



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

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## AGRIBUSINESS

# Field Notes

Weekly news update from the KPMG Agribusiness network

6 September 2017

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

2degrees	Milk New Zealand
Alibaba	Ministry for Primary Industries
Alliance Group	Møllerup Gods
Arataki Honey	New Zealand National Party
BelOrta	Oceana
Cargill Inc.	Ravensdown
Carrefour UAE	Rokiskio Suris
Cavalier Corporation	Rural Women New Zealand
Coca-Cola	Spark New Zealand
Dansk Tang	T&G Global
Dasani	The Green Party of Aotearoa New Zealand
Federated Farmers of New Zealand	Tyson Foods US
Fonterra Co-operative Group	UrthBox
Go Farming Ltd	UrthMarket
Green Valley Dairy Ltd	Van Leeuwen Dairy Group
Landcorp	Vodafone New Zealand
Massey University	Westpac
Meat & Livestock Australia	Zespri
Microsoft Corporation	

### This week's headlines

Horticulture	<b>Authorities did all they could on PSA risk - MPI lawyer</b> [5 September/ Radio NZ]
Dairy	<b>Fonterra to invest \$11.7m in Lithuanian dairy company</b> [31 August/ Stuff]
Economics and trade	<b>Vietnam may scuttle Trans-Pacific trade</b> [30 August/ Otago Daily Times]
Water	<b>Fert co-op backs farmer water group</b> [5 September/ Rural News Group]
Rural infrastructure	<b>Extra \$270m for rural broadband 'more than Federated Farmers was expecting'</b> [30 August/ Stuff]

**Horticulture**

**T&G Global expands blueberry operations in Australia in new deal** [1 September/ Stuff] T&G Global is now the exclusive licence holder for 16 high yielding blueberry varieties in Australia. The agreement covers varieties developed by Plant & Food Research in New Zealand and Fall Creek Farm and Nursery in the United States. T&G Global is working with Australian growers to make their first plantings early 2018, with commercial production starting in 2019. The agreement meant T&G would manage the entire supply chain and complement its New Zealand growing and marketing operations and will see it expand its berry growing and selling operations globally. T&G Global has also signed an agreement to become the official export partner for Montague stone fruit brands.

**Zespri shareholders to vote for constitutional changes in March** [4 September/ Stuff] Zespri shareholders will vote in March 2018 on proposed changes to the constitution regarding how shares in the company are able to be held. Chairman Peter McBride said the changes would reduce the number of dry shareholders and stop producers becoming significantly over-shared. The recommendations include a maximum of four shares for each tray of production, dividend restrictions on shareholders who were no longer production growers and a change to voting entitlements, to be based on one voting share for each tray of that property's production. The proposed changes come due to concern over the growing number of shareholders that have left the industry and the want for a stronger alignment between production and shareholding. Mr McBride said over 18 million shares are owned by people who have left the kiwifruit industry.

**Authorities did all they could on PSA risk - MPI lawyer** [5 September/ Radio NZ] The claim by a group of kiwifruit growers is continuing in the Wellington High Court arguing that the Ministry for Primary Industries failed to protect the kiwifruit industry from known biosecurity risks, allowing PSA to enter the country. Jack Hodder QC, in opening the arguments for the defence, said the growers' lawyer emphasised the impact of the virus on the New Zealand economy, but legally, the legislation did not cover impacts such as the effects suffered by individual kiwifruit growers. Mr Hodder said those seeking action were a relatively small percentage of New Zealand's kiwifruit growers, and that the PSA virus came during the global financial crisis when all government departments were required to focus on other issues.

