

AGRIBUSINESS

Field Notes

Weekly news update from the KPMG Agribusiness network

10 May 2017

Organisations referenced in this week's Field Notes include:

AdvancePierre	Ministry for Primary Industries
Allflex	Mitsui & Co
ANZ	Mondelēz International
Ara Institute of Canterbury	Murray Goulburn
ASB	National Party
Associated Milk Producers Inc.	New York Stock Exchange
Bonlac Supply Company	Ngai Tahu Seafood
Calysta	Ngati Hine Forestry Trust
Central Otago Winegrowers Association	NZ Venture Investment Fund
ChemChina	Orients Capital
Cleveland Avenue	Over The Moo
Comvita	PepsiCo
Crown Irrigation Investments Ltd	Pioneer Capital
Cure-Kids	Plant and Food Research
DairyNZ	PowerPlant Ventures
Danone Ventures	Precise Contracting Limited
Department of Conservation	Rabobank
Deutsche Bank	Ravensdown
Employment Relations Authority	Rocket Global
Enterprise Angels	Select Milk Producers
Farmer's Fridge	South Canterbury Chamber of Commerce
Federated Farmers	Sunny Downs Farm
Fish & Game New Zealand	Syngenta
Fonterra Co-operative Group	Te Paratai Farms
GrapeVision	Temasek
Green Meadows Beef	Tyson Foods
Green Peace	United Nations
Hunter Downs Water	University of Auckland
Kurou Duntroon Irrigation Company	Waikato Regional Council
Landcare Research	Western Sahara Resource Watch
McDonald's	Westpac

This week's headlines

Fishing	Blue cod farms on the way? NZ scientists crack code to breeding and raising blue cod in captivity [9 May/ Stuff]
Dairy	Fonterra faces potential bill of \$64m to Aussie farmers [4 May/ Stuff]
Research and development	Could superbug 'Kryptonite' be in NZ forests? [8 May/ New Zealand Herald]
Rural infrastructure	Disputed Western Sahara phosphate fertiliser shipments to continue for Ravensdown [6 May/ New Zealand Herald]
Water	Further expressions of interest encouraged for Hunter Downs irrigation scheme [4 May/ Stuff]



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Hot Off The Press:

**KPMG Agribusiness
Agenda 2016 Vol. 2**

Horticulture

Rockit apples value uplift gives angel backers hope [4 May/ National Business Review] Enterprise Angels, the Waikato and Bay of Plenty angel group, saw 10 times investment lift in Rockit Global after private equity investors Pioneer Capital and Oriens Capital took a 56 percent stake in March. Enterprise Angels members hold a 30 percent stake in the company, which remained undiluted after the private equity investment. NZ Venture Investment Fund holds just below 12 percent. The Rockit Global company markets the Rockit apple, a small apple typically sold in tubes as snacks rather than being traditionally positioned in the fruit aisle of the supermarket. Rockit Global has seen a 400 percent revenue growth in the past three years.

Viticulture

Vineyard contractor ordered to pay more than \$73k [3 May/ New Zealand Herald] An investigation by the Labour Inspectorate found Marlborough-based Precise Contracting Limited failed to pay 83 employees minimum wage, correct holiday pay, and had not kept proper employment records. Precise Contracting Limited has been ordered by the Employment Relations Authority to pay over \$73,000 in penalties and back pay for its workers. The Inspectorate found the company's director Rhonda Burridge would regularly alter employee timesheets without consent. Labour Inspectorate regional manager Kevin Finnegan said it is in the best interest of the viticulture industry to actively ensure vineyard employment obligations were followed, as doing otherwise could negatively affect reputation and exports.

Promising vintage after poor start in Central Otago [8 May/ New Zealand Herald] Winegrowers are anticipating a promising Central Otago vintage season after a difficult growing season. Central Otago Winegrowers Association General Manager Glenys Coughlan said although grape yields will be lower than average, autumn has delivered near perfect conditions and great-tasting fruit. Ms Coughlan said the region is grateful it missed the destruction of Cyclones Debbie and Cook during the critical ripening period. GrapeVision representative James Dicey said botrytis levels were very low.

