



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

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AGRIBUSINESS

Field Notes

Weekly news update from the KPMG Agribusiness network

13 September 2017

Organisations referenced in this week's Field Notes include:

AFFCO	Lagunitas Brewing
Aldi	MARS
Allbirds	Massey University
ANZ	Meat & Livestock Australia
Apollo Aquaculture Group	Ministry for Primary Industries
ASB Bank	Morgan Stanley
Beingmate	Moy Park
Ben & Jerry's	Mt Albert Grammar School
BioGro NZ	Nestle
Blue River Technology	New Zealand Labour
BNZ	New Zealand National Party
Campbell Soup Company	Northland Regional Council
CC Otago Ltd	NZ Young Farmers
Deere & Company	NZBio
Ecovia	Organic Grains LLC
Euromonitor	Oritain Global
Federated Farmers	Pilgrim's Pride
Finistere Ventures	Pukka
Fonterra Co-operative	Surbana Jurong
FrieslandCampina	Sweet Earth
GE Healthcare	Tegel Group
Green Party of Aotearoa New Zealand	The High Commission of India in Canberra
Greenpeace	Tru-Test
Habit	Unilever
Heineken	World Health Organisation
Inghams	Yofix
JBS SA	

This week's headlines

Aquaculture	Marlborough oysters binned and buried in fight against deadly parasite [7 September/ Stuff]
Dairy	Dairy product prices inch higher as milk fats gain while milk powders fall [6 September/ NZ Herald]
Economics and trade	Japanese beef 'squeeze' if TPP fails – warning [7 September/ Rural News Group]
Agribusiness Education	Mt Albert Grammar School's state-of-the-art agriculture centre hopes to attract urban students [8 September/ NZ Herald]
Agri-Tech	National's promises of more money for ag science 'theft': Greens [11 September/ Stuff]

Horticulture

Proposal to build on high-class soil opposed [7 September/ Otago Daily Times] A plan to subdivide a market garden in Outram near Dunedin has been criticised by opponents who say it will waste productive horticulture land. The land features high-class soil they say needs to be protected. The developer, CC Otago Ltd Director Craig Horne, argued it was no longer economically viable to farm the small site. Mr Horne has applied for consent to establish a residence on 1.6ha of land at 91 Formby St and to subdivide 99 Formby St into eight lots along the street frontage with a larger, 2.6ha, lot behind. Council Planner Lianne Darby recommended the council grant consent for 91 Formby St, and grant consent in part for Number 99. Ms Darby said the site had sufficient residential land for eight dwellings to be built within the district plan rules, and the rural-zoned land should be held as a single entity as part of one of the eight residential dwellings, providing a building block for the rural land, ensuring its continuation as a productive block. There were five submissions opposing the consent, and one neutral.

Aquaculture

Marlborough oysters binned and buried in fight against deadly parasite [7 September/ Stuff] The Ministry for Primary Industries ordered the removal of ten Marlborough Sounds farms to control the spread of *Bonamia ostreae* which threatened Bluff oysters in July. 220 tonnes of oysters and farm equipment have been ripped out of the Marlborough Sounds to eradicate the parasite. A local oyster farmer said it would be years until the industry was back to full strength. The majority of farms had been removed and buried at Blenheim's Bluegum Landfill. Small quantities of live oysters remained in the water, and a decision was still being made as to whether they would also need to be removed. Provisions for compensation exist under the Biosecurity Act 1993. Some oysters had been left in the water as the ministry assessed a resilience breeding programme put forward by aquaculture industry representatives.

Dairy

Fonterra may not take impairment even as Beingmate falls further [6 September/ National Business Review] Investors in Fonterra's Shareholders Fund may need to wait until the annual result in late September to be updated on the status of the co-operative's investment in Beingmate. Shares in Beingmate decreased a maximum of 10 percent when they were released from a trading halt. Fonterra paid RMB18 per share, \$755 million total, for its 18.8 percent share as part of a joint venture that involves a 50:50 partnership in the Darnum milk processing plant. Fonterra received \$90 million for a half share of the Darnum plant. Beingmate shares were listed at RMB10.28 on 6 September on the Shenzhen Stock Exchange, which values Fonterra's Beingmate shares at just over \$400 million. First NZ Analyst Arie Dekker said the investment to date does not look like a significant success. A Craigs Investment Partners Analyst Adrian Allbon said Fonterra claims to be invested for the long-term, believing it will come right in the medium term. Mr Allbon added the investment might not be material.

