

AGRIBUSINESS

Field Notes

Weekly news update from the KPMG Agribusiness network

21 December 2016

Organisations referenced in this week's Field Notes include:

AgResearch	Monsanto
Agricultural Leaders' Health and Safety Action Group	National Pork Producers Council
Alliance Group	National Union of Workers
ANZ	New Zealand National Fieldays Society
Bank of China	New Zealand Wine Growers
Bayer	Nordian Capital Partners
Beingmate	Overseas Investment Office
Central Otago Winegrowers	Potatoes New Zealand
Covino Farms	Rabobank
Danone	Real Estate Institute of New Zealand
Domain Road Vineyard	Reuters
Equistone Partners Europe	Rural News
European Commission	Sanford
Federated Farmers	Seeka
Felton Road	Shanghai Maling
Fonterra Co-operative Group	Silver Fern Farms
Foodstuffs	Soil Association
Fruitcraft	Spring Sheep Milk
Greenpeace	Tegel
Group of Butchers	Tourism Central Otago
KPMG	Uber
Lewis Road	United States Agriculture Department
Lincoln University	WhiteWave
Mangarara Station	Wine Solutions Ltd
Massey University	World Wildlife Foundation
Ministry for Primary Industries	Ynsect
Moana New Zealand	Zespri

This week's headlines

Horticulture	NZ apple growers launch Dazzle on world markets [20 December/ NZ Herald]
Fishing	Fishing companies announce plan to help protect Maui dolphin, take aim at set netting [15 December/ NZ Herald]
Dairy	Mozzarella plant landmark for dairy industry [20 December/ Otago Daily Times]
Red Meat	Record global supplies to challenge beef prices in 2017 [16 December/ Rabobank Media Release]
Agribusiness Strategy	The ups and downs of 2016 – the year in review [20 December/ Rural News]



fieldnotes.co.nz

Hot Off The Press:

**KPMG Agribusiness
Agenda 2016 Vol. 2**

Ian's Final Blog of the Year

Never seek to turn back the tide; a reflection for the holiday period

I was born in West Sussex and spent my formative years in the South Downs around the Roman City of Chichester; the sort of place teenagers are desperate to leave when they reach 18 but look back on fondly a few decades later. A city with the near 2,000 year history of Chichester has many tales. Reading this edition of Field Notes brought one of these anecdotes into sharp focus again.

The story may be known to some of you; the legend of King Canute, King of England in the 10th Century, who ordered the tide to stop. Legend has it that he attempted to demonstrate the limits of his regal powers to some overly subservient followers on the beach at Bosham, a village a few miles outside Chichester, and unsurprisingly ended up with wet feet.

Just as King Canute was unable to use regal status or willpower to hold back the tide, it is unlikely that the New Zealand primary sector will be able to hit back at the disruptive tide of synthetic foods or deliver long term prosperity from the welcome, but ultimately cyclical, rises we have seen in dairy commodity prices. Some of the stories in this week's Field Notes reek of complacency and a false sense of comfort. Others, such as the bold initiative to enhance the sustainability of our fisheries in regions frequented by the Maui dolphin, indicate many organisations are increasingly attuned to the changing expectations and needs of markets and consumers. The status quo will not deliver the education, healthcare, infrastructure and jobs our children and grandchildren will need to keep them in NZ.

There is no question the NZ primary sector successfully grows value. We demonstrated this in the most recent Agribusiness Agenda which illustrated that our \$38 billion of exports transforms into at least \$250 billion of sales value when it passes through retail checkouts and restaurant bills. Despite growing the value we don't capture a fair share due to the points we have chosen to occupy on the value chain.

We don't own all the key consumer relationships as we need to. We invest heavily in processing assets that don't differentiate us in the eyes of consumers rather than brand experiences that do. We fail to connect our greatest asset, the stories of our passionate farmers and growers, to the consumers that ultimately consume our products.

