

AGRIBUSINESS

FIELD NOTES

Weekly news update from the KPMG Agribusiness network

16 March 2016

Organisations referenced in this week's Field Notes include:

Agcarm	Fonterra Co-operative Group
AgriHQ	Genius Link Asset Management
Alibaba	Good and Agriculture Organisation
Almarai	Harwood Farm Trust
ASB	Ikea
Australia Investment Review Board	Landcare Research
Australian Banking Association	Leagues of Tea Growers
Australian Bureau of Statistics	Livestock Improvement Corporation (LIC)
Australian Rural Capital	Lincoln University
Austrian Wine Marketing Board	Metropolitan District of Southern California
Central Otago Winemakers Association	Ministry for Primary Industries
Charcuterie du Pacifique Sud Limited	National Milk Producers Federation
Coca-Cola	Nestle
CommSec	New Zealand Rock Lobster
Cramac5	Ontario Beekeepers' Association
Dairy Companies Association	Pest Management Regulatory Agency
Dairy NZ	Plant Based Foods Association
DTS	Rabobank
E Tū Union	Reserve Bank
Ecovative	Shanghai Pengxin
European Union Agricultural Council	Statistics New Zealand
Farmers of Ontario	Synlait
Federated Farmers	University of California
First NZ Capital	

This week's headlines

Apiculture	Bees in better shape than overseas: survey [10 March/ Business Day; NZ Farmer]
Dairy	Fonterra to sell Annum baby formula brand in NZ [14 March/ Radio NZ Rural]
Economics and trade	US dairy farmers back TPP deal [14 March/ NZ Farmers Weekly]
Farmers and producers	Worst case scenario: Farm prices tumble 40pc [12 March/ NZ Herald]
Animal welfare	Charges laid in bobby calf case [9 March/ Dairy News]



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

AgriHQ Pulse: Ian Proudfoot's latest opinion piece**Keeping up with Kampot: Proactively protecting the value inherent in the origins of our products**

Pepper farmers in the small province of Kampot in Southern Cambodia have been celebrating this week having been granted protected geographical indication by the European Union. Their peppercorns, which come in white, red and black and are considered to have a unique and highly desirable flavour, join products such as Gruyere cheese and Melton Mowbray pork pies, as only being able to be sold in the European Union under their world famous names if the product actually comes from the geographical region of origin. This protection is seen as highly desirable as it differentiates the provenance of authentic products from alternatives produced elsewhere around the world.

Also last week, Italian lawmakers tightened the laws and penalties imposed on olive oil distributors that choose to counterfeit or misdeclare the origin of their products. The initiatives are part of a priority strategy by the Italian Prime Minister, Matteo Renzi, to promote authentic Italian grown and pressed olive oils to secure greater value for the participants in the industry.

Both the pepper farmers of Kampot and Italian olive growers will benefit financially from these statutory protections that clearly link their products to the places that they come from. The news raised an obvious question for me; for which of our basket of premium food, beverage, fibre and timber products have we been able to secure international recognition of their unique geographical origins.

A search of the EU database of registrations showed up no New Zealand entries despite the emphasis placed on our products being from New Zealand in the marketing and promotion strategies that companies adopt around the world. It is worth noting that the government did take action last year to provide geographical protection to wine produced in key wine regions, such as Marlborough. In addition, some companies gain temporary protection for the products that they produce, through mechanisms such as plant variety rights, which provide exclusive rights to use a cultivar for a period of time.

However, there is no doubt that the lack of protection afforded to the geographical origin of some of our unique products, Manuka Honey being the most obvious example, makes it harder for organisations to capture the full value of their products in the market. Without statutory protection, it is almost impossible to stop cheaper, commodity products being passed off as a higher value variety, given the financial incentives available to those prepared to put a high value label on a basic product. The consequence, is that many consumers buying what they believe to be a New Zealand product get a substandard experience and are unlikely to continue to pay a premium for our genuine New Zealand products.

