America. Fonterra Chief Executive, Theo Spierings said the co-operative decided to exit the joint venture as it was considered to be a non-core component of its strategy. Mr Spierings added that the deal will not affect the longstanding relationship with Dairy Farmers of America.

Worries over falling milk production - Fonterra [20 November/ Radio NZ Rural] Fonterra is concerned about meeting customer demands throughout the rest of the season due to a fall in milk production. Fonterra said its milk supply was around 5 percent lower than last year, with an expected overall reduction for the 2015/16 season of around 150,000 metric tonnes of whole milk powder. Fonterra Managing Director of Global Ingredients, Kelvin Wickham said the co-operative would meet customer commitments, but added that milk would be used in products with higher returns rather than whole milk powder. Mr Wickham added that the season will become a difficult balancing act with unknown weather impacts. Mr Wickham did not understand why international buyers did not believe New Zealand's milk production was falling, when there were figures available as proof.

Top nutritionals exporter seeks growth capital [23 November/ Dairy News] NIG Nutritionals has announced that it is seeking capital to help meet strong demand from China and wider Asian markets. NIG Nutritionals Director, Alan Stewart said the company has experienced strong demand since becoming one of only a select few of New Zealand companies to be fully licensed to export infant formula into China. Infant formula, including the company's goat-milk variety, accounted for 36 percent of the company's \$35.4 million revenue for the year to the end of June 2015. The company said it seeks an investor with a minimum investment of \$10 million. Mr Stewart said the percentage of shareholding available remained undecided, and added that potential investors will be required to sign a confidentiality agreement to receive the company's Information Memorandum.

Waugh elected to Fonterra board [23 November/ Dairy News] Former National Foods Chief Executive, Ashley Waugh has been elected to the Fonterra Board of Directors. Mr Waugh criticised Fonterra's performance during the election lead up and questioned why its payout was never substantially ahead of other milk processors. Fonterra Board Chairman, John Wilson and Fonterra Director, Nicola Shadbolt retain their seats. Former Fonterra Shareholder's Council Chairman, Blue Read lost his seat. Fonterra Shareholders, David Gasquoine and Stephen Silcock were elected unopposed as members of the directors' remuneration committee.

Meat

Four contest SFF board vacancy [23 November/ NZ Farmers Weekly] The four candidates contesting for the one vacancy on the Silver Fern Farms board have focussed their campaigns on making sure shareholders are well looked after and rewarded with good rebates and dividends from successful business operations. The candidates include Clinton Farmer, David Shaw, Huntly Farmer, Oliver Saxton, Wairarapa Farmer, Tony O'Boyle and King Country Farmer, William Oliver. All three North Island candidates were supportive of the Shanghai Maling deal. Mr Shaw said that while he would have preferred recapitalisation to come from farmers, he is happy with the deal as long as the appropriate protections are in place to prevent a big shareholder taking over the business. Mr Shaw, who has had two previous terms on the board, said the company needs to focus on operating in a way that encourages suppliers to fully share-up, and added that the company does not need non-supply shareholders. Mr O'Boyle, a former Farmlands director and the first chairman of the Fonterra Shareholders Council, said his focus is to ensure robust and transparent supply conditions and payouts. Mr Saxton said that he had a record of governance in co-operative businesses and believed in strong balance sheets and reserves, which will lead to growth in both dividends and rebates. Mr Oliver believed that Chinese deal would be a game-changer for the company, and added that if the company is to continue to grow, it needed to grow returns to shareholders.

JBS acquires its first stake in Scott [24 November/ Otago Daily Times] JBS Australia has started its attempt to secure a 50.1 percent controlling stake in Scott Technology. The company is currently building its initial 10 percent holding, for \$13.9 million, and will then buy out shareholders wanting to sell. If required, JBS will buy more shares in a second tranche to elevate its stake to the required 50.1 percent, potentially costing up to \$45 million. The company said it was not planning a complete takeover, nor will it delist Scott Technology from the stock exchange. Shareholders are planned to meet during the week to vote on the proposal, which requires 75 percent shareholder support.

Rural connectivity

More uptake of rural broadband [20 November/ Rural News] Communications Minister, Amy Adams said that all rural hospitals are now able to connect to rural broadband, with the government aiming to reach all schools and 90 percent of business by the end of the year. Around 271,000 rural addresses can now connect to the network, with an uptake of around 36 percent. More than 102,000 rural copper lines have been upgraded and 122 new towers are now ready for service with a further 324 towers upgraded. Ms Adams said the government has allocated an additional \$100 million to expand the Rural Broadband programme as well as \$50 million to improve mobile coverage in black spot areas.

