

AGRIBUSINESS

Field Notes

Weekly news update from the KPMG Agribusiness network

12 April 2017

Organisations referenced in this week's Field Notes include:

AB InBev	Marine Farming Association
AgFunder	McDonalds Corp
AgResearch	Ministry for Primary Industries
Amazon Restaurants	Mosa Meats
Amin Talati Upadhar	National Basketball Association
Aquaculture NZ	Nestlé
ASB	New Zealand King Salmon
Auckland Tourism, Events and Economic Development	Nice Blocks
Australian Taxation Office	Niggemann Food Frischemarkt
Beef + Lamb	NZ Binxi
Block Foods	OM Financial
Blue Diamond Growers	Overseas Investment Office
Blue Sky Meats	Pelorus Mail Boat
Bord Bia	Philips
Bosch	Plant and Food Research
Callaghan Innovation	Pure Cultures
Chick-fil-A	Purefoods
Comvita	Putauaki Trust
Country Crock	Rabobank
CRV Ambreed	Real Hypermarket
DairyNZ	Rijk Zwaan
Davis Wright Tremaine LLP	Rural Health Alliance
Deliveroo	Sanford
Department of Conservation	Silver Fern Farms
European Union	SPATNZ
Evaptainers	Starbucks Coffee Co
Fonterra	Talley's
Food and Drug Administration	Terroir Capital
FoodBowl	Terroir Winery Fund
FreshAgenda	The Center for Science in the Public Interest
Frische Paradies	The Food & Drink Federation
Hakanoa Ginger Beer	The Ministry for Primary Industries
I Can't Believe It's Not Butter	The Yield
Just Eat Plc	Trinity Hill winery
Kellogg	Uber Eats
KFC	Unilever
KPMG	US Apple Association
Kraft Heinz	US Department of Agriculture
Landcorp	Vega Coffee
Lincoln University	WhiteWave Foods
Lux Research	Zespri

This week's headlines

Horticulture	Kiwi apple voted US favourite [7 April/ New Zealand Herald]
Dairy	Fonterra probiotic shows potential to prevent diabetes in pregnancy [6 April/ Dairy Reporter]
Red Meat	Taste is tops [10 April/ Farmers Weekly]
International	KPMG Australia joins latest funding round for The Yield [6 April/ Media Release]
Rural Infrastructure	Genetics discovery looking at cutting nitrogen leaching across national dairy herd – CRV Ambreed [29 March/ Media Release]



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Hot Off The Press:

**KPMG Agribusiness
Agenda 2016 Vol. 2**

Event: TechWeek17

As technology transforms the global food industry, Auckland Tourism, Events and Economic Development (ATEED) in partnership with Techweek17 has assembled an international panel of progressive thinkers to challenge, inspire and showcase the evolution of the food sector. The event, FOOD + TECH, is an opportunity to engage with the likes of Ian Proudfoot, Head of Agri-business at KPMG Global, Rob Trice, Co-founder and Investor of the Mixing Bowl in San Francisco, and Angeline Achariya, CEO of the Food Innovation Centre, Monash University in Melbourne. These impressive international exports will present how science, technology and creativity are transforming the way food is processed, manufactured and marketed. The full speaker line-up will be confirmed in the coming weeks, but for now we're inviting you to save the date of [FOOD + TECH](#) on Friday 12 May, 2017.

Horticulture

Kiwi apple voted US favourite [7 April/ New Zealand Herald] The New Zealand Envy apple has been voted America's favourite in a five-week competition run by the US Apple Association throughout February and March. The Envy was bred naturally by crossing Braeburn with Royal Gala apples, developed by New Zealand government-owned Plant and Food Research. A new season of New Zealand-grown Envy apples are planned to be stocked in stores this month and more than two million are expected to be harvested in the US by 2020.

Growers pay steep prices to Zespri for right to grow gold kiwifruit [7 April/ Stuff] The prices kiwifruit growers pay for the right to grow gold kiwifruit are soaring. Farmers are paying a median of \$270,000 per hectare to Zespri in the latest round of licence releases, compared to \$200,000 last year. Zespri is releasing 400 hectares annually until 2020, with 2017 being the second year of release. The licence sales have raised \$98 million for Zespri compared to last year's \$50.2 million. Grower Neil Trebilco said confidence was high, reflecting recovery since the 2010 Psa outbreak, and strong SunGold performance. Mr Trebilco hoped some of the \$98 million would eventually return to growers. The Zespri board plans to decide on the allocation of the money raised, saying some would likely be offered to shareholders by way of dividends, but some would also be invested into capital, and research and development. The board is also considering increasing the number of hectares on offer in future years due to high demand.

