



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

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## AGRIBUSINESS

# Field Notes

Weekly news update from the KPMG Agribusiness network

1 November 2017

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

AgResearch	Moana Park Winery
Alliance Group	Mt Difficulty Wines
Apiculture NZ	Murray Goulburn
Australia and New Zealand Banking Group (ANZ)	National Institute of Water and Atmospheric Research (NIWA)
Australian competition and consumer commission	National Resources Defence Council (USA)
Australian Securities and Investments Commission	Nestlé
Avocado Industry Council Limited	New Zealand Avocado Growers' Association
Bayleys realty group	New Zealand King Salmon
Beef + Lamb New Zealand	New Zealand Trade and Enterprise
Buy Pure New Zealand	Oceania Dairy
Callaghan Innovation	One Double Five Community House Charity
Canopy Growth Company	Plum Organics
Cayuga Milk Ingredients	Rabobank New Zealand
CITIC Capital Partners	Royal Forest and Bird Protection Society
CITIC Ltd	Ruahine Whio Protection Trust
Constellation Brands	Sacramento Valley Salmon Restoration Program
Creative HQ	Saputo
DairyNZ	Seeka
Deer Industry New Zealand	South Canterbury Rural Support Trust
Enfamil	Sprout
Environmental Protection Authority	Stonyfield farm Inc
European Union	Strathboss Kiwifruit
Federated Farmers of New Zealand	Te Awa Winery
Foley Family Wines	The Agrecovery Foundation
Fonterra	The Agricultural and Marketing Research and Development Trust
Food Rescue Northland	The Carlyle Group
Foodbowl	The Clean Label Project
Foundation for Arable Research	The Department of Conservation
Glanbia Ireland	The Drinks Business
Global Dairy Trade	The Forest Owners Association
Hohepa Hawkes Bay	The Hershey Company



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**AGRIBUSINESS**

# Field Notes

Weekly news update from the KPMG Agribusiness network

Kentucky Fried Chicken	The International Organisation of Vine and Wine
Kono	The Rainforest Action Network (RAN)
Lagunitas Brewing	The United Nations
Lincoln Hub	The Dairy Companies Association of New Zealand (DCANZ)
Lincoln University	Twisted Citrus
Livestock Improvement Corporation	UCSF AIDS Research Institute
Mars, Inc	Villa Maria Estate
McDonald's Corporation	Waikato University
McKinsey Global Institute	Wall Street Journal
MG Unit Trust	WINE Magazine
Milligans Food Group	WorkSafe NZ
Ministry of Agriculture and Forestry, now MPI	Yili Group
Ministry of Business, Innovation and Employment	Zespri
Ministry of Primary Industries	

**This week's headlines**

Agri-Tech	<b>Shaping the future of what we eat and grow through daring innovation</b> [17 October/Lincoln Hub Media Release]
Food Waste	<b>Kiwis waste \$1.8b of food a year</b> [30 October/New Zealand Herald]
Biosecurity	<b>Farmer groups looking at more biosecurity influence</b> [26 October/Stuff]
New Zealand Strategy	<b>New Agriculture Minister Damien O'Connor warns of threat to primary industries</b> [30 October/Stuff]
Sustainability	<b>Federated Farmers: Agrecovery working hard to encourage recycling</b> [27 October/New Zealand Herald] Agrecovery

**Horticulture**

**Govt lawyers, kiwifruit growers battle over duty of care in Psa court case** [27 October/New Zealand Herald] After 11-weeks the court case brought by kiwifruit growers against the Ministry of Primary Industries over the 2009 outbreak of Psa is coming to a close. Jack Hodder QC, the Government's Lawyer, said in his closing statement that the Government did not have a duty of care for biosecurity. The group of 212 growers led by Strathboss Kiwifruit and Seeka claim the Ministry of Agriculture and Forestry (MAF) was negligent under the Biosecurity Act, and argued that leaky building case law showed the Government did owe a duty of care. Grower Group Lawyer Davey Salmon's closing arguments are set to continue today. The 2009 Psa outbreak infected up to 80 percent of kiwifruit orchards, costing the industry an estimated \$930 million in lost exports.

**Avocado prices could spike thanks to a short season and low yield** [31 October/ New Zealand Herald] This season's avocado yield is predicted to be low, driving up consumer prices. New Zealand Avocado Growers' Association President Jen Scoular confirmed this, and that the greater transparency of volumes this season allowed for more accurate predictions. Bron Kemp, the Delivery Manager for fruit seller Twisted Citrus, has warned of the low yield this season, and that as a consequence this season will be shorter. Prices nearly reached record highs in June before slumping. The fruit is currently selling at a rate of up to \$4 per fruit in supermarkets. This price is predicted to fall.

