



AGRIBUSINESS

FIELD NOTES

Weekly news update from the KPMG Agribusiness network

21 September 2016

Organisations referenced in this week's Field Notes include:

a2 Milk Company	Metro Cash & Carry
Agricultural Development Bank of China	Mighty River Honey
Agrium	Ministry for Primary Industries
Alliance Group	Monsanto
Arla Foods	Motutapu Farm
Avocados Australia	National Party
Bayer	New Zealand Institute of Economic Research
Bayleys	New Zealand Winegrowers
BNZ	Norvo Farm
Commerce Commission	Organic Aotearoa
Dairy Association of China	Otago Regional Council
Dairy Companies Association of New Zealand	Overseas Investment Office
Dalit Foods	Plant & Food Research
European Union	Potash Corp
Fonterra Co-operative Group	Real Estate Institute of New Zealand
Fruit Growers Tasmania	Shanghai Maling
Fulida Group	Silver Fern Farms
Global Policy Institute of Science	SproutX
Grains and Seed Trade Organisation	Synlait Milk
Hemp Industries Association	Te Ohu Kaimoana
Islamic Food and Nutrition Council of America	Temasek Rice
Labour Inspectorate	Tertiary Education Commission
Landcorp	Unilever
Lincoln University	Waikato Regional Council
Lion Group	Wellard
Manawatu Prison	Woolworths
Maori Party	World Trade Organisation
Massey University	

This week's headlines

Red meat	SFF 'unleashed' by assent [20 September/ Otago Daily Times]
Viticulture	Wine officials prepare ground for post-Brexit trade [16 September/ Business Day: NZ Farmer]
Dairy	100 farmers dump milk following silo collapse [19 September/ Otago Daily Times]
International	Bayer, Monsanto in US\$66b deal that could reshape the world's food supply [15 September/ Business Day: NZ Farmer]
Education	Lincoln 'committed' to agriculture [20 September/ Rural News]



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



Horticulture

Woolworths' switch from local to imported avocados angers growers [14 September/ The Sydney Morning Herald] Avocados Australia has called out Woolworths after its Queensland stores stopped purchasing locally grown avocados, replacing them with imported New Zealand avocados. Avocados Australia Chief Executive Officer, John Tyas said Australian growers were very disappointed given the large volume of Australian fruit that was currently available. Mr Tyas added that the real issue was the supermarket chain switching over to New Zealand fruit too early, potentially causing a collapse in prices in September. Mr Tyas said he was really disappointed with the lack of communication from Woolworths. Mr Tyas noted that consumers could end up with poorer quality fruit.

Viticulture

Wine officials prepare ground for post-Brexit trade [16 September/ Business Day: NZ Farmer] New Zealand Winegrowers Chief Executive, Philip Gregan said preliminary discussions have been held with the United Kingdom Wine and Spirit Trade Association over a new trade agreement following Britain's vote to leave the European Union. The United Kingdom was New Zealand's second largest export market for wine, worth \$380 million a year. New Zealand Institute of Economic Research Deputy Chief Executive, John Ballingall said it would be a mistake for New Zealand to turn its back on the United Kingdom, even though demand may decrease due to the falling pound and slowing income growth.

Apiculture

Hobbit honey - from middle earth to the world [18 September/ NZ Herald] Mighty River Honey, trading as Middle Earth Honey, has launched Anduin Vale honey and planned to manufacture up to 30 other food and beverage items with links to The Hobbit and Lord of the Rings characters, places and items. Mighty River Honey Executive Chairman, Richard Duncan said the company had distributors appointed in China, India and Taiwan, as well as interest from the Middle East and North America. Mr Duncan said the association with The Hobbit and Lord of the Rings meant the brand was easily recognised and well received overseas.

