

FIELD NOTES

Weekly news update from the KPMG Agribusiness network

17 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:

AFFCO	Meat Industry Excellence
AgResearch	Ministry of Business, Innovation and Employment
Agria Corporation	Ministry for Primary Industries
Apitech New Zealand	Monsanto
Beef + Lamb New Zealand	Nestle
Black Dog Brewery	National Ocean Council Committee
BNZ	National Oceanic Atmospheric Administration
Bostock New Zealand Orchard	New Zealand Trade and Enterprise
Civil Aviation Authority	Opuha Water
Chipotle	PGG Wrightson
Cream Trading	Prime Range Meats
DairyNZ	Rabobank Country Banking New Zealand
DNV GL	SAFE
Environment Canterbury	Southern Field Days
Federated Farmers	Summerfruit New Zealand
Figured	Taylor Pass Honey Company
Focus Labour Solutions	The Honey Company
Fonterra Co-Operative	The New Zealand Merino Company
Grain and Seed Trade Association	United States Department of Agriculture
Hawke's Bay Aerospread	University of Twente
Indevin	Washington State University
Kenya Flower Council	Westland Milk Products
Lake Station	Whole Foods
Lincoln University	Worksafe
Livestock Improvement Corporation	

This week's headlines

Horticulture	Hawke's Bay orchardists desperate for labour [11 February/ Radio NZ]
Dairy	New dairy trading platform signs on Westland Milk [10 February/ National Business Review]
Rural Infrastructure	Agricultural aviators resist new levy proposal [10 February/ Business Day: NZ Farmer]
Farmers and Producers	BNZ invests in farm accounting software [12 February/ Rural News]
Wool	Strong wool thrust [15 February/ Otago Daily Times]

AgriHQ Pulse: Ian Proudfoot's latest opinion piece

Ignorance is no defence when your value chain fails

Two events in the last week or so have again highlighted that ignorance is no defence when media focus falls on a supply chain that fails to meet the standards consumers expect it to be operated to, be they ethical, environmental or transparency standards.

Firstly, Nestlé attracted media attention when it acknowledged that it had identified some of its Thai seafood suppliers were utilising slave labour. This prompted an announcement that the group would move into a new-era of self-policing its supply chains; something most consumers would have expected the world's largest food company had been doing for decades.

The second event was US restaurant chain, Chipotle, closing its stores on Monday lunchtime to roll out new food safety guidelines to its staff in response to a run of E.coli and Norovirus outbreaks that have seen the chain's sales fall by 36% during January. Chipotle had, until recently, been a run-away success story, a Mexican style quick service chain, built on sourcing sustainably produced GM, antibiotic and hormone free food and treating its staff ethically, a combination that consumers were prepared to pay a premium for, driving up profits and the share price.

Be you a farmer or grower, processor, distributor or retailer the value available to be secured from a value chain depends on the actions that each and every participant in that chain takes. One lapse, accidental or otherwise, at any point along a value chain has the potential to permanently destroy value and turn loyal consumers away. This issue is more prevalent for New Zealand producers than those overseas, as in many cases we weave the New Zealand story around our products linking them directly to the many other products and services that we produce and deliver from this country.

The cost of building brands in the modern world has made it convenient to leverage the international recognition that New Zealand receives. This approach has been successful in scaling our global reputation. The ability the agri-food sector has had to connect its products and their provenance to events like the Lord of the Rings/ Hobbit movie trilogies and the America's Cup, as well as leveraging the '100% Pure' tourism campaign, has helped to position the products as sustainable options for premium consumers.

As a consequence, I argue that our producers are not only dependant on the actions of those within their value chain but, to some extent, dependant on the actions of participants in every value chain that associates with New Zealand. The implication of this is that any food safety scare, animal welfare failing or adventure tourism accident has the ability to impact consumer perceptions of the country and the premium nature of the products and services we deliver. The risk is compounded in our modern world with the speed that 'news' travels through social media channels.

