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Agenda 2017**

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AGRIBUSINESS

Field Notes

Weekly news update from the KPMG Agribusiness network

9 August 2017

Organisations referenced in this week's Field Notes include:

A2 Milk	Khosla Ventures
ANZCO Foods	Kind Snacks
Arla Foods International	Livestock SA
ASB	Louis Vuitton
Aspire Food Group	Mataura Valley Milk
Beingmate Baby & Child	Meat Industry Association
Bluff Oyster Management Company	Ministry for Primary Industries
Central Plains Water	New Zealand Light Leathers
China Animal Husbandry Group	NZ Manufacturers and Exporters Association
Comvita	Olives New Zealand
Corbion	Open Philanthropy Project
Deadly Ponies	Overseas Investment Office
Department of Conservation	Pipfruit New Zealand
European Union	Prada
Europol	Primary Collaboration NZ (Shanghai) Co
Fonterra	Ravensdown Fertiliser Co-operative
Fresh Meats NZ Ltd	Sanderson Farms
Grandad's Beef	Southern Boundary Wines
Greenlea Premier Meats	Starbucks
Greenpeace	T&G Global Ltd
Grupo Lala	TerraVia Holdings Inc.
Gucci	The Crab Shack
Horizons Ventures	University of Otago
Humm Kombucha	US Department of Justice
Impossible Foods	US Fish and Wildlife Service
Islamic State of Aotearoa	Van Leeuwen Dairy Group
Itambé Alimentos S.A.	Victoria University of Wellington
Justin's	Vigor Alimentos S.A.
Kerrytown Orchards LP	Westland Milk Products

This week's headlines

Horticulture	Kiwifruit PSA 'ground zero' at Te Puke [7 August/NZ Herald]
Viticulture	Alleged wine fraud by Canterbury wine producer a threat to billion-dollar trade [4 August/ Stuff]
Red meat	Japan has a beef with imports [7 August/ Farmers Weekly]
Water	We'll be back': Greenpeace protest sets Central Plains irrigation scheme back a day [2 August/ NZ Herald]
Animal health	MPI says number of farms hit by cattle disease stays at two [7 August/ NZ Herald]

Horticulture

T&G Global first-half profit halves as inclement weather delays NZ pipfruit harvest [3 August/National Business Review] T&G Global reported a 49 percent decrease in first-half profit due to poor weather impacting domestic pipfruit harvest timing, reducing fruit volumes and margins. Net profit attributable to equity holders decreased to \$11.3 million, or 9.1 cents per share, in the six months ended June 30, from \$22 million, or 18.2 cents, one year earlier. Revenue increased 19 percent to \$501.6 million. The drop was most significant in T&G's pipfruit business with a 40 percent slide in earnings to \$11.8 million due to the cost of raw materials almost doubling. Chairman Klaus Lutz said poor weather also affected third party growing partners in New Zealand and internationally, leading to an overall decrease in the volume of fruit available.

Sterile moths for a disruptive conference [3 August/NZ Herald] Hundreds of thousands of sterile male Canadian moths have been dropped by drone on a Central Hawke's Bay orchard to expel Hawke's Bay of codling moths and keep fruit chemical-free. Plant and Food Entomologist Dr Jim Walker said a trial would be rolled out to the greater Hawkes Bay with 10 to 12 releases per season. In the 2016/2017 season, four wild moths were caught in the 100-hectare orchard, a 96 percent decrease from the 2015/16 season. The moths would act as an example of Integrated Pest Management and eliminate the need to spray for the insect.

Significant investment will enable massive expansion for Timaru apple business, owners say [6 August/Stuff] Kerrytown Orchards LP has received approval to buy an 18.68-hectare land parcel in South Canterbury. The Overseas Investment Office was told the \$760,000 investment would further the company's orchard expansion in South Canterbury. The new land is planned to be used as a Honeycrisp apple orchard, and the company will export the fruit to the American market. Kerrytown Road Orchards has already acquired several properties and planted them with Honeycrisp apples. The investment would increase jobs, export receipts and investment.