The reality is that synthetic food is not really synthetic, in many cases it is cleaner and more environmentally friendly than the traditionally grown food it is seeking to replace. It also provides an opportunity to feed the 795 million people that were undernourished last night who can't afford naturally grown food. Investment from major meat companies, such as Tyson Foods, and pressure from fund managers operating sustainable investment funds mean this wave has the potential to become a tidal wave that will wash through the businesses and livelihoods of farmers and processors that don't prepare for disruption.

As you start your holiday season, think about how the food you will eat over the coming weeks has changed from what you ate as a kid. Thinking back to my own childhood in Chichester, I recall with clarity when our first 'local' McDonalds opened 20 miles away in Worthing and the excitement of our first family visit, how M&S introduced us to new and exotic flavours in their early ready to eat meals (like chicken tikka and sweet and sour pork) and the excitement in our class the day the first full service supermarket, a Sainsbury's on the outskirts of town, opened.

The food we grow, how we procure it and prepare it has changed dramatically in my lifetime and that pace of change is only going to get faster. How long before we are enjoying insects for a Christmas appetiser, the turkey is a plant based meat and the Pavlova made from eggs that have never been anywhere near a chicken. It all could be possible in the next decade.

There is still a large niche in the global market for the great natural products that we are experts at growing in New Zealand but not if we are complacent. If we believe we can hold back the tide we are doomed to failure. The message to the Canute's must be that innovation and change is not a nice to have but an imperative in securing the future the industry has the potential to deliver.

The available opportunity is huge, imagine if we can refine our role in the value chains we participate in to capture \$100 billion of the value we grow. The impact this will have on the social infrastructure available to the whole community, the capability to create high value jobs to retain our kids, the ability to build a truly sustainable, low carbon economy; it would transform New Zealand.

Achieving such an aspirational goal will take concerted hard work right across the value chain building on the progress that has been made this year. The whole Agri-Food team at KPMG wishes you a happy, safe, relaxing holiday period and we look forward to joining you in doing the hard yards next year to deliver more success to your business and a more prosperous New Zealand for all New Zealanders.

Ian Proudfoot, KPMG Global Head of Agribusiness

Horticulture

Seeka releases new avocado variety to growers [13 December/ Business Day: NZ Farmer] Seeka has bought the variety rights to the GEM avocado and has released a small number for planting this Spring, meaning New Zealanders could look forward to eating a new variety in three years when the trees started to produce in commercial quantities. Seeka Chief Technical Officer, Jonathan Dixon said there was strong grower interest in the GEM variety because it matured a little later in the season, had a 10 to 15 percent greater yield than the Hass variety, and was less prone to producing different quantities on alternating years.

NZ apple growers launch Dazzle on world markets [20 December/ NZ Herald] New Zealand apple growers have launched Dazzle, a new variety of apple, which was seen as the biggest development since the launch of the Royal Gala variety decades ago. The master licensing rights for production and marketing of the variety worldwide was granted to Fruitcraft, a collaboration between three of New Zealand's largest growers. Fruitcraft Manager, Steve Potbury said all New Zealand apple growers would be able to grow Dazzle, and all fruit exporters would be able to sell it. Over 100,000 trees had already been planted by growers in New Zealand, with Fruitcraft expecting 1 million cartons to be exported from New Zealand by 2028.

Viticulture

Central Otago wine tourism growing [16 December/ Otago Daily Times] Tourism Central Otago and Central Otago Winegrowers Manager, Glenys Coughlan said Central Otago was experiencing an increase in tourism, particularly in the form of tour groups from China. Ms Coughlan said many of the area's wineries were investing in additional facilities to take advantage of the growth. Domain Road Vineyard and Wine Solutions Ltd were opening new tasting rooms, while Felton Road Wines had expanded its tasting facilities. New Zealand Wine Growers Global Marketing Director, Chris Yorke said the New Zealand Wine Pure Discovery Project was providing customer service training to cellar door staff to increase the quality of what was being offered to ensure visitors were getting a premium experience.

