



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

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## AGRIBUSINESS

# Field Notes

Weekly news update from the KPMG Agribusiness network

11 October 2017

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

Westland Milk Products	Meat Industry Association of New Zealand
AbacusBio	Milk and More Nelson
AgResearch Ltd	Ministry for Primary Industries
Agri-Women's Development Trust	Ministry of Foreign Affairs and Trade
AgriHQ	Miraka
Alliance Group	Napier City Council
AMP	New Zealand Agricultural Greenhouse Gas Research Centre
Apiculture New Zealand	New Zealand First
Atihau-Whanganui Incorporation	New Zealand Forest Owners' Association
Beef + Lamb New Zealand	New Zealand Merino
Best Wool Carpets	Northland Regional Council
Bostock's Organic Free-Range Chicken	NZ Grassland Association
British Veterinary Association	Oaklands Milk
Coastal Spring Lamb	Octinion
DairyNZ	PGG Wrightson
Dunedin Beekeepers' Club	Primary ITO
Environmental Protection Authority	Productivity Commission of New Zealand
ESRI	Rabobank
European Commission	Red Meat Profit Partnership
European Union	RTÉ
Farmlands	Summerfruit NZ
Federated Farmers of New Zealand	The United States Agency for International Development
Fonterra	TradeMe
GroFin	UMR Research
Hawke's Bay District Health Board	United Nations
Institute of Environmental and Scientific Research	United States Agency for International Development
Irish Farmers' Association	University of Otago
Lead Africa	Waikato Regional Council
Massey University	Waikato University
Mataura Valley Milk	Meat Industry Association of New Zealand

### This week's headlines

Dairy	<b>Milk delivered to the gate in glass is making a come back</b> [7 October/ Stuff]
Wool	<b>Wool fights back in global campaign to combat synthetics</b> [6 October/ Stuff]
Organics	<b>Hawke's Bay free-range chickens in hot demand in China</b> [10 October/ New Zealand Herald]
Agri-Tech	<b>Future Farm for red meat sector</b> [9 October/ Rural News Group]
Apiculture	<b>One million beehives likely by Christmas</b> [6 October/ New Zealand Herald]

**Viticulture**

**Stars align for prizewinning pinot noir** [6 October/ Otago Daily Times] Wild Earth Wines has won multiple awards this month. Its 2015 yet-to-be-released pinot noir won the only Central Otago gold awarded in the 2017 Decanter Asia Wine Awards earlier this month. The vineyard was also one of the region's vineyards to win gold at the New Zealand International Wine Show, while its 2012 Earth and Sky pinot noir and its pinot noir Special Edition 2014 won silver at this year's International Wine Challenge in London and the 2017 New Zealand International Wine Show. Its Special Edition was one of six to win golds at the Decanter World Wine Awards in London in April as well as a trophy at the Royal Easter Show Wine Awards. Wild Earth makes between 6000 and 7000 cases annually. It's most significant market is within New Zealand, and through its cellar door, however, it also sells to the United Kingdom and has a growing demand in Japan, Malaysia and other Asian countries.

**Fishing and Aquaculture**

**Investigations continue as paratyphoid cases peak** [10 October/ New Zealand Herald] Investigations are continuing into the cause of September's paratyphoid outbreak, including how the Napier Marina shellfish were contaminated. The illness has been connected to mussels collected from Ahuriri and consumed at two tangis in August and September. During the outbreak, the amount of typhoid-like illness cases increased to 10, and one patient required hospitalisation. Hawke's Bay District Health Board Medical Officer Rachel Eyre said there was a possibility of further cases; however, the peak of new cases is over. Ms Eyre said the results so far, obtained from Ahuriri Port, suggest human faecal contamination. Napier City Council Director Infrastructure Jon Kingsford said a sampling programme had been undertaken to assess the levels of indicator bacteria in the area. No sources have been identified from water testing so far; however, ESR suggested sewage as the source of contamination.

**Dairy**

**Dairy auction prices at six-month low** [4 October/ Radio New Zealand] Prices fell in the global dairy auction to their lowest average in six months. The average price dropped by 2.4 percent in the fortnightly auction to \$US3223 per tonne. Butter prices decreased 3.6 percent from its record high to \$US5837 a tonne. Whole milk powder prices also fell by 2.7 percent to \$US3037 per tonne. Overall volumes of product sold increased 11 percent to 37,990 tonnes. AgriHQ Analyst Amy Castleton said the market had anticipated a 5.8 percent increase in the whole milk powder price for shipping in December. Ms Castleton said whole milk powder volumes were at a seasonal peak with 20,980 tonnes available. Most dairy companies are forecasting payouts of \$6.40 or more for this season.

**Block of butter listed on TradeMe in protest of Fonterra CEO's pay packet** [4 October/ Stuff] Palmerston North Historian Dr Janine Cook has auctioned a block of butter on TradeMe as a protest against Fonterra CEO Theo Spierings' pay packet. The auction asks bidders to bid on the quality art, which has a gold wrapper that evokes the timeless theme of human greed and the transformation of a country where the basics are no longer accessible to all. Dr Cook stated any proceeds would go to a Fonterra employee lacking job security, a farmer struggling to be a farm cleaner, a townie who cannot afford butter or Mr Spierings. The butter reached \$51 on the TradeMe auction by last Thursday morning – well above its \$6.29 retail value. Dr Cook said Mr Spierings \$8.3 million salary is 166 times the average New Zealand salary. Dr Cook further commented that hundreds of Fonterra staff were laid off in recent years and farmers were struggling to fund environmental improvements, which goes against Fonterra's recent marketing as being clean and green. The auction ends on Sunday night.

