

AGRIBUSINESS

Field Notes

Weekly news update from the KPMG Agribusiness network

15 March 2017

Organisations referenced in this week's Field Notes include:

AgroSavfe	Ministry for Primary Industry
Altus Intelligence	New Zealand Hemp Industry Association
ANZ	New Zealand King Salmon
ASB	New Zealand Trade and Enterprise
Beef + Lamb New Zealand	New Zealand Young Farmers
Boursin	NZ Winegrowers
Campbell Soup Company	Oriens Capital
Chobani	Origins Software
Consumer NZ	Palace Poultry
Countdown	Pastoral Robotics
DairyNZ	Patrón
Dog Point Vineyard	PepsiCo
Encounter Solutions	PETA
Environment Canterbury	Pioneer Capital
Environmental Working Group	Pipfruit New Zealand
European Commission	Plant Based Foods Association
European Union	Red Meat Profit Partnership
Federated Farmers	Rural Health Alliance
FloraMax	Sofinnova Partners
Fonterra Co-operative Group	Southfuels & Northfuels
Food Safety Australia and New Zealand	SPROUT
Frey Vineyards	T&G Global
Givaudan	The Greenery
Grandview Brokerage	The Vegetarian Butcher
Havelock North Fruit Company	Unilever
Hawke's Bay Winegrowers Association	United Flower Growers
Horticulture NZ	United States Department of Agriculture
Ingredion	US Food and Drug Administration
International Council for Science	Vigor
Irish Farmers' Association	Wageningen University
Koe Koeaa Collective	Westpac New Zealand
LeaderBrand	World Health Organisation
Lincoln University	World Trade Organisation
Manuka Farming New Zealand	Yoplait
Massey University	Zespri

This week's headlines

Horticulture	Kiwis want to know origins of their fruit and veges [9 March/ Stuff]
Aquaculture	New Zealand King Salmon fast-tracks new harvest process after US exports denied entry [6 March/ Stuff]
Dairy	New Platform to Back Innovative Game Changers [10 March/ Scoop: Fonterra Press Release]
Economics and trade	Vege prices soar: Carrot costs hit all time high [13 March/ New Zealand Herald]
Poultry	Countdown pulls eggs from shelves [13 March/ New Zealand Herald]



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Hot Off The Press:

**KPMG Agribusiness
Agenda 2016 Vol. 2**

Horticulture

Kiwis want to know origins of their fruit and veges [9 March/ Stuff] A new Consumer NZ and Horticulture NZ survey has found 71 per cent of the 1,000 people surveyed supported mandatory labelling of fruit and vegetables showing where they were grown. The survey also showed seventy per cent preferred to buy New Zealand grown produce, and 60 per cent said they looked for the country of origin when purchasing fresh produce. Almost four-fifths of the survey population purchased their produce from supermarkets. Horticulture New Zealand Chief Executive Mike Chapman said New Zealand's 5500 commercial fruit and vegetable growers wanted the Government to bring in compulsory labelling and give shoppers choice. A Green Party private members bill, the Consumers' Right to Know (Country of Origin of Food) Bill, is currently before Parliament.

Zespri to feature on Greenery trucks [10 March/ Fruitnet.com] Dutch produce marketer, The Greenery, plans to adorn part of its refrigerated truck fleet with kiwifruit brand Zespri in part as a way of thanking Zespri for supporting The Greenery's recent restructuring. In his talk at Zespri's Momentum conference, The Greenery's chief executive Steven Martina, highlighted the importance of continuous evolution, including benefiting from digitisation and local market expertise, to ensure a brand can anticipate and react to changes in the way consumers interacted with brands, for example via social media networks.