Viticulture

Wine industry unites behind final draft of industry taxation scheme [10 April/ ABC News] The final version of reforms to the Australian wine industry's taxation scheme, the Wine Equalisation Tax (WET) rebate has been released for a final review. The WET rebate scheme reforms are changing winemakers allowance to claim a rebate of up to AUD500,000 on the tax they have paid. Domestically-produced wine is taxed at 30 percent of wholesale value. Assistant Agriculture Minister Anne Ruston, with support of the wine industry, said the current WET scheme eligibility requirements need to be tightened. New legislation requires winemakers to own the source product (such as wine grapes or cider apples), and the final product must contain 85 percent of that source product. The rebate will drop to AUD350,000, and the Australian Taxation Office will require proof that a taxable sale has occurred. Products must also be branded with a registered trademark in packaging not exceeding 5 litres. Eligible New Zealand winemakers will be able to continue claiming the rebate.

Apiculture

Comvita adds to growing list of earnings woes [5 April/ NZ Herald] After honey maker Comvita fell short of market expectations and announced it was likely to fall into operating loss in the current financial year, investors have left the brand. The company attributes the loss to a poor harvest and trouble in the unofficial daigou trade channels with China, expecting to bring the company to \$7 million operating loss for the June financial year. Comvita's share price dropped by 17 percent to \$7.10 after its announcement. Comvita said it had assumed that the informal channels out of Australia and New Zealand into China would not recover to earlier forecast levels before its June balance date.

Fishing and aquaculture

New Zealand King Salmon employees push for salmon farms [7 April/ Stuff] Pelorus Sound could get an extra salmon farm under the MPI proposal. Many other New Zealand King Salmon staff members have shown support for the proposal to relocate six salmon farms in the Marlborough Sounds, saying it would give them greater job security. 588 submissions were received from members of the public; from workers, residents, restaurateurs and environmental groups. The new farms were expected to boost the region's economy by \$49 million and create 511 fulltime jobs. However, Pelorus Mail Boat owner Jim Baillie said the process was not democratic, and he was concerned about the effect the farms might have on the tourism industry with a Blenheim resident saying the high-flow farms would be distributing the equivalent of the nitrogen in sewerage going straight to the sea.

Aquaculture working group selected for Marlborough Environment Plan chapter [9 April/ Stuff] Community and industry representatives have been selected to draft the aquaculture chapter of Marlborough's new environment plan to govern the next 10 years of Marlborough's marine farming. The group includes representatives from the Marine Farming Association, Aquaculture NZ, the Ministry for Primary Industries and the Department of Conservation - as well as community groups and seafood companies like Sanford and Talley's. With 1249 written submissions received, hearings are estimated to take over four months.

Nelson mussel hatchery research bears fruit with first harvest [10 April/ Stuff] New Zealand scientists have managed to induce greenshell mussels to breed in captivity, with the first of 500 tonnes about to be harvested in the Marlborough Sounds. The research guarantees farmers increased control and certainty over growing the mussel and is worth \$350 million to the economy. SPATNZ's hatchery in Nelson could produce about 30,000 tonnes a year of adult mussels, adding \$200m value. SPATNZ Head, Rodney Roberts, said a combination of light, temperature and small vibrations was effective in encouraging mussels to produce maximum quantities of sperm and eggs. Billions of mussel eggs can now be produced monthly, creating strong, faster growing and more consistent mussels. The SPATNZ hatchery is a collaboration between the Ministry for Primary Industries and Sanford, a seafood company, through a seven-year Primary Growth Partnership. Both parties are investing \$13 million into the programme.

Dairy

Small rise in dairy prices [6 April/ Otago Daily Times] In this week's GlobalDairyTrade auction, overall prices lifted 1.6 percent, with a similar rise at the previous auction. Whole milk powder prices were up 2.4 percent, casein up 6.9 percent and anhydrous milk fat increased 2.5 percent. Skim milk powder decreased 0.8 percent. ASB Senior Rural Economist Nathan Penny said downward pressure on SMP prices was due to strong US production, EU production recovery and high stocks. Westpac has increased its forecast for this season's farm-gate milk price from \$5.90 to \$6, aligned with Fonterra's most recent forecast update.