**Westland Milk shareholders approve plans to shrink board** [5 October/ New Zealand Herald] Westland Milk Products shareholders have voted 93.5 percent in favour of a proposal to decrease Westland Milk Products' board and overhaul the selection process for new directors. The board will decrease from 11 members to eight and those elected by shareholders will reduce from eight to five. The three remaining will be independent directors chosen based on competence and suitability via a transparent process. This overhaul comes after a review of the company due to poor prior-year board performance. Westland Milk reported a \$14.5 million net loss in the 12 months ended July 31, 2016. Its pay-out of \$3.88 per kilogram of milk solids for the 2015-16 season of was the lowest of any New Zealand dairy company pay-out. Mr Morrison has since replaced Matt O'Regan as chair, Toni Brendish has been appointed as Chief Executive, Craig Betty has been appointed as a new Chief Operations Officer and Dorian Devers was appointed Chief Financial Officer.

**Milk delivered to the gate in glass is making a comeback** [7 October/ Stuff] Milk producers Oaklands Milk and milkman Milk and More Nelson are bringing back the glass milk bottle delivered to your home, helping to prevent an estimated six tonnes of plastic bottles from landfill in 2017 alone. Oaklands Milk is only one of two milk suppliers in the country using glass bottles, the other being Happy Cow Milk Co. The glass bottles can be collected and re-used. Milk and More has delivered milk for 20 years, with eight trucks on the road and 1500 customers using the service including New Zealand milk in plastic bottles and the glass bottled variety. The company delivers to Motueka, and from north of Nelson to Wakefield south of Richmond.

**Mataura Valley Milk something special** [8 October/ Otago Daily Times] Mataura Valley Milk is building a unique and highly specialised nutrition plant near Gore to manufacture premium nutritional formulas. Mataura Valley said this is a different business to a dairy company, as highly functional and high-value products will be made to order. The project offers 30 local farmers an opportunity to supply high-quality milk and be shareholders in a nutritional business with an integrated supply chain from farm to market. The plant will employ 65 full-time staff and is on schedule to start production in August 2018. Mataura Valley Milk is recruiting some of New Zealand's top nutritional talent to live and work in Gore. The \$240 million investment is predicted to bring \$90 million to the local economy annually. Mataura Valley Milk is also investing \$6.5 million in Gore's wastewater treatment plant to earn the trust and respect of Southland people.

**Chinese demand boosts dairy returns: Rabobank report** [9 October/ Stuff] Rabobank said China's incapability to produce enough milk for its domestic market means the nation will rely on imports, mainly from New Zealand and Australia. This year, China has imported 13 percent more dairy products compared to the prior year. Rabobank forecasts a farmgate milk price of \$6.50 per kilogram of milk solids for New Zealand farmers. Rabobank added dairy producing regions such as Europe, the United States, South America and Oceania have all experienced increased growth as prices to farmers have increased. New Zealand exported 5 percent more dairy for the three months to July 2017 than for the same period last year. This is due to milk flows being 3 percent higher over the same period and boosted by demand from buyers in key export markets. Rabobank predicts a growth in dairy of between 2.5 and 3.5 percent for the year.

**Alliance plans capital spending of \$54m** [9 October/ Otago Daily Times] Alliance Group is investing \$54 million in capital expenditure over the next year. Chief Executive David Surveyor said the business strategy success meant Alliance was in a position to reinvest to continue to build the company's operational performance. Also, the company would have a bonus share issue and increase farmer shareholding in the co-operative as a reward to farmer shareholders. Mr Surveyor said this would depend upon the supply of lambs, sheep, cattle, calves and deer during the 2017-18 season. The Chief Executive added Alliance is making good progress against critical measures with a stronger balance sheet, improved profitability and better livestock pricing for farmers. Peter Schuyt will replace James Ogden as an Independent Director at the end of his term on November 30.

**Miraka farmers lift milk quality** [10 October/ Rural News Group] Miraka dairy company said milk from coming from Miraka suppliers has improved due to an incentive scheme. The incentive scheme, Te Ara Miraka, ensures Taupo-based Miraka suppliers produce better quality milk and adopt best-practice systems. Miraka's Milk Supply Manager, Grant Jackson, said only four suppliers are not in the scheme; however, this is expected to change when they sign new supply contracts at the end of 2017. Mr Jackson said the scheme had provided excellent results and rewards suppliers for meeting five criteria – people, environment, animal welfare, milk quality and prosperity. Within this is 31 further criteria, where 13 are mandatory. The requirements are extrapolated into a points system. If a supplier reaches the full 100 points, they earn an extra 20 cents/kgMS at the end of the season. The scheme is in its second year of operation, and year one of the scheme yielded a 13 cents/kgMS incentive pay-out.

### Red meat

**Lamb prices keep farmers smiling** [5 October/ New Zealand Herald] PGG Wrightson Agent and Auctioneer Neil Common said lamb prices were very solid all month. Mr Common added that prices are higher than last year without reaching the \$200 tipping point. Most pens made between \$125 and \$155 all month while lesser types made up to \$120. The yardings increased as the prices rose. Mr Common attributed demand to contract finishers needing to fill contracts, and paying \$15 to \$20 per head above schedule price. Some regular vendors have yet to sell their surplus stock so the yardings should remain up. Pens with smaller lambs were cheaper; however, any shorter-term, terminal, lambs attracted a premium. Mr Common said some farmers who had experienced a good lambing and may sell older ewes to make room for the extra lambs. Prime ewe prices between \$105 and \$130 per head.

**New Zealand exporters fear EU-UK deal may hurt meat access** [6 October/ Stuff] The European Union and the United Kingdom have completed a preliminary agreement to change the terms of New Zealand's meat access to the region. Meat Industry Association Chief Executive Tim Ritchie said New Zealand would now have to pay a 50 percent tariff on any extra New Zealand sheep meat Britain decides to export over the quota. The existing arrangement exports \$2 billion of New Zealand red meat to the EU with a tariff-free quota of 228,000 tonnes of sheepmeat annually. The EU and UK have agreed to split the quota according to where the meat was previously consumed over a three-year period, which Mr Ritchie believes will detract New Zealand's flexibility. Beef+Lamb NZ Chairman James Parsons said it was concerning that a deal was made without consulting New Zealand. Mr Parsons said distorting a market by trade restrictions upsets a finely tuned balance; however, the Ministry of Foreign Affairs and Trade officials were working to ensure New Zealand's interests were maintained.

