

FIELD NOTES

Weekly news update from the KPMG Agribusiness network

24 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:

A2 Milk	Maia Technology
AgResearch	Massey University
ANZ	McDonald's
Australian Federal Government	Ministry for Primary Industries
Australian Grains Champion	National Farmers Federation
Beef + Lamb New Zealand	New South Wales Primary Industries
Cancer Council Victoria	New Zealand Avocado
CBH Group	New Zealand Kiwifruit Growers
Cisco	New Zealand Pork
Dairy Companies Association of New Zealand	Northland Regional Council
DairyNZ	Organic and Natural Health Association
Deer Industry New Zealand	Pinot Noir New Zealand
European Union	Pipfruit New Zealand
Federated Farmers	Potatoes New Zealand
Fonterra Co-operative Group	Prime Range Meats
Food and Drug Association	Progressive Enterprises
Foodstuffs	Seafood New Zealand
Golden Harvest Aquaculture	Shanghai Pengxin
GrowUp Urban Farms	Soil Association
Hastings District Council	Southern Dairy Development Trust
Heart Foundation Australia	Surf Lifesaving New Zealand
Horizons Regional Council	Sweet Grass Kitchen
Infant Formula Exporters Association	Taupo Fishery Advisory Committee
Irrigation NZ	United States Department of Agriculture
Kellogg Rural Leadership	University of Guelph
Landcare Research	WAFarmers
Landcorp	Zespri

This week's headlines

Horticulture	Taranaki avocado shortage blamed on freak weather [21 February/ Business Day: NZ Farmer]
Fishing and aquaculture	NZ seafood exports pass \$1.6 billion [17 February/ Business Day]
Dairy	Milk formula industry still angry over 1080 blackmailer [22 February/ NZ Herald]
Water	Next steps for freshwater [22 February/ Rural News]
Future of Food	Calls for wonky fruit and veg to join the 'perfect' shapes in supermarkets [21 February/ Business Day]

Horticulture

Zespri to donate \$400,000 to surf lifesaving [17 February/ Business Day: NZ Farmer] Zespri Chief Operating Officer, Simon Limmer said the company would contribute \$400,000 to Surf Lifesaving New Zealand over the next three years, offering free lifesaving training for local lifeguards in the Bay of Plenty. Mr Limmer explained that this was a way Zespri could give back to the community which supported the industry. Surf Lifesaving New Zealand Eastern Region Manager, Chris Emmett said the organisation relied on the support of their partners, and that the contribution would cover the cost of training 1,200 lifeguards.

Golden apple industry on its way to \$1 billion target [19 February/ NZ Herald] Hawke's Bay Orchardist, Lesley Wilson said the New Zealand apple industry was highly respected worldwide for its quality of fruit, food safety and biosecurity, allowing the industry to jump through various compliance and quarantine requirements to find lucrative markets for its apples. Pipfruit New Zealand Chief Executive, Alan Pollard said the industry was well on track to reach \$1 billion in export earnings by 2022. Mr Pollard said apple exports reached a record \$630 million in the 2015 season, with returns exceeding \$700 million expected this season. Pipfruit New Zealand Business Development Manager, Gary Jones said the industry had the ability to meet the difficult qualitative standards in Asia, while New Zealand's competitors were struggling.

Kiwifruit sector sparks jobs boom in Bay [21 February/ NZ Herald] New Zealand Kiwifruit Growers Acting Chief Executive, Kate Longman said the industry would need an additional 4,740 seasonal staff and 420 full time staff by 2019, due to increasing SunGold kiwifruit volumes. Ms Longman said the industry had partnered with the Ministry of Social Development and the Master Contractors Association to provide workers with longer term, more stable employment. Priority One Strategic Projects Manager, Greg Simmonds said the kiwifruit industry was a good example of a sector that proactively implemented strategies to ensure that there was a sustainable labour force.

