AGRIBUSINESS

FIELD NOTES

Weekly news update from the KPMG Agribusiness network

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HOT OFF THE PRESS:
KPMG AGRIBUSINESS AGENDA 2015 VOLUME 2

25 May 2016

Organisations referenced in this week's Field Notes include:	
AgResearch	Lyrical Foods
ANZ	Marlborough District Council
Auckland Council	Ministry for Primary Industries
Axa	Monsanto
Bayer	Morrisons
Bayleys	Munchkin
Beef + Lamb New Zealand	Murray Goulborn
BNZ	National Pig Association
Coca-Cola	New Zealand Agriculture Greenhouse Gas Research Centre
DairyNZ	Otago Rural Support Trust
Engender	Poultry Industry Association
European Union	Rabobank
Farmer Power	Real Estate Institute of New Zealand
Farmers First	Roundtable on Sustainable Palm Oil
Farms Not Factories	Ruapehu District Council
Federated Farmers	Specialty Food Association
Fonterra	Sugar Association
Global Dairy Trade	Taihape Deer Farmers
Green Party	Tesco
Greenpeace	United States Food and Drug Administration
Hastings District Council	University of Auckland
Horticulture New Zealand	University of California
Kite Hill	Waitrose
Kotahi	Wanganui District Council
Landcorp	Whole Foods

This week's headlines	
Horticulture	**Auckland sprawl 'food security nightmare'** [19 May/ Rural News]
Fishing and Aquaculture	**MPI launch independent review into its own handling of illegal discarding of fish** [19 May/ Business Day]
Dairy	**NZ grass-fed milk preferred for infant formula by US firm Munchkin** [24 May/ Business Day: NZ Farmer]
Research and Development	**NZ seeds arrive at 'doomsday' vault** [23 May/ Radio NZ Rural]
Genetic Engineering	**Report puts GE issue back in spotlight** [23 May/ NZ Herald]

AgriHQ Pulse: Ian Proudfoot's latest opinion piece

It probably time to turn your mind to what Brexit may mean for you

Despite being a born, bred and proud Briton, the issue of Brexit had not really exercised my mind until the last few days. Rediscovering this on a panel at the launch of the Irish Farmers Journal/ KPMG Agribusiness Report in Dublin this week. The Irish position is very clear, in fact their Prime Minister could not have made it clearer, calling on Irish people that have a right to vote in the impending referendum to vote in favour of Britain remaining in the European Union (EU).

Ireland is undoubtedly stronger with Britain in Europe; the UK is Ireland's largest trading partner (with two way trade exceeding EUR200 million a week), much of that trade being in agricultural products. During the discussion I heard many arguments for Britain to remain in Europe, although these were predominately arguments that centred around the challenges that Britain voting to leave would crystallise for Irish businesses.

The negative impact that a devaluation of Sterling, driven by uncertainty, would have on competitiveness and earnings of Irish companies was highlighted. The risk that Britain creates new trading relationships with non EU countries (including New Zealand and Australia) that can substitute Irish imports was noted as a risk. Additionally was the potential for Irish consumers to cross the border to buy products in Northern Ireland at lower prices. Without the UK market, Irish Cheddar producers would have few markets of scale for their product. The logistical complexities and challenges of exporting to Britain once it has left a borderless Europe were another key concept.

For those speaking in favour of Britain remaining in the EU, the conclusion was that if would be a disaster for Ireland if the vote is in favour of leaving. Unlike New Zealand when the UK walked away from its bilateral trading relationship on entering the EU in 1973, the Irish have no ability to respond independently in a manner that best suits their interests. They have no option but to rely on the EU to shape the response, giving them little control over their own destiny.

The interesting part of the session was hearing the arguments for Britain to leave the union. The arguments are emotive and, as is often the case, it is very hard to counter emotion with facts and data.

The immigration wave sweeping Europe from East to West is claimed to be lowering average wages in the UK; the argument goes that if you restrict those able to immigrate from the east, wages will need to go up to find people to do lower skilled roles. This will benefit the whole economy. It was also argued that Britain's trade with the EU has been declining for many years and being independent of Europe will enable it to create substantive relationships with its emerging trading partners faster than it will be able to achieve within the EU. This raises issues around being able to implement better tailored income support schemes for farmers and lifting the pressure on house prices.

