



Hot Off The Press:  
**KPMG Agribusiness  
 Agenda 2017**

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## AGRIBUSINESS

# Field Notes

Weekly news update from the KPMG Agribusiness network

2 August 2017

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

Antara Ag	Health Canada
AQSIQ	Ikeda Suisan
ASB	La Lacion
Auckland University Institute of Marine Science	LIC (Livestock Improvement Corporation)
Avocado Growers Association	Lincoln University
Avocado Industry Council	Meat Industry Association of New Zealand
Ballance Agri-Nutrients	Ministry for Primary Industries
Beef and Lamb New Zealand	National Farmers Union (UK)
Blue Sky Meats	National Milk Producers Federation (USA)
Blue River Nutrition HK	Natural Capital Committee
Calyxt	Nestlé
Campbell Soup Company	New Zealand Winegrowers
Collectis	Otsuka Holdings Co., Ltd.
CircleUp	Otsuka Pharmaceutical Co., Ltd.
DairyNZ	Oxford University
Daiya Foods Inc.	SanCor
Department for Environment, Food and Rural Affairs (DEFRA, UK)	Shanghai Maling
Federated Farmers New Zealand	Silver Fern Farms
First Fresh	Sustainable Coastlines
Fonterra Co-operative Group	Taratahi Agricultural Training Centre
Food and Drug Administration	Tertiary Education Commission
Food Safety Authority Ireland	Van Leeuwen Dairy Group
Fruit d' Or	Waikato Federated Farmers
Good Food Institute	Wood Council
Google	Zespri
Green Valley	

### This week's headlines

Horticulture	<b>Growers speak out over avocado thefts</b> [28 July/ NZ Herald]
Dairy	<b>Lift in dairy payout welcome news for Waikato farmers</b> [27 July/ Stuff]
Farmers and producers	<b>Flood-hit farms to get govt assistance</b> [1 August/ Radio NZ]
Animal health	<b>Nathan Guy appeals for calm after cattle disease outbreak</b> [26 July/ NZ Herald]
Environment and emissions	<b>New law for climate targets needed – Commissioner</b> [27 July/ Radio NZ]

**Horticulture**

**Persimmon exports to China signed after 12 years of negotiations** [27 July/ NZ Herald] New Zealand is shipping its first export of persimmons to mainland China after 12 years of negotiation between the Ministry for Primary Industries and China's quarantine authority AQSIQ. Exporters peg this as a multi-million-dollar opportunity for the industry. First Fresh, a Gisborne-based exporter plans to send its first shipment in August. First Fresh Managing Director Ian Albers said the company would first gain a clear understanding of its Chinese consumers before taking the next step and increasing exports.

**Kiwifruit exporter enters Orange County** [28 July/ Rural News Group] Zespri has opened its regional office in Orange County, California to manage increasing sales across America. Zespri Chief Executive Lain Jager said a majority of the growth came from the new gold variety Zespri SunGold Kiwifruit. Mr Jager said the New Zealand kiwifruit industry is expected to more than double sales to \$4.5 billion by 2025. Mr Jager added that a crucial part of this growth would come from developing markets such as North America, and growing sales in established markets. Zespri is relaunching the kiwifruit category in the United States and the wider Americas region to attract new consumers and grow sales and is increasing marketing investment with an integrated campaign including in-store geo-targeted mobile advertising, and new retail packaging. North American Zespri SunGold sales volumes increased over 100 percent over the past two years and are projected to hit nearly USD50 million in 2018/19.

**Growers speak out over avocado thefts** [28 July/ NZ Herald] Avocado thefts have become increasingly sophisticated, with orchards being targeted through Google Earth causing large quantities of the fruit to be stripped off of trees overnight. Chairman of the Avocado Growers Association and the Avocado Industry Council, Grower Ashby Whitehead, was targeted four times and said shop owners are turning a blind eye and on-selling stolen avocados. The high early-season prices of up to \$4 per fruit had coincided with a significant increase in thefts, with nine orchard raids reported since early May. Sergeant Trevor Brown said the thefts hugely impacted growers, with some thefts taking a third of growers' crops. Sergeant Brown said two on-sellers had been identified and the police are in the process of pressing charges. Thieves used Google Earth to target orchards without houses or establish safe routes around houses to access the crops. Mr Whitehead said orchardists were fencing off orchards and installing security devices in response to the thefts.