**Dairy**

**Alibaba selling Kiwi milk in China - \$16.50 for 2L of NZ milk** [30 August/ New Zealand Herald] Alibaba is about to sell fresh New Zealand milk to Chinese consumers on its Tmall platform. The Theland Farm Fresh Milk is produced by Green Valley Dairy Ltd and air-freighted to China in one litre bottles. Alibaba will sell two 1L bottles of milk for \$16.50 after signing a deal with Milk New Zealand. Milk New Zealand Managing Director Terry Lee said the collaboration created a new model of how to promote New Zealand fresh products directly to Chinese consumers, as this is the first time Alibaba will promote fresh product directly via live webcast from the farm. Mr Lee said the partnership also allows traceability by providing Chinese consumers with insight to the milk production process. Mr Lee said by September 8, 35,000 bottles would be shipped. Milk New Zealand plans to produce 20,000 bottles per month until the end of 2017 when it would increase to 80,000 bottles per month.

**Overweight driver standowns at Fonterra a bigger industry issue – experts** [30 August/ Stuff] Fonterra announced that two of its drivers would be offered alternative duties due to their weights being heavier than the weight safety ratings their driver's seats safely allowed. The company also said 50 of its drivers weighed between 140 and 150 kilograms, the seat weight maximums on its two main types of tanker. Fonterra General Manager of National Transport Logistics Barry McColl said there was a risk the belt would not perform to safety standards. Mr McColl said there was no intention to make anyone redundant and the company was talking with the affected drivers about health programmes and temporarily or permanently doing other duties.

**Fonterra to invest \$11.7m in Lithuanian dairy company** [31 August/ Stuff] Fonterra has announced it is to spend \$11.7 million for a 10 percent equity stake in dairy company Rokiskio Suris, the largest in the Lithuania. Fonterra said the investment would enable Fonterra to secure high-value whey protein ingredients for Eastern and Western European, Middle Eastern and North African markets. The investment reflects the co-ops move to establish partnerships to create a sustainable European sourcing network, providing an efficient supply chain and complementing its New Zealand-sourced ingredients. The deal is subject to a due diligence review, final legal agreements, and closing conditions.

**Raw milk in South Island recalled in listeria contamination scare** [1 September/ New Zealand Herald] Batches of Go Farming Ltd's raw unpasteurised milk, that is delivered to areas of the South Island, is being recalled as it might contain listeria monocytogenes- a bacterium that can cause serious illness and death. Pregnant women, the elderly and people with weakened immune systems are most at risk. The disease can cause flu-like symptoms, including nausea, vomiting, headaches, fever, and diarrhoea and can take 2-30 days after eating contaminated food before symptoms appear. The affected products are one-litre bottles in batches 32, 33 and 34, with use-by markings of August 18, 20 and 21. This recall does not affect any other batch of Go 2 Raw Milk brand raw unpasteurised drinking milk.

**Fonterra's GlobalDairyTrade investigates European tie-up** [5 September/ NZ Herald] Fonterra Cooperative Group's online auction platform GlobalDairyTrade is looking at a tie-up with the European Energy Exchange to extend the dairy offering available in the region. A letter of intent has been signed by both parties to investigate whether a joint venture should be set up establishing and operating an auction mechanism for European dairy products. GDT Director Eric Hansen said they are excited about the potential to better meet European buyer and seller needs and the joint venture would form an important part of their growth strategy.

**Red meat**

**Fall in lamb exports to the UK** [31 August/ Radio NZ] Lamb exports to the UK have dropped 21 percent, or 13,000 tonnes, for the current season. New Zealand's lamb market share in the UK has dropped from 22 percent in 2016 to 18 percent. Alliance said New Zealand exported 15 to 20 percent of its lamb to the UK, and while chilled volumes had remained the same, frozen exports had dropped. Alliance General Manager of Sales Murray Brown said this is due to tightening consumer disposable income since the Brexit vote. New Zealand is entering other markets such as the US and the Middle East. New Zealand exports to the US increased 17 percent on last year and 30 percent in the Middle East.