Throughout the discussion, all contributors kept coming back to a belief that trade would continue if Britain votes to leave. It was assumed that a free trade agreement would be able to be negotiated in the two year window between the vote and official date of leaving. It struck me that was incredibly ambitious given the eight years (or so) that it took to negotiate TPP, and if British priorities lie beyond the EU, would this may limit negotiating resource, given resource will be directed towards the opportunities they perceive to deliver the greatest value. That said, maximising the number of potential consumers to sell to is critical, making it a brave call to reduce the competitiveness of existing business relationships with companies across Europe by not progressing an EU FTA.

The core of the debate appears rooted in an individual's world view; if you hold onto a view that British global influence has been weakened by its involvement with the EU you appear more likely to vote to leave. If your view is that Britain should take a more active role in creating an economically strong and politically stable Europe, this can only be achieved by remaining within the Union. Raw emotion, together with around 20% of voters undecided, creates realistic scenarios were it is conceivable that the vote could go either way.

If you do business with Britain or Europe it is probably time to turn your mind to how your business may be impacted should the vote trigger the Brexit process.

This article was first published in the AgriHQ Pulse service on 20 April 2016. AgriHQ Pulse can be accessed from www.agrihq.co.nz

Horticulture

There's gold in them thar' acres [19 May/ NZ Herald] Bayleys National Country Manager, Simon Anderson said many people were looking for opportunities to invest in the kiwifruit sector now that it had made a full recovery from the impact of PSA in 2010. Mr Anderson explained that new crop varieties, strong consumer demand and sound marketing had led to a surge in prospective investors. Mr Anderson added that while PSA was still present in orchards, better management and plant tolerance were helping keep its effects at bay. Mr Anderson said SunGold volumes had increased to 30 million trays in the 2015 season and were likely to pass 60 million trays this season.

Auckland sprawl 'food security nightmare' [19 May/ Rural News] Horticulture New Zealand Natural Resources Manager, Chris Keenan said that if Auckland's expansion meant building houses on the most productive rural land, then consumers should expect to pay more for fresh fruit and vegetables. Mr Keenan explained that there was food grown in Pukekohe which could not be grown anywhere else in the country at certain times of the year. Mr Keenan noted that Horticulture New Zealand was working with the Auckland Council to make food security and food production part of the discussion.

Forestry

Roads take a hit from forestry [23 May/ NZ Herald] A Wanganui Federated Farmers submission to the Wanganui District Council suggested implementing a special rate to cover the damage heavy trucks were expected to create on Wanganui's rural roads when the level of forest harvesting increased. Wanganui Federated Farmers Spokesman, Tim Matthews said the councillors should look at a special differential rate, similar to what the Ruapehu District Council was considering. Mr Matthews explained that rural roads would experience heavy vehicle movements at least four times higher than current levels. A council study showed that the pine plantations would increase the cost of maintaining road quality by $20 million over the next 30 years.

Fishing and aquaculture

MPI launch independent review into its own handling of illegal discarding of fish [19 May/ Business Day] The Ministry for Primary Industries has launched an independent review into its handling of the illegal discarding of fish, including a decision not to prosecute individuals involved. The review came after a report showed 24.7 million tonnes of catch was unrecorded between 1950 and 2013. Greenpeace Executive, Russel Normal said there were bigger problems in the fishing industry than what the report would cover and the Ministry for Primary Industries had to acknowledge systematic problems. Green Party Primary Industries Spokeswoman, Eugenie Sage said the Ministry for Primary Industries had turned a blind eye to illegal activity and the review was too narrow.

Marlborough Environment Plan's marine farming rules delayed [22 May/ Business Day: NZ Farmer] Marlborough Sounds Mayor, Alistair Sowman said the council had decided to delay the release of the aquaculture chapter in the Marlborough Environment Plan. After 10 years of consultation, the Marlborough Environment Plan was due to outline how aquaculture fitted into the sustainable management of the Marlborough Sounds for the next decade. Mr Sowman said more work was required on some provisions around aquaculture and the council wanted to consider how its plan may be affected by the Government's upcoming national direction on aquaculture. A Marlborough District Council spokeswoman said the council wanted the release to be as tidy as possible without ending up in court against environmental lobbyists. The Marlborough District Council hoped the chapter would be resolved and released by early next year. Mr Sowman said the wider community could now focus on the rest of the plan which looked at issues such as water allocation and use, air and water quality, and appropriate land use.

