

AGRIBUSINESS

FIELD NOTES

Weekly news update from the KPMG Agribusiness network

23 March 2016

Organisations referenced in this week's Field Notes include:

AgriHQ	Massey University
ANZ Bank	Ministry for Primary Industries
ASB	Ministry of Business, Innovation and Employment
Bayleys	Ministry of Health
Beef + Lamb New Zealand	Murray Goulburn
Central Districts Field Days	New Zealand Rabbit Coordination Group
Craddock Farms	Plant and Food Research
Dairy NZ	Rabobank Australia
Environment Canterbury	Real Estate Institute of New Zealand
Environment Protection Authority	Rural Health Alliance Aotearoa NZ
European Union	Scion
Farmax	Seeka
Farmers Edge	Solander Group
FarmIQ	Sunfed Meats
Fonterra Co-operative Group	Te Ohu Kaimoana
Forest Owners Association	United States Department of Agriculture
General Mills	University of Idaho
Green Party	University of Minnesota
Hawke's Bay Regional Council	Vermont Agency of Agriculture
Institute for European Environmental Policy	Walmart
KPMG	Westpac
Labour Party	World Trade Organisation
Landcare Research	Zespri

This week's headlines

Horticulture	Zespri announces more SunGold licence at start of 2016 kiwifruit season [18 March/ Zespri Media Release]
Fishing	Maori fisheries trust takes Crown to High Court over Kermadec ocean sanctuary [20 March/ Business Day]
Agribusiness strategy	Health Minister says no plans for NZ sugar tax [17 March/ NZ Herald]
Farmers and producers	Few foreign buyers as farm prices fall [19 March/ Otago Daily Times]
Animal health	Plan to unleash new rabbit killing virus [16 March/ NZ Herald]



FIELDNOTES.CO.NZ

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

Horticulture

Chinese ban kiwiberries imports [16 March/ Radio NZ Rural] Chinese Authorities have banned imports of kiwiberries, leaving New Zealand exporters scrambling to find customers for their fruit. A Ministry for Primary Industries spokesperson said they were working with Chinese authorities to resume the trade as quickly as possible. Seeka Chief Executive, Michael Franks said China's decision had taken the company by surprise. Mr Franks explained that Chinese authorities had left kiwiberries off the list of kiwifruit varieties that could be imported. Mr Franks added that kiwiberries wouldn't be able to make it back onto the list in time to export this year. Mr Franks noted that the Ministry for Primary Industries were most likely fast tracking the process, and kiwiberries should be exported to China again next year.

Zespri lifts profit expectations [16 March/ NZ Herald] Zespri has upgraded its profit forecast for the year after deciding it did not need to retain a \$13.9 million accounting provision relating to its Chinese subsidiary, ZMCC. A Zespri representative said profit for the year to 31 March was expected to be in the range of \$32 million to \$35 million, up from a previous forecast of between \$19 million and \$22 million. The representative said the Chinese subsidiary was convicted of smuggling general cargo in 2013, but all issues had now been resolved and there was no reason for Zespri to keep the accounting provision. Zespri Chief Financial Officer, Dave Hazlehurst said the company had strengthened their compliance systems in China and the country remained a major opportunity for the New Zealand kiwifruit industry.

Zespri announces more SunGold licence at start of 2016 kiwifruit season [18 March/ Zespri Media Release] Zespri has announced the company would release a further 400 hectares of its gold kiwifruit variety, SunGold, this year. Zespri Chairman, Peter McBride said releasing more SunGold hectares was exciting for the industry. Mr McBride said the decision had been made in response to overwhelming global demand for the variety. Mr McBride added that an additional 400 hectares of SunGold licence could be released each year in 2017, 2018 and 2019, depending on future global demand. Mr McBride said the Zespri board had to balance the fact that SunGold was still a relatively new product with the overwhelmingly positive customer feedback from the market. Mr McBride noted that if the full 1,600 hectares were released, it would mean more than \$200 million in additional export revenue to New Zealand.

