

# FIELD NOTES

Weekly news update from the KPMG Agribusiness network

10 February 2016



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

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

Agria Corporation	KotahiNet
Alliance to Save Our Antibiotics	Livestock Improvement Corporation (LIC)
ANZ Bank	Lincoln University
Arla	Meat Industry Association
ASB	Meat Industry Excellence
Beacon Heat Detectors	Ministry for Primary Industries (MPI)
Beef + Lamb New Zealand	National Farmers Union
BlueChilli	Nestle
Brancott Estate	New Zealand Avocado
British Poultry Council	New Zealand Nutrition Foundation
ChemChina	Northland College
Chipotle	Opuha Water
Countdown	Organic Dairy Hub
CSIRO	Oysters Tasmania
Dairy Women's Network	PGG Wrightson
DairyNZ	Premium Game Meat
Danone	Rural Agricultural and Allied Workers Union (South Africa)
European Centre for Disease Prevention and Control	Southern Field Days
Farmers For Action	Syngenta
Federated Farmers	T&G Global
Fonterra Co-operative Group	Tesco
Hawkes Bay Regional Council	Yorkshire Agricultural Society
Horticulture New Zealand	Zespri

### This week's headlines

Horticulture	<b>MOU signals closer collaboration for Zespri, T&amp;G</b> [5 February/ Zespri Media Release]
Viticulture	<b>Marlborough winery launches innovation challenge to discover the future of wine consumption</b> [8 February/ Business Day]
Fishing	<b>Marlborough Sounds' anglers set to clash at marine park meeting</b> [3 February/ Business Day: NZ Farmer]
Water	<b>Ruataniwha Dam: Investor mix still being finalised</b> [2 February/ Radio NZ Rural]
Economics and trade	<b>Agricultural groups back TPP</b> [5 February/ Otago Daily Times]

### Horticulture

**Chefs linked to avocado popularity** [3 February/ NZ Herald] According to New Zealand Avocado figures, the number of New Zealand households buying avocados is 90,000 higher than last year. New Zealand Avocado Spokeswoman, Midge Munro said the key reason for the increase number of consumers was the use of avocados by television chefs and celebrities. Ms Munro added the public was becoming aware of the health benefits of avocados. Ms Munro explained that avocado prices have increased this year, driven by increased demand and a smaller nationwide crop. Avocado prices have fluctuated around \$2.99 per fruit this season, compared to prices as low as 50 cents in previous seasons.

**MOU signals closer collaboration for Zespri, T&G** [5 February/ Zespri Media Release] Zespri and T&G Global signed a Memorandum of Understanding to work together to create value for their respective growers and shareholders. T&G Global Chairman, Professor Klaus Josef Lutz, said the two large New Zealand horticultural exporters have committed to develop market opportunities together to grow export sales. Zespri Chairman, Peter McBride said the first step in the collaboration would be a new initiative where the two companies would work together to sell around 1 million trays of Zespri Kiwifruit in Thailand, Cambodia, Myanmar and Laos in the 2016 season. Mr McBride explained that the collaborative marketing partnership would accelerate growth in kiwifruit sales across these Southeast Asian countries, leveraging the strength of the Zespri brand and marketing strategy with T&G's existing business expertise, distribution channels and strong product offering.

**Zespri confident of China growth** [7 February/ Rural News] Zespri said it expected its 50 percent growth trend in China to continue, despite fears of an economic slowdown in the country. Zespri Chief Operating Officer, Simon Limmer said there is strong growth in China for fresh imported produce, due to its safety and quality attributes. Mr Limmer expected growth to be significant as the company increases its presence past China's first tier eastern seaboard cities. Mr Limmer said China is expected to become the biggest market for New Zealand kiwifruit, in both volume and value, surpassing the Japan. Mr Limmer added that Zespri has a more balanced portfolio, with a shift in sales from Europe to Asia.