Fishing

Moana NZ posts 22% gain in full-year profit on increased Sealord return [15 December/ National Business Review] Moana New Zealand announced an increase in profit from \$16 million in the year ended 30 September 2015 to \$19.4 million in the year ended 30 September 2016. The company would pay a dividend of \$8.2 million, up from \$6.4 million a year ago. The increase in profit was primarily due to Moana New Zealand's 50 percent stake in Sealord Group, which contributed \$11.5 million to the profit figure. Moana New Zealand Chief Executive, Carl Carrington said all of the business divisions except for one had performed well this year and profits were pleasing despite external challenges.

Fishing companies announce plan to help protect Maui dolphin, take aim at set netting [15 December/ NZ Herald] Moana New Zealand and Sanford have begun working with World Wildlife Foundation to protect Maui dolphins. The companies want to protect the world's rarest dolphin from fishing nets in the dolphin's habitat along the west coast of the North Island. The plan proposed an end to coastal set netting and conventional trawling methods in the area by removing catching rights which were leased to coastal net setters. The companies also planned to install video cameras and electronic tracking on all vessels, and were spending \$500,000 on research and compliance to support Maui-safe fishing in 2017/18.

Sanford moves to restrict foreign shareholders to protect quotas [15 December/ National Business Review] Sanford has asked shareholders to vote for a constitutional change so it could restrict the level of foreign ownership to 22.5 percent in order to avoid jeopardising its wild catch quota. The company told shareholders that if the rising foreign investor ownership of Sanford went above the 25 percent limit, the company would be deemed an overseas person. This would mean the company could lose its quota if it had not applied for consent from the Overseas Investment Office.

Christmas comes early for Kaikoura crayfish industry as fishery reopens [16 December/ Business Day] Primary Industries Minister, Nathan Guy has officially reopened the Kaikoura fishery after a temporary emergency closure was put in place after the 7.8 magnitude earthquake. Mr Guy said the ministry had done an excellent job confirming the nature and scale of the earthquake's impact on the crayfish population and habitat. Mr Guy explained that the findings of the survey indicated that the rock lobster fishery had come through in good shape. A closure notice would remain in place for all other shellfish and seaweed species, apart from scampi, until 5pm on 20 February 2017.

Dairy

Fonterra chairman appeals for patience on Beingmate formula [14 December/ National Business Review] Fonterra Chairman, John Wilson said it would take another couple of years before it was clear how its Chinese partner, Beingmate, would fare under the new infant formula regulations in China. The new regulation meant each legal entity would only be allowed to have three brands with three recipes for infant formula. It was expected the regulation would reduce the number of brands and labels on supermarket shelves from more than 2,000 to about 200. Mr Wilson said the regulatory changes were challenging for all entities operating in China's infant formula market, but Fonterra was confident Beingmate would come through the changes well.

Milk company fridge stoush sours further [15 December/ Business Day] Lewis Road Co-Founder, Peter Cullinane said the company would be taking legal action against Fonterra for attempting to gain more than 95 percent of milk fridge space in some North Island supermarkets. Mr Cullinane explained that he had not heard of any change in position from either Foodstuffs or Fonterra, and therefore Lewis Road would take court action if nothing changed. Fonterra and Lewis Road were also arguing over the packaging of Fonterra's new organic milk which looked very similar to Lewis Road's packaging.

Fonterra arranges \$300m facility with Bank of China [15 December/ NZ Herald] Fonterra has established a \$300 million multi-currency bank facility with the Bank of China in order to allow greater flexibility in how it funded its Chinese operations. Fonterra Chief Financial Officer, Lukas Paravicini said the new debt facility emphasised the co-operative's continued focus on building an integrated business in China. Mr Paravicini added that the Bank of China's local presence and knowledge offered Fonterra additional benefits in the rapidly developing Chinese financial markets.

Mozzarella plant landmark for dairy industry [20 December/ Otago Daily Times] Fonterra's announcement of a new \$240 million mozzarella plant would be the largest foodservice investment in the history of New Zealand's dairy industry. The plant would be the largest producer of natural mozzarella in the southern hemisphere and double Fonterra's capacity to produce individually quick-frozen mozzarella cheese. Fonterra Global Operations Chief Operating Officer, Robert Spurway said demand for mozzarella from China continued to grow as more consumers sought natural dairy products. Mr Spurway said the plant used patented technology, making it the only process of its kind in the world that could significantly reduce production time while still remaining 100 percent natural.