Dairy product prices inch higher as milk fats gain while milk powders fall [6 September/ NZ Herald] Dairy product prices have increased at the Global Dairy Trade auction, as gains in milk fats offset a decline in milk powders. The GDT price index rose 0.3 percent from the previous auction to USD\$3,323, with 33,501 tonnes of product sold. Whole milk powder declined 1.6 percent to USD3, 100 a tonne. Lactose increased 5.1 percent to USD791 per tonne, while butter grew 3.8 percent to USD5, 954 per tonne, and anhydrous milk fat increased 3.6 percent to USD6, 402 per tonne. Cheddar increased 2.5 percent to USD4, 118 per tonne, and rennet casein gained 1.2 percent to US\$6,316 per tonne. Against the trend, butter milk powder decreased 10.1 percent to USD2, 026 per tonne. Skim milk powder fell 1.2 percent to US\$1,944 per tonne.

Milk price of \$7 possible this season [7 September/ NZ Herald] ASB Senior Rural Economist Nathan Penny said a \$7 or above milk price is a possibility this season if the weather does not improve soon. The rain was now starting to hurt production, which was reportedly down from last season in some key regions. Global milk fats demand continued to increase, and butter shortages in Europe had led to a price spike to \$10,725 per metric tonne- above New Zealand prices. These levels mean European buyers are likely to turn to New Zealand for butter supply, which would increase prices. Overall, there was a 0.3 percent lift in prices at the GlobalDairyTrade auction, which reaffirmed ASB's 2017-18 forecast of \$6.75.

Fonterra leaders endorse two new director candidates [11 September/ Rural News Group] Sitting Director John Monaghan was endorsed by the Fonterra independent selection panel. The two new candidates are Agribusiness Leader Andy McFarlane, and Waikato accountant, Brent Goldsack. It is unclear whether retiring Director Leonie Guiney did not seek re-election or failed to receive support after assessment by the independent nomination process. The Fonterra Shareholders Council said Mr Monaghan, Mr Macfarlane and Mr Goldsack were nominated by the Fonterra Board after being recommended by the independent panel, with recommendations supported by the Shareholders Council. It is uncertain whether Ms Guiney will self-nominate for the board elections. The full candidate list for the board elections will be announced on September 25.

Red meat

Affco loses Supreme Court appeal over illegal lockout [8 September/ NZ Herald] Affco's appeal to the Supreme Court, over a battle with the Meat Workers Union, has been dismissed. The dispute started after negotiations for an expired collective contract broke down. Affco was the first employer to halt bargaining under 2015 amendments to the Employment Relations Act. The Act allowed firms to opt out of multi-employer agreements and removed the duty for both sides to reach an agreement. Workers who refused to return to a new season on individual contracts in 2015 were locked out for five months. The Employment Court ordered the union members return to work, however, upon their return, workers found their terms and conditions to be very different. After a compliance notice was issued to Affco, the workers were employed to their collective agreement. Affco appealed, and the decision was upheld. The Supreme Court has agreed with the Court of Appeal.

International

'Floating Ponds' concept that could see vertical fish farms in parks and on rooftops unveiled [4 September/ The Straitstimes] Infrastructure consultancy Surbana Jurong has created a vertical fish farm system, a floating pond, that uses less space than a traditional farm and can produce several times the amount of fish. The Floating Pond was developed over the last four years with Apollo Aquaculture Group. Surbana Jurong said it was unable to say when the concept would be rolled out in Singapore but plans to introduce this concept overseas as well, such as Berlin. A three-story prototype is currently operating at Apollo Aquaculture Group's farm in Lim Chu Kang which comes with six ponds. Each pond is 135 sq. m and can hold about 22,000 fish fry. Increasing to six or more levels could yield almost 5,000 tonnes of fish per year, six times more than a conventional fish farm of the same land space. Surbana plans to develop the concept by adding self-sustaining features such as solar panels, and wastewater purification technology.

