



AGRIBUSINESS

FIELD NOTES

Weekly news update from the KPMG Agribusiness network

6 July 2016

Organisations referenced in this week's Field Notes include:

African Development Bank	Kerikeri Police
Alliance Group	La Espanola
ASB	Landcorp
Bank Vontobel	Marlborough District Council
Bayer	Marlborough Marine Futures
Bega Cheese	Marlborough Sounds Salmon Working Group
Buller Holdings	Marlborough Wine Estates
Companies Office	Ministry for Primary Industries
Dairy Women's Network	Monsanto
Dalberg	Murray Goulburn
Deladon	Nestle
European Commission	Overseas Investment Office
European Union	Shanghai Maling
Farrand Orchards	Silver Fern Farms
Federated Farmers	Sprout
Financial Markets Authority	Summerfruit New Zealand
Fonterra	Waikato Milking Systems
Fresenius	Waikato Regional Council
Green Party	Warrnambool Cheese
Greenpeace	Westland Milk Products
Irrigation New Zealand	Zespri
Japanese Government	

This week's headlines

Red Meat	Silver Fern and Shanghai Maling agree to delay deal [1 July/ NZ Herald]
Economics and Trade	Waikato Milking Systems takes out top export award [1 July/ Dairy News]
Deer	Landcorp launches first Pamu-branded product in New Zealand [30 June/ Business Day: NZ Farmer]
Agricultural Education	Alliance to run women's workshops [29 June. Rural News]
Horticulture	'Best in the world' fruit in demand [4 July/ Otago Daily Times]



FIELDNOTES.CO.NZ

HOT OFF THE PRESS:
**KPMG AGRIBUSINESS
AGENDA 2016 VOLUME 1**

NEW ZEALAND
INNOVATION
AWARDS® 2016

Field Notes

Weekly news update from the KPMG Agribusiness Network – 6 July 2016

Ian Proudfoot – Latest Thought Piece

Cutting through Brexit: delivering a platform of pain with the potential to build a stronger future for Britain and its partners

We are now over a week on from the vote that could never happen. The outcome that nobody saw coming, despite it being in plain view of all for months. So much has been written and said about Brexit over the last week that I thought long and hard about adding my reflections to the debate; what would another contribution add? I am not sure if I add anything more, but as a proud Brit I felt I had as much right as anybody else to have my say on the outcome of the referendum.

On Friday morning, as the votes came in the core arguments of both sides had resonated with me. My heart was saying leave. As one of Thatcher's children, the way the European project had evolved was what Mrs Thatcher had warned us of when the Treaty of Maastricht was negotiated; she was clear that the organisation would shift from an economic community into a pseudo, largely unaccountable political union over time.

Despite the union evolving as many British people had feared my head was saying remain. The premature admission of the emerging Eastern European economies, the terrorist risk associated with the free movement of people across the continent, the economic collapse of Greece and the sheer cost of the union to the UK all supported leaving but the only way you can make change and improve any organisation is from the inside. Change was critical for the good of the UK, Europe and the Global economy. Staying in the EU was Britain's best chance to recover its global influence and leadership.

The political leadership vacuum that has emerged after the result is unprecedented. Neither side appeared to have any plan for an outcome that for months had seemed as likely as a vote to remain. This leaves me concerned for the future of my country and the impacts the decision will have on family and friends that live in the UK. Large deals were put on hold or cancelled on Friday morning as confidence drained from UK markets. No confidence means wallets remain closed and that is not good for the future in a rapidly changing world.

The impacts of Brexit will be real, deep and long lived for people in the UK. Although the impacts are likely to be different to the panaceas and doomsday scenarios painted by the referendum campaigns. Both sides preferred to tug on the heart strings and play to emotions in the arguments that they put forward. Fact appears to have been largely irrelevant to most of visions that were articulated. The biggest fact overlooked was that the rest of the world would react to the result in their own best interests rather than Britain's best interests. To articulate a vision based on a belief that everything would stay the same except what Britain choose to change was dishonest. The words and actions of the remaining 27 members of the European Union in the last week demonstrate that the vote will change every aspect of the UK's relationship with Europe.