Red meat

Meat boxes fund sustainable farming practices [15 December/ NZ Herald] Mangarara Station Owners, Greg and Rachel Hart have created a business which delivered a meat box directly to each customer's door. The meat box could be purchased for about \$200 and contained the couple's export quality, free range Berkshire pork, Angus beef and Texel lamb. There was enough meat in the box to feed a family of four for 10 meals. The couple made their farming operations more environmentally responsible and sustainable about 15 years ago, with all the meat at their farm now being produced using regenerative farming principles.

Record global supplies to challenge beef prices in 2017 [16 December/ Rabobank Media Release] According to Rabobank's latest Beef Quarterly Report, an increasing supply of beef globally has been putting downward pressure on beef prices, with the trend expected to continue into 2017. Report Author, Matthew Costello said New Zealand farmgate prices would come under increasing pressure in 2017. Mr Costello explained that this was primarily due to an increase in beef production in the United States which would decrease demand for New Zealand beef in the United States. Mr Costello added that the United States election result would also have an effect on New Zealand beef prices, as without the Trans Pacific Partnership, Australia would keep its 10 percent tariff advantage over New Zealand beef when it came to exports to Japan.

NZ urged to hit back at synthetic products [17 December/ Otago Daily Times] According to ANZ's latest Agri Focus Report, telling the story of New Zealand's sustainable production system and naturalness would be critical in a world of increased competition from synthetic foods. Synthetic foods already under development included steak chips, burger patties, meatballs, hot dogs, sausages, meatless chicken strips, mayonnaise, bacon, milk, cheese and ice cream. The report added that there would always be a marketplace for New Zealand's natural products produced in a sustainable manner, but the country would need to be able to tell that story for every product sold.

Taggart, Morrison re-elected to Alliance board [17 December/ Otago Daily Times] Alliance Group Directors, Murray Taggart and Don Morrison have been re-elected to the co-operatives board. Mr Taggart won the election with 25.2 million votes, while Mr Morrison came in second with 21.6 million votes. Leon Black was unsuccessful with his bid to become director, coming in third with 19.3 million votes. Alliance Chief Executive, David Surveyor said confidence had been increasing across sheep meat markets over the last few months and more positive signs of economic growth were appearing around the world.

Taggart predicts plant closures [19 December/ NZ Farmers Weekly] Alliance Group Chairman, Murray Taggart said meat processing plant closures were inevitable for some companies as sheep and beef kill numbers continued to decline. Mr Taggart explained that the lower kill numbers were putting pressure on balance sheets and profitability of businesses which had uncompetitive cost structures. Mr Taggart added that Alliance was achieving improved operational performance through its transformation strategy and was well placed to thrive in the competitive environment. Mr Taggart said the strategy focused on reducing costs and capturing value from the marketplace.

Poultry

Tegel's profit doubles, but share price still falls sharply [15 December/ Radio NZ] Tegel has announced a net profit of \$15.1 million for the six months to October 2016, an increase of \$9.1 million compared to the six months to October 2015. Tegel Chief Executive, Phil Hand said a 4 percent decrease in underlying profit to \$35.2 million reflected a fall in profit margins which had been impacted by lower domestic pricing for poultry. Mr Hand added that the low prices were due to an excess volume of poultry in the local market, although he expected prices to recover in the second half of the financial year. Tegel's share price fell by 16 percent to \$1.30 following the announcement.

Biosecurity

Potatoes NZ latest to join biosecurity agreement [12 December/ Business Day: NZ Farmer] Potatoes New Zealand has become the latest organisation to join 11 industry groups in a Government Industry Agreement to protect New Zealand's borders from unwanted pests. Potatoes New Zealand Chairman, Stuart Wright said potato growers had experience of a pest incursion and wanted to have a say in pest management. Primary Industries Minister, Nathan Guy said he was pleased Potatoes New Zealand had joined the agreement, and that the industry would have money in the bank ready to combat an incursion.