Contaminated salad recalled, harmful to children and elderly [10 March/ Stuff] LeaderBrand issued an immediate recall on its entire packaged salad range after harmful Listeria bacteria was found on one of its production lines. The affected products were the Caesar Salad, Classic Salad, Fresh Plus Salads, Value Bag Salads, Pam's Fresh Express Salads and 100 per cent Fresh Salads, from Countdown, New World or Pak 'n Save. The Listeria bacteria found on the caesar salad product line is harmful if eaten by children aged under five years, adults over 65, pregnant women or people with low immune systems. Salad products delivered to Pita Pit and Subway branches were also recalled. Massey University food microbiology senior lecturer Dr Jon Palmer said if Listeriosis is not treated it can develop into septicaemia, meningitis, encephalitis, abortion and even death.

T&G sells flower business as it shifts focus to fruit sales [10 March/ National Business Review] Fruit marketer T&G Global, is selling its FloraMax flower auction business to United Flower Growers as FloraMax no longer matches T&G's strategy and focus on its core business and key categories. Recently, T&G agreed to a joint venture in the US with Oppenheimer Group parent Grandview Brokerage to improve access to the US fresh produce market. Part of the deal includes increasing T&G's stake in US produce marketing and distribution business David Oppenheimer. T&G saw a 67 percent gain in full-year profit of \$32.4 million, with its shares increasing 74 percent in the past 12 months.

Dr David Steven wins 2017 Fresh Carrier Hayward Medal for Environmental Contribution [11 March/ Stuff] Dr David Steven was awarded the 2017 Fresh Carrier Hayward Medal for his work with kiwifruit company Zespri. In 1991 Dr Steven developed the Integrated Pest Management programme, known as KiwiGreen which fundamentally shifted how the kiwifruit industry manages diseases and pests, and changed the philosophy of agri-chemical use forever, said Kiwifruit Industry Advisory Committee chair and Zespri director Paul Jones. KiwiGreen enabled orchardists to monitor their orchards and only use, and record, the agri-chemicals necessary at that time, shifting away from calendar spraying to an environmentally-conscious philosophy. Reducing agri-chemical usage saved money, lowered the risk of residues on fruit, reduced environmental impacts and underpinned market confidence in Zespri fruit. KiwiGreen helped to move the industry towards using more environmentally-friendly and low-impact chemicals, creating more biodiverse orchards.

NZ apple, grape crop unscathed after rain [13 March/ New Zealand Herald] Heavy weekend rain throughout most of New Zealand has left the country's horticultural industry mostly unscathed. A Zespri spokeswoman said a couple of hectares of kiwifruit orchards were badly damaged in the Coromandel, and Pipfruit New Zealand business development manager Gary Jones added the heavy rainfall was unideal as it made fruit softer to handle and prone to bruising. Vice Chairman of the Hawke's Bay Winegrowers Association, Xan Harding, noted that grape harvesting had resumed after the rain brought it to a halt over the weekend.

Rockit apple company founder bought out by private equity buyers Pioneer and Oriens [13 March/ National Business Review] Private equity investors Pioneer Capital and Oriens Capital have purchased a 55 percent stake in the Havelock North Fruit Company (HNFC) and provided new working capital to expand the Rockit apple's global distribution channels. The investors have been making investments in the healthy food and beverage sector for some time, and saw the company trying to enter the snack food market with the Rockit apple. The tennis ball-sized apple in plastic tubes in the snack food aisles of supermarkets rather than being sold in fruit aisles. Oriens Capital Boss James Beale predicts strong global growth from distributing Rockit apples in convenience stores, high-end fast moving consumer goods stores, school vending machines and airlines. 97 percent of the product is exported to 41 countries and the company has seen a 400 percent revenue growth in the past three years. Mr. Beale commented they hope to see year-round supply of the apple within the next two years.