This makes it more important than ever that organisations take a broader approach to identifying the risks facing their business and understand the externalities that could adversely impact their ability to extract a premium from their value chain. The traditional approach to risk management has seen organisations analyse risk in two dimensions (the likelihood of an event occurring and the impact on the organisation should the event occur); however in a fast moving and highly connected world a traditional approach is unlikely to fully recognise the systematic implications of a risk. Organisations need more dynamic approaches to risk management that enable them to assess which more remote risks, such as the fallout from an unrelated event, could have a material impact on their business should that event occur.

The contagion effects from a 'Brand NZ' failing, intentional or otherwise, is one remote event that many organisations underplay in their risk analysis but it raises key issues for them to address, particularly if they have benefited from placing their New Zealand origin front and centre to their story. The benefits by association have been significant for many companies but downs can be dramatic; the impacts on infant formula producers beyond Fonterra after the WPC80 recall providing an example of what can happen.

It is interesting to note that we are seeing more companies thinking more carefully about the elements within their brand story, particularly the elements they wish to keep within their direct control and those were they are prepared to leverage the broader New Zealand story. The strongest stories are built on authentic foundations but highlight the innovation, transparency and sustainability of the product and the value chain it passes through, including the alignment of organisations that handle the product on its journey to the consumer.

Nestlé's acknowledgement that it needs to be more active in policing the integrity of its value chain, is an acknowledgement that it has underplayed the potential externalities have to impact its story and damage its reputation, however the diversity and scale of its business affords it response time. Many New Zealand organisations, like Chipotle, offer a single type of product to the market giving them little flexibility to respond when something goes wrong. This makes it critical they identify and manage both direct and external risks so they are not left solely with the defence of ignorance when something goes wrong.

This article was first published in the AgriHQ Pulse service on 12 February 2016.

Horticulture

Plum Chinese deal for summerfruit [11 February/ Radio NZ] Summerfruit New Zealand Chief Executive, Marie Dawkins said plums were being exported to China for the first time ever this year. Ms Dawkins said it was hard to know the potential of the market, but plums from Hawke's Bay had proved to be a great success with 3,000 tonnes having been exported. Ms Dawkins explained that plums and cherries were the only two summerfruits that could be exported to China due to relationships between exporters and importers over there.

Hawke's Bay orchardists desperate for labour [15 February/ Radio NZ] Bostock New Zealand Orchard Operations Manager, Craig Treneman said Hawke's Bay apple growers were struggling to find enough labour. Mr Treneman said there was a massive apple crop to harvest this year, and they were having trouble getting the 120 people required to pick the crop. Mr Treneman explained that the growers had worked with Work and Income to find staff, as well as advertising and holding open days to attract workers.

Viticulture

Wine company Indevin snaps up Winegrowers of Ara vineyards in Marlborough [11 February/ Business Day] The Todd Corporation have sold their entire vineyard holding in Marlborough to wine company Indevin. The vineyard included 600 hectares of vines and approximately 900 hectares of bare land suitable for further plantings. Indevin CEO, Duncan McFarlane said the company was looking forward to the ongoing development of an exceptional Marlborough vineyard. Mr McFarlane added that the company would offer employment to the existing vineyard team. Indevin owns or holds long term leases on extensive vineyard properties in Marlborough, Gisborne and the Hawke's Bay.

Backpackers in Marlborough not paid for vineyard work [12 February/ Business Day] Focus Labour Solutions Owner, Craig Mill said unpaid vineyard workers were coming to him nearly every day asking for jobs after being ripped off by other companies. Mr Mill said most companies within the vineyard industry treated their workers well, but there was a small number of employers that continually broke labour laws, ruining the industry's reputation. Ministry of Business, Innovation and Employment Labour Inspectorate General Manager, George Mason said the Nelson based inspectorate carried out proactive audits and investigated complaints in Blenheim and the Marlborough region.