All that said, over 17 million people voted to leave the EU. The course has been determined and now it is time to move on from the rancour of the referendum and focus on creating the best possible future for the UK and its trading partners, which includes New Zealand. This is particularly true for agriculture, were farmers strongly favoured a withdrawal from the Union, predominately due to the tight environmental constraints that the Common Agricultural Policy (CAP) has placed on them. However, UK farmers receive around 55% of their income from the EU and it is not yet clear what the agricultural policy framework will look like into future.

Conventional wisdom seems to be that a policy framework will be developed that replaces EU funding with direct assistance from the UK government, together with a programme of incentives to increase the UK's self-sufficiency for food. Paying people to produce food does little to drive efficiency or create stronger, more reliable food systems. While it would be painful to implement a system that exposes farmers to international markets, the New Zealand experience has demonstrated that such an approach drives innovation in farming practices, increases productivity and enhances resilience of the agri-food system.

To my mind Brexit requires Britain to think differently to Europe in many ways and designing a completely new agricultural support framework could deliver farmers the more prosperous future their voting patterns indicated they believed was achievable outside the EU.

Another interesting issue is what impact the loss of the UK's net funding to the EU (which has been around GBP 7 billion a year) will have on the future of the CAP. The UK's funding was largely directed towards international aid and the agricultural policy which is going to leave a huge hole in the funding for the subsidies and rebates given to farmers.

Unless Germany and France pick up the deficit, it appears likely that CAP will need to be extensively redesigned to remain financially viable on Britain's departure. Again, this is likely to see farmers becoming more exposed to the market. Undoubtedly some will give up, but many more will innovative and seek to become more competitive in global markets. This is a threat we should not ignore in New Zealand, as we highlighted in our recent KPMG Agribusiness Agenda, the passion European farmers have for the food they produce gives them a significant advantage in the provenance stakes over our products making it even more critical we get closer to consumers and deliver them the food they really desire within their lifestyles.

The discussion in New Zealand has centred on the impact the vote will have on our trading positions with the UK and Europe. There is no doubt that the UK exiting the EU means that we have lost a strong ally in helping to negotiate a free trade agreement, particularly given the significant issues surrounding European demands that we recognise and respect all geographical indicators.

This does not make an FTA impossible, the German government has also been supportive, but a deal with New Zealand will be placed on the back burner while bigger issues are addressed. The most pressing, undoubtedly, will be reaching a trade agreement with Britain, which for Ireland in particular, is critical to securing long term economic prosperity. There are also deals to be renegotiated with the US, the Merosur countries in South America and Canada (which is a far more ambitious agreement for Canada than TPP) given the original deals were negotiated on the basis of a European market with 64 million more consumers.

Field Notes

Weekly news update from the KPMG Agribusiness Network – 6 July 2016

The New Zealand government has apparently already offered resource to help Britain rebuild its trade negotiation capability. To me this is a good strategy as it will position us to complete a deal with the UK quickly and help shape how they do free trade. We have successfully functioned as an open trading nation for the last three decades and consequently can provide insights to assist Britain in realising the opportunities now available to them to develop wide trading relationships. The UK remains an important market for New Zealand, we sell lamb, wine, kiwifruit and apples to high value consumers there in significant quantities and protecting these markets must be priority. We need to do something radical to get to the starting line first to get a deal.

One other impact of Brexit that interests me is how Britain will reshape its international aid programme, much of which has been handled through the EU in recent times. The ability to take back full control of aid programmes offers Britain the chance to reengage extensively with Commonwealth countries, many of which face significant food security issues. New Zealand should explore options to co-ordinate efforts with Britain to deliver transformational agricultural aid programmes in the Pacific region. We understand the region but Britain brings the resources to invest extensively in game changer projects.

As Simon Anholt said in his presentation to the Te Hono Movement in April, the goal for any country is to be the best country they can be for the world. This in the long term secures a country's ability to create wealth. Within the EU, Britain's ability to be the best country it can be has been constrained by the need to work within a framework of rules shaped by the need to achieve compromise amongst the 28 member nations of the union.