There is ongoing discussion about what the primary sector can do to protect itself from the large value losses it suffers as a result of competitors counterfeiting products and passing them off as being from New Zealand. Risks to the integrity of a product arise at many points along the value chain, but can also arise outside of value chains we exercise influence over (particularly in relation to counterfeit products). An effective solution needs not only to provide assurance over product integrity at every step of our controlled value chain right through to the customer, but sufficiently differentiate our value chain making it impossible for competitors to claim New Zealand origin for counterfeit products.

Solutions have been proposed, and in some cases developed, including chemical fingerprinting of products, edible branding of foods, app backed barcodes that provide the consumer with certainty over supply chain integrity and authenticated distribution networks, but many of these are trying to retrofit solutions into markets that are already rife with counterfeiting. While these efforts need to continue, there are two areas where I believe the industry in New Zealand, in collaboration with the government, should be focusing significantly more attention.

Firstly the counterfeiting issue is not one we can control within our own borders, it needs a global solution, yet compared to many other areas of crime, the global management tools for primary product fraud are limited. We have more to lose in this area than many, and as a consequence the New Zealand government should take a lead in establishing an effective global coalition to ensure the safety and integrity of the food supply chain through verifying the origin of products.

Secondly, we need to think carefully about what are the game changer products that we may be able to develop and commercialise in the coming decades. Many of these products exist already in our unique native flora and fauna. We need to seek geographical protection now for these products so that they can only ever come from New Zealand and then develop the stories and verify the science to create new opportunities to realise value for the whole of New Zealand.

The reality we face is that others often see greater value in products from New Zealand than we do ourselves and will do their utmost to capture a share of our value. In a world where value chains are becoming longer and more geographically remote, we need to be proactive, like the farmers of Kampot, if we are to increase the likelihood of capturing all the value we create.

This article was first published in the AgriHQ Pulse service on 11 March 2016. AgriHQ Pulse can be accessed from www.agrihq.co.nz

Viticulture

Marlborough economy hits \$2.5 billion high, driven by wine industry [10 March/ Business Day: NZ Farmer] According to Statistics New Zealand figures, Marlborough's GDP has increased by 28 percent to \$2.5 billion since 2010. This was the third largest increase in New Zealand behind Canterbury and Auckland. ASB Rural Economist, Nathan Penny said the wine industry was the driving force behind the growing economy. Mr Penny added that the region had established a reputation as a producer of premium wine, leading to strong demand and high prices. Mr Penny added that the strength of the economy in the United States, New Zealand's biggest export market, was good news for Marlborough wine producers.

Sparkling variety harvest begins [10 March/ Otago Daily Times] Harvesting of pinot noir and chardonnay grapes used for sparkling wine began this week for Central Otago vineyards. The main harvest for still wines would start around Easter. Central Otago Winemakers Association President, James Dicey said that despite a dry season, the grapes were looking good. Mr Dicey added that the dry season caused mild stress which meant the wines would have greater depth and intensity.

Apiculture

Bees in better shape than overseas: survey [10 March/ Business Day: NZ Farmer] According to a Landcare Research survey, New Zealand bee hive losses were 11 percent compared to 17 percent in the northern hemisphere. The major causes of hive losses were problems associated with queen bees, such as the absence of a queen or the death of the queen. Agcarm President, Mark Christie said the survey showed neonicotinoid insecticides, which were blamed for bee losses in the northern hemisphere, were not a threat to hives in New Zealand. Green Party Member of Parliament, Steffan Browning said that while bees were not dying from insecticides, they became inefficient at collecting pollen. Mr Browning added that some queen bee problems could be related to insecticides. Mr Browning noted that more research should be carried out on this issue in New Zealand.

Fishing and aquaculture

Marlborough Sounds recreational fishing park will create conflict and over-fishing in other areas [10 March/ Business Day: NZ Farmer] New Zealand Rock Lobster Director, Larnce Wichman said a submission had been presented on behalf of the Cramac5 commercial fishing stakeholders group, saying that the proposed Marine Protection Areas Act had been hastily conceived and included little structure on how the proposals would work. Mr Wichman said the group's submission supported a review of marine protected areas but did not support the process being used to achieve the changes. Mr Wichman added that the group believed the proposed changes would create over fishing and unnecessary conflict among commercial fishermen. Mr Wichman noted that there was too much unknown within the proposals, such as who would manage the recreational fishery, how they would be managed, and how big the proposed Marlborough Sounds marine park would be.