Fonterra shuts down Edgcumbe site [6 April/ Rural News Group] Due to flooding, Fonterra has temporarily shut down its Edgcumbe site. Half of the team have left the site, however local staff are currently preparing low-lying parts of the site for potential flooding, and those not involved are being sent home. The co-op's local Farm Source store in the township also remains closed.

Fonterra probiotic shows potential to prevent diabetes in pregnancy [6 April/ Dairy Reporter] Fonterra's naturally-occurring probiotic, *Lactobacillus rhamnosus* HN001, could be responsible for a 68 percent decrease in gestational diabetes in pregnant women, according to research published in the British Journal of Nutrition. The use of this probiotic for pregnant and lactating women is considered a promising strategy to promote healthy pregnancy through modulation of the gut microbiota and intestinal permeability. For the research trial, the probiotic HN001 n capsule form was issued to 189 pregnant women at 14-15 weeks' gestation, while 194 received a placebo. A New Zealand team found a trend towards lower gestational diabetes in the HN001 group. Last year, Nestlé filed an international patent for the combination of myo-inositol and probiotic strains for pregnant and lactating women.

Fonterra encouraging winter milking [10 April/ Radio NZ] Although the usual milking season occurs from October to May, Fonterra is encouraging farmers who want to invest in their farming systems to milk cows through winter. Farmers that decide to milk over the winter season would be paid a premium based on market return, and Fonterra has prepared a 60-day tailor-made contract for winter milk farmers. Waikato Dairy Farmer Chris Falconer said by milking through this winter he would make an extra 60 cents per kilogram of milk solids for the year. Fonterra Chair John Wilson said increased investment in the Clandeboye mozzarella plant and the Waikato UHT cream plant was driving winter milk demand. Fonterra did not set a winter milk volume target and it was too early to predict collection amounts.

New Maori dairy factory for BoP [11 April/ Rural News Group] A new Maori-owned dairy factory is being planned for the Kawerau region. The factory will use geothermal power owned by Putauaki Trust, to produce milk powder. Maori leader Tiaki Hunia, a leader in the development, is chairman of the Putauaki Trust which has dairy farms around Te Teko and Kawerau. Mr Hunia said he is excited to utilise clean natural resources with dairy farms locally, and intends to work with other Maori trusts to scale up their dairy operations for greater economic viability. The factory is expected to receive supply from 15-20 farms and about 9000 cows.

Red meat

Taste is tops [10 April/ Farmers Weekly] Research done as part of a FarmlQ Primary Growth Partnership programme in conjunction with Silver Fern Farms (SFF), the Ministry for Primary Industries and Landcorp has shown the eating quality of New Zealand lamb is consistently very high with little variation. SFF Sales Manager Grant Howie said selecting the right cut, correctly ageing the meat and pairing the cut to the cooking method were significant to the taste. Other factors include low pH, controlled electrical stimulation, and a compelling brand story. The trial involved 4739 lambs, providing 23,000 samples of loin, rump, topside, and knuckle to 3240 consumers in NZ and the US. Of those tested, few people found ram-taint spoiling their eating experience. SFF plans to use the research to launch retail branded products in key international markets such as the US and China.

NZ lamb shortage drives up prices [10 April/ New Zealand Herald] The latest New Zealand lamb slaughter data shows in the fortnight to March 11; lamb kill was 11 percent lower than same period a year earlier and 18 percent below the five-year average. A decrease in slaughter rates in the world's largest lamb exporter, New Zealand, along with strong overseas lamb demand, is increasing prices to multi-year highs in export markets. These low slaughter rates, and the fact that some exporters have forward-sold large amounts of current production has caused a shortage in the international lamb market. The benchmark price for a frozen lamb leg in the UK increased to GBP4.80 per kg in March from GBP4.60 per kg in February, with similar lamb price increases in the EU and US.