Although the vote to leave was driven by voters focused largely on British issues, they have delivered a platform that enables Britain to reposition itself and become the best country it can be for the world. This will ultimately secure a better future for Britain, but it will take foresighted leadership and willingness to do things differently. The vote will deliver pain, as the structural changes that had to be made to our economy after the UK joined the European common market in 1973 brought pain to New Zealand. The challenge for whoever finally emerges as the leader of Britain is to do what is right for the country and its partners rather than what is most politically expedient. The opportunity for New Zealand, as a close friend, is to provide a sounding board to ensure the right choices are made in a period where many complex decisions will have to be made.

Horticulture

Search for Kiwifruit saboteur [4 July/ NZ Herald] Farrand Orchards Owner, Kerry Farrand has offered a \$50,000 reward for evidence that leads to a conviction after his kiwifruit orchard was sabotaged, costing him hundreds of thousands of dollars in income. Mr Farrand said he had to dump nearly 30,000 trays of gold kiwifruit grown in his Kerikeri orchard after the Calypso insecticide was sprayed on the fruit. The spray meant Mr Farrand was unable to sell the kiwifruit on the world market as residue levels of the spray used exceeded the approved levels. Mr Farrand said his greatest fear was that if the guilty party remained free, and that there would be nothing stopping them from doing it again to following years' crops. Mr Farrand added that he had lodged a complaint with police, but needed a witness or someone who the guilty party had spoken with about the sabotage to come forward and give evidence. Kerikeri Police Senior Constable, Robert Drummond said investigations were ongoing and he hoped the \$50,000 reward would help bring in a successful arrest and conviction.

'Best in the world' fruit in demand [4 July/ Otago Daily Times] Summerfruit New Zealand Chairman, Tim Jones said the Cromwell Basin was now producing around half of New Zealand's export cherries. Mr Jones added that they were the best cherries in the world, as indicated by the \$25 per kilogram that could be charged for the fruit. Mr Jones explained that many factors combined to create the current strong position, including years of niche marketing, improved technology around production, and availability of land, good staff, and tourism which provided frequent flights to transport the cherries.

Young growers need help [5 July/ Rural News] Zespri Chairman, Peter McBride has challenged employers in the horticulture sector to do more to develop young people and bring them through the industry. Mr McBride added that horticulture and tourism were the fastest growing industries in New Zealand, creating a world of opportunities for young people in management and roles in Zespri. Mr McBride added that there was also plenty of room for people to start their own businesses.

Viticulture

Marlborough Wine Estates lists on NXT [30 June/ Business Day] Marlborough Wine Estates has gone public on the NXT with the share price increasing from 20 cents to 28 cents during its initial listing. The Chinese owned company offered 293.3 million shares, giving the listing a total value of \$60 million. Marlborough Wine Estates Chief Executive, Catherine Ma said the listing would help the company build credibility as it expanded into the Chinese market. Ms Ma added that the company wanted to create a joint ownership structure where customers and potential distributors could take part in the business. Marlborough Wine Estates Executive Chairman, James Jia said there was a huge opportunity to build a premium New Zealand wine brand in China. Mr Jia noted that overall wine imports to China increased by more than 40 percent to \$420 million last year.

Fishing and aquaculture

Ministry for Primary Industries holds consultation sessions on Top of the South scallop and snapper fisheries [20 June/ Business Day] Meetings have been scheduled for Marlborough, Nelson, Motueka and Takaka to inform people of plans to close the scallop fishery in Marlborough and Nelson. Marlborough Marine Futures Chairman, Eric Jorgensen said it was his personal opinion that the scallop fishery should be closed to allow for regeneration. The Ministry for Primary Industries also proposed increasing the commercial snapper catch in the Top of the South and most of the West Coast from 200 tonnes to 250 tonnes. The recreational snapper catch in the area would be increased from 90 tonnes to 250 tonnes. Submissions on the scallop fishery closed on 1 July, while submissions on the snapper catch limits close on 11 July.