Dairy

Farmer: NZ dairy hit by EU subsidies [9 March/ Radio NZ Rural] Waikato Sharemilker, Matthew Zonderop said global milk prices would remain low if foreign governments continued to subsidise farmers' incomes. Mr Zonderop said the lower milk prices reflected an oversupply of milk around the world, particularly out of the European Union, as well as sluggish demand and trade sanctions on Russia. Mr Zonderop said he disagreed with Fonterra's view that the downturn was cyclical, and believed it rather was a structural change within the industry.

Fonterra to close plant [10 March/ Dairy News] Fonterra New Zealand Manufacturing Director, Mark Leslie said Fonterra would be closing its Kaikoura site, with 22 jobs set to go. Mr Leslie said the Kaikoura site produced a small volume of specialty cheese, and moving this production to other sites would significantly reduce costs for the co-operative and its shareholders. Mr Leslie added that Fonterra's main priority was to support its employees and discuss future employment opportunities with them.

Rules brought in for high risk raw milk [11 March/ Business Day: NZ Farmer] The Ministry for Primary Industries has classified raw milk as a high risk food and introduced new rules about its safety. The rules came into force for unpasteurised milk sold at the farm gate after the ministry expressed concerns about its food poisoning risks. Raw milk which is not pasteurised may contain bacteria as it has not been through the disease killing process. Primary Industries Regulation and Assurance Deputy Director, Scott Gallacher said farmers would need to meet the new requirements if they wanted to sell raw milk directly to consumers. Mr Gallacher added that under the new rules, farmers would need to meet strict criteria around their premises and equipment, and ensure animals were in good health. Farmers who sell raw milk to consumers had until 1 November to transition to the new requirements.

Fonterra manager resigns [11 March/ Dairy News] Fonterra People, Culture and Safety Managing Director, Maury Leyland has resigned for personal reasons. Fonterra Chief Executive, Theo Spierings said Ms Leyland has made a significant contribution to Fonterra over the past 11 years. Mr Spierings added that Ms Leyland had stepped up to work closely on the WPC80 precautionary recall, and led the response to the 1080 contamination threat. Mr Spierings noted that the process to appoint Ms Leyland's successor was underway. Ms Leyland's resignation would be effective from 31 March.

Government gives dairy farmers mixed messages on growth, climate change and nutrients [11 March/ Business Day: NZ Farmer] Waikato Agri Ecology Consultant, Alison Dewes said farmers were the victims of poor leadership at central and regional government level. Ms Dewes explained that contrasting messages were being delivered to dairy farmers on growth, climate change and nutrients. Ms Dewes said nitrous oxide levels could be reduced by 40 percent, but the new freshwater plan would not allow for this. Ms Dewes added that another mixed message was around growth, with farmers encouraged to grow their businesses, only for the world market to be flooded with milk. Ropere Consulting Macroeconomist, Peter Fraser said mega farms were not economically viable, and that with decent economic analysis, better environmental outcomes would follow. Mr Fraser added that all good dairy land had been used, so farmers have spread into areas with high production costs which made them less competitive than North American and European farmers.

Synlait may need new capital investment: analysts [14 March/ NZ Herald] First NZ Capital analysts said South Island dairy processor, Synlait would need to consider expanding its blending and canning facility as early as next year given the rapid growth in A2 infant formula sales and the launch of the Munchkin Fed infant formula. Synlait said it was currently working through the production aspect of Munchkin's Grass Fed infant formula and a launch date was yet to be confirmed. Synlait Chief Executive, John Penno said the total sales volume was predicted to grow from 97,800 metric tonnes in the 2015 financial year to 122,500 metric tonnes in 2016, with more than half of that growth as a result of increased infant formula sales.