### Viticulture

**Marlborough winery launches innovation challenge to discover the future of wine consumption** [8 February/ Business Day] Brancott Estate has partnered with Australian venture capitalist company, BlueChilli to find the next big idea that will change how consumers approach wine. The pair have launched an innovation challenge called Winexplorer, to encourage innovation that might change the way people enjoy wine, either through digital applications or tangible objects. The competition is open to participants from Australia and New Zealand until March 6. Brancott Estate Chief Winemaker, Patrick Mateman said the company wanted to position itself on the cutting edge of wine consumption. The winner will receive a prize of AUD35,000, and depending on the idea could be considered for startup acceleration by BlueChilli as well as the opportunity to work with Brancott Estate to market the initiative.

### Apiculture

**Honey initiative creates 15 jobs** [5 February/ Radio NZ Rural] The government has launched a new manuka honey initiative in Northland in a bid to increase employment and education. Maori Development Minister, Te Ururoa Flavell said 30 hectares of manuka cultivars would be planted at Northland College for honey production, creating 15 jobs. Mr Flavell added that the scheme could be extended to 100 hectares by 2017.

### Future of food

**Duck eggs hatch into growing business for Taranaki couple** [5 February/ Business Day: NZ Farmer] Taranaki Duck Farmers, Dawn and Glen Bendall believed that duck eggs could be an alternative for those with allergies to chicken eggs. Ms Bendall said that duck eggs contained Omega 3, vitamins A, D, E and K2, and was an alkaline alternative to acidic chicken eggs. New Zealand Nutrition Foundation Nutritionist, Jane Petrie said duck eggs contained more vitamins and minerals than traditional chicken eggs because they are smaller. Ms Petrie said duck eggs contained more protein and are richer than chicken eggs, meaning they have a higher fat content and more cholesterol. Ms Petrie added that the eggs also contained more of the vitamins and minerals nutrients also found in chicken eggs. Ms Bendall said the couples operation, which has around 200 ducks, has cost around \$20,000 and will become more profitable as more ducks are added. Mr Bendall hoped the business will have around 1,000 ducks by the end of the year.

### Fishing

**Marlborough Sounds' anglers set to clash at marine park meeting** [3 February/ Business Day: NZ Farmer] Recreational Angler, Dave Taylor said that banning commercial fin fishing in the Marlborough Sounds was the only way to save the area's fish stock. Mr Taylor said he planned to attend two public meetings in Blenheim to hear details of a proposed Marine Protected Areas Act and the Marlborough Sounds Recreational Fishing Park Plan. The Marine Protected Areas consultation document would replace the Marine Reserves Act and bring in four new systems of marine protection. Primary Industries Minister, Nathan Guy said the two new recreational fishing parks in the Marlborough Sounds and the Hauraki Gulf would improve recreational fishing in those areas.

### Dairy

**Fonterra-Danone botulism case set to begin** [2 February/ Otago Daily Times] Fonterra has noted the arbitration between the co-operative and French food giant Danone is planned to start during February. New Zealand lawyers were expected to head to Asia with the three week arbitration due to start behind closed doors in Singapore. The arbitration follows Fonterra's announcement in August 2013 that products used in infant formula and sports drinks may have contained botulism. The news turned out to be a false alarm, but Danone has subsequently cancelled supply agreements with Fonterra and launched a \$1 billion lawsuit against the co-operative. High Court action was put on hold after Fonterra requested that the parties go through the Singapore based arbitration process first.

**No recall yet over 'chemical-tasting' milk** [3 February/ NZ Herald] Several North Island Countdown supermarkets have taken Homebrand milk off the shelves after customers complained that it smelled and tasted like chemicals. A Ministry for Primary Industries representative said the information given to the government indicated that it was a problem with food quality rather than a food safety issue. MPI has been closely monitoring the situation and would be working to ensure the systems in place are adequate to manage any food safety implications. The milk supplier had not been identified.