Fishing and aquaculture

Maori Party won't rule out walking away from National over Kermadec sanctuary [14 September/ NZ Herald] Maori Party Co-Leader, Te Ururoa Flavell said he had grave concerns about the impact of the proposed Kermadec Ocean Sanctuary on Treaty rights and would not rule out walking away from the National Government over the issue. Mr Flavell added that he was optimistic a solution could be found over the Kermadec Ocean Sanctuary without taking this step. Prime Minister, John Key said that while the bill had the numbers to pass into law, he wanted to negotiate further with the Maori Party before progressing it. Te Ohu Kaimoana Director, Ken Mair said the breach of Maori fishing rights in the Kermadec Ocean Sanctuary Bill was as serious, if not more serious, than the foreshore and seabed legislation. Mr Mair said he urged the Maori Party to walk away from its relationship with the National Party.

MPI chose not to prosecute fish dumping out of fears of embarrassment, law still regularly broken, review says [16 September/ National Business Review] According to a Queen's Counsel independent review, the Ministry for Primary Industries (MPI) chose not to prosecute fishing companies that may have been fish dumping, an illegal practice where fish were selectively harvested so only the best quality fish were brought ashore and the rest thrown back dead. The review found that MPI investigated footage of fish dumping, but decided to let the skippers off with a warning. A review of emails sent after the decision not to prosecute was made suggested that a reason for not prosecuting was that it would be more constructive in changing fishing behaviours and less damaging to MPI.

Red meat

Parties await OIO decision [14 September/ Otago Daily Times] The Overseas Investment Office has sent its recommendation on the \$261 million deal between Silver Fern Farms and Shanghai Maling to the relevant government ministers for a decision. Land Information Minister, Louise Upston and Associate Financial Minister, Paula Bennett received the documentation from the Overseas Investment Office last week and were now considering the application. A spokesperson for the ministers said they were aware of the 30 September deadline Shanghai Maling and Silver Fern Farms had set for the deal to be completed. Silver Fern Farms Chief Executive, Dean Hamilton said the company was confident that the Overseas Investment Office decision would be favourable and announced prior to 30 September.

Diners see farming in harmony with nature [19 September/ NZ Farmers Weekly] Auckland diners may soon be able to sample beef from one of the Islands they can see, with an icon on their menu allowing them to watch drone-shot footage of farming on Motutapu Island. Motutapu Farm Managing Director, Rick Braddock said the move was part of his traceable paddock and plate philosophy with biological or natural farming. Mr Braddock added that consumers were much more aware of what was in their food and wanted to see ethical, clean and sustainable agricultural systems delivering the value added products New Zealand needed to adopt to secure its future.

SFF 'unleashed' by assent [20 September/ Otago Daily Times] Silver Fern chairman, Rob Hewett, said that following the 'black box' Overseas Investment Office process, the company would now be unleashed by approval being granted for Shanghai Maling to acquire a 50% interest, injecting \$261 million of capital to support its long term growth. Mr Hewett said while the process had been driven by Shanghai Maling, "the company was pleased to be in this position" as it would become the financially strongest company in the New Zealand meat industry and have significant opportunities to expand its plate to pasture strategy. The deal will significantly reduce debt. The company will change its balance date to 31 December and it is expected the first business day of the new entity will be 4 January 2017. Mr Hewett added that SFF had no interest in starting a procurement war bit would now have a strong enough balance sheet to respond if other meat processors started a bidding war for stock. The company will also be able to invest in plants to unlock greater productivity. Ministers Upston and Bennett said that they were satisfied that the purchase will create substantial and identifiable benefit for New Zealand, having received a report from the OIO recommending approval of the application.

Dairy

Agribusiness: Fonterra thrives on disruption [31 August/ NZ Herald] Around 700 Fonterra managers and employees have been engaged in Disrupt, an innovation pilot programme driven by the belief that one big idea could change the game in its industry. Over 50 submissions were narrowed down to 11 to compete in a Hackathon, after which a few were selected to take their ideas into a formal Acceleration programme. Disrupt Leader, Komal Mistry said she knew Fonterra had talented people, but this programme really took it to another level. Fonterra Velocity and Innovation Chief Operating Officer, Judith Swales said funding for Disrupt was not huge, but enough to get it off the ground. Ms Swales added that the proposals were confidential at this stage, but they were exciting ideas.