EU moves could backfire [14 March/ NZ Farmers Weekly] The European Union Agricultural Council would consider using financial incentives in an attempt to persuade farmers to reduce their milk production in 2016. The council may also increase stockpiling of skim milk powder and butter to help decrease dairy production. The French proposal would pay farmers \$160 for every 1,000 litres of milk not produced in comparison to last year. Dairy Companies Association Chief Executive, Kimberly Crewther said these steps would not solve the issues facing the global dairy industry, and could delay global recovery. Ms Crewther added that stored dairy products would not disappear and must come out of storage and be sold at some stage.

Fonterra to sell Annum baby formula brand in NZ [14 March/ Radio NZ Rural] Fonterra Brands New Zealand Managing Director, Leon Clement said the co-operative would start selling its Annum baby formula brand in New Zealand. Mr Clement said the brand was well established in the Asian market, but Fonterra wanted to boost its earnings by introducing the product to the local market, which was worth around \$75 million a year. Mr Clement added that the move was not in response to tough overseas markets or a need to use up surplus product. Mr Clement noted that the move followed Fonterra's strategy to add value to their products.

Red Meat

Weaner prices up by as much as 21 percent [14 March/ Radio NZ Rural] Weaner prices have increased by 21 percent compared to last year, with prices in some areas reaching over \$200 a head. According to market experts, dairy farmers have turned to beef to increase their profits as they could not afford winter grazing. AgriHQ Analyst, Mel Croad said the threat of a dry summer and drought meant farmers were destocking as they did not want to take any risks.

Rural infrastructure

Jobs to go at South Taranaki firm as dairy downturn bites [10 March/ Taranaki Daily News] Union Organiser, Ross Henderson said staff at DTS had been told only 12 jobs would be left out of the current 48 due to a restructure after a decrease in dairy demand. DTS Managing Director, Greg Muir said it was a challenging time for all the people involved and there was genuine disappointment as it impacted people's lives. Mr Muir explained that the workers had a week to decide if they wanted to apply for the remaining positions. Whanganui Member of Parliament, Chester Borrows said this was the first big hit to the local area which was most likely attributable to the dairy downturn.

LIC sheds jobs, calls consultants to cut costs [11 March/ Business Day: NZ Farmer] Livestock Improvement Corporation Chief Executive, Wayne McNee said the co-operative had cut eight jobs and was bringing in consultants to decrease its costs. Mr McNee added that it was too early to say whether there would be further job losses. Mr McNee said the co-operative had already cut costs by \$10 million, but was seeking help from consultants to reduce them further. Mr McNee explained that LIC was still developing new products and wanted to grow the business, but farmers' ability to purchase new technology was restricted due to the milk price downturn.

Biosecurity

Small outbreak of velvetleaf weed in South Canterbury [11 March/ Business Day: NZ Farmer] Plants and Environment Surveillance Manager, Mark Bullians said the Ministry for Primary Industries had positively identified velvetleaf on 10 properties across the South Island, with another seven further cases yet to be verified. Velvetleaf is a weed that crowds out crops and competes with them for nutrients, water and space. The Ministry for Primary Industries was investigating how the weed arrived and how widespread the problem was. Mr Bullians said he hoped the velvetleaf plants could be located and removed, as the problem could persist for decades if the plants spread their seeds.

International

Ikea plans mushroom-based packaging as eco-friendly replacement for polystyrene [24 February/ The Telegraph] Ikea Head of Sustainability, Joanna Yarrow said the Swedish furniture retailer planned to use packaging made with mushrooms as an eco-friendly replacement for polystyrene. Ms Yarrow added that the company was looking at introducing the mycelium fungi packaging because a lot of products come in polystyrene which was very difficult to recycle. Ms Yarrow explained that while polystyrene took thousands of years to decompose, mycelium packaging could be disposed of by throwing it in the garden where it would biodegrade naturally within a few weeks. The packaging was developed by United States firm Ecovative.