**Viticulture**

**NZ wine regions move to protected model** [27 July/ NZ Herald] The Geographical Indications (Wine and Spirits) Registration Act, passed in 2006, allows wine regions to register with the Intellectual Property Office New Zealand and ensure the region's name is reserved for wine of that area. New Zealand wine regions can officially register for the protection under the legislation, which came into force last Thursday. Central Otago Wine Maker and NZ Winegrowers Director James Dicey said the act would not restrict the types of grapes grown or guarantee quality, and would rather give consumers confidence in the wine they were consuming, especially internationally. New Zealand wine exports have a \$1.66 billion valuation for the year to the end of June 2017. The industry aims to achieve \$2 billion of exports in 2020. New Zealand Winegrowers Acting Chief Executive Jeffrey Clarke said the new measure would give winegrowers a greater ability to protect their geographical indication from misuse overseas.

**Fishing and Aquaculture**

**Plastic 'being regularly ingested' by fish consumed in New Zealand** [26 July/ Stuff] Research by PhD student Ana Markic from the Auckland University Institute of Marine Science has shown seven out of eight species common in New Zealand ate plastic on a regular basis, which potentially puts NZ consumers and the fishing industry at risk. Ms Markic said all fish tested in the study are commercial, and people eat them. Sustainable Coastlines Co-Founder Sam Judd said research into the effects of plastic on NZ fisheries and risks posed to human health had been neglected. Mr Judd was calling for funds to test fish flesh for chemicals that may have leached from plastics and said some plastics contained carcinogens, chemicals which cause cancer, and endocrine disruptors, which may mimic the oestrogen hormone. The Ministry for Primary Industries said they would be carefully examining the results of the Auckland University study; however, there were no plans to add plastics research into its monitoring programme.

**Fish company fined over 5000 unrecorded work hours** [27 July/ Radio NZ] A Japanese fishing company was fined over \$122,000 after a Labour Inspectorate found 16 Indonesian employees were on average paid half of the hours they worked, and the company Ikeda Suisan failed to keep accurate time and wage records while in New Zealand waters over April and June 2015. The Ministry for Primary Industries said over 5000 of the workers' hours went unrecorded over the 50 days that the boat was in New Zealand. Over \$80,000 of the fine will be paid to the employees.

**Dairy**

**Coull re-elected FSC chairman** [26 July/ Rural News Group] Fonterra Shareholders Council Chairman Duncan Coull was re-elected unopposed for another 12-month term. Mr Coull said he understands the responsibility of the role and will continue to put Fonterra shareholders' interests at the forefront of all council actions. The council's new Deputy Chairman, Ivan Lines, said he looks forward to supporting Mr Coull.

**No ceiling to fresh milk for China** [27 July/ Rural News Group] Green Valley General Manager Corrie den Haring said Green Valley's fresh milk exports to China over five years have grown increasingly stronger. Green Valley exports at least 20 tonnes to China weekly. Mr den Haring said some of the company's lines are being upgraded to meet increased demand. In China, consumers pay the equivalent of \$10 for a 1L bottle or \$20 for 2L, and Mr den Haring said the product is becoming increasingly mainstream. Mr den Haring says demand for New Zealand product comes from Chinese consumers distrusting their local product.

**Fonterra confirms in early talks with Argentina's SanCor** [27 July/ NZ Herald] Fonterra Chairman John Wilson has confirmed that Fonterra and SanCor, are considering a possible tie up. Mr Wilson said it is early stages, and Fonterra is talking with different entities globally continuously as that is the nature of its business. One of Argentina's largest newspapers, La Lacion, said some auditors were looking at SanCor's accounts for a possible purchase, and that the likely SanCor price tag sits between USD200 million and USD400 million. Fonterra already has significant dairy interest and investment in Latin America.

