

AGRIBUSINESS

# FIELD NOTES

Weekly news update from the KPMG Agribusiness network

## 13 January 2016 – Holiday catch-up edition

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

A2 Milk	MobileTECH
Agri-Women's Development Trust	Monsanto Co.
Allan Scott	Motueka Fruit Growers Association
Alliance Group	Mt Cook Alpine Salmon
ANZ Bank	National Farmers Federation
Aotearoa Fisheries	Noble Group
ASB	Northland Forest Managers
Campbell Soup	Nutrition Coalition
Cargill Inc.	Opotiki Packaging and Coolstorage
CBRE	Otago University
COFCO	PGG Wrightson
Columbia Care	Pipfruit New Zealand
Council of Agriculture	Plant and Food Research
Crafar Farms	Rabobank
DairyNZ	Real Estate Institute of New Zealand
Environment Canterbury	Rural Livestock
European Union	Seafood New Zealand
Federated Farmers	Sealord Group
Fonterra Co-operative Group	Shanghai Maling
Foundation for Arable Research	Silver Fern Farms
Grain and Legumes Nutritional Council	Silveus Insurance Group
Greenheart Group	Statistics New Zealand
High Country Salmon	Tasfoods Ltd
Horticulture New Zealand	Te Tumu Paeroa
Inner Mongolia Rider Horse Group	Ultra Pet Food
K9 Natural	Van Diemen Land Company
Kiwifruit Vine Health	Weihai Station
LegaSea	Westpac
Marlborough District Council	Wisconsin State Cranberry Growers Association
Maui Milk	World Trade Organisation
MetService	Z Energy
Ministry for Primary Industries	Zespri



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**Horticulture**

**Hail storm wreaks havoc on Tasman orchards** [17 December/ Radio NZ Rural] A devastating hail storm has affected orchardists on the Tasman coast, from Mapua to Riwaka. Motueka Fruit Growers Association Chair, Simon Easton said orchardists were still surveying the damage but expected many apple, pear and kiwifruit crops to be affected. Mr Easton said he had probably lost the entire crop from his apple orchard at Mariri. Mr Easton added that the hail would have a significant financial effect on a lot of growers, as many had completed their spend on pruning and spraying.

**Kiwifruit plan preps for growth** [21 December/ NZ Herald] Opotiki Packing and Coolstorage shareholders have approved a capital raising plan that will result in Te Tumu Paeroa and the Bay of Plenty Regional Council each taking a 10.1 percent stake in the business. The company wants to raise \$4.85 million to prepare for significant growth in the amount of kiwifruit it processes. This year the company began a capital investment programme that included a new packing line and cool storage facility at its Opotiki site.

**German accolade for kiwifruit** [28 December/ Rural News] Zespri SunGold has been named as fruit and vegetable product of the year by Lebensmittel Praxis, one of Germany's most important grocery trade publications. The award, which is based on a broad survey of consumers living in Germany, had only been won previously by vegetable products. Zespri Marketing Manager for Germany, Andreas Borgers said the award showed the company can inspire those who consume its products.

**Horticulture grows up in the primary sector family** [29 December/ Rural News] Newly appointed Horticulture New Zealand Chief Executive, Mike Chapman said the appeal of his new role is the opportunity to work across the entire industry, which has huge potential and scope for better collaboration and development. Mr Chapman believed Horticulture New Zealand is the perfect way to strengthen existing networks in the industry and deliver greater benefits to growers. Mr Chapman said he had every confidence the industry can achieve its goal of becoming a \$10 billion industry by 2020. The Ministry for Primary Industries estimated that the horticulture industry's returns will increase by around \$700 million in 2016, due to the recovery of kiwifruit, increased apple exports and improved market access with lower tariffs and exchange rates.

**\$1.2m extra to expand Fruit in Schools** [11 January/ Rural News] The Fruit in Schools programme is to be extended to include a further 77 schools, benefiting an extra 13,000 students. Health Minister, Jonathan Coleman said the government will invest a further \$1.2 million into the programme, taking the total investment to \$7.8 million per year. Around 20 million pieces of fruit and vegetables were served to over 97,000 students this year. The new schools will start receiving fruit from the beginning of the second term of 2016.

**Viticulture**

**Marlborough viticulturists predict big harvest after good growing season** [7 January/ Business Day: NZ Farmer] Marlborough viticulturists have predicted a high crop yield this season despite cooler and drier conditions. Allan Scott Winemaking and Viticulture Director, Josh Scott said the amount of grape bunches indicated the season has the potential to be as big as the 2008 harvest. Mr Scott believed the wine industry has learnt a lot since 2008, when the harvest devalued the price and resulted in wine companies producing sub-brand labels that damaged the reputation of the Marlborough region. Plant and Food Research scientist, Rob Agnew said it was difficult to predict yield levels, as they were largely determined by the temperature during flowering. Mr Agnew added that the dry conditions have protected vines against botrytis.