Organics demand 'exciting' for land sales [15 September/ Dairy News] An Organic Aotearoa report showed that the domestic market for organic products has grown by 45 percent over the past four years to \$250 million. The report added that organic exports were valued at \$240 million, with fresh fruit and vegetables making up \$108 million of that. The report showed that 0.5 percent of New Zealand's farmed area was used for organic products, compared to 10 percent in Europe and 1 percent globally. Bayleys National Country Manager, Simon Anderson said farmers and investors had a growing interest in properties that were certified organic or suitable for conversion to organic.

ComCom releases milk price review [15 September/ Dairy News] The Commerce Commission has released its final report on Fonterra's base milk price calculation for the 2015/16 dairy season. The report concluded that Fonterra's calculation was consistent with both the efficiency and contestability purposes of the Dairy Industry Restructuring Act. Commerce Commission Deputy Chair, Sue Begg said they did not have enough evidence to conclude on the practical feasibility of the asset beta. Ms Begg added that this was a matter that could be resolved and the report suggested steps to be taken in relation to this. Ms Begg said the Commerce Commission appreciated Fonterra's continued efforts to provide more transparency and information about how it calculated the milk price.

Dairy farms targeted in labour infringements probe [17 September/ Dairy News] Labour Inspectorate Regional Manager, Natalie Gardiner said dairy farmers who failed to keep written employment agreements or time records could expect to receive a sharp shock as the Labour Inspectorate launched a nationwide investigation into compliance in the industry. Six farmers had already received infringement notices of \$1,000 or \$2,000 for breaching one or both of these basic employment obligations after the Labour Inspectorate's investigation of 28 farms in the Waikato region. A total of 21 employment breaches were identified across 14 of the farms, with the Inspectorate issuing seven improvement notices and three warnings in addition to \$9,000 in infringement notices. Ms Gardiner said the farmers in the investigation were aware of their obligations, but chose to ignore the considerable information made available by industry groups to help them get it right.

Big new drier cranks into gear [19 September/ NZ Farmers Weekly] Fonterra Chief Operating Officer, Robert Spurway said the co-operative's largest whole milk powder drier at Lichfield would be cranked up to maximum throughput by the end of the month. Mr Spurway explained that the first 24 hour run would be on 20 September, with the plant running continuously soon after that. For continuous operation, the drier would require 4.4 million litres of milk every 24 hours and would produce over 30 tonnes of whole milk powder an hour or more than 700 tonnes a day.

100 farmers dump milk following silo collapse [19 September/ Otago Daily Times] The milk silo at Fonterra's Edendale site has collapsed, forcing the co-operative to call in engineers from around New Zealand and the world to try to get the plant fully operational again. Fonterra Global Operations Chief Operations Officer, Robert Spurway said the collapse affected milk collection over the weekend, with about 100 of the 1,100 farms across Otago and Southland not having their milk collected. Farmers who did not have their milk collected would be compensated, as it would have to be disposed of on the dairy farms. Fonterra was working with regional councils to make sure it was properly disposed of.

A2 milk health claims get their day in court [19 September/ NZ Herald] The a2 Milk Company's claims that its product is healthier than ordinary milk are set to be tested in an open court in Australia, after Lion Group lodged a cross-claim seeking damage for loss of sales. The a2 Milk Company claimed that milk without A1 proteins was healthier than milk containing both A1 and A2 proteins. Lion Group said medical and scientific research had not established that milk without A1 protein had health or digestive benefits. Lion Group's claim came after the a2 Milk Company took Lion to court for putting A2 on its labels to con consumers into thinking that their milk was an A2 milk. a2 Milk Company Chief Executive, Peter Nathan said it was very evident that Lion's milk had not changed at all, and it was still the same milk that it always had been, despite the new label.