Honey

Honey companies merge to push exports [11 February/ Radio NZ] Two Marlborough honey companies, Apitech New Zealand and the Honey Company, have merged to form Taylor Pass Honey Company. Taylor Pass Honey Company Managing Director, Darren Clifford said the new brand would stand out more in overseas markets, as it better represented the rugged South Island. Mr Clifford said exports had grown 50 percent over the past five years, and the new company would soon have the capacity to process up to 1500 tonnes of honey each year. Mr Clifford added that the company's key markets were still based in Asia, but they were expanding into the United States. He also noted that the company hoped to add 2,000 hives each year to the 7,000 already in place.

Fishing and aquaculture

Concerns raised about proposed fishing park in Marlborough Sounds [11 February/ Business Day: NZ Farmer] Marlborough Mayor, Alistair Sowman said the intense public meeting in Blenheim about the proposed Marine Protected Areas Act raised more questions than answers. Mr Sowman said the Government had not communicated with the council or community before announcing its plans. Mr Sowman added that he welcomed discussion but thought there should be more community involvement. Sowman explained that he was concerned about how commercial fisherman would be compensated, and said the answers given by government representatives had not been satisfactory. Councillor, Peter Jerram said the council was going to hold a workshop to discuss a submission before the March 11 deadline.

Dairy

New dairy trading platform signs on Westland Milk [10 February/ National Business Review] New dairy trading platform, Cream Trading has signed up Westland Milk Products as its first local customer. Westland has joined the Auckland based trading market on a six month trial, along with companies in the United States, Australia and Ireland. Cream Trading Chief Executive, Kevin O'Sullivan said the platform allowed sellers to engage directly with consumers, who see the price offered for a particular quantity at a particular time. Mr O'Sullivan said the company expected to have six large dairy manufacturers actively trading on the platform by the end of the year. Mr O'Sullivan added that the company expected to be successful due to the increased global demand for dairy, especially from the rising Chinese middle class. Mr O'Sullivan said the company intended to branch out into other agricultural products such as meat, as well as provide international shipping services.

Milestone for Milk for Schools [13 February/ Dairy News] Fonterra has delivered more than 50 million packs of milk to 70 percent of New Zealand schools since its Milk for Schools programme began. Fonterra Director of Social Responsibility, Carolyn Mortland said the biggest thanks must go to the 10,500 farmers who have provided the milk and supported the programme by hosting school farm visits or visiting schools. Ms Mortland added that teachers and milk monitors have also done a great job in making sure the kids get their milk every day. Ms Mortland explained that the programme also teaches kids valuable lessons around recycling as they fold the milk packs flat to be sent to Thailand and Malaysia to be recycled into roof tiles and school exercise books.

Further tumble in dairy prices expected [15 February/ NZ Herald] Dairy prices are expected to fall by up to 10 percent at the global dairy auction this week, as the market continues to suffer from over-production by European Union producers. OM Financial Director, Nigel Brunel said futures market pricing suggested the market would remain soft through to June or July. AgriHQ Dairy Analyst, Susan Kilsby said she did not expect any change in the current supply and demand imbalance over the next six months.

Southland Federated Farmers calls for Government action [15 February/ Business Day: NZ Farmer] Southland Federated Farmers President, Allan Baird said the Government must take action regarding the global oversupply of milk affecting the dairy payout. Mr Baird said the Government needed to investigate the reasons behind the low dairy prices and find solutions. Prime Minister, John Key said the falling dairy prices had left a \$17 billion hole in the national economy. Mr Key added that the Government had encouraged banks to support farmers who were in trouble as a result of the dairy slump.

Fonterra invests in 'pink gold' protein [16 February/ NZ Herald] Fonterra has spent \$11 million to increase production of lactoferrin, a high value protein known as pink gold. It takes 10,000 litres of milk and sophisticated technology to make 1kg of lactoferrin, with the rest of the milk used for casein and milk protein concentrate. Fonterra Global Operations Managing Director, Robert Spurway said there was no problem with oversupply and demand was growing strongly. Fonterra Director, Ian Farrelly said the expansion was an example of more milk going into higher value products.