Apiculture

Comvita shares slump 9.4pc on Deutsche Bank downgrade, news of Myrtle Rust [5 May/ New Zealand Herald] Comvita shares decreased 9.4 percent due to investment analysts cutting their valuation for the mānuka honey products company. The shares fell as low as \$6.07 in early trading last Friday, a record low since January 23, and recently decreased to \$6.25 after Deutsche Bank decreased its stock price target to \$7.05 from a previous target of \$9. This news comes concurrently with the discovery of myrtle rust, a fungal disease that can damage plants including mānuka. Comvita cut its profit guidance in April due to poor honey harvest and aggressive competition in China's informal daigou channels.

Biodiversity

Fungi interest mushrooms as annual forays hit north's forests [8 May/ New Zealand Herald] Scientists have begun their annual fungal foray in South Hokianga this year. The foray has taken place in different parts of New Zealand every year for the past three decades. Fungal foray Facilitator Tom Davies said the five-day foray would start on Monday with about 30 mycologists and amateurs participating. The foray participants will be joined by children from Opononi Area School, Aranga School and possibly Mangamuka School. On average, the foray discovers five new species each year. The group hoped to search for fungi in Waipoua, Waima, Raetea, Puketi/Omahuta and Mataraua forests, and possibly Herekino, Kaikohe and Ngawha Springs. Any knowledge gained will be shared with Northland iwi, the Department of Conservation, councils and local schools.

Fishing

Blue cod farms on the way? NZ scientists crack code to breeding and raising blue cod in captivity [9 May/ Stuff] Scientists have discovered how to breed and grow blue cod fish in captivity for the first time. Ngai Tahu Seafood and the seafood technologies team at Plant and Food Research partnered up for the research and about 2000 blue cod have been raised from hatchlings to fingerlings. Aside from aquaculture opportunities, the discovery is considered as a way of replenishing depleted fisheries and is expected to boost the local fish population. The researchers had been studying the fish to see how they responded to different stocking densities, population structures, light, water temperature and food sources, and fertilised eggs and larvae were moved through a series of tanks for rearing into juvenile fish. It is hoped that Plant and Food Research would be in a position within the next five years to produce commercial pilot scale numbers of blue cod on demand. Recreational fishers welcomed the research, but noted the most important thing for preserving fish was preventing habitat decline in the Marlborough Sounds.

Dairy

Fonterra faces potential bill of \$64m to Aussie farmers [4 May/ Stuff] Fonterra could owe its Australian farmers \$64 million due to a 2012 milk supply contract and has been threatened with a class action if the dairy giant does not voluntarily pay. Fonterra is legally obliged to match or top the farmgate price paid to farmers by its rival, Murry Goulburn, under its contract with Bonlac. This week, Murray Goulburn increased the average milk price it paid its farmers for the 2015-16 financial year to \$5.53 a kilogramme of milksolids, and farmers are no longer required to pay back any "overpayments". Fonterra decreased its farmer payments from \$5.75 to \$5kg/MS for the 2015-16 season but reduced its payout to \$1.91 for the last two months to make an average payout of \$5 for the season. Fonterra might legally have to pay an extra 3.5c a litre for the 1.7 billion litres of milk its farmers supplied during 2015-16.

Dairy prices rise again at latest auction [4 May/ Otago Daily Times] Dairy prices have reached their highest level since early February, increasing 3.6 percent in this week's GlobalDairyTrade auction. Whole milk powder prices increased 5.2 percent and strong demand for milk fat increased anhydrous milk fat and butter prices. Skim milk powder decreased 0.9 percent. Westpac Economist Sarah Drought said dairy prices were reacting to concerns over New Zealand supply, and recent bad weather and rising global supply would likely impact prices in the second half of the year. Westpac forecasted a \$6 farm-gate milk price for the current season, in line with Fonterra's forecast. ASB senior rural Economist Nathan Penny expected production to decrease by up to 2 percent compared with last season.

Red meat

Technology revolution descends on farmers [5 May/ Stuff] At Beef + Lamb New Zealand's AgInnovation conference Allflex Innovation and Business Development Manager Pat Gunston said technology was the future of farming in New Zealand and Australia. Mr Gunston said Allflex was expanding out of its traditional cattle and sheep identification operations because of continuously improving technology. Mr Gunston noted longer-life, more powerful batteries provided farmers more options, as well as the possibility of electric tractors and bikes in the future, providing a more powerful and cheaper diesel alternative. Mr Gunston added that cow sensors can do more than tell when a cow has come into season, and sees big data as the biggest challenge for farmers, who typically do not have time to analyse it.

