

AGRIBUSINESS

# Field Notes

Weekly news update from the KPMG Agribusiness network

08 February 2017

**Organisations referenced in this week's Field Notes include:**

AgResearch	Mead Johnson
AgriHQ	Ministry for Primary Industries
Alliance Group	Morrison
Avocado NZ	National Farmers Union (UK)
Coca-Cola	New Zealand King Salmon
DairyNZ	New Zealand Winegrowers
Fonterra Co-operative Group	NZMP
Fraunhofer Institute for Factory Operation	Pipfruit NZ
Gentle Harvest	Plant and Food Research
Greenpeace	Reckitt Benckiser Group
Harbour Edge Avocados	Reda
Headwaters Group	Sainsbury's
King Salmon	Tesco
KPMG	The European Commission
Landcorp	Westland Milk Products

**This week's headlines**

Apiculture	<b>Queen's grocer pulls New Zealand manuka honey from shelves</b> [5 February/ Business Day]
Dairy	<b>Westland signals redundancies</b> [2 February/ Otago Daily Times]
Economics and trade	<b>Mexico seeking bilateral free trade deal with NZ in wake of TPP collapse</b> [3 February/ NZ Herald]
Drought	<b>Nathan Guy declares drought in Northland</b> [3 February/ New Zealand Herald]
Rural communities	<b>Extra police to make rural communities safe</b> [3 February/ Stuff]



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Hot Off The Press:  
**KPMG Agribusiness  
 Agenda 2016 Vol. 2**

## KPMG Enterprise – Future of Food Seminars

KPMG Enterprise is hosting Breakfast Presentations by Ian Proudfoot, Global Head of Agribusiness in both Auckland (Friday 3 March) and Christchurch (Wednesday 29 March). If you would like to hear his insights on the future of food and beverage and the implications for New Zealand, register your interest [here](#).

## Horticulture

**Dutch and New Zealanders buy \$8m dairy farm at Kaipara to plant largest avocado orchard** [3 February/ Business Day] Harbour Edge Avocados, a company that is 50% owned by Dutch/ New Zealand owned capsicum grower, Southern Paprika, has been granted approval to buy a 405 hectare dairy farm for \$8m. The land will be planted in avocados. Avocado NZ CEO, Jen Scoular, predicts the coming season's crop will be the largest yet as interest in the industry mounts. The plan for the Kaipara site is to plant about 100,000 on the orchard which should yield around 5,000 tonnes of avocado's a year. The fruit will be marketed under the Harbour Edge brand and packed at Southern Paprika's packhouse in Warkworth. Ms Scoular said one of the big issues facing the company will be sourcing enough trees, as nurseries are sold for the next two years given the interest in developing new orchards.

**Positive run-up to regions pipfruit season** [7 February/ Business Day: NZ Farmer] Pipfruit growers in the Nelson region are preparing for a fifth consecutive good season, which is due to start in a fortnight. Most growers are expecting good crops, with early season hail storms not having the impact that many expected. The wind is likely to have had an impact on quality but this will only be apparent when packout is established. National production is tipped to be 21.5 million cartons this year and is expected to generate around \$800 million of revenue for the industry. The crop has increased from 16 million cartons in 2012, driven by new higher yielding varieties and improved performance of the club varieties like Jazz, Breeze and Koru. The growth is not expected to cause issues given the high regard for the quality of our apples and the phytosanitary requirements imposed on our exports. The only concern for growers was the stronger dollar which could impact on returns. Pipfruit NZ CEO, Alan Pollard said the industry was bringing forward plans of reaching \$1 billion of exports by 2022, saying the industry was now focused on a \$2 billion target, adding that Pipfruit was the first sector to have delivered on doubling its exports.

## Viticulture

**Swirl, sniff and spit: pinot noir lovers hit town** [2 February/ Radio New Zealand] New Zealand Winegrowers has recently hosted their Pinot Noir celebration to acknowledge the increase in pinot noir exports from New Zealand, almost doubling from just under 6 million litres to over 12 million. The event allows local wineries to network with international buyers and connoisseurs. Michelin-starred chef Roger Jones said that Kiwi pinot noirs have an unrivalled standing. However, due to the difficulties in producing pinot noir, it will likely never overtake sauvignon blanc as New Zealand's most exported viticulture product.