**Lift in dairy payout welcome news for Waikato farmers** [27 July/ Stuff] Waikato farmers have welcomed Fonterra's 25 cent milk price lift. Fonterra Chairman John Wilson said the increase to \$6.75/kg of milk solids for this season mirrors the supply and demand rebalancing in global dairy markets. The lift added an extra \$104.5 million to total Waikato farmer incomes and a \$39,071 lift in average per farmer income, based on a 419-average herd size that milks 373kg MS per cow. Fonterra announced a forecast earnings per share range of 45 to 55 cents, making the forecast total available farmer payout \$7.20-\$7.30/kg MS before retentions. Waikato Federated Farmers President and Fonterra Supplier Andrew McGiven was concerned that Northern Hemisphere farmers would lift their production in response, causing another oversupply on the global market and would push prices down again. The advanced payment rate paid directly to farmers was also lifted by from \$3.70 to \$3.85/kg MS from July to September.

#### Red meat

**Silver Fern CEO Dean Hamilton steps down** [29 July/NZ Herald] Silver Fern Farms has announced their Chief Executive Dean Hamilton is stepping down at the end of 2017, and the company is seeking a replacement. Mr Hamilton held his executive position for three years and helped it through the Shanghai Maling investment and partnership. Mr Hamilton gave no reason for his resignation; however, Co-Chairman Rob Hewett said the move came after discussions over time of the demands on him of working away from home. Mr Hewett added Mr Hamilton would leave the company in its strongest financial position, with a clear strategic direction and a very capable leadership team.

**Meat-sector challenges recognised** [31 July/ Otago Daily Times] The seventh annual Red Meat Sector Conference was hosted by the Meat Industry Association of New Zealand, and Beef + Lamb New Zealand Ltd, and recognised challenges facing the industry, but also focused heavily on the industry's role in the country's future. At a political party forum, as part of the event, politicians discussed the Industry's promising future and their support for the industry. However, some politicians also mentioned industry challenges such as inaccurate negativity around dairying, protecting international trading interests, sustainability, farmer welfare, environmental standards, and biosecurity.

**Blue Sky Meats posts \$1.9m loss, signals review of unprofitable Gore beef plant** [31 July/ National Business Review] Blue Sky Meats posted a \$1.91 million loss in the 12 months ended 31 March, compared to a \$1.96 million loss a year earlier, and said the future of its unprofitable beef plant in Gore is under review. Revenue decreased 17 percent to \$97.9 million and the company will not pay dividends. Blue Sky paid \$3 million for the Clover Meats beef processing plant in December 2014 in response to sheep and bobby calf suppliers announcing they wouldn't supply livestock unless the company increased the variety of processed species. The acquisition failed to break even, and Blue Sky closed the plant to stem the losses and review its options. Blue Sky said many factors impacted its profitability, including a \$1.4 million loss at its Gore plant. The company's new strategic plan creates the platform of 20 projects expected to bring \$7.8 million of added value to the business.

**'Paid to think' and loving it** [1 August/ Otago Daily Times] Tech Entrepreneur and Business Leader Melissa Clark-Reynolds was named Beef + Lamb New Zealand's first independent Director. Ms Clark-Reynolds said she had always been at the cutting edge of new ways of doing things and was attracted to the organisation's broad strategy that was not red meat-centric. Ms Clark-Reynolds was the youngest woman to attend University in New Zealand at 15 years and now works as a professional Director and a Digital Strategist particularly around the application of new technologies involving food and agriculture. B+L NZ Chairman James Parsons said the newly created Independent Directorship was designed to bring independent judgement and outside experience to the board. He added that appointing Ms Clark-Reynolds was the direct result of farmers wanting a broader skill-set on the board. Ms Clark-Reynolds brings new skills in technology and start-up areas.