Environment and emissions

Avatar director points green-tinted lens at agriculture emissions [21 November/ NZ Herald] Avatar Director, James Cameron has used some of the money made from his films to champion a range of environmental causes. One of the causes which Mr Cameron has focused on is the relationship between the food humans eat and how it relates to climate change. According to Chatham House, the animal agricultural sector produces 14.5 percent of all greenhouse gases emissions, including 39 percent of global methane emissions and 65 percent of nitrous oxide emissions. Mr Cameron said while global warming cannot be fixed without reducing carbon dioxide, the reduction of other gasses with greater immediate warming consequences, such as methane, can buy some time. Mr Cameron added that due to the close link between the agriculture industry and deforestation, the industry was also a major indirect source of carbon dioxide emissions. Mr Cameron has also founded the Food Choice Task Force which seeks to change our diets to lessen climate change and other environmental impacts.

Tim Groser confident of climate change deal at Paris talks [22 November/ Business Day] Climate Change Minister, Tim Groser believed the Paris terror attacks have put high stakes on countries agreeing to a climate change target during talks in the city. Mr Groser also defended New Zealand's own climate targets, which breached the commitment, as it is necessary to get the United States and China to agree on a target. Mr Groser said the government's target to cut carbon emissions by 30 percent from their 2005 levels by 2030 would cost about \$30 billion, and would include strengthening the country's emissions trading scheme, technological improvements, and accessing international carbon markets. OECD Environmental Director, Simon Upton said that while New Zealand was doing something, it was not doing enough to combat climate change. Mr Upton also dismissed the argument that New Zealand's small emissions on a global scale meant its target was not as important as others. Mr Groser believed that targeting emissions in the dairy industry would have a significant impact on the economy.

Sea level report highlights rural vulnerability [23 November/ NZ Farmers Weekly] A Parliamentary Commissioner for the Environment report has highlighted that some rural areas will be faced with certain issues if sea levels continue to rise. The report examined how rising sea levels will affect New Zealand and what can be done to prepare for it. The report indicated that the low-lying rural areas of the Bay of Plenty, Hawkes Bay and Hauraki Plains are particularly vulnerable to rising sea levels. Hastings District Council Mayor, Lawrence Yule said the report highlighted the need for some modifications to the existing New Zealand Coastal Policy statement if councils were going to be able to respond to the threat effectively. Mr Yule added that councils should co-ordinate in their approaches to rising sea levels. Hauraki District Mayor, John Tregidga said salt water incursion was already an issue in the district, and acknowledge that the issue will become more of a problem over time. Mr Tregidga said the council was already allowing for rising sea levels in its long term plans by allowing for greater stop-bank provisions in vulnerable areas.

No single answer to lowering Fonterra's energy footprint [24 November/ Business Day: NZ Farmer] Fonterra has said that while it is working hard to reduce its environmental impact among its plants, there is no quick fix to the co-operatives energy footprint. Fonterra is currently one of the country's largest burners of coal, using it to power ten out of 29 of its plants. Fonterra Energy Manager, Linda Thompson said the co-operative used coal as efficiently as possible and bought emissions units to offset the coal it used. Ms Thompson added that the co-operatives energy policy focused around energy affordability, security and sustainability. Fonterra Manufacturing Director, Mark Leslie said the co-operative had few alternatives to coal, especially in the South Island, but added that it was constantly exploring economically-viable alternatives. Ms Thompson said the co-operatives energy intensity has been reduced by 17 percent since 2003, achieved by auditing energy plants, improving boiler efficiency and investing in around 1,000 smaller projects across the country to improve its energy efficiency. The co-operative has also been looking at the possibility of using alternatives such as solar panels to power its storage facilities. It also has looked at growing miscanthus plants, to be burned as fuel, and currently has a 2 hectare trial plot of the plants in Darfield. Mr Leslie said using wood as an alternative to coal did not stack up economically or environmentally.