Kiwi olive growers facing tough times [7 August/ Stuff] Olives New Zealand's Executive Director Gayle Sheridan said wet, cloudy conditions over winter decreased the oil content in the fruit, and growers had been unable to let fruit ripen more fully because of frosts and hungry birds, cutting the country's crop in half. Although the yield was still high quality, local production had decreased by 50 percent, severely curtailing the 400,000 litres of oil New Zealand normally produces annually. Mr Sheridan said some regions had no harvest at all. The New Zealand situation has been worsened by a shortage globally, which may increase imported olive oil prices by 10 percent in New Zealand; however local olive oil prices would likely remain the same.

Kiwifruit PSA 'ground zero' at Te Puke [7 August/NZ Herald] The class action suit by the 212 members of the Kiwifruit Claim against the Ministry for Primary Industries has begun in the High Court at Wellington this week. The growers say the bacteria, *Pseudomonas syringae* pv. *actinidiae* cost the industry over than \$800 million and officials were negligent in allowing it in. MPI denies all the claims, including that it has a duty of care. The hearing is expected to last for 12 weeks.

Viticulture

Alleged wine fraud by Canterbury wine producer a threat to billion-dollar trade [4 August/ Stuff] Southern Boundary Wines Ltd face 156 charges in a case alleging their wine carried false information about its variety, vintage or origin. The case, brought forward by the Ministry for Primary Industries, was the first time charges had been laid under New Zealand's Wine Act. MPI also claimed the defendants destroyed or concealed winemaking records. Southern Boundary and Vineyard Manager and Winemaker Scott Berry, Winemaker Rebecca Cope and Operations and Export Manager Andrew Moore face 156 charges between them. The charges relate to sauvignon blanc and pinot noir from Waipara and Marlborough made between 2011 and 2013. None of the product in question is sold in New Zealand. The quantity affected by the allegations was believed to be only a small fraction of the harvest over 2011 to 2013.

Fishing and Aquaculture

The end of farmed oysters off Stewart Island as MPI confirms it's unsustainable [2 August/ Stuff] It is unlikely that Bluff oysters will be farmed in Stuart Island again, as the MPI has called for Big Glory Bay oyster farming to be finished. Ministry for Primary Industries Director of Readiness and Response Geoff Gwyn said the MPI call comes after strong evidence that farming of flat oysters with *Bonamia ostreae* in the environment wasn't sustainable. Farmers expect the declaration to cause mass job loss and financial stress for at least three companies operating in the area. MPI also said the removal of infected oysters from Southland and Marlborough farms would be complete in October. Bluff Oyster Management Company Operations Manager, Graeme Wright, said the news that Big Glory Bay oyster farming was unsustainable was devastating for farmers, but a good decision for oysters as a whole.

Dairy

Westland Milk signals higher 2018 payout [2 August/ NZ Herald] Westland Milk Products expects to pay a higher farmgate price in the 2018 season following ten months of analysis and systems change under new management. The company has cut staff numbers to decrease costs as part of a broader restructuring to process milk and run operations more efficiently after a high-cost structure impacted the 2016 farmgate payout. It is forecasting a net payout range, after retentions, of \$6.40 - \$6.80 per kilogram of milk solids for the current season. Farmer shareholders received an average payout of \$3.88/kgMS in 2016. In February, the company forecasted a \$5.30-to-\$5.70/kgMS payout for 2017. Westland Chief Executive Toni Brendish said the company saved almost \$70 million in the past ten months.

Milk fat prices take a break [3 August/ NZ Herald] ASB Senior Rural Economist Nathan Penny said a slowdown in milk fat prices is likely temporary due to surging demand and tight inventories. Prices overall decreased 1.6 percent. Butter and anhydrous milk both decreased 4.9 percent while skim milk powder fell 3 percent. Whole milk powder prices rose 1.3 percent however the increase was less than the 4-6 percent increase futures price expectation. Butter and anhydrous milk fat prices increased 35 and 18 percent respectively this year. Mr Penny expected any further milk fat price increase would lift dairy prices more generally and break whole milk powder prices out of their holding pattern. Fonterra increased its 2017-18 milk price forecast to \$6.75, after strengthening global dairy demand. Westland Milk Products forecast a net payout range, after retentions, of \$6.40 to \$6.80 for the 2017-18 season.