Lamb export prices increase to multi-year high on soft supply, solid demand, AgriHQ says [8 May/ New Zealand Herald] Strong overseas demand, and weak New Zealand supply has caused lamb export prices to increase. Benchmark frozen lamb prices for legs, french racks and forequarters increased in April to multi-year highs. The benchmark lamb flap price remained stable as Asia's largest economy, China, approached its lower consumption period, though prices remain at their highest levels since September 2014. Prices in the Middle East and the US increased through April, and low Australian exports helped elevate prices. The increase in overseas prices combined with low lamb availability had caused good returns for local farmers, with the national average slaughter price offered by meat processors increasing 7 percent over the past month, reaching the second-highest level for this point in the season. These slaughter prices are expected to hold until winter.

Partnership with Green Meadows Beef a natural fit for TV chef [8 May/ Stuff] A Taranaki company selling angus beef online and Chef Michael Van de Elzen have created a range of healthy and easy-to-cook meat dishes. Green Meadows Beef offerings are made using recipes by the chef. The meals are aligned with his Good from Scratch philosophy, inspired by people's confusion around buying healthy food that is convenient and quick to prepare. Green Meadows Beef sells grass-fed, meat online from prime angus steers grazed on the family's Opunake farm. The product is aged, portioned, packed and delivered to households, retail outlets and catering companies within 24 hours. The company was titled the fastest growing agribusiness in the lower North Island in the 2016 Fast 50 awards. Green Meadows Beef has used Mr Van De Elzen's recipes to create a range of healthy barbeque products such as angus beef and beetroot burgers, meatballs, and soon sausages.

NZ beef, lamb and dairy prices on 'reasonable' footing [8 May/ Otago Daily Times] ANZ agri-economist Con Williams said the headline ANZ commodity price index dropped 0.2 percent in April, driven lower by dairy, down 2.5 percent monthly, however the non-dairy component rose 1.2 percent over the same period. Ongoing weakness of the New Zealand dollar has added to local exporter returns, with local prices increasing 20.4 percent annually. The New Zealand dollar index is now at its highest level since 2013-14. ASB economist Kim Mundy said New Zealand beef, lamb and dairy prices are all on a reasonable footing. Dairy prices are expected to reach or exceed \$6 per kg by the end of the 2016-17 season, and a 7.1 percent lamb price increase during April increased the price to \$6 per kg. Beef prices remained 37 cents below the \$6 per kg mark. Mr Williams said New Zealand's main basket of commodities continued to perform well for now, driven by supply shortages in some sectors and robust demand from Asia and the US.

Environment and emissions

Council identifies attitude change among farmers towards effluent management [5 May/ Stuff] Inspections by the Waikato Regional Council showed two-thirds of Waipa catchment dairy farmers are meeting their effluent requirements, however noted that eight are significantly non-compliant. The inspections are part of the Council's effluent compliance monitoring throughout the year, and looked at compliance on the day, the farm's infrastructure including the pond's sealing standard and size and how effluent was managed by the farmer. Four of the eight significantly non-compliant farms needed good management despite having sound infrastructure. The council's resource appointee Dr Ryan Morrison said there was positive change happening around compliance among farmers, with farmers starting to understand what the requirements are and why it's important.

Research and development

Could superbug 'Kryptonite' be in NZ forests? [8 May/ New Zealand Herald] An estimated 700,000 people globally die from drug-resistant infections annually, and this is predicted to increase to 10 million people per year by 2050. Although traditional antibiotics effectively defend against infectious diseases, common bacteria regularly develop strains capable of resisting these antibiotics. The Fight Against Superbugs campaign, backed by Cure-Kids, seeks to raise \$250,000 to support critical research by University of Auckland scientists to study 1000 fungi held in a collection by Landcare Research. The team is optimistic they will identify fungi able to kill bacteria responsible for many serious diseases such as Methicillin-resistant Staphylococcus aureus. The \$250,000 will mean a further 1000 fungi from New Zealand's biologically abundant and unique environment can be screened and analysed over the next year, and could give the world a new powerful drug.