Taranaki avocado shortage blamed on freak weather [21 February/ Business Day: NZ Farmer] Freak storms and climate change have been blamed for a poor avocado harvest which has caused shortages around the country. Taranaki Avocado Grower, Steve Wright said that while fruit generally followed a cycle of good and bad crops, this season had been particularly bad. New Zealand Avocado Chief Executive, Jen Scoular said that 3.8 million trays of 5.5 kilograms were harvested this season, compared to 6 million trays in the previous season. Ms Scoular added that this year was a moderate year for growth, but next season was shaping up to be a bumper harvest. In Australia, New Zealand's main avocado export market, prices for an avocado had increased to AUD 7 per fruit due to poor weather and bush fires.

Viticulture

Tool frontman Maynard James Keenan keynote speaker at pinot noir festival [17 February/ Business Day] Rock star and Winemaker, Maynard James Keenan has accepted an invitation to speak at the Pinot Noir NZ festival in Wellington next year. The festival runs for three days from 31 January and features 117 producers from New Zealand's pinot noir producing regions, showcasing more than 300 wines. Mr Keenan said a major drawcard for visiting Pinot Noir NZ 2017 was learning about how New Zealand winemakers use pinot noir to express their own individual sites, styles and persona. Mr Keenan added that he felt like there was a huge range of expression in New Zealand pinot noir compared to in other countries. Pinot Noir New Zealand Chairman, Ben Glover said having an artist like Mr Keenan at the event added a point of difference and would challenge boundaries.

Apiculture

Beekeepers need one hive [18 February/ Rural News] Labour's Primary Industry Spokesperson, Damien O'Connor said beekeepers need to endorse a proposal to combine two industry organisations into a single and effective industry body. Mr O'Connor said the processes around biosecurity have improved, but government agencies would be able to deal with all bee industry issues effectively if the proposal was successful. The ballot for the proposal, put forward by Federated Farmers and the National Beekeepers Association, closed on 19 February.

Fishing and aquaculture

NZ seafood exports pass \$1.6 billion [17 February/ Business Day] New Zealand seafood exports have reached a record high of \$1.63 billion as a result of increased end of year demand, particularly for mussels. Seafood New Zealand Chief Executive, Tim Pankhurst said exports to China had grown by 14.9 percent, while exports to the United States showed strong growth of 12.2 percent. Mr Pankhurst added that the long term outlook for New Zealand's seafood industry was bright as consumers around the world were looking for high quality, sustainably harvested seafood which New Zealand provided.

Dairy

Dairy prices down again in latest auction [17 February/ Radio NZ Rural] Dairy prices have fallen for the fourth consecutive time this year at the Global Dairy Trade auction. The average price fell by 2.8 percent to USD 2,235 per tonne, while the whole milk powder price, which is the largest contributor to Fonterra's payout calculation, fell 3.7 percent to USD 1,890 per tonne. The fall was lower than the 10 percent expected by analysts. The dairy price drop would put further pressure on the Reserve Bank to cut the Official Cash Rate from its present record low of 2.5 percent.

A2 confident it can weather China's regulatory changes [18 February/ NZ Herald] A2 Milk Managing Director, Geoff Babidge said the company was well placed to face ongoing regulatory changes in China's infant formula market. Mr Babidge explained that a requirement for formula makers to register their brands with the China Food and Drug Administration had been introduced as part of a major update to China's food safety laws in October. A2 Milk reported a \$10.1 million profit for the six months to 31 December 2015, an increase from \$125,000 in the same period a year earlier.

Dairy farmers still waiting for good news [19 February/ Rural News] Primary Industries Minister, Nathan Guy said farmers should expect the volatility in the international dairy market to be around for some time. Mr Guy said the extra 3 percent increase in milk coming out of Europe had added to a world that has more milk than consumers want to buy. Mr Guy added that the medium to long term outlook for dairying was good. Mr Guy also noted that most sheep farmers also have some beef which has cushioned the effect of lower lamb prices.