Under-performing salmon farms in Marlborough Sounds tackled [4 July/ Business Day: NZ Farmer] The Marlborough Sounds Salmon Working Group has been set up after environmental monitoring revealed that three of New Zealand King Salmon's farms in Queen Charlotte Sound were not meeting best practice guidelines. The working group would include representatives from the Marlborough District Council, the Ministry for Primary Industries, key community and interest groups, iwi, and New Zealand King Salmon. The group would start meeting in July and would provide recommendations to the council and the Government on implementing the best practice guidelines.

Field Notes

Weekly news update from the KPMG Agribusiness Network – 6 July 2016

Red meat

No evidence found of SFF breach [29 June/ Otago Daily Times] The Companies Office has rejected an allegation by New Zealand First Leader, Winston Peters that Silver Fern Farms' directors breached their duties over the company's proposed joint venture with Shanghai Maling. Mr Peters had claimed that the directors had not acted in good faith and in the best interests of the company. This was based on Mr Peters' other allegation that the company had failed to get approval for a major transaction and had structured around the rules. Mr Peters also lodged a complaint with the Financial Markets Authority (FMA) relating to the company's shareholder information pack, but the FMA found it did not have any reason to believe that it was misleading or deceptive.

Silver Fern and Shanghai Maling agree to delay deal [1 July/ NZ Herald] Silver Fern Farms and Shanghai Maling have agreed to extend the deadline for their joint venture proposal to 30 September after the deal did not receive Overseas Investment Office approval by the original 30 June deadline. Silver Fern Farms Chief Executive, Dean Hamilton said the company needed more time to answer the further information requests from the Overseas Investment Office, and then allow sufficient time for the Overseas Investment Office and Ministers to consider the application. Mr Hamilton added that the company continued to believe that the investment would be approved given its substantial merits. The revised deadline has led the parties to agree on a new deal completion date of 4 January 2017, while Silver Fern Farms has set 12 August as the new date for their shareholders meeting.

Dairy

Meth houses popping up on dairy farms [4 July/ Business Day: NZ Farmer] Federated Farmers Waikato President, Chris Lewis said members have raised concerns about dairy farmers using dairy houses to manufacture methamphetamine. Mr Lewis added that there had been a rise in positive farm worker drug tests. Mr Lewis explained that isolation, easy access to chemicals on a dairy farm, and the crazy hours worked all contributed to the rise. Mr Lewis said that if methamphetamine houses kept popping up on dairy farms, it could have long term implications for the employees as farmers would be reluctant to let them live in the farm houses. Coromandel-Hauraki Detective Sergeant, Martyn Hughes said farmers had to be vigilant and do reference check before letting anyone stay on their properties.

Environment and emissions

Feds on board with Environment Commissioner's Report [30 June/ Rural News] Federated Farmers Environment Spokesman, Chris Allen said he agrees with the Parliamentary Commissioner in that the biggest issue facing New Zealand was climate change. Mr Allen added that building resilience in New Zealand's agriculture sector was also of great importance and the primary industry had to prepare for more extreme weather events. Mr Allen said water projects were crucial to give farmers the reliable source of water they required. Mr Allen added that 80 percent of waterways were improving or not going backwards, while the other 20 percent made up local hotspots which must be focused on.

Rolleston proposes enviro think-tank [4 July/ Farmers Weekly] Federated Farmers President, William Rolleston has proposed a Land and Water Stewardship Initiative. Mr Rolleston explained that the initiative would be a forward looking think-tank of primary industry players who were willing to work together to propose solutions which brought forward the economy and environment. Mr Rolleston added that the farming sector was up for the challenge to address water quality issues, with farmers having already spent hundreds of millions of dollars to improve the environment. Mr Rolleston explained that 20,000 kilometres of rivers had been fenced off, while farmers were changing practices to reduce run-off and sediment. Mr Rolleston said climate change was another major issue facing those working in primary industries and new scientific tools such as gene editing could help overcome it.