Dairy

Fonterra PKE supplier banned after forest fires, dairy feed price may rise [19 May/ Business Day] Fonterra would no longer be supplied with palm kernel expeller (PKE) from plantations owned by Malaysia's IOI Group after the company was suspended by the Roundtable on Sustainable Palm Oil industry association. The suspension came after allegations were made against the company's plantations in Indonesia, including Greenpeace's claim that it was involved in the forest fires which released an estimated 1.7 billion tonnes of carbon into the atmosphere. Many New Zealand dairy farmers had come to rely on PKE, with 2.4 million tonnes being imported in 2015. Fonterra Chief Executive, Theo Spierings said he had held constructive talks with Greenpeace New Zealand Head, Russel Norman about the PKE issue.

No cream from Fonterra with small lift in payout forecast seen [20 May/ Business Day: NZ Farmer] Farmers, bank economists and industry observers have predicted the 2016-17 milk price forecast to be approximately $4.50 per kilogram of milk solids. ANZ Economist, Con Williams said any price under $5 per kilogram of milk solids would make it very difficult for businesses to make a return. Mr Williams added that a price around $6 per kilogram of milk solids would be required for sustainable profitability and new investments in capital and people. Mr Williams said he expected the 2015-16 final milk price to be around $3.90 per kilogram of milk solids when it was announced in October. Mr Williams added that Fonterra should issue its new season forecasts earlier than the end of May to allow farmers to create their budgets without guesswork. BNZ Economist, Doug Steel said the Global Dairy Trade forward pricing and futures market pricing suggested a price range of $4.60 to $5.00 per kilogram of milk solids would be reasonable.

Dairy products stored incorrectly 'extremely rare', MPI says [20 May/ Business Day] Dairy products worth millions of dollars at Fonterra's Crawford St Plant were left in a transport tunnel for six days at 10 degrees Celsius. The maximum time the product could be stored at this temperature without being damaged was two days. New Zealand Distribution Centres General Manager, Deena Clarkson said the company was holding potentially affected products for quality checks. Ministry for Primary Industries Systems Audit, Assurance and Monitoring Acting Director, Paul Dansted said the ministry had been working with Fonterra in relation to the incident. Mr Dansted noted that incidents involving dairy products stored at the incorrect temperature were rare.

NZ grass-fed milk preferred for infant formula by US firm Munchkin [24 May/ Business Day: NZ Farmer] United States infant product company, Munchkin has been advertising the health benefits of dairy products produced from grass fed cows in Canterbury, rather than herds raised on grain diets. Munchkin has set a target to sell $250 million of New Zealand made infant formula to United States consumers within the first two years, and was willing to pay farmers above average prices for their milk. Munchkin Chief Executive, Steve Dunn said milk from grass fed cows was healthier than milk from grain fed cows. Mr Dunn added that most parents did not realise the significant difference in health benefits for their toddlers depending on which milk formula they bought.

Environment and emissions

New methane saving device needed [23 May/ Business Day: NZ Farmer] New Zealand Agriculture Greenhouse Gas Research Centre Director, Harry Clark said the world had to remove a billion tonnes of greenhouse gases from agriculture per year by 2030 if it was to restrict global warming to 2 degrees Celsius. Despite agriculture's contribution to global warming, the Government has aimed to double agricultural income within 7 to 10 years. Mr Clark said the centre was working on further increases in animal efficiency, new technologies to reduce emissions, constraints on production and movement towards low-emitting land areas. Pastoral Greenhouse Gas Research Consortium Manager, Mark Aspin said research was focussing on low-emitting animals, a methane vaccine, low methane foods and increasing the carbon capacity of soil.