Rural communities

Enterprising Rural Women Award 2015 winners [23 November/ Rural News] Latitude Owner and Editor, Joanne Taylor has won the supreme award at the Enterprising Rural Women Awards. Rural Women NZ President, Wendy McGowan said Ms Taylor has succeeded in pursuing her publishing dream, while also supporting New Zealand's rural communities. Ms Taylor was also named as the 'Making it in Rural' category winner. The 'Help, I Need Somebody' award was won by OnFarmSafety NZ Managing Director, Bronwyn Muir for her work providing farmers with health and safety advice. Plant Hawkes Bay Ltd Owner, Marie Taylor won the 'Love of the Land' award, while Revolution Tours Founder, Kate Belcher won the 'Stay, Play Rural' award. The judges also awarded Carvin Streetwear Owner, Chanelle Purse a Certificate for Emerging Enterprising Young Rural Woman, after impressing with her retail success and commitment to youth in rural communities. WizWireless Managing Director, Bridget Canning was also awarded with a Certificate of Special Recognition as an Enterprising Rural Woman, for her contribution to rural telecommunications services for Wairarapa residents.

Wool

Woolshed goes on walkabout [11 November/ Rural News] Prince Charles has official launched the Woolshed Project, aimed at inspiring children aged 11 and 12 about the quality and versatility of wool. The project is part of an education effort by the Campaign for Wool NZ Trust, funded by PGG Wrightson and headed by Waipukurau Wool Broker, Philippa Wright. The travelling woolshed, originally a shipping container, is now kitted out with various static and interactive displays. Woolshed Designer, Gaylene Hosking said the project allowed children to have a practical experience with wool and engage with it in a tactile way. Ms Wright said the project targeted children aged 11 and 12 because that age group can absorb and retain information and are open to new thinking.

Converts helping to sell carpets [23 November/ NZ Farmers Weekly] A group of seven MBA students from New York's Cornell University have visited New Zealand to learn about Just Shorn wool carpets. The group believed the brand should use social media to promote the product to the wealthy North American market. The group believed the company's eco-friendly and sustainable story would become increasingly influential towards a younger audience, with younger buyers placing more importance on more environmentally friendly products. Group Member, Andrew Wiebe said an important factor the group found was that buyers view carpets as carpets, and not as either wool or synthetic. Mr Wiebe said buyers do not have an inbuilt bias, and that if wool carpet makers convinced them well enough, they would get more business. Mr Wiebe also believed that while wool carpets are more expensive, it was not a barrier to the market segment the company aimed at, as a premium price is needed to convince customers that they are receiving a quality product. The group's research also found that while the product's environmental story was important, its traceability back to the farm was only important to a small majority of people.

International

Silicon Valley's Unlikely New Frontier [18 November/ The Wall Street Journal] Silicon Valley start-ups are beginning to provide the marijuana industry with data-driven tools typically seen in more conventional industries. With established companies being more hesitant to associate themselves with the industry, start-ups have stepped in to meet the growing needs of the industry. The scope and growth of the industry has also been attractive to start-ups, with the industry expected to grow by around 86 percent, on top of a 74 percent increase to USD 2.7 billion in 2014. La Conte's Clone Bar and Dispensary Head Grower, Nic Hernandez said that start-ups are helping the industry to keep track of things. Privateer Holdings CEO, Brendan Kennedy said that since legalisation in many states, information has become easier to collect, allowing start-ups to support the industry. With many start-ups replicating functions of business applications usually conducted by established companies such as IBM or Sales force, one potential issue could be whether these smaller companies can maintain their market share, however many of the major players have stepped away from the marijuana industry for the time being.

Canada sued over approval of genetically modified salmon scheme [18 November/ The Guardian] Environmental groups are taking the Canadian government to court after it granted American company, AquaBounty Technologies, permission to produce genetically modified salmon eggs and then ship them to Panama where they will be grown. Ecology Action Centre Campaigner, Mark Bultler claimed the measures to avoid the mixing of wild Atlantic salmon with the genetically modified species, were inadequate and posed the risk of a huge live experiment. Mr Butler said that hurricanes, human error or equipment failure could release the GM fish from their land-based hatcheries into the ocean, and added that treatment to ensure the GM salmon cannot reproduce was not always effective. The environmentalists' also believed the Canadian government breached its own environmental laws by providing AquaBounty with a far wider permit than it was originally assessed on. AquaBounty Technologies insisted that its genetically modified fish pose no threat to the environment and will be kept in special disease and antibiotic-free conditions. The company added that the modified fish can grow to the same size as wild salmon using 75 percent less feed, reducing the product's carbon footprint by up to 25 percent.