Meat

AFFCO must allow workers to return to day shifts, Employment Court rules [12 February/ NZ Herald] The Employment Court has ruled AFFCO must allow 200 Wairoa freezing workers to return to their jobs on the day shifts they would have had if the meat processor hadn't illegally locked them out. Judge Bruce Corkill ruled that workers should be returned to day shifts based on their seniority. AFFCO's argument that seniority was not a factor in determining whether an employee worked day-shift or night shift was unsuccessful. AFFCO has until 23 February to comply with the ruling. Wairoa Meat Workers Union National Organising Director, Darien Fenton said the decision was a strong one and has given heart to union members.

MIE won't get B+LNZ backing [15 February/ Farmers Weekly] Beef + Lamb New Zealand Chairman, James Parsons said the board would not support the two remits being presented by Meat Industry Excellence (MIE) to Beef + Lamb New Zealand's annual meeting next month. MIE's first remit asked for farmer support and approval for Beef + Lamb New Zealand levy funding which would enable MIE to progress with their plan for a new farmer owner co-operative. MIE's second remit called for the two processor positions to be removed from the board and be replaced by MIE appointed farmer directors. Mr Parsons said there was no appetite for change in the commercial sector, and as the organisation represented farmers, it could not support either remit. Mr Parsons added that there was a process to be followed if farmers wanted to get rid of industry directors.

Prime Range Meats boss gutted for 130 workers after processing suspended [15 February/ Business Day] Prime Range Meats General Manager, Paul Hamilton said it is frustrating to have 130 employees out of work after processing was suspended last week. Mr Hamilton said the employees were out of work due to delays with the setup of support processes by the new owner. Prime Range Meats Director, Ian Tulloch said the holdup was a shareholders issue at the Chinese directors' level.

Rural infrastructure

Agricultural aviators resist new levy proposal [10 February/ Business Day: NZ Farmer] The Civil Aviation Authority has proposed an operations safety levy of \$1 per tonne of solids or liquids applied from an aircraft. Hawke's Bay Aerospread Managing Director, Bruce Peterson said the new levy would be paid only by a few operators who delivered the bulk of the products on the country's farms and those operators who were the safest. Mr Peterson said the Civil Aviation Authority should focus its attention on poor operators who needed to improve their safety culture. Federated Farmers said that any increase in charges from the Civil Aviation Authority would be passed on to farmers. Federated Farmers added that given the current commodity prices and economic outlook in agriculture, it would put a severe burden on any farmer who needed to apply vital inputs by air. Submissions are open until February 19.

Low milk price eats into LIC half year results [10 February/ Business Day: NZ Farmer] Livestock Improvement Corporation Chairman, Murray King said the co-operative's net profit after tax was \$15.9 million for the six months ended 30 November, down 46 percent on the same period last year. Mr King said its year end result will be closer to break-even, as the half year results incorporated the majority of artificial breeding revenues, but not a similar proportion of total costs. Mr King added that the co-operative's financial results were linked with the season's low forecast milk prices which created challenging financial situations for many dairy farmers. Livestock Improvement Corporation did not declare a half year dividend.

PGW takeover bid possible [11 February/ Otago Daily Times] PGG Wrightson Chairman, Guanglin "Alan" Lai could take over the company after he launched a takeover bid for New York listed Agria Corporation. Craigs Investment Partners Broker, Peter McIntyre said that if Mr Lai was successful in his tilt for Agria Corporation, there was potential for a PGG Wrightson (PGW) takeover, as Agria Corporation indirectly holds 50.22 percent of PGW. PGW Committee Chairman, Bruce Irvine said it was too early to say whether the proposal would have takeovers code implications for PGW. According to Agria's 2015 annual report, a substantial portion of its revenue was derived from PGW.