Research and development

Calling paddock to plate start-ups ready to Sprout [1 July/ Rural News] Sprout has been searching the country for eight entrepreneurs with agritech businesses in the paddock to plate space and using technologies that improve yield, efficiency and profitability. The chosen eight would receive \$20,000 cash to invest in their business and take part in a five month programme which would see them flown around the country for mentoring and training from leaders in technology, research and business growth. At the end of the programme, each person would get the opportunity to pitch their business to a group of potential investors, corporate partners and potential customers. Sprout Business Strategy Advisor, Stu Bradbury said the business wanted to help entrepreneurs grow their start-ups from great ideas into investment-ready early stage companies.

Marton couple aim to lift farm profits from joining research partnership [4 July/ Business Day: NZ Farmer] Marton Farmers, Brenda and John Steward said the year of being part of a government and industry funded research programme had helped them think outside the square. The idea behind the programme, a collaboration between nine industry partners and the government, was to increase profitability and productivity in the red meat sector. Mr and Mrs Steward said the key advantages the programme had delivered to them were access to specialists such as their farm advisor, fertiliser advisor and whole farm soil tests. Mr and Mrs Steward added that the programme had encouraged them to examine and introduce farming practices that they would not have previously considered.

International

Dutch group experiment with world's first floating dairy farm [23 June/ Farmers Weekly] Dutch companies have come together to build the world's first floating dairy farm in Rotterdam, supplying milk to local consumers. The project aimed to address the problem of how to feed a growing population when competition for land was increasing. In addition, the project would reduce the distance that milk and other dairy products would need to be transported, reducing greenhouse gas emissions and putting shoppers back in touch with nature and farming. The group of companies said the idea had potential on the global level, with talks already underway for a floating farm in New York. The aim of the project was to build a pilot farm housing 60 cows on a fully floating structure. The cows would be kept on a soft floor with the feel of a natural living environment, along with trees and bushes to offer areas of shade. If the project was successful, it could be up-scaled to house 200 cows to produce 5,000 kilograms of milk each day. Deladon Partner, Minke van Wingerden said the construction of the farm would take about eight months and was yet to start.

Field Notes

Weekly news update from the KPMG Agribusiness Network – 6 July 2016

AfDB launches \$400bn agribusiness strategy [26 June/ Agri Investor] The African Development Bank has launched a new agribusiness development strategy in Africa which would require USD 400 billion in investments from African and international finance institutions over the next 10 years. Dalberg Partner, Aly-Khan Jamal said the development strategy would focus on commodities in certain countries where transformation over a short period of time was feasible. Mr Jamal added that the bank would like to turn the continent into a net exporter.

Gik Live - the wine that really could make you feel blue in the face [27 June/ The Guardian] Six young entrepreneurs have created a blue wine, called Gik Live, to shake things up in what they called one of the most traditional and close-minded industries. The wine was a mix of red and white grapes with two organic pigments added, one of which was found in grape skin. The entrepreneurs said they chose the blue colour as it represented movement, innovation and infinity in psychology, and was frequently associated with flow and change.

Spain's secret weapon; Dubbed a super food, olive oil has taken off in the UK, with Spanish brands moving up to rival the Italian stalwarts [28 June/ The Daily Telegraph] La Espanola Deputy General and Corporate Development Director, Sergio Anton said Spanish olive oil was becoming more popular in the United Kingdom, with 50 percent of households using it regularly. Mr Anton explained that Spain's olive oil had been slow to gain a reputation overseas because the domestic market meant it could not be exported for a long time. Mr Anton added that La Espanola was now a market leader in Australia and Germany.

Nestlé appoints Schneider as CEO [28 June/ The Irish Times] Nestle has appointed Ulf Mark Schneider as its new chief executive officer, a move that was quickly followed by a 3.5 percent increase in the company's share price. Mr Schneider was formerly the chief executive of Fresenius, a German healthcare company, and gives Nestle the potential to expand its relatively small but highly profitable health and wellness business. Bank Vontobel Analyst, Jean-Philippe Bertschy said the appointment showed Nestle wanted to transform the business and not just do a little bit of health and wellness on the side.

UK vote has set the bomb ticking for Irish farmers; We must wake up to how Brexit can damage our largest indigenous industry [29 June/ The Irish Times] The consequences of the United Kingdom's decision to leave the European Union could be devastating to Ireland's agricultural industry due to their dependence on exports. The consequences include increased border controls with import tariffs, a possible recession in the United Kingdom, and preferential trade deals with countries outside the European Union. Trade deals entered into by the United Kingdom could leave Irish exports fighting with competitors from South America, New Zealand and the United States.