Tasmanian growers undercut New Zealand with export subsidy [21 March/ Business Day: NZ Farmer] The horticultural industry has complained about freight subsidies for Tasmanian exporters given that they allow exporters from the Australian state to undercut New Zealand exporters in overseas markets. New Zealand onion exporters had to spend an additional \$60 per tonne on shipping to Europe, while cherry exporters saw a 5 kilogram box of cherries in Asia for \$22 less than what the New Zealand ones cost. The Australian Government subsidised Tasmanian farmers because the state was off global shipping routes. Australia defended the subsidies as being compliant with the World Trade Organisation rules, but the New Zealand horticulture industry disagrees. New Zealand had already lodged a complaint with the Australian government through the Ministry of Foreign Affairs and Trade before the scheme began.

Apiculture

More pesticides research needed - bee scientist [21 March/ Radio NZ Rural] Plant and Food Research Honeybee Scientist, Mark Goodwin said research had shown a pesticide called chlorpyrifos could threaten a bees ability to look for nectar, putting its hive at risk. Mr Goodwin said the pesticide was used on grass grub, onions and berryfruit, but a 2013 study showed it was in air, water and plant samples across the country. Mr Goodwin added that Plant and Food was not looking at the potential sub-lethal effects of pesticides in enough depth, but it would have to do so in the future.

Forestry

Alternative timbers to get a research nudge [21 March/ NZ Farmers Weekly] The Ministry of Business, Innovation and Employment has launched its specialty wood products research partnership, giving landowners a viable alternative to traditional pine plantations. The ministry matched an annual \$710,000 contribution from forest growers, with the remaining balance of \$550,000 coming from the Crown research institute, Scion. The partnership would add a new dimension to the forestry sector and is estimated specialty woods could be worth \$350 million a year by 2030. Forest Owners Association Research and Development Manager, Russell Dale said the programme offered a focused, informed approach to identifying markets and developing techniques to produce new products these species could be used for.

NZ export log prices slip on higher shipping rates, weak overseas demand [21 March/ National Business Review] New Zealand export log prices decreased this month as a result of weaker overseas demand and higher shipping costs due to an increase in oil prices. According to AgriHQ's monthly survey of exporters, forest owners and saw millers, the average wharf gate price for New Zealand A-grade logs declined from \$122 per tonne in February to \$119 a tonne in March. In the domestic market, New Zealand structural logs remained at \$109 per tonne, the highest level since August 2014. This was due to record levels of housing permits and limited supply.

Fishing

Pacific tuna study highlight illegalities in catch [17 March/ Business Day] Solander Group Director, Charles Hufflett said an estimated 300,000 tonnes of illegal, unreported and unregulated tuna taken from around the Pacific Islands each year was harming the New Zealand catch. Mr Hufflett said the West Coast was directly affected by the overfishing because New Zealand was on the end of the migratory chain and therefore only got what was left over. According to a report conducted by MRAG Asia Pacific, the estimated illegal, unreported and unregulated catch was worth USD616 million a year.

Maori fisheries trust takes Crown to High Court over Kermadec ocean sanctuary [20 March/ Business Day] Maori Fisheries Trust, Te Ohu Kaimoana (TOKM) has commenced legal action at the High Court in Wellington to prevent the Government from establishing the Kermadec ocean sanctuary. The sanctuary would close off 620,000 square kilometres to prevent fishing and mining in the area. TOKM Chairman, Jamie Tuuta said the Crown's 1992 Sealord fisheries settlement with Maori meant they should have been fully consulted in regards to the Kermadec sanctuary. Environment Minister, Nick Smith said TOKM had not caught fish in the area for more than a decade, so any claim that their rights had been infringed was very theoretical. Massey University Marine Ecologist, David Aguirre said it would be a tremendous embarrassment if the sanctuary was overturned, given the global praise the country had received for it.

Dairy

Dairy industry needs to stay competitive – DairyNZ [15 March/ Radio NZ Rural] Dairy NZ Chief Executive, Tim Mackle said it was time to look at how the dairy industry could stay competitive in the wake of a record low Farmgate Milk Price and mounting debt. Mr Mackle added that the organisation had stepped up its support to farmers and was running workshops across the country, focussing on sharemilkers working with farm owners. Mr Mackle said the main challenge for farmers this year compared to other tough years was the high levels of debt with the industry. Mr Mackle noted that the organisation was keen to see interest rates come down after the Official Cash Rate was cut.