Blue Sky Meats to seek new capital [10 April/ Farmers Weekly] Blue Sky Meats seeks new capital to fund a new business plan after the failed takeover by NZ Binxi. NZ Binxi, who had a 13 percent shareholding in Blue Sky, announced its disappointment at the failed takeover, saying its decision rested on a material change in Blue Sky's forecasted profits, and not receiving Overseas Investment Office approval by the March 20 deadline. Blue Sky seeks \$2 million of new capital to launch two projects. The first project was to improve its Southland plant meat yields to 93 percent, which could increase revenue to \$3.5 million in three years. The second project was to increase chilled lamb volumes from less than 1 percent to 20 percent, which may increase revenue by \$2 million in three years. Blue Sky recorded a 2016 \$2.7 million net loss before tax, following profits of \$1.7 million and \$2.7 million in the previous two years. Blue Sky executives believe the new business plan was a potential step change for the company's performance.

Research and development

The science of food: Reaping the benefits of the FoodBowl [9 April/ NZ Herald] The FoodBowl, part of the Food Innovation Network, was opened with an aim to increase the food sector's value by encouraging companies with export potential to develop products. Callaghan Innovation provides 70 percent of the annual running costs and Auckland Tourism, Events and Economic Development provide the balance. Through the FoodBowl, selected business clients have access food-processing facilities and expertise, resources that would otherwise be unaffordable and help to commercialise products. The FoodBowl selection process is based on categories such as innovativeness, use of native ingredients, export focus and use of new technologies, and for selected businesses, the emphasis is on food processing and production. Companies such as Hakanoa Ginger Beer, Purefoods and Nice Blocks, as well as the country's largest honey producers have used FoodBowl's expertise and resources to build their businesses.

International

3 Female Agtech Founders Win FoodBytes! SF During Women's History Month [31 March/ AgFunder News] Three women-led start-ups won Rabobank's FoodBytes! 2017 San Francisco event, beating more than 160 start-ups. Vega Coffee, a direct-to-consumer coffee subscription empowering coffee farmers, received the Judge's Choice Award. Evapainers, a start-up creating electricity-free refrigeration received the People's Choice Award, and Pure Cultures, creating probiotics for pet and livestock health, received the Highly-Commended award. CEO of Evapainers, Serena Hollmeyer Taylor, said the tech and ag fields were male dominated but there are changing tides. CEO of Pure Cultures, Colleen Kazemi, said there was a large ecosystem in the start-up industry aimed at helping women succeed. The trio agreed that creating a company, especially in tech, is not without its challenges and roadblocks, however it is important to embrace your gender and push through.

New York lawmakers fail to pass bill for \$100m agribusiness fund [3 April/ Agri Investor] Lawmakers have failed to pass the New York Agricultural and Rural Jobs Act. The bill would have used a 65 percent tax credit to attract private capital contributions to a rural business investment fund investing into job-creating agriculture and rural businesses. The bill was dropped during final negotiations. Assemblywoman Carrie Woerner who drafted the bill, said the bill would have been crucial for dairy farms in New York's rural areas, providing strategic capital to expand facilities and increase production, and act as a mechanism to jumpstart the New York agtech entrepreneurial sector, creating an avenue for youths who are not interested in working on a farm. The bill was presented for inclusion in this year's state budget, however Ms. Woerner now plans to push for its implementation in next year's budget.

Put sugar tax back until after Brexit, says soft drinks trade [5 April/ The Daily Telegraph] The soft drinks trade is calling for the sugar tax on soft drinks to be relaxed until greater certainty surrounding Brexit has been established for businesses. The Food & Drink Federation's Director General, Ian Wright, said food and drink makers faced pressures like rising ingredient costs and national living wage increases. Brexit will be a significant period of uncertainty and turbulence, meaning any extra burden such as the sugar tax on business is unwelcome. The sugar levy was announced in the 2016 Budget and would be levied at 18p per litre for drinks containing 5 grams of sugar per 100ml and 24p per litre for drinks containing over 8 grams per 100ml. Many companies have already reformulated their recipes.

WhiteWave blasts 'plant milk' lawsuit: 'This is nothing more than a waste of time and judicial resources' [5 April/ DairyReporter] A recent wave of complaints have targeted WhiteWave Foods and Blue Diamond Growers, saying that Silk Almondmilk and Almond Breeze are being falsely advertised as nutritionally equivalent, or superior, to dairy milk. Those complaining believe the discrete and limited nutritional comparisons and information are falsely advertising Silk Almondmilk and Almond Breeze to consumers. WhiteWave, in a motion to dismiss a lawsuit, argue the claims are expressly pre-empted by federal food labelling laws and are within FDA jurisdiction. Chair of the Class Action and Business Litigation team at law firm Amin Talati Upadhar, Ryan Kaiser, said consumers buy the products for reasons other than nutritional equivalency to dairy milk. Davis Wright Tremaine LLP representative, Rebecca Cross, does not think the claims will be effective as courts believe nutritional information for each product has been clearly set out on their nutrition facts panels, and consumers are aware of the product differences.