## Apiculture

**Queen's grocer pulls New Zealand manuka honey from shelves** [5 February/ Business Day] Fortnum and Mason, the grocer to the Queen in London, has pulled New Zealand Manuka honey from its shelves when tests showed it had lower than expected levels of the active ingredient, leptosperin. Food Safety Minister, David Bennett, said that the government was introducing pollen DNA testing on honey exports in an effort to reassure overseas markets. The tests had been conducted by the UK's Food and Environment Research Agency and looked at product from nine retailers, while all samples contained manuka honey markers, three had low levels of leptosperin. The tests have raised concerns over the quality of manuka honey sold in the UK. The Ministry for Primary Industries has worked for three years to introduce chemical and pollen DNA testing that all manuka honey will have to pass before it is allowed to leave the country. This is expected to be launched in the coming months. MPI defended the time taken to develop the system saying it was necessary to ensure that the science was robust and usable. An official said 'it was more important to get this right than to rush it'.

## Aquaculture

**King Salmon announces Picton expansion, new product plans** [6 February/ NZ Farmer] New Zealand's largest king salmon farmer, New Zealand King Salmon, announced that 30 jobs would be created in Picton next year, even if the Ministry for Primary Industries proposal to move six King Salmon farms to higher-flow areas does not progress. Chief Executive, Grant Rosewarne, said that even if the farms were to stay in the Marlborough Sounds, the company would relocate its primary processing line to Picton in 2018. In addition to the processing line shift, if the farms were relocated, the company's aquaculture head office would be expanded, along with a relocation of the bait and berley facility to Marlborough. The company also wanted to establish a nutraceuticals processing facilities and fertiliser processing facilities in Picton or Blenheim. Rosewarne expressed that if the salmon farms were not moved, King Salmon would continue its product plans on a smaller scale.

## Forestry

**Fielding to host farm forestry national conference** [3 February/ Business Day: NZ Farmer] Farm Foresters from across the country are expected to attend the New Zealand Farm Forestry Association's annual conference in Fielding in April. Organising Committee Chair, John Dermer, said all landowners with a hectare or more of land should consider attending the conference, which will take the 'Challenge of Diverse Landscapes' as its theme. The programme will include field trips, internationally recognised speakers and social networking opportunities. The event is about making good land use options, environmental protection and controlling erosion, not just growing trees. Organisers expect more than 250 people to attend the event. Mr Dermer said that tree planters look to future when making investment decisions, adding they are visionaries by nature!

## Dairy

**Fonterra's Theo Spierings warns resurgence of nationalism, protectionism threaten global trade** [2 February, New Zealand Herald] Fonterra Chief Executive, Theo Spierings, said a re-emergence of nationalism "brings uncertainty". Global trade growth is uncertain this year due to US President Donald Trump favouring protectionism and withdrawing from the Trans-Pacific Partnership trade deal and Britain's intention to leave the European Union. Spierings believes that commodity price volatility will prevail as global dairy prices have become increasingly volatile over recent years. This has meant heavy price fluctuations for farmers, with Fonterra paying \$8.40 per kilogram of milk solids in the 2013/14 season, but \$3.90 per kilogram for the 2016/16 season which is below the required level for most dairy farmers to break even. Spierings added that Fonterra remains in a good position to meet its 2025 target of generating \$35 billion in revenue, pursuing a strategy to produce higher value products.

**Westland signals redundancies** [2 February/ Otago Daily Times] Westland Milk Products CEO, Toni Brendish, has indicated that redundancies are likely as the company undertakes a review of staff role. Ms Brendish would not speculate on the number of roles that may be impacted but noted the review which includes the Group's Easi-Yo and Shanghai operations will be completed by the end of the month. The review is part of a programme to gain efficiencies and reduce costs to ensure the company is competitive and able to deliver sustainable returns. Westland reported a loss for the 2015/16 season and a milk price below breakeven levels. Although payout forecasts are better for the current season, Ms Brandish said that they are not where shareholders need them to be and that the Group needed to get back to returning top value to shareholders. Westland also announced that recently elected Director, Dr Sven Koops, had resigned from the board after two months for personal reasons.