**Dark days for dairy farmers amid falling prices** [3 February/ NZ Herald] DairyNZ estimated that around 85 percent of dairy farmers will lose money this season, compared with 49 percent last season. The decrease in the price of milk solids from \$4.60 per kilogram to \$4.15 per kilogram has resulted in an \$800 million decrease in the industry's revenues. ANZ Rural Economist, Con Williams said it was difficult to see an imminent turnaround in prices. Federated Farmers Waikato Provincial President, Chris Lewis said farmers would be taking a long, hard look at their budgets, with the average breakeven point for most farmers estimated at \$5.40 per kilogram of milk solids. Dairy farm debt has increased from \$34.6 billion in June 2014 to \$37.8 billion in June 2015.

**Fonterra to pay organic milk farmers at market rates** [5 February/ Business Day: NZ Farmer] Fonterra's organic farmers are to reap the benefits from potentially higher and more stable prices for their milk, due to a dramatic increase of interest and commitment to organic processes. Fonterra announced that from June, its organic suppliers will be paid by one of two systems, the first being an independent organic milk price linked to returns and the other being the current top-up system. Farmers will be able to choose which system they want. This season, the current system has seen organic farmers receive an additional \$1.75 per kilogram of milk solids on top of the \$4.15 forecasted price. Fonterra Global Business Manager for Organics, Craig Deadman said an independent organic price will be announced in late April, the same time as the conventional milk price is announced. Fonterra Organic Farmers Advisory Group Member, Janet Fleming said the decision is likely to prompt more farmers, especially in Taranaki, to convert to organic farming. Organic Dairy Hub Chairman, Bill Quinn applauded the move by Fonterra. Mr Quinn said the move would not take suppliers away from the hub, as it was offering a price in the mid-\$7 range and paid farmers in full the month following production.

#### Red meat

**Health fears over meat sold on illegal homekill market, butchers say** [4 February/ Business Day: NZ Farmer] Blenheim butchers are concerned about the large number of people illegally selling homekill. Premium Game Meat Owner, Mike Newton said he often saw people advertising meat on Facebook that they had butchered themselves. Mr Newton said that the Ministry for Primary Industries required butchers to sell meat from carcasses which were inspected before they were butchered to ensure they were fit for human consumption. MPI sent a warning letter to the administrators of a Facebook group which allowed Marlburians to post advertisements for homekill. Meaters of Marlborough Owner, Mike Newman said he had been approached a few times a month by people trying to sell meat through his company.

**Disaffected farmer group presses on with reform call** [4 February/ Business Day: NZ Farmer] Meat Industry Excellence Chairman, Dave McGaveston said the group would continue with attempts to reform the meat processing industry. Mr McGaveston said the group had submitted two remits for the Beef + Lamb New Zealand AGM on 23 March. Mr McGaveston added that funding of between \$300,000 and \$400,000 that the group sought, was to run a roadshow around the country to put forward the case for a new co-operative meat processor. Mr McGaveston said inefficiencies in meat processing were costing a 5,000 stock unit farm about \$50,000 a year.

#### Water

**Ruataniwha Dam: Investor mix still being finalised** [2 February/ Radio NZ Rural] Hawke's Bay Regional Council's investment company said work on getting farmers to sign up to buy water from the proposed Ruataniwha Dam had been put on hold until the project's investor mix became clearer. The company said it had been looking for institutional investors to put money into the dam since Trustpower and Ngai Tahu pulled out in early 2014. The company added that it had countersigned contracts for 31 million cubic metres of water, with a minimum of 45 million cubic metres required to be sold in order to make construction financially viable.

**Opuha restrictions lifted is good news for farmers** [4 February/ Business Day: NZ Farmer] Opuha Water Chief Executive, Tony McCormick said the Opuha dam irrigation scheme would operate with no restrictions on irrigation and river flows for the rest of the season. Mr McCormick said the rain in January had made a very significant difference to the company's water storage. Mr McCormick added that it was the first time since November 2014 that the company had been in a position of operating without restrictions.