**New Zespri CEO to split time between NZ and Singapore** [31 October/New Zealand Herald] New Zespri Chief Executive Dan Mathieson plans on splitting his time between New Zealand and Singapore as the global kiwifruit company seeks to further expand into international markets. The company plans to double global sales to \$4.5 billion by 2025. The company's current focus is on supplying markets all year round, meaning establishing suppliers abroad. Zespri already grows kiwifruit in Italy, Japan and South Korea, with 21 offices around the world.

**Viticulture**

**Award-winning Mt Difficulty Wines focus of Foley Family Wines talks** [25 October/Otago Daily Times] Foley Family Wines Chief Executive Mark Turnbull said discussions were under way for award-winning Mt Difficulty's potential purchase for an undisclosed sum. Mt Difficulty had nearly 40 hectares of plantings across six vineyards. Foley shareholder approval and Overseas Investment Office approval would be required before any final transaction. The shares of Blenheim-based Foley, owned by US businessman Bill Foley, were unchanged at \$1.30 following the announcement. For the year ended June, Foley Family Wines total revenue was \$37.8 million, up from \$34.8 million. After-tax profit had declined from \$4.95 million to \$3.05 million. Foley's had total assets of \$128.4 million and \$10 million debt.

**Champion Hawke's Bay wine comes from great grapes** [26 October/New Zealand Herald] Viticulturist Jonathan Hamlet was in charge of the grapes that went into Hawke's Bay A&P Bayleys Wine Awards Champion of Show wine - Te Awa's Single Estate Gimblett Gravels Hawke's Bay Merlot Cabernet Sauvignon 2015. Mr Hamlet was overjoyed with the result, which reflected the hard work he and his team had put in. Mr Hamlet knew which grapes would be going into the wine before the season started. The entire process was based on quality. He said the grapes were very much picked based on flavour, with attention to the fruit concentration and balance of tannins. Villa Maria has been growing organic grapes for more than 16 years and converting some of Te Awa into organic management is part of the company's plans to progress in sustainability.

**International success for Moana Park Sauvignon Blanc** [30 October/New Zealand Herald] Moana Park Winery has recorded another international accolade with its 2016 Estate Marlborough Sauvignon Blanc with the Outstanding Wine Under \$80 award at China's 9th annual Golden Bottle Awards. The award show is conducted by WINE Magazine and is attended by all the significant players in the industry. Speaking on the result, Winemaker and Owner Dan Barker said Moana Park strived for leadership in crafting superb natural wines that were vegan and vegetarian-friendly. Moana Park is the nation's leading low-allergen neutrally crafted wine focusing on sustainability, minimal intervention and vegetarian and vegan-friendly wines.

**Fishing and Aquaculture**

**MPI Warning: Social media seafood sales breach Fisheries Act** [26 October/New Zealand Herald] There has been a significant increase in illegal selling of seafood via Facebook. So far this year, the Ministry for Primary Industries had received more than 160 calls and emails reporting separate Facebook posts of people selling recreationally caught seafood. Buying and selling recreationally caught seafood, as well as swapping it, are offences against the Fisheries Act, and can result in fines of up to \$250,000. The ministry was expecting to see an increase in illegal selling as warmer weather set in and would investigate every incident that was reported.

**MPI split won't affect 'done and dusted' salmon farms, says NZKS** [29 October/Stuff] New Zealand King Salmon Chief Executive Grant Rosewarne confirmed the new Labour-led government and subsequent disbanding of the Ministry of Primary Industries would not affect the planned reallocation of salmon farms in the Marlborough Sounds. The proposal, announced last January, sought to move six salmon farms from low flow to high flow sites in an attempt to bring economic benefits. Residents and environmental groups opposed the plan citing environmental concerns. Mr Rosewarne said the process was done, dusted and complete. However, Environmental Defence Society Chief Executive Gary Taylor said last week he expected the proposal would be dropped, as Labour indicated it would repeal section 360A of the Resource Management Act, which King Salmon was using to override local government.