Formula sales drive Synlait Milk to record profit [19 September/ NZ Herald] Synlait Milk announced that its net profit for the year to July 2016 was over 200 percent higher than the previous year, reaching a record \$34.4 million. The increase was due to canned infant formula volumes being nearly four times higher than in 2015 and growth in powder and cream product volumes. The company also announced a rights issue aimed at raising \$98 million to fund future growth. Synlait Chief Executive, John Penno said the company already supplied four of the world's five largest infant formula companies, but wanted to become a world leader in infant formula in its own right. Mr Penno said the long term agreement with the a2 Milk Company provided certainty around the supply of a2 Platinum infant formula over the next five years.

Environment and emissions

BNZ has 'significant concerns' about Waikato River clean up plans [14 September/ Business Day] The Healthy Rivers project designed by the Waikato Regional Council meant Waikato farmers and horticulture growers would face tough new land restrictions. The proposed draft would make it difficult for land use to be changed, leading to growing concerns among farmers and growers that their land values could be impacted. Healthy Rivers Wai Ora and the Waikato Regional Council would vote on whether the public got a say on the proposed changes or if the rules took effect immediately. BNZ Head of Agribusiness, John Janssen said the bank had significant concerns regarding the land use changes. Mr Janssen explained that putting the rules in place before any public consultation process had been conducted could cause uncertainty that could destabilise farm land values at a time when rural communities were already confronting challenges. Mr Janssen added that delaying implementation of the plan would allow the council to consider public submissions and allow rural lenders to determine the impact of any changes on customers.

Waikato agrees to ground-breaking plan on rivers [18 September/ Dairy News] The Waikato Regional Council has approved a proposal aimed at restoring and protecting the Waikato and Waipa rivers. Only seven out of 14 councillors voted to approve the plan, but the measure was passed on the casting vote of chairperson, Paula Southgate. Ms Southgate said the council was legislatively obliged to address water quality in the rivers, and water was a number one issue for Waikato people. Healthy Rivers Wai Ora Committee Co-Chair, Alan Livingston said the vote marked a major step on the journey to restoring and protecting the Waikato and Waipa rivers. The proposal would now be formally publicly notified, giving the community an opportunity to submit their views on the plan.

Biosecurity

Wallabies spread to the Otago Rail Trail [14 September/ Radio NZ Rural] Signs of wallabies have been reported on the Otago Rail Trail in Alexandra, meaning the pest may have spread into North Otago. Three pairs of wallabies were introduced in South Canterbury 140 years ago, but there were now estimated to be hundreds of thousands of them, spreading at about 50 square kilometres a year. Canterbury Regional Council recently put a fence up to stop the animals from spreading into North Otago. Otago Regional Council Environmental Managing Director, Scott MacLean said it was worrying to see the wallabies spreading further. Mr MacLean added that at this stage there were only signs of the pest and no animal sightings, so the council was going to concentrate on surveillance in the area.

International

How a minor merger sprouted into a much bigger one [13 September/ The Globe and Mail] In recent months, Potash Corp Chief Executive Officer, Jochen Tilk, and Agrium Chief Executive Officer, Chuck Magro, realised that their companies could merge and achieve savings of up to USD 500 million a year on combined revenues of USD 20.6 billion, without dominating any one sector to a degree that would attract unwanted attention from competition watchdogs. The proposed merger, which grew from discussions about a much smaller transaction, will form a USD 36 billion company, with cost savings expected to add USD 5 billion to the combined market capitalisation. Final details of the merger still needed to be negotiated, such as who did what at the combined company. Mr Magro would be CEO of the new company, while Mr Tilk would serve as the executive chairman.

Battling childhood obesity: Arla Foods Ingredients unveils new snack products [13 September/ Dairy Reporter] Arla Foods Ingredients has developed snacks with high levels of protein and calcium in order to take advantage of demand for healthier products as childhood obesity increases in many parts of the world. Products included a snack cake containing less than 100 calories per serving, and a 35 gram dairy bar that offered the same amount of calcium per serving as a glass of milk. The company said in a statement that all the new products had been benchmarked against existing kids' snacks to ensure they represented a superior option in terms of improved nutrition.