NZ milk production holds steady in January [19 February/ NZ Herald] According to Dairy Companies Association of New Zealand data, milk production fell by 0.3 percent on a milk solids basis in January, reflecting unexpectedly high rainfall during the month. The data showed that production this season had decreased by a total of 2.2 percent on a milk solids basis. ANZ Rural Economist, Con Williams said that although most dairy regions have been pinched for a period of time, general weather conditions have been pretty good. Mr Williams added that world dairy prices may have already responded to the better than expected growing conditions in New Zealand.

Southern Dairy Hub site found [19 February/ Dairy News] Southern Dairy Hub Chair, Maurice Hardie said a conditional agreement on two properties has brought the Southern Dairy Hub vision closer to realisation. Mr Maurice said the Southern Dairy Hub would be a research and development dairying centre which would enable local dairy farming issues to be researched on southern soils in southern conditions. Mr Maurice explained that it was a collaborative project being developed by AgResearch, DairyNZ and the Southern Dairy Development Trust, with a proposed cost of \$26.5 million. Mr Maurice said he hoped construction would start by late October 2016 and be completed by 1 June 2017.

Wilson: Dairy demand on rise [22 February/ NZ Farmer Weekly] Fonterra Chairman, John Wilson said European dairy farmers were not making money, but a major adverse weather event might be needed to stop them from continuing to increase milk production. Mr Wilson said the rate of increase in milk production in Europe had decreased from 2.5 percent to 2 percent, but farmers in Ireland, the Netherlands, Germany and France were still expanding now that the European Union dairy quota had been abolished. Mr Wilson added that the international market had overreacted to the world dairy supply and demand position after another 3.7 percent decrease in whole milk powder prices at the Global Dairy Trade auction. The AgriHQ forecast milk price decreased from \$4.32 per kilogram of milk solids to \$4.05 as a result of the auction. ASB Bank have also lowered this season's forecast from \$4.10 per kilogram of milk solids to \$3.90, and next season's forecast from \$6.50 per kilogram of milk solids to \$6.00. Mr Wilson said the Government should do all it could through the World Trade Organisation to combat subsidies in Europe.

Milk formula industry still angry over 1080 blackmailer [22 February/ NZ Herald] Infant Formula Exporters Association Chairman, Michael Barnett said the industry was still furious about the blackmail used against their product by a man who threatened to contaminate infant formula with 1080. Mr Barnett said the public naming of Mr Kerr had made little difference to the industry. Mr Barnett explained that Kerr's actions had resulted in a huge cost to all the small exporters whose access into the China market was severely constrained. Mr Barnett said he hoped the court would impose a sentence that was a strong deterrent, as some people had lost their businesses and assets because of the fool.

Fonterra looks to raise \$150 million [22 February/ NZ Herald] Fonterra said it would offer up to \$150 million of March 2023 senior fixed rate bonds to institutional investors and New Zealand retail investors this week. Fonterra added that an announcement on the margin and interest rate on the bonds would be made following the bookbuild process on 26 February. The bonds are expected to be quoted on the NZX Debt Market.

Red Meat

Lamb kill and prices heading down for season [18 February/ Business Day: NZ Farmer] Beef + Lamb New Zealand Chairman, James Parsons said the organisation has forecasted a lamb kill of between 19.6 million and 20 million lambs to the end of September. Mr Parsons added that this would be 6-8 percent less than last season. Mr Parsons said prices have fallen from \$101 per head in December to what is expected to be \$87 per head in March. Mr Parsons explained that one reason for this was the oversupply of the Chinese market and the declining demand for lamb worldwide. Mr Parsons added that New Zealand chilled meat was not allowed into China, and Beef + Lamb New Zealand had taken this issue up with the Government.

New owners of troubled Prime Range Meats getting senior staff on ground "urgently" [19 February/ Business Day/ NZ Farmer] The Prime Range Meats plant has remained closed and is uncertain as to when it may reopen, with 130 employees still out of work. A Prime Range Meats Southland director said the company had stopped production due to the unavailability of working capital after a change of plant ownership. The Southland director said the new Chinese owner of the business had informed them that senior staff would be on the ground urgently and intended to bring a meat buyer to the plant. The Southland director said the company had been working hard to get the working capital released in the short term, while also putting in place other short term options.