**Kono signs greenshell mussel deal with Ngāi Tahu Seafood** [31 October/Stuff] In a recent agreement Kono has acquired Ngāi Tahu's greenshell mussel assets. This includes a total of 15 farms, made up of seven in the Marlborough Sounds, two in Tasman Bay, and six in Golden Bay and Collingwood. Kono Chief Executive Rachel Taulelei said the deal allowed Kono to build a platform for future growth. Kono farmed more than 530 hectares last year and employed over 400 staff.

**Dairy**

**Eating more dairy foods could boost brain performance** [27 October/Stuff] Mounting evidence suggests that dairy products or probiotics could boost brain performance. An AgResearch team led by Nicole Roy are investigating how to make new products that utilise these benefits. The key is in the two-way communication between the gut and the brain. They will be using new technology to investigate signals from the gut to optimise brain development and performance. A second research project is investigating the fermentation process, and how it could be accelerated to create new flavours. The AgResearch programmes have been awarded more than \$21 million by the Ministry of Business, Innovation and Employment's Endeavour Fund.

**Saputo buys Australia's Murray Goulburn for A\$1.3b** [27 October/New Zealand Herald] Australia's largest dairy company, Murray Goulburn, will be bought by Canadian food giant Saputo for AU1.31 billion. Fonterra has expressed interest in the dairy group, which reported a loss of AU37 million for the 2016/17 year. The transaction includes milk supply commitments for Murray Goulburn suppliers totalling about AU114m. Murray Goulburn said it would retain all assets and liabilities associated with its ASX-listed MG Unit Trust and any liability concerning the current ACCC proceedings, ASIC investigation and unit holder class action, and any similar such actions.

**LIC must be agile in face of change: chairman** [30 October/New Zealand Herald] Speaking at the Livestock Improvement Corporation's (LIC) annual meeting in Invercargill, LIC chairman Murray King said New Zealand's dairy industry was vulnerable to disruption from new technology and innovation. This disruption will require constant adaptation and improvement to LIC's business portfolio. Cost efficiencies and business growth were seen over the 2016-17 financial year, delivered through the transformation programme. These improvements are predicted to expand earnings in future years. LIC's next step is to simplify its share structure in response to concerns raised by its shareholders.

**Milligans Food Group joins GDT Marketplace** [30 October/New Zealand Herald] Milligans Food Group, a manufacturer and supplier of ingredients, food products and animal nutrition products, is among three additional dairy ingredient suppliers to join Global Dairy Trade's GDT Marketplace. Milligans will offer 1kg packaged whole milk and skim milk powder, and powder blends. The other new sellers were Glanbia Ireland and United States-based dairy co-operative Cayuga Milk Ingredients. GDT director Eric Hansen said the trading platform had expanded massively over the past 6 months and now had 11 registered sellers and 239 registered buyers around the globe.

**NZ dairy companies fear common cheese names might be banned** [30 October/Stuff] New Zealand dairy companies are concerned that using names such as mozzarella and parmesan may be banned. The fears come following the recent registration of the cheese term Danbo as a protected geographic indication (GI), meaning only Danish companies will be able to use it. It is thought the European Union may push for similar registration of popular cheese names. Fonterra exported 51,000 tonnes of cheese to China last year, most of which is mozzarella. Phil Turner, Fonterra Director of Global Stakeholder Affairs, shared the industry's concern. Hohepa Hawke's Bay manufactures Danbo. Business Manager Neil Kirton said it would hurt the company if they could no longer use the name. DCANZ joined counterpart organisations from Uruguay, Australia, and the US in objecting to the registration of Danbo cheese.

**Oceania Dairy to invest \$200m more** [30 October/Otago Daily Times] South Canterbury-based Oceania Dairy, owned by China's Yili Group, is planning to build an advanced laboratory and invest at least another \$200 million in New Zealand operations. The company is currently in the process of commissioning the second stage of the laboratories development, which involves a canning and blending operation for infant formula. The first stage involved the construction of a 10-tonne-an-hour infant formula dryer. Total investment is around \$400 million thus far. The third stage will likely bring in another \$200 million, resulting in the total investment to reach around \$600 million. Most of the output will be shipped to China.

## Red meat

**Alliance shareholders re-elect directors** [30 October/Stuff] Alliance Group directors, Dawn Sangster and Russell Drummond have been re-elected unopposed to the board of the meat processing co-operative. Chairman Murray Taggart said the re-election of Sangster and Drummond unopposed indicated shareholder confidence. Ms Sangster has held a position on the board since 2011 and is also a director of Glenayr. Mr Drummond has been on the board since 2014. Both farm sheep and cattle in the South Island. Alliance is expected to release its annual result on November 22, with the co-operative's annual meeting in Te Anau on December 14.