Starbucks launches pure local brew [6 April/ China Daily] Paying tribute to four years of close business ties between the Starbucks China Farmer Support Centre and local coffee farmers, Starbucks Coffee Co has introduced its first single-origin coffee from Southwest China's Yunnan province to help local coffee growers increase their income. The coffee was available since January for a limited time across all Chinese mainland Starbucks retail locations. Currently Starbucks purchases its coffee from farmers in over 30 countries, with over 1,200 farms, covering nearly 11,000 hectares of land in Yunnan, and are verified through the Starbucks Coffee and Farmer Equity Practices. The company said it will continue to pay premium pricing based on the quality of the coffee. CEO of Starbucks China, Belinda Wong, said Starbucks will continue to deepen local farmer partnerships through building on the Starbucks China Farmer Support Centre, and develop more localised, high quality coffee to be distributed to global Starbucks destinations.

In Battle With Uber Eats, Deliveroo Deploys Field Kitchens [6 April/ Bloomberg] Deliveroo, the London-based start-up, is moving whole kitchens to new neighbourhoods to gain a competitive advantage over rivals like Uber Eats, Amazon Restaurants, and Just Eat Plc. Deliveroo has received GBP475 million in venture funding and will begin rolling out field kitchens to 30 locations throughout the UK. This will allow customers in new locations to order food from popular restaurants. Deliveroo said their technology could identify specific local cuisines without presence in an area, identify customer demand for that cuisine and pick restaurant brands that are likely to appeal to customers in the area. Deliveroo believe this plan may lead to the creation of 1,000 new jobs and will expand to other countries including Singapore and Dubai this year.

KPMG Australia joins latest funding round for The Yield [6 April/ Media Release] KPMG Australia has taken a minority stake in The Yield, a leading Australian AgTech start up, increasing KPMG's investment in agricultural technology. The Yield has been recognised as one of the five most innovative Pre-Series A start-ups globally, and works with leading food growers to create Internet of Things and data-based solutions to improve farm decision-making and customer yields. The Yield has raised AUD6.5 million in Series A funding to bring its proprietary solution Sensing+ to the Australian market in the second half of 2017, grow the company's sales and marketing capabilities and launch into the US West Coast. KPMG joins a group of corporate investors including global technology and services provider Bosch, and global online food and agriculture investment platform, AgFunder.

Butter days ahead? Another sign of margarine's slide [7 April/ New Zealand Herald] Due to persistence from the bad health associations, margarine brands like the owner of Country Crock and I Can't Believe It's Not Butter looking are looking for buyers. Unilever said it is looking to unload its spreads business due to low sales in the United States and other developed markets. Butter has benefitted from the "real" foods trend, as consumers are increasingly willing to accept fat into their diet. Director of Nutrition at the Center for Science in the Public Interest, Bonnie Liebman, said butter still has more saturated fat than many alternative spreads. Total US sales of margarine and spreads came to USD1.81 billion last year, with the per capita consumption of butter exceeding margarine in 2005.

Indoor growing is 'bringing back failed varieties' [7 April/ FruitNet] Indoor growing with LEDs allowed Dutch plant breeder Rijk Zwaan to reinstate high-performing varieties that didn't have strong enough disease resistance in crop trials and boost product quality and consistency. Philips has a programme with Rijk Zwaan to analyse varieties to discover which are best for indoor growing and which LED light spectrum they respond best to. This method means growers can predict shelf life, texture and quality because the method will always yield the same product. Indoor farm produce is usually double the price, sitting at similar prices to organic produce. However as LEDs become less expensive and more efficient, as higher-yielding varieties are developed, the produce price could decrease.

US investor Charles Banks may lose control of Trinity Hill winery after fraud plea [7 April/ Stuff] The American buyer of Hawke's Bay's Trinity Hill winery, Charles Banks is facing an investigation by the Overseas Investment Office after pleading guilty to fraud for stealing millions of dollars from retired National Basketball Association player Tim Duncan. Mr Banks is the majority shareholder of Terroir Capital, which manages the Terroir Winery Fund, which was granted consent to acquire Trinity Hill in 2014. The Overseas Investment Office met with Terroir Winery Fund's representatives, and said Mr Banks is unlikely to meet his on-going obligation to remain of good character which was a condition of the consent. If this proves true, Mr Banks will be removed as an individual with control of sensitive land in New Zealand. Terroir Winery Fund had consent to buy a 42 percent stake in Trinity Hill – which owns 90 hectares of land near Hastings – in 2014, for \$3 million, increasing its shareholding in the winery to 67 percent.