Agriculture ministry to exploit '4th industrial revolution' technology [14 September/ The Japan News] The Japanese Agriculture, Forestry and Fisheries Ministry has announced that it intends to exploit the emerging technologies of the fourth industrial revolution, such as artificial intelligence, the internet of things, and robots, to improve the quality of agricultural products and efficiencies on farms. The ministry planned on using the technologies to assist the aging farming population and address the sector's workforce shortage. The ministry would promote the use of robots by realising the low cost production of them.

Price of raw milk declines as China increases Lucerne imports: Dairy Association of China [14 September/ Dairy Reporter] According to a Dairy Association of China report, the amount of liquid milk China imported in July this year was 35 percent higher than July 2015 at 52,825 tonnes. Mintel Analyst, Laurel Gu said the price of raw milk was declining as a result of Lucerne, the main feed used for raising cattle, becoming increasingly cheaper. Ms Gu said the report showed that the average price of imported milk had decreased by 2 percent to USD 1,060 per tonne compared to the previous year. Ms Gu added that the price of liquid milk was still much higher than overseas markets, with current prices being 40 percent higher than in the United States.

How Halal Food Became a \$20 Billion Hit in America [14 September/ Bloomberg] Halal Food Tracker, Shahed Amanullah said he could only find 200 places that served halal food in 1998, while he was now tracking 7,600. Mr Amanullah added that halal food was becoming a popular food choice even among people who were wary of Muslims. According to the Islamic Food and Nutrition Council of America, halal sales were projected to reach USD 20 billion this year, approximately 33 percent higher than sales in 2010. Whole Foods ranked halal among its fastest growing categories, with double digit sales growth in each of the last five years.

Bayer, Monsanto in US\$66b deal that could reshape the world's food supply [15 September/ Business Day: NZ Farmer] Bayer has announced that it would take over Monsanto to become one of the world's biggest agriculture companies. Bayer would pay USD 128 per share, valuing the deal at USD 66 billion making it the largest all cash buyout in history. Representatives from Bayer and Monsanto said they would be seeking antitrust approval in 30 global jurisdictions. Bayer has committed to paying a USD 2 billion antitrust breakup fee if the deal fell apart. Bayer Crop Science Division Head, Liam Condon said the company was confident that the deal would be approved by regulators because both companies had highly complementary product lines and geographical offerings with very little overlap.

Australia's SproutX Launches Pre-Accelerator and Targets \$10m for Accelerator Fund [15 September/ AgFunder News] SproutX, Australia's first agriculture technology accelerator, has raised over AUD 1 million in funding for operations and was now raising a AUD 10 million fund to invest in the start-ups that would go through its accelerator. Participants in the SproutX initiative would receive AUD 1,000 in cash and AUD 10,000 in services if they complete a 6 week pre-accelerator programme. Start-ups which made it to the main accelerator would receive funding in exchange for an equity stake in the company.

Unilever in talks to buy Jessica Alba's Honest company for \$1bn [16 September/ The Guardian] According to reports, Unilever is in discussions to acquire Honest, a household goods company founded by Hollywood Actor, Jessica Alba, for more than USD 1 billion. Honest has built up a loyal customer base of young mothers who bought its diapers, household cleaners and beauty products via online subscriptions. The speculated USD 1 billion sale price was significantly lower than the USD 1.7 billion Honest was reportedly valued at in its most recent fundraising round. Honest was also looking at the possibility of floating on the stock market.