Unity needed to sell lamb [22 February/ NZ Farmer Weekly] Federated Farmers Meat and Fibre Chairman, Rick Powdrell said marketing weaknesses and a lack of industry cohesion were costing sheep and beef farmers. Mr Powdrell said it was concerning that meals featuring lamb in the United Kingdom had fallen 7 percent, and asked whether those responsible for marketing lamb overseas were doing enough on behalf of New Zealand sheep farmers. Mr Powdrell said meat industry leaders, industry bodies, meat companies and government agencies had to unite and work with others in the United Kingdom to ensure changing consumer tastes were identified. Mr Powdrell added that consumption of lamb in the United States was rising an average of 10 percent per year, as chefs responded to changing consumer tastes.

Environment and emissions

Hawke's Bay growers attack Federated Farmers over GM stance [18 February/ Business Day: NZ Farmer] A group of growers and farmers have persuaded the Hastings District Council to ban genetically modified crops and animals under its district plan for the next 10 years. Federated Farmers President, William Rolleston said the organisation have appealed against the policy as genetically modified and organic crops could live side by side. Mr Rolleston added that the policy would deny farmers the ability to use the tools of modern technology to deal with environmental and greenhouse gas emission issues. Sheep and Beef Farmer, Bruno Chambers said the stance taken by Federated Farmers had proved to be unpopular in Hawke's Bay, with \$150,000 having been raised to defend the policy. The Whangarei High Court have heard the case, with a decision expected next month.

Northland dairy gleans cleaner record [18 February/ Radio NZ Rural] Dairy farms in Northland have improved their environmental performance with record numbers achieving full compliance. Northland Regional Council Environmental Management Committee Chair, Joe Carr said 65 percent of the farms inspected over the four months from August 2015 had achieved full compliance. Mr Carr said 13 percent of dairy farmers were significantly non-compliant, but this was a big decrease from the 20 percent of dairy farmers in the previous year. Mr Carr added that he was pleased to see the industry making some real gains in terms of overall compliance and subsequent improvements in water quality.

Ragwort flea beetle saving farmers \$44 million a year [19 February/ Manawatu Standard] According to a Landcare Research study, the ragwort flea beetle has been saving New Zealand dairy farmers \$44 million a year. The ragwort flea beetle kills the ragwort weed which is toxic to cattle and horses. They estimate the weed still costs New Zealand dairy farmers \$20 million per year in control costs. Horizons Regional Council Pest Plant Team Environment Coordinator, Craig Davey said the goal was not to eradicate the weed, but to keep it under control and in balance with the environment. Mr Davey added that it cost \$3,000 to \$4,000 to purchase 300 beetles, and Horizons had started with about 900. Landcare Research Scientist, Simon Fowler said the flea beetle had wiped out ragwort on 50 percent of New Zealand farms, but it remained a moderate problem on about a quarter of farms.

Water

Next steps for freshwater [22 February/ Rural News] Environment Minister, Dr Nick Smith and Primary Industries Minister, Nathan Guy released a consultation document including 23 initiatives to improve the management of New Zealand's waterways including enforcing the exclusion of stock from rivers. Mr Smith said the problem with each regional council making their own rules was that most did not make any, and those which did make rules found enforcement cumbersome and expensive. Mr Smith added that it was confusing to have each council use different definitions of a river and different requirements of when fences were required. Mr Guy said farmers have made great progress in fencing nearly 24,000 kilometres of waterways, but it was now time for regulation to bring the stragglers in line.

Stock water exclusion deadline 'can be met' [22 February/ Radio NZ Rural] The government has taken the step to enforce the exclusion of dairy cattle and pigs from waterways by July 2017, followed by dairy grazing animals by 2025 and all beef and deer animals by 2030. The proposal suggested an instant fine of \$100 per animal up to a maximum of \$2,000. The new national rules would supersede council rules to ensure consistency across the country. New Zealand Pork Chairman, Ian Carter said the 100 commercial pig farms around the country could easily meet these requirements. Public submissions close on 22 April 2016.