Milk price here for rest of 2016 [17 March/ Otago Daily Times] A 2.9 percent overall fall in the Global Dairy Trade auction and a 0.8 percent decrease in the whole milk powder price has dashed hopes of a rise in global dairy prices. The fall came after the first positive result for the year in the previous auction. ASB Rural Economist, Nathan Penny said the outcome was a good reflection of the current fragility in that part of the dairy cycle. Mr Penny said any price increase in the coming months was likely to be modest, and accompanied by a subsequent price fall. Westpac Senior Economist, Anne Boniface said even if growth in global dairy supplies started to decrease, any rebound in prices was likely to be slow as a result of customers having plenty of product on hand and large European stockpiles to work through.

Crisis, what crisis? says minister [17 March/ Business Day: NZ Farmer] Primary Industries Minister, Nathan Guy said the dairy industry was not in a crisis despite a volatile market. Mr Guy said he expected Global Dairy Trade auction prices to go up and down during 2016. Mr Guy noted that the Government was doing what it could to help farmers get through the tough times, having invested an extra \$500,000 in mental health wellness initiatives, training clinics and rural professionals in order to detect early signs of depression.

Fonterra asks for a discount deal [19 March/ NZ Herald] A Fonterra spokeswoman said the co-operative would launch a supply chain finance programme next month that would allow suppliers to receive earlier payments in return for a small prompt payment discount. The spokeswoman was unable to give details about the discount or how quickly suppliers would be paid. An anonymous supplier said the programme suggested farmers had to pay Fonterra for the privilege of getting paid on time, just so the co-operative had the cash flow to keep their factories operational. University of Waikato Professor of Agribusiness, Jacqueline Rowarth said the scheme for earlier payment was extraordinary, and Fonterra should just pay their suppliers what they were due when they were due it.

Dairy must reset itself [21 March/ NZ Farmers Weekly] The future of the dairy industry was the main topic of discussion at the New Zealand Agri Investment Week. ASB Economist, Nathan Penny said farmers would become more focused on what they could control, such as productivity, rather than capital gains. ANZ Agri and Strategy Manager, Ross Verry said dairy farm governance needed to be split from ownership and daily farm management, as this would give the flexibility required to bring new capital into the business. Massey University College of Business Lecturer, James Lockhart said changes to the sector should include a shrinking of the Fonterra board to between seven and nine members.

Meat

New central South Island farmer director for Beef + Lamb NZ [21 March/ Business Day: NZ Farmer] Central South Island farmers have elected Bill Wright as their farmer director for the Beef + Lamb New Zealand Board and the New Zealand Meat Board. Mr Wright would replace Anne Munro who had served six years on the boards before retiring. Mr Wright said the board had to be clear in their vision, plan strategically and have a sound fiscal plan. Mr Wright noted that the public perception of farming needed to change.

Rural infrastructure

Farmers' data protection moves into gear [21 March/ Rural News] From early March, farm data management firms would be accredited under the New Zealand Farm Data Code of Practice. The code outlined how farmers' data was handled between various organisations. Farmax General Manager, Gavin McEwen said farmers were rightly concerned about who had access to their data and how it was being used. FarmIQ Chief Executive, Collier Isaacs said the accreditation process provided assurance to customers. Federated Farmers New Zealand Dairy Chairman, Andrew Hoggard said the code of practice would help farmers who were tired of having to supply the same data three or more times to different people.

Environment and emissions

Farmers urged to get behind new Hawke's bay biodiversity strategy [15 March/ Radio NZ Rural] Hawke's Bay farmers have been urged to support a new biodiversity strategy aimed at restoring the variety and number of species living in the region. Hawke's Bay Regional Council Terrestrial Ecologist, Keiko Hashiba said the strategy was a great milestone for those already doing work to improve the region's biodiversity, and was an opportunity for others who wanted to get involved. Ms Hashiba explained that the strategy was about aligning key agencies, connecting various groups that were working to improve the environment, and allowing these groups to share ideas and support each other.