Nestle CEO says 'radical cost-cutting' could backfire for food and beverage companies [7 April/ FoodDive] Nestle CEO Ulf Mark Schneider said many food and beverage companies such as Kraft Heinz and AB InBev are focusing on radical cost-cutting to deliver higher profits in the short-term, undermining their growth prospects. Nestle is planning to expand its e-commerce platform, which has recently increased by 20 percent. Mr. Schneider said the company would focus on efficiency and invest in its fastest-growing businesses to grow.

Lab burgers, lentils and locusts: is it boom-time for the meat-free protein market? [7 April/ Food Navigator] Mosa Meats is working with scientists to make their lab burger, developed by using stem cells from a cow and turning them into strips of muscle to make a 'burger' patty, a reality. CEO Peter Verstrate said it will take at least five to ten years to improve the production process and make it cost effective due to the difficulties of establishing the product's supply chain, and commoditising the product is expected to take even longer. Meat alternatives currently occupy less than 1 percent of the meat market. Consultant at Lux Research, Arnold Bos, said plant protein is outpacing meat and seafood growth, and expects 307 million metric tonnes of the 943 million metric tonnes consumed by 2054 to be alternative protein. Mr Bos added manufacturers must overcome consumer perception, poor functionality and off-flavour issues, an opinion that has been supported by many others in the industry.

KFC to stop using chickens raised with human antibiotics [8 April/ New Zealand Herald] Fried chicken chain KFC has announced it will stop serving chickens raised with certain antibiotics, with this change being completed by the end of next year at its more than 4,000 restaurants in the US. KFC is working with 2,000 New Zealand farms to stop using antibiotics that are used by humans. Use of these antibiotics can lead to germs becoming resistant to drugs, making antibiotics no longer effective in treating some illnesses in humans. KFC added that antibiotics specific to animals may still be used to treat disease in chickens. KFC rivals such as Chick-fil-A and McDonalds Corp have already announced similar plans.

Dairy output headed for 20-year lows; Farming [8 April/ The Sydney Morning Herald- Australia] Rabobank has forecasted Australia's dairy output to fall up to 7 percent to a 20-year low of less than 8.9 billion litres for 2016-17. The recent increase in product prices and flooding in some areas have revived sentiment in some quarters. Rabobank also noted slight improvements in farm gate export prices, along with good feed and irrigation water prices, are giving some relief. The bank has also forecasted price declines in all key product categories such as cheddar cheese, butter, whole and skim milk powder, with prices expected to stabilise in the second half. Industry expectations are that improved milk prices will allow European output to rebound faster. FreshAgenda sees next season's farmgate milk price increasing to between AUD5.75 to AUD5.80 per litre, up 50 cents from the current price.

Community supported agriculture gains momentum to capture larger share of "fresh" market [10 April/ Food Navigator] A recent US Department of Agriculture study showed the number of community supported agricultural models (CSAs) have significantly expanded over the past several years, with average growth in CSA participation growing 6 percent to 127 in 2013 and 11 percent to 141 in 2014. CSA expansion can be attributed to new products, year-around sales and season extensions, scaling up through multi-farm partnerships, utilising e-commerce, and connecting to new consumer segments, as well as an increase in demand for local, fresh and healthy food. CSAs are evolving to meet demands of a larger consumer market, and are increasingly becoming a threat to traditional retailers due to having a more personal consumer connection, and increasing their offerings by partnering with different organisations to better understand consumer demand for local produce.

Ireland's prime minister in Germany for beef push [10 April/ Global Meat News] Irish Taoiseach, Enda Kenny, was in Germany visiting supermarket and food service company executives such as Real Hypermarket, Block Foods and Niggemann Food Frischemarkt, and chefs such as Patrick Bittner, to promote a five-year beef campaign by Irish food organisation Bord Bia to grow Irish beef exports to Germany to 30,000 tonnes by 2018. Last year, Ireland exported 23,000 tonnes of beef to Germany, and Ireland considers Germany a key premium market. The Irish government has intensified efforts to promote Irish agricultural exports due to trade rule uncertainty after Brexit, likely as a means of replacing any loss in trade from the UK after Brexit trade impacts. Bord Bia research shows German customers value more information on provenance and traceability, something Bord Bia believes it can deliver through the beef campaign. The campaign will involve an Irish Beef Truck to carry the Ireland's beef message at German trade events in partnership with red meat, seafood and dairy importer Frische Paradies.