Biosecurity

Deadly myrtle rust rang alarm bells for nursery owner as soon as he saw it [5 May/ Stuff] Kerikeri nursery owner Tom Lindesay discovered myrtle rust on his pohutukawa seedlings, causing his nursery to become the centre of an operation by biosecurity officials to contain the fungus. It is, however, likely that thousands or millions of the myrtle rust spores have been distributed by the wind. Mr Lindesay's myrtle rust has been confirmed by the Ministry for Primary Industries (MPI), and Conservation Minister Maggie Barry said the threat was to native trees, such as pohutukawa and mānuka, and to common plants like feijoa, eucalypts and bottle brush. Comvita Chief Executive Scott Coulter said honey production in Australia, a country affected by the fungus, based on mānuka did not seem to have been affected. MPI staff are checking for myrtle rust signs at 800 high-risk surveillance sites across the upper North Island, and DOC officials have begun targeted searches of myrtle species across conservation land.

Myrtle rust 'incredibly difficult to actually eradicate' [5 May/ Radio New Zealand] Myrtle rust, a new plant disease, has been discovered in Northland and has the potential to cause catastrophic damage to New Zealand's native trees and economic position. The Ministry for Primary Industries (MPI) has established a biosecurity operation in Kerikeri, after a nursery owner found the disease on his young pohutukawa. The MPI have said it has the potential to damage pohutukawa, rata, New Zealand's \$300 million mānuka honey industry, gums, bottlebrush, the \$2m feijoa industry, guavas, the \$41m eucalyptus timber trade and all other members of the myrtaceae family. When the disease was first detected in Australia in 2010, slow eradication attempts caused the disease to spread throughout the country, and has killed large numbers of native trees from Northern Queensland to Tasmania. The disease is still affecting Australia 7 years after the discovery. MPI Director of Readiness and Response Geoff Gwyn said there had been no successful attempts of eradication internationally, but early detection was the best chance to contain the pathogen.

Iwi and beekeepers 'in the dark' over myrtle rust [9 May/ Radio New Zealand] Beekeepers and iwi in Northland say they have been kept uninformed about myrtle rust, an air-borne plant disease that could devastate the region's honey industry. Myrtle rust was found in a nursery in Kerikeri last week, and a second case was confirmed recently on the same street. The Ngati Hine Forestry Trust, who owns four horticultural orchards in the area and has significant interests in two forest leases, are concerned as the disease is a potential threat to native plants including mānuka and pohutukawa. Chair Pita Tipene said they had to rely on second-hand information and are concerned the Ministry for Primary Industries (MPI) is not talking to them about it especially because of the effects the disease could have on one of the region's fast-growing industries. Kerry Fountain, a beekeeper with about 300 hives in the region shares the same sentiment. MPI said it was doing all it could to inform people about the situation, and has been dispersing informational flyers around supermarkets and shopping centres in Kerikeri.

International

Tyson acquiring Oaktree-backed sandwich provider [25 April/ Agri Investor] A subsidiary of Tyson Foods has agreed to acquire prepared foods provider AdvancePierre for USD4.1 billion. Tyson said the deal will result in USD200 million in cost savings over the next three years due to cost synergies. The deal calls for all outstanding shares of AdvancePierre, listed on the New York Stock Exchange in July at USD21 per share, to be acquired by a Tyson subsidiary for USD3.2 billion, and Tyson also agreed to assume USD1.1 billion in AdvancePierre debt.

Farmer's Fridge CEO: 'We won't stop until it's easier to get a salad than a candy bar' [2 May/ Food Navigator USA] Farmer's Fridge, a company supplying fresh, prepared food via vending machines, has closed a funding round led by Danone Ventures, PowerPlant Ventures and Cleveland Avenue, an investment firm founded by former McDonald's CEO Don Thompson totalling USD10 million. Farmer's Fridge has 75 locations and another 200 in development, employs 60 staff and makes a profit. Farmer's Fridge founder and CEO, Luke Saunders plans to make the business a national concept with tens of thousands of locations in the future.