**Forestry**

**Forestry investor buys NZ business** [9 January/ NZ Herald] Greenheart Group has signed a conditional deal to buy Northland Forest Managers for \$1.5 million. Greenheart Group believed the acquisition will increase the group's presence in New Zealand and expected it to help assist the expansion of its New Zealand plantation business. The deal is expected to be completed five days after all conditions are met, or by 1 February.

**Apiculture**

**NZ honey exports double on manuka demand** [6 January/ NZ Herald] According to Statistics New Zealand, honey exports more than doubled in November as the industry benefited from high demand for manuka honey. The value of honey exports increased to \$27.4 million in November, from \$13.6 million the same month a year earlier. The annual value of honey exports in the 12 months to November increased by 45 percent to \$281 million. ANZ Bank Rural Economist, Con Williams said the manuka honey sector was an attractive investment, with new manuka plantations achieving returns of between 10 and 15 percent, as well as having environmental benefits. Global honey demand is estimated to be around \$3.1 billion. Mr Williams said the largest opportunities for New Zealand exporters are wealthier countries who are high consumers of honey and where New Zealand has low penetration.

**Bloodstock**

**China opens up to Kiwi racehorses** [2 January/ NZ Herald] Inner Mongolia Rider Horse Group Founder, Lang Ling said the Chinese horse racing industry offers huge potential for New Zealand breeders. Mr Lang has spent more than \$11 million shipping more than 800 New Zealand racehorses back to China to race and breed from. Mr Lang said New Zealand horses have a very good reputation internationally, something Chinese owners are beginning to realise. Mr Lang added that quarantine laws in New Zealand were also a significant factor to the sectors growth, as it had a shorter quarantine period than competitors in Australia. Auckland Tourism, Events and Economic Development Chief Executive, Brett O'Riley said while the Chinese equestrian partnership was just beginning, it was already extremely beneficial for New Zealand as a whole.

### Aquaculture

**Chinese customer sales booming for Mackenzie salmon farms** [6 January/ Business Day: NZ Farmer] High Country Salmon Business Manager, Rae Coburn said Mackenzie salmon farms are directly benefitting from the increase in Chinese tourists being generated by the direct flights between China and Christchurch. Ms Coburn said the region has begun targeting the Chinese tourist market, by adapting core products to accommodate Chinese demand. Mt Cook Alpine Salmon Retail Supervisor, Karen Henderson said there has been an increase in Chinese customers. Both High Country Salmon and Mt Cook Alpine Salmon expect Chinese salmon sales to boom even further over the Chinese New Year period. Christchurch Airport Chief Executive, Malcolm Johns, said the new China services offered more than 70,000 seats, worth over \$100 million for the South Island economy.

### Fishing

**Iwi fish business annual profit falls after challenging year** [24 December/ NZ Herald] Aotearoa Fisheries has reported an annual profit of \$16 million, a fall of around 27 percent. Aotearoa Fisheries said the reduced contribution from Sealord Group was a key reason for the profit fall. Sealord Chief Executive, Steve Yung said the company has experienced a challenging year with a poor crop of mussels, softening global white fish pricing in the last quarter and vessel breakdowns, leading to a below-expectation profit. The Aotearoa Fisheries board declared a \$6.4 million dividend, down from \$8.8 million a year earlier.

**Commercial fishing to be banned in Hauraki Gulf, Marlborough Sounds** [12 January/ Business Day] Commercial fishing will be banned in the inner Hauraki Gulf and Marlborough Sounds, after the government released its proposals to create recreational fishing parks in the areas. The government said it will compensate commercial fishers for the loss of catch. An estimated commercial catch of 870 tonnes and 139 tonnes are caught in the proposed Hauraki Gulf and Marlborough Sounds Parks each year, respectively. The proposal will not affect aquaculture. The government has launched a consultation document on a new Marine Protected Areas Act. Conservation Minister Maggie Barry said the new act provided a better and more flexible process for establishing and managing marine reserves. LegaSea said it did not understand who gets compensated and for what. Seafood New Zealand Chief Executive, Tim Pankhurst said any compensation for commercial operators must be fair. Mr Pankhurst added that effective recreational management was needed.

### Dairy

**Strong EU production delays price recovery** [17 December/ Rabobank Media Release] According to Rabobank's latest Dairy Quarterly report, stronger than anticipated European production has delayed the recovery of global dairy markets, with little improvement expected until the second half of 2016. Rabobank Research Analyst, Emma Higgins said that while the global market was closer to being rebalanced, improvement relied on a slowdown in European supply growth. European milk deliveries in the seven months since the removal of quotas have increased by 2.8 percent. Ms Higgins said that it is promising there has been a reduction in the amount of stocks in both China and Russia. Rabobank General Manager Country Banking New Zealand, Hayley Moynihan said the delay in price improvement will continue to have an impact of the dairy industry.

**Milk production could drop by 10%** [29 December/ Otago Daily Times] DairyNZ has revised its breakeven milk price up to \$5.40 per kilogram of milksolids due to the expected decrease in production for the season and a slight lift in farm working costs. DairyNZ Economist, Matthew Newman expected at least a 6 percent fall in production, but added that El Nino conditions could result in a fall of 10 percent in some areas. ASB Rural Economist, Nathan Penny remained optimistic the dairy oversupply would correct itself and prices would stabilise. ASB kept its \$4.60 and \$6.50 milk price forecasts for 2015-16 and 2016-17 respectively.