Viticulture

Marlborough wine industry hopes for sun, not more rain going into harvest [12 March/ Stuff] Grape growers are hoping for more sun and less rain during harvest. Rainfall this late in the season increases the risk of disease, gives the canopies another growth spurt and risks delaying harvest slightly due to the dilution of sugar. Dog Point Vineyard Viticulturist Nigel Sowman said botrytis was the biggest risk following rainfall. Botrytis is a fungus that thrives in wet, humid conditions, causing loss of fruit where it takes hold. Mr. Sowman also commented that those that had already started harvesting may have been set back by a day or two due to the rain. Mr. Sowman further added a few windy, hot days would reverse any grape sugar dilution because of extra water being sucked up by vines, and things would be back on track.

Apiculture

Millions of Manuka seedlings released to boost honey industry [8 March/ Stuff] Landowners are being offered high performance Manuka seedlings that could earn up to \$4300 per hectare annually. Some predict the honey sector could become a \$1.2 billion a year industry by 2028 with the help of wholesale plantings. However, Commercial Manager for Manuka Farming New Zealand, Stephen Lee, said the \$4300 figure has been calculated assuming a high number of hives on a property, the plants having a high unique Manuka factor and the returns going to the landowner only. Mr Lee also noted the returns to the landowner will not be seen until 10 years after planting as Manuka seeds take 6 years to reach full production. Manuka Farming is releasing two million seedlings for planting in 2018, with a minimum order of 5000 and each seedling costing 75c. Last year, Manuka Farming sold one million seedlings. Manuka Farming is looking for property owners with more than 2 hectares of land as well as hill country landowners, who could use Manuka to protect erosion-prone land.

Aquaculture

New Zealand King Salmon fast-tracks new harvest process after US exports denied entry [6 March/ Stuff] New Zealand King Salmon has fast-tracked a new harvest method after the US Food and Drug Administration (FDA) notified King Salmon that two shipments were turned away by border authorities and held for a three-day routine testing. The salmon shipments contained isoeugenol, a naturally occurring compound in clove oil-based sedative product, Aqui-S, which King Salmon used during harvest. King Salmon Chief Executive Grant Rosewarne said exports to the US had been without incident for 20 years, and isoeugenol is generally regarded as safe product found in many food products globally. Recent US legislation interpretation held that while it is generally regarded as safe for consumers, it is not to be used to harvest of salmon. Mr Rosewarne added although it caused slight disruption, the company quickly replaced the use of Aqui-S to a pump-based system. The new system will improve harvesting process efficiency, having the ability to process up to 5000 fish an hour.

Forestry

Forestry sector poised for banner year [9 March/ National Business Review] Pruned export logs hit their highest level in almost ten years last month, with log exports seeing a 9 percent increase over the December quarter year on year. ASB Senior Rural Economist Nathan Penny said local and international demand for New Zealand timber is strong, partially due to increases in local housing and construction. Westpac Economist Sarah Drought commented the industry is in a good place to take advantage of Chinese forestry and log demand this year. Mr Penny noted the kiwi dollar is also helping forestry returns, with the log price index at a record high, however the downturn of the Chinese housing market may put downward pressure on log prices. He added sufficient positives are working to outplay the negatives for forestry prices.

Dairy

Fonterra payout forecast pared back as dairy prices tumble [8 March/ New Zealand Herald] The most recent GlobalDairyTrade event saw the price index fall 6.3 percent to \$5,048, its lowest level since last November. The dairy price fall has caused economists to cut current season Fonterra milk pay-out forecasts to farmer shareholders. Whole milk powder fell 12.4 percent to US\$2,782 a tonne. ASB Bank Rural Economist Nathan Penny said ASB decreased its forecast to \$6/kgMS from \$6.50/kgMS due to falling dairy prices, and commented recent rainfall has meant production improvements are likely to be maintained over the season and so expects price softness to remain over the coming auctions. Fonterra kept its \$6 per kilogram of milk solids forecast farmgate pay-out last month.