Monsanto looks at Bayer alternatives [29 June/ Agri Investor] Monsanto Chief Executive, Hugh Grant said that while there was no update on the Bayer deal, he had been in discussions with Bayer management over the last few weeks regarding alternative strategic options. Mr Grant added that Monsanto would remain open and willing to engage in constructive dialogue to pursue value enhancing strategic options. The world's largest agricultural commodities and input business would be formed if Bayer were to take over Monsanto.

Editorial: Agricultural sector should get competitive with an eye on TPP [29 June/ The Japan News] According to estimates made by the Japanese Government, the Trans Pacific Partnership would generate the country JPY 13 trillion in economic benefits due to an increase in exports of manufactured products. However, the deal would decrease agricultural production by up to JPY 210 billion annually. The Liberal Democratic Party has pledged to adjust supply and demand when the deal takes effect, under which domestically grown rice would be purchased in the same quantity as imported produce.

Top scientists urge Greenpeace to drop GM, Golden Rice campaign [30 June/ Business Day: NZ Farmer] More than 100 top scientists have signed a letter urging Greenpeace to end its opposition to genetically modified organisms. The letter said Greenpeace should recognise the findings of scientific bodies and regulatory agencies, and abandon their campaign against genetically modified organisms. Campaign Organiser, Richard Roberts said he endorsed many other activities of Greenpeace and hoped the group would admit this was an issue they got wrong and focus on the stuff that they did well. Mr Roberts noted that 107 of the 296 living Nobel laureates had signed the letter.

EU increases dairy intervention ceilings again [30 June/ Dairy Reporter] The European Commission has further increased the public intervention ceiling for skimmed milk powder from 218,000 tonnes to 350,000 tonnes. The original ceiling of 109,000 tonnes had already been doubled in April, but due to its quick uptake and dairy farmers facing difficulties in agricultural markets, it has been increased again. The European Commission said dairy market trends monitored by the Milk Market Observatory showed there was still a need to rebalance supply and demand.

Fish trimmings could be new value-added protein source [30 June/ Food Navigator] Norwegian Food Research Institute Scientist, Tone Aspevik said fish trimmings could be used as a source of protein with the simple addition of commercially available enzymes. Ms Aspevik explained that the bitter taste of fish trimmings was a big hurdle for consumers to overcome, and therefore off-cuts were usually discarded or used in low value products such as fishmeal and oil. Ms Aspevik said research had shown that adding certain enzymes to the trimmings made the heads and spines less bitter without affecting the nutritional value. Norwegian Food Research Institute Senior Scientist, Age Oterhals said the findings could be a business opportunity for companies already producing fish products, as well as young businesses looking for new sources of protein supplements.

Will Italy also debate a sugar and sat fat tax? [30 June/ Food Navigator] A group of Italian politicians have presented a bill to the Senate proposing a tax on sugary drinks, palm oil and industrial trans fats in an attempt to slow rising obesity rates. The bill did not specify what the thresholds would be set at, but noted that the money raised would be used to finance nutritional education campaigns. The Health Behaviour in School Aged Children study showed that 29 percent of eleven year old Italian boys and 20 percent of eleven year old Italian girls were overweight or obese.

Milk processor Fonterra cuts farm gate prices for new season [30 June/ ABC Rural] Fonterra Australia has cut next seasons farm gate price to AUD 4.75 per kilogram of milk solids. The figure was higher than the AUD 4.31 per kilogram of milk solids Murray Goulburn would pay its farmers, but lower than Bega Cheese's AUD 5 per kilogram and Warrnambool Cheese's AUD 4.80 per kilogram. Fonterra Australia Senior Executive, Judith Swales said global market conditions meant the processor was unable to offer a higher price for the season which started on 1 July. Ms Swales added that the co-operative forecasted a closing price of AUD 5 per kilogram of milk solids. Ms Swales noted that calls for an AUD 0.50 per kilogram levy on milk sold domestically had been rejected by Deputy Prime Minister, Barnaby Joyce, because only a fraction of the milk produced was sold on the domestic market.