**A2 Milk shares surge amid strong support for dairy** [31 December/ Otago Daily Times] A2 Milk's shares have surged after the company issued a revenue upgrade as a result of a significant increase in infant formula sales. The company's shares rose to \$2.42 on 30 December, resulting in a market capitalisation value of \$1.75 billion. Harbour Asset Management Director, Shane Solly said similar stocks also experienced strong support, regardless of whether they were more technical like A2 Milk or more basic.

**Fonterra \$4.60 milk payout in doubt** [7 January/ Otago Daily Times] Fonterra's farmgate payout of \$4.60 per kilogram of milksolids appears to be in doubt after whole milk prices fell by 4.4 percent at the first GlobalDairyTrade auction of the year. Westpac Senior Economist, Anne Boniface warned that the current El Nino weather pattern could impact New Zealand milk production. Ms Boniface said that while reduced production could place temporary upward pressure on prices, growing European production and soft Chinese demand meant sustained improvements are a while away. Westpac maintained its current \$4.50 forecast. ASB Economist, Chris Tennent-Brown expected prices to lift, but there was the risk the lift would only be modest. The greatest falls in whole milk powder prices were in the season-end contracts, suggesting participants did not have supply concerns.

**Fonterra exports hit monthly record** [8 January/ NZ Herald] Fonterra's export volumes have hit a record high of 300,000 tonnes during December, exceeding the previous record by 10 percent. Fonterra Global Ingredients Managing Director, Kelvin Wickham said the new record reflected the successful performance of the co-operatives direct-to-customer ingredients, consumer and food service sales. Mr Wickham said the new record will be hard to beat as reduced milk volumes began to affect Fonterra's production levels. Fonterra has forecasted a year-on-year milk volume reduction of around 6 percent this season, as farmers respond to low milk prices and dry conditions.

### Poultry

**Minister: More work to be done on campylobacter** [23 December/ Business Day] Food Safety Minister, Jo Goodhew said action is being taken to reduce New Zealand's campylobacteriosis rates by 10 percent by the end of 2020. Ms Goodhew added that the Ministry for Primary Industries is looking at ways it can help poultry processors reduce the amount of fresh carcasses testing positive for campylobacter to below 30 per cent by the end of 2017. There has been an increased focus on campylobacter in recent months after the discovery of an antibiotic-resistant strain that has spread through New Zealand chicken flocks. Otago University Professors, Michael Baker and Nick Wilson have called for a reduction in the allowable level of contamination in chicken for sale.

## Red meat

**SFF's constitutional review for a 'new era'** [17 December/ Otago Daily Times] Silver Fern Farms Chairman, Rob Hewitt said the co-operative is to undertake a constitutional review to ensure its constitution is the best it can be before the finalisation of its merger with Shanghai Maling. The review will consider share classes, voting rights, distribution policies and the make-up of directors. The process would involve the board, external advisers and input from a representative group of shareholders. Any changes to the constitution will require 75 percent farmer-shareholder support, with recommendations presented through a national roadshow. Mr Hewitt said 2015 was a significant year for the co-operative, with it growing its value-added strategy as well as creating a more sustainable financial position. Silver Fern Farms Chief Executive, Dean Hamilton said the merger took the company to another level and fixed its capital structure once and for all. The co-operative is currently awaiting regulatory approval from the New Zealand Overseas Investment Office and Chinese authorities before the merger can be finalised.

**Alliance focused firmly on future** [18 December/ Otago Daily Times] Alliance Group Chairman, Murray Taggart said the co-operative has adapted over the past year, and now has a very clear focus on profitability improvement and a more strategic view of the world it operates in. Mr Taggart said the co-operative has undergone significant internal change, driven by a major review of its operations. Mr Taggart also believed there has been no significant change to the industry as a result of the Silver Fern Farms merger, and expected the industry to remain intensely competitive. Mr Taggart said a positive of the merger was the industry would be judged commercially rather than politically. Alliance Group Chief Executive, David Surveyor said that while the new season is expected to be challenging, the company was continuing to find ways to extract more value from animals.

**World-leading robots installed at Smithfield plant** [23 December/ Business Day: NZ Farmer] Alliance Group has installed two robots at its Smithfield plant, as part of its strategy to improve productivity and plant efficiency. The fully-automated brisket cutting and evisceration robots automate the difficult and potentially dangerous part of livestock processing, resulting in improved product quality, hygiene and safety. Alliance Group Processing General Manager, Kerry Stevens said the installation was the first step of the co-operatives strategy to improve efficiency and optimise returns.