Air New Zealand's 'critical friend' raises doubts over green branding [18 March/ Business Day] British Environmentalist and Air New Zealand Sustainability Panel Chair, Jonathon Porritt said dairying and forestry had both done huge environmental damage to New Zealand, meaning the country's "100 percent pure" brand was far from the truth. Mr Porritt explained that the dairy industry had done horrendous damage to waterways and soil quality, while forest owners had been allowed to manage their work without much concern for runoff which had done massive damage to fisheries. Mr Porritt added that it was perfectly possible for New Zealand to keep creating wealth and improving living standards while remaining within natural constraints, especially with the use of renewable energy technology such as solar power.

Farmers cock a snook at effluent, water rules [21 March/ National Business Review] Environment Canterbury has taken a soft approach to South Canterbury farmers who have ignored water restrictions and effluent rules. Over the past year there have been 350 cases of significant non-compliance, making up 18 percent of consent holders. However, Environment Canterbury has only monitored 16 percent of consent holders and visited just 40 percent of those it monitored. There were no prosecutions taken against farmers, and just three against polluting contractors. Environment Canterbury issued 39 written warnings, 11 abatement notices and five infringement notices.

Research and development

Farming robot beats drones on price, adaptability [18 March/ Radio NZ Rural] Researchers at Massey University have invented a prototype robot designed to perform several different tasks on farms, orchards and vineyards. Project Leader, Ian Yule said the idea was to rent the robots out for about \$2,000 a month for everything from frost protection to assessing pasture quality. Mr Yule said a robot was a much cheaper option than a plane or drone, and was less weather dependent compared to a drone. The prototype robot was displayed at the Central Districts Field Days in Fielding.

International

Meat substitute market expected to hit \$5.2bn by 2020 [25 February/ Global Meat News] According to a report produced by Allied Market Research, the meat substitute industry is expected to grow by 8.4 percent annually through 2020. Increasingly health conscious consumers meant the industry would generate GBP 5.2 billion in global revenue by 2020. The report said Europe was the largest buyer of meat substitutes, accounting for 39 percent of global revenue. The report added that Asia-Pacific would experience a compound annual growth rate of 10.1 percent, the greatest out of all regions.

General Mills to double organic acreage by 2019 [13 March/ Agri Investor] General Mills, the owner of Old El Paso and Cheerios brands, planned to double the acreage it sources its organic ingredients from by 2019. The company expected sales from natural and organic products to reach USD 1 billion by 2019, and would like to bring 250,000 acres under its control in this timeframe. General Mills' portfolio of natural and organic brands generated USD 675 million in net sales in 2015. The United States Department of Agriculture said that despite higher production costs, price premiums for organic corn and soybeans held up profits in the organic sector while genetically modified grain producers struggled.

Xiamen customs seize hundreds of tonnes of smuggled meat [14 March/ China Daily] A haul of 530 tonnes of smuggled meat from Brazil and the United States has been seized at a Chinese port. The meat, including contaminated or diseased chicken wings, was destroyed by an environmentally friendly biomass power generator. Police said smuggling meat posed serious food safety dangers, and had a negative social impact due to tax evasion and damage to the domestic food production sector.

Farmers Edge hires ex-Monsanto exec to oversee Brazil expansion [14 March/ Agri Investor] Former Monsanto Executive, Lucas Trindade has been appointed as general manager of Brazilian operations at Farmers Edge, a Canadian precision agriculture company. Farmers Edge sells analytical products that allow growers to collect and evaluate data on farming activities, from soil health to fuel use. The company has a presence over nearly 140,000 acres in Brazil, and was expanding into Russia and Australia.

Dairy in baby boom as \$300m plant gets nod [15 March/ The Advertiser] Murray Goulburn Co-operative Managing Director, Gary Helou said the Australian dairy co-operative would proceed with its AUD 300 million investment in a Western Victoria plant, after signing two big supply deals with Kalbe and Mead Johnson. The investment would allow the co-operative to supply more of Kalbe's nutritional brands, having previously signed a deal to cover its infant and child nutrition brands. The new plant would have the capacity to produce 45,000 tonnes annually, and was expected to create over 100 jobs in the region.