New Platform to Back Innovative Game Changers [10 March/ Scoop: Fonterra Press Release] Fonterra has launched a new open platform, Fonterra Ventures Co-Lab, to provide the opportunity for individuals, small businesses or large corporates globally to collaborate with Fonterra on disruptive ideas for mutual benefit. The platform allows the public to submit game-changing concepts for the Fonterra Ventures team to review and potentially partner on. Fonterra's goal is to build long-term partnerships with companies that will work in synergy with Fonterra. Successful applicants will have access to Fonterra's global reach and know-how at every step of the supply chain and receive support from a team with a sole focus to drive disruptive innovation.

Red meat

Returns aren't good enough [8 March/ Rural News Group] Beef + Lamb New Zealand Chair, James Parsons, has said farmers are noticing the sheep flock is down to 28 million animals and returns from sheep farming are insufficient. Mr. Parsons also noted wool demand and price fluctuations due to China's decrease in demand, but expects this to return to normal, with prices up, in 12 months. The schedule for bull beef was about \$3.30/kg five years ago and is now sitting at \$5.20/kg, causing probable beef production increases and farmers decreasing their sheep flocks. Upcoming environmental regulations are putting a dampener on dairy conversions, and the New Zealand industry is sitting at a five-year average for lamb per kilo of carcase weight, Mr Parsons noting that while this is not stellar it suggests the sector is continuing to tick along.

Red meat needs change [13 March/ Otago Daily Times] The Red Meat Profit Partnership (RMPP) is a seven-year Primary Growth Partnership programme created to help the red meat sector increase productivity and profitability. The programme is funded by industry partners, banks and the Ministry for Primary Industries. RMPP research has observed that top-performing farmers plan for success, and used farm performance data to make timely decisions. The programme is centred on getting more farmers following in the footsteps of these high-performing farmers. The Ministry for Primary Industries found that 50,000 more skilled workers are needed in the country's primary industries by 2025, and resources are being invested to achieve this. RMPP General Manager Michael Smith said the next step involved allowing the opportunity for all farmers to be involved in the programme and learn from each other, share what works, utilise expertise, embrace change and make informed business decisions.

NZ meat, wine exports face US uncertainty after border tax talk [14 March/ New Zealand Herald] Conversations relating the imposition of a border tax on goods being exported into the United States is creating uncertainty for New Zealand beef and wine exporters, who consider the US to be their largest market. The US is New Zealand's third largest export market, taking \$5.3 billion worth of New Zealand exports in 2016. New Zealand beef exports to the US accounted for \$1.2b last year, and annual receipts for sheep meat totalling \$270 million. The wine industry also considers the US as their largest market, with their exports totalling almost \$500 million and seeing strong growth. Like Beef + Lamb, NZ Winegrowers is keeping in close contact with its government and industry connections.

International

U.S. Plant Based Foods Industry Tops \$5 Billion in Annual Sales [6 March/ Grocery Headquarters] The Plant Based Foods Association has released new data from SPINS—the leading retail sales data company for the natural and specialty products industry showing the plant-based sector total market has topped over USD5 billion in sales. Executive Director of the Plant Based Foods Association, Michele Simon, said the steady growth of the plant-based industry highlights a consumer shift towards plant-based products. The analysis showed plant-based milk sales leading the growth, sitting at USD4.2 billion over the year, with refrigerated meat alternatives also experiencing a high 15.9 percent growth in the natural channel. The fastest growing category is cheese alternatives, with 31.4 percent growth in the natural channel and 18 percent growth in all channels, totalling USD104 million in sales over the year. Total plant-based meat sales exceeded USD606 million in sales last year.

From marketing to taste: How virtual reality will change the food industry [7 March/ Dairy Reporter] Virtual reality has been introduced to the food industry, and is expected to change the way consumers taste food through use of multisensory experiences. Several food and drink manufacturers, such as premium tequila brand Patrón and French cheese manufacturer Boursin, are already using virtual reality to convey their brand message. The combination of taste, sight and sound can heighten consumer's sensors, with consumers reporting tasting new depth of flavour when tasting the food and using virtual reality concurrently. Managing director at UK digital marketing agency Giant Peach, James Read, said the use of virtual reality will be difficult to ignore, and may change the world.