**Healthy pet food trend sets tails wagging** [28 December/ Business Day] Ultra Pet Food Owner, Ian McKenzie said there has been an increasing trend towards healthier, organic pet food. Mr McKenzie said that sales of the company's Addiction Pet Food, which is made with as many natural and organic ingredients as possible, have grown by 20 percent every month for the past three months. K9 Natural Chief Executive, Neil Hinton said the company has also experienced an increase in sales of healthier pet food, and added that the company has grown by up to 50 percent each year for the last five years. Mr Hinton said most commercial dog food contained high levels of carbohydrates, which did not benefit the animal. Massey University Lecturer, Nick Cave said there was little scientific evidence supporting any one type of pet food over others, as it depended on each animal's characteristics.

**Success put down to team effort** [2 January/ Otago Daily Times] Silver Fern Farms Chairman, Rob Hewitt said it has been a big and successful year for the co-operative. Mr Hewitt said he was proud of what had been achieved and pointed out that the co-operatives success was the result of a huge team effort. Mr Hewitt also heaped praise on Silver Fern Farms Chief Executive, Dean Hamilton for his management and believed Mr Hamilton's nomination for The New Zealand Herald Business Leader of the Year was overdue. Mr Hewitt also praised the board of directors and believed it was his job to get the best out of the board. Mr Hewitt said he was confident the merger with Shanghai Maling will be granted by the Overseas Investment Office as it would be of great benefit for the country, and also gave the company better access to China than any other meat company in the world. Mr Hewitt said the next challenge was to look forward, which included the identification of potential successors for the board.

## Rural infrastructure

**Two rural companies settle price-fixing claim** [22 December/ NZ Herald] PGG Wrightson and Rural Livestock have agreed to pay a combined \$3.2 million in penalties and costs after settling price-fixing claims from the introduction of the National Animal Identification Tracing Act. PGG Wrightson was fined \$2.7 million and agreed to pay \$50,000 in costs to the Commerce Commission, while Rural Livestock was handed a \$475,000 penalty. The Commerce Commission said it found three anti-competitive agreements to set fees under the NAIT act. The agreements included fixing the price of tagging cattle at sale yards, increasing yard fee charges, and hiking stock and station agent charges by introducing an administration fee for NAIT-related costs. The commission said proceedings filed against Elders New Zealand and five individuals in August are still before the courts.

## Environment and emissions

**Z biodiesel plant set for testing** [18 December/ NZ Herald] Z Energy has built New Zealand's first commercial-scale biodiesel plant for a cost of \$26 million. The plant will turn inedible tallow into 20 million litres of biodiesel per year, with the potential to scale production up to 40 million litres. Z Supply and Distribution General Manager, David Binnie said the investment was a step towards reducing the country's reliance on fossil fuels and added that the company's commercial customers, including Fonterra, were supportive of the move. Fonterra National Transport and Logistics General Manager Barry McColl said the co-operative was committed to reducing its environmental impact and added that it supported initiatives that reduced its emissions.

## Animal health

**DairyNZ releases final report on swede deaths in Southland** [11 January/ Business Day: NZ Farmer] DairyNZ has released its final report on how swede crops caused ill-health and the deaths of more than 200 cows in Southland. The report confirmed that glucosinolates were higher in HT swede varieties. The report said that all swedes have the potential to cause liver damage in cattle, but multiple factors such as animal and plant maturity and composition contribute to the likelihood of liver damage. DairyNZ recommended that farmers should not use HT swedes on the milking platform in late August and early September, nor should they feed swede crops when cows are in their reproductive growth phase. DairyNZ said farmers who follow their recommendations are unlikely to face a situation such as the one that arose in Southland.

**Sheep Milk**

**Chinese sheep investment given green light** [8 January/ Business Day: NZ Farmer] Chinese investors have been given the go ahead to invest into sheep milk company, Maui Milk after receiving approval from the Overseas Investment Office. Maui Milk General Manager, Peter Gatley said the group of Shanghai-based business people had developed a sheep milk powder business over the last five years using milk from Southland company Blue River, but when the latter was sold, it left them with no supply. The Waituhi Kuratau Trust, which owned Maui Milk, sold a leasehold interest to the investors for \$1.2 million. The deal means the trust will own 40 percent of the company, with the remainder held by four Chinese investors. Mr Gatley said the investment came at a good time for the company, which had been milking for several years but found it hard to secure supply arrangements.

**Arable**

**Diet 'fads' hurting grains and legumes sales** [17 December/ Radio NZ Rural] According to a Grain and Legumes Nutritional Council survey, New Zealand's eating habits, attitudes towards food and consumption has dramatically changed since 2011. Foundation for Arable Research Chief Executive, Nick Pyke said new dieting fads such as the low-carb high-fat diet, the paleo diet and a mainstream shift to gluten-free diets appeared to support a desire for lower grain consumption. Mr Pyke said the paleo movement has damaged the reputation of grains in the food industry, adversely effecting growers.

**Water**

**Waimate farmer, inventor and irrigator Jon Kirk gets a gong call** [2 January/ Business Day: NZ Farmer] South Canterbury Farmer, Jon Kirk has received a New Zealand Order of Merit for his services to irrigation. Mr Kirk has been majorly involved in two irrigation projects, the development of his K-Line pasture irrigation system, and the Waihao Downs irrigation project. Mr Kirk said that now the Waihao Downs is near completion, he would like to see the Hunter Downs Scheme come into fruition. Mr Kirk believed that if the schemes water was to come from Lake Tekapo, it would have the same effect as the Rangitata Diversion Race has had in central Canterbury. Mr Kirk said he was humbled and honoured to receive the award.