## International

**Traditional supermarkets will decrease by 25% over the next few years** [28 August/ Food Dive] A recent report from Willard Bishop Analytics suggests that the number traditional supermarkets in the US will decrease 24.6% by 2021 while super warehouse formats and limited assortment, fresh focused stores are likely to see double digit growth. These shifts will occur against a background of continued rapid growth in online grocery shopping. A key message from the report is brands that try to be all things to all consumers are most at risk of failure, aligning an offering to meet the needs of a specific demographic is critical to success. The most at risk of failure in the US are the long dominant traditional retailers like Food Lion and Albertsons that have considerable resources to draw on but are facing major investment programmes to keep their stores relevant. The smaller regional players will find life difficult if they lack a strong balance sheet to draw on. The report warns retailers against getting stuck in the middle ground between discount and premium, noting that if you're not differentiating, you're dying.

**Seaweed start-up dives for success as specialty ingredient** [29 August/ Food Navigator] Seaweed start-up Dansk Tang which uses divers to hand harvest its macroalgae from the North Sea, is succeeding in Denmark's specialty food retail space. Dansk Tang's product range includes seaweed pesto and mustard, grapeseed oil with seaweed, sea salt with seaweed and whole, dried seaweed. The company has recently launched a range of whole, dried seaweed. Once the seaweed has been hand harvested, the poles are left to allow regrowth and the seaweed is then dried in the sun or machine dried in winter. The company is developing a drying station that uses surplus heat energy from industrial production in winter. Dansk Tang has operated for six months and retails in over 100 Denmark specialty stores and is talking with other retailers which should increase this number to 200 by the end of 2017.

**Coca-Cola debuts new water fountain with flavor upgrades** [29 August/ Food Dive] Coca-Cola is testing a new kind of water fountain on the Georgia Tech campus. PureFill, which is made to be used with students' reusable bottles, will offer free Dasani-branded water and charge for carbonation or flavour. Each machine will be accessible with an app that tells the student how to get to the closest PureFill. Director of Equipment Commercialisation for Coca-Cola North America, Jeffrey Busch, said young people such as college students always carry water bottle and their smartphone, and PureFill aims to add value to Dasani water and provide a unique solution for mobile hydration.

**UrthMarket will tempt consumers to buy groceries online by offering curated products, cash back** [30 August/ Food Navigator USA] UrthBox, an online snack subscription, sees significant growth in e-commerce for food and beverages. The company hopes UrthMarket, UrthBox's new online marketplace launching 20 September, will become the go-to online destination for healthy consumers. The platform provides a large selection of healthy, ethically sourced, and GMO-free food, beauty, skincare and lifestyle goods. UrthBox said UrthMarket would offer significant savings over online competitors. UrthMarket will not require a membership fee, whereas other online curators charge between USD59- USD140 annually in store access fees. UrthMarket will offer a cash-back system and promotional discounts, deals, and giveaways daily from top brands. UrthMarket's financial incentives for brands to stock their product on the platform include first-come top placement for their products, plus a 70 percent reduction in standard marketing programmes pre-launch.

**Court upholds seafood traceability law** [31 August/ Food Dive] A U.S. District Judge has upheld the Seafood Traceability Act, clearing the law that requires seafood importers of species such as tuna, grouper, and swordfish to track fish species and origin to take effect on January 1. The National Fisheries Institute and various seafood companies brought a lawsuit to prevent the law from taking effect as it was passed without sufficient authority and would be too burdensome. The judge ruled against the fishing industry, stating the catch-to-table distribution chain is rife with vulnerabilities and that illegal, unreported, and unregulated fishing and seafood fraud activities have created profound consequences. The law was created to decrease food fraud activity. International advocacy group Oceana found fish sold in restaurants and grocery stores are occasionally not the species advertised, and consumers can get less expensive or inferior substitutes.