Beingmate faces delisting warning, Fonterra clarifies Annum distribution [3 August/ National Business Review] Beingmate Baby & Child could be delisted from the Shenzhen Stock exchange if it reports further financial losses. Fonterra is monitoring Beingmate's asset sale programme and said its Annum brand distribution agreement with Beingmate remains unaffected. Beingmate downgraded its \$10 million profit earnings forecast to a loss of at least \$76 million for the first six months of 2017. If a loss is reported this year, the company will be marked as Special Treatment on the Shenzhen Stock exchange, which is considered half way to being delisted. Beingmate attributes the revised earnings forecast to the transition to infant formula registration in early 2018, challenging market conditions and directors cautious approach during the registration process.

Mataura Valley Milk set to begin milking next year [4 August/ Stuff] Mataura Valley Milk plans to begin milking in August next year. The company will manufacture infant milk formula mainly for export from its nutrition plant at McNab, near Gore. Manager Bernard May said a focus of management for the next six months was continuing recruitment of supplier shareholders and staff. Mr May said current farmer shareholders are embracing the opportunity of superior returns by supplying milk to a fully integrated nutritional business. The \$240 million project will employ 65 full-time employees, and manufacture 30,000 tonnes of infant formula annually. The plant will process 500,000 litres of whole milk daily while producing nutritional products. 80-85 percent of the product produced by the plant will be exported. China Animal Husbandry Group, a subsidiary of a Chinese state-owned enterprise will have a 71.8 percent stake with 20 percent held by Southland farm suppliers and the remainder by BODCO and Mataura directors.

Red meat

Bleeding new markets [3 August/ Rural News Group] Meat Industry Association Chief Executive Tim Ritchie said the ability to send blood products and serum to China is important as the business model is about taking everything of value from an animal to monetise it. Mr Ritchie said this model cares for the farmer while also makes a profit. Mr Ritchie's comments come after Primary Industries Minister Nathan Guy announced that China had approved formal access for New Zealand bovine blood products such as bovine protein into the Chinese market. Mr Ritchie said demand is increasing for high-quality, safe blood products for pharmaceutical use. The Chief Executive expects the trade of blood products to China to reach \$50 million eventually, or potentially \$100 million as the industry evolves.

Timaru business selling product globally to luxury high-end buyers [4 August/ Stuff] New Zealand Light Leathers supplies deer leather high-end luxury brands like Gucci, Prada and Louis Vuitton, as well as to New Zealand brand Deadly Ponies. Light Leathers also produces bespoke garments for famous actors and musicians. The leather company attributes its success to edgy innovation quality and building relationships. Light Leathers exclusively uses New Zealand deer and operates as the only finishing deer tannery in the country.

Chefs show support for sustainable Grandad's Beef [6 August/ Stuff] Euro, Jervois Steak House and The Crab Shack are among 10 Nourish Group restaurants that have committed to preventing climate change with a sustainable beef supplier, Grandad's Beef farm. Grandad's Beef farm in the Waikato only kills one of their 200 cows if all 14 of its edible parts are ordered. Nourish Group's Executive Chef Gareth Stewart said Grandad's Beef was more expensive than traditionally farmed meat but is less costly to the environment and tastier. Mr Stewart expects the cost of Grandad's Beef meat to decrease as more restaurants use it. Mr Stewart said the increasing trend of conscious diners was a good reason for New Zealand restaurants to be more environmentally friendly. Ordering an entire cow instead of specific cuts caused Chefs to be more inventive.

Japan has a beef with imports [7 August/ Farmers Weekly] Japan virtually overnight increased tariffs on frozen beef imports from New Zealand from 38.5 percent to 50 percent effective for eight months from August 1. Japan's move was in attempt to divert imports away to protect its beef farmers, particularly after the US had increased the volumes of middle cuts and a main forequarter cut. Australia had over 54 percent of the Japanese market and the US just over 38 percent, however, this year the US had increased to 42 percent at Australia's expense. The Australia had an Economic Partnership Agreement (EPA) with Japan, giving it preferential and significantly lower tariff treatment was unaffected by the action. Greenlea Premier Meats Managing Director and a Meat Industry Association Director, Tony Egan said it puts New Zealand at a disadvantage to Australia and makes it hard to be viable in that market without achieving price increases.