#### Forestry

**Farmers not planting enough trees to mitigate dairy impact** [4 February/ Radio NZ Rural] Lincoln University Senior Lecturer, Wendy McWilliam said her study had shown that a significant number of farmers are not planting trees to help mitigate the environmental effects of dairy farming. Dr McWilliam said that few farmers took advantage of government planting incentive programmes because they did not cover enough of the costs. Dr McWilliam added that the government and dairy industry needed to work closely together to develop and maintain a woody vegetation network on both private and public land.

#### Agri-tech

**'Internet of Things' aims to bring farmers real time data** [4 February/ Radio NZ Rural] A new commercial wireless network to carry data to and from sensors and other connected objects has been launched in Wellington. KotahiNet Founder, Vikram Kumar said that the network would allow farmers to move from a guesswork and experience model to one that uses real time data to make intelligent decisions. Mr Kumar explained that the network would be able to use an intelligent model to integrate weather forecasts and measurements of soil moisture to determine how much water a farm needed. Mr Kumar added that the network could be used by olive growers to detect when frost would be coming.

**LIC buys into business that identifies when cows are on heat** [4 February/ Radio NZ Rural] Farmer owned co-operative, Livestock Improvement Corporation (LIC) has purchased 75 percent of an Australian business that helps farmers identify when cows are on heat. LIC Chief Executive, Wayne McNee said the acquisition of Beacon Heat Detectors supported LIC's core business of artificial breeding and its strategy to deliver genetics and information to create superior livestock. Mr McNee added that accurate heat detection was a vital part of a farm's mating plan and was a key driver of production for the following season.

#### Rural infrastructure

**PGG Wrightson chairman attracts Takeovers Panel attention** [4 February/ National Business Review] Takeovers Panel Chief Executive, Margaret Bearsley said the panel would review a proposed takeover of New York Stock Exchange listed Agria Corporation, the controlling shareholder of NZX listed PGG Wrightson. Ms Bearsley explained that if the New Zealand company was peripheral to the deal, there was unlikely to be an issue. Ms Bearsley added that if the purpose of the upstream acquisition was to obtain control of the New Zealand company's shares, then the Takeovers Code would most likely have to be complied with. Agria's largest shareholder, Guanglin (Alan) Lai owns 47.8 percent of Agria and plans to buy the rest of Agria for USD 1.20 per share. The securities last traded at USD 1.01.

#### Agribusiness education

**Lincoln University horrified after undercover encounter with new boss** [3 February/ NZ Herald] Academic staff at Lincoln University are livid after their future boss went undercover posing as a report writer. Around 20 staff were interviewed by Professor Robin Pollard, who pretended to be preparing a report for the university about concerns at the southern campus. Tertiary Education Union Local Organiser, Cindy Doull said many staff members had felt they had been duped after being open and frank to the report writer about concerns they had with the university. Ms Doull added that staff were distressed about being deliberately misled as to the real purpose of the meetings, and would have made the same remarks but worded them differently had they known the true identity of the interviewer. Ms Doull said the Tertiary Education Union was now considering legal action.

#### International

**Tesco under fire again over dairy contract claims** [28 January/ Farmers Weekly] British dairy farmers have accused that Tesco is putting its profits before its producers by changing how it sources its liquid milk. The farmers fear that Tesco's latest tendering process will result in 200 million litres of business being taken away from farmer owned co-operative, Arla and given to Muller Wiseman. Farmer For Action Chairman, David Handley said the move would pile more pressure onto the farmgate milk price for non-aligned producers because it will leave Arla with extra milk to process. The accusation comes in the same week where Tesco was found to have breached the groceries code of practice by delaying payments, worth millions of pounds, to suppliers. Tesco declined to comment on the accusation. National Farmers Union Dairy Chairman, Rob Harrison urged Tesco to announce its intentions so that producers know where they stand. Mr Harrison said that rumours and speculation are unhelpful for the industry. Mr Harrison added that if there are changes to contracts, the unions' members expect to be given fair and appropriate notice.