Beer world buzzing over new cannabis IPA [5 September/ Food Dive] Lagunitas Brewing developed a new IPA made with marijuana terpenes. Marijuana terpenes are aromatic compounds of fragrant oils from the cannabis plant and contain no tetrahydrocannabinol (THC). The new beer called SuperCritical is a limited release and currently only available in California. The company used hops from Yakima, Washington to make the beer, and partnered with cannabis concentrate producer AbsoluteXtracts and vape cartridge maker CannaCraft, both of northern California. Heineken bought a 50 percent stake in Lagunitas Brewing in 2015 and purchased the remaining half in May.

MARS Commits \$1B to New Sustainability Plan, Launches Climate-Focused Campaign [6 September/ Sustainable Plans] MARS CEO Grant F. Reid has expressed the need for cross-industry collaboration to tackle the most pressing social and environmental challenges and adhere to targets agreed in Paris and the UN Sustainable Development Goals. Mr Reid said current progress levels are not sufficient and improvements along businesses broader supply chains have largely been lagging. MARS has launched a new Sustainable in a Generation Plan, to drive impact throughout the extended supply chain. The company will invest \$1 billion in achieving the plan's three key ambitions: a healthy planet, by reducing environmental impact, thriving people, by improving the working lives across their value chain, and nourishing well-being, by advancing science, innovation and marketing to help people lead healthier and happier lives. MARS plans to use its M and M's brand to engage customers around these topics, and launch a new campaign to champion the power of renewable energy and highlight the need to address climate change.

Ben & Jerry's launch vegan ice-cream [6 September/ The Independent UK] Ben & Jerry's have created three new dairy-free flavours: chocolate fudge brownie, chunky monkey, and peanut butter & cookies. These tubs are the first dairy-free, and fair-trade certified ice creams in UK supermarkets. The ice-cream is made using an almond milk base. The chocolate fudge brownie flavour will contain vegan brownies, while the banana chunky monkey flavour will include walnuts and chocolate chunks. Peanut butter & cookies uses a vanilla-base with chocolate biscuit chunks and crunchy peanut butter swirls. The dairy-free flavours will be available across the UK at the end of September at GBP5.99 per tub.

Aldi's fresh food offer puts heat on Woolworths and Coles [6 September/ The Sydney Morning Herald] Morgan Stanley analysts have said Aldi's new store format was a game changer and has accelerated its market share growth against Coles and Woolworths by 30 basis points annually, and that extra sales proceeds could be put into further price cutting. The new format, which Aldi introduced in 2016, increases floor space dedicated to fresh food from 15 to 25 percent of store area. Refurbishments have currently been completed at 50 stores, which has increased shopper traffic 7 to 8 percent and basket size growth 6 to 7 percent, implying a 13 to 15 percent sales increase. Aldi has 483 Australian stores, including 105 of the new format stores. Analyst Thomas Kierath believes Aldi would have 800 stores and a 14 percent share of the Australian grocery market by 2024. Aldi generated AUD8.1 billion in local sales last financial year, representing 7.8 percent market share.

John Deere Acquires 'See & Spray' Robotics Startup Blue River Technology for \$305m [6 September/ AgFunder News] Deere & Company has acquired ag robotics startup Blue River Technology for USD305 million. Blue River has developed a farm robotics technology, See & Spray, using computer vision that can see, diagnose, and execute actions such as deciding to spray a weed with herbicide, avoiding the crop, or to thin the crop. The company said it could decrease agrochemical use by 90 percent with this technology. Blue River last raised Series B stage funding in a USD17 million round led by Pontifax AgTech, joined by Monsanto Growth Ventures, Syngenta Ventures, and Khosla Ventures, Data Collective Venture Capital, and Eric Schmidt's Innovation Endeavors.

FrieslandCampina taps in to dairy farm solar energy [7 September/ Dairy Reporter] Dutch Minister of Economic Affairs, Henk Kamp, has provided SDE+ (Encouraging Sustainable Energy Production) subsidies of over EUR200m (\$239m) for the installation of solar panels at the roofs of FrieslandCampina member dairy farms. This will ensure over 416,000 solar panels will be installed at 310 dairy farms. The panels, to be installed by GroenLeven Heerenveen will generate over 20 percent of the electricity for the FrieslandCampina plants and offices. This subsidy allocation is part of the FrieslandCampina Solar program, to accelerate the installation of solar panels at dairy farms. FrieslandCampina hopes to generate sufficient green electricity at the farm yards to fully cover the use of electricity within the chain, to achieve neutral climate growth in 2020.