Rural e-commerce helps farmers save during spring planting [6 March/ China Daily] Chinese e-commerce sales increased by 21.2 percent in 2015 to CNY 16.2 trillion, despite the economic slowdown and stock market collapse. E-commerce companies such as Alibaba have been looking beyond the young, well educated, urban demographic, and have headed for the countryside where approximately half of China's population live. Alibaba Rural Taobao Department Head, Li Li said the company planned to invest CNY 10 billion to establish 100,000 village service centres in the next three to five years, in order to teach rural people how to use the internet to their advantage.

Water-poor Saudi Arabia moves farming venture to drought-stricken California [7 March/ The Guardian] Almarai has purchased 1,790 acres of land in California for the sole purpose of growing alfalfa cattle feed for its dairy cows, as the Saudi Arabian dairy giant has begun to run out of water. The cattle feed would be shipped to Saudi Arabia to feed Almarai's estimated 1 million dairy cows. University of California Economics Professor, Christopher Thornburg said the state would be exporting water in the form of alfalfa across the globe in the middle of a drought at shockingly low prices. Mr Thornburg added that agencies such as the Metropolitan District of Southern California were forced to buy land with good water rights like Almarai had done, as water was not freely available on the open market.

Chinese takeover of Australia's largest agricultural land holding receives lifeline [7 March/ China Daily] Australian Rural Capital has announced it would partner with Shanghai Pengxin to launch a new bid for Australia's largest agricultural land holding, Kidman Empire. Australia Treasurer, Scott Morrison rejected Shanghai Pengxin's previous bid, worth almost USD 275 million, after he found it failed to meet the prescribed national interest test. The new joint bid would be analysed by the Australia Investment Review Board, before Mr Morrison would make another ruling. Genius Link Asset Management, a Hong Kong group, may tender a separate bid in competition to the joint bid.

Agriculture Farmers prepare for fight against pesticide laws [8 March/ The Globe and Mail] Farmers of Ontario Chairman, Mark Brock said five busloads of farmers were expected to converge on a Toronto courthouse where their lawyers would fight Ontario laws that restricted the use of pesticides which were blamed for the decline of bees and other pollinators. Farmers of Ontario Lawyer, Eric Gillespie said new information had come from the Pest Management Regulatory Agency that indicated the effects of the pesticides on bees had been overstated. Mr Gillespie added that growers would face negative financial consequences if they lost the ability to use pesticides. Ontario Beekeepers' Association President, Tibor Szabo said the anticipated bans were welcome news for beekeepers, who had endured years of having to pay to replace dead hives.

UN says 34 countries don't have enough food for their people [10 March/ NZ Herald] According to the Food and Agriculture Organisation's Crop Prospects and Food Situation report, 34 countries have not got enough food for their people because of conflicts, drought and flooding. Almost 80 percent of these countries were in Africa. The report said conflicts in Iraq, Yemen, Somalia, and the Central African Republic had taken a heavy toll on agricultural production, worsening the humanitarian crisis in those countries. The report added that droughts associated with El Niño had reduced 2016 crop production prospects in southern Africa, and may affect the planting of crops in Central America and the Caribbean. The report noted that droughts and floods had sharply decreased crop production in North Korea.

Nestle to invest 25m in Limerick R&D centre [10 March/ Irish Examiner] Nestle Research Chief Technology Officer, Stefan Catsicas said the company has planned a EUR 25 million significant expansion of its existing research and development centre in the Irish county Limerick. The facility already produced a range of premium powdered milk based products for export. Mr Catsicas said the improvements would make the centre a leading laboratory in food and life sciences, allowing Nestle to remain at the forefront of infant and maternal nutritional product development. Mr Catsicas added that the centre would enable the company's scientists to explore nutritional opportunities that could improve the health and wellness of children's lives.