Field Notes

Weekly news update from the KPMG Agribusiness Network – 6 July 2016

Economics and trade

Waikato Milking Systems takes out top export award [1 July/ Dairy News] Waikato Milking Systems has been named the 2016 Air New Zealand Cargo ExportNZ Exporter of the Year and the QBE Insurance Exporter of the Year for the \$10 million to \$25 million category. Waikato Milking Systems Chief Executive, Deal Bell said the business was known as one of the leading innovators and manufacturers of rotary milking systems and dairy technology in the world. Mr Bell added that the excellence in innovation, design and manufacturing was achieved by a team of extraordinarily talented New Zealanders. Mr Bell said he was proud to represent a team that built products which would transform the milking environment and add new levels of ease and efficiency to the lives of farmers around the world.

Brexit vote fallout a longer term risk for NZ [4 July/ NZ Herald] ASB Rural Economist, Nathan Penny said the impact of Britain's decision to leave the European Union has only had a modest impact on commodity prices, but the fallout from the referendum vote posed risks to New Zealand agriculture in the medium to long term. Mr Penny explained that the slowdown in economic growth of the United Kingdom and European Union may flow on to the rest of the world. Mr Penny added that if this reached food markets that were of significance to New Zealand, such as China and the United States, downturns in demand may affect New Zealand commodity prices. Mr Penny noted that it was possible buyers may not be very active at this week's Global Dairy Trade auction, but he did not expect this to last for long.

Farmers and producers

10 years of outstanding contribution to dairying [28 June/ Business Day: NZ Farmer] Westport Dairy Farmer, Rebecca Keoghan has been named the 2016 Dairy Woman of the Year. Ms Keoghan was also a Landcorp business manager, a Westland Milk Products director, a Buller Holdings director, New Zealand Dairy Industry Awards Manager of the Year, and an OSPRI Northern South Island committee member. Dairy Woman's Network Chief Executive, Zelda de Villiers said Ms Keoghan was an exceptional woman who was a great ambassador for the dairy industry at every level. Ms Keoghan said her passion was for health and safety and she strongly believed that leadership in safety drove excellence. Ms Keoghan added that the current downturn in the dairy industry was affecting all dairy farmers, but at the end of the day farmers would come out stronger. Ms Keoghan noted that dairying would always be cyclical and the only thing that would differ was how long the highs and lows lasted for.

Drought now longest on record [4 July/ Farmers Weekly] The Eastern South Island has broken the record for the longest period of drought after the Ministry for Primary Industries declared a further extension until the end of the year. The extension meant the area would have been in drought for almost two years since its initial classification on 12 February 2015. Primary Industries Minister, Nathan Guy announced \$88,000 in extra funding for drought recovery co-ordination, bringing the total to \$538,000 since February last year. Federated Farmers Provincial President, Lynda Murchison said that despite the length and severity of the drought, farmers had taken a proactive and adaptable approach to managing the needs of their livestock and securing feed, off-farm grazing, and destocking their farms. Ms Murchison added that the approach taken by the Ministry for Primary Industries during the drought illustrated what could be achieved when regulators worked with farmers.

Water

Greens' claim 'ridiculous' [29 June/ Dairy News] Irrigation New Zealand Chief Executive, Andrew Curtis said the Green Party's list of the top 10 dirtiest rivers in New Zealand was farcical and brought into question their credibility. Mr Curtis added that the true state of water quality in New Zealand could be found from the Land Air Water Aotearoa website which contained the most accurate and up to date information on actual river water quality. Mr Curtis said the Green Party was being mischievous in trying to create a divide between rural and urban communities which was not good for New Zealand. Mr Curtis explained that the primary sector was actively embracing change through adoption of good management practices such as stock exclusion from waterways.