Food fraud risks grow [7 September/ FruitNet] Research group Ecovia has highlighted organic and eco-labelled food as being at particular risk of food fraud as the market grows. Ecovia believes increased supply chain transparency is key to reduce this risk, with new technologies and global alliances playing an important role. The group noted the health and safety risks of food fraud, with the World Health Organisation stating almost one in ten people get ill from eating contaminated food each year. Organic and eco-labelled food are at a higher risk of fraud as these foods can command a premium. Ecovia sees Asia as the area at greatest risk of food fraud as it is the highest growing market due to rising consumer spending power and growing demand for sustainable and premium foods. International alliances such as the EU-China-Safe project and The Global Alliance on Food Crime are being formed to combat food fraud.

Self-driving cars are 'significant growth opportunity' for alcoholic beverages, Morgan Stanley says [7 September/ CNBC] Morgan Stanley predicts shared and autonomous vehicles will add 80 basis points to annual alcoholic beverage sales growth over the next ten years. A Morgan Stanley Analyst believes self-driving car technology may address the mutual exclusivity of drinking and driving to significantly enhance the alcohol market growth rate and on-trade sales at restaurants. The analyst said alcohol-related deaths accounted for 29 percent of US traffic fatalities in 2015. The CDC said this cost the economy over USD44 billion. Morgan Stanley believe this will create more opportunities to drink before getting in the car and more opportunities to drink while in the car.

Habit rolls out nationwide: The timing was right for us, says CSO [7 September/ Food Navigator] Habit is a company that develops nutritional recommendations based on an individual's biology, metabolism and personal goals and then delivers customised meals to users' doorsteps. The company became public after a \$32 million investment by Campbell Soup. After a successful beta program in the Bay Area, Habit is going nationwide. Habit's USD299 nutrition test kit includes a cheek swab for DNA, a finger prick blood test kit to measure things such as cholesterol levels, insulin and c-peptide, triglycerides and fasting blood glucose, as well as how the customer's body responds to macronutrients in a metabolic challenge meal replacement shake. The kit also assesses height, weight and other measurements as well as asking about personal goals and aspirations.

Investors to plough millions into Irish start-up and early stage AgTech [7 September/ Feed Navigator] A new EUR20m fund for farm technology innovation, the Ireland AgTech Fund (IAF) was launched yesterday in Ireland. The IAF is an alliance between Ireland's sovereign development fund and Californian Finistere Ventures, a global AgTech pioneer. The IAF is targeting start-up and early stage technology that can create significant economic impact on the Irish agribusiness and food sectors, industries with a EUR24 billion estimated worth to the Irish economy and employ around 150,000 people. Finistere Ventures Founding Partner, Arama Kukutai, said Ireland has a strong ag economy and an export-oriented agri-food industry as well as thriving IT, biopharma and medtech sectors, and is a gateway into the European Union.

Nestle, Unilever think small in Big Food's sales quest [7 September/ CNBC] Nestle announced it has agreed to buy Sweet Earth, a US manufacturer of frozen meals, burritos, and burgers that use meat substitutes. Unilever announced its purchase of small British organic tea brand Pukka, known for herbal teas with catchy names such as mint matcha green and turmeric gold. These purchases are part of a drive by big food firms to increase slowing sales due to changing consumer habits with ethical or healthy products. Euromonitor Analyst Maria Mascaraque said the market for organic food and drinks should continue to grow strongly based on the evolution of consumers' priorities towards the consumption of natural foods and beverages as well as the increasing interest in social and environmental responsibilities.

New website features milled-to-order flour for consumers [7 September/ Food Dive] Organic Grains LLC has launched Organicgrains.com, an online site offering freshly milled-to-order flour for USD9.99 to USD13.99 per pound. The website features traditional, ancient and sprouted grains, and a variety of flours. Some are already steel milled, while the eight milled-to-order flour varieties are milled with stones. The traditional grains are sourced mostly from the US and Canada, while the ancient grains come from South American and Indian facilities. Organic Grains said it does not source any products from China. Director Tim Devey said Organic Grains is dedicated to providing healthy, organic grains and flours to customers. Mr Devey said most people are unfamiliar with all the high-protein, fibre and omega-3s grains that have been staples around the world for years.