**Fonterra plans new investment in China, Brazil and Europe** [2 February/ National Business Review] New opportunities for Fonterra Co-operative Group have arisen for the group across the globe. A strategic review is taking place over the key themes in its Velocity strategy, and strategic choices are being developed based on the co-operative's view that New Zealand milk is dairy-demanded, and can grow at 2-3 percent per year. Fonterra Chief Financial Officer, Lukas Paravicini said the co-operative must improve its asset flexibility to meet a 50 percent decrease in its force-make products and improve returns from other product streams. Mr Paravicini also noted that to achieve growth and earnings stability, Fonterra must rebalance the current portfolio by investing in more value-add products and reduce investment in natural cheese and casein. Fonterra has recently made investments to ensure its manufacturing operations are more efficient to reduce costs. Fonterra leadership believe the issue of volatility and earnings can be addressed by aligning the scale of Fonterra's capacity with more flexibility in its sales channels and financial markets.

**Palm kernel imports drop sharply as farmers adjust to lower milk prices** [3 Feb/ New Zealand Herald] New Zealand imports of palm kernel expeller (PKE) decreased by about one third in 2016, coming to 1.5 million tonnes in 2016 after 2.2 and 2.12 million tonnes were imported in 2015 and 2014 respectively. AgriHQ dairy analyst Susan Kilsby said farmers were cost-aware, notwithstanding that the increasing Fonterra milk price, sitting at \$6 per kg of milk solids from \$3.90 in 2015/16. Kilsby, however, stated that high farm overdrafts are still evident and that it will take "at least until the end of the season for them to make up any ground". The drop mainly reflects cost-cutting actions due to farmers adjusting to lower milk prices. PKE is seen as a cheap source of feed, however New Zealand's biggest farming company, Landcorp, has stated its intention to stop PKE usage by June. Fonterra is also dissuading farmers from the extensive use of PKE as it diminishes New Zealand's image as a pasture-based dairy producer.

**Has dairy reached its capacity?** [7 February/ Radio NZ News Country] Some commentators are suggesting that the Ministry for Primary Industries focus on a recovery in dairy cow numbers and increased milk production means that the bigger goal of a more profitable dairy sector is being missed. Genevieve Toop, Greenpeace's agricultural campaigner, believes that MPI's forecast increases come from large scale irrigation scheme proposals putting around 100,000 additional hectares into intensive dairy production. Ms Toop believes that dairy has reached its capacity as the environment and waterways are struggling cope with the pressure, adding that Greenpeace is not against dairy farming but does want a better discussion on cow numbers and stocking rates. MPI say that their forecasts are based on a gradual recovery in dairy cow numbers and greater productivity per animal, effectively reversing the impacts of the destocking that occurred in 2015 over the period to 2021. Ecologist and veterinarian, Alison Dewes, noted that to achieve the growth that MPI are forecasting will require growth of around 10% more feed, something only possible with more nitrogen, better pasture management, more PKE imports and maybe more water. She adds that the reality is that farmers need to think of their resources as capped and look for ways to be more profitable with the same land and more appropriate inputs. A Waikato farmer, Richard Cookson, questions MPI's forecast for a 55% increase in value of dairy exports at the same time as environmental restrictions tightened, adding that volatility is here to stay and an assumed \$7.94kg/ms price for 2021 could be overly optimistic, particularly as farmers are quick to increase cow numbers when prices rise rather than focus on better management practices, resilience and long term profitability.

## Red meat

**Paddock to plate: chefs taste omega lamb** [7 February/ Otago Daily Times] It may be early days for the Omega lamb Primary Growth Partnership between Alliance Group, Headwaters Group and the Ministry for Primary Industries, but programme manager Mike Tate says the response to the lamb has been overwhelming. The project is looking to grow lambs with naturally higher polyunsaturated fatty acids, intramuscular fat and omega 3, or put another way, the world's tastiest and healthiest lamb. An event last week that linked farmers and chefs from across the country, the product was introduced, discussed and tasted. The lambs are being bred in the hill country, there are currently around 15,000 lambs being grazed on selected chicory, but the project is about aligning the whole value chain. Mr Tate noted that chefs got a buzz from seeing where the lamb came from while farmers were inspired to see how the chefs worked with their products. The project is its second year of production and is helping to show farmers that if they put in the effort, the market will be able to tell the difference and reward the grower with a high price, Mr Tate added it was all about producing a fine food item.