Minister: No approval given to planting of GMO grains [7 March/ China Daily] China is yet to approve any planting of genetically modified organism (GMO) grains. Long-term tracking, evaluation and supervision performed by many international authorities, such as WHO, the European Commission and International Council for Science show that GMO products that have passed safety tests and been approved by governments as being safe as non-GMO products according to Chinese government officials. Deputy Agricultural Minister Zhang Taolin says the Chinese government's stance on GMO is bold in research, careful in popularization and strict in management.

PepsiCo bidding for Brazilian dairy company Vigor: newspapers [8 March/ Reuters] PepsiCo Inc. has bid to acquire Brazilian dairy company Fábrica de Produtos Alimentícios Vigor SA. Reportedly, U.S.-based PepsiCo made two bids, with one being about USD1.9 billion. The current owner, J&F Investimentos Ltd, had not agreed on the value of a deal and has sought competing bids from other companies such as French Group Lactalis. It has also been reported that Mexico's Grupo Lala also had considered the possible acquisition.

Welcome to a multi-Sprite Europe [8 March/ Politico] European Commission President Jean-Claude Juncker is stressing the importance of tackling the issue of big companies and supermarkets selling subpar versions of brand name foods in Eastern Europe at a European Council Summit in Brussels. The Czech Republic and Slovakia, backed by Romania, Slovenia, Hungary and Bulgaria, have called upon the commission to act, after research revealed Czech Sprite contains more artificial sweeteners than German Sprite, and Igloo sticks have 7 percent less fish. Mr Juncker has suggested two potential solutions to dual-quality food. The first solution, favoured more by EU leaders, is to stop misleading practices through a more stringent EU law application. The second solution called for a European Consumer Protection Agency to ensure consistent food quality across the single market. After EU Officials come to a collective position and a body of national authorities responsible for consumer rights in Europe map out double-standard complaints, the European Council will review progress.

Vegan wine: Meet the woman removing the fish bladders and eggs from our bottles of red [9 March/ The Independent] Frey Vineyards, founded in 1980 in San Francisco is the oldest certified organic winery in the US, specialising in making additive-free, gluten-free and organic wines. Frey Vineyards say due to the rising popularity of plant-based diets, there has been an increase in vegan wine interest. Frey Vineyards practices low impact winemaking, producing wine without using sulphites, animal based fining agents, colours, stabilisers, enzymes or extracts, instead depending on the quality of fruit to make high quality wines. PETA animal welfare website said most people are unaware that wine can be made using animal-derived products such as fish bladder protein, crushed crustacean shells, egg whites, gelatine, and casein milk protein. Frey Vineyards has said they use bentonite clay to process their wines instead of any animal-derived alternative, which does not alter the taste of the wine.

Farmers warn exports to UK at risk of 'wipeout' [9 March/ The Irish Times] The Irish Farmers' Association (IFA) has warned that if Britain decides to take a "hard Brexit" and revert to World Trade Organisation rules, food exports to the UK from Ireland could be virtually wiped out. IFA Chief Economist Rowena Dwyer said a hard Brexit could wipe EUR 1.5 billion off the value of Irish meat exports due to the potential for punitive trade tariffs on Irish food exports to the UK. An IFA policy paper on Brexit highlighted the sector's dependency on the UK market, accounting for 37 percent of all food and drink exports worth EUR 4.1 billion last year, as well as the need for sustained tariff-free UK trade access. The IFA is hoping for the establishment of a free trade deal between the UK and Europe to be made a priority of the upcoming Brexit talks.