Israeli No-Waste Plant-based Yogurt Yofix Raises \$2m Series A [8 September/ AgFunder News] Israeli plant-based yogurt maker Yofix has raised a USD2 million Series A round led by Strauss Health, an Israeli food and beverage manufacturer. Yofix makes a seed and lentil-based yogurt and claims to use traditional fermenting techniques, making it the first grain, seed, and lentil-based yogurt on the market. Yofix claims to have a dairy-like texture without the stabilizers and thickeners common in non-dairy yogurts and uses a blend of oats, lentils, sunflower seeds, coconut, and sesame seeds. Yofix has created three flavours with no added sugars while eliminating the waste common in plant-based dairy alternatives. CEO Ronen Lavee said Yofix uses all the grains in the emulsion without filtering anything, reducing the ecological footprint. This process allows the product to contain pre and probiotics while maintaining its rich nutritional values. Yofix will use the funds to build a production facility in Israel and increase distribution with plans to expand internationally.

India lodges complaint over 'offensive' Australian lamb advert [11 September/ CNBC] An Australian lamb ad campaign by Meat & Livestock Australia (MLA) has attracted significant criticism from the country's Hindu community, causing officials to lodge a diplomatic protest with the government. The High Commission of India in Canberra has made a complaint to the Australian Department of Foreign Affairs and Trade, the Department of Communication and Arts and the Department of Agriculture regarding the advert's offensive and religiously insensitive manner. The commercial shows Hindu god Ganesha sharing lamb with figures from other religions. MLA said the campaign shows that lamb meat can be enjoyed by all regardless of beliefs, background or persuasion. However, Australia's Hindu community is offended as Ganesha is never depicted eating meat. The advert had attracted over 30 complaints relating to many faiths, and the Consulate General of India has called the MLA to withdraw the commercial.

Chicken Processor Pilgrim's Pride buys poultry supplier for \$1 billion [11 September/ CNBC] Pilgrim's Pride agreed to pay JBS SA USD1 billion for British subsidiary Moy Park. This helps JBS SA retain a valuable asset amid a growing scandal. JBS, the number one meat packer globally, was investigated for corruption surrounding controlling shareholders Wesley and Joesley Batista. Pilgrim's Pride said the purchase of Moy Park was approved by a special committee comprised of three independent board directors. The transaction will be funded in cash and debt to parent JBS. Pilgrim's Pride will allow Moy Park to remain based at its Ireland location and Moy Park management will remain the same. Pilgrim's expects the Moy Park purchase to generate USD50 million in annualised cost savings over the next two years.

Economics and Trade

Japanese beef 'squeeze' if TPP fails – warning [7 September/ Rural News Group] Trade Expert Stephen Jacobi said beef and a wide range of primary products would be squeezed in the Japanese market if the Trans Pacific Partnership fails. Mr Jacobi said the Europeans and Australians now have free trade agreements and the Australians already have a strong advantage over New Zealand in beef, and the Europeans are expected to have this too once their agreement is ratified. Mr Jacobi said the Japanese placed a safeguard on beef exports of 50 percent which will damage New Zealand's trade further. Mr Jacobi added the dairy, horticulture, wine and wood sectors would also be exposed.

Labour changes its TPP tack [11 September/ National Business Review] Labour Party Leader Jacinda Ardern would not rule out signing the Trans Pacific Partnership deal if she was unable to achieve the changes to the agreement Labour is lobbying for. Labour said previously it would not support the deal unless provisions allowing future New Zealand governments to ban buyers from TPP countries from buying New Zealand houses are added. Labour Trade Spokesman, David Parker, suggested a Labour-led government would bring the other TPP countries back into negotiating table if the agreement could not be amended in Labour's favour. Mr Parker said the party is determined to fix this really important issue for New Zealand, and strongly believe they can do so.

Wool

Kiwi firm Allbirds raises almost \$40 million [6 September/ NZ Herald] Allbirds, a New Zealand merino footwear label has raised another \$24 million in funding after raising almost \$10 million last year. This new capital investment brings the company's total investment since it was launched in 2015 to \$38.4 million. Allbirds was co-founded by former Wellington Phoenix Captain and All Whites Vice-Captain Tim Brown, along with Biotech Engineer Joey Zwilling. Over two years, the pair created a textile suitable for shoes using superfine merino wool with a vegetable-oil based polyurethane insole before raising an initial US\$2.7m to launch in New Zealand and the US. Allbirds has since grown to have 50 employees, and the funds will be used to continue research and development into new and sustainable materials as well as continuing international expansion.