Australia seeing agribusiness revolution – report [10 March/ Agri Investor] According to a Colliers agribusiness report, Australia's rural and agribusiness sector would be revolutionised by increased long term investment. The report said large scale almond and citrus assets in Australia were a new driving force for investment due to fast growing demand from China. Increasing water prices which were expected to remain high meant water assets were often bundled into the sale of properties. The report added that long term views on property purchasing in regions of New Zealand outweighed the short term pricing concerns. The report noted that New Zealand's viticulture, beef and sheep industries were gaining momentum.

Miracle grow farming in Africa [11 March/ The Economist] Between 2000 and 2014, grain production has tripled in African countries such as Ethiopia, Mali and Zambia. African farmers were no longer banned from selling their crops in open markets, border tariffs have been lowered, and export bans have become rarer. As a result, African innovation has accelerated with a large increase in the number of seed companies producing clever hybrids. Although progress has been made, African farms remained far less productive than Asian ones, with Chinese farmers able to harvest three times as much grain per hectare. Africa should prioritise removing the remaining barriers to innovation in farming, as it still takes years to get new hybrid seeds approved in some countries.

Awesomely Austrian A three-decade strategy has pushed Austria's wines into new markets [11 March/ The Irish Times] Over 50 producers showed their wines at a tasting organised by the Austrian Wine Marketing Board. After being set up 30 years ago, the board has been a key part of the revolution that transformed the fortunes of Austrian wines domestically and on the international market. Over the past 30 years Austrian wine exports have increased from three million litres to 50 million litres. Austria was also one of the earliest movers to organic food, and there has been a big effort to increase sustainable viticulture over the last decade. Approximately 10 percent of Austrian vineyards were now organic.

Vegan-friendly food companies launch first US trade group to promote plant alternatives [11 March/ The Independent] Over 20 vegan food companies have come together to launch the Plant Based Foods Association. The association would be the first United States trade group dedicated to the promotion and protection of the vegan industry which is now worth USD 3.5 billion. Plant Based Foods Association Executive Director, Michele Simon said there was a perception that eating healthy was expensive, but the reason for this was that the United States subsidised unhealthy eating. Ms Simon added that the association wanted to make healthy and sustainable foods more accessible and affordable.

High-tech farmers cropping up [13 March/ The Straits Times] Farmers in Singapore have started to use high tech and high yield methods to overcome the limitations of traditional farming. Farmers have been running indoor vertical vegetable farms that grow crops in layers, and raising fitter fish that are robust against aqua diseases. S. Rajaratnam School of International Studies Research Fellow, Jonathan Lassa said crops grown in a controlled environment could have several advantages, including a lower carbon footprint and less water wastage.

Pricey tea a growing niche crop in US, even Canada [14 March/ NZ Herald] Tea Consultant, Nigel Melican said there was money to be made growing tea for the specialty market because Americans were willing to pay for what they considered top quality. Mr Melican said United States wages were too high to compete with overseas farmers who grew the commodity tea commonly found on supermarket shelves. United States League of Tea Growers President, Tygh Waters said it took about five years for plants to grow big enough to survive repeat harvests.

Agribusiness lending hits six-year highs as confidence in sector surges [15 March/ ABC Rural] According to figures from the Australian Bureau of Statistics, lending to Australian Agribusinesses has hit a six year high. CommSec Chief Economist, Craig James said the weaker local currency, low interest rates, and strong interest in agricultural assets from overseas investors all contributed to the increased demand for finance in the sector. Australian Banking Association Executive Director, Tony Pearson said farmers were financing a range of new activities such as buying new machinery and equipment, investing in new irrigation or fencing, and building new sheds.

Economics and trade

Meat and dairy decline offsets manufacturing growth [9 March/ Otago Daily Times] Manufacturing volumes across New Zealand rose in the quarter to December, but a 4.8 percent decrease in the value of meat and dairy meant overall values decreased by 1.9 percent. Statistics New Zealand Business Indicators Manager, Neil Kelly said meat and dairy manufacturing sales had increased, following a large increase in the previous quarter. ASB Senior Economist, Jane Turner said meat and dairy sales volumes were slightly stronger than expected.