**Nothing to fear, says Smith** [11 January/ NZ Farmer Weekly] The government has signalled it is to strengthen laws on the use of freshwater this year, as well as promising iwi greater oversight of its management. Environment Minister, Nick Smith announced the government is to discuss steps to improve the environmental management and economic opportunities of freshwater resources. Mr Smith said it is too simplistic to say the new policy will make it easier or harder to get consent for agricultural use. Mr Smith added that the intention is to have firmer rules around water quality. Mr Smith said the government also intends to allow use of water where it can deliver economic and environmental benefits. Maori Party Co-Leader, Marama Fox said agriculture had nothing to fear about the increased involvement of iwi. Ms Fox added that iwi were unhappy with the degree of water degradation, and believed that agriculture has been favoured over others in the use of fresh water. Mr Smith reiterated the government's view that nobody owned water.

**Ag-Tech**

**Conference to focus on hi-tech innovations** [18 December/ Business Day: NZ Farmer] Agritech innovators and developers are to descend on Rotorua in March to take part in the MobileTECH 2016 conference. The event has been designed for the country's primary industries and will bring together rural industry leaders, technology developers and innovators from across the world. According to a Trade and Enterprise report, New Zealand agritech exports are worth around \$1.2 billion. MobileTECH Programme Manager, Ken Wilson said 151 start-ups received around USD 976 million in investment last year.

**Biosecurity**

**Growers door knock to thank Grey Lynn residents** [17 December/ Rural News] Grower representatives from Kiwifruit Vine Health, Pipfruit New Zealand and Horticulture New Zealand are to knock on doors in Grey Lynn to thank more than 300 households for their help in saving New Zealand's \$6 billion industry from the Queensland Fruit Fly. The representatives will also deliver a gift card to every household in Zone A of the Queensland Fruit Fly Controlled Area. New Zealand was officially declared Queensland Fruit Fly Free on December 4. Pipfruit New Zealand Chief Executive, Alan Pollard thanked the households for the critical role they played in protecting the industry from the pest.

**Needle grass discovered in Christchurch** [18 December/ Rural News] Chilean Needle grass has been discovered in West Melton, Christchurch. The discovery is the furthest south the pest has been found, with all other Canterbury discoveries being in the Hurunui district. Environment Canterbury Biosecurity Advisor, Laurence Smith said it is the first new discovery of Chilean needle grass in Canterbury for two years. Mr Smith said the pest can lie dormant in the ground for around 10 years and requires constant vigilance.

**Marine pest hitches ride on boat to Pelorus Sound in Marlborough** [24 December/ Business Day: NZ Farmer] Marlborough District Council Biosecurity Manager, Jono Underwood said the new outbreak of sea squirt, also known as styela clava, has the potential to threaten the regions aquaculture industry if it becomes established. An infestation of nine sea squirt were found in the Sounds after being brought into the area from an Auckland-based vessel. Mr Underwood said the discovery highlighted the importance of hull maintenance in order to slow the spread of pests. The Ministry for Primary Industries warned the pest was a potential threat as it was able to smother oyster and mussel lines, and compete for space and food.

**Lab latest word in security against imported diseases** [25 December/ Business Day: NZ Farmer] Construction on the Wallaceville Biocontainment lab has begun, with completion expected to be finalised by 2018. The laboratory has been designed to handle and test any organisms that could endanger New Zealand's biosecurity, and is expected to cost around \$87 million. Primary Industries Minister, Nathan Guy said the investment is essentially the government paying an insurance premium for farmers so that if there is ever an exotic animal disease, the country can prove it does not have it and keep international markets open. Mr Guy, who described biosecurity as his highest priority, said \$27 million has been set aside in this year's budget to improve biosecurity measures. A new border levy is also to come into effect on January 1, meaning travellers will pay for the increased measures, rather than taxpayers.

## International

**Argentina's new president cuts taxes on farms, manufacturing** [15 December/ Agence France Presse] Argentinian President, Mauricio Macri has fulfilled campaign promises by cutting taxes on agricultural and industrial exports. Mr Macri announced the end of taxes on wheat, corn and sorghum exports and a tax cut on soybean exports, from 35 percent to 30 percent. Mr Macri also announced the end of the 5 percent tax on industrial exports. The tax cuts have sparked fears of a glut of grains and soybeans at a time when global prices for agricultural commodities are low. European grain prices fell after the announcement. Argentinian agricultural exports are expected to total USD 25 billion this year, a third of Argentina's total exports.

**EU demands Thailand address slavery in its seafood industry** [19 December/ NZ Herald] The European Union has warned Thailand that it must address the slavery and human rights issues that affect its seafood industry, to avoid a European import ban. European Union Fisheries Commissioner, Karmenu Vella said the union was still assessing whether Thailand has made sufficient progress in tackling both issues. Thailand was given a warning in April to improve its fisheries practices. Annual Thai fish exports to Europe are estimated to be worth between \$624 million to \$792 million.