IrrigationNZ urges Govt to properly manage water [23 February/ Otago Daily Times] IrrigationNZ Chief Executive, Andrew Curtis said the organisation was hoping for more immediate action from the Government, particularly around water infrastructure and transfer. Mr Curtis said fresh water needed to be protected and carefully managed to bolster the country's agricultural led economy. Mr Curtis added that there were a number of positives in the consultation document, such as stock exclusion regulations. Federated Farmers President, William Rolleston said the discussion paper outlined recommendations in terms of iwi rights and interests, but did not explain what this meant for water users.

Biosecurity

Price of Taupo silver carp farm too high, says NZ First [16 February/ Business Day: NZ Farmer] Golden Harvest Aquaculture Director, Richard Clark said his proposed Carp farm, 6 kilometres from Taupo township and 2.5 kilometres from the Waikato River, would create no risk of fish entering the waterways. However, the Taupo Fishery Advisory Committee, local anglers and Taupo District Councillors have all expressed concerns about the project. New Zealand First Member of Parliament, Richard Prosser said that even with the best technology and intentions, fish will escape. The project was still waiting upon final approval from the Department of Conservation, Ministry for Primary Industries and Waikato Regional Council.

International

French farmers block roads in protest at huge drop in milk and pork prices following Russian trade sanctions [14 February/ The Independent] French farmers have besieged a town and blocked roads with manure and burning tyres across western and northern France, to protest against collapsing milk and pork prices. The protests came after dairy, beef and pork farmers suffered a 40 percent decrease in farmgate prices over the last 18 months. French Agricultural Minister, Stephane Le Foll said the government was pushing the European Union to take surplus pork and milk off the market. French President, Francois Hollande said the government would reduce taxes on French farmers which are currently set at 45 percent of their income.

Is urban farming only for rich hipsters? [14 February/ The Guardian] Spending on ethical food and drink products increased to GBP 8.4 billion in the United Kingdom in 2013, making up 8.5 percent of all household food sales. Ethical foods included organic, Fairtrade, free range and freedom foods. GrowUp Urban Farms CEO, Kate Hofman said food was a commodity and they had to make the business work. Ms Hofman explained that the company was growing expensive things such as micro-greens for customers who had more to spend, but also grew more affordable things such as mixed salad which they were trying to sell in widely accessible retailers.

Organic food healthier than farmed products, says new research [15 February/ The Independent] According to a British Journal of Nutrition study, organic farmed meat and milk is better for your health than non-organic produce because it contains around 50 percent more omega-3 fatty acids. Lead Research Professor, Carlo Leifert said a key reason for the difference was that with a greater use of grazing, animals eat a more natural grass-based diet. Soil Association Chief Executive, Helen Browning said the research confirmed that the quality of food is affected by what farm animals are fed and how they are treated. Newcastle University Professor of Food and Human Nutrition, Chris Seal said Omega-3s are linked to reductions in cardiovascular disease, improved neurological development and function, and better immune function.

Fast-food labelling woefully inadequate, new survey finds [15 February/ The Age] According to research by Cancer Council Victoria and The Heart Foundation, only two out of nine of the state's largest fast food chains supplied enough nutritional information to allow consumers to make informed decisions. The study found that fast food chains such as McDonald's did not include the amount of kilojoules in each product on their menu boards, or obscured the information to make it tricky to find and hard to read. The health groups said new labelling laws were required to help fight obesity.

USDA leads \$720m funding for conservation projects [16 February/ Agri Investor] The United States Department of Agriculture (USDA) and the private sector have committed USD 720 million to projects aimed at increasing innovative conservation efforts on private land in the United States. The USDA have now committed USD 600 million to 199 projects as part of the Regional Conservation Partnership Program, with an additional USD 900 million committed from private and local partners. As a result of severe droughts, 45 of the 84 projects chosen for funding this year would address water quality, conservation or access.