New plan cuts flow to cities, farmers; Rivers need more water to protect fish, board says [16 September/ The San Francisco Chronicle] The San Francisco State Water Resources Control Board has drafted rules that would increase the amount of water in three rivers from as low as 10 percent of what would normally flow in them to between 30 and 50 percent. The increase in river water levels would protect wildlife, but would mean less water was available for urban users and farmers. San Francisco State Water Resources Control Board Chairwoman, Felicia Marcus said too much water had been diverted and fish were now struggling to survive. Ms Marcus added that water levels in rivers should have been increased earlier, but must be increased now despite the worst drought in modern history.

A Tasmanian delegation on the backpacker tax fails to gain concessions in Canberra [16 September/ ABC Rural] A delegation of 10 people from Tasmania has failed to get concessions on the 32.5 percent backpacker income tax, with increasing concerns that it would prevent a large number of overseas workers from coming to Tasmania to fill casual fruit picking roles. Fruit Growers Tasmania Business Development Manager, Phil Pyke said the delegation gave them an insight into where the tax originated. Mr Pyke explained that the 32.5 percent tax had been in place for overseas workers for some time, but backpackers had been getting around the tax by ticking a box they probably shouldn't have. The delegation told the government there were already indications that overseas workers had decided not to come to Tasmania, while fewer vegetables were being planted. Tasmania Farmer, Mike Badcock said there was already damage being done because farmers were not planting as many crops, believing that they would not be able to get the workers to pick the harvest.

China to invest \$450 billion modernizing agriculture by 2020 [18 September/ Reuters] The Agricultural Development Bank of China has agreed to loan USD 450 billion for the modernisation of China's agriculture industry by 2020. The loan would be used to protect national food security, support the sector in doing business overseas, and develop China's seed industry. The Agricultural Development Bank of China would be responsible for managing financial services, including offering financial products and setting interest rates.

Hardy made-in-Singapore 'Temasek Rice' hits shelves; Temasek Rice described as high-yielding, climate- and bacteria-resistant and tasty [19 September/ The Straits Times] Temasek Rice is the first rice variety to be both created and sold in Singapore, following eight years of research and field trials. The rice was formulated to be a hardy breed that was able to withstand droughts and floods by hibernating for up to two weeks when submerged in water. Temasek Rice Lead Inventor, Yin Zhongchao said his grains were of good quality and were softer and tastier than other brown rice varieties. The Senior Principal Investigator at Temasek Life Sciences Laboratory said the new grain represented a piece of the puzzle in the global quest for long term food security.

Indian entrepreneur sells 'untouchable' foods to challenge caste bias [19 September/ Reuters] Chandra Bhan Prasad was a former rebel fighter and member of India's untouchable caste (India's lowest class), but was now taking on caste-based discrimination with packaged foods that would have been regarded as impure just decades ago. Mr Prasad recently launched Dalit Foods to sell spices, pickles and grains online. Mr Prasad said he grew up with segregation and untouchability, but India had changed and he wanted to see how those who were born into a high caste responded to his offering. India banned caste based discrimination in 1955, but attitudes persisted and lower caste groups were still among the most marginalised communities.

Wellard boss sells shares to Chinese-owned Fulida Group [19 September/ ABC Rural] Wellard Chief Executive Officer, Mauro Balzarini has sold almost half of his shares in the live exporting company to refinance his privately owned company, WGH Holdings, and repay AUD 15.8 million which it owed to Wellard. The shares were sold to Fulida Group, making it the second biggest shareholder with 66.32 million Wellard shares. Mr Balzarini said Fulida's equity interest in Wellard highlighted its belief in the long term future of the business, the industry, and the potential that China represented.

Farmers and producers

Prisoners train to fill farming labour gap [16 September/ Radio NZ Rural] Hundreds of prisoners were being trained in order to meet demand for agricultural labour, with New Zealand needing to fill 50,000 jobs in the farming sector over the next decade. More than 400 prisoners have earned NCEA qualifications from Level 1 to 4 in agriculture and horticulture in the past year. Manawatu Prison Agriculture Course Tutor, Graeme Allomes said an early maths class got the prisoners' minds ticking for the day, before moving on to animal care, quad bikes and fencing. A prisoner said he was learning things he never thought he would use originally, but was now thinking about going into fencing, agriculture or fruit picking. Manawatu Prison Industries Manager, Ron Whelan said the prison wanted to increase the level of training, but that was reliant on tertiary commission funding.