Research and development

NZ seeds arrive at 'doomsday' vault [23 May/ Radio NZ Rural] The first ever samples of New Zealand seeds to be stored in the Arctic's underground Global Seed Vault have arrived on the Svalbard archipelago today. The Global Seed Vault was built to protect the world's food supply and offer options for the future challenges of climate change and population growth. AgResearch Representative, Kioumars Ghamkhar said he had taken 726 packets of New Zealand seeds to the vault where they could theoretically be preserved and conserved forever. Mr Ghamkhar added that there was no other back up for these valuable seeds should any disaster occur in New Zealand.

Biosecurity

Chicken farmers 'losing business' over velvetleaf claims [20 May/ Radio NZ Rural] Poultry Industry Association Executive Director, Michael Brooks said poultry farmers and chicken litter companies were losing business because of claims that chicken feed was spreading the velvetleaf weed. A Federated Farmers representative said velvetleaf was popping up where chicken litter had just been spread, suggesting imported chicken feed was responsible for the weed's outbreak. A Ministry for Primary Industries representative said it was taking farmers' concerns seriously, but was confident that maize silage was causing the spread rather than chicken feed. Mr Brooks said suppliers of chicken litter faced going out of business as people were not buying the product due to unsubstantiated claims. Mr Brooks noted that the low dairy payout was not helping demand for chicken litter.

International

US specialty food sales topped $120bn in 2015, now account for 14.1% of total food sales [22 April/ Food Navigator] A Specialty Food Association report showed that United States specialty food sales were over USD 120 billion in 2015 and growing four times faster than the rest of the food market. The report added that specialty food sales accounted for 14.1 percent of all food sales. The report explained that the growth had been driven by product innovations, an increase in the number of distribution outlets, and more e-commerce sales.

Bayer makes takeover offer for agriculture giant Monsanto [19 May/ BBC] German drug and chemical maker, Bayer has made a takeover bid for Monsanto in a deal that could create the world's biggest supplier of seeds and pesticides. A Bayer representative said the company had recently met with executives of Monsanto to privately discuss the negotiated acquisition with the goal of creating a leading, integrated agriculture business. A Monsanto statement said there was no assurance that any transaction would be entered into or on what terms. The deal could raise competition concerns in the United States due to the size of the combined company and the control it would have over the seeds and sprays industry. Farmers have raised concerns that the merger could lead to fewer choices and higher prices.

Farmers retain control of sheep processor [19 May/ Farmers Weekly] Farmers have retained control of Farmers First after voting against the proposed election of three new directors nominated by former owner, Stephen Wood. Farmers First Chairman, Terry Bayliss said that electing three directors nominated by Mr Wood would put farmers at risk of losing control of the company. The sheep processing company exported more than 500,000 lamb carcasses annually.

One-pint milk cartons take on fizzy drinks at Tesco [19 May/ Farmers Weekly] Tesco could sell one pint cartons of milk alongside its sandwiches to encourage customers to choose milk over fizzy drinks, fruit juices and water. The introduction of the milk cartons came after English Tenant Farmer, Sylvia Crocker suggested the idea to her local store manager. Tesco Chief Executive, Dave Lewis said he had personally thanked Ms Crocker and thought the idea had the potential to spread nationwide. Ms Crocker said she had also approached Waitrose and Morrisons and was aware of other farmers who were making similar progress with other major retailers. Ms Crocker noted that it was good for the industry to have the big supermarkets positioning milk as an alternative to other convenience drinks.

OSR remains a viable crop even without neonics [19 May/ Farmers Weekly] Suffolk Grower, Steven Offord said he was about to increase his oilseed rape area by 10 percent this summer, despite the lack of a seed dressing to fight off cabbage stem flea beetle attacks. Mr Offord was cautiously optimistic about the prospects of his crop, despite the lack of a seed dressing. Mr Offord said he would save the seeds at home to reduce costs if he did not get to use the seed treatments this autumn.

Celebrities back campaign against intensive farming [19 May/ Farmers Weekly] Campaign Group, Farms Not Factories have received celebrity backing for their campaign against intensive farming. The video used in the #TurnYourNoseUp campaign questioned welfare standards in intensive pig units. Farms Not Factories Founder, Tracy Worcester said the group wanted to help bring an end to the dangerous, inhumane systems and encourage the public to only buy pork from high welfare farms. The National Pig Association issued a statement which said the footage taken on farms in the video was not representative of practices in the United Kingdom, and there was no evidence that the footage was taken on a United Kingdom farm.