New Plymouth owned Tasmanian farms find a higher bidder [20 November/ Business Day: NZ Farmer] A new buyer for the Van Diemen's Land Company has been found. The farms are owned by the New Plymouth District Council and administered under Taranaki Investment Management Limited (TIML). Earlier this month, Australian company OnCard International Limited had entered into what was believed to be an AUD 250 million agreement to buy the company. However, the New Plymouth District Council revealed that the farms had been sold to a private company in a deal believed to be worth more than the one offered by OnCard. TIML Chief Executive, Mike Trousselot said he was unable to reveal the identity of the buyer and the amount agreed because of a confidentiality agreement. New Plymouth Mayor, Andrew Judd said the agreement was superior to offers previously received. Mr Trousselot said the agreement was subject to approval from the Australian Foreign Investment Review Board, and if approved would result in a large lift in value of the council's Perpetual Investment Fund.

Don't lock the gate to foreigners, say farmers [20 November/ The Australian] National Farmers Federation Chief Executive, Simon Talbot has warned that rejecting the sale of the country's largest pastoral holding, risks undermining foreign investment when the agriculture industry needs most. Australian Treasurer, Scott Morrison rejected a bid from Chinese investors of around AUD 370 million for the assets of S Kidman and Co, which makes up around 1.3 percent of Australia's total land area. Mr Morrison said that with around half of Kidman's largest station located in the Woomera Prohibited Area in South Australia, which surrounds the Woomera weapons testing range, the rejection was a matter of national security. Australian Prime Minister, Malcolm Turnbull said there was nothing stopping the owners in restructuring the way the assets are sold. S Kidman and Co Managing Director Greg Campbell said the decision surprised him and was seeking meetings with senior government officials on the reasons. Mr Campbell added that selling the properties without the largest station, Anna Creek, could happen but it may affect the sale price. GLAM Chairman, Joel Chang said he was not disappointed by the decision and remain interested in the Kidman portfolio and other agricultural investments in Australia. Mr Chang added that he would consider bidding for individual stations if the pastoral company was sold in parts.

Farmers claim 'free range' hijack [20 November/ The Sydney Morning Herald] Australian egg producers, who run fewer than 1,500 hens per hectare, have said that they are being ignored and isolated in the free range egg labelling debate due to the industry's one chook one vote rule. Free Range Egg Producers of South Australia, which consists of 13 South Australian free range egg producers, sent a letter to Agriculture Minister, Barnaby Joyce about how the voting rules meant their voices were being drowned out. The group believed the voting rules gave the power to large-scale producers who squeeze as many hens as possible onto their land. The group also claimed that it was not told about a recent egg industry roundtable, and therefore was unable to push its case that only farms with a stocking density of 1,500 hens per hectare should label their eggs as free range. Egg Farmers of Australia Member, Dion Andary said the organisation had provided the group with plenty of opportunities to voice its concerns and participate in establishing a free range definition. The Egg Farmers of Australia group is pushing for a free range egg standard which allows for 10,000 birds per hectare.

Wellard corrals investors at lower end of IPO range [21 November/ The Australian] Australia's largest live cattle exporter, Wellard is to list on the Australian Securities Exchange next month. The company's advisors, UBS and Deutsche Bank, managed to secure support from retail investors, Asian funds, hedge funds and some local domestic fund managers at the bottom of its AUD 1.39 to AUD 1.68 per share range. A number of institutional fund managers did not invest in the company as they felt it was too risky and capital intensive. The listing will value the company at AUD 556 million. The Balzarini family, which owns the company, and employees will hold about 40 percent of company.

Indonesia, Malaysia form OPEC-like palm oil council [22 November/ NZ Herald] Indonesia and Malaysia have signed an agreement to establish a council for palm oil producing countries in a bid to ensure price stability by managing production and stock in the global market. Indonesian Resources Minister, Rizal Ramli said the council will be a game changer for the industry which is currently under pressure from falling prices and unsustainable farming practices. Mr Ramli said the council will address obstacles to trade with the hope of boosting competitiveness in the world market, and will also promote green and sustainable farming. Mr Ramli added the council will also aim to improve the livelihood of around 4.5 million smallholders. Malaysian Plantation, Industries and Commodities Minister, Douglas Unggah Embas said that while council will not fix the price of palm oil, it will ensure a sustainable price by organising and harmonizing stock management. Mr Embas added that the council's membership will be extended to other palm oil producing countries. Both Indonesia and Malaysia will contribute USD 5 million to the council's operations.