Environment and emissions

Cattle breach escapes penalty [11 February/ NZ Herald] Environment Canterbury has stood by its decision not to fine or prosecute Lake Station owners Sian Elias and Hugh Fletcher after photos emerged of their cattle drinking out of a Canterbury Lake. Environment Canterbury Compliance Manager, Marty Mortiaux said the organisation was satisfied that the effect of the cattle in the lake was minor. Mr Mortiaux added that the property owner and farm manager were very co-operative and wanted to ensure that it did not happen again. Green Party MP, Catherine Delahunty said there needed to be consequences for those not abiding by the rules, or the behaviour would continue.

Research and development

Challenge's goals on the clock [15 February/ Farmers Weekly] AgResearch Professor, Richard McDowell said the Land and Water Challenge Initiative faces a tight timeframe to achieve the twin goals of improving land and water quality while enhancing primary sector productivity. The initiative would receive \$96.9 million in funding over 10 years, while the Government aimed to double primary sector exports by 2025. Mr McDowell said the initiative would attempt to identify rural entrepreneurs who may offer some solutions, even if their work had not been fully researched.

International

Smart farming is 'biggest global business opportunity' [8 February/ The Guardian] According to the 2016 Global Opportunity Report, smart farming has been identified as the number one opportunity for businesses. The report said advanced technology has given both large and small scale farmers increasingly affordable and precise tools to produce more with less. DNV GL Chief Executive, Remi Eriksen said the technologies, such as mobile phones, are already available to us, but scaling is required. According to World Bank experts, African farmers could create an agribusinesses worth GBP 69 million by 2030 through the effective harnessing of capital, knowledge and technology.

Olympian James Cracknell backs call for tax on sugary drinks [9 February/ The Guardian] Double Olympic Gold Medalist, James Cracknell has joined calls for sugary drinks to be taxed as part of a series of measures to combat rising levels of obesity in England. A Policy Exchange report suggested implementing annual body mass index checks for children aged four to eleven, and the use of teaspoons as a unit of measurement on food packaging to explain how much sugar is contained. England Prime Minister, David Cameron said the government had not ruled out a sugar tax.

Monsanto pays \$80 million to settle accounting charges [10 February/ NZ Herald] Monsanto must pay an \$80 million penalty to settle federal allegations that the agribusiness giant misstated its earnings. The Securities and Exchange Commission said Monsanto did not properly account for millions of dollars paid to distributors as rebates. This distorted the company's earnings reports for 2009, 2010 and 2011. The company agreed to pay the penalty, but did not admit wrongdoing. Monsanto CEO, Hugh Grant paid back \$3,165,852 in bonuses tied to the company's financial performance. Monsanto said it would not be required to change its financial statements because the company had already revised its reports for the period. Monsanto said it was committed to operating its business with the utmost integrity and transparency.

Greek farmers block main highway in protest against reform [10 February/ NZ Herald] Farmers in Greece have blocked traffic on the country's main highway in protest against austerity measures demanded by bailout lenders. Protesters have organised a tractor blockade on the main highway, while blockades on alternative routes would be set up. Protest organisers said the blockade would be in place indefinitely unless the government withdrew proposals for tax hikes. Blockade Organiser, Yiannis Zacharias said the government was asking farmers to pay higher taxes even if they had no income. Government spokeswoman, Olga Gerovasili said the Prime Minister would be willing to meet farming associations but insisted that the negotiations could not start from zero. The global sell-off in financial markets saw the value of shares on the Athens Stock Exchange fall to their worst level since 1989.

Slaughterhouse owner sentenced for selling meat from sick cattle [10 February/ The San Francisco Chronicle] A San Francisco slaughterhouse owner who sold meat from ailing and uninspected cattle has been sentenced to a year in prison. Slaughterhouse Owner, Jesse Amaral admitted to having deceived inspectors and ordered employees to process cattle that were unfit for human consumption. The sales led to the United States Department of Agriculture ordering a nationwide recall of 8.7 million pounds of beef and veal products in 2014. Amaral's Lawyer, Michael Dias said there had been no reports of illness from consumers, and that the meat was not a public health risk even though it had not been inspected.