Belgian Startup Using Llama Antibodies for Biopesticides Increases Series B to \$11.6m [9 March/ AgFunder News] AgroSavfe, a Belgian agrobiotech company is developing a new generation of biopesticides and has increased its Series B financing round to US\$11.6 million. Much of the investment came from venture capital firm Sofinnova Partners, putting AgroSavfe in a prime position to take advantage of Sofinnova's newly-launched, and EUR106 million Industrial Biotech Fund (IB 1). AgroSavfe had previously announced a US\$8.23 million series B funding to develop its Agrobody product in September last year, and are moving to expand product development capacity and potentially introduce more applications to its technology platform than originally planned. The Agrobody product deteriorates the cell membrane of damaging fungi, which cause plant and crop diseases without also attacking the plants, insects or the farmers who will administer them. The crop protection chemicals market is currently valued at over US\$50 billion, making the size of the prize for AgroSavfe worthwhile. AgroSavfe believe development will take longer than three years.

Bolthouse Farms showcases pea-based plant protein milk at Expo West ahead of summer launch [10 March/ Food Navigator] Bolthouse Farms, a Campbell Soup Company brand, has created a plant-based milk product containing 10g of non-GMO pea protein per 8oz serving, 5g cane sugar, 50 percent more calcium than dairy milk, vitamin A, B12, D and E, and will be available in original, unsweetened, chocolate and vanilla flavours. Chief Marketing & Innovation Officer for C-Fresh, the new fresh food division of the Campbell Soup Company said the non-dairy milk category is expected to double to US\$4bn over the next few years, making pea-protein alternatives a logical development area as consumers look for allergy-friendly and protein-packed options. The launch is planned for the American summer.

Strawberries again top the 'Dirty Dozen' list of produce contaminated with pesticides [10 March/ Food Dive] The Environmental Working Group (EWG) Shopper's Guide to Pesticides has again ranked Strawberries as the number one conventionally grown produce with the most pesticide residues in their annual Dirty Dozen list. United States Department of Agriculture's testing revealed approximately 70 percent of samples of 48 types of conventional produce were contaminated with residues of at least one pesticide. Spinach was second on the Dirty Dozen list, with 75 percent of the sample showing residues of a neurotoxic pesticide banned in Europe for use on food crop, followed by nectarines, apples, peaches, celery, grapes, pears, cherries, tomatoes, sweet bell peppers and potatoes.

U.S. Agriculture secretary nominee submits ethics disclosures [13 March/ Reuters] U.S. President Donald Trump's nominee to head the Agriculture Department, Republican Sonny Perdue, submitted ethics disclosure forms saying he would place his assets, which include part ownership of a grain merchandising company, into a blind trust. Sonny Perdue has also said he would resign his positions from the National Grain and Feed Association, the Bipartisan Policy Center Governor's Council and the Georgia Agribusiness Council.

Industry calls for tariff-free trade deal with Ireland [13 March/Fruitnet] Industry bodies from across the British food and drink sector have written an open letter to multiple government departments asking for tariff-free trade with Ireland and free movement of goods and workers to be agreed as soon as possible. The letter highlights the importance of the Republic of Ireland as an EU trading partner, as nearly a fifth of UK food and drink exports go there. The letter has been shared with the Department for Exiting the European Union, the Department for International Trade, the Treasury, the Department for Business, Energy and Industrial Strategy, and HMRC. The writers stress disruptive customs barriers, port health controls and other costly bureaucratic requirements would disrupt supply chain networks that operate across the UK and Ireland, and cause serious economic damage and increase existing food price inflation.

Plant Meat Matters: Unilever, Givaudan and Ingredion invest in vegetarian steak [13 March/ Food Navigator] A plant-based steak has been developed by Wageningen University researchers. Vegetable protein such as soy, wheat, pea, rapeseed or corn, can be transformed into a layered and fibrous structure resembling steak. Since creating the product with Dutch food manufacturer The Vegetarian Butcher, other companies such as Unilever, Givaudan and Ingredion have been added to the list of partners. Wageningen University Professor of Protein Structuring and Sustainability Atze Jan van de Goot has said the new partnerships at all stages of the supply chain makes the project highly valuable. Unilever has already teamed up with The Vegetarian Butcher to cobrand a product through its Dutch Unox brand. Avril and Ingredion have shown interest in providing protein sources such as rapeseed and corn. Givaudan will provide product flavour knowledge and technology to make the plant-based meat taste like the real thing to compete with real fresh meat.