## International

**Report: Agriculture in Top 5 Most Automatable Industries, Above Retail** [24 October/Agfunder News] McKinsey Global Institute has conducted a recent study looking at industry machine automation potential. Agriculture ranked fourth with 57 percent potential for automation, behind accommodation and food services (73 percent), manufacturing (60 percent) and transportation and warehousing (60 percent). Retail trade, mining, construction, and finance and insurance score 53, 51, 47, and 43 percent respectively. Results were achieved after studying 46 countries and evaluating the ability for tasks to be automated. Within agriculture, activities listed as having the highest automation potential include data collection, predictable physical labour, and data processing.

**World wine production 'to hit 50-year low'** [24 October/BBC News] The International Organisation of Vine and Wine (OIV) has confirmed that global wine production is expected to fall 8 percent to its lowest in more than 50 years. Extreme weather patterns in Italy, France and Spain are primarily to blame. The three European nations are the world's top three wine producers and are expected to see falls in production between 15 to 23 percent. The reduction in productive capacity will hurt smaller producers worst, as several years of poor harvest may put them out of business according to Rupert Millar, Fine Wine Editor of industry journal The Drinks Business. The reduction in European producers will be somewhat offset by a 6 percent increase in Australian and 25 percent increase in Argentina.

**New-wave wines for a new generation of wine drinkers; Winemakers are having to prove their mettle in catering to the taste buds of new customers as well as traditional ones** [26 October/The Guardian (London)] Wine producers are facing new challenges catering their wines to a new generation of drinkers. Rueda has changed character from the pungent, sauvignon style to a smoother, more textured white. Rosé has also been through several changes, now tasting more like a light red. Similarly, Rioja's have seen a new-wave of styles coming through, as a younger generation of wine producers seek a point of difference.

**80% of infant formulas contain arsenic, study finds; One-third of baby food products tested also contained lead** [26 October/The Independent] The Clean Label Project, a non-profit organisation that advocates consumer transparency, has released results from a new study that identified dangerous chemicals in baby food products. They analysed 530 different baby food products purchased in the last five months. Researchers found that 65 percent contained arsenic, 58 percent contained cadmium, 36 percent contained lead and 10 percent contained acrylamide. Most disturbing was that 80 percent of infant formula samples were found to contain the harmful toxin arsenic. The report called out several baby food retailers, including Enfamil, Plum Organics and Sprout, who they deemed as some of the worst offenders.

**New S.F. law on meat antibiotics; San Francisco votes to require records on antibiotics used in meat** [26 October/The San Francisco Chronicle] San Francisco signed into law on Tuesday a requirement for some grocery stores to report which antibiotics were used in the raw meat they sell. Supervisor Jeff Sheehy introduced the ordinance in September. Mr Sheehy became interested in antibiotic resistance while at the UCSF AIDS Research Institute. He agreed to sponsor the legislation when approached by the National Resources Defence Council. Starting next April grocers with 25 locations or more will have to file annual paperwork with the council stating which antibiotics were used by the producer on its animals. This information will not be on food labelling but will be published online. On January 1, California will become the first state to monitor the use of antibiotics in animals, and ban the use of antibiotics for nontherapeutic reasons, including disease prevention.

**KFC opts for a sporting menu** [26 October/China Daily] KFC is continuing to support healthy lifestyle projects. Recently they sponsored the Beijing Marathon and had 110 staff and 500 families complete a two-kilometre race in the Olympic Park on September 17. KFC Beijing General Manager Zhao Li said KFC continues to care for the physical and mental health of teenagers and families. KFC selected three restaurants as themed marathon outlets to support Beijing Marathon day. They also put up posters to encourage physical activity and launched a special menu for runners. The Beijing Marathon marked KFC's 30-year history in China. Since then the company has sponsored numerous sporting events including a 3x3 basketball championship for the past 13 years.

**How fish and farms can both survive; Open Forum On Collaboration to Aid California Salmon; How fish and farms can both survive in California** [26 October/The San Francisco Chronicle] In California, fish and farm lawsuits have been the preferred method of action when native fish populations have dwindled. Unfortunately, these courtroom cases rarely benefit the fish. Recently, however, farmers and fish advocates have come together and initiated several projects to pursue alternative solutions. Results of these projects are proving that these alternative solutions are the future of conservation efforts. Examples include the Sacramento Valley Salmon Restoration Program, aimed at increasing chinook salmon populations by improving habitat conditions, or the 25 fish habitat shelters created by River Garden Farms. Both projects have shown signs of restoring the chinook salmon species.