### International

**Goodbye – and good riddance – to livestock farming** [4 October/ The Guardian] As the artificial meat industry grows, the need for farming animals has collapsed. The significant shift is expected to come when artificial meat is priced similarly to current meat prices. The \$300m deal China signed to buy lab-grown meat marks the beginning of the end of livestock farming. A paper in Science of the Total Environment reported that livestock production is the single most significant driver of habitat loss. It is estimated that twice as much of Earth's surface is used for livestock grazing as growing crops. Replacing meat in diets with soya significantly reduces the land area required per kilo of protein. Those against this idea argue livestock grazing can suck carbon out of the atmosphere and store it in the soil to reverse global warming. Through a 2-year, 300-source investigation, a Food Climate Research Network report claims this is not the case.

**Food and farming policies 'need total rethink'** [5 October/ BBC] The Extinction and Livestock Conference in London will consider how reforms could help halt species extinction, meet climate goals, limit the spread of antibiotic resistance and improve animal welfare. Those attending- multinational food corporations, native breed farmers, neurologists and naturalists- represent a multitude of interests highlight the complex and difficult issues resulting from global livestock production. The 500 delegates come from over 30 countries. The two-day conference is being organised by Compassion in World Farming (CiWF). Earth will likely lose two-thirds of its wildlife by the end of the decade, primarily due to habitats being destroyed to produce food for humans. There has been an increase in superbugs, linked to antibiotics use in farmed animals. Methane emissions from livestock have significantly contributed to climate change. CiWF believes there should be an overhaul of food and farming policies, enshrined in a UN Convention framework to correctly integrate objectives such as food security, climate change, animal welfare and human health.

**Leaked EU memo suggests 'all-Ireland' agri-food trade but farmers reject NI-UK trade barriers** [6 October/ Farming UK] A leaked EU Brexit memo has suggested agricultural trade could be made on an all-Ireland basis when the UK leaves the European Union. The memo reportedly came from the office of the European Commission President Jean-Claude Juncker. The memo suggests that agricultural products may be treated separately to cross-border trade subject to customs controls. The proposal would require controls between Northern Ireland and Britain. Irish farmers are unhappy with these proposals, as Northern Ireland food products and its animal health regime would be subject to checks as they are now outside the EU regulatory sphere. RTÉ believe this would limit disruption in agri-food flows across the Irish border. Irish Farmers' Association President Joe Healy said that Ireland's Brexit negotiation objective must be maintaining close trading arrangements with the UK, as this would mitigate or eliminate border issues. Mr Healy said the proposal does not address the economic and trading concerns for agribusiness in Ireland.

**Vegans may soon be loving it too** [7 October/ Independent] McDonald's has released a vegan burger called the McVegan. The burger consists of a soy-based patty topped with tomato, salad, pickles and vegan McFeast sauce, sandwiched between a bun. The McVegan is currently available in Tampere, Finland, from 4 October to 21 November.

**USAID, LEAD Africa commence massive women empowerment in Agribusiness** [8 October/ The Guardian] The United States Agency for International Development in partnership with Lead Africa, has begun a significant project to empower African women farmers and youth in agribusiness. 50 youths and 40 women were trained at the 5-day intensive training, and there were plans to take the training to all states of the federation. Lead Africa Representative, Mrs Lilian Adegboola, said funds would not be provided to women to start their agribusiness; however, they would be equipped with information to help them access finance. USAID Representative Mr Roland said there are plans to provide grants to support agribusiness in Nigeria.

**This Strawberry-Picking Robot Gently Picks The Ripest Berries With Its Robo-Hand** [9 October/ Fast Company] Californian strawberry growers are finding it difficult to find workers to harvest fruit. In the U.K., Brexit has made farm labour less appealing for Eastern European workers who previously held the positions. This agricultural labour shortage situation is similar across most developed nations. Octinion CEO Tom Coen said agricultural labour is unsustainable. Octinion is trialling a robot that could replace traditional strawberry farming and harvesting. The robot is designed to work with tabletop growing systems rather than fields, as the industry is moving in this direction. Although a human can pick and pack a berry every three seconds, whereas the robot can do the same in five seconds. Mr Coen said the cost per berry is similar. The robot's vision system allows the berries to be packed in a visually appealing way to consumers. Octinion will pilot test with strawberry farmers in 2018 and plans to begin selling it in 2019.

**Three ways wireless sensor technologies help agriculture applications** [9 October/ Farming UK] The United Nations predicts the largest future challenge for the agricultural sector is the global population reaching 10 billion by 2050. This growth means farmers will need to increase production by 70 percent by that time without more land, water and in a sustainable and environmentally-friendly way. Farmers are looking to technology for solutions. A cost-effective and time-saving technology is wireless sensor technologies. These offer the ability to monitor parameters crucial for ensuring crop and plant wellbeing and growth. The benefits of this technology include receiving real-time data which allows significant potential for analysis and information-driven solutions and process optimisation. This technology reduces costs as there is a simple installation process. Costs are also reduced as the sensors send alerts to allow farmers to take preventive action and avoid damage related to unforeseen circumstance. The technology also increases crop yields due to its ability to monitor parameters to ensure crop productivity.

**Brexit: No case for separate North deal in Government strategy** [9 October/ The Irish Times] The UK is the prime importer of Irish agri-food, representing 47 percent of Irish exports. Round five of the Brexit negotiations has considered Northern Ireland, and the ESRI has warned of a potential impact on trade from a hard Brexit, as it will involve a trade border with tariffs, and an animal health inspection border. This proposal would require Border controls on agri-food products between the North and the rest of the UK down the middle of the Irish Sea. Northern Ireland insists on equal treatment with the rest of the UK. Taoiseach Leo Varadkar said Northern Ireland is determined to secure a customs union partnership and a free trade agreement between Great Britain and Ireland in the post-Brexit scenario. Mr Varadkar said it is essential for the Government to persuade the UK to remain part of the customs union.