Economy Hub: Rate cut - new mood or bluff? [11 March/ NZ Herald] The Reserve Bank has cut 25 basis points from the Official Cash Rate, decreasing it to a record low of 2.25 percent. Reserve Bank Governor, Graeme Wheeler said deterioration in the global growth outlook, dairy challenges, and persistently low inflation were reasons for the cut. Mr Wheeler added that cheap fuel and other imports continued to keep inflation low and he did not expect inflation to reach the targeted mid-point of 2 percent until March 2018. ASB Chief Economist, Nick Tuffley said the market was surprised at the cut, as Mr Wheeler had implied the Reserve Bank was a long way from contemplating a decrease in the Official Cash Rate in his speech on 3 February. Most major banks have predicted there would be one more cut this year.

US dairy farmers back TPP deal [14 March/ NZ Farmers Weekly] The United States National Milk Producers Federation (NMPF) has formally endorsed the Trans Pacific Partnership (TPP), despite limited openings for its members in the export markets of Japan and Canada. An industry insider said the NMPF was the most powerful dairy organisation in the United States, and its considerable influence over a large section of the United States Congress was significant to the deal's chance of being ratified. Under the terms of the TPP agreement, American and Japanese lawmakers had to approve the deal before it could enter into force. Lincoln University International Trade Professor, Crawford Falconer said the endorsement would not make a profound difference to the overall balance, as there was still considerable opposition to the deal from the pharmaceutical and tobacco industries in the United States.

Farmers and producers

Worst case scenario: Farm prices tumble 40pc [12 March/ NZ Herald] According to Reserve Bank stress tests, farm prices would fall by up to 40 percent and banks would have to write off up to 15 percent of their loans if dairy prices stayed at current levels for three more seasons. Reserve Bank Governor, Graeme Wheeler said this extreme scenario would be very challenging and put pressure on the whole economy, but he thought the banks could survive. Mr Wheeler said the cost of borrowing for New Zealanders could rise under this scenario as credit risk rose.

Farmers won't be getting bailout [14 March/ NZ Herald] Finance Minister, Bill English said he has ruled out a bailout for struggling dairy farmers after Labour Leader, Andrew Little said the Government should consider emergency relief similar to that available in droughts. Mr Little said the government should also stiff arm the banks to ensure farmers were not forced off their land just because they could not keep up their mortgage payments. Mr English said there were systems for dealing with hardship such as tax relief and Rural Assistance Payments for families.

Farmers discuss slump options [15 March/ NZ Herald] Federated Farmers and Dairy NZ have been holding meetings throughout New Zealand, aimed at helping farmers through the downturn. Federated Farmers Dairy Chairman, Andrew Hoggard said they were trying to get sharemilkers and farm owners to discuss their options. Mr Hoggard added that the theme of the meetings was on the need for good communication between farm owners and sharemilkers.

Food safety

Gourmet products recalled due to listeria fears [11 March/ NZ Herald] Charcuterie du Pacifique Sud Limited has recalled a range of gourmet ready to eat meat products because of fears they may contain listeria. The products the company recalled were five of their 100 gram terrines and rillettes under the L'Authentique brand, with a use by date of 14 March 2016 or 21 March 2016. A representative from the Ministry for Primary Industries said people should not eat the affected batches in case they are contaminated. Listeria is a bacteria which can make people sick, and poses a greater risk to pregnant women and their unborn babies.

Coca Cola health research funding revealed [12 March/ NZ Herald] Coca-Cola New Zealand has donated \$421,970 to various partnerships and health and wellbeing research programmes over the past six years. Coca-Cola South Pacific President, Roberto Mercade said most of Coke's funding in New Zealand went to partnership programmes. Mr Mercade explained that these were primarily local community projects designed to have the most positive impact possible in the communities they operated in. Mr Mercade added that the company also supported scientific research to better understand the role Coke's drinks played in people's diets and consumer behaviour, including physical activity and lifestyle behaviours.

Agribusiness education

Dannevirke: Record number apply to trust [10 March/ Hawkes Bay Today] The Harwood Farm Trust has received a record 68 applications for this year's scholarships. A total of 37 scholarships were awarded with a total value of \$40,000. The scholarships were established to promote the training and education of people in farming and to assist people undertaking agricultural courses.