Signs of confidence returning to wool market at Christchurch [8 September/ Stuff] Farmers are more upbeat about wool prices after prices strengthened for a top offering of pre-lamb crossbred, mid micron and merino fleece across all micron categories at the Christchurch wool sale. Competition for the merino offering was well spread, with prices in line with Australia at levels unseen for years. Mid Micron wool also brought competition reflecting strong Chinese demand, Pre-lamb crossbred fleece accounted for over 50 percent of the offering and gained strong buyer support. Crossbred wools appear to have rebounded off their bottom prices since the August 17 sale.

Farmers and producers

Rural regions reeling over Labour's talk of another tax [7 September/ National Business Review] Labour Leader Jacinda Ardern clarified her party's position regarding land taxes- an annual levy based on the value of the land a house is on. Ms Ardern said allowing her party's tax working group to consider a levy on land that a family home is on was no longer an option because she does not want a taxation applying to a family home. Labour's Revenue Spokesman Michael Wood said a farm as a business unit is different from a residential property, and this could, therefore, be considered by the tax working group. Federated Farmers Vice President Andrew Hoggard said this tax rhetoric was concerning and farmers are feeling aggrieved that a lot of Labour's tax policies will impact farmers the most. Mr Hoggard said a land tax would have a severe impact on land extensive businesses and others that are asset rich and income poor, and the land tax would not take into consideration how well a farm is doing commercially.

Non-GMO certification programme launched [7 September/ NZ Herald] BioGro NZ has launched a non-GMO certification programme. BioGro, New Zealand's largest organic certifier, works with over 700 farmers, growers, and manufacturers of organic produce and products throughout the South Pacific. Chief Executive Donald Nordeng recognised the need for transparency for those claiming to be free of genetically modified organisms (GMO). Mr Nordeng said BioGro recently led a World of Good Campaign, to encourage consumers to find certification logos when purchasing products. Mr Nordeng noted the gap in the market for non-GMO certification programmes to help consumers understand what products are genuinely GMO-free. The non-GMO certification programme is only available to BioGro licensees who are certified organic.

Stepping up awareness for rural mental health [7 September/NZ Herald] Young Farmers is amplifying its mental health campaign among rural youth with Good Yarn workshops throughout New Zealand, aimed at supporting vulnerable members to fight the increase in suicides, particularly among young rural males. The 20-24-year-old age group recorded the highest number of suicide deaths at 79 for the year ended June 2017. 61 of those deaths were males. These suicide figures have increased for the third consecutive year. NZ Young Farmers will hold 12 Good Yarn Workshops throughout New Zealand from the mid-September until the end of November. The wellness workshops help participants recognise and respond to those suffering from stress or mental illness. Young Farmers plans to contact other agri-organisations that want to partner to relay the message and further collaborate with the industry.

Manawatū bankers say a change of Government means no change to financials [11 September/ Stuff] BNZ's Agri-Team Leader in Manawatū Brian Henderson said whether National or Labour wins the election will make little difference to banks and financial institutions, and BNZ's unofficial view is the economy has continued to grow even during the dairy downturn. Forestry and tourism pulled the economy up. Mr Henderson said tourism was booming from thousands of tourists per day travelling to New Zealand and more than three million annually. Mr Henderson said there would be no impact on markets or interest rates, but people might be concerned and there could be a loss of confidence. Money flow is expected to tighten, and Mr Henderson added interest rates were dependant on the US market which drove rates around the world. ANZ Rural Manager James Lindsay said dairy farmers should use this season's higher milk pay-out to pay back bank debt.

Food Safety

Food-tracing firm goes trans-Tasman [8 September/ Radio NZ] Oritain Global, a Dunedin forensics company, is expanding into the Australian market due to high demand for food traceability. The company said consumers were more concerned with provenance after disputes questioning the origin and quality of food. Oritain recently partnered with GE Healthcare to run a traceability programme to authenticate country of origin of foetal bovine serum used in human and animal health vaccines. The company has now established an office in Sydney; however, the laboratory work would continue to be performed in New Zealand. Sandon Adams was appointed to run the Australian business and said the demand for food traceability was huge, as food fraud is estimated to cost the global food industry \$40 billion annually.