Big Maple: Demand for new sweeteners brings boom in Vermont [16 March/ NZ Herald] Corporations have bought thousands of acres of trees in Vermont in response to the growing demand in the maple syrup industry. According to the United States Department of Agriculture, maple production had tripled over the past 15 years in the 10 biggest producing states. Vermont Agency of Agriculture Maple Specialist, Henry Marckres said the syrup was a natural product and was healthier than some of the other natural sweeteners on the market. New England Culinary Institute Online Education Chairwoman, Peg Checchi said people were coming to the realisation that local and sustainable products were better than artificial or heavily processed ones.

Senate Blocks Bill on Labelling Genetically Modified Food [16 March/ The New York Times] A United States bill that would have disallowed individual states from requiring food labels on products containing genetically engineered ingredients failed to pass the Senate. The failure of the bill meant mandatory labelling in Vermont would likely come into effect on 1 July. Many Vermont food companies have already received approval for the language they would use on packaging, but were worried that other states would pass similar laws, creating a patchwork of requirements that would add to the cost of compliance. Grocery Manufacturers Association Chief, Pamela Bailey said the group would work with Senate leaders to come up with a compromise.

Prime minister to warn exit from EU would cost farming industry £330m [16 March/ The Guardian] United Kingdom Prime Minister, David Cameron said Britain's exit from Europe would harm beef and lamb farmers. Mr Cameron explained that if the United Kingdom left the single market, they would have to rely on World Trade Organisation rules, resulting in a GBP 240 million increase in the cost of beef exports and a GBP 90 million increase in the cost of lamb exports. Mr Cameron added that more than 90 percent of United Kingdom beef and lamb exports were sent to the European Union.

Beer hops could be used to fight cancer and disease, study finds [16 March/ The Independent] University of Idaho Scientist and Project Leader, Kristopher Waynant said beer held significant medicinal properties that could be used to help prevent cancer. Mr Waynant explained that the hops used to make beer have been found to slow down the growth of bacteria. Mr Waynant added that scientists at the university were close to extracting the compounds from the hops or synthesising them in a lab to create new medicines.

PM Modi pledges \$13 billion to provide irrigation to arid farms [16 March/ China Daily] Indian Prime Minister, Narendra Modi said his government has pledged nearly USD 13 billion towards rural development in order to double farmers' incomes by 2022. Mr Modi added that the government's 2016-17 budget allocated USD 18 billion to the expansion of irrigation and recharge aquifers, two thirds of which could come from overseas loans. Most of India's 1.3 billion people live in the countryside and relied on agriculture to make a living.

Producing spandex from agricultural byproducts? Welcome to the circular bio-economy [16 March/ The Guardian] As a result of cutting edge technology, farm byproducts that were once considered waste are now being seen as valuable resources. University of Minnesota Professor, Kechun Zhang led a team that designed a new biosynthetic pathway to turn agricultural waste into useful products such as chicken feed. Mr Zhang said there was an urgent need to move from a fossil based economy to a bio-economy. Institute for European Environmental Policy Senior Policy Analyst, Ben Allen said that as our knowledge increased and our technological capacity grew, we would have increased potential to use a range of waste streams and bioresources to produce new and novel products.

UK introduces sugar tax on soft drinks [17 March/ NZ Herald] Britain has introduced a sugar tax on soft drinks. The sugar tax would be limited to soft drinks and not other sugary foods and drinks such as lollies and milkshakes. United Kingdom Chancellor, George Osborne said the tax had been introduced to improve children's health. The tax was expected to raise GBP 520 million per year which would be spent on fitness programmes and extended school hours for children so they could take part in more sports. Manufacturers would have until 2018 to reduce the amount of sugar in their drinks before the tax took effect. Unilever Chief Executive Officer, Paul Polman said the sugar tax was too simplistic to solve the obesity crisis which is plaguing developed countries.