Fourth industrial revolution lands in Sydney [16 February/ The Sydney Morning Herald] The Innovation Central Sydney hub has been launched by an alliance of organisations including New South Wales Primary Industries, National Farmers Federation and Cisco. Australia Chief Scientist, Alan Finkel said the strategic focus for the Sydney hub would be on agriculture and smart cities. Mr Finkel said that at the heart of the fourth industrial revolution were the unprecedented economic opportunities offered by the digitisation, data, and connection of machines through the internet. Maia Technology was one company looking to utilise these opportunities. Maia Technology Owner, Alasdair Macleod said his company was developing software to manage grass-fed cattle. Mr Macleod explained that the software was designed to measure how much grass was needed for a quantity of beef, which would be important in drought affected areas. Mr Macleod explained that the amount of grass feed currently relied on farmers' estimates which were good enough, but not as accurate as they could be if the software was used.

Meat consumption declines following WHO cancer warnings [17 February/ The Independent] According to the British Social Attitudes Survey, nearly half of the British population have been cutting back on meat or were already vegetarian. The survey came after warnings from the World Health Organisation that processed meat such as sausages, bacon and ham could cause cancer. NatCen Social Research Representative, Ian Simpson said many people were concerned about eating too much meat due to concerns about health. Mr Simpson added that other reasons for cutting back on meat included saving money and concerns about animal welfare or food safety.

Automated farming: good news for food security, bad news for job security? [17 February/ The Guardian] Canadian University of Guelph Professors, Evan Fraser and Sylvain Charlebois said technology has been changing the way farmers manage their farms, as scientists were about to use genomic tools to rapidly and inexpensively evaluate the genetic code of plant and animals. The professors said this knowledge could be used to accelerate how quickly scientists and farmers can improve the genetic potential of crops and livestock. The professors added that many of these technologies would require very little labour, which could prove to be problematic for countries where people were dependent on agricultural labour to survive.

Farmers band together to keep hopes afloat [17 February/ The Age] A group of local Australian farmers in South Gippsland have built a 15 kilometre pipeline to deliver water to their parched farms. Inverloch Dairy Farmer, Mick Hughes said farmers in the coastal region were facing one of the driest years on record, and desperately needed the water for their 2,500 cows. Mr Hughes explained that the water came from a disused dam owned by South Gippsland Water. The project cost the farmers AUD 140,000 and took two weeks to complete.

Netherlands bans export of kosher and halal meat to 'minimise' negative effects on animal welfare [17 February/ The Independent] The Dutch government has announced plans to ban the export of kosher and halal meat in an effort to decrease the amount of animals killed through ritual slaughter. Dutch Junior Minister for Economic Affairs, Martijn van Dam said the new rules would be in place from January 2017 and would ensure animals killed ritually would be clearly labelled and only available in religious communities. Mr van Dam said he had spoken to Jewish and Muslim organisations and slaughterhouses to make agreements to introduce the new rules which would minimise animal suffering.

Farmers resort to new cash crop: blood [18 February/ China Daily] Indian Farmer, Karna said he did not have any option but to sell his blood after persistent drought left him unable to live off his land. Drought, hailstorms, unseasonal rainfall and an unusually warm winter have made farming unviable for many farmers in Bundelkhand, a region in central India, over the last few years. Water Conservationist, Rajendra Singh said it was a matter of grave concern that farmers from many areas in Bundelkhand have sold their blood due to successive droughts.

Colorado debates organic labels for marijuana [19 February/ NZ Herald] Colorado has started work on becoming the first state to regulate organic labels in its marijuana industry. Colorado Democrat Representative, Jonathan Singer said consumers had the right to know what they were putting in their body. Mr Singer explained that the bill did not specify what growers would have to do to get the certification and did not say which pesticides would be off limits for organic growers. Sweet Grass Kitchen CEO, Julie Berliner said she was concerned that the industry would have to pay for the privilege of having regulators check to see if their plants were organic.