Fonterra meets with Bonlac after MG restructure [4 May/ New Zealand Herald] Fonterra has announced it is to meet with the Bonlac Supply Company after the co-op's main competitor in Australia, Murray Goulburn, dissolved a controversial scheme aimed at recovering milk payments from Australian farmers. Murray Goulburn also said it would shut down three factories, dissolve the Milk Supply Support Package while writing it down by \$160 million, announced total write-downs of AUD410m, suspend its dividends, and review its dividend payout ratio. Fonterra's supply agreement with Bonlac says Fonterra must match or exceed Murray Goulburn's milk price. Murray Goulburn's slashing its AUD5.60 per kilogramme of milk solids farmgate milk price meant Fonterra could follow suit. Fonterra has said it is working through what their competitor's actions mean for their farmers and Australian business.

Aquaculture Feed Innovator Calysta Completes \$40m Series D With Temasek & Mitsui [4 May/ AgFunder News] Calysta, a California-based sustainable fish and livestock feed innovator, has achieved a USD40 million Series D funding round, with Japanese trading house Mitsui & Co, and including Singapore state investment fund Temasek. The Series D round follows Calysta's USD30 million Series C in February 2016, and will allow Calysta to reach commercial scale manufacturing of its FeedKind protein, an alternative feed ingredient for fish, livestock and pet nutritional products. FeedKind protein is likely to enter commercial production in 2019. Initial output will be up to 20,000 metric tonnes annually produced in Memphis, Tennessee. Mitsui animal nutrition department General Manager Hitoshi Kudo and Temasek Managing Director of agribusiness and biotech investments Suan Swee Tan will join the board.

Fonterra sets up pop-up store in Shanghai mall [4 May/ Food Navigator USA] Fonterra has launched its first Anchor milk pop-up store in Brand Mall, Shanghai. The mall attracts over 20 million shoppers annually. The full Anchor China range of UHT milk, milk powders, cheese and butter is displayed, and shoppers can create their own recipes, watch videos of New Zealand farms and play interactive games. President Fonterra Greater China, Christina Zhu, said Chinese consumers are increasingly brand-conscious and establishing consumer connections to the brand is a vital part of Fonterra's brand-building strategy.

Dairy Industry sees rise of plant-based milk as 'serious threat' [4 May/ Dairy Reporter] US Dairy Industry leaders, including CEO of Select Milk Producers Mike McCloskey, met at the ADPI/ABI Annual Conference to consider the outlook of and challenges facing the US Dairy Industry such as the effects of the increase in plant-based dairy alternatives. Mr McCloskey commented on the serious threat of plant-based dairy alternatives and Co-President and CEO of the Associated Milk Producers Inc. Sheryl Meshke added that the alternative companies stole dairy milk's brand. Plant-based dairy alternatives hold a market share 10 percent the size of dairy milk, with 2015 sales totalling USD1.9 billion, compared to USD17.8 billion in fluid dairy milk sales. Mr McCloskey attributes the threat to the lack of innovation in the dairy industry. Ms Meshke noted the importance of making fluid milk a relevant part of a consumer's day by sharing transparent knowledge of dairy milk's nutritional value.

PepsiCo seeks novel protein sources with 'easy to pronounce' names and 'a good sustainability story' [5 May/ Food Navigator USA] With a December 29 deadline, PepsiCo is looking for new and novel protein sources for snacks and beverages. This search is limited to non-GMO, clean-label ingredients with easy to pronounce or label-friendly names and a good sustainability story. PepsiCo has shifted away from dairy, egg, meat, and gelatin sourced protein, and has already considered soy, moringa, Khai-nam, cricket powder, meal worm powder, pea, and dairy protein. The multinational food and beverage manufacturer is seeking plant-based, mycoprotein, or insect-based protein that can offer nutritional benefits in addition to high protein content or innovative processing methods to use any of the above protein sources.

ChemChina clinches landmark \$43 billion takeover of Syngenta [5 May/ Reuters] ChemChina has gained sufficient support from Syngenta shareholders to secure its USD43 billion takeover of the pesticides and seeds group. The deal is one of many remaking the agricultural chemicals, seeds and fertiliser market, such as USD130 billion proposed merger of Dow Chemical and DuPont, and Bayer's plan to merge with Monsanto. 80.7 percent of Syngenta shares have been tendered, above the minimum threshold of 67 percent support, with an agreed \$465 per share offer. The transaction is set to close on May 18. Syngenta Chief Executive Erik Fyrwald commented Syngenta would remain a Swiss-based global company while under Chinese ownership, and would give Syngenta a long-term shareholder over the 12 years it typically takes to discover and launch new products, as well as improve Chinese agriculture.