'UK agriculture would thrive outside of EU' [17 March/ Farmers Weekly] British Farmer, Colin Barker said farmers would be able to farm and trade more freely if they were no longer constrained by the European Union membership. Mr Barker added that they would be able to increase production to meet rising global demand, as well as benefit from more appropriate policies. Mr Barker said there was a disconnect between industry leaders who were lobbying for continued European Union membership, and the interests of family farms and smaller producers who wanted out. A poll conducted by Farmers Weekly last month supported Mr Barker's view, with 68 percent of respondents saying the United Kingdom should leave the European Union and just 23 percent saying they should stay.

Walmart to build milk processing plant in Indiana [18 March/ Dairy Reporter] Walmart has announced it will establish a milk processing plant in Indiana, creating 200 jobs ranging from milk processing to transportation. The processing plant, at more than 250,000 square feet, will be one of the largest in the industry. Walmart United States Sourcing Strategy Senior Vice President, Tony Airoso said that by operating their own plant, the company would be able to reduce operating costs and pass those savings on to customers. Mr Airoso added that the development would speed up milk delivery and extend the shelf life of their products. The plant was expected to be operational by the middle of 2017.

Toothfish poaching vessel Viking blown up by Indonesian authorities [19 March/ Business Day] An illegal toothfish fishing vessel New Zealand authorities were pursuing has been captured and blown up by the Indonesian Navy. The crew have been detained in Indonesia. The vessel was one of a fleet of six illegal and unregulated fishing vessels plundering toothfish stocks in the Southern Ocean, and was the last to be apprehended. New Zealand Pacific Fisheries Ambassador, Shane Jones said the dramatic way in which the vessels had been driven out of business would put a dent in the business of illegal fishers. Ministry for Primary Industries Compliance Manager, Gary Orr said New Zealand authorities had been working with a range of countries for the past year to capture the six vessels and their crews. Mr Orr noted that the vessel would not have been blown up had it been caught in New Zealand waters.

Drinks makers consider legal action against sugar tax [19 March/ The Guardian] Soft drink makers have been considering whether to sue the British government over its controversial sugar tax on the basis that other types of sugary foods and drinks were not going to be taxed. A Coke Cola spokesperson said the company would not decide whether to take legal action or not until the government had provided more information on the tax and how it was to be implemented. The new tax would add GBP 0.24 per litre to soft drinks with the highest sugar content, potentially increasing the prices consumers pay. If these higher prices led to inflation, the government would incur higher interest rates on their debts that were based on the level of inflation. The chancellor said he predicted the tax would raise GBP 520 million in its first year, far less than the cost of introducing the tax which was predicted to be GDP 1 billion.

Tiny Vermont brings food industry to its knees on GMO labels [20 March/ NZ Herald] General Mills announced that the company would start labelling products that contained genetically modified ingredients in order to comply with a new law that would take effect from 1 July in the state of Vermont. The company said it would start nationwide labelling, as it was not practical to do so for just one state. The announcement comes after the United States Senate voted against a bill that would have blocked such state laws. The food industry was holding out hope that Congress would prevent states from requiring such labelling. Some companies said they would follow Vermont's law, while others were considering no longer selling their products in the small state.

From €300 to €30: France adopts "more realistic" palm oil tax [21 March/ Food Navigator] French politicians have adopted a tax on palm oil used in food. The tax would apply at a rate of EUR 30 per tonne in 2017, rising to EUR 50 per tonne in 2018, EUR 70 per tonne in 2019, and EUR 90 per tonne in 2020. The tax is far less than that originally put forward by the Senate, which would have seen the tax increase from EUR 300 per tonne to EUR 900 per tonne over the same period. Socialist Deputy, Jean-Louis Bricourt said the tax was lowered as they did not want to suddenly destabilise the supplies of companies based in France. The tax would not apply to palm oil produced by companies that met certified sustainable standards, but many politicians believed the criteria for these standards were too weak.

Australian farmers more confident about investing in property and equipment as commodity prices rise and El Nino ends [21 March/ ABC Rural] The Rabobank Rural Confidence Survey showed a quarter of Australian farmers planned to increase their investments in property this year. The survey showed good summer rainfall and strong commodity prices had driven much of the increase in confidence. The survey indicated that the dairy industry lagged behind in confidence. Rabobank Australia Deputy Chief Executive, Peter Knoblanche said 95 percent of farmers saw their farms as viable in the long term, the highest proportion in 14 years.