## Environment and emissions

**'Stop scaremongering and let's work together'** [3 February, Dairy News] DairyNZ Chief Executive Dr Tim Mackle said that Greenpeace attacks on dairy farmers unjustly blame the dairy industry as the sole polluter of New Zealand rivers and drinking waters. Dr Mackle challenged Greenpeace to work with dairy, other rural sectors and urban communities to work towards improving New Zealand rivers instead of misleading the public by "deliberately voicing their opinion as if it is fact" via various media outlets. Mackle noted that a crucial dairy sector initiative, the Sustainable Dairying Water Accord, is being fully committed to by New Zealand dairy farmers and \$1 billion has been spent on on-farm effluent management systems, fencing waterways and building bridges, as well as the planting of millions of trees and wetland revegetation projects.

## Research and development

**New protein packs more punch** [2 February/ Rural News Group] Fonterra's new protein ingredient has been developed by co-operative's dairy ingredients business, NZMP. The product delivers at least 10 percent more protein than standard whey protein products, and is faster acting and lower in fat, sugar and carbohydrates. Fonterra lead technologist, Neil Fraser said the protein ingredient is formulated from lactic casein whey rather than traditional cheese whey. NZMP is a leading dairy protein ingredient developer, offering the largest range of dairy protein ingredients under the NZMP SureProtein brand. The protein already has orders from one of the biggest sports drinks producers in the United States, as well as attracting Japanese attention with trials of the product underway.

**Lincoln confident of new agri hub** [7 February/ Rural News] A recent report by Treasury that flagged the \$206 million Lincoln Hub project at amber/red status has not dented confidence at Lincoln University that the project will be successfully delivered. The project is a joint venture between the university and AgResearch, with Landcare Research, Plant and Food Research and DairyNZ as shareholders is intended to facilitate agricultural science research, teaching and development. The major projects report suggests that projects with Amber/ Red status require urgent action to address major risks or issues in a number of key areas with changes to budget, schedule, scope or benefits potentially being necessary. The report highlights the future financial viability of Lincoln as a key risk together with the extent of the benefits and the timeframes for completing a business case (although the University has noted this deadline has already been met). Lincoln University is currently undergoing a 'Refresh Lincoln' programme including changes to its financial management, cost structures and student offerings.

## International

**A year of contrasts: Agtech funding dips to USD3.2bn while deal activity rises 10 percent in 2016** [31 January/ AgFunderNews] Investment in agricultural technology start-ups declined 30 percent year-over-year to USD3.2billion in 2016, however the number of deals closed increased to 580 due to an increase in seed stage activity. This pullback was anticipated, especially due to a weakening global venture capital market. KPMG's VenturePulse report noted a 25 percent decrease year-over-year in global venture capital deal activity, as well as a 10 percent contraction of funding dollars. Investor caution was noticed, particularly at Series A stage, where a 43 percent decline in Series A deals in dollar terms was posted, and a 31 percent decrease in the number of Series A deals. However, a 77 percent investment increase in seed stage deals added to the growth in deal activity, contributing USD230 million. Series B stage deals showed a year-over-year 14 percent increase, reaching USD791 million. Food Marketplace/Ecommerce startups, robotics, and Bioenergy and Biomaterials business all showed a year-over-year decline, however growth occurred in four categories: Ag Biotechnology, Farm Management Software, Sensing and IoT, Novel Farming Systems and Supply Chain Technologies. Looking into 2017, many large agribusinesses plan to place a strong focus on innovation, however lack of M&A emphasized their uncertainty about how to approach it.