Survey of urban teens finds alarming lack of knowledge about farming and food production [15 March/ Rabobank Media Release] According to a new Rabobank survey, teenagers in New Zealand's cities and regional towns have an alarming lack of knowledge about farming and food production, with 81 percent admitting they only knew a little or nothing at all about these topics. Rabobank New Zealand Analyst, Emma Higgins said the survey found a concerning knowledge gap among the younger generation when it came to agriculture and farming, and this highlighted the disconnect between urban and rural New Zealand. Ms Higgins added that the results were particularly surprising given the significance of agriculture in New Zealand's economy. Ms Higgins noted that it was encouraging to see that most urban teenagers surveyed perceived farming and food production as extremely important or very important to New Zealand.

Wool

Blairich merino sheep classing highlights trans-Tasman co-operation [10 March/ Business Day: NZ Farmer] Professional Merino Sheep Classer, Chris Bowman makes two trips a year to Blairich Stud in Marlborough to help class ewes. Mr Bowman classes around 200,000 sheep a year, working for 20 clients in New Zealand and 80 clients in Australia. Blairich Stud Owner, Ron Small said merino breeding can be fiercely competitive, but breeders also worked closely with each other so that the best ewes went to the best rams. Mr Small added that the merino breeding industry was in good shape.

More than a quarter of shearing workers from overseas [14 March/ Business Day: NZ Farmer] New Zealand Shearing Contractors Association President, Jamie McConachie said the industry was going to suffer without an industry training system. Mr McConachie said there were gaps in the industry, with 27 percent of the shearing staff working in New Zealand in January to February coming from the United Kingdom, Australia, America and Europe. Mr McConachie explained that there was a fundamental problem with the industry as there was no official training programme and young people did not see it as a viable long term option.

Animal welfare

Charges laid in bobby calf case [9 March/ Dairy News] The Ministry for Primary Industries has charged an individual in relation to an investigation into animal welfare offences involving bobby calves. The investigation began in September 2015 when the Ministry for Primary Industries received hours of footage containing alleged offences involving bobby calves. MPI investigators were actively pursuing other lines of inquiry.

Poultry

Counting chickens: Tegel's value estimated ahead of sharemarket listing [14 March/ Business Day] Deutsche Bank Craigs has valued Tegel in the range of \$628 million to \$704 million ahead of its planned sharemarket listing. Goldman Sachs valued the company in the range of \$628 million to \$790 million, while First NZ Capital's valuation was between \$670 million and \$695 million. The forecasts value the company at between 8.9 times and 10.8 times its forecast operating profit for the 2017 financial year. Tegel's majority owners bought the company in 2011 in a deal valued at \$605 million.

Health and safety

Agriculture accounts for more than half of NZ workplace deaths [15 March/ Business Day: NZ Farmer] Workers in the agriculture sector are almost 20 times more likely to be killed compared to workers in other sectors. Labour Workplace Safety Spokeswoman, Sue Moroney said National was putting farmers, farm workers and their families at risk by failing to provide the full protection of health and safety laws for the most dangerous of workplaces. Federated Farmers Health and Safety Chairman, Katie Milne said the statement was misleading because the agricultural data included horticulture and viticulture. Work Safe New Zealand said agriculture was a focus area which was why it launched the Safer Farms programme last year to change the health and safety culture on farms.

Water

Irrigators aghast at tourism call for five year ban on new irrigation [14 March/ Business Day/ NZ Farmer] Tourism Export Council Chief Executive, Lesley Immink said new irrigation scheme development should be banned for the next five years. Ms Immink said she was concerned about the international implications for tourism if a visiting family got sick from a polluted waterway. Irrigation New Zealand Chief Executive, Andrew Curtis said he had spoken to Ms Immink about the work irrigators were doing to improve water quality. Mr Curtis said the main reason the organisation did not want a ban was that a lot of environmental issues would be resolved with the new schemes.

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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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