**Nestlé, Hershey and Mars 'breaking promises over palm oil use'; This year's Halloween confectionery will contain palm oil grown on land that should lawfully be habitat to orangutans, rhinos and clouded leopards, despite commitment to clean up supply chain** [27 October/The Guardian (London)] The Rainforest Action Network (RAN) has accused Nestlé, Hershey and Mars of deceiving consumers in promises to stop using conflict palm oil from deforested Indonesian jungles. The loss of Sumatran rainforest to lucrative palm oil plantations is driving tigers, orangutans and elephants in the area to extinction. In 2010 Nestlé promised to end deforestation in its supply chain by 2015. Four years on and Nestlé claims it can only trace 90 percent of its palm oil back to the mill of origin. Similarly, Hershey's said in 2014 that it would source all of its palm oil back to the mill level by 2015, and to plantations by 2016. However, plantation level sourcing fell in 2016 to only 14 percent, and the plan has been deferred to 2020. Mars did not respond to a request for comment.

**McDonald's name change signifies shift in strategy** [28 October/China Daily] McDonald's China has changed its name to the Mandarin translation of the Golden Arches: Jin Gong Men. The iconic logo has subsequently gone viral on Chinese social media. In an official statement, the name change occurred on October 12 and will remain on the licence level, leaving daily operations unaffected. The name change is indicative of a power shift within the McDonald's China business. Last August McDonald's announced a partnership with CITIC Ltd, CITIC Capital Partners and The Carlyle Group. CITIC and CITIC Capital hold a majority 52 percent stake, while Carlyle Capital and McDonald's hold 28 percent and 20 percent respectively. These strategic moves have been motivated by rival KFC's domination in the Chinese market.

**Global atmospheric CO2 levels hit record high; UN warns that drastic action is needed to meet climate targets set in the Paris agreement** [30 October/The Guardian (London)] The United Nations (UN) has released a new report warning of the record high carbon dioxide levels in the atmosphere. The levels are the highest they have been in more than three million years. Accordingly, they are asking nations to consider more drastic emission reduction schemes. The recent high levels can in part be attributable to a combination of human activities and a strong El Niño event. As the planet warms these events are expected to become more frequent. Unfortunately, the momentum from the Paris Accord in 2015 is weakening following US President Donald Trump's decision to quit the accord and as other governments fail to meet their emission reduction promises.

**Constellation Brands hops into marijuana beverage market with \$191M deal** [30 October/Food Dive] Constellation Brands announced it will acquire a 9.9 percent minority stake in Canopy Growth Corporation (CGC). CGC is a Canadian marijuana company. The USD191 million deal will allow Constellation Brands to incorporate cannabis into alcoholic beverages to stay ahead of trends. The company expects cannabis will soon be legalised. Canopy CEO Bruce Linton told The Wall Street Journal he hopes the deal will be a turning point for the growing marijuana market. Lagunitas Brewing launched an IPA made with marijuana terpenes in September this year, indicating a movement within the industry towards cannabis involved products. It is unclear if the marijuana-infused beer will be viewed as a novelty product, or if it will generate a significant consumer interest.

**China lifts ban on Australian beef** [31 October/The Sydney Morning Herald (Australia)] A Chinese ban on Australian beef exports has been lifted. The ban was a focal point of tension between Australia and China throughout the year causing considerable strain on the trade partner relationship. Trade Minister Steven Ciobo has confirmed that six exporters, who collectively contributed to a third of Australia's beef trade to China, can now resume exporting. In 2016/17 Australia's beef exports to China totalled more than AUD670 million.

Wool

**Fine wool market strikes decades-long high at Christchurch wool sale** [30 October/Stuff] Mid-micron hogget and fine wools reached record high prices at the Christchurch wool sale last week. Increased demand for quality wool resulted in strong competition amongst buyers, as the season for fine wool draws to a close.

## Farmers and producers

**Mycoplasma bovis cull 'excruciating time' for farmers** [27 October/New Zealand Herald] Sarah Barr, a Trustee of the South Canterbury Rural Support Trust, said the Mycoplasma bovis cattle culling was an excruciating time for farmers affected at a meeting on Thursday. Ministry Technical Liaison Officer Victoria Barrell said she wanted the ministry to get on with its planned cull of 4000 animals on five farms where M. bovis has been confirmed, to avoid protracting the farmers' pain. Selected vehicles would transport most of the cattle to meat-processing locations. Animals not fit for transport would be disposed of humanely on the farm. The disease is not a food and safety risk but is a beef and dairy cattle welfare and production disease.