**Lemon juice gel an ideal building block for 3D food printing, study finds** [31 August/ Food Navigator] A new three-dimensional printing material using lemon juice and potato starch has shown a consistency and flow which may help in creating nutritionally enhanced food material formulations. The material exhibits a translucent, flexible and chewy texture. The recent application of 3D printing in food-technology allows the personalisation of food where the look and nutritional profile of a meal can be tailored to requirements. The technology is at an early development stage as the high innovation and investment costs have created a barrier to uptake.

**Danish supplier serves up a healthy dose of hemp product innovation** [31 August/ Dairy Reporter] Møllerup Gods is challenging traditional hemp manufacturing by producing products such as hemp cheese, gin, salami, and marzipan. The company only sells in supermarkets to make it easy for normal shoppers to buy hemp without visiting specialist stores. Møllerup Gods CEO and Product Developer Henrik Rendbøll said his mission is to help the industry to develop new products with hemp in them, as this will improve people's nutritional intake. The company also produces hemp beer, skin care, mixed beef pesto sauce and goats cheese- all created by the company in the past 18 months. Møllerup Gods cultivates a Finnish hemp variety, working with seven certified organic and conventional farms. The company grows and processes its own hemp and has increased its growing area from 30 to 500 hectares since 2015 due to high demand. The company also sells its products online and exports around Europe.

**As Trump Threatens Nafta Exit, Farm Chief Touts Its Success** [31 August/ Bloomberg] US Agriculture Secretary Sonny Perdue has been trying to convince the Trump administration that the North America Free Trade Agreement (NAFTA) is good for farmers and US agriculture. Mr Perdue is pushing for the deal to be improved in areas instead of exiting the deal entirely. Mr Perdue believes exiting a 23-year-old deal between Canada and Mexico, both major buyers of US agricultural exports, could put President Donald Trump at odds with trade-dependent farmers and ranchers. Companies including Cargill Inc. and Tyson Foods US have called on the administration to protect agriculture during the negotiations. Mr Perdue hopes the administration can reach a solution that resolves the issue of deficits in other areas of the economy particularly automobiles and manufacturing.

**Carrefour offers residue-free pears** [1 September/ Fruitnet] Carrefour announced residue-free pears would be available in its Belgian stores from this week, while residue-free apples are three years away. The pears are produced by six producers belonging to growers' association New Green and cooperative BelOrta that boast 50ha of pear orchards collectively. The fruit is grown using only biological inputs, auxiliary insects, biological pest management and organic farming techniques. From October, low-residue Novajo and Sweet Surprise apples are also expected on Carrefour shelves in Belgium. Carrefour said undersized and less attractive fruit would be squeezed into juice and also sold at the retailer's stores.

**Cargill, an intensely private firm, sheds light on the food chain** [2 September/ The Economist (US)] Cargill's expansion into the salmon business is part of a strategy designed to provide the company with access to higher-value markets and teach it how to deal with increasingly picky consumers. The expansion will also improve the company's ability to handle traceability in established business areas such as meat; however, it faces the challenge of building trust with consumers. Cargill has in the past been considered by some to be a global agribusiness giant that operates without taking into account environmental, welfare or small-farmer issues. Cargill's Chief Executive David MacLennan has diversified Cargill's revenue sources by selling USD2 billion worth of assets since 2015 and invested USD3.5 billion in more value-added products such as cooked meats, branded chicken, animal nutrition and food ingredients. Cargill has also invested in early-stage technology such as Memphis Meats- a meatless meat company, and Calysta.

**New Australian lamb awareness campaign launched** [4 September/Global Meat News] Meat & Livestock Australia launched its latest lamb marketing campaign for spring. The new campaign positions lamb as the meat more people can eat regardless of religious or dietary constraints, and can thus bring everyone together. The campaign shows gods, goddesses, and prophets of different faiths and beliefs coming together over lamb at a modern-day barbeque. The new campaign continues under the You Never Lamb Alone banner and makes lamb more relevant to a diverse and modern Australia. The campaign combines a 30-second television commercial with social media, billboards, a bespoke digital media partnership, in-store promotion and PR activity.