**Supermarket denies farmers' accusations of 'anti-meat agenda' over sustainable food research** [1 February/ Food Navigator] UK supermarket retailer, Sainsbury's, plans to promote sustainable foods by contributing to a research project looking into the environmental and health impacts of animal-derived food. The supermarket's contribution could include positioning non-meat alternatives in meat aisles, giving vouchers and loyalty points to vegetarian product purchasers, and offering educational material and recipes to help customers decrease meat consumption. This has caused the concern of UK National Farmers Union (NFU), with Board Chairman for livestock, Charles Sercombe, claiming that Sainsbury's contribution has an anti-meat agenda, and talks must occur to ensure all produce can have pride of place on their shelves so customers can decide for themselves what to purchase. A Sainsbury's spokesperson said the NFU "clearly misunderstood" the purpose of the research, and fails to recognise that Sainsbury's customers have a range of dietary preferences.

**Time to put a Common Food Policy on the menu** [2 February/ Politico.eu] The European Commission has opened a debate on the future of the Common Agricultural Policy (CAP) however some commentators are suggesting that Europe does not need another CAP but a Common Food Policy. This requires bigger thinking to help address some of the bloc's most pressing problems. Europe is facing significant issues; an ongoing youth employment crisis, the challenges of responding to climate change and an increasing health epidemic driven by the diets that people eat. If the debate centres on agricultural policy it leaves the broader social and environmental objectives on the periphery. Food systems can provide a starting point to solve many of the challenges that the EU is facing; a broader redesign of food and farming systems can help tackle employment, environmental and health issues. Some argue that reorientating some of the funding under CAP towards encouraging diversified agroecological systems could go a long way towards setting food systems on a sustainable footing. A Common Food Policy could set the direction of travel.

**Reckitt Benckiser in USD16.7 billion takeover bid for Mead Johnson Nutrition** [2 February/ Dairy Reporter] UK based Reckitt Benckiser Group has confirmed that it is advanced negotiations to acquire all Mead Johnson Nutrition shares, the Fairview, Illinois based infant and growing formula business. Mead Johnson has a range of 70 brands sold in 50 countries. The proposed deal marks a diversification for Reckitt Benckiser into nutrition given its brand portfolio is focused towards home and hygiene products including Dettol, Durex, Scholl and Airwick. Mead Johnson confirmed that it was in discussions but said it would not be making any further comments until a deal is reached, although it added it would do what is best for shareholders, employees and the families that use its products around the world. The proposed deal raises the likelihood of further bids, with Nestle and Abbot Laboratories other potential suitors.

**How Gentle Harvest makes the farm-to-store retail model work** [3 February/ Food Dive] A new farm-to-table restaurant and food store, Gentle Harvest, has been created by Sandy Lerner, founder of Cusco Systems and Urban Decay. The Marshall, Virginia store will sell products ranging from certified organic and humane foods to grab-and-go meals from local farms and local wine. Gentle Harvest also provides a drive-thru service allowing customers to pick up meals or groceries through use of a Gentle Harvest mobile app. The food retailer is organising an "aggressive rollout" of their store-restaurant locations, with a new store being set up in Winchester, Virginia in their spring season.

**Coca-Cola Plus: New Coke with fibre could be healthiest yet; It's being touted as the first Coke to actively improve your health** [3 February/ LexisNexis] Coca-Cola has developed a new product, Coca-Cola Plus, that is being marketed as the first Coca-Cola drink that improves your health. Coca-Cola Plus is sugar and calorie-free, and contains five grams of indigestible dextrin: a supplement for people with fibre deficiencies. Coca-Cola claims that drinking one bottle a day helps to control the level of triglycerides in the blood after consumption. The drink is being targeted at demographics over 40 who no longer want to drink unhealthy beverages, and is going on sale in Japan this March.

**Worried about your diet? This app lets your phone scan food for harmful chemicals** [3 February/ zdnet.com] Fraunhofer Institute for Factory Operation, a maker of industrial hyperspectral cameras, is working on a app that will enable consumers to use their smart phone camera to scan their food and see what's inside it. They believe the app, which is hoped to be available at the end of 2017, will be able to replicate the analysis that their industrial cameras perform to generate a fingerprint for each substance in a product. The phone display will be a light source, projecting a spectrum of colours at the object, the camera will capture details about reflected colours and an algorithm performs an analysis of chemical composition. The proposed model for distribution of the app will see users helping to build the database of items that can be scanned by send the data from their scan back to Fraunhofer IFF.