Farmers and producers

Suicide high among young farm workers [5 April/ Radio NZ] Research shows that many young farm workers are committing suicide. The review of farm suicides, part of the Rural Health Alliance's new Rural Mental Health Framework, between 2007 to 2015 found 12 percent of those who committed suicide were teenagers, a third were under 30, and nearly half were less than 40. Thirty percent of all farm-related suicides were among dairy farm workers. Researcher Annette Beautrais found financial distress was not a significant cause of suicide and rather existing mental illness and relationship issues were the leading causes. Dr Beautrais said 40 percent of farm suicides were by firearms, compared with the general population's eight percent. The Rural Health Alliance commented firearms played an important role in rural living, but research suggested increased intervention was necessary to prevent young farm worker suicide.

Farmers take stock after Ex-Cyclone Debbie [8 April/ New Zealand Herald] Ex-Cyclone Debbie has halted harvests in some regions and caused NZX whole milk futures prices to spike. By 7 April, June whole milk power prices were USD3055 per tonne, from USD2850 one week ago. Director of Financial Markets at OM Financial, Nigel Brunel, said there are around 50,000 cows or 20 million kg milk solids in affected areas and will take weeks or months to clean up, impacting grass growth. Crops also likely to have been damaged by the weather, adding a further cost to farmers. Although some crop may be salvageable to an extent, farmers are likely to face other problems due to waterlog. ASB Senior Rural Economist Nathan Penny said the current dairy season ending 31 May is unlikely to be significantly affected by the rain, and Fonterra has already reduced its 2016/17 season production forecast by 3 percent, having previously expected a 7 percent fall.

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Weekly news update from the KPMG Agribusiness Network – 12 April 2017

More rain coming - 'You don't know whether to laugh or cry' [11 April/ Radio NZ] A low coming off the Tasman Sea followed by Cyclone Cook is forecasted to bring more heavy rain to areas already affected by recent flooding that drowned Edgumbe and caused country-wide slips and road closures. The ongoing rain is causing farmers to be physically, financially and emotionally affected as their farms are continuously being destroyed by the rain impact. Farmer Kevin Clark's farm is strewn with silt, mud and debris, with water sitting a metre over fence posts in some areas. The flood destroyed at least a third of Mr Clark's grass, and he has sold or culled almost a quarter of his 400 cows, with the loss not being covered by insurance and costing Mr Clark \$100,000 in clean up and milk loss costs. Mr. Clark commented on the overwhelming community support, and the importance of keeping optimistic.

Rural infrastructure

Genetics discovery looking at cutting nitrogen leaching across national dairy herd – CRV Ambreed [29 March/ Media Release] CRV Ambreed has made a genetic discovery expected to decrease New Zealand farm nitrogen leaching by 20 percent over 20 years and create a more sustainable dairy industry. The company is selling semen from bulls whose daughters will have reduced concentration of Milk Urea Nitrogen (MUN) under the LowN Sires brand. CRV Ambreed R&D Manager Phil Beatson noted international evidence of a direct connection between MUN and nitrogen amounts in urine when cows were fed different diets, and believes their discovery could save New Zealand 10 million kilograms in nitrogen leaching annually. CRV is working with DairyNZ, AgResearch and Lincoln University to further test and confirm the genetic development.

Agribusiness education

Kellogg looks forward and back [10 April/ Farmers Weekly] The Kellogg Rural Leadership Programme summit next month will be the first gathering of Kellogg alumni in its 38-year history, and will note the retirement of programme leader and former Dean of Commerce at Lincoln University, Dr Patrick Aldwell. Dr Aldwell was involved in 21 courses since 1999. Dr Aldwell is being replaced by former Beef + Lamb Chief Executive Scott Champion who is expected to bring strong industry connections and experience. The summit will bring together nearly 700 invited alumni who have completed the course since 1979, and will provide a forum to discover opportunities by sharing experiences and developing ideas.

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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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