Chobani dethrones Yoplait as top US yogurt brand in sales and market share [13 March/ Dairy Reporter] Privately-owned Greek yoghurt maker Chobani has surpassed Yoplait in the US yoghurt market. Yoplait held a 25 percent share of the US Yoghurt market in 2011, being the leading yoghurt brand at the time, however in 2016 it had decreased to the third leading brand behind Chobani and Dannon, holding a decreased 15 percent market share. Chobani saw double-digit growth in 2016, with over US\$2bn in sales compared to Yoplait's sales of US\$1.75bn. Chobani holds a 37.6 percent share of the overall Greek Yoghurt category, whilst Yoplait saw a 17 decrease in its yoghurt portfolio in the second half of 2016 and does not expect this to return to growth this year.

Economics and trade

Vege prices soar: Carrot costs hit all time high [13 March/ New Zealand Herald] Carrot prices are at a record high, increasing 51 per cent since February 2016. One kilo of carrots cost \$3.53 in February 2017, compared with \$2.34 a year earlier. Pyper Produce spokesman Brendan Hamilton said the three to four-week North Island carrot shortfall due to poor growing conditions last year meant new season carrots had to be freighted up, which added a further cost. Higher prices were seen in all sub-groups except meat, poultry, and fish, creating the largest annual increase since December 2011. Vegetable prices were up 12 per cent, led by carrots, tomatoes and kumara.

Farmers and producers

Rural women 'backbone of the economy' [8 March/ Radio NZ] International Women's Day sparked Rural Health Alliance to comment that New Zealand should pay tribute to rural women because they are essentially the backbone of the economy. Chief executive Michelle Thompson has said rural women's isolation heightens issues such as an exaggerated burden of historical oppression and discrimination as well as being further from amenities like health services, employment opportunities and family and friends. Other concerns involved technological issues with poor cell phone coverage and unreliable access to broadband, making it difficult for rural women to call for help or reach out to others. Mrs Thompson commented although effort is being put into empowering rural communities to look after themselves, there is more to be done to integrate services and make them function more smoothly. Rural domestic violence rates are higher than in urban areas, which increases the necessity for smooth-running communication and help services.

Farmers' mood lifts but outlook still uncertain [14 March/ New Zealand Herald] A Federated Farmers survey shows that for the first time in two-and-a-half years, New Zealand farmers expect their on-farm spending to increase and farm debt to reduce as profitability improves. Farmer optimism has increased due to rising global dairy prices from tighter global supply. The ANZ Commodity Price Index for dairy had increased 41 percent in the 6 months ended December in New Zealand dollar terms, enabling Fonterra to increase its milk price forecast for the current season to \$6 per kilogram of milk solids. Although most farmers indicated they expect their profitability to remain the same, while 36 percent expect profitability to improve. The survey also showed confidence in the general economy has improved, but stays in negative territory at -2 percent, whereas in July the score was -12 percent.

Agribusiness education

New partnership will inject \$146,000 into TeenAg programme [10 March/ Stuff] Youth Minister Nikki Kaye announced a \$50,000 Government contribution to a New Zealand Young Farmers agriculture sector youth programme, TeenAg. A further \$96,000 in cash and in-kind support has been provided by partners including Red Meat Profit Partnership, DairyNZ and the Transforming the Dairy Value Chain programme, Lincoln University and Southfuels & Northfuels. Federated Farmers education and skills portfolio leader Rick Powdrell said New Zealand's goal of doubling primary industry exports by 2025, and reducing reliance on migrant labour in the dairy sector, creates a need for boosting the number and skill level of young people choosing a career in the sector. Mr Powdrell added the sector needs quality and motivated people to drive productivity and efficiency goals and to deal with the increasingly complex technological advances in farming. Ms Kaye added that TeenAg raises awareness of agricultural careers from an early age, and the new funding would support participation of 500 more youths.