Agribusiness strategy

Health Minister says no plans for NZ sugar tax [17 March/ NZ Herald] Health Minister, Jonathan Coleman said the Government would not introduce a sugar tax on soft drinks in New Zealand. Although the UK government has decided to implement a tax, Mr Coleman said the Government had more than 20 initiatives in place to combat obesity and a sugar tax would not be added at this stage. Green Party Health Spokesperson, Kevin Hague said it was time to follow the United Kingdom's lead, as all the evidence showed that sugar was damaging the health of New Zealand children and driving the obesity epidemic. Labour Party Health Spokeswoman, Annette King said the party would give manufacturers a chance to significantly lower sugar content before resorting to regulation.

Future farms will provide high value customers what they eat for love and joy [17 March/ Business Day: NZ Farmer] KPMG Global Head of Agribusiness, Ian Proudfoot said finding niche markets, disrupting existing ones, and going the extra mile were essential if New Zealand was to retain its position as a top level agricultural producer. Mr Proudfoot said constant change would be key in the rapidly changing agriculture sector. Mr Proudfoot added that New Zealand agricultural products had a good environmental and sustainable reputation globally, but there was still more that could be done to increase value. Mr Proudfoot explained that farmers and producers had to do what was right in terms of sustainability in order to be paid a premium, rather than just follow regulations. Mr Proudfoot noted that high value customers had the desire to eat for love and joy, and that farmers had to choose whether to embrace this opportunity or not.

Farmers and producers

NZ buyer spends millions snapping up 10 farms [16 March/ NZ Herald] Northland Farmers, Merv and Cara Pinny have sold their ten farms to the wealthy Spencer family, who also bought Lochinver Station. The farms had a total of 3,900 cows producing 15 million litres of milk a season. Mr Pinny said he could not disclose the price he received for the farms, but it was expected to be similar to the \$42.7 million offer made by a Chinese firm in 2015. Mr Pinny said he was pleased for the locals that the farms were staying under New Zealand ownership. Bayleys Director, Mark Macky said most of the management team had stayed in place and the farms continued to employ a lot of people in the Kaikohe area.

Farmers expect to embrace more technology in the future [17 March/ Business Day: NZ Farmer] Discussion at the Future Farms conference in Palmerston North focussed on how technology would play a larger role on farms in the future. Rangiwahia Farmer, Shelley Dew-Hopkins said there were great innovations available to farmers, but farmers needed to be able to use them. Ms Dew-Hopkins added that farmers were running a complex business and needed to be well educated and use research and innovation to their advantage.

Few foreign buyers as farm prices fall [19 March/ Otago Daily Times] Downward trending dairy farm prices have fallen more than 20 percent compared to the previous year. The quantity of farms sold in February was 10 percent lower than the number sold in January. Real Estate Institute of New Zealand Rural Spokesman, Brian Peacocke said foreign buyers were required to prove a 20 percent productivity gain was possible on a farm before they could receive the necessary approval from the Overseas Investment Office to buy it. Mr Peacocke added that this requirement was too restrictive given the low payouts, and was one of the reasons for the lower foreign demand for dairy farms. Mr Peacocke noted that some buyers were holding out for even lower prices.

Future of food

Chicken chunks made from peas bring in investors [18 March/ Business Day: NZ Farmer] Sunfed Meats, a start-up company that made peas into chicken, has attracted \$1.2 million from international angel investors. The chicken was made from yellow peas imported from Canada, but tasted and looked like chicken. Sunfed Meats Chief Executive, Shama Lee said producing meat from animals was costly and inefficient, and plant protein was a better way to produce meat. Ms Lee said the \$1.2 million that had been pledged would allow the Auckland company to build the first plant based meat processing facility in Australasia and take their product to the market. Ms Lee said Sunfed Meats was seeking further investment so the company could buy its own manufacturing plant to increase production capacity. Ms Lee noted that the research development phase was completed by a New Zealand university and processing details were closely guarded.