#### Economics and Trade

**Vietnam may scuttle Trans-Pacific trade** [30 August/ Otago Daily Times] Although US President Donald Trump pulled America out of the Trans-Pacific Partnership agreement earlier this year, the remaining 11 countries are considering continuing the agreement. Australian Trade Minister Steve Ciobo is hosting his counterparts from those countries in Sydney to discuss the future of the agreement, and there is a broad desire to sign the deal at the APEC leaders meeting. Former Obama Administration Official Matthew Goodman believes the deal might be difficult to continue. Mr Goodman noted the potential for Vietnam to stray as their incentive to cooperate was based on the promise of access to the US market. Mr Goodman also noted America's potential strategy to ensure a successful deal revival before it returns itself to the equation.

**June quarter terms of trade rise to almost 44-year high** [3 September/ NZ Herald] New Zealand's terms of trade lifted by 1.5 percent to an almost 44-year high in the quarter to June. Statistics New Zealand Prices Senior Manager Jason Attewell said the rise in export prices was largely due to higher meat and dairy prices, increasing 9.2 and 3.9 percent respectively. Westpac Senior Economist Michael Gordon said the 1.5 percent increase was less than Westpac and the market had expected. ASB Rural Economist Nathan Penny said the market expected 3 percent and ASB predicted 2 percent, compared with the actual 1.5 percent, because of the forestry revision.

#### Apiculture

**Hawke's Bay honey company stung by theft** [2 September/ Radio NZ] Nineteen hives of Arataki Honey equating almost 500,000 bees were stolen from a remote forestry block in Putere, creating a \$20,000 loss for the company. Arataki Honey's Field Manager Duncan Johnstone said there is strong indication that the burglars knew what they were doing, as they took strongest hives and left the five weakest hives. Mr Johnstone said the high price of mānuka honey had created an underground criminal market, and he wasn't expecting the hives to return.

#### Farmers and producers

**Election 2017: Bill English buoyed by support in rural heartland** [30 August/ NZ Herald] National Leader Bill English met with the Local Young Farmers group to discuss water irrigation charges and the rural-urban divide. Mr English said farmers had the respect of most people including those in cities, and to ignore extreme views. He said the main concern was New Zealand's image as a clean, green country, and noted the efforts farmers made such as investing in more efficient irrigation systems or wintering sheds which cost hundreds of thousands of dollars but yielded little in extra profit.

**Landcorp profit rises to \$51.9m following better prices for milk, beef and venison** [31 August/ Stuff] Landcorp's after-tax profit increased to \$51.9 million on revenue of \$233.5m for the year ended June 30. This is due to better milk, beef and venison returns and compares to an after-tax profit last year of \$11.5m. The operating profit was \$5.7m, compared to a loss of \$9.4m last year. Landcorp will not pay a dividend to the crown this year but will use profits to pay off debt, which it has reduced over the past year from \$219.6m to \$206.9m. Landcorp recently accepted an \$8.7m offer from a Chinese bidder for Jericho Station, even though a New Zealander made a similar offer. Chief Executive Steven Carden said Landcorp strengthened core business, improved farming systems, and expanded its range of partnerships and Pāmu products.

#### Water

**Women oppose water policy** [1 September/ Otago Daily Times] A group of Maniototo women are preparing to campaign against Labour's water policy, as they believe a royalty on irrigation water would be the theft of a fair return on decades of farmer investment. The group, Water Maniototo, released a video portraying a "positive image" of Maniototo farming and showing a water royalty would be unjust. The group said at 2c per 1000 litres it would cost Maniototo farmers about \$2million annually, causing Maniototo farmers to fear selling irrigation shares, selling their farm to potentially corporate owners and move somewhere with higher rainfall; or convert to a more intensive land use such as dairy farming. Pukeo Station Farmer Miss Crutchley said intensive farming could affect water quality, but irrigation in itself did not. Family-owned beef and sheep farms in the Maniototo were operated sustainably and responsibly within Otago Regional Council water consent conditions and not causing water pollution.