Australia faces dairy co-operative crisis [19 May/ Farmers Weekly] Murray Goulborn has overpaid for milk and was now clawing back cash from producers. The co-operative has offered farmers a support package that would pay a total of AUD 5.47 per kilogram of milk solids for the rest of the season compared to the regular payout of between $4.75 and $5.00 per kilogram of milk solids. However, the support package would have to be repaid through deductions over the next three financial years. Farmer Power President, Chris Gleeson has proposed an emergency milk levy in which Australian shoppers would pay an extra AUD $0.50 per litre of milk to ensure the future of the country's dairy sector.

Short-term gains can help pay for cover crop costs establishment [19 May/ Farmers Weekly] Limagrain Sales Seed Specialist, John Spence said the short term benefits of establishing a cover crop to improve soil quality and lower the level of weeds would cover the costs of establishment. Mr Spence added that the long term benefits to soil health and any increase in crop yield would then be a free bonus. Mr Spence said that despite the benefits, many growers only planted the cheapest mix they could purchase in order to meet the Basic Payment Scheme greening rules. Mr Spence added that cheap cover crops provided little additional benefit apart from following the rules, while still incurring the cost of establishment. Mr Spence noted that with a little more thought and tailored mixes to do a specific job, farmers could reap the benefits rather than simply meet the requirements.

Alberta launches task force to develop farm safety rules [20 May/ The Globe and Mail] The Canadian province of Alberta has launched a 78 member task force to recommend new farm safety rules. Alberta Agriculture Minister, Oneil Carlier said there was no time limit for completion as he wanted to give the task force enough time to form the most suitable rules for a complicated, diverse industry. The task force would consist of six committees of industry leaders, farm and ranch managers and workers. The six groups would work out the best safety and labour rules before the public would be able to respond to the draft regulations.

Farmers may see cash at last after EU official offers help to Sturgeon [20 May/ The Daily Telegraph] European Union Agriculture Commissioner, Phil Hogan said he had offered to help the Scottish Government get support money to farmers as quickly as possible after an official report warned that Scottish taxpayers could face GBP 125 million in fines for late payment. The support payments were given to farmers to improve agricultural productivity and to ensure farmers had a reliable source of income. However, only 80 percent of Scottish farmers had received the Common Agriculture Policy payments to date.

Food labels get makeover to catch up with eating habits [20 May/ The Boston Globe] The United States Food and Drug Administration have released a new design for labels on packaged foods and drinks in order to reflect changes in eating habits that have accompanied epidemics of obesity and diabetes. The new labels would highlight calorie counts, differentiate quantities of natural and added sugars, and include serving sizes that more accurately reflected the amounts people consumed. Food and Drug Administration Commissioner, Robert Califf said the changes were about making sure the public knew what they were eating so they could make healthier choices.

Revised food label is long awaited [20 May/ The San Francisco Chronicle] United States First Lady, Michelle Obama unveiled new labels to be used on packaged foods in the United States in what could be one of the most lasting achievements in her work to improve nutrition. University of California Nutrition Policy Institute Director, Pat Crawford said that separating the quantities of natural sugar and added sugar on labels would be beneficial to consumers because naturally occurring sugars were not associated with the health risks that came with sugars added during processing. Mr Crawford said that under the new rules, consumers would see that they were getting 90 percent of their daily intake of added sugar from a Coke, which may discourage them from buying the unhealthy product.

F.D.A. Finishes Food Labels for How We Eat Now [20 May/ The New York Times] Most United States food manufacturers would be required to follow the new labelling rules by July 2018, while producers with less than USD 10 million in annual food sales would have an additional year to comply. A representative from the Sugar Association said it was disappointed by the Food and Drug Administration's decision to require a separate line for added sugars as there was no scientific justification. Food and Drug Administration Former Commissioner, David Kessler said the changes created incentives for the industry to make healthier products because they would not want to look bad with high sugar levels on their labels.