Farm sales part of adding value [19 September/ NZ Farmers Weekly] Landcorp Chief Executive, Steven Carden said the organisation's decision to sell nine of its 40 farms was part of a move to become a supplier of value added products. Mr Carden explained that this meant growing its Pamu brand and diversifying into sheep milk, deer milk, cropping and horticulture which required a different farm and land type. Mr Carden added that he was comfortable with Landcorp's finances given the stage of the commodity cycle and said the sale of land was not driven by the need to free up cash or repay debt. Mr Carden said an increasing number of customers would know and respect the Pamu brand and seek to buy products that carried it. Mr Carden added that Landcorp would continue to make use of intellectual property, farming systems and agritech to boost its returns.

Ashburton farm manager Karl Maguire prime suspect for theft of 500 cows [19 September/ Business Day: NZ Farmer] Norvo Farm Representative, Mark Saunders said farm manager, Karl Maguire, has been sacked after 500 cows disappeared under his watch. It was believed that Mr Maguire was the prime suspect for the cow thefts, with police confirming that a farm employee was pivotal to the investigation. Police strongly urged all farmers to review their own business practices, systems and auditing processes to provide themselves with business reassurance and mitigate any potential risk. Police added that it was also important for employers to thoroughly check all potential employee's references and backgrounds before hiring.

Dairy farm prices show sharp rise [19 September/ National Business Review] Real Estate Institute of New Zealand figures showed that the median sale price of New Zealand dairy farms increased by 50.4 percent from \$26,906 in the three months ended August 2015 to \$40,469 in the three months ended August 2016. The price rises for dairy farms were far higher than other farms, with the price of grazing farms falling by 9.8 percent and the price of horticultural farms falling 0.3 percent in the same period.

Economics and trade

NZ dairy companies urge WTO action against Canada [18 September/ NZ Herald] The Dairy Companies Association of New Zealand has joined forces with its associated organisations in the United States, Australia, Europe and Mexico in a bid to get the World Trade Organisation to take action over what they allege is the dumping of dairy products on world markets by Canada. A joint letter to the World Trade Organisation laid out concerns that a recently concluded agreement between Canadian dairy producers and processors would provide an incentive to substitute Canadian dairy ingredients for imported dairy ingredients, and would unfairly subsidise exports of Canadian dairy products. Dairy Companies Association of New Zealand Executive Director, Kimberly Crewther said it would contravene Canada's World Trade Organisation obligations and undermine the intent of the Trans Pacific Partnership agreement that Canada signed earlier in the year.

A warning, and then good news on trade front [20 September/ Business Day] Prime Minister, John Key said that after meeting British Prime Minister, Theresa May, in New York, he was confident that the United Kingdom wanted a free trade agreement with New Zealand. Mr Key added that he did not push Ms May on a time frame for any deal as the United Kingdom was just starting to work through the fine print of its exit from the European Union. Speaking to an influential American audience, Mr Key said failure to sign the Trans Pacific Partnership would be a massive opportunity lost for the United States and may lead to a decline of its influence and competitiveness in the region. Mr Key added that unless United States President, Barack Obama, could get the deal through before the end of his presidency, the opportunity to revisit the partnership may be years away.

Agribusiness education

Call for more Māori studying agribusiness [16 September/ Rural News] Maori Development Minister, Te Ururoa Flavell said more students should undertake the new Maori Agribusiness major as part of a Bachelor of AgriCommerce at Massey University. Mr Flavell explained that the students who graduated from this major may be able to help connect current Maori agribusiness leaders to the wider industry. Mr Flavell said this would ensure we were achieving the best potential from our land and resources. Massey University Institute of Agriculture and Environment, Nick Roskrug said the major would produce graduates with the core skills of an agribusiness graduate, but also with the cultural information to enable collaboration. Mr Roskrug added that there was strong demand for agribusiness graduates who could communicate effectively with Maori organisations, work for Maori organisations, and contribute to the economy.