**UK vets oppose non-stun slaughter** [9 October/ Rural News Group] British vets said they were concerned about the increase in animals killed without pre-stunning. Slaughter without stunning harms animal welfare at death, however, 24 percent of sheep and goats slaughtered in April-June 2017 had their throats cut without first being made insensible to pain. This figure is up from 2016's 15 percent when the EU and UK allowed an exemption for animals slaughtered for religious purposes. Food Standards Agency figures show a number of chickens slaughtered without pre-stunning has increased from 3 percent in 2013 to 18.5 percent in 2017. British Veterinary Association President Gudrun Ravetz said if slaughter without stunning is permitted, any meat from this source must be labelled and the supply of non-stun products should be matched with demand.

**GroFin gets Sh1bn US grant to fund agribusiness in East Africa** [9 October/ Business Daily Africa] GroFin, has received a Sh1 billion (USD10 million) award from the United States government to support agribusinesses in East Africa. The United States Agency for International Development said the funds would benefit SMEs in Kenya, Uganda, Rwanda and Tanzania. GroFin will assess 200 agribusinesses and from which will draw a smaller pool of enterprises for commercial investment in the form of debt and quasi-equity. GroFin Investment Executive, Rishi Khubchandani, said GroFin wants to provide business support and assistance to change investments into food security, staple foods and high-value nutrition products. Businesses will also be provided technical support. Companies targeted will need to demonstrate they are contributing to food security, using technology in waste management in the agricultural value chain and increasing productivity through innovation.

**Rabobank re-assesses the current Chinese dairy industry and their markets, seeing imports grow by +7 percent in 2018** [9 October/ interest.co.nz] Average farmgate milk prices in China in September were CNY 3.43/kg. Average milk prices in US dollar terms have increased by 2.2 percent to USD0.53/kg. Milk prices for large farms are recovering, however, remain 6 percent below last year's levels. Heat stress has impacted production volumes causing shorter supply. Rabobank decreased the 2H 2017 production forecast to 0.5 percent due to impacts of a hot summer. This leads to a full-year production forecast of 0.2 percent for 2017, previously forecasted at 1.2 percent. Rabobank maintains an outlook of 1.5 percent growth in milk production in 2018. Financial performance announcements by listed Chinese processors suggest better-than-expected revenue growth. Rabobank estimated 2 percent year-on-year consumption growth in 1H 2017. Rabobank is maintaining consumption growth of 1 percent in 2H 2017 and 1.5 percent growth in 2018. Rabobank is supporting consumption growth of 1 percent in 2H 2017 and 1.5 percent growth in 2018. Rabobank has maintained its forecast for import volumes in 2H 2017 to grow 35 percent year over year.

## Economics and Trade

**Summerfruit, Meat Industry Association sign GIA Deed** [5 October/ New Zealand Herald] Summerfruit NZ and the Meat Industry Association of New Zealand (MIA) last week signed the Government Industry Agreement for Biosecurity Readiness and Response (GIA) Deed. By signing the deed, Summerfruit NZ and MIA join 15 industry sectors that have agreed to work with government, and each other, to combat the threat of an incursion of a pest or disease. Summerfruit NZ symbolises the shared interests of New Zealand's apricot, cherry, nectarine, peach and plum growers, which collectively sit at a value of \$140 million for the 2015-16 year. MIA characterises New Zealand's meat processors and exporters. MIA members account for over 99 percent of the meat processed in New Zealand. The meat sector exports almost \$8 billion annually. GIA Manager Steve Rich said MIA and Summerfruit NZ joining the GIA partnership means the majority of New Zealand's land-based agriculture sectors are now represented in GIA, along with Government.

**Wool**

**Wool fights back in global campaign to combat synthetics** [6 October/ Stuff] Best Wool Carpets, a leading European carpet producer, is preparing to launch a campaign promoting the virtues of New Zealand wool. It aims to counter some of the falsehoods propagated by the synthetic industry, such as that wool carpet fades in UV light. Best Wool Carpets Chief Executive Yvar Monasch said the New Zealand wool industry needed to sell the wool story better. Mr Monasch said while wool is more expensive than synthetics, wool carpets lasts longer and keeps its beauty for ten years; however synthetic carpets lose their beauty after two or three years. Best Wool is increasing the knowledge of its carpet sales staff about the benefits of wool, and New Zealand Merino (NZM) developed and launched the Best Wool Academy, an online tool to train staff, and the Best Wool App designed to help customers better understand and choose wool carpet. Monasch said the pro-wool campaign would be launched at the most prominent flooring show in Germany in January.

**Farmers and producers**

**Waihi farmer Elaine Evelyn Coxhead left worm-infested sheep to die** [4 October/ Stuff] A Waihi farmer who failed to treat 30 ill sheep on her farm has been banned from owning more than 100 sheep. Ms Coxhead was convicted of an animal welfare offence after Ministry for Primary Industries found dead sheep on her property heavily worm-infested sheep. Ms Coxhead was fined \$2500 for the deaths, and an additional \$500 for failing to comply with an animal welfare inspector order. This inspector order came after it was discovered that living sheep on the farm had daggy rear-ends and faecal samples showed they were heavily worm-infested. Ms Coxhead was told to have the sheep assessed by a vet within seven days. Faecal samples of the dead sheep found a worm egg count of 25,500, whereas a count of 500 is considered significant.

**DairyNZ voting packs on way** [5 October/ New Zealand Herald] Voting packs are on the way for DairyNZ election candidates, allowing Farmers a three-week voting period. Six farmers are in competition for two board of director positions. Candidates include Jim van der Poel from Ngahinapouri, Ian Brown, of Tokoroa, Grant Coombes, of Taupiri, Colin Glass, of Timaru, Cole Groves, of Ashburton and Mark Slee, of Ashburton. Farmers are also voting on numerous resolutions, including a proposed rule change to reduce directors' terms to three years from four, allowing farmers a greater opportunity to be involved in industry governance. Other resolutions include directors' remuneration and the ratification of two board-appointed directors. Voting closes on October 24 and will be announced at the DairyNZ AGM the following day.