#### International

**Ireland brings in new rules on selling food online** [26 July/ Food Navigator] Food Safety Authority Ireland (FSAI) has established new guidelines stating the type of information that food firms must provide when promoting or selling food online. FSAI CEO Dr Pamela Byrne said online shopping in the Irish grocery sector totals GBP170 million annually, and this figure is expected to increase rapidly. Although the new legislation covers labelling, advertising, health and nutrition claims and allergen declaration requirements, the guide also covers areas that food businesses selling or advertising online should address. This includes guidance on the registration of food businesses, provision of food information to consumers, displaying mandatory food information and making food claims, as well as food safety, food temperature controls, traceability, product recall, and consumer protection law. Dr Byrne said an understanding of the regulations means food businesses can provide the necessary information so consumers can make informed food choices.

**Otsuka Announces the Acquisition of Rapidly Growing Plant-Based Food Innovator Daiya** [27 July/ News Wire] Otsuka Pharmaceutical Co., Ltd. a wholly owned subsidiary of Otsuka Holdings Co., Ltd. and a global healthcare company announced it has entered into a definitive agreement to acquire Daiya Foods Inc. Daiya Foods Inc. is a privately held Vancouver-based company that manufactures plant-based foods. Otsuka Pharmaceutical Co., Ltd. hopes the acquisition, believed to be CAD405 million, will increase Daiya's North American presence and beyond, and create a global plant-based platform. The acquisition will proceed via a Plan of Arrangement under British Columbia law.

**Gene Editing Gets Public Market Approval as Calyxt Raises \$64m IPO** [28 July/ AgFunder News] Calyxt, a subsidiary of French biopharmaceutical company Collectis, successfully raised USD64.4 million in an IPO on the Nasdaq stock exchange. While pricing at the bottom of its USD8-USD10 per share range the stock was a hit on its first day increasing 30 percent and reaching a USD11.25 high. Among other activities, Calyxt uses a gene editing technique to remove undesirable traits in crops' and animals' genomes or enhance preferred traits. Calyxt CEO Federico Tripodi said awareness of gene editing has increased in the industry and investment community, and investors are eager to get involved. Mr Tripodi said the company was taken public because there was significant momentum and need from the food and agriculture industry for gene editing, and investors did not have vehicles for investing in gene editing for food and agriculture. Mr Tripodi said the IPO and Calyxt's success evidence the public confidence in the technology.

**Fruit d'Or gets 'health maintenance' claim in Canada for cranberry seed oil** [28 July/ Food Navigator] Fruit d'Or announced approval by Health Canada's Natural and Non-prescription Health Products Directorate for the omega-3 and omega-6 content of its multifunctional cranberry seed oil ingredient. Fruit d'Or was the first to extract oil from the seeds, which were originally viewed as low-value juice production residue. Fruit d'Or said the oil consists of 35 percent ALA, 37 percent LA (linolenic acid) and 20 percent oleic acid. The approved claim wording is that the product is a source of omega-3 and omega-6 fatty acids for the maintenance of good health, as well as a source of antioxidants and oleic acid.

**Fonterra increases its milk price by 20 cents for its Australian suppliers** [28 July/ Stuff] Fonterra has increased its milk price by 20 cents, pushing the average amount paid to AUD5.50/kg of milk solids (MS). The increase will apply from July 1 and will be paid on August 15. The announcement came one day after Fonterra increased its payout to New Zealand farmers by 25 cents to \$6.75/kg MS. Fonterra Australia Managing Director René Dedoncker said improved market conditions and Fonterra Australia's business strength helped support the price increase, and the co-operative hopes it will improve farm cash flow positions and reinforce farmer confidence.

**Nestlé's innovation platform HENri@Nestlé marks one year anniversary** [28 July/ Food Navigator] HENri@Nestlé celebrates its one-year anniversary this month. The innovation platform is designed to support start-ups and entrepreneurs with brand business and brand challenges and revolutionise the nutrition, health and wellness industries. HENri uses real Nestlé business challenges, and business can apply to solve that challenge. Nestlé did not reveal which start-ups worked with them on its six 2016 HENri projects; however, each company received USD50,000 and senior business support to fund pilots to kick start their products and ideas.