Rural communities

Workshops aim to arm health professionals [21 March/ NZ Farmers Weekly] The Ministry of Health and the Ministry for Primary Industries have jointly funded 40 New Zealand health workshops which aimed to increase capacity for rural support trusts which were experiencing increased demand for mental health support. Rural Health Alliance Chief Executive, Michelle Thompson said the workshops would upskill rural health professionals in suicide prevention strategies and other mental health issues. Ms Thompson added that the timing was critical given the dairy downturn and the South Island drought, as there was a definite increase in mental stress.

Animal Welfare

Plan to unleash new rabbit killing virus [16 March/ NZ Herald] A new strain of virus that has the potential to decrease the number of rabbits by 30 percent would be put before the Government for approval. The New Zealand Rabbit Coordination Group and Landcare Research would seek approval from the Ministry for Primary Industries and the Environment Protection Authority to introduce the virus into New Zealand. Landcare Research Rabbit Biocontrol Initiative Leader, Janine Duckworth said the new strand of virus would provide farmers with a more cost effective and efficient solution than the strands currently used in the field. Ms Duckworth said she was worried some farmers would take matters into their own hands and illegally import the virus from Australia, rather than wait for control agencies to ensure the product was free from unwanted viruses. A vaccine is available for owners of domestic rabbits to protect their pets from the virus.

Field days

Central Districts Field Days and Agri Week put on a great show [20 March/ Business Day: NZ Farmer] Central Districts Field Days saw a 20 percent increase in crowd numbers on the previous year, as 29,500 people walked through the gates over the three days. Central Districts Field Days Director, Lance Bickford said he did not have figures from stallholders, but he had not received any negative feedback. Mr Bickford said there were 586 exhibitors this year, up from 570 last year. Mr Bickford added that the Field Days had delivered huge economic value for the region and started through combing the event with the NZ Agri Investment Week, it had enabled some high level conversations about the future of agriculture in New Zealand.

Poultry

Craddock Farms denied appeal to build egg-producing farm [21 March/ NZ Herald] Last year, Craddock Farms' application for resource consent to build an egg producing farm in South Auckland was declined by the Auckland Council. The application was declined due to concerns that odour emissions would affect nearby residents and businesses. Craddock Farms recently went to the Environment Council to appeal the decision, but were denied again. Stop Craddock Farms Spokeswoman, Deidre Sims said the decision was a massive victory for the group.

Subscribe

To subscribe to future editions of Field Notes please [click here](#).

Contact Us

Auckland/ Audit

Ian Proudfoot

09 367 5882

021 656 815

iproudfoot@kpmg.co.nz

Christchurch

Andrew Hawkes

03 353 0093

027 508 0135

ahawkes@kpmg.co.nz

Ashburton/ Private Enterprise

Maurice Myers

03 307 0768

027 208 3405

mauricemyers@kpmg.co.nz

Taxation

Greg Knowles

09 367 5989

021 307 332

gknowles@kpmg.co.nz

Financial Advisory Services

Gary Ivory

09 367 5943

021 932 890

givory@kpmg.co.nz

Farm Enterprise

North Island

Roger Wilson

07 858 6520

027 281 9575

rogerwilson@kpmg.co.nz

Tauranga

Robert Lee

07 571 1773

027 451 1035

relee@kpmg.co.nz

Management Consulting

Simon Hunter

09 367 5881

027489 9737

simonhunter@kpmg.co.nz

Julia Jones

07 858 6553

027 524 8901

juliajones1@kpmg.co.nz

Wellington

Graeme Edwards

04 816 4522

027 296 5050

gdedwards@kpmg.co.nz

Hamilton/ Private Enterprise

Hamish McDonald

07 858 6519

021 586 519

hamishmcdonald@kpmg.co.nz

South Island

Brent Love

03 683 1871

027 528 1537

bllove@kpmg.co.nz

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.

The information provided herein is of a general nature and is not intended to address the circumstances of any individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received nor that will it continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2015 KPMG, a New Zealand partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (KPMG International), a Swiss entity. All rights reserved. The KPMG name, logo and "cutting through complexity" are registered trademarks or trademarks of KPMG International Cooperative ("KPMG International").

KPMG and the KPMG logo are registered trademarks of KPMG International Cooperative ("KPMG International"), a Swiss entity.