Big rise in black beetle numbers this summer [16 December/ Business Day: NZ Farmer] AgResearch Senior Scientist, Pip Gerard said climate change was to blame for an increase in the number of black beetles, with the population of the pest nearly doubling in Waikato this year. Mr Gerard explained that the rise in temperatures over the past few years was creating a more inviting environment for insects such as the black beetle. Mr Gerard added that the black beetle would enjoy the hot and dry summer that Waikato was expecting. Te Aroha Farmer, Stuart King said there were no signs of pasture damage yet as the larvae were still young, but the high numbers found were very concerning.

International

Union in landmark legal action over underpaid farm staff [14 December/ The Sydney Morning Herald] Australia's National Union of Workers has taken Covino Farms to court in an attempt to recover AUD 500,000 in back pay for exploited international workers. Underpaid workers were often left with no way to get back stolen wages after contractors and middlemen disappeared and companies went into liquidation. Former Covino Worker, Shuk Ying Ho said she wanted to retrieve AUD 27,000 she was owed for working on the farm for a year in which she was paid well below minimum wage. Covino Spokesman, Steven Covino said the family company had engaged in labour-hire contractors before May 2015, but Covino had no information to suggest workers were paid less than they were entitled to receive.

Silicon Valley VCs lose faith in on-demand delivery startups [14 December/ The Globe and Mail] According to an analysis by Reuters, venture capitalists have invested at least USD 9 billion into 125 on-demand delivery companies over the past decade, including USD 2.5 billion this year. However, the flow of money into the sector has slowed to a relative trickle, with just USD 600 million being invested in the second half of 2016 to date. Many Silicon Valley venture capitalists have admitted that many delivery start-ups could fail, leaving them with big losses. The venture capitalists added that delivery start-ups continued to face fierce competition, thin margins and many operating challenges that did not have easy solutions or economies of scale. Uber recently created UberEats and UberRush which delivered food and parcels respectively, adding to the competition.

Ynsect Raises \$15.2m Series B for Robotics-Enabled Insect Farm to Replace Unsustainable Fishmeal [14 December/ AgFunder News] French insect company, Ynsect has announced that it managed to raise USD 15.2 million in funding from a range of global investors. Ynsect used robotics and automation to farm mealworm for use as a fishmeal replacement in fishfeed and has now raised a total of USD 37 million in its three year history. The company would use the funding to increase capacity at one of its French plants, as well as to begin preparatory engineering work for what would be the world's largest insect factory with the capacity to produce at least 20,000 metric tonnes of insect protein a year.

Monsanto shareholders back Bayer deal, CEO hopeful of U.S. approval [14 December/ Reuters] Monsanto shareholders have approved the company's USD 66 billion acquisition by Bayer, with the deal only requiring regulatory approval before it would be completed in late 2017. Monsanto Chief Executive Officer, Hugh Grant said increased research and development spending by the combined companies along with plans to develop a global seeds and biotechnology hub in St. Louis should lead to the deal being approved by regulators. Monsanto shares closed at USD 105 per share, well below the acquisition price of USD 128 per share.

USDA rules would aim to protect livestock, poultry producers [15 December/ NZ Herald] The United States Agriculture Department has announced new rules aimed at protecting the rights of livestock and poultry producers who did business with larger companies. One rule which became effective immediately would make it easier for farmers to sue the companies they contracted with over unfair practices. Two other proposed rules would protect the legal rights of growers and help poultry producers who were being unfairly treated. National Pork Producers Council said in a statement that the rules were an attack on rural America for its role in helping elect Donald Trump as president.

Group of Butchers joins Equistone family [16 December/ Global Meat News] Equistone Partners Europe has announced the acquisition of a majority stake in Group of Butchers from Nordian Capital Partners for an undisclosed sum. Group of Butchers produce and distribute high quality meat products to the retail sector. Group of Butchers brought together several local production sites which each had a different specialty, from cured beef to smoked sausages. Group of Butchers Joint Chief Executive, Nick Visser said the company was looking forward to the partnership with Equistone as the company had longstanding expertise in the meat processing industry.