**Nestlé admits slavery in Thailand while fighting child labour lawsuit in Ivory Coast** [31 January/ The Guardian] Nestle has admitted that it has found forced labour in its supply chains in Thailand, confirming media reports that the Thai seafood industry is riddled with forced labour and human trafficking. The company said it is now moving into a new era of self-policing of its own supply chains. Nestle Executive Vice President of Operations, Magdi Batato said forced labour has no place in the company's supply chain, and added that it will work with suppliers to make a positive difference in the sourcing of its ingredients. Freedom Fund Chief Executive, Nick Grono applauded Nestle's admission and believed it would shift the parameters of supply chain accountability. Unseen UK Chief Executive, Andrew Wallis argued that Nestle's admission could be a tactic to deflect other pending civil litigation suits, such as its child labour lawsuit in the Ivory Coast.

**Young consumers powering imported whiskey boom** [3 February/ The Japan News] According to Fuji Keizai, sales of imported whiskey in Japan increased by around 22 percent last year. Total sales of 700 millilitre bottles of Jonnie Walker increased by 26.6 percent to 1.5 million bottles, while sales of Jim Beam Bourbon Whiskey increased by around 60 percent to around 4.32 million bottles. Kirin Brewery Company said it is to increase its total volume of Scotch whisky imports this year by around 20 percent to 30 percent. According to a Kirin Brewery survey, the popularity of imported whiskey among young drinkers is growing. According to Euromonitor, the overall consumption of whiskey by emerging nations has increased, while global consumption also increased at a rate of 3 percent every year for the past few years. During 2014, global consumption reached 3.1 million kilolitres, which caused a global shortage of unblended whiskey.

**'Insulting' increase in farming wages** [4 February/ Cape Times] South African unions have criticised the new minimum wage for workers in the forestry and farming sectors. The South African Department of Labour announced that from March, the hourly wage of a farmworker will increase to ZAR 14.25 (NZD1.34), from ZAR 13.37. Rural Agricultural and Allied Workers Union Chief Negotiator, Nosey Pieterse said the increase was insulting to farmworkers, as the daily wage increase is less than the cost of a loaf of bread. Department of Labour Spokesperson, Mokgadi Pela said the government faced a dilemma of whether to increase wages due to drought and water shortages.

**EU exit 'likely' to lead to reduced farm subsidies** [4 February/ Farmers Weekly] According to a Yorkshire Agricultural Society report, there are no real advantages to farmers if Britain leaves the European Union. The report acknowledged that it is likely that an exit could reduce the amount of subsidies paid to farmers. The report cited a 2005 Treasury policy statement which said its vision for British agriculture was to be internationally competitive without the reliance of subsidies or protection. Report Author, Professor Wyn Grant said there was also a perception that leaving the European Union would reduce the burden of regulation, but added that it is likely that lobby groups would exert pressure for more stringent regulation of agriculture. The report said the impact of leaving the European Union was dependant on negotiations with Europe after the referendum vote to leave.

**China seeks food security with \$43 billion bid for Syngenta** [4 February/ Reuters] ChemChina has agreed a USD 43 billion bid for Swiss seeds and pesticides group Syngenta. The state-owned company is aiming to improve and secure food supply for its population. The agreement for top-tier chemicals and patent-protected seeds would represent a major upgrade to ChemChina's potential output. Syngenta CEO, John Ramsay said the ChemChina offer was very appropriate and attractive. Mr Ramsay added that he saw no major barriers, with ChemChina having secured finance. Syngenta Chairman, Michel Demare said ChemChina would be on the lookout for more deals as China strives to improve its food supply. Mr Demare added that ChemChina has a very ambitious vision of the industry, and that technology would allow the company to secure food supply for 1.5 billion people.

**Oyster farmers prepare shield against virus** [5 February/ The Advertiser] South Australian oyster farmers are fighting to keep the dreaded Pacific Oyster Mortality Syndrome virus from entering the states waters. The virus was recently detected at a Tasmanian oyster farm, killing all of its 2.5 million oysters. The industry has imposed a ban on the movement of oysters between bays in South Australia. The importation of spat from Tasmania has also being halted. The confirmation of the virus at the Tasmanian farm has caused a major scare across the industry, as the farm is near one of three hatcheries that supply's South Australia growers with 90 percent of its breeding spat. Oysters Tasmania has confirmed seven cases of the virus in four regions, with more cases being detected as farms are tested. South Australian Oyster Growers Association Executive Officer, Trudy McGowan said the virus has no effect on humans.