**Green Party unveils plan for healthy rivers** [2 September/ NZ Herald] The Green Party has announced its plan for healthy rivers and sustainable dairying. This plan involves putting a nitrate pollution levy on dairy farmers to pay for the clean-up of New Zealand rivers. The levy is expected to raise \$136.5 million in the first year, and this will be invested in sustainable farming projects, waterway pollution prevention, and reducing the risk for farmers wanting to move to organic and environmentally-sustainable production. A moratorium will also be placed on new dairy farm conversions, Crown Irrigation investments will stop, and palm kernel imports will be phased out. Leader James Shaw said the Greens wanted to stop the causes of water pollution to ensure clean rivers, rather than just treating the symptoms.

**Fert co-op backs farmer water group** [5 September/ Rural News Group] Ravensdown Chair John Henderson has strongly supported The Farming Leaders' Pledge, a pledge by New Zealand farming leaders to help make New Zealand rivers swimmable for future generations. The pledge was signed by NZ pastoral farming leaders representing at least 80 percent of farmed land. Mr Henderson said Ravensdown does more than import and manufacture key nutrients for the pastoral farming sector, as they have the fastest-growing environmental consultancy business in New Zealand and employ the largest number of certified nutrient management advisors in the country. Ravensdown has committed to minimising sales of its products to only what is necessary and is investing in technological advances such as computer-controlled variable-rate precision spreading from the air to support the pledge and ensure further, long-term, environmental benefits.

## Animal Health

**New mycoplasma bovis infections 'entirely expected pattern'** [30 August/ NZ Herald] Six farms have been affected by mycoplasma bovis including two further Van Leeuwen Dairy Group farms and a lifestyle block near Rangiora. The Ministry for Primary Industries said more infections were expected, and the last three infected properties were an expected pattern as they had links to the existing infected properties via animal movements. MPI Response Co-Ordinator David Yard expects further discoveries of the disease as the tracing and testing programme continues and added that the detections are evidence of a successful programme. The Ministry has no evidence of disease spread other than close animal contact.

**Mycoplasma bovis: Why the farmers aren't being named** [1 September/ New Zealand Herald] Despite complaints, the Ministry for Primary Industries refuses to name the farmers whose livestock is infected with Mycoplasma bovis. Ministry for Primary Industries Chief Operating Officer Roger Smith said the disease is a significant issue and the law inhibits the Ministry from releasing such information. Mr Smith added the Government has relied on people feeling safe to approach it with information or fears- people needed to trust their Ministry to protect them.

## Rural Infrastructure

**Extra \$270m for rural broadband 'more than Federated Farmers was expecting'** [30 August/ Stuff] Federated Farmers said Government's announcement to spend an extra \$270 million improving rural broadband and plugging cell phone blackspots is more than expected. The spending is an addition to the \$150m the Government had originally allocated to rural broadband and cell phone needs through the second stage of its Rural Broadband Initiative, RBI2. \$140m has been allocated to RBI2 to extend the wireless broadband services subsidised to another 74,000 homes and businesses. \$130m will be spent on expanding fibre-optic ultrafast broadband to another 60,000 homes and businesses in 190 towns. This will mean ultrafast broadband will be available to 87 percent of the population exceeding the 85 percent target. A Spark, Vodafone, and 2degrees joint venture has won a \$250m RBI2 contract and will share the 400 or more cell phone towers they will build with the RBI2 subsidy, but compete in providing services to rural homes.