Danone & WhiteWave merger cleared by European Commission with divestment of 'growing-up milk' in Belgium [16 December/ Dairy Reporter] The European Commission has approved Danone's acquisition of WhiteWave for USD 12 billion. The European Commission's largest finding was that the proposed transaction would leave only one other competitor, Nestle, on the market for growing-up-milk in Belgium, leading to the condition that Danone must divest this part of its business in the country in order for the acquisition to proceed. Growing-up-milk products were intended for children between 1 and 3 years of age and were meant to compensate for any nutritional deficiencies.

Soil Association slams 'unscientific' analysis of organic's not-so-green credentials [16 December/ Food Navigator] The United Kingdom's organic certification body, the Soil Association, has defended organic food after an article urged consumers to stop buying organic products to protect the environment. The article argued that organic farms took up more land which meant cutting down more rainforests, while greenhouse gasses produced from organic farming were greater than conventional farming. Soil Association Director of Innovation, Tom MacMillan said research had shown the yield gap between organic and conventional farming was closing, and that in some cases organic yields could be greater than those of conventional farming.

Bird flu outbreak at Christmas turkey farm [17 December/ The Daily Telegraph] The British Government has confirmed that a number of turkeys at a farm in Lincolnshire have tested positive for a strain of the bird flu disease which has been circulating through Europe. A quarantine area had been set up around the farm to stop farmed birds mixing with wild birds, minimising the risk that the disease would spread. The Department for Environment, Food and Rural Affairs announced that a significant number of the 5,000 birds at the farm had since died from the bird flu and the others have been killed. The department added that it was taking immediate and robust action and an investigation was underway to understand the origin of the disease and confirm that there were no further cases.

New Zealand dairy farmers, 'second class citizens,' in Australian dairy assistance program [19 December/ ABC News] New Zealand dairy farmers who have been farming in Australia for more than a decade have revealed they were struggling to survive without access to the Federal Government's industry assistance. The Federal Government was making low interest loans available to dairy farming families in response to the low milk prices, but New Zealand farmers could not access the assistance. The loans were not available to New Zealand farmers because they were not Australian citizens, a status they could not apply for because dairy was classified as unskilled labour. National Senator for Victoria, Bridget McKenzie said assistance for farmers to become Australian citizens was on the way. Ms McKenzie explained that in July 2017 there would be a special category of visa class which would allow dairy farmers to apply for permanent residency which would enable them to access the assistance.

Farmers and producers

NZ dairy farm prices recover as sales volumes improve, REINZ says [16 December/ National Business Review] According to Real Estate Institute of New Zealand data, there was a 7.4 percent increase in the quantity of New Zealand farm sales in the three months to 30 November 2016 compared to the same quarter in 2015. The median price per hectare for all farms sold in the three months to 30 November was \$26,348, down 8.1 percent on the same quarter in 2015. Real Estate Institute of New Zealand Rural Spokesman, Brian Peacocke said the increased sales reflected improving conditions in the rural market.

Agribusiness education

MPI to help sort farm education [19 December/ NZ Farmers Weekly] Ministry for Primary Industries Director General, Martyn Dunne said the Government was putting pressure on the Ministry for Primary Industries to assist with education within the sector. Mr Dunne added that there was a growing concern that there would not be enough people in the sector to meet future demand for labour. Mr Dunne explained that Telford had cut back on its services and other polytechs had cut their funding for agricultural services. Mr Dunne said there were initiatives underway to address the problem.

Agribusiness strategy

The ups and downs of 2016 – the year in review [20 December/ Rural News] According to Rural News, highlights of the year included the successes of Zespri and the kiwifruit sector, the rise of Lewis Road Creamery, and the deal between Silver Fern Farms and Shanghai Maling. Other highs included the sharp increase in dairy pay outs, Federated Farmers' response to the Kaikoura earthquake, and Massey University for returning its focus to agriculture. In addition, they noted the work that Ian Proudfoot, KPMG's Global Head of Agribusiness is doing in trying to move the primary sector away from the old world and into the new. The negatives of 2016 included Russel Normal and Greenpeace who kept accusing Fonterra and the Government of destroying the planet, as well as Lincoln University for their financial struggles. Other negatives included low lamb prices and a wool industry that even the primary sector started to forget about.