**WTO deal abolishes export subsidies** [21 December/ The Australian] Australian farmers have hailed the global decision to abolish AUD 15 billion worth of agriculture export subsidies. Trade Minister, Andrew Robb said the agreement was a historic deal that ended longstanding market distortion. National Farmers Federation Trade and Economics General Manager, Tony Mahar said the agreement was huge win for the sector. Mr Mahar said the export subsidies were market distorting and impacted global prices. Around 90 percent of the export subsidy entitlements are in Europe and North America. Developed countries agreed to remove subsidies immediately while developing countries have agreed to phase them out by 2018.

**Superbugs find way to defeat the antibiotic of last resort** [22 December/ The Times] Resistance to the antibiotic Colistin, dubbed the last line of defence against superbugs, has appeared in Britain for the first time. Experts have now warned that modern medicine could be on the brink of collapse after last month it emerged that bacteria in China had developed an immunity to the antibiotic. British scientists found similar resistance in samples of E. coli and salmonella taken from two patients and three pig farms across the United Kingdom. Public Health England Antimicrobial Resistance Head of the Department, Alan Johnson said there is currently no serious danger to the British public and added that the subject is undergoing a review.

**Noble Sells Rest of Farm Unit** [24 December/ The Wall Street Journal] Commodities trader, Noble Group Ltd has reached an agreement to sell the remaining 49 percent stake of its agricultural unit to Chinese grain trader COFCO, for USD 750 million. The sale, subject to shareholder approval, will allow the company to fulfil its commitment to raise more than USD 500 million to avoid its investment grade rating being downgraded to junk status. The company has struggled with falling commodity prices in the past year. The disposal of the agricultural unit, which was blamed for the majority of the company's USD 208 million loss in the nine months to September, will give the company a cash injection as well as remove liabilities from its books. Noble sold 51 percent of its agricultural unit to COFCO for USD 1.5 billion in 2014.

**Tough times in the US cranberry industry** [25 December/ NZ Herald] With Cranberry prices at their lowest in half a century, many United States cranberry farms are being forced to either cut back, or sell up to larger operators. According to the Wisconsin State Cranberry Growers Association, excess supply has pushed down prices from USD 40 per 45 kg barrel in 2010, to as low as \$8 per 45 kg barrel this year. Breakeven point is believed to be around USD 30 per 45 kg barrel. Cranberry Marketing Committee Executive Director, Michelle Hogan said around 12 farms were abandoned in 2015. Ms Hogan added that around 30 farms have been sold across the United States. Cranberry farmers are now looking abroad for growth with around 35 percent of local production shipped overseas. China remains one of the fastest growing markets for the industry, with exports growing 41 percent last year.

**Food security set as 'the bottom line'** [26 December/ China Daily] China has renewed its commitment of safeguarding its food security. In a statement, the Chinese government said that food security is the bottom line of any agricultural structural reform. The government said it will secure the supply of staples, protect farmland and maintain production capacity. The government added that it will offer preferential policies to large-scale grain farms while making sure farmers can benefit from agricultural development. China will also improve price formation procedures and government purchase measures for important produce.

**PM urged to block dairy sale to China** [30 December/ The Australian] Kathmandu Founder, Jan Cameron has urged the Australian government to block the sale of Australia's largest dairy, Van Diemen Land Company, to Chinese Businessman, Lu Xianfeng. Ms Cameron denied her view is motivated by personal gain, and revealed that her AUD 40 million stake in Tasfoods Ltd bid was to fund environmental and animal welfare programs. Ms Cameron believed the Chinese bid was against the nation's interests. Ms Cameron also expressed concerns to Environment Minister, Greg Hunt that the Chinese buyers would clear untouched land and introduce intensive farming on a property that is home to around 44 threatened species. A decision will be made by Treasurer, Scott Morrison on advice from the Foreign Investment Review Board.

**Cargill in Deal to Sell Crop-Insurance Unit** [30 December/ The Wall Street Journal] Cargill Inc. is to sell its crop-insurance business to Silveus Insurance Group, expanding the latter's position as one of the United States' top crop-insurance companies. Cargill said the company's agricultural retail division will focus more directly on buying grain from farmers and selling them other risk management services. The move is Cargill's latest step to reposition its portfolio to make it more agile in a time of low crop prices. Mississippi State University Agricultural Economics Professor, Keith Coble said the business of insuring farmers' against financial or physical losses has grown tougher as crop prices have fallen.

**New York embarks on medical marijuana use Thursday** [6 January/ Agence France Presse] New York officially launched marijuana as a form of medical treatment on January 7, becoming the 23rd state to do so. Five companies are able to grow marijuana for medical purposes in the state, while only one has set its headquarters in New York City itself. Only patients with serious illnesses will be eligible to register for the treatment, and will only be able to consume it in pill, oil or drop form. Columbia Care CEO, Nicholas Vita estimated that only 0.5 to 1.5 percent of the state's population will be eligible for the treatment. Vireo Health of New York Chief Medical Officer, Doctor Stephen Dahmer said attitudes towards marijuana are slowly changing.