**Courgette crisis: Poor Spanish weather deprives UK of green vegetables** [3 February/ Politico.eu] UK supermarket chains Tesco and Morrison have rationed broccoli and lettuces due to shortages as a result of bad weather in Spain. The move extends the 'courgette crisis' which started earlier in the year when supplies of courgettes and other vegetables were impacted by bad weather. Tesco has restricted shoppers to three iceberg lettuces while Morrisons have restricted customers to two lettuces and three heads of broccoli. Short supply has seen vegetable prices increase and some retailers are looking to the USA for supply.

**Why the grocery industry opposes a border tax adjustment** [3 February/ Food Dive] The introduction of a Border Adjustment Tax as part of proposed reforms of the US tax code is being opposed by a new lobby group funded by food and grocery companies. The tax which has been mentioned by the Trump Administration, would see a 20% tax replace corporate taxes and be based on where products are used, meaning exports would not be taxed while imports would be. Food and grocery organisations see the tax as increasing the cost of food for consumers by as much as 30 to 40% on fresh produce items that are imported because of seasonal requirements during the year. The US imports 19.4% of the food it consumes and the plan would strongly favour domestic businesses and consumption aligning with the goals of the new government. The plan appears to be hitting roadblocks, not the least of which is existing trade agreements the US has signed, including the NAFTA agreement with Canada and Mexico.

**What's going to be in the next Farm Bill?** [6 February/ AgFunder News] The change in the US Administration has left analysts and commentators gazing into the foggiest crystal ball for time in regards to what to expect from the next Farm Bill. At a recent Food Tank summit in Washington DC a list of speakers talked about their wishes for the Bill and provided some predictions of what may play out. The food stamp programme (Supplemental Nutrition Assistance Program or SNAP) accounts for around 80% of Farm Bill expenditures with vocal conservative group's calling for it to be removed from the bill and significantly reduced, a view that may also be shared by the new Administration. SNAP has delivered the US the lowest rate of child food insecurity in history and its impact has made it a popular programme with voters. It also brings the ag and nutrition folks together to form the coalition that manages to get the Farm Bill over the line each year, making it unlikely that the bill would be passed without SNAP's inclusion. Many commentators said that there is a need to increase public spending on innovation, including agtech, to help equip farmers with the technologies and tools that will help all communities by increasing access to nutritious products. With commentators seeing technology as a cornerstone of future success, it was hoped that more funding may become available in the Farm Bill. Discussions also covered the role of crop insurance and its links to environmental stewardship, the level of subsidy that may be available for renewable energy and a rebalancing from commodity products towards funding local food, farmers markets, organic production and food waste.

**Italian textile firm on the search for more Australian wool** [7 February/ ABC Rural News] It is expected that Australian wool growers will be the main beneficiaries as Italian high-end fabric and clothing manufacturer, Reda, seeks to double the amount of fine grade wool it sources. Reda currently buys around 22,000 bales of greasy wool, 80% of which is sourced from Australian growers but its business plan calls for rapid growth as it diversifies its product range out of the luxury woollen suits it is known for and develops products for the burgeoning active wear category (including fabrics used in woollen shoes, ski boots and helmets). Reda sources wool from superfine woolgrowers in Northern New South Wales, central Tasmania and the New Zealand high country. A company representative would not confirm when new contracts will be locked in, however noted the increased demand would mean that the company needs to work more closely with suppliers to reach the targets they have set themselves.

## Economics and trade

**Mexico seeking bilateral free trade deal with NZ in wake of TPP collapse** [3 February/ NZ Herald] Mexican President, Pena Nieto, has indicated that Mexico is keen to forge bilateral trade agreements with New Zealand and other TPP countries in the wake of the agreement being collapsed by the US. Mexico is keen not to waste eight years of hard negotiations to get commonality on important trade issues to the region and he looking to enter into agreements with not only New Zealand, but Australia, Brunei, Malaysia, Singapore and Vietnam and the Trade Minister has been instructed to progress this work as quickly as possible. The Mexican Ambassador to New Zealand, Jose Gerardo Traslosherosare, said that he was happy to share that the Mexican government has decided to launch bilateral FTA negotiations with a number of TPP countries, including New Zealand.