WA farm lobby group WAFarmers supports CBH Group's co-operative model [19 February/ ABC Rural] Australian Grains Champion has presented a proposal to the CBH Group board to transition the Australian grain handler from a co-operative model to a corporate structure. WAFarmers Lobby Group President, Tony York said the co-operative model had proven to be an effective mechanism, and thought CBH could be competitive in the future either as a co-operative or corporate model. Mr York added that it was up to Western Australia grain growers to decide the future of the co-operative.

Blue carbon schemes: conserving coastal areas or commodifying nature [21 February/ The Guardian] At the Climate Action Zone in Paris, attendees have raised questions about the blue carbon initiatives that were put forward by the United Nations Framework Convention on Climate Change. The blue carbon initiatives aimed to protect and develop the coastal ecosystems which stored carbon dioxide, as they played a pivotal role in pollution filtration and carbon storage which was crucial for mitigating global greenhouse gas emissions and combating climate change. However, other organisations have called the initiative a false solution. Afrika Kontakt Political Affairs Chair, Mads Barbesgaard said it was virtual ocean-grabbing, under another name. Mr Barbesgaard added that the initiatives did not tackle the core issue that was driving the climate crisis, which he believed was pollution caused by transnational corporations and unsustainable industrial techniques.

Food trade group will create a 'natural' label in absence of US government regulation [21 February/ The Guardian] Organic and Natural Health Association CEO, Karen Howard said the organisation would roll out a certification programme which would offer a natural seal that participating companies could put on front of their product packaging. Ms Howard said it became clear that the association needed to define the word natural, as the Food and Drug Association which regulates food labelling had not developed a definition for the term. Ms Howard explained that the seal would not be a government approved package label, but would be a way for manufacturers to help consumers understand the contents of the food they were purchasing. Ms Howard added that the seal's requirements would be stringent and would overlap the requirements of organic foods in most cases. Ms Howard noted that companies would have to pay a small fee for the seal and would have to pay to go through the compliance process themselves.

Mounting concern over tax changes, as backpackers say they'd think twice about coming to Australia [22 February/ ABC Rural] More than 26,600 people have signed a petition asking the Australian Federal Government to rethink its backpacker tax changes. The proposed changes which would see the tax free threshold scrapped and a 32.5 percent tax rate introduced. Working Holiday Jobs and Fruit Picking Jobs Website Owner, Dimitri Roumpos said a survey of his members showed that 90 percent would be deterred from farm work if the tax changes were introduced. Mr Roumpos explained that the tax changes would send backpackers to other countries such as New Zealand, where the tax rate was 15 percent. The Federal Government said the changes would deliver \$540 million to the budget bottom line, but this number assumed no change in the number of backpackers visiting Australia for a working holiday. Deputy Prime Minister, Barnaby Joyce said that if there was a serious effect on backpacker numbers once the change occurred, they may need to reconsider.

Farmers and producers

Ahuwhenua Trophy finalists announced [17 February/ Radio NZ Rural] The finalists for this year's Ahuwhenua Trophy have been announced. The award focusses on excellence in the Maori agribusiness sector and switches between dairy farming and sheep and beef farming in alternate years. This year's dairy farming finalists are Ngai Tahu Farming, Tewi Trust and Rakaia Incorporation's Tahu a Tao farm. Each finalist would now host a field day in March before the winner is announced in Hamilton on 20 May.

Landcorp not renewing Shanghai Pengxin contract [17 February/ Radio NZ Rural] Landcorp Farming and Shanghai Pengxin have decided to go their separate ways once their sharemilking contract comes to an end in June 2017. Landcorp would continue to run Pengxin's 16 farms over the next 18 months to ensure a smooth transition of the properties, stock and staff. Landcorp Chief Executive, Steve Carden said the partnership had worked well, and the plan was to refocus the company's energies on areas of added value. Mr Carden said Landcorp was optimistic about the longer term prospects of dairying, but needed to make changes to the company's environmental approach and their treatment of animals and staff. Pengxin New Zealand Chief Executive, Andy Macleod said the contract with Landcorp had been worthwhile and the company was comfortable with the change.