**UK farmers are addicted to subsidy, says government adviser; Oxford Economist Dieter Helm said that the agriculture industry enjoys benefits 'nobody else in the economy gets'** [29 July/ The Guardian] Economist and Chair of the Natural Capital Committee, Dieter Helm, called for a review of the current taxation rules for farmers and said the agricultural sector received disproportionate government support. Professor Helm added that tax breaks for farmers caused a subsidy addiction and are used to avoid inheritance tax. Professor Helm said farmers receive significant subsidies, and also a range of other benefits that nobody else in the economy receives. National Farmers Union Vice-President Guy Smith expressed concern that British farmers must compete globally with farmers who get greater levels of support, or who have different costs of production due to different policies. Department for Environment, Food and Rural Affairs said the UK government remained committed to the generous long-term support of British farmers post Brexit.

**A Balancing Act: In the food VC arms race, it's 'buy or be eaten'** [31 July/ Food Dive] Many major brands such as Campbell Soup Company are choosing to purchase promising start ups before they are acquired by competitors or become a threat, causing almost every large food company to have launched a venture capital arm. CircleUp Institutional Business Manager Zach Grannis said this outsourcing of R&D through M&A and venture capital is due to small brands having an authenticity that consumers demand and that large food companies are finding difficult to duplicate. Mr Grannis said big food companies want businesses that offer disruptive innovation, provide new growth lines and attract new consumer sets. Mr Grannis added the movements come from a generational change of consumers demanding products that address needs around health and wellness, specific diets, lifestyles or that provide a specific value. A.T. Kearney said the top 25 food companies had lost significant market share due to small or mid-cap minimally processed food firms.

**Good Food Institute, NMPF, to FDA: Give the industry some clarity on plant 'milk' labelling** [31 July/ Food Navigator] The Good Food Institute (GFI) is urging the Food and Drug Administration (FDA) to clarify its position regarding plant-based milk labelling due to increasing commercial, legal and political pressure. The National Milk Producers Federation have criticised the FDA for remaining silent as plant-based brands violate federal standards of identity. GFI urged the FDA to amend federal regulations to allow qualifying words or phrases before the common name of a food to characterise the main ingredient or component or to indicate the absence of a nutrient, allergen, or other substance found in the food. The GFI believe an amendment would stop the dairy industry's bullying of plant-based competition, pre-empt meritless lawsuits, and avoid misinterpretations which harm competitive industry and the public. The National Milk Producers Federation also demanded clarification and claimed plant 'milk' labels violate federal identity standard and mislead shoppers, as plant-based beverages do not match the nine essential nutrients in milk.

## Economics and Trade

**Surplus rises** [29 July/ Otago Daily Times] New Zealand has reported a \$242million trade surplus for June, higher than the market expectation of a \$100 million surplus. An ASB Economist said the surplus was underpinned by dairy export volumes increasing by almost 14 percent. Imports increased 7.7 percent to \$4.45 billion, led by car imports which increased 31 percent to \$505 million. The annual deficit for the year to June met market expectations at \$3.7 billion against \$3.8billion for the year to May. Exports, led by dairy, increased \$454 million to \$4.7 billion compared with June 2016.

## Farmers and producers

**DairyNZ backs immigration back-down** [25 July/ NZ Herald] DairyNZ is backing calls for the Government to rethink its new immigration policy as dairy farmers rely on skilled migrant workers who are wrongly classified as lower-skilled- giving uncertainty to the employees and their employers. DairyNZ Chief Executive Dr Tim Mackle said many of the best performing dairy farm teams consist of migrant workers and should be classified as mid-skilled. Prime Minister Bill English confirmed the proposals would still largely continue, but with some adjustments. The new policy requires herd managers and farm assistants with work visas must have their visas reviewed annually, and that they must leave NZ after three years. Dr Mackle said the policy changes to the essential skills visa conditions would result in farmers not being able to retain their best migrant staff, which would heavily impact the dairy industry and wider economy.