Lincoln 'committed' to agriculture [20 September/ Rural News] Lincoln University Vice Chancellor, Robin Pollard said the university needed to undergo a transformative process to become more sustainable, more attractive to students, and economically and financially sustainable. Mr Pollard explained that Lincoln University needed to improve its finances, student experiences, programme flexibility and use of teaching technologies. Mr Pollard added that the university did not need to save \$7 million to meet financial standards set by the Tertiary Education Commission, despite reports stating otherwise. Mr Pollard said Lincoln University's commitment to New Zealand's agriculture sector was stronger than ever, as it provided well trained people and quality research. Mr Pollard added that there were strong arguments for Lincoln having farms, but whether all of them were needed was a different question.

Research and development

Plant & Food \$8.5m research grant [15 September/ National Business Review] Crown Research Institute, Plant & Food Research, has been awarded an \$8.5 million research grant for breeding technologies within high value plant industries. Breeding technologies includes gene editing which is considered to be part of genetic modification. Plant & Food's research project aimed to create tree crops with novel traits, such as long storage and shelf life, through altering the plant's genome. Plant & Food Chief Executive, Peter Landon-Lane said the gene editing would only be used in contained laboratories and would not end up in any finished products. Mr Landon-Lane added that New Zealand's regulations on gene editing were out of line with the rest of the world and we needed to catch up or risk getting left behind.

Food, medical genetic techniques 'cannot be separated' – risk expert [16 September/ National Business Review] Global Policy Institute of Science Associate Director, Sweta Chakraborty said advances in medical science using genetic engineering techniques could not be separated from their application in other areas such as agriculture. Ms Chakraborty explained that it was generally agreed amongst the scientific community that the estimated global population of 9 billion in 2050 would require a 70 percent increase in food production. Ms Chakraborty added that this could not be achieved unless we applied technologies that were being expanded today, such as genetic modification. Ms Chakraborty noted that New Zealand's strict rules against genetic modification had to be relaxed.

Deer

Venison trial tantalises European tastebuds over summer [14 September/ Business Day: NZ Farmer] Alliance Group has just completed a trial with Metro Cash & Carry, selling venison to the Belgium retailer from April to August. The campaign was designed to encourage Europeans to eat venison in the summer, and showed that there was potential to sell more high quality product at a premium price out of the game season. Alliance Marketing Manager, Terry O'Connell said the co-operative was encouraged by the programme's progress and planned to repeat the exercise next year.

Arable

Hemp food, hemp bricks, hemp medicine, hemp clothes, hemp could be everywhere [18 September/ Business Day: NZ Farmer] Hemp Industries Association Treasurer, Richard Barge said the organisation would be meeting with the Ministry of Health, farmers and the public in a push to advertise the plant's 50,000 practical uses and benefits. Mr Barge added that Hemp could be pressed into fabric, used in construction and consumed as a pill, but could not get you high. Mr Barge said the Government should loosen constraints on hemp, with New Zealand farmers currently having to pay a \$511 license fee to grow hemp.

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Quality can sell grain [19 September/ NZ Farmers Weekly] Speakers at a grains forum in Canterbury discussed opportunities and actions that could aid future development of the industry at a time when there was considerable uncertainty, especially with the low dairy demand for feed grains. Industry leaders spoke of how reliant arable growers were on the dairy industry and how other principle markets should be explored, particularly with the high standard of New Zealand grains. Grains and Seed Trade Organisation General Manager, Thomas Chin said the grains sector would like to see the livestock and milling industries substitute imported grains for more New Zealand grown products sourced from top yielding New Zealand bred varieties.

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Field Notes presents a summary of some of the media comment on the Agribusiness sector in the last week. The views expressed do not necessarily represent the views of KPMG but are summaries of the articles published.

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