**Poultry farmers 'using more antibiotics linked to resistant food poisoning bugs'** [6 February/ The Independent] According to British Poultry Council figures, British poultry producers increased the use of fluoroquinolones antibiotics by 59 percent last year. European Centre for Disease Prevention and Control Chief Scientist, Mike Catchpole warned that the overuse of the antibiotic in farming has encouraged bacteria behind food poisoning illnesses to evolve and become immune to the antibiotics' effects. The United States Food and Drug Administration outlawed the use of fluoroquinolones in chicken farming in 2005 after resistance to the drugs was found to be developing in campylobacter samples in poultry flocks. Alliance to Save Our Antibiotics Scientific Advisor, Colin Nunan said the British government should follow the United States and ban the use of the antibiotic. The World Health Organisation has classified fluoroquinolones antibiotics as critically important to human healthcare, and said the use of the substances on livestock farms should be reduced. The British Poultry Council said that it had taken a leading role in reducing the use of antibiotics, with a particular focus on those drugs of critical importance for human medicine.

**Meat vending machine opens in Paris** [6 February/ The Independent] Paris has installed its first meat-dispensing vending machine, with an offering of products including faux-filet of beef and Bayonne ham. The machine, which is located outside the L'Ami Txulette butchery, sells products at market prices and accepts credit and debit cards. L'Ami Txulette Owner, Florence Pouzol said the butchery prepares and vacuum-packs the products, allowing customers to buy when the shop is closed. The rise of vending machines stocking fresh food is a result of the country's reluctance to open shops seven days a week. French Bakers Federation Official, Emmanuel Gripon opposed the machines as they stop customers visiting shops, harming the social life of communities.

**Senior CSIRO scientist derides chief executive's claim climate change is 'answered'** [7 February/ The Guardian] A senior CSIRO scientist has criticised CSIRO Chief Executive, Larry Marshall's move to cut 350 jobs. Mr Marshall said cut resulted from the organisation moving away from studying climate change, towards ways of mitigating or adapting to it. The cuts would be mainly be from the organisation's oceans and atmosphere and its land and water departments. Mr Marshall said that because climate change was proven to be real, the organisation could change its focus, leaving universities to focus on studying climate change. The scientist criticised Mr Marshall's claim that climate change had been proven, and added that there are a lot of things universities cannot do due to their reliance on temporary research grants. Former CSIRO Policy Director, Tony Hayment said the cuts are a blow to farmers, the fishing industry and people worried about seal level rise. Mr Hayment added that it was naive to think climate change has been proven, as there is a lot still to be answered.

**Chipotle Closes Restaurants During Lunch for Food Safety Meeting** [8 February/ NBC News] Mexican fast food chain, Chipotle closed its 1,900 American restaurants on Monday lunchtime, for an employee meeting to address food safety practices. The meeting comes after more than 50 people across 14 states were sickened in two separate E.coli outbreaks after eating at the restaurants. Norovirus outbreaks were also reported in Massachusetts and California last year, with a criminal case linked to the California outbreak being broadened to a national investigation. Chipotle's sales fell by around 36 percent in January after falling by 14.6 percent in the company's fourth quarter. The company said it has changed its food preparation and handling process, has more employee training and implemented paid sick leave to ensure employees do not work when ill.

## Field days

**Southern Field Days: from humble beginnings to huge event** [8 February/ Business Day: NZ Farmer] Former Southern Field Days Chairman, Grant Dickson said the event has grown bigger than anyone imagined. Mr Dickson said the inaugural event had only 64 suppliers gathered on two hectares of land, while more than 800 suppliers are expected on 23 hectares this year. Mr Dickson said the event would be nothing without the help of the community and the ongoing support from exhibitors. Mr Dickson added that the event has barely changed since 1982, when it was set up for stock and working technology demonstrations. Southern Field Days Chairman, Logan Evans believed this year's event will be the biggest ever, with over 42,000 people expected to attend. Mr Evans said the best thing about the field days is its commitment to agriculture.