Kite Hill closes $18m funding round led by Gen Mills 301 Inc &CAVU: 'We are growing very aggressively' [20 May/ Dairy Reporter] The Kite Hill brand has raised USD 18 million to help it on its mission to disrupt the dairy industry with its cultured nut milk products. Kite Hill Brand Owner, Lyrical Foods made almond milk from nuts and water and then cultured it to separate the solids from the liquids. The company have sold their Kite Hill branded products in Whole Foods stores nationwide and were now looking to supply other retail chains to meet rapidly increasing demand. Lyrical Foods Chief Executive Officer, Matthew Sade said the company was unique because it was combining new technology with age-old cheese-making techniques and equipment you would find in any artisanal French cheese maker.

Agricultural theme parks cropping up nationwide [21 May/ The Japan News] Agricultural theme parks have started opening across Japan in recent years. Visitors to the theme parks were able to have various farming experiences, purchase agricultural products and enjoy good food. Organisation for Urban Rural Interchange Revitalisation Senior Official, Seiji Yoshioka said agricultural parks and experience oriented facilities were designed to vitalise local communities and promote local production for local consumption.

Rum revival - spirit of the new age [21 May/ The Sydney Morning Herald] Specialist Cocktail maker, Ben Stocks said opening his specialty rum bar was a smart move, with many consumers now prepared to make bold choices in their cocktails. Mr Stocks said people were not interested in rum when the bar was opened, but it was now more popular due to Australian's more sophisticated approach to eating and drinking. Mr Stocks added that rum was extremely versatile and could be consumed in a variety of ways.

Coca-Cola to halt production in Venezuela over sugar shortage [22 May/ The Independent] Coca-Cola has stopped production in Venezuela after a sugar shortage was brought on by an economic crises in the country. A Coca-Cola representative said 90 percent of its beverage production required sugar, but the production of drinks that did not contain sugar would continue as normal. The representative said the company had no plans to close its headquarters or leave the country.

Axa to stop investing in tobacco industry [23 May/ The Guardian] Axa has announced that it would stop investing in the tobacco industry as the economic and human costs of smoking were too high. The insurance company added that it would sell GBP 1.7 billion worth of investments. Axa Incoming Chief Executive, Thomas Buberl said it made no sense for the company to continue investing in the tobacco industry after a high court ruling ended the branding of cigarettes in the United Kingdom. Mr Buberl added that the human cost of tobacco was tragic and the economic cost was huge. Mr Buberl said Axa was a large provider of health insurance and chronic diseases cost the firm a lot of money. Mr Buberl noted that the firm needed to invest in preventing chronic diseases rather than invest in tobacco which created more chronic diseases.

Economics and trade

Ocean freight disruption 'real risk for primary exporters': Kotahi [23 May/ Business Day: NZ Farmer] Kotahi Chief Executive, David Ross said a global downturn in the shipping industry was driving consolidation. Mr Ross explained that this could mean supply chain disruptions for New Zealand companies exporting chilled meat, dairy, seafood and other products with limited shelf lives. Mr Ross added that competition and low fuel costs were driving ocean freight rates down to unsustainable rates. Mr Ross explained that in the long term, low prices would drive out quality shipping services that had the features essential for New Zealand's requirements.

Farmers and producers

Support Trust quits funding arrangement [18 May/ Otago Daily Times] The Otago Rural Support Trust has pulled out of a funding collaboration with the Government because of a lack of demand from farmers for mental health support. The withdrawal came amid uncertainty about whether rural health trusts would continue to receive additional funding in the upcoming Budget. New Zealand's 14 rural support trusts currently received additional funding from the Ministry for Primary Industries as part of a $500,000 rural mental health package, but this funding was due to run out at the end of next month.

Farm prices fall 30pc [19 May/ NZ Herald] The Real Estate Institute of New Zealand (REINZ) Dairy Farm Price Index fell by 24.1 percent between April 2015 and April 2016. According to the REINZ report, Northland's dairy farms sold for $12,563 per hectare in the three months to April, compared to $18,014 per hectare in the same period last year. In the same time period, Auckland's median farm price decreased from $35,281 to $8,111 per hectare.