**Apprenticeships new pathway to dairy industry** [5 October/ New Zealand Herald] Federated Farmers and Primary ITO have joined forces to offer three-year apprenticeships in the dairy industry. Federated Farmers will find dairy farm employers and ensure they are equipped to provide a quality work environment supporting on-job training of apprentices. Primary ITO will recruit apprentices, arrange pre-work skills lessons and formal training toward NZQA-recognised qualifications. Primary ITO will also support apprenticeships through routine farm visits to ensure everything is on target. The Federated Farmers Apprenticeship Dairy aims to place 200 apprentices on New Zealand dairy farms over the next few months. It is predicted these apprenticeships would mostly be in Northland. A second and third stage of the pilot would be released next year as the apprentice scheme developed to meet the needs of people better.

**Meat processor Alliance Group to pay dividend and share offer to farmers** [5 October/ Stuff] Alliance Group Chief Executive David Surveyor told 60 farmers in Fielding that Alliance will offer a share per stock unit killed at its meat plants to current shareholders. The farmers were told a dividend would also be paid, with details announced with the annual profit result next month. Mr Surveyor said the group had cut its debt of \$42 million by half over the past year through efficiencies and had paid farmers well for their stock. Mr Surveyor said the company had attracted over 200 new shareholders. Alliance has better market penetration, somewhat due to a Singapore acquisition, and the people on the ground knew the market well. Alliance Chairman Murray Taggart said venison prices were strong and lamb was expected to be a similar price to last year; however, the strong beef price was weakening. Mr Taggart added total livestock pricing increased \$100 million from last year, meaning farmers were being paid more for their stock. Chilled meat exports being trialled in China were performing favourably.

**Manawatū farmers sick of unrelenting rain** [5 October/ Stuff] Manawatū/Rangitikei Federated Farmers Dairy Chairman Murray Holdaway says farming has been tough in the wet conditions. Farmers say the water table is so full that only a shower would top it up and produce ponding and streams in paddocks. Shearers and contractors are behind where they would usually be, crops and vegetables are late, and rain has decreased moods. Mr Holdaway said the grass is growing, but significant amounts of feed are wasted by cows tramping it into the wet soils. Mr Holdaway added farmers must allocate more grass, or replace the wasted feed with other forms of feed. Lameness and mastitis are also arising due to wet weather. DairyNZ Regional Manager, James Muwunganirwa said the ground was still wet, but ground temperatures had warmed up. However, pasture growth is still below herd demand. Beef + Lamb New Zealand expected overall beef and lamb prices to remain similar to the previous season despite an expected weakening of the dollar.

**New Zealand farming a 'broken model' - water scientist** [6 October/ News Hub] Freshwater Ecologist Dr Mike Joy said New Zealand farmers are working on a broken model which is adversely affecting water quality. Dr Joy supposed lack of leadership and a fossil-fuel derived fertiliser and palm kernel dependent system has contributed to this. Dr Joy added the increase in farming on lands that were unsuitable for intense dairying was also a cause of poor quality water. Dr Joy noted the recent Ashburton warning that tap water was causing babies lips to turn blue.

**Little sun makes it hard work on cycling dairy cows before mating** [6 October/ Stuff] The lack of sun is suppressing the mating instincts of dairy cows, and Manawatū/Rangitikei farmers expect fertility levels will be lower than normal. Farmers have found fewer than usual cows are cycling because of cool and cloudy weather. Cow fertility levels were discussed between 45 farmers and some rural professionals during a Foxton group dairy discussion day at Simon Easton's farm. Mr Easton said rain had affected people and animals with only two-thirds of his cow's cycling. Mr Easton said numbers would typically be higher at this stage. He hoped more cows would be cycling by October 19, one week after the typical mating start time. Mr Easton said he lost five cows through theileria and calving issues.

**Skills match well to livestock work** [9 October/ Otago Daily Times] German-born Dr Stefan Meyer started working at Dunedin agribusiness consulting company AbacusBio after completing a PhD in zoology at the University of Otago last year. Dr Meyer said receiving a Callaghan Innovation for his work on a dairy cow survival project was very helpful. The R&D career grant was intended to bridge the initial six months of employment for new employees. AbacusBio Consultant Peter Amer said the company was keen to translate the survival analysis skills Dr Meyer had from his zoology and environmental work into livestock situations. Mr Amer said it was difficult to find people with the right mix of farming knowledge, genetics skills and advanced statistics understanding. Dr Meyer said he was working in a good team, within an inspiring environment, and he was enjoying it.

**Nine vying for three spots in Farmlands director elections** [9 October/ Otago Daily Times] The 2017 Farmlands director election voting is open, with nine candidates contesting three vacancies. The South Island vacancy will be contested by former Alliance Group Director Murray Donald, former Otago Regional Councillor Gary Kelliher, Accountant Mel Montgomery, former Federated Farmers National Board Member David Rose and current Alliance Group Director Dawn Sangster. The North Island candidates are Warren Parker, Oliver Saxton, Sue Yerex and incumbent Director Nikki Davies-Colley. Chairman Lachie Johnstone acknowledged the "significant" contributions of retiring Directors Don McFarlane and Tony O'Boyle. The 12-month position was designed to foster the next generation of primary sector directors, giving them exposure to high-level governance. Voting closes on October 31.

### Forestry

**Foreign investment crucial for forestry industry** [4 October/ Radio New Zealand] The Forest Owners Association said foreign investment in forestry is essential and New Zealand could never afford to buy back all the forests it has sold. New Zealand First leader Winston Peters said the future of forestry and timber supplies for local mills is a New Zealand priority as it enters coalition talks. Mr Peters wanted the next government to protect wood supply to domestic mills by creating a Forest Service. New Zealand Forest Owners' Association President Peter Clark said commercial forestry is a large industry, with \$25 billion to \$30bn invested in plantations. Mr Clark acknowledged the importance of foreign investment in the sector and said more government interest is necessary, as well as new plantings.