## Economics and trade

**TPP is signed but hurdles remain** [5 February/ NZ Herald] The Trans Pacific Partnership has been signed in Auckland by ministers from 12 countries. The TPP has two years to be ratified by each country, but will not come into force unless the United States and Japan ratify it. United States Trade Representative, Mike Froman said he was confident that members of Congress would see the benefits of the deal for the United States economy and would approve the agreement. Trade Minister, Todd McClay said that the bill containing the enabling legislation for the TPP would be presented as a single omnibus bill in parliament. Australian Trade Minister, Andrew Robb said the proposed RCEP free trade agreement could be concluded this year and be merged with the TPP, forming an even bigger trade agreement across the Asia Pacific.

**Agricultural groups back TPP** [5 February/ Otago Daily Times] Federated Farmers President, William Rolleston said the Trans Pacific Partnership agreement might not have delivered everything the sector desired, but the scale and its importance to New Zealand was undoubtedly profound. Mr Rolleston added that the deal offered diverse opportunities not only for agriculture but also for future generations of New Zealanders and their prosperity. The New Zealand sheep and beef sector paid \$323 million of tariffs in 2014. Meat Industry Association Chairman, Bill Falconer said the TPP would eventually eliminate the vast majority of these tariff costs on New Zealand red meat exports to TPP member countries, which made up a third of exports. Horticulture New Zealand Chief Executive, Mike Chapman said the most critical result in the deal for New Zealand horticulture exporters was the reduction of tariffs to Japan, New Zealand’s third largest horticulture market.

**TPP high on agenda as Parliament reconvenes** [9 February/ NZ Herald] The government is to start the ratifying process of the Trans Pacific Partnership this week as parliament resumes for the year. Prime Minister, John Key is expected to deliver a sales pitch for the deal while outlining the National Party’s priorities for the year. Trade Minister, Todd McClay is to deliver a national interest analysis of the agreement, which will then be later considered by foreign affairs and defence committees. Labour leader Andrew Little said independent analysis showed the economic benefits of the agreement are slim compared to the erosion of democratic rights.

## Farmers and producers

**Rural banker appointed to DWN board** [5 February/ Dairy News] ASB Rural Banking General Manager, Mark Heer has been appointed to the Dairy Women’s Network board of trustees. Mr Heer said he admired the networks work of supporting and inspiring women to succeed in the business of dairying. Mr Heer believed the network has already achieved a great deal for the farming industry, particularly in developing the financial literacy of women in dairying to maximise farm potential. Dairy Women’s Network Chairperson, Justine Kidd said Mr Heer has had an association with the network for more than three years and demonstrated a passion for its membership and goals. Mr Heer has replaced outgoing trustee, Hilary Webber.

**Divergence in rural property market** [9 February/ Otago Daily Times] ANZ Chief Economist, Cameron Bagrie said farm sale activity continued to point towards a two-speed rural property market. Mr Bagrie said that dairy cash flow forecasts continued to flag continued financial stress into 2017, which would weigh on buyer expectations, but added that elevated vendor expectations, medium term confidence and low interest rates have created a divergence in the rural property market. Mr Bagrie said that high level aggregate data painted a picture of relative calm, but added that it did hide a number of cross-currents. Mr Bagrie said farm turnover had improved in the past few months, and was above the same period last year, as well as being 15 percent above the 10 year average. Mr Bagrie added that while average farm prices were lower than last year, they have been relatively stable and were 20 percent above the 10 year average. Year-to-date turnover for dairy properties in 2015/16 was lower, and average prices were back 10 percent to 15 percent over the previous corresponding period. Year-to-date turnover outside of all other farm types had been higher with the exception of grazing, which fell 7 percent.

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## Field Notes

Weekly news update from the KPMG Agribusiness Network – 10 February 2016

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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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