Big picture for Waikato water getting clearer [1 July/ Rural News] Waikato regional councillors have endorsed an issues and opportunities paper regarding water management over the next 30 to 50 years. The paper focused on a wide range of water quality and allocation issues and would now be used in the development of a Waikato freshwater strategy after the local body elections in October. Waikato Regional Council Chairperson, Paula Southgate said Waikato water was critical to the regions urban and rural community and the nation as a whole. Ms Southgate added that the council was committed to continuing to work closely with iwi, stakeholders and the wider community on this extremely important piece of work.

Deer

Landcorp launches first Pamu-branded product in New Zealand [30 June/ Business Day: NZ Farmer] New Zealand consumers can now purchase Landcorp's Pamu-branded venison, the first of its products available in the country. The venison would only be available through home delivery with a minimum of 4 kilograms having to be bought. Landcorp Chief Executive, Steven Carden said the company had been selling venison to United States restaurants for the last 12 months, and decided to start selling it in New Zealand. Mr Carden added that the product was an important step in Landcorp's strategy of getting more value out of its farms.

Agricultural education

Alliance to run women's workshops [29 June. Rural News] Alliance Group Chief Executive, David Surveyor said the co-operative would repeat its successful Women's Workshop initiative with events in Christchurch, Nelson and Palmerston North next month. The workshops would offer practical learning opportunities for women shareholders and provide a forum for them to learn more about the co-operative and share their experiences. Mr Surveyor said women shareholders made a significant contribution to the co-operative and he was looking forward to updating those women on Alliance Group's strategy and hearing their views. Women made up about half of Alliance Group's 5,000 farmer shareholders.

Animal welfare

Field Notes

Weekly news update from the KPMG Agribusiness Network – 6 July 2016

Bobby calf regulations in time for calving [30 January/ NZ Herald] Regulations regarding the care of bobby calves would be in place by 1 August, allowing the Ministry for Primary Industries to hold farmers, transporters and meat processors accountable by issuing infringement notices and fines. The regulations covered the care of calves that were under the age of 14 days and permanently separated from their mothers. Farmers have until next spring to put in place facilities that would allow calves to walk onto transport and provide suitable shelter for calves while they await pick up.

Innovation Council Award Entries

If you're doing some cool things and rocking your industry, the Innovation Council want to hear about it.

Award entries are now open.

The NZ Innovation Council provides a supportive eco-system for Kiwi companies needing a positive and helpful business community. The online network connects businesses with the resources and organisations they need to develop and grow. It is a free service and incorporates forums, events, nationwide access to experts, investors and resources.

In the five years the awards have been held, countless businesses have formed super-beneficial connections with new partners and private investors have shoulder-tapped some great Kiwi endeavours. There has been huge growth in the eco-system of innovative New Zealand businesses growing and connecting, forming a useful network made up of innovators, business owners which helps businesses get to that next level.

The New Zealand Innovation Awards are our way of helping people with their great ideas and innovations. The awards have been created to give smart, innovative NZ individuals and businesses a platform to be recognised and celebrated.

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	Taxation Greg Knowles 09 367 5989 021 307 332 gknowles@kpmg.co.nz	Tauranga Robert Lee 07 571 1773 027 451 1035 relee@kpmg.co.nz	Wellington Graeme Edwards 04 816 4522 027 296 5050 gdedwards@kpmg.co.nz
Christchurch Andrew Hawkes 03 353 0093 027 508 0135 ahawkes@kpmg.co.nz	Financial Advisory Services Gary Ivory 09 367 5943 021 932 890 givory@kpmg.co.nz	Management Consulting Simon Hunter 09 367 5881 027489 9737 simonhunter@kpmg.co.nz	Hamilton/ Private Enterprise Hamish McDonald 07 858 6519 021 586 519 hamishmcdonald@kpmg.co.nz
Ashburton/ Private Enterprise Maurice Myers 03 307 0768 027 208 3405 mauricemyers@kpmg.co.nz	Farm Enterprise North Island Roger Wilson 07 858 6520 027 281 9575 rogerwilson@kpmg.co.nz	Julia Jones 07 858 6553 027 524 8901 juliajones1@kpmg.co.nz	South Island Brent Love 03 683 1871 027 528 1537 blove@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.

© 2016 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 and logo 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.