**Flood-hit farms to get govt assistance** [1 August/ Radio NZ] The government has announced a support package for flood-hit farmers in Otago by way of rural assistance payments and some taxation flexibility. The Minister for Primary Industries Nathan Guy announced those floods a medium scale adverse event for Dunedin City, Clutha District, Waitaki District and the Central Otago District, and recognised the damage caused, and triggered government support. The government will also provide the Otago Rural Support Trust funding to help farmers. Mr Guy activated Enhanced Taskforce Green to clean flood debris.

## Forestry

**ETS review could reduce forest planting while foresters wait for certainty** [28 July/ Stuff] Forest owners and wood processors think uncertainty in the Emissions Trading Scheme (ETS) may reduce forest planting when it needs to increase. Wood Council Chairman Brian Stanley said the important role of the plantation forest industry in locking up atmospheric carbon needs more certainty. Parliamentary Commissioner for the Environment Jan Wright has proposed putting emissions target into law, establishing carbon budgets and establishing an independent expert group to provide objective advice. Mr Stanley said the Government was working on formulas in the ETS to recognise that timber locked up carbon like the trees it was derived from. The industry was concerned that those thinking of planting trees would wait to reap a better ETS regulatory deal, and are urging for predictability around climate change response.

## Sheep Milking

**Antara Ag to sell a Southland sheep milking farm** [1 August/ Stuff] Antara Ag is selling its Brydone sheep milking farm as it consolidates its sheep milking operation. The company milks 10,000 east friesian-poll dorset ewes on three Southland farms to exclusively supply Blue River Nutrition HK. Antara Ag was the first New Zealand company to manufacture infant formula from sheep milk for export to China. General Manager Jazz Hewitson said the business would become a smaller and more focused operation. Mr Hewitson said the company had only been routinely using two of its milking platforms leaving Brydone to become a spare. Mr Hewitson said Antara Ag would have 200ha to milk on and would keep its 10,000 milking ewes. Mr Hewitson added that the downsizing was not an indication the company was wrapping up its South Island sheep milking.

## Rural Supplies

**Ballance returns up as farmers buy more 'smart' products** [28 July/ Stuff] Ballance Agri-Nutrients' gross trading result increased from \$22 million to \$56.8m in the last financial year, allowing a \$54m farmer shareholder return. The fertiliser company's revenue dropped 4 percent to \$805 million, and sales volume saw a 1 percent decrease; however, Chief Executive Mark Wynne said Ballance improved its performance due to increased farmer spending on smart products.

## Animal Health

**Nathan Guy appeals for calm after cattle disease outbreak** [26 July/ NZ Herald] Minister for Primary Industries Nathan Guy has appealed for calm as the Ministry for Primary Industries seeks to contain a mycoplasma bovis outbreak in South Canterbury. Mr Guy said the Glenavy farm is on lockdown and further testing is being performed. The disease is commonly found in cattle globally but has made its first appearance in NZ. The disease does not infect humans and presents no food safety risk. Rather, the disease can have serious effects on cattle, including udder infection, abortion, pneumonia and arthritis. Mr Guy said the industry needs to remain calm as the MPI investigate. Dairy NZ Chief Executive Tim Mackle affirmed Mr Guy comments and said remaining calm is key to solving the issue. The discovery of the disease on 14 cows, as well as 150 cows having clinical infection signs, caused a small and temporary dip in the New Zealand dollar.

**Federated Farmers push for infected cows to be killed** [28 July/ Stuff] Federated Farmers is supporting calls for the 150 dairy cows clinically diagnosed with the disease Mycoplasma bovis on a South Canterbury farm to be put down due to the high risk of passing the disease to other cows. Vice-president Andrew Hoggard said there is no recovery or cure to the disease. Mycoplasma bovis causes illness in cattle, including udder infection, abortion, pneumonia, and arthritis. The Ministry for Primary Industries Director of Response Geoff Gwyn said the Ministry was satisfied that the controls placed on the farm would contain the disease and manage the current risk. Mr Gwyn said the current strategy was to contain the disease and determine the size of the problem through surveillance and testing. Mr Gwyn added that once the problem is defined, MPI can then look at management options such as area movement controls, selective culling of stock or long-term management measures.