Vegan ice cream founder strikes gold [7 May/ New Zealand Herald] Over The Moo, an ice-cream company established in 2015, uses coconut milk as a substitute for milk in their ice-cream products, marketed to socially conscious, vegan and vegetarian consumers. 900 supermarkets stock Over The Moo's nine flavours, however 27-year-old Founder and Chief Executive Alex Houseman said his success took years of hard work and financial difficulty. Over The Moo also serves ice-cream via a vintage ice cream truck in Prince Alfred Park in central Sydney.

Farmers and producers

Rotorua farm subdivision opens up 89 sections [6 May/ New Zealand Herald] Work will start in September or October of this year on a new 89 section up-market Rotorua subdivision on the Sunny Downs Farm. The Sunny Downs subdivision is hoped to have sections on the market by early next year. The 16ha subdivision is the first stage of more developments planned in years to come on the entire farm, which totals 606ha. The Sunny Downs subdivision will eventually cover 80ha. A spokesman for the group said the residential sections would be around 700sq m to 800sq m and lifestyle blocks would be 4000sq m and would sit at the top of the hill.

Rongotea's Hayley Hoogendyk wins national farm manager of the year [8 May/ Stuff] Rongotea dairy farm Manager Hayley Hoogendyk was named the New Zealand Dairy Manager of the Year at the national Dairy Industry Awards. Judges such as DairyNZ's Richard Kyte praised her staff management and ability to set tasks and achieve targets. Mr Kyte said the high calibre of the dairy manager finalists made judging difficult. Ms Hoogendyk is the farm manager for Te Paratai Farms, won \$22,600 in cash and prizes, and was previously the Manawatu Dairy Trainee of the Year in 2014. Christopher and Siobhan O'Malley were named New Zealand Share Farmers of the Year and Clay Paton was the New Zealand Dairy Trainee of the Year.

Federated Farmers: Select committee 'misses mark' on illegal firearms [8 May/ New Zealand Herald] Federated Farmers says further restrictions on semiautomatic firearms is not the answer to the illegal possession of firearms in New Zealand, and could affect tens of thousands of firearms license holders across the country. National Board Member Katie Milne said the National Party needs to support its election promise of less and better regulation, and noted the importance of farmers having access to the right tools for the job, especially firearms. Ms Milne said semiautomatic shotguns and rifles are commonplace on farms, and are the most effective and efficient way of shooting fast moving, numerous pest species like rabbits, hares and Canada geese. New steel shot regulations introduced by Fish and Game New Zealand meant many farmers were forced to purchase modern semiautomatic shotguns and this review also puts their heavy investment at risk.

Survey finds modest lift in farm employee salaries [9 May/ Federated Farmers Press Release] The 2017 Federated Farmers-Rabobank Farm Employee Remuneration survey shows a modest rise in farm employee salaries over the last 12 months. The mean salary for grain farm employees increased 2.3 percent since the 2016 survey, while the mean salary increased 1.8 percent and 0.3 percent for employees on sheep and beef and dairy farms respectively. The survey collected information from 914 respondents on 2834 positions. The survey also found salary rises were more common for those in junior positions and a high percentage (40 percent) of employers find it difficult finding farm staff. The average number of hours worked per week by farm workers was close to 44 hours, however the number of weekly hours being worked by entry level staff on dairy farms is decreasing. Federated Farmers employment Spokesperson Andrew Hoggard said it was good to see farming salaries increasing given tough economic conditions over recent years.

Rural infrastructure

Disputed Western Sahara phosphate fertiliser shipments to continue for Ravensdown [6 May/ New Zealand Herald] Ravensdown, a farmer-owned fertiliser co-operative, is not concerned about seizure of Western Sahara phosphate fertiliser heading to Napier, even though a competitor's USD5million shipment has been held up by a South African court following a complaint from the Western Sahara Polisario movement. Western Sahara Resource Watch has called for a phosphate trade freeze until Western Sahara people decide between independence and integration with Morocco. Ravensdown shipments do not visit South African ports, and the Ravensdown board has been monitoring the issue. The Western Sahara region had three-quarters of the world's known phosphate reserve, and a Canadian study showed the indigenous people would suffer more if the resource were blacklisted, and this could lead to global social unrest. Ravensdown Chairman John Henderson said the New Zealand Government, the United Nations and independent legal advice said accepting the phosphate was legal.