ANZCO Foods signs deal with PCNZ to tackle the China market [8 August/ Media Release] Primary Collaboration New Zealand (Shanghai) Co Ltd (PCNZ) has signed a deal with Christchurch based ANZCO Foods to support the development of their business in China including the recent launch of chilled beef. PCNZ will be responsible for marketing, promoting, educating and training food service and retail professionals, as well as diners and consumers, in the story and key culinary attributes of ANZCO's beef and lamb products. ANZCO Foods Chief Executive Peter Conley said being part of PCNZ gives ANZCO quick and proven access into the China, and sharing information with other like-minded New Zealand businesses will be extremely valuable. ANZCO Foods is one of New Zealand's largest exporters with an annual turnover of \$1.45 billion and almost 3000 employees globally. PCNZ Chairman Andy Borland said the collaboration strengthens their overall offering.

International

'Underestimated' water scarcity could hit the EU confectionery market [1 August/ Food Navigator] A study carried out as part of EU-funded project IMPREX (Improving Predictions and Management of Hydrological Extremes) said agricultural commodities vital to Europe's confectionery industry such as sugarcane, hazelnuts and almonds are vulnerable to water scarcity in the near term. It measured water availability in countries the EU relied on for agricultural commodities and compared with EU consumption of each commodity. The report also said water scarcity did not affect cocoa and coffee; however long-term climate change may change rainfall and weather patterns in origin countries, harming these crops.

Impossible Foods Snags \$75m Series E Led by Singapore State Fund Temasek [1 August/ AgFunder News] Impossible Foods has raised USD75 million in Series E funding, with Temasek leading the round. This marks the fourth agtech investment for the Singaporean state fund and the second investment in a company looking to replace animal products with no-slaughter alternatives. The start-up has now raised USD273.5 million in debt and equity in total. Also participating in this round are existing investors Open Philanthropy Project, Bill Gates, Khosla Ventures and Horizons Ventures. Impossible Foods makes a plant-based burger that looks, tastes and bleeds like beef, with synthesised heme, the nonprotein part of haemoglobin in blood that carries oxygen. Impossible Foods recently received a patent for its use of leghaemoglobin in plant-based meat and had over 100 additional pending patents.

China's wool love has Aussie farmers on sheep's back [1 August/ The Advertiser/Sunday Mail] Global demand for Australian wool has increased prices after a 20-year production lull. Farmers are experiencing the best wool prices in decades. Livestock SA President Geoff Power said prices were stable, and newfound wealth has been found in China, where most of the company's wool is processed and then exported. Mr Power noted a significant number of exports are remaining in China due to a growing middle class with disposable incomes. Australia's wool production reached 341,000 tonnes in 2016-17, and 75 percent went to China - the largest producer and exporter of woollen clothing globally.

VMG closes new \$550M fund for emerging brands [1 August Food Dive] Private equity group VMG closed a USD550 million fund to invest in innovative CPG companies. In this fourth fund, the group plans to invest in brands with revenue between USD5 million and USD100 million. VMG said the timing of its investments now tend to fall earlier in the life of a company, as the group has become more skilled at assessing whether a brand is a good fit. VMG it can help emerging brands with things such as recruiting guidance, branding, marketing, field teams, distribution strategies, influencers, exit strategies, supply chains, operations and legal affairs. The group's portfolio includes major emerging food and drink firms, including Kind Snacks, Humm Kombucha, and Justin's.

Starbucks' newest drink involves beef jerky [2 August/CNBC] Starbucks has released the Pepper Nitro with a Jerky Twist, featuring nitro cold-brew made from Congo beans infused with a malted fennel black pepper syrup. The drink is finished with a honey cold foam layer, garnished with pink peppercorn and a skewer of grass-fed beef jerky. The drink is available exclusively at the company's Seattle Roastery location.