Water

Protesters arrested for occupying irrigation dam [7 September/ Radio NZ] Nine Greenpeace protesters have been arrested for trespassing at an irrigation dam west of Christchurch after an eight-hour standoff. The protesters set up a makeshift camp inside the dam, which has yet to be filled with water. Greenpeace wanted to raise awareness of a widespread public opposition to irrigation schemes on the Canterbury Plains.

New water battle looming in Hawke's Bay in wake of the failed Ruataniwha Dam plan [7 September/ Stuff] A new dispute over water in Hawke's Bay has erupted with conservationists and recreational boat users opposing orchardists and irrigators in the Ngaruroro River catchment. Opponents to a Water Conservation Order application on the catchment are organising a protest rally on September 19. In December 2015 five parties applied for a water conservation order for the Ngaruroro and the smaller Clive rivers; Fish and Game, Forest and Bird, Ngāti Hori ki Kohupatiki, Whitewater New Zealand and Jet Boating New Zealand. The applicants said the Upper and Lower Ngaruroro and the Clive River had outstanding amenity values and should be protected. They said the order seeks to preserve the Upper Ngaruroro Waters in their near natural state and existing land uses can continue, but this application would place restrictions on any additional water takes or discharges and dams. Orchardists believe the application would hugely impact communities, as hundreds of jobs will be lost and horticulture on the Heretaunga Plains will be decimated.

Irrigation could pump millions into Northland – study [7 September/ Rural News Group] A new study suggests major irrigation projects in Kaipara and the mid-north of Northland could create hundreds of jobs and boost the regional economy by tens of millions annually. The \$300,000 study, Scoping of Irrigation Scheme Options in Northland, was jointly paid for by the regional council and central government. Northland Regional Council's Kaipara Representative Penny Smart said any new irrigation ventures would most likely be for horticulture rather than enabling conversion of land to dairy. The study found the demand for water was significantly more on a per hectare basis but varied less seasonally in the Kaipara than the mid-North. Ms Smart said the study estimates 6300ha, much of it on the Pouto Peninsula, could be irrigated for \$115 million, predicting the creation of 950 jobs, and contribute about \$85m to the region's GDP annually. The scheme development costs may be up to \$300 million; however, a special funding body has been suggested to enable a mix of public, private and iwi investment.

Environment and Emissions

Federated Farmers say moving to ETS will cost primary industry \$83m [8 September/ Stuff] Federated Farmers believe the Labour Party's proposal to move agricultural emissions into the Emissions Trading Scheme (ETS) could cost New Zealand farmers up to \$83 million in its first year. Labour's plan would see agriculture moved into the ETS in stages, and Federated Farmers believe by the time farmers were paying for 100 percent of their emissions, it would cost the primary industry over \$830 million annually. Climate Change Spokesman Andrew Hoggard said it was illogical to put the sector at a competitive disadvantage against export rivals and will shift production to less efficient overseas producers who will increase greenhouse gasses overall.

Agribusiness Education

Mt Albert Grammar School's state-of-the-art agriculture centre hopes to attract urban students [8 September/ NZ Herald] Mt Albert Grammar School (MAGS) Year 12 Student Fatima Imran loves agricultural studies and is inspired to pursue a career in the sector due to her experience at her school's 9ha farm. Last Friday, the farm sod-cut for new multi-million dollar agri-food centre on the site. The centre will bridge the agricultural divide between rural and urban communities and encourage urban youth to be interested in the sector. Ms Imran is one of around 160 students at MAGS who studies NCEA-level agricultural and horticultural programmes, where students work on the model farm, handle stock, drive tractors, as well as learn other skills like agri-business. Chairman of the project's advisory group, Mark Heer, said the agri-food sector needs more people seeing a career in the industry, and the centre will provide a more forward-looking facility for students and the community. The centre will allow 500 students to study agricultural courses at MAGS.