**Monsanto eliminating 1,000 more jobs to cut costs** [7 January/ NZ Herald] Monsanto has announced it is to eliminate a further 1,000 jobs, as it expands its restructuring programme designed to deal with falling sales of biotech-corn seeds and other financial headwinds. The additional layoffs will bring the company's total job cuts to 3,600, around 16 percent of its global workforce. The restructuring is expected to cost between USD 1.1 and USD 1.2 billion to implement, and will generate annual savings of USD 500 million. The restructuring is a result of the company reporting a net loss of USD 253 million for its first fiscal quarter. The company also posted a 23 percent decline in revenue to USD 2.22 billion in the same period. Monsanto also warned that its fiscal 2016 results would likely be in the lower range of its full-year guidance due to financial pressures, including the devaluation of Argentina's peso.

**'Sri Lanka Next' campaign propels country towards sustainable era** [7 January/ The Daily Mirror Sri Lanka] Sri Lanka has launched a landmark campaign to propel the country towards sustainability. The campaign, dubbed Sri Lanka Next, will include a series of national initiatives and activities to familiarise businesses and the community with the mitigation and adaptation strategies that must be adopted to tackle climate change. It will aim to bring together all sections of the country to enable it to participate in the global challenge of limiting the rise of global warming to below two degrees Celsius. The focus of the initiative is to ensure the nation shifts towards renewable energies and reduce the reliance on fossil fuels. It also aims to reduce the reliance on fossil fuel-based fertilisers and help adopt organic agricultural practices, while adhering strictly to good waste management practices and emissions reduction.

**Greens leader questions party's GM food ban** [7 January/ The Australian] Greens Leader, Richard Di Natale has risked party confrontation by softening the party's approach to genetically modified food and crops. Mr Di Natale said that he does not have an objection to the use of genetically modified organisms and believed they did not pose a risk to human health. The views of Mr Di Natale contradict long-standing Green Party views that the growing of genetically modified organisms should be prohibited. Australian Academy of Science GM Expert, TJ Higgins said it was a great to see the Greens leader recognise the safety of genetic modification technology.

**New Dietary Guidelines Urge Sharp Cuts in Sugar** [8 January/ The New York Times] New federal dietary guidelines have urged Americans to drastically cut back on sugar. The guidelines suggested limiting added sugars to 10 percent of daily calories, a move which may affect food nutrition labelling. The guidelines also concluded that males were consuming too much protein, and recommended a reduction of the intake of protein foods and replacing them with more fruit and vegetables. Longstanding limits on dietary cholesterol were also removed. The draft recommendation that Americans adopt a more sustainable diet, by cutting back on meat, was dropped from the final guidelines. Nutrition Coalition Board Member, Nina Teicholz said that other than the new cap on added sugar, the guidelines repeated old advice to eat more whole grains, produce and vegetable oil, while cutting back on foods that contain saturated fat.

**Agency promoting farm products on the Internet** [9 January/ Taiwan News] According to the Council of Agriculture in Taiwan, around USD 181,000 worth of products from small farms in eastern Taiwan, have been sold on the Internet in the past few months. Farmers selling products directly online reflects a growing trend of more internet savvy people entering the agricultural sector. The Wonderful Food Chairman, Chiang Yen-Hung said the company has served around 500 farmers across Taiwan, all of which have provided quality products via their web platform direct to consumers.

**Campbell says it supports federal standard for GMO labeling** [9 January/ NZ Herald] Campbell Soup has said it now supports mandatory national labelling for products containing genetically modified ingredients, and added that it will now stop efforts to oppose such requirements. The company said that even if federal labelling standards are not established, it will independently disclose the presence of genetically modified ingredients in its products. Campbell's also called on the federal government to propose a national standard for non-genetically-modified-organism claims made on food packaging. Campbell's Soup CEO, Denise Morrison said the company did not dispute the safety of genetically modified organisms, but added that it had become a top issue among consumers. Ms Morrison said the company has always believed consumers have the right to know what is in their food.

**Beef-producing land to top 2016 rural investments** [11 January/ The Australian Financial Review] According to CBRE, beef producing properties will be the most sought-after assets by agribusiness investors during 2016. Other in demand assets include dairy properties, irrigated row cropping properties, dryland cropping properties and key timberland assets. CBRE Agribusiness Regional Director, Danny Thomas believed there would be high demand for beef assets due to the combination of high demand for beef and low herd numbers. Mr Thomas added that the recent increase of the United States interest rate and the more attractive exchange rate provided attractive investment opportunities over the next 12 to 24 months.

#### Agri education

**Suspected 'fine' letter was New Year honour for Lindy Nelson** [31 December/ Business Day: NZ Farmer] Agri-Women's Development Trust Founder, Lindy Nelson has received a New Zealand Order of Merit for her service to agriculture and women. Ms Nelson said the idea for the trust came from her own life experience. Ms Nelson said she noticed there was a lack of women in agricultural leadership roles, as well as some who did not appreciate and recognise the skills they had and how they could be utilised. Ms Nelson said she originally thought the letter, which informed her of the award, was a fine.