Cattle battle rattles \$250m dairy sale [24 November/ The Sydney Morning Herald] TasFoods, previously known as OnCard International, is taking the New Plymouth District Council to court after it believed it was unfairly treated in the sale of the Van Diemen's Land Company. The council was believed to have signed an AUD 250 million sale agreement with TasFoods, but Van Diemen's said it had rejected the bid in favour of another one from an unnamed foreign buyer. Following the rejections, TasFood's shares fell 37 percent. TasFoods said the agreement involved AUD 250 million in cash and 184 million TasFoods shares, equating to a purchase price of around AUD 280 million. The company believed the Van Diemen's accepted an offer much lower than the one offered by TasFoods. The dispute is to be heard in the Victorian Supreme Court on 25 November, after TasFoods obtained an interim injunction on the sale.

Research and development

New remote sensing air fertiliser technology tested [24 November/ Business Day: NZ Farmer] Ravensdown and Massey University have been trailing the latest aerial top dressing technology to make fertiliser application more precise for farmers, reducing the amount that leaches into waterways. Ravensdown Technical Development Manager, Michael White said the new technology released the fertiliser automatically, allowing the pilot to concentrate solely on flying. Massey University Precision Agriculture Lecturer, Dr Miles Grafton said the trails showed the fertiliser was being dropped accurately. Dr White believed the technology would be a game changer for hill country farms, with fertiliser being applied only where it is needed, rather than farm-wide. The project was a \$10 million partnership between the government and Ravensdown, through the government's Primary Growth Partnership programme, and aimed to work towards remote sensing of farm nutrients from the air.

Forestry

Call to protect 'crown jewels' of the Marlborough Sounds [22 November/ Business Day] Marine Biologist, Rob Davidson said the forestry industry should take steps to protect marine habitats in the Marlborough Sounds, from the damaging effects of sedimentation. Mr Davidson said that if forestry workers do not take the initiative to limit environmental damage, the industry risked damaging its reputation and potentially its ability to continue operating. Mr Davidson believed the forestry industry was not the only industry that contributed to sedimentation, and added that all industries needed to take responsibility for their actions rather than point the blame at others.

Farmers and producers

Two winners awarded SI Farmer of the Year [20 November/ Radio NZ Rural] Lincoln University's South Island Farmer of the Year competition has been awarded to two entrants for the first time. Omarama Station and Clearwater Mussels won the award after judges could not separate the two. South Island Farmer of the Year Chief Judge, Nicky Hyslop said both finalists showed leadership in innovation, technology, human resource management, marketing and entrepreneurship, and displayed strong relationships with their customers. Clearwater Mussels is a greenshell mussel producer farms supplying a variety of food and pharmaceutical markets, while Omarama Station is a sheep and beef property with small scale hydro and tourism operations. Omarama Station also has scientific reserves and conservation covenants on the property. Both winners will share a \$20,000 business travel grant for research, education or marketing purposes.

AgriHQ Pulse gives new edge [23 November/ NZ Farmers Weekly] NZX AgriHQ has launched a new agribusiness service, AgriHQ Pulse. NZX Chief Executive, Tim Bennett said the new service will provide insights and leading coverage on the New Zealand agriculture sector. AgriHQ Pulse will complement AgriHQ's free Farmers Weekly service, and is primarily design for off-farm professionals with an interest in the agribusiness sector. AgriHQ Pulse Editor, Phil Edmonds said the service will look at the issues that matter, and will ensure that senior people in the industry have a service they need.

KPMG Foreign Director Investment Analysis

Foreign Direct Investment into Dairy Land [16 October/ KPMG Press Release] Subsequent to our press release of 16 October 2015 on overseas investment in dairy land, KPMG has worked with the OIO to gain 100 percent coverage of dairy land transactions. Previously we had indicated an estimated 80 percent coverage. This has involved the receipt of additional information which was previously disclosed as confidential or which may not have been identifiable as dairy land in the Decision summaries. The graphs and tables contained in this Addendum reflect an update of those contained in the press release dated 16 October. Whilst the key themes remain the same, this now provides a comprehensive view on dairy land investment in New Zealand.

The updated analysis can be accessed by clicking [here](#).

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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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