Agri-tech

Agribusiness Investment Showcase startups vie for investment [13 March/ Stuff] Sponsored by the ASB and New Zealand Trade and Enterprise (NZTE), the New Zealand Agribusiness Investment Showcase will allow start-up businesses to avoid having to make separate pitches to many institutional or angel investors, and instead pitch in one room to a wide audience of investors. This year's showcase will feature 12 companies, with eight being identified by NZTE and four by agritech accelerator company Sprout. Annually, Sprout identifies and provides attractive start-ups a \$25,000 cash investment equity, expert training and mentorship in all areas of business growth, access to a national and international investor group and the opportunity to raise \$100,000 to \$1 million in capital. This year's ventures include Altus Intelligence, Encounter Solutions, Origins Software and Pastoral Robotics.

Drought

Wet weather a 'shot in the arm' but no drought breaker for North Canterbury farmers [13 March/ Stuff] Environment Canterbury rainfall data revealed up to 77.5 millimetres of rain had fallen this week in parts of North Canterbury, with rainfall as low as 36 millimetres in other areas of the region. While the rain soaked into the soil enough to boost pastures and winter crop growth, it is not enough to fill dry stock dams and depleted water tables. Federated Farmers North Canterbury Meat and Fibre Chairman Dan Hodgen said a period of rain, instead of an amount of rain, would fix the drought. Federated Farmers North Canterbury President Lynda Murchison said North Canterbury said a very wet winter is necessary to improve the groundwater table.

Arable

Far North hemp growers look forward to harvesting their first crop [14 March/ New Zealand Herald] Koe Koeaa Collective's Tui Quaqua Te Paa and Aorangi Logan are preparing to harvest their first crop of hemp later this month. The hemp plant planted contained 0.35 percent THC, so is of no use to those wanting to get high. Hemp seeds provide a cheap, healthy and natural alternative food source, packed with omega 3 and various vitamins. The women predicted their plantation would yield around 600kg of seeds. Although the amount is not enough to attract commercial buyers, the harvest will provide an opportunity to see if hemp plant had other uses, including medicinal balms, clothing, rope and other hemp products. The planting of hemp is closely monitored by the Ministry of Health and the police, as well as Food Safety Australia and New Zealand (FSANZ) and the New Zealand Hemp Industry Association.

Sheep Milking

Sheep milking progressing in 'heartland' farming [14 March/ Radio New Zealand] Sheep milking has become more popular in recent times, with over 30,000 sheep being milked at 13 small-scale sheep milk producers and three larger operations in New Zealand. Larger companies are also looking to sheep milk as a diversification strategy, with interest from Fonterra, Beef + Lamb, and Dairy NZ. In the past few months, new sheep-dairy genetic material has been successfully imported into New Zealand for the first time since the 1990s, which will add to the quality of stock and improve New Zealand's ability to compete globally. The industry is, however, facing a challenge of how to structure genetic development.

Poultry

Countdown pulls eggs from shelves [13 March/ New Zealand Herald] Countdown has removed Palace Poultry eggs from their shelves after reports revealed Palace Poultry were supplying them free range eggs which may not have been produced from free range hens. Palace Poultry are audited through the Ministry for Primary Industry's Registered Risk Management Programme, with this programme marking the eggs as meeting the free-range egg supplier criteria. Countdown is working with MPI to understand how the programme standards are set and verified. The SPCA blue tick is the only wholly independent accreditation focused on high animal welfare in New Zealand.

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Field Notes

Weekly news update from the KPMG Agribusiness Network – 15 March 2017

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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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