**Trade minister on TPP rescue mission** [5 February/ Radio NZ Business News] Trade Minister, Todd McClay, is meeting with his Australian counterpart in a bid to salvage the Trans Pacific Partnership trade agreement, following President Trump's announcement that the US will be withdrawing from the deal. Minister McClay and Steven Ciobo will discuss trade matters of significance to both countries. Mr McClay said it was an opportunity to take stock of exactly where each side sits as far as TPP is concerned and start exploring whether there is any merit in a deal without the US. Mr McClay noted that he would also be talking with Ministers from other countries over the next couple of weeks, adding that given the quality of the TPP agreement it was worth putting the effort in to see what can be delivered in terms of enhanced market access.

## Drought

**Nathan Guy declares drought in Northland** [3 February/ New Zealand Herald] Primary Industries Minister, Nathan Guy, has prompted government support after declaring drought conditions in Northland as a "medium-scale adverse event" due to the exceptionally dry conditions that farmers and growers were facing such as soil moisture deficits, low pasture covers, low supplementary feed and struggling maize crops. Government support includes extra funding to coordinate support through local organisations, and in extreme situations, Rural Assistance Payments (RAP's) have been made available to farmers facing severe misfortune. Guy stated that the Inland Revenue Department would provide income equalisation discretion to provide relief to drought-affected farmers.

**Gisborne drought breaks record** [3 February/ Radio NZ Country] The area around Gisborne has recorded its driest January in 112 years with just 4mm of rain recorded. Further down the East Coast, Napier has also experienced a very dry month (5.4mm of rain). The dry weather has been accompanied by more south westerly winds than usual keeping temperatures lower than usual but drying out soil moisture levels. NIWA meteorologist, Ben Noll, said the climate did not look promising for farmers for the next three months. Mr Noll added that the East Coast would need a couple of impressive storms to bring at least 200mm of rain for soil moisture levels to recover back to normal levels.

## Agribusiness strategy

**Café Chat: The bug slider at Te Papa** [1 February/ Stuff] For many the idea of purposely ingesting an insect might not seem appealing to many but restaurants around the country are introducing them to their menu's. With Te Papa presenting its Bug Lab exhibition over the next three months, the museum's café has created its Bug Slider to explore insects as edible commodities. The slider which is made with locusts is served with kumara chips and costs \$9.50. A spokesperson for Te Papa noted that bugs are the way of the future in so many ways and given that they are an incredible food source being low-fat, high protein and sustainable the museum wanted to explore whether they were attractive nutrition on paper or actually palatable. The locusts have been mixed with minced chicken to form the slider patty and the aioli includes ants with a hint of lemongrass and lime.

## Animal health

**Bovine TB turns up in small Waikato dairy herd** [2 February/ NZ Herald] Bovine TB has been discovered in a small dairy herd near Matamata in the Waikato. The discovery triggered a programme of responsive testing and the slaughter of a small number of calves, according to OSPRI, the national TB eradication programme manager. The animal was found at a routine post-mortem inspection at a slaughter inspection and resulted in movement restrictions being introduced immediately in the area. The area has no recent history of TB infection. The property concerned has been temporarily restricted and will undergo repeated testing until there are two whole herd tests six months apart, where no infection is confirmed. Local farmers are confident that the outbreak can be dealt with effectively and farmers are encouraged to co-operate with contractors completing testing.

## Rural communities

**Extra police to make rural communities safe** [3 February/ Stuff] In his state of nation speech, Prime Minister Bill English, announced a significant uplift in funding for the police service. In an opinion piece, Primary Industries Minister, Nathan Guy, notes that it is a priority for the government to ensure that rural families and communities are protected. Of the proposed 880 extra sworn police officers the Prime Minister announced, Minister Guy notes that 140 of these officers will be focused on regional and rural policing, something which will mean that 95% of New Zealanders will live within 25km of 24/7 police support every day of the year. The package also includes the creation of a new national phone number for non-emergencies making the police more accessible to everyone. The Minister also notes that there is much work to do in the trade area making strong relationships with trading partners critical and his key priority is ensuring that farmers impacted by the Kaikoura earthquakes receive the assistance they need.

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