Whole Foods forecasts key sales figure could slip for year [11 February/ NZ Herald] Whole Foods said it forecasted sales to remain flat or decrease by up to 2 percent for the year. The company which specialises in organic food said sales at established stores fell 1.8 percent on average for the quarter ended 17 January. Whole Foods has been under pressure due to an increase in the number of foods being marked as natural by competitors. This has led to the company attempting to appeal to a broader customer base by keeping prices down. Whole Foods profit for the quarter fell to \$157 million, while total revenue rose to \$4.83 billion due to new stores being opened.

Organic farming 'could be key to feeding the world as global warming takes hold' [12 February/ The Independent] According to a Washington State University report, organic food and beverages are now a rapidly growing market segment in the global food industry, with worldwide sales having increased fivefold to USD 72 billion between 1999 and 2013. United States Agriculture Secretary, Tom Vilsack said it was one of the fastest growing segments of American agriculture, driven by growing consumer demand, with worldwide sales expected to double by 2018. The report explains that climate change may give organic farming the edge, as organically managed farms often produce higher yields than conventional farming in dry conditions. With severely dry conditions expected to increase with climate change, the report explains that no one farming system alone will safely feed the planet.

Two-Thirds of the World Faces Severe Water Shortages [12 February/ New York Times] Netherlands University of Twente Water Management Professor, Arjen Y. Hoekstra said about two thirds of the world's population faced severe water shortages during at least one month every year. Mr Hoekstra explained that severe water scarcity could lead to crop failure and low crop yields, which could cause food price increases as well as famine and widespread starvation. Mr Hoekstra said that freshwater scarcity is a major risk to the global economy as it affected four billion people directly. Mr Hoekstra added that the remaining people in the world received part of their food from the affected areas, so it impacts on the whole population.

Those Valentine's Day flowers might just be from Kenya [13 February/ NZ Herald] Kenya is the world's fourth largest supplier of roses, and provides the European Union with 38 percent of their cut flower imports. Kenya's cool climate and high altitude has made it perfect for growing large, long-lasting roses. Simba Farm General Manager, Andrew Mules said the timing of Valentine's Day is perfect for Kenya because it falls in the dry season. Mr Mules added that this year's El Nino has been unfortunate for Kenyan farmers due to increased rainfall. The Kenya Flower Council said exports rose from 86,480 tonnes in 2006 to 136,601 tonnes in 2014. The council added that Kenya's flower business employs half a million Kenyans.

Feds: New traceability rules would cut down illegal seafood [14 February/ NZ Herald] The National Ocean Council Committee have proposed new rules they hope will decrease illegal fishing imports that jeopardise the United States commercial fishing industry. The National Oceanic Atmospheric Administration (NOAA) said the proposed new rules about seafood traceability would protect the public from fraud and help keep unsustainable fish products from reaching American shores. NOAA explained that the changes would create a new system to collect data about the catch, trip ashore, and chain of custody of the fish and fish products as they are imported into the United States.

Economics and trade

No funding suspension of Saudi sheep deal – NZTE [15 February/ Business Day] New Zealand Trade and Enterprise Chief Executive, Peter Chrisp confirmed that no further funding was required for the Saudi Arabia farm, after the Labour Party accused him of misleading the public earlier in the week. A New Zealand Trade and Enterprise spokesperson clarified that the funding was not suspended, but rather there was no need to release further funding until the structure in Saudi Arabia was set up. The Government would spend about \$11.5 million for the farm to be constructed in the desert, and has been criticised for shipping over 900 sheep in poor conditions.

Farmers and producers

Mixed outlook for New Zealand agriculture in 2016 [11 February/ Rabobank Media Release] Rabobank Country Banking New Zealand General Manager, Hayley Moynihan said dairy prices were expected to pick up in the latter half of 2016, but the timing of the recovery would be driven by how quickly the brakes could be applied to global milk production. Ms Moynihan added that the weak and falling NZD would only provide partial compensation for the low international dairy prices to local farmers, particularly given that hedging was already in place. Rabobank Food & Agribusiness Research General Manager, Tim Hunt said solid demand in key offshore markets, recent progress in export development and tight global supply were likely to bring another good year for New Zealand producers of beef, wool and horticultural products. Mr Hunt said the wine industry looked set for a better year, with improved climatic conditions likely to underpin an increase in production along with good momentum for New Zealand product sales in the United States and Chinese market.