TerraVia files for Chapter 11 and enters into competitive bidding process [2 August/ Food Navigator] TerraVia, who posted a USD22.6 million net loss on revenues of USD4.5 million in the first quarter of 2017, filed for bankruptcy protection under Chapter 11, and entered into a stalking horse stock and asset purchase agreement with Corbion to acquire substantially all of TerraVia's assets in a sale process under section 363 of the bankruptcy code. The agreement gives TerraVia a USD20m cash binding bid along with the assumption of certain liabilities, subject to higher or better offers. Stalking horse arrangements prevent low-bids and establishes a low-bid offer. The company stressed the sale process would not have a material impact on the company's ability to deliver to customers and employees going forward.

Fake food and alcohol seizures at EU borders jump [2 August/ Food Navigator] Customs authorities detained over 41 million fake and counterfeit products at the EU's external border in 2016 with a value of more than EUR670 million. Cigarettes were the top category making up 24 percent of detained articles and toys the second largest group made up 17 percent, followed by foodstuffs making up 13 percent and packaging material, 12 percent. The number of detained articles increased by 2 percent compared to 2015, and foodstuffs and alcoholic beverages saw the highest increases, greater than 50 percent, since 2015. China was the highest source of fake foodstuffs. Europol said counterfeit certification labels continued to be a major problem for the European food industry.

Oyster lovers rejoice! Oysters 24/7 from vending machines have arrived... in France [4 August/CNBC] French Oyster Farmer Tony Berthelot created an automatic dispenser of live oysters on the Ile de Re island offering a range of oyster quantities, types and sizes 24 hours a day, seven days a week. Mr Berthelot's refrigerated dispenser was one of the first and resembles a typical vending machine. Customers use their bank card for access, opening the door of their choice from a range of carton sizes and oyster types. Mr Berthelot said the machine helps recover any sale losses when his core business is closed.

A2 air freights fresh milk to Singapore from Australia [4 August/ NZ Herald] A2 Milk has begun exporting fresh milk from Australia to Singapore to test the market and hoped to use Singapore as an entry to Southeast Asia eventually. A2's Chief Executive Asia Pacific, Peter Nathan, said the company has an initial aim of selling 100,000 litres of milk to Singapore supermarkets and high-end stores in the first year. Mr Nathan said Singapore's large expatriate community meant there was high product recognition there and the nation has high levels of disposable income.

Brazil beef exports rising after meat scandal [4 August/ Global Meat News] Brazilian beef exports have increased almost a third in July, generating USD540 million for the month, rising 31 percent annually. This suggests the effects of the rotten meat scandal six months ago is diminishing. With value of USD451 and a 96,000t volume, fresh Brazilian beef exports are up by 38 percent and 30 percent respectively. The Brazilian Beef Exporters Association said the focus was now on expanding to strategic markets, and have 184 countries importing Brazilian beef in 2017, up from 2016's 133 countries. China and Hong Kong were the largest July importers of Brazilian beef, and Egypt is the fastest growing market for Brazilian beef imports.

Aspire Food Group unveils world's first automated cricket farm [4 August/ Food Navigator] Aspire Food Group have created the world's first automated cricket farm in Austin, Texas. Aspire Group Co-Founder Mohammed Ashour said the company mapped out the entire journey of a cricket from hatch to batch and looked at every opportunity to collect data and apply automation. Mr Ashour said the group is likely six-months to a year away from economies of scale, and thus price decreases- and Ashour said this partially depends on normalising cricket consumption.

As eels grow in value, US government clamps down on poaching [7 August/ CNBC] Law enforcement authorities have launched a crackdown on unlicensed eel fishermen and illicit sales along America's East Coast. Baby eels are a valuable fishery and can fetch over USD2,000 per pound. Licensed US fishermen complain poaching has become widespread, as prices have climbed in recent years. The US Department of Justice, the US Fish and Wildlife Service and other agencies are investigating clandestine harvesting and sales. For example, Operation Broken Glass has resulted in 15 guilty pleas for illegal trafficking of USD4 million worth of baby eels. Two people are under indictment, and more indictments are expected.