Production gains in SLUI information [23 May/ Business Day: NZ Farmer] Horizons Workshop Organiser, Erica Van Reenen said farmers could use information on their sustainable land use initiative (SLUI) farm plans to increase productivity, use nutrients more efficiently, and use water differently. Ms Van Reenen said many farmers did not know how to use the plans properly, but the Horizons workshops would be teach them how to make the most out of them. Ms Van explained that the farm plans contained useful information such as soil types on different parts of the farm, nutrient levels, and how much pasture could be produced.

Cash tap turned off for Landcorp [24 May/ Rural News] Finance Minister, Bill English said State Owned Entities (SOEs) would now have to go through a rigorous process before the Government made new investments in them. Mr English added that Landcorp was a poor investment producing low returns and therefore the Government would not invest any further money in the state owned company. Mr English said Landcorp would now be managed in a normal farming style and would have to adapt to the low milk payout in a similar way to other farmers. Mr English added that previously, SOEs felt they were not at risk of going out of business because taxpayers would continue to fund them, but now they were under threat.

Genetic engineering

Report puts GE issue back in spotlight [23 May/ NZ Herald] An international academic report found that there were no health risks in consuming genetically engineered (GE) products and the advances actually created healthier foods which were beneficial to the environment. The report has caused debate over whether or not Hastings should remain free of GE material. Hastings Mayor, Lawrence Yule said the decision for the region to remain free from GE material was about adding as much value to their products as possible in the marketplace. Federated Farmers Hawke's Bay President, Will Foley said the report backed up their argument that GE technology was safe to use and should be made available to those who wanted to use it. Mr Foley added that Hastings District Council's commitment to being GE free for 10 years could prove problematic for the research and development of such technology.

Livestock

Pasture first a low-cost success [19 May/ NZ Herald] Sharemilkers, Olin and Anna Greenan have focused on running a low cost, pasture-first system on their Clevedon farm since June 2013. Mr Greenan said their aim had been to grow and utilise as much pasture as possible and convert it into milk as efficiently as possible. Mr Greenan added that supplementary feeding was only used during times of genuine deficit. Mr Greenan said that keeping a low-input system during the 2013-14 season's high milk price made it much easier to keep costs in check for the drop that followed. Mr Greenan explained that they did not have to make any major alterations to their farming system and had the ability to withstand reduced margins. Mr Greenan noted that the downturn was an opportunity for farmers to reset their businesses and focus on New Zealand's competitive advantage in growing pasture.

Agribusiness education

Here are our deserving finalists [19 May/ NZ Herald] The three finalists in the 2016 Ahuwhenua Young Maori Dairy Farmer Competition have been announced ahead of the finals in Hamilton on 20 May. Lead Judge, Peter Little said the competition had seen an exceedingly high standard of entrants and it had been a difficult job selecting the three finalists. Mr Little added that there were some very committed young Maori in the dairy industry despite the dairy downturn farmers were experiencing. Mr Little noted that New Zealand's dairy businesses would not only survive the dairy downturn but would prosper into the future with emerging leaders such as Ash-Leigh Campbell, Harepeora Ngaheu, and Jack Raharuhi.

Calf rearing in the spotlight [19 May/ NZ Herald] DairyNZ has launched two training events to provide dairy farmers with the skills, knowledge and resources required to ensure that calves receive the best start to life. The first event would consist of 57 Bobby Calf Focus workshops held across the country to give farm owners and managers the knowledge to clearly understand their responsibilities and provide them with tools for communicating messages to calf rearers. The second event would involve 17 CalvingSmart workshops in which participants would learn how to handle newborn calves safely. DairyNZ Animal Husbandry and Welfare Team Manager, Chris Leach said animal welfare was at the heart of good farming practice, and high standards were good for New Zealand's reputation.

Deer

Venison, velvet prices pleasing farmers [19 May/ NZ Herald] Deer farmers have enjoyed increasing prices for their products with venison selling for $7.10 per kilogram and velvet prices averaging $125 per kilogram. Taihape Deer Farmers Branch Chairman, Andrew Peters said strong global demand meant prices were sustainable as long as meat companies behaved and did the right thing. Mr Peters added that no other livestock farming could match velvet production returns per hectare at the moment. Mr Peters noted that Europe was New Zealand's largest venison market, while Asia was the country's major velvet market.