Federated Farmers: Farmers must ask questions about fertilizer [9 May/ New Zealand Herald] Many farmers and growers are not asking their fertiliser suppliers if the products they are using have been independently audited and approved by the Fertmark scheme. These farmers and growers are risking selling products that have not been verified as containing what they say they contain. The Fertmark scheme provides quality assurance, and was established by farmers 25 years ago who were concerned about the serious threat to farming practice, production, pasture care, animal welfare and the environment, an unchecked fertiliser industry could cause. Farmers are therefore encouraged to look for the Fertmark logo when buying fertiliser.

Agribusiness education

Ara proposal to cut courses, staff criticised by mayor [4 May/ Stuff] Ara Institute of Canterbury has proposed to cut primary industries staff and courses in response to demand for higher level qualifications and a lack of demand for qualified staff. Their proposal has been met with backlash. Federated Farmers South Canterbury president Mark Adams said Ara's reasoning was incorrect as farmers valued qualified staff and Timaru Mayor Damon Odey commented highly skilled roles had been stripped from the region. South Canterbury Chamber of Commerce Chief Executive Wendy Smith said the chamber was concerned Ara was having difficulty in achieving sufficient primary industry programme enrolments.

Water

Further expressions of interest encouraged for Hunter Downs irrigation scheme [4 May/ Stuff] Hunter Downs Water (HDW) has encouraged farmers to register their interest in the proposed Hunter Downs irrigation scheme by May 15. Project Manager Stacey Scott said the \$195 million scheme would not proceed unless enough shares were sold by the deadline. Greenpeace Senior Campaign Advisor Steve Abel said this was the second time HDW had extended its share deadline in months, and just used these dates to pressure farmers to sign up. Mr Abel also said the scheme is stimulated by public money, local councils, central government and the irrigation fund. HDW chairman Andrew Fraser said there is strong support for an irrigation scheme to help South Canterbury grow.

Massive grant for North Otago irrigation extension and upgrade [9 May/ Stuff] Kurow Duntroon Irrigation Company has received \$388,000 from Crown Irrigation Investments Ltd to reach the construction stage of its irrigation infrastructure update. Crown Irrigation Investments Ltd provides funding to irrigation schemes throughout New Zealand, and its funding to Kurow Duntroon Irrigation Company will enable the construction of a new piped scheme to run from Waitaki Dam to Duntroon, which Minister for Primary Industries Nathan Guy believes could have major benefits for North Otago. Mr Guy also said the project will allow a more efficient and effective use of water using the latest design and technology. Mr Guy added similar schemes in other areas of New Zealand provided economic and environmental gains, as a reliable water source gives certainty to farmers and growers, helps them plan ahead and deal with droughts and dry spells.

Rural communities

New national body to represent Rural Support Trusts [9 May/ New Zealand Government Press Release] Minister for Primary Industries, Nathan Guy, has welcomed the election of a national body to represent all 14 Rural Support Trusts. Mr Guy believes a new central body will make these Rural Support Trusts more efficient and effective by providing a single point of contact for Government, and allow different regions to share resources and experience. In its first meeting the National Council elected Chairperson, Waikato RST Chair Neil Bateup, and Vice Chairperson Gavan Herlihy from Otago. Rural Support Trusts provide free and confidential help to farmers and growers facing challenges.

Wool

Farmers remove chunk of crossbred wool from Christchurch sale in difficult market [8 May/ Stuff] Despite an improved bidding tone at the recent Christchurch wool sale, farmers withdrew 14 percent of the 7500-bale crossbred offering due to reluctance to offer their wool at market levels. Wider Asian market renewed activity caused a slight price increase from the last sale on April 20. Good colour fleece and second shear was in better demand, crossbred fleece 31 to 34 microns, including hogget wools, increased 1-2 percent and fleece 35 microns and stronger and crossbred second shear wool ranged from unchanged to a 4 percent increase. Lambs' wool rose 2-5 percent, with high interest in longer combing wool. Crossbred prices remained poor, however the merino market reflected a good Australian market, with merino oddments and second shear wool in high demand.

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Field Notes

Weekly news update from the KPMG Agribusiness Network – 10 May 2017

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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