**Farmers urged to check handling of hazardous substances** [30 October/Stuff] WorkSafe NZ Chief Inspector Darren Handforth is urging farmers to check their handling and storage of hazardous substances as changes to our health and safety regulations are due to come into effect on December 1. Mr Handforth said that farmers often underestimate the risks from using sprays and fertilisers, which can result in serious health consequences. Exposure to agrichemicals is a major contributor to work-related deaths in the industry. Mr Handforth explained that under the new rules many existing requirements would continue, so if currently compliant there may not be much for farmers to do. The first step is for farmers to identify and assess all risks on their farms. They need to keep an inventory of these, and read the appropriate data safety sheets. Mr Handforth said that a big area for improvement was in the storage of these hazardous substances.

## Health and Safety

**Zespri to pay \$250,000 after orchard worker dies in quad bike accident** [30 October/Stuff] Zespri has voluntarily paid \$250,000 towards safety measures following a quad bike accident in May 2016 that resulted in the death of an orchard worker. This sum included \$25,000 paid to the deceased's family. WorkSafe NZ accepted an enforceable undertaking from Zespri. Three other parties involved have been charged with the death. The parties charged include a contracting company, the grower, and a packhouse. The accident occurred during kiwifruit maturity sample collecting. Zespri had contracted AgFirst to conduct the collecting. WorkSafe NZ identified that Zespri failed to implement an induction at each orchard site, and a system whereby potential hazards were made available to sample collectors. WorkSafe NZ said that accepting the enforceable undertaking was appropriate given the circumstances of this case.

## Agri-tech

**Shaping the future of what we eat and grow through daring innovation** [17 October/Lincoln Hub Media Release] Lincoln Hub is teaming up with the Foundation for Arable Research (FAR), AGMARDT, Callaghan Innovation, Lincoln University and Creative HQ to bring a plant-based innovation hackathon to Christchurch in early December. The event, titled Feed the World 2030: Power of Plants Hackathon, will allow agritech food innovators, scientists, industry experts and entrepreneurs to come together and collaborate on the future of New Zealand agriculture. Of particular focus will be how New Zealand can develop new technologies and platforms to establish itself on the world stage of sustainability. Toni Laming, Lincoln Hub Chief Executive, said Lincoln Hub was excited for the event and at its potential. More information is available at <http://lincolnhub.co.nz/news/shaping-future-eat-grow-daring-innovation>

## Biosecurity

**Farmer groups looking at more biosecurity influence** [26 October/Stuff] Beef + Lamb New Zealand (B+L NZ) along with DairyNZ and Deer Industry New Zealand will meet with farmers to discuss signing the Government Industry Agreement for Biosecurity Readiness and Response Deed (GIA). The GIA would give the sector more responsibility in biosecurity, led by the Government. B+L NZ chief executive Sam McIvor said the GIA allowed farmers to have more direct influence on biosecurity preparedness and response decision-making. Signatories would also have to help fund the costs of a response, via a levy triggered if there was an incursion.

## Apiculture

**Study uncovers puzzling case of insecticides in New Zealand honey** [27 October/Stuff] Four samples of New Zealand honey tested positive for neonicotinoids, a class of insecticides, in a global study by Swiss Biology Professor Edward Mitchell. The findings are not in keeping with Ministry of Primary Industries testing, which found no traces of neonicotinoids in honey for sale. Mr Mitchell said the concentrations detected in Oceania samples were low and did not represent a health risk to consumers. Several countries have recently questioned the use of neonicotinoids, including France who has implemented a ban on the substance. Apiculture NZ chief executive Karin Kos said she was surprised at the findings and would need to know more about the samples. New Zealand's environmental regulator, the Environmental Protection Authority (EPA) recommends no insecticide spraying near hives, budding or flowering crops; and no spraying on crops likely to be visited by bees, or when bees are foraging.

## Environment

**Environment the main focus for the next decade for DairyNZ** [26 October/Stuff] At the DairyNZ annual meeting in Rotorua acting Chairman Barry Harris said the future of dairy lay in increased productivity and sustainability. This would be reflected in the new Dairy Industry Strategy to be launched next month. He said the sector would be positioned to making headway around the environment, animal welfare, the workforce, communities and global competitiveness. Harris said DairyNZ investment for the 2017/18 season would