#### Economics and trade

**Export deal will boost dairy prices, Fonterra says** [20 December/ NZ Herald] Fonterra said the World Trade Organisation's Nairobi package, which will eliminate the ability of WTO members to subsidise their agricultural exports, will be a watershed moment for world trade and will help to boost dairy prices. Trade Minister, Todd McClay said the agreement will directly benefit New Zealand agricultural exporters who have to compete in markets which has subsidised goods. According to the Worldwatch Institute, the top 21 food-producing countries paid farming subsidies of around \$722 billion in 2012. Federated Farmers President, William Rolleston said the removal of any instrument that disadvantages New Zealand exporters is an important step forward.

## Farmers and producers

**Volumes up, prices back in farm sales** [18 December/ Business Day: NZ Farmer] According to Real Estate Institute of New Zealand statistics, the median price for farms sold in the three months to November fell by 3.9 percent to \$28,761 per hectare. The data showed that 416 farms were sold in the period, an increase of 42 on last year. The median sale price for dairy farms was \$35,554 per hectare from 42 farms sold, falling from \$36,825 per hectare from 55 sales last year. The median price for grazing properties from 161 sales was \$16,949 per hectare, while finishing farms dropped slightly to \$24,409 per hectare from 86 properties. Horticulture farms also fell to \$176,783 per hectare from 67 sales. A total of 1769 farms were sold in the year to November, a fall of 5.9 percent.

**Crafar farms saga over** [21 December/ NZ Herald] The Crafar farm saga has finally been formally concluded after receivers filed final reports with the Companies Office. The reports showed that banks were still owed \$143.3 million, which included penalty interest accrued during the receivership. Preferential creditors were paid in full but other unsecured creditors, who were owed \$10.5 million, received nothing. The report showed the receivership collected \$304 million in receipts, including the sale proceeds of the properties.

**Farmers grim about prospects turning around** [31 December/ Business Day: NZ Farmer] A Federated Farmers poll has indicated that farmer optimism is down, with many believing there will be no relief in the New Year. Of the 1100 farmer members surveyed, 52 percent expected market conditions to stay the same, 29 percent predicted an improvement, while 19 percent expected conditions to worsen. Federated Farmers President, William Rolleston said good wins, such as the Trans Pacific Partnership and World Trade Organisation agreements, have been overshadowed by conditions putting farmers under pressure. Mr Rolleston said the higher levels of optimism was encouraging, but believed the poll results suggested another tough year might be on its way.

**North Canterbury farmers happy as rain falls where it's needed** [3 January/ Business Day: NZ Farmer] North Canterbury Farmers are rejoicing after receiving decent rainfall for the first time in months. According to MetService, the region received between 15 and 40 millimetres of rain. Waikari Valley Farmer, Marie Black said that while the rain was not a drought-breaker, it was a huge morale boost. Cheviot Farmer, Vincent Daly said the rain would prevent winter crops from dying, after soil moisture levels jumped from 19 percent to 29 percent. Federated Farmers North Canterbury President, Frank Brenmuhl said soil moisture levels were still well below the optimum level of 85 percent.

**Chinese company Weihai Station to buy large farm west of Auckland** [6 January/ Business Day] The Overseas Investment Office has granted Chinese company, Weihai Station approval to purchase 595 hectares of land in Waikaretu. The company said it would continue farming operations and invest in farm development and maintenance to improve its performance. It also said it intends to build a lodge on the land, primarily used as a training and development facility and as a tourism resort. Nikau Cave and Café Owner, Anne Woodward said the area needed more people.

**Southland dairy farmers try to sell, plan switch to beef** [9 January/ Business Day: NZ Farmer] Rimu Dairy Farmers, Maxine and Rex Trott said dairy farmers have to be realistic about the time it takes to sell their properties. The couple listed their Southland farm last winter and have since had two interested buyers visit, but so far no sale. Ms Trott said there is currently a never-ending cycle where an interested buyer has to wait to sell before buying. The Trott's farm is currently one of 64 listed for sale in Southland online. Mr Trott believed farmers should hang on until prices and demand increase.

**Former union boss calls for inquiry into farm jobs** [12 January/ Business Day] Former New Zealand Council of Trade Unions President, Helen Kelly has called for an official inquiry into the treatment of farm staff. Ms Kelly said farm workers' pay is falling below minimum wage due to the pressure of long hours. Ms Kelly added that many workers are exhausted, becoming injured and believed there needed to be more regulation. Ms Kelly said the push for migrant workers was allowing farmers to keep wages down. Federated Farmers Dairy Chairman, Andrew Hoggard said the organisation's survey showed hours worked have fallen and an increase in pay. Mr Hoggard said many workers are paid a salary, and hours fluctuate. Farmer, Michelle O'Connell Roos said most farmers were aware of their obligations but many did not have enough time to keep a close eye on ensuring staff were paid enough.

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