BNZ invests in farm accounting software [12 February/ Rural News] BNZ has announced plans to make a 17 percent investment in cloud-based farm accounting software provider, Figured Ltd. Figured is an online accounting tool that makes it easier for farmers to work with their accountants, farm consultants, and rural bankers. BNZ Head of Agribusiness, John Janssen said the investment was another way BNZ was partnering with its agribusiness customers through a challenging time of price volatility. Mr Janssen said Figured gave farmers another tool to plan ahead and create forecasts as conditions changed. The partnership meant BNZ would distribute Figured software licences to its agribusiness customers free of charge later this year, for the next two years.

Small dairy farmers content with their lot [14 February/ Dairy News] According to a New Lincoln University report, many small dairy farmers are content with the size of their operation, despite the constant calls for economic growth. Lincoln University Faculty of Agribusiness and Commerce Lecturer, Victoria Westbrooke said the farmers did not want to buy more land or use other expansion possibilities. Ms Westbrooke said that although most small farmers were not interested in expanding, there was a sub group of younger farmers who were looking for extra land on which to expand their share milking business. Ms Westbrooke added that these farmers tended to be more entrepreneurial and believed they were able to control outcomes more than their counterparts.

Health and Safety

Loe urges helmet use on quad bikes [11 February/ Business Day: NZ Farmer] Worksafe's Safer Farms Programme Ambassador, Richard Loe said there were far too many farmers being killed in quad bike accidents around the country. Mr Loe said he aimed to educate the rural community on how they could be safer on the farm. Mr Loe attended the Southern Field Days at Waimumu to promote the farm safety message. Mr Loe said he believed more farmers should be wearing helmets and that they should be an essential part of farm equipment. Mr Loe added that wearing a motorbike helmet was only part of the farm safety message as farmer attitude also played a significant part.

Animal rights advocates exhort farmers to commit suicide [11 February/ Business Day: NZ Farmer] Animal rights advocates have been urging farmers to commit suicide. Waikato Herd Manager, Gina Greenwood said farmers were not responsible for the bobby calf deaths which have angered the animal welfare activists. Ms Greenwood explained that the calves were killed while being transported from farms to processing works, and that farmers do what they can to stop the bobby trucks treating them that way if they see it happening. SAFE Managing Director, Debra Ashton said the organisation did not condone any personal abuse of farmers. During the 2014/15 season, 27 farmers committed suicide, while the number of farmer suicides is higher than the number of deaths from farming related accidents over the last eight years.

Fielddays

Major co-operatives front up to suppliers at Southern Field Days [11 February/ Business Day: NZ Farmer] Shareholders have been using the Southern Field Days to fire shots at major meat and dairy co-operatives. However, company bosses said they still appreciated the opportunity to explain the volatile global commodity market face to face. Fonterra Otago/Southland Regional Head of Co-operative Affairs, Mark Robinson said shareholders and suppliers had been giving constructive feedback about how they were feeling during the dairy slump. Mr Robinson said the main purpose of Fonterra being present at the Field Days was to have open conversations with their shareholders and suppliers. Mr Robinson added that despite continued pressure on the dairy industry, Fonterra shareholders were receptive and understanding of the co-operative's position.

Southern Field Days draw record crowds [12 February/ Business Day: NZ Farmer] Record crowds have flocked to the Southern Field Days, with 42,000 attending over the three days. Southern Field Days Chairman, Logan Evans said despite expectations that farmers would be clasp their wallets, exhibitors had experienced positive sales. Mr Evans said the big question for the committee planning for 2018 would be whether the event continued to expand or was capped at 790 exhibitors.