**Milk testing for tankers to stop cattle disease spread** [1 August/ Radio NZ] Bulk milk tests will be performed on tankers nationally to assess if the cattle disease, mycoplasma bovis, outbreak has spread further than South Canterbury. The disease was found on two separate properties owned by the Van Leeuwen Dairy Group in South Canterbury, who have 16 farms in the area. Ministry for Primary Industries' Director of Response Geoff Gwyn hopes to have the bulk milk survey operating by the end of next week, and- similar to the 2007 test- would test around 244 tankers. Mr Gwyn said sample sizes would be picked based on the number of dairy farms in different regions, and at a size that will provide a level of confidence that the testing will show that there is no disease present.

## Agribusiness Education

**Taratahi takes over Telford campus** [27 July/ NZ Herald] Consents have been given by Minister for Primary Industries Nathan Guy and Associate Minister Louise Upston to allow Taratahi Agricultural Training Centre's acquisition of Lincoln University's Telford Campus. The negotiations followed financial issues at Lincoln and the Tertiary Education Commission demanding a \$1.5 million refund last year after discovering the under-delivery of Telford courses by third-party providers causing Lincoln to allow Telford land in Balclutha to be acquired by Taratahi as part of a package of assets to be transferred from Lincoln University. Taratahi Chief Executive Arthur Graves said Telford's programmes were better suited to Taratahi, and it would continue to offer Lincoln qualifications until the transition was completed in the coming months. Mr Graves said the transfer would make Taratahi a nationwide provider and ensure consistency of agricultural education and allows the primary sector to retain access to on-farm training facilities with a focus on a range of practical skills necessary to the primary industries.

## Arable

**Farmers under pressure as MPI 'drags feet' with pea weevil payments** [27 July/ Stuff] Wairarapa farmers affected by the two-year pea growing ban are struggling to survive while they wait for Government compensation. The region-wide ban was enacted in July 2016 after the toxic pea weevil was discovered on farms in the region. Farmers were told they could receive ex gratia payments for any losses. Farmers had moved to other crops however losses had been considerable. The Government's inaction has caused significant farmer agitation and disappointment, and some farmers have seen profits decrease by \$1000 to \$2000 per hectare. The Ministry for Primary Industries has established a compensation team to process biosecurity claims but said the processing time would vary depending on each case. MPI is confident that the ban will eradicate the pea weevil, and a meeting is being held in Masterton on August 3 to inform farmers about the claims process and timelines.

# Field Notes

Weekly news update from the KPMG Agribusiness Network – 2 August 2017

## Deer

**LIC sells Deer Improvement as going concern** [26 July/ Otago Daily Times] LIC is selling its Deer Improvement subsidiary, including a Southland farm and over 2000 animals as a going concern sale. The sale is expected to be completed in early October and includes the 390ha Balfour property, artificial breeding collection and laboratory facilities and the deer herd. The buyers were South Canterbury Farmers Tom and Samantha Macfarlane and 'associated parties. LIC Chief Financial Officer Linda Cooper said the sale allowed LIC to concentrate on its dairy business and invest funds into areas more focused on creating value for dairy farmer shareholders.

## Environment and Emissions

**New law for climate targets needed – Commissioner** [27 July/ Radio NZ] Parliamentary Commissioner for the Environment, Jan Wright proposed writing emissions reduction targets into law and is urging cross-party political support for the idea. Ms Wright proposed in a recent report that New Zealand follow the UK and nine other countries and introduce a Climate Change Act. The British legislation included emissions targets in the legislation and set up a process for reaching them, causing the UK's net greenhouse gas emissions falling 38 percent between 1990 and 2015 when NZ's net emissions during this time rose 64 percent. Ms Wright noted putting climate change targets into law would make current and future governments accountable for reducing emissions.

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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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