Shadbolt takes rural honours at Women of Influence Awards [8 September/ Stuff] Massey University Farm, and Agribusiness Professor, Nicola Shadbolt has received the 2017 Women of Influence rural award. The award recognises those who make a difference to other New Zealanders. Ms Shadbolt, a prominent figure in rural research and education, has also held a range of rural governance roles and was the first elected Fonterra woman board member. Ms Shadbolt has built her own farming business from scratch into a \$27 million combination of five equity partnerships, including dairy, sheep, beef, deer, and forestry.

Research and Development

NZBIO Annual Biotechnology/Life Sciences Conference [7 September/ Media Release] The NZBIO Annual Biotechnology/Life Sciences Conference is being held on October 12 and 13 at Te Wharewaka o Poneke, Wellington. The theme this year, Global Megatrends, will consider some of the largest biotech opportunities globally today. Some international thought leaders, Robin Farmanfarmaian, Sir Peter Gluckman, Professor Juliet Gerrard, Dr Clyde Smith and Professor Nikola Kasabov, are speaking to share their knowledge and experience on agbiotech, health biotech, industrial, environmental and food biosciences. The conference will allow attendees to engage with ground-breaking research and trends, pursue partnerships with investors, researchers and industry stakeholders; and strengthen networks to ultimately facilitate the growth of New Zealand's businesses in the global market.

Forestry

Jacinda Ardern unveils forestry hub plans in Rotorua visit [7 September/ Stuff] Labour leader Jacinda Ardern announced plans to establish a new Forestry Service in the city if Labour forms the next government. Ms Ardern said a standalone forestry service would provide stability for investment in processing and manufacturing wood onshore, rather than exporting raw logs. Ms Ardern said Labour wants to establish a New Zealand Forest Service in Rotorua, replacing Wellington functions, and be responsible for implementing a National Forestry Strategy, growing its own commercial forests as appropriate for the strategy, and helping other land owners who want to convert to forestry. Ms Ardern said a Labour Government would give priority to using wood in new building projects. Labour intends to grow the wood sector, increase jobs and keep more of the value-chain in New Zealand. Ms Ardern added expanding the area under forest is also an important step in tackling climate change.

Field Notes

Weekly news update from the KPMG Agribusiness Network – 13 September 2017

Poultry

Tegel chickens out of earnings forecast as rival spreads wings [7 September/ National Business Review] At the annual Tegel Group shareholders meeting, Chairman David Jackson said Tegel's performance was disappointing but rejected a suggestion from Shareholder's Association Chairman John Hawkins that rival Inghams, also planning a float, the increased competition in the market was predictable. Tegel Chief Executive Phil Hand told the meeting the company is delivering strong results and delivering on their strategy. Tegel reported a \$34.2 million net profit for the year ended April 30, 22.3 percent lower than last year's prospectus forecast. Mr Hawkins said Tegel established positive changes such as automation and cost cutting; however, it had not been a good year, Mr Jackson agreed. Mr Hand said it is early days for the 2018 financial year, however high competition is making the market tough. Mr Hand added that Tegel is not prepared to give a range or number regarding expected performance.

Agri-Tech

National's promises of more money for ag science 'theft': Greens [11 September/ Stuff] The Green Party have accused National of attempting to gain an advantage on them with a promise to turbo-charge investment in agricultural science and innovation. The Greens announced it would create a \$136 million fund to clean farming and support organic production. Primary Industries Minister Nathan Guy said National would change the name of its Sustainable Farming Fund to the Future of Farming Fund and boost funding from \$7 million to \$20 million annually to ensure emerging technologies are implemented in the farming sector. Federated Farmers welcomed National's announcement. National Science Spokesperson Guy Wigley said it was more effective than the tax and punish policies of other parties. Mr Wigley said the farmers' association would support any party invested in primary sector research. National has also invested taxpayer money significantly into Primary Growth Partnerships. National Party have also created a target of doubling the value of the agritech industry to \$6 billion by 2025.

Muir steps down as Tru-Test boss [11 September/ National Business Review] Tru-Test Managing Director Greg Muir has resigned after over eight years in the role. Mr Muir said it was time for a refresh for the company as rejuvenation of executive teams is valuable and important in any organisation. The handover to a new Chief Executive would begin this week. Mr Muir said the past 18 months have been challenging due to the dairy downturn; however, the company is travelling ahead of budget in all markets. Tru-Test's annual report indicates Mr Muir was paid \$635,000 as Managing Director in each of the last two years.

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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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