Poultry

New Zealand poultry industry – new strategies needed to catch next wave of growth [24 May/ Rabobank Media Release] Rabobank's Catching the Next Wave of Growth report identified the development of new markets, the capturing of a greater share of consumer spending, and improved margins through productivity gains as three key strategies that would enable the poultry industry to maximise volume and value growth. Report Author, Angus Gidley-Baird explained that the previous drivers of consumption such as the low price, health benefits and versatility of chicken would continue to play a role in increasing demand for chicken but to a lesser extent. Mr Gidley-Baird added that without further expansion into new export markets, production growth was likely to be limited to population growth if New Zealand's per capita consumption did not increase.

Health and safety

Dairy farmer loses even more to nitrate poisoning [20 May/ Business Day: NZ Farmer] Waikato Sharemilkers, Cam and Tessa Hodgson have lost 49 cows to nitrate poisoning, costing them up to $73,000. Federated Farmers Sharemilkers Section Chairman, Neil Filer said farmers were rarely offered herd insurance by companies as insurance providers only bothered covering a stud bull with good genetics or a racehorse. Mr Filer added that dairy farmers would not insure their herds against catastrophes like nitrate poisoning because it was too expensive. A givealittle page has been set up for the farm and had raised $16,307 to date.

Big demand for H&S advice [24 May/ Rural News] Beef + Lamb New Zealand General Manager, Richard Wakelin said the industry body had originally planned to run 32 health and safety seminars by the end of June, but the demand was prompting it to run at least double this number. Mr Wakelin added that health and safety had dominated the farming landscape over the past six months. Mr Wakelin said the seminars had been really well received by farmers because they helped break down some of the myths about what they needed to do to manage their health and safety obligations on the farm.

Agri tech

Auckland company boasts cutting edge cattle breeding technology [20 May/ Business Day: NZ Farmer] Engender was a company set up by Professor Cather Simpson and operating from the University of Auckland. The company has used new techniques to enable farmers to choose the sex of dairy offspring. Ms Simpson said the company could become a part of the $3.5 billion global artificial insemination market. Ms Simpson said the market was not as large as it could be because the current technology used to separate sperm cells by sex was not very good, creating further opportunities for Engender. Federated Farmers Dairy Spokesman, Andrew Hoggard said the technology would offer farmers more options and might lead to fewer bobby calves being born.

Irrigation

New funding for irrigation [20 May/ Rural News] Primary Industries Minister, Nathan Guy has announced almost $8 million in new funding for three Canterbury irrigation schemes. Mr Guy said $6.64 million would be spent on Stage Two of the Central Plains Water Scheme, $898,000 would be made available for the Sheffield Water Scheme, while the Hinds Managed Aquifer Recharge Pilot Study would receive $312,000. Mr Guy added that the Central Plains Water scheme was a significant investment in the Canterbury region which would transform the economy and help grow exports.

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Contact Us

Auckland/ Audit	Taxation	Tauranga	Wellington
Ian Proudfoot	Greg Knowles	Robert Lee	**Graeme Edwards**
09 367 5882	09 367 5989	07 571 1773	04 816 4522
021 656 815	021 307 332	027 451 1035	027 296 5050
iproudfoot@kpmg.co.nz	gknowles@kpmg.co.nz	relee@kpmg.co.nz	gdedwards@kpmg.co.nz
Christchurch	Financial Advisory Services	Management Consulting	Hamilton/ Private Enterprise
Andrew Hawkes	**Gary Ivory**	**Simon Hunter**	**Hamish McDonald**

03 353 0093 027 508 0135 ahawkes@kpmg.co.nz	09 367 5943 021 932 890 givory@kpmg.co.nz	09 367 5881 027489 9737 simonhunter@kpmg.co.nz	07 858 6519 021 586 519 hamishmcdonald@kpmg.co.nz
Ashburton/ Private Enterprise	Farm Enterprise North Island		South Island
Maurice Myers 03 307 0768 027 208 3405 mauricemyers@kpmg.co.nz	**Roger Wilson** 07 858 6520 027 281 9575 rogerwilson@kpmg.co.nz	**Julia Jones** 07 858 6553 027 524 8901 juliajones1@kpmg.co.nz	**Brent Love** 03 683 1871 027 528 1537 blove@kpmg.co.nz

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