### Water

**Denitrification wall could be answer to nitrate problems** [4 October/ Stuff] A proposed nitrate wall implemented into Silverstream Reserve near Kaiapoi to lower the stream's high nitrate levels may improve the safety of freshwater and groundwater resources and potentially provide means for farming within water quality limits. The Institute of Environmental and Scientific Research planned to evaluate whether the wall, successfully used with sandy aquifer systems at Waikato and the United States, could have the same outcomes for gravel aquifer systems such as at Silverstream and elsewhere in Canterbury. The Silverstream waterway has high nitrate levels that are over the environmentally sound limit. The study was proposed by ESR Senior Scientist Lee Burbery. The denitrification wall comprises of woodchips, mixed with gravel aggregate, and strips nitrate from groundwater passing through it. Carbon within the wall provides a food source for bacteria to convert nitrate in groundwater to nitrogen gas. ESR Principle Scientist Murray Close hoped the project would begin this summer.

**Unfenced streams major source of water contamination** [5 October/ Radio New Zealand] New research by AgResearch Invermay's Environment Group reveals smaller streams account for the majority of contamination in waterways. The study, published in the Journal of Environmental Quality, discovered that streams less than 1 metre wide and 30cm deep in flat catchments dominated by pasture accounted for, on average, 77 percent of contamination loads a key finding showed. The report said not requiring fencing, which is New Zealand's current policy for waterways of this size, may significantly dampen the country's ability to improve water quality. AgResearch Principle Scientist Richard McDowell said fencing is often not financially viable in some areas, and so the report has provided up to 40 other mitigation suggestions including planting trees, developing wetlands, and different grazing techniques.

**Rivers need to be protected for all, says ecologist** [8 October/ New Zealand Herald] Massey University Freshwater Ecologist Dr Mike Joy noted Water Conservation Orders (WCO) are a good idea, especially for the Hawkes Bay. 15 New Zealand rivers currently have WCOs placed on them, and applications are in progress for an additional three including for the Ngaruroro and Clive Rivers. Dr Joy said WCOs preserve waterways for everybody, and opposition arose because people did not want their current incomes and lifestyles threatened but are not willing to understand the consequences their activities could have on future water usage. Those against WCOs including horticulturists and growers believe it could result in job losses. Dr Joy said these people must assess whether they wanted employment now at the expense of having no rivers in the future.

### Health and Safety

**One in five farmers ignoring safety regs – WorkSafe** [10 October/ Radio New Zealand] WorkSafe have said about 20 percent of farmers are not up to scratch with new health and safety regulations. Health and safety rules were intensified 18 months ago to reduce the number of deaths and accidents. Farmers must now formally identify and manage risks on farm and have a health and safety plan that is checked by an inspector. Over the past six years, the farming sector has had almost four times the number of workplace deaths than forestry, construction and manufacturing. 2017 figures were lower. WorkSafe Agricultural Leader Al McCone said the changes had caused a lot of annoyed farmers due to the heavy amounts of paper work. Those blatantly not following regulations will receive a fine penalisation.

### Organics

**Hawke's Bay free-range chickens in hot demand in China** [10 October/ New Zealand Herald] Hawke's Bay company Bostock's Organic Free-Range Chicken, have started supplying their product to top supermarket chains and restaurants in Hong Kong. A recent trip to Hong Kong obtained supply contracts to three of the region's largest supermarket chains and numerous high-profile restaurants. Co-Founder Ben Bostock said the area is recognising organic farming practices as synonymous with the Kiwi 'clean green' image, and are prepared to pay a premium for New Zealand natural products. Mr Bostock added the Hong Kong nationals consider New Zealand-raised organic chicken as the best in the world. The Bostock brothers have loaded their third shipping container for Hong Kong, from their organic Hastings chicken business.

**Biosecurity**

**Catching predators to protect birds** [5 October/ New Zealand Herald] The goal of Predator Free Acacia Bay is to make the bay predator free. Backyard traps were available at a large discount at the Predator Free Acacia Bay Launch party last Saturday. The launch party included a workshop to show the smarter, safer way to protect New Zealand's native bird species. The start-up of Predator Free Acacia Bay team means that Greening Taupo and Project Tongariro have been able to continue more projects around the lake.

**Northland pest plant lantana finds rust fungus never sleeps** [6 October/ New Zealand Herald] The rust fungus weapon, *Prospodium tuberculatum*, released in Northland in 2015 by the Environmental Protection Authority (EPA), with support from Northland Regional Council (NRC) is taking effect, and has caused an evident decrease in the population size of the pest, Lantana. *Prospodium tuberculatum* keeps the population of the Lantana pest at a low level. Rust fungus is a method used to control pests and weeds through naturally occurring enemies and diseases. Lantana has significant detrimental effects in Northland, such as being poisonous to people and grazing stock, as well as quickly invading areas such as native and exotic forests, home gardens and quarries. The host-specific fungi were released in the Whangaroa, Doubtless Bay, Awanui and Kohukohu areas.

**Agribusiness Education**

**Farming course catalyst** [3 October/ Otago Daily Times] The Understanding Your Farming Business course is run by the Agri-Women's Development Trust and funded by the Red Meat Profit Partnership Primary Growth Partnership programme. Since 2014, the programme has been used by over 650 women wanting to have a greater understanding of their business drivers and gain the skills and confidence to participate more in their businesses. The course was a catalyst for Mrs Cleveland to leave her part-time job and help her and husband Jeff's sheep, beef and deer farm. Each four-month course comprised of three full-day workshops and a graduation ceremony. Independent research by UMR showed that six months post-graduation, 90 percent of the women were confident talking with their partners about the business side of their farming operations, 75 percent could understand their farm accounts while 78 percent were doing financial budgeting with their partner.