Better understanding needed [18 February/ Rural News] Massey University Institute of Agriculture & Environment Professor, Peter Kemp said all policy and rule makers in local and central government should properly understand farm systems and how they are run. Mr Kemp said a lot of farmers have made the effort to understand policy, but policymakers were focused on compliance without being fully engaged with how a farm system had to be run and managed. Mr Kemp added that it was important the rural community made an effort to educate policymakers.

Agribusiness Education

Kellogg Rural Leadership Programme [18 February/ Kellogg's Marketing] Applications to take part in the second 2016 cohort of the Kellogg Rural Leadership Programme close on 21 March. The programme is one of New Zealand's premier rural leadership programmes with alumni in influential positions across the agricultural and horticultural industries and rural communities. Participants would gain confidence and leadership skills and an understanding of the New Zealand primary sector strategy, leadership and management issues. Participants would also be introduced to industry leaders, subject matter experts and strategic influencers in the primary sector. The programme runs from 14 June – 17 November and includes four modules of experiential learning. The next programme will run from 24 January 2017 – 29 June 2017. Interested individuals should go to www.kellogg.org.nz.

Arable

NZ could miss boat on medical cannabis exports [19 February/ NZ Herald] Horticulture Expert, Dr Mike Nichols said New Zealand could miss out on the opportunity to become an exporter of medicinal cannabis. Mr Nichols said there was excellent potential to grow and export medicinal cannabis in New Zealand at this point in time. Mr Nichols explained that the value of a kilogram of medicinal cannabis greatly exceeded that of other plants, and that New Zealand should be producing and exporting more of these high value, low volume products. Mr Nichols added that Australia would likely take the lead in terms of relaxing the laws around medicinal cannabis, while this appeared to be on the distant horizon in New Zealand.

Pork

Backyard pigs pose biggest threat to industry – New Zealand Pork [19 February/ Rural News] NZ Pork Chairman, Ian Carter said backyard pigs on farms or properties posed the biggest threat of foot and mouth disease entering the country, if the operators of the farms did not know the food regulations. Mr Carter said imported fresh pork posed one of the biggest risks, explaining that by the time it was identified that a country had foot and mouth disease, meat may have already come to New Zealand. Mr Carter said New Zealand had to implement a very tight biosecurity programme to restrict what came into the country. Mr Carter said all the industry could do was inform the public that a Pig Care Accredited, 100% New Zealand Pork label on a product indicated that it met the high New Zealand welfare standards and was fresh.

Future of Food

Calls for wonky fruit and veg to join the 'perfect' shapes in supermarkets [21 February/ Business Day] New Zealand supermarkets have not been selling oddly shaped fruit and vegetables, as they only sell A-grade fruits and vegetables at a premium price. Federation of Family Budgeting Representative, Raewyn Fox said the oddly shaped fruit and vegetables were still fit for human consumption and would help customers living on tight budgets if they were made available for sale. Potatoes New Zealand CEO, Chris Claridge said there had been a big push from the industry to be more sustainable, utilise the entire crop and mitigate waste. Foodstuffs, owner of New World and Pak'n'Save, said it would not consider selling cosmetically challenged fruit and vegetables because it believed customers come to the supermarket to buy produce that looked the way it was supposed to. Progressive Enterprises, owner of Countdown, said it would not consider the idea at the moment, but it was on the company's radar and could be looked at in the future.

Deer

Farm venison prices highest in four years [23 February/ Deer Industry NZ Media Release] Deer Industry New Zealand Chief Executive, Dan Coup said venison prices were the highest they have been in four years, peaking at \$8.63 per kilogram in 2015. Mr Coup said the average stag venison price has increased by 16 percent from \$6.30 per kilogram last year to \$7.28 per kilogram this year. Mr Coup explained that this increase reflected an 11 percent currency gain and a 5 percent market gain. Mr Coup said that venison exports had dropped in volume by 5 percent to 15,035 tonnes. Mr Coup added that a key industry objective was to build year round demand for chilled venison at premium prices in new markets and new segments of existing markets.

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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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