Primary exports down then up [20 December/ Rural News] Ministry for Primary Industries Sector Policy Director, Jarred Mair said New Zealand's primary exports would decrease by \$300 million to \$36.7 billion next year, but would increase by 12.5 percent to \$41.2 billion in 2018. Mr Mair said the drop in 2017 would be due to falling lamb and beef production combined with weak global meat prices. Mr Mair added that while dairy prices would rise by 3 percent, production would decrease by 1.7 percent. Mr Mair said the increase in 2018 would be due to the dairy industry coming back on track after farmers failed to break even over the past couple of years. Mr Mair added that horticulture would continue to grow, with exports of kiwifruit, wine, apples and pears set to increase from \$4.9 billion to \$6.3 billion by 2020.

Animal welfare

Costs of bobby calf ramps not high: MPI [19 December/ Business Day: NZ Farmer] From 1 August 2017, farmers would have to provide loading and unloading facilities when young calves were transported for sale and slaughter. Farmers would also have to provide suitable shelter for young calves before and during transportation and at points of sale or slaughter. Federated Farmers Dairy Spokesman, Andrew Hoggard said the costs should be no more than the price of the timber. Mr Hoggard explained that many councils required building consents to be issued for any structure over 1 metre, but this issue had been raised with the Ministry for Primary Industries.

Kiwi research explores emotions in farm animals [19 December/ Otago Daily Times] AgResearch Scientist, Gosia Zobel has been exploring the emotions of livestock in pioneering research that could improve the way animals were farmed. Ms Zobel said she wanted to understand, with a scientific basis, what the animals were feeling based on their behaviour, as opposed to just saying a dog wagging its tail must mean its happy. Ms Zobel said she often spoke with farmers and found that animal welfare was an issue that they took very seriously.

Health and safety

Farming heavy hitters sign the safety pledge [19 December/ NZ Farmers Weekly] A group of 24 agricultural industry leaders have come together to establish the Agricultural Leaders' Health and Safety Action Group in order to make farming safer. The group included co-operative processors and retailers, farming companies and producer groups. Group Chairman, Steven Carden said everyone wanted better health and safety and the idea of the group was to learn from members' experiences to make businesses healthier and safer and to provide tools and support for the wider industry. Mr Carden said eight risks accounted for 80 percent of incidents. The biggest risks were farmers coming off motorcycles, losing control of a tractor or quad bike, and being stuck by cattle, sheep or deer.

Fieldays

Peter Carr elected as new Fieldays Society president [19 December/ Business Day: NZ Farmer] Waikato Businessman, Peter Carr has been elected president of the New Zealand National Fieldays Society. Mr Carr has previously served as Fieldays Society vice president and as chairman of its structure committee. Mr Carr said he was eager to look at new opportunities for future commercial growth for the society. New Zealand National Fieldays Society Chief Executive, Peter Nation, said Mr Carr had an eye for rural business, a community focus, and an understanding of how local government worked.

Sheep milk

High value sheep milk PGP programme officially kicks off [20 December/ Ministry for Primary Industries Media Release] A new Primary Growth Partnership between the Ministry for Primary Industries and Spring Sheep Milk has officially kicked off with the aim to build an environmentally, socially and economically sustainable industry to meet the growing demand for sheep milk products. The partnership, Sheep – Horizon Three, aimed to develop a market driven, end to end value chain for sheep milk which would generate annual revenues of between \$200 million and \$700 million by 2030. Ministry for Primary Industries Director General, Martyn Dunne said New Zealand's sheep milk industry was still in its infancy and the increasing demand for sheep milk in New Zealand and overseas provided an ideal opportunity for growth.

Subscribe

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

Field Notes

Weekly news update from the KPMG Agribusiness Network – 21 December 2016

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.