**Interest building for Federated Farmers dairy apprenticeship scheme** [5 October/ Stuff] The Federated Farmers dairy apprenticeship scheme launched in Hamilton has spurred heavy interest. At the Christchurch launch, Federated Farmers Dairy Group Chairman Chris Lewis said the first year would be a pilot of the scheme and would take place in the country's leading dairy regions. Students would start the three-year scheme in entry-level positions like a dairy assistant with the aim of becoming a competent herd manager. The programme was initiated due to the industry operating in a labour deficit, which negatively impacts current workers. Primary ITO General Manager Sustainability and Operational Support Anne Haira said issues are around how the industry attracts people as there are many misconceptions and stereotypes to tackle. Mr Lewis said the industry needs people with motivation and skill to add value, with a skill set that drives the industry forward. Primary ITO plans to recruit 200 potential dairy apprentices in the next year.

**Course helps women to become active farm partners** [9 October/ New Zealand Herald] The Understanding Your Farming Business course funded by the Red Meat Profit Partnership (RMPP) Primary Growth Partnership Programme and run by the Agri-Women's Development Trust has developed the skills, knowledge and confidence of over 650 farming women since 2014. RMPP's Project Manager for People Capability, Diane Falconer, said research showed women who had completed the course were more actively contributing to their farming businesses. The study also showed that over two-thirds of the women were confident in introducing a new idea for their farming business. Over half said they were now comparing their financial performance against industry benchmarks. Executive Director for the Agri-Women's Development Trust, Lindy Nelson, said there was substantial evidence of enhanced farming financial literacy and decisions to run farming businesses more efficiently.

**Young Kiwis offered priority training** [10 October/ Rural News Group] The dairy industry has launched a scheme to encourage young New Zealanders to consider farming careers. Created by Federated Farmers and the Primary ITO, with support from DairyNZ, iwi entities, dairy companies and others, the scheme will provide dairy farming apprenticeships to New Zealanders. The Scheme was designed to achieve better working conditions than many young trainees in the past and to provide structured training and mentoring leading to a good qualification and excellent prospects. A pilot programme launched online last week quickly attracted a lot of interest. Head of the Federated Farmers Dairy Section Chris Lewis, said the scheme would allow more kiwis to work in the industry. Mr Lewis added the scheme would also show the public that farmers are serious about treating staff well and this will aid them in retaining their social licence to farm.

**Agri-Tech**

**Future Farm for red meat sector** [9 October/ Rural News Group] Beef and Lamb New Zealand (B+LNZ) plan to establish a Future Farm to trial new technologies and farm systems. These trials are part of B+LNZ's strategy to support farming excellence and increase farm productivity and profitability. The farm will be a sheep and beef property with around 6,000 stock units and will function as a commercial livestock farming business and feature advanced monitoring, measuring and communications technologies. B+LNZ General Manager Innovation, Richard Wakelin, said the likely model would be a lease property or a partnership with an existing farmer. However, the company welcomes ideas. Mr Wakelin said the aim is for farmers to observe, learn, and assess the feasibility of how new technologies tested on the Future Farm might be applied in their situation. B+LNZ is working with agribusiness company AbacusBio to establish the project, and an innovation and advisory team will be created to guide implementation.

**Sustainability**

**Grant to feed sustainable living dream** [6 October/ New Zealand Herald] Garden enthusiast Sara Hamilton has won a \$5000 AMP regional scholarship that she will use to help reach her goal of creating a community that can feed itself from its backyard gardens. This Grow for Life and Love project became important for Ms Hamilton after she began working with Totara Grove School as a volunteer and used her love of gardening to inspire young children of the community to have environmental pride. Her next step is to create a Tikipunga food forest and resource centre, where she will provide tools, seedlings, information and anything required to create a home garden at no expense to the community. It is hoped this will be funded by donations from the community, businesses and her own resources including the \$5000 grant.

**Apiculture**

**One million beehives likely by Christmas** [6 October/ New Zealand Herald] The number of beehives in New Zealand is expected to reach one million by Christmas. Dunedin Beekeepers' Club President Brian Pilley said there had been a large increase in the hobby over the past two to three years, however, urges those interested in hobby beekeeping to ensure they have the appropriate mentoring, education and support networks in place before they begin. Inexperienced beekeepers could cause problems for other apiarists, particularly issues such as varroa mite and American foulbrood. Apiculture New Zealand Non-Commercial Board Member Paul Martin said there had been a surge of beehives and beekeepers over the past ten years, of which a large proportion are hobbyists. Mr Martin added New Zealand has almost 8500 and about 6000 have ten hives or less. Mr Martin attributes the interest to people seeing the earning potential of manuka honey. Mr Martin said while there may be less risk associated with hobbyists' hives, hobbyists needed to understand what they were doing to manage and identify diseases, and appreciate legal requirements around registrations and inspections.

**Environment and Emissions**

**Agriculture's methane figures solid, scientists say** [4 October/ New Zealand Herald] International researchers published in 'Carbon Balance and Management' has estimated that global livestock methane emissions for 2011 were 11 percent higher than guidelines provided by the UN's 2006 Intergovernmental Panel on Climate Change. This included an 8.4 percent increase in methane from digestion in dairy cows and other cattle, and a 36.7 percent methane increase from effluent management. These increases in animal productivity meant higher feed intakes, and hence, higher methane production. New Zealand scientists said the research shouldn't query the rigour of New Zealand's agricultural methane accounting. New Zealand Agricultural Greenhouse Gas Research Centre Director Dr Harry Clark said New Zealand had one of the most detailed inventories in the world, and already took into account the factors incorporated into the new study. Dr Clark added countries must now provide biennial greenhouse gas emissions updates and hopefully, this will cause accurate and continuous updating of agricultural emissions.

**Methane, nitrous oxide levels can be reduced** [5 October/ New Zealand Herald] AgResearch Science Impact Leader Robyn Dynes said methane and nitrous oxide levels can be reduced on-farm and discussed mitigation options to reduce greenhouse gases with rural professionals. Dr Dynes mentioned four options currently available to farmers or being worked on. These were low methane feeds, low methane animals, methane inhibitors and a methane vaccine. Low methane feeds could reduce methane levels by about 25 percent. Methane inhibitor work is being carried out by AgResearch, and ongoing methane vaccine research is being conducted. The other gas, nitrous oxide, had two mitigation options: managing soil and soil processes and managing feed.