Sanderson Farms doubles down on its "truth-telling" ad campaign [7 August/ Food Dive] Sanderson Farms launched an advertising campaign to advise consumers it uses antibiotics and explain why they are beneficial to the industry. The television and radio ads, called Old MacGimmick, follows a similar advertisement made by the company last August to reveal what they call lies and half-truths within poultry marketing. CEO and Chairman of Sanderson Farms, Joe Sanderson, Jr. said they have made it our responsibility uncover misleading marketing tactics and labelling. Since launching the campaign, the company has seen a 125.7 percent increase in Facebook followers, 39.5 million Facebook video shares and 96,000 Facebook post shares. The company faced pressure from competitors, activist groups, and the media due to the advertisements.

Change to novel foods rules may open door for raft of new fruits ... and health claims [7 August/ Food Navigator] Dr John Wilkinson said simplification and centralisation of the European novel foods process mean applications based on traditional use will be allowed as of January 2018. This could result in shorter and cheaper routes to market, and the potential for using new fruits and juices that could come with health claims. The approval process will be significantly shortened and simplified under the new Directive for traditional Foods, so long as the company submitting an approval can show 25-year history of use. Dr Wilkinson suggests approval for exotic fruits and juices could be slashed to as low as ten thousand dollars. In a study with his wife, Dr Williamson found many exotic Brazilian fruits identified had higher nutrient levels than fruits commonly suggested as good sources in Europe. Dr Wilkinson noted this leaves potential for generic health claims under EFSA's article 13.1 guidance.

Serenity Kids shakes up the baby food aisle with a new line of high-fat, meat-based purees [7 August/ Food Navigator] Serenity Kids plans to launch a paleo diet- inspired baby food this August containing high-fat, and high-quality meat. The baby food has the highest meat content of any pouched baby food. Co-Founders Serenity Heegel and Joe Carr said they created the product to fill a large gap in the market for paleo baby food. Ms Heegel and Mr Carr researched 250 pouched baby foods available found almost none had a high-fat content, and 4 percent contained meat. Serenity Kids baby food comes in three flavours and are all low-sugar and mimic the macro-nutrient balance of breast milk. The products are also allergen-friendly and certified as grain, soy and gluten free. The brand has pre-sold 400 cases or 1,800 pouches since taking orders in May. While Serenity Kids will initially sell online, the company hopes to be in national grocery chains within a year.

Grupo Lala to acquire Vigor Brazil [4 August/ Dairy Reporter] Grupo Lala has agreed to acquire 91.99 percent equity share of dairy company Vigor Alimentos S.A., as well as its shareholding in Itambé Alimentos S.A., for USD1.8 billion. Grupo Lala also purchased Arla Foods International's Vigor shares, increasing their ownership to 99.99 percent. A Grupo Lala Spokesperson said the company was directly negotiating with Vigor for over a year, and circumstances in Brazil provide a reasonable price of market entry for a high-quality company and supports Grupo Lala's vision of becoming the preferred dairy company in the Americas. The acquisition will help Grupo Lala solidify its presence and expand its value-added portfolio in the largest dairy market in South America and fourth largest milk producer globally.

Environment and Emissions

Tourism Is all take and no give, research finds [7 August/ Farmers Weekly] Victoria University research has found tourism contributed less than 3.5 percent of the Department of Conservation's (DOC) budget while DOC spent 34 percent of its budgetary allocations on recreational expenses including tourist facilities and services and managing tourism concessions. Victoria's School of Government Senior Lecturer Dr Valentina Dinica said DOC is subsidising tourism with a large financial gap to save native species and sustain ecosystem services. Dr Dinica added the planet is experiencing its sixth mass extinction and tourism is not required to do its fair share to save species, despite high revenues. The Senior Lecturer added that instead, recent governments implemented an unwritten governance reform strategy for protected areas, which over-relied on voluntary approaches for conservation. Dr Dinica urged re-examining policies, making full use of existing legislation, and reversing the subsidy relationship between DOC and the tourism sector.

Water

We'll be back': Greenpeace protest sets Central Plains irrigation scheme back a day [2 August/ NZ Herald] Greenpeace activists spent a day chained to machinery and locked inside pipes at the Central Plains Water Irrigation scheme construction site near Hororata. The activists' protests are based on their beliefs that the irrigation scheme will cause more cows and greater pollution of rivers and drinking water. Central Plains Water Scheme Spokesman Derek Crombie said the scheme protected ground aquifers because farmers would not need to use wells and artesian supplies. Building is set to finish in September 2018. Campaigner Gen Toop said the protest was only the beginning.