Future of Food

Sit up, your dinner's printed [11 February/ Dairy News] Federated Farmers Dairy Industry Group Chairperson, Andrew Hoggard said in an opinion piece that 3D food printers are arriving on the scene and that branded consumer products could be a thing of the past. Mr Hoggard said that if the technology takes off, consumers would be going to the supermarket to look for ingredients to make food items in their kitchen, rather than buying finished manufactured food directly from the supermarket. Mr Hoggard added that various food products contain milk or components of milk, so it would be likely that a number of recipes for 3D food printers would require dairy ingredients. Mr Hoggard asked whether Fonterra should be worried about moving products from its ingredients business into consumer branded products, or should instead be looking to repackage those ingredients into smaller ready-to-use packages for home manufacturing.

Hop shortage could result in price rise for beer [14 February/ Business Day] Black Dog Brewery Manager, Adrian Klemp said beer prices would likely rise due to a global shortage in hops. Mr Klemp explained that the shortage was due to a number of factors, including droughts in the United States and Australia, combined with growing demand for the product. Mr Klemp added that the prices of all the American hops have sky-rocketed and a lot of the smaller breweries could not commit to the prices. Baylands Brewery Owner, Aidan Styles said their prices for some beers would have to increase due to the shortage.

Drought

January rain a game-changer [15 February/ Farmers Weekly] Significant rain over the South Island's east coast through January has meant drought-stricken farmers are now in a recovery phase. Pasture growth ranged from normal to above normal for most of the South Island, and is expected to continue over the next fortnight. Opuha Water Chief Executive, Tony McCormick said the South Canterbury lake had been replenished with all restrictions over irrigation and river flows lifted for the first time in more than a year. Mr McCormick said that Opuha Water would continue to monitor conditions, but was reasonably confident that the company would be able to maintain full irrigation supply and river flows for the remainder of the season.

Arable

Seed crops continue to add more value [15 February/ Farmers Weekly] Grain and seed exports were worth \$173 million in 2015, with New Zealand supplying 50 percent of the world's radish, carrot and beetroot seeds. Grain and Seed Trade Association General Manager, Thomas Chin said seed exports are predicted to increase by \$50 million to \$227 million next year. Mr Chin said New Zealand's reputation for premium seeds allowed exporters to command higher prices than competitors. Mr Chin explained that New Zealand's competitive advantage came from modern plant genetics, state of the art processing systems, highly skilled farmers and access to water and irrigation. Mr Chin added that New Zealand's top export destinations were Australia, the Netherlands and the United States.

Agribusiness Education

Industry scholarships awarded to 55 students [12 February/ Business Day: NZ Farmer] DairyNZ has awarded 55 scholarships to university students undertaking degrees in agriculture. DairyNZ Industry Education Facilitator, Susan Stokes said the scholarships were aimed to encourage talented, motivated people to join the industry as future research scientists, farm advisors, farm managers, farm owners and rural professionals. The scholarships would assist students with the costs of university and continue until their course is complete, as long as grades were acceptable.

Wool

Strong wool thrust [15 February/ Otago Daily Times] A new Primary Growth Partnership programme, Wool Unleashed, is hoped to contribute about \$335 million towards New Zealand's economy by 2025. The \$22.1 million programme is led by the Ministry for Primary Industries and The New Zealand Merino Company, and would focus on strong wool. Primary Industries Minister, Nathan Guy said the new programme aimed to deliver higher premiums for the sector by connecting strong wool farmers with markets, increasing on-shore processing, developing new and niche products and sharing best practice information across the wool industry.

Deer

Ex-deer farmers drawn back by strong returns [15 February/ Radio NZ] South Canterbury Deer Farmer, Kris Orange said deer farmers who left the industry for brighter pastures in dairy were being drawn back by strong returns for venison and velvet. Mr Orange said venison prices had increased by more than \$1 up to \$7.20 per kilogram, with expectations of strong growth in the next five to ten years. Mr Orange added that there would be high demand for weaners this year, as people were looking to enter the market after being out of the market for three or four years.

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Field Notes

Weekly news update from the KPMG Agribusiness Network – 17 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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