**Council challenged on carbon incentive support** [5 October/ Farmers Weekly] The Waikato Regional Council has told the Productivity Commission's inquiry into the opportunities and challenges for New Zealand transitioning to a lower net emissions economy, that farmers should be paid subsidies to ease them into the Emissions Trade Scheme. The inquiry aimed to assess future moves and consequences for NZ in trying to meet its Paris Accord obligations by 2030. The council supported investigating tax cuts or credits on farm incomes to neutralise the overall effect on farm incomes, as well as a transition period for the change to occur. Various experts such as Victoria University Climate Change Expert Dr Adrian Macey and Ecologist and farm systems consultant Dr Alison Dewes disagreed, believing the subsidies or incentives were unnecessary as transition measures could take other forms such as phase-in periods, and studies show it is possible to decrease greenhouse gas emissions by 10-15 percent with no impact on farmer profit.

**Survey helps scientists learn about waterways** [9 October/ New Zealand Herald] NIWA and DairyNZ have asked anyone who has planted along stream banks to log on at [riparian.niwa.co.nz](http://riparian.niwa.co.nz) to formally record their work. This online survey will form the foundation of the National Riparian Restoration Database, to help scientists better understand how riparian buffers benefit waterways. The focus is on sites over five to 10 years old. Freshwater Scientists Aslan Wright-Stow and Richard Storey have found that numerous riparian projects lead to quick ecological stream recover; however, others need longer to deliver all the benefits. Dr Storey said survey information would help determine which characteristics of riparian buffer strips are most effective in improving water quality and stream health. Once the database is underway, 50 sites around New Zealand will be selected and monitored over a 12-18-month period. Citizen scientists will be invited to help and will receive NIWA training and equipment. Citizen scientist assessments will then be evaluated by scientists.

**Right time for Patersons' to enter Ballance Farm awards** [9 October/ New Zealand Herald] The Paterson Family were finalists in the Otago region and won the WaterForce integrated management award and the Massey University innovation award. Entries are open for the 2018 awards. Otago entries close on October 31. The winners will be announced at an awards dinner in Wanaka on April 13. The Patersons run their sheep stud, commercial sheep and trading cattle business over two flat-to-rolling blocks and two hill-country summer runs in the Gimmerburn area. The family was continuously trying to improve different areas of the operation and was fitting new pivot irrigation when they entered. Mr Paterson said visitors from the judges meant they had someone new critique their business, and the competition was well weighted - environmental versus farm sustainability. The Paterson business places primary focus on ensuring business sustainability.

**Fieldays**

**Fieldays cracks \$0.5 billion mark, not just big for farmers** [6 October/ Stuff] Fieldays in June generated \$538 million in sales from New Zealand firms, including \$191m in revenue from Waikato. \$450m came from sales in farm equipment, including \$113m from Waikato-based firms and \$336m from the rest of New Zealand. The event contributed \$238m to the New Zealand's gross domestic product, including \$79m for Waikato. Waikato University's Management School's Institute of Business Research Professor Frank Scrimgeour said the event had national impact and was firmly placed on the world stage with 40 countries attending and nine country representatives exhibiting. Fieldays Chief Executive Peter Nation said visitors from urban centres resulted in a greater understanding of the contribution the primary sector made. Mr Nation announced, 'the future of farming' as the next year's Fieldays theme, celebrating its 50<sup>th</sup> year. This year's Fieldays broke all attendance records with 133,588 people through the gate, 1.5 percent more than the 131,629 previous record set in 2008. The event created 2300 full-time equivalent jobs. Fieldays' brand value also increased from \$380m to \$465m.

# Field Notes

Weekly news update from the KPMG Agribusiness Network – 11 October 2017

## Agribusiness Research

**Grassland Association (NZGA) Conference: Irrigation and innovation** [9 October/ New Zealand Herald] For the first time in almost 30 years, the newest in grassland research is coming to Whanganui in November at the 79th NZ Grassland Association (NZGA) conference. New Zealand farmers will have the rare opportunity to network with those at the leading edge of New Zealand pastoral science and technology. This will also allow the chance to see what other innovative primary producers are doing to make the most of their land, from steep hill blocks to coastal sand country. This November's conference will include an option for farmers to register for a one-day registration, rather than the full two and a half days. Whanganui last hosted the NZGA in 1989. Key conference topics will include new technologies and tools, alternative pasture species and the forage value index as well as the role of the Environmental Protection Authority. Coastal Spring Lamb and Aihau-Whanganui Incorporation will also share their perspectives as local producers.

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## Contact Us

### Auckland/ Audit

**Ian Proudfoot**

09 367 5882

021 656 815

iproudfoot@kpmg.co.nz

### Christchurch

**Andrew Hawkes**

03 353 0093

027 508 0135

ahawkes@kpmg.co.nz

### Ashburton/ Private Enterprise

**Maurice Myers**

03 307 0768

027 208 3405

mauricemyers@kpmg.co.nz

### Taxation

**Greg Knowles**

09 367 5989

021 307 332

gknowles@kpmg.co.nz

### Financial Advisory Services

**Gary Ivory**

09 367 5943

021 932 890

givory@kpmg.co.nz

### Farm Enterprise

#### North Island

**Roger Wilson**

07 858 6520

027 281 9575

rogerwilson@kpmg.co.nz

### Tauranga

**Robert Lee**

07 571 1773

027 451 1035

relee@kpmg.co.nz

### Management Consulting

**Simon Hunter**

09 367 5881

027489 9737

simonhunter@kpmg.co.nz

**Julia Jones**

07 858 6553

027 524 8901

juliajones1@kpmg.co.nz

### Wellington

**Graeme Edwards**

04 816 4522

027 296 5050

gdedwards@kpmg.co.nz

### Hamilton/ Private Enterprise

**Hamish McDonald**

07 858 6519

021 586 519

hamishmcdonald@kpmg.co.nz

### South Island

**Brent Love**

03 683 1871

027 528 1537

blove@kpmg.co.nz

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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