Rural Supplies

Ravensdown changes way it does business and ups farmer rebate [7 August/ Stuff] Ravensdown reported a \$51 million profit before tax and lifted the rebate paid to shareholders, due to help from farmers investing in smart fertiliser products. Although the figure is less than last year's \$62 million, the company is paying a total annual rebate of \$45 per tonne, compared to last year's \$41 per tonne. Sales volumes lifted 2 percent driven by new customers, but revenue fell 5 percent to \$627 million because price reductions were delivered early in the year. Chief Executive Greg Campbell said the environmental consultancy was its fastest-growing service, with a 220 percent growth, and was part of the undergoing business transformation.

Biosecurity

MPI issues statement on Rotorua mud importation [5 August/ NZ Herald] The Ministry for Primary Industries posted a statement to Facebook saying any mud imported from South Korea into Rotorua will be treated first to ensure it is sterile following concerns about the importation of mud for December's Mudtopia Festival. MPI is working with the Rotorua [Lakes] Council to ensure there are no biosecurity risks associated with this shipment, and all imports must meet strict biosecurity standards and processes before entering the country.

Research and Development

Government offers \$7 million for primary sector research [7 August/ Stuff] The Ministry for Primary Industries' Sustainable Farming Fund (SFF), scheme that has contributed more than \$7.5 million to primary sector research projects in Taranaki, has \$7 million available for applied research projects led by the primary sector that helps boost rural communities, the economy and environmental sustainability. MPI's Director of Investment Programmes said the fund believes those closest are best placed to understand how it can be dealt with and how to get buy-in from their industry and community. Since 2000, the fund has contributed \$150 million to over 1000 projects nationwide. The fund also contributed \$397,000 to a three-year trial to grow the skills and improve the profitability and performance of fodder beet crop farmers. The SFF receive high calibre of applications annually, and MPI encouraged applications that showcased innovative approaches to addressing primary industry problems and opportunities.

Animal Welfare

Ministry for Primary Industries reviewing Isis-linked worker's sheep-killing video [2 August/ Stuff] The Ministry for Primary Industries is deciding whether to investigate graphic footage, posted online by known Hawkes' Bay Isis supporter Te Amorangi Kireka-Whaanga, of sheep having their throats cut. The video footage showed a man laughing as a sheep was slaughtered at Fresh Meats NZ Ltd in Napier. Te Amorangi Kireka-Whaanga founded the Islamic State of Aotearoa in 2014. Fresh Meats said an unnamed employee denied accusations of having terrorist group links or being a security risk. Fresh Meats added that they would investigate all allegations and work with NZ authorities, however, have determined the slaughter process was compliant with strict Halal and NZ animal welfare protocols.

MPI says number of farms hit by cattle disease stays at two [7 August/ NZ Herald] The Ministry for Primary Industries said it would take two to three months of testing before the two South Canterbury farms infected with *Mycoplasma bovis* could be declared free of the cattle disease. MPI said the two infected farms belonged to the Van Leeuwen Dairy Group. MPI's Response Incident Controller Eve Pleydell said there were no further confirmed positive test results and the situation remains at two positive affected farms, both in the VLDG. Ms Pleydell added the MPI was working to confirm whether the disease was occurring in other areas of the country.

Apiculture

Those trying to define what makes NZ's manuka honey special struggle to agree [4 August/ Stuff] Comvita has proposed a manuka honey definition, as the bee industry attempts to develop a standard to ensure the product is not fraudulent. The Ministry for Primary Industries is creating a definition among competing industry claims over the best method to determine real honey. This comes after claims that consumers are being misled over what they are purchasing at inflated prices. Comvita Researchers have identified the compound leptosperin as the best compound upon which to base a definition. Otago University Genetics Professor Peter Dearden said basing a definition off of leptosperin is a problem, as manuka plants in Australia also produce it. Comvita Chief Executive Scott Coulter said the science it had developed behind their definition was strong but acknowledged MPI needed to complete their research.

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