**Rural women welcome faster internet pledge** [1 September/ Rural News Group] The Government announced an additional \$270 million would be spent on improving rural broadband and bridging cell phone blackspots in New Zealand regions, including delivering mobile coverage to a further 1000km of rural highways and over 100 tourist areas. After completion, UFB will be available to 87 percent of the population and 99 percent will have access to high-speed internet by 2022. National President of Rural Women New Zealand Fiona Gower said the services would increase economic growth and improve access to online education, social services, and health information. Ms Gower also said rural residents would feel safer and less isolated with the improvements.

## Environment and Emissions

**National's \$70m pest control plan announced** [2 September/ NZ Herald] The National Party has announced it will inject a further \$70 million towards pest control. \$40 million would go towards supporting community groups to eradicate rats, possums, and stoats. The new funding, allocated over four years, would allow the establishment of Department of Conservation rangers to advise community groups on pest control, costing \$8 million over four years. National Leader Bill English said the funding would allow an upgrade of Government efforts to make New Zealand predator-free by 2050 and would allow the goal of making 1 million hectares of land predator-free by 2025 to be achieved two years earlier.

## Agri-tech

**Tech-savvy agrifood sector 'unprepared for major disruption'** [1 September/ National Business Review] A study funded by Microsoft and prepared by Massey Business School researchers examined the impact of cloud computing and the collection of big data. Researchers interviewed food technologists and agrifood industry members and found a gap between how the two groups see the future. Lead researcher Professor Stephen Kelly said farmers believe the future will simply involve more technology, whereas technologists are predicting fast change causing major disruption to business practices and models. Mr Kelly said New Zealand farmers lack capital or experience to recognise and seize new opportunities, unlike the USA, and therefore current business models may not work. Mr Kelly said cloud computing and big data sharing could maximise a clean, green niche of traditional farm practices through greater customer knowledge and effective cost management.

## Biosecurity

**MPI trials holograms at Auckland Airport to spread biosecurity message** [4 September/ NZ Herald] A Ministry for Primary Industries trial will give visitors arriving into New Zealand a 3D display of biosecurity risk items and explain why they're not wanted in the country. MPI Manager of Detection Technology, Brett Hickman, said the experiment would determine if new technology can be used to communicate to the public more effectively than current static airport signage. The display shows a narrative focusing on fruit carried inside luggage, then a hitchhiking fruit fly and the damage it could create in an orchard and the fruit sector. The display will sit on top of a bin where visitors can dispose of biosecurity hazards.

## Forestry

**Forestry will be critical for farming systems of the future** [5 September/ Stuff] New limits on nutrients and carbon emissions would require a revision of the future of livestock farming, and planting forestry may help farmers lower their nutrient limits if nitrogen caps are imposed in the future. Former Scion Chief Executive Warren Parker said this means new technology, and intrinsically, more resource-wise, more efficient plants and animals. Mr Parker said farmers would have to change their system design comply with new environmental limits if they were to maintain their social licence, as well as significantly changing land usage in some catchments. Forestry may play a significant role in helping farmers get under a nitrogen cap. The logging industry was booming with log export prices at record levels and demand not slowing. Carbon prices would affect future log prices- if carbon prices increase, it would delay tree harvesting as growers let their trees accumulate more carbon. This has caused some people to plant Redwoods to accumulate large amounts of carbon in 60 to 70 years.

## Wool

**Wool carpet sales hit the floor** [5 September/ Rural News Group] Wool carpet sales have dramatically decreased. Figures show that ten years ago, 80 percent of carpet sold in New Zealand was wool, compared to just 15 percent currently. Cavalier Chief Executive Paul Alston says consumers are shifting to synthetic carpets; however, wool is still a big seller in Australia and other global regions. 50 percent of what Cavalier sells currently is synthetic to meet the market demand. Mr Alston says Chinese demand moves the wool price. Cavalier's annual report showed a net loss after tax of \$2.1 million for the year ending June 30, 2017.

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Field Notes presents a summary of some of the media comment on the Agribusiness sector in the last week. The views expressed do not necessarily represent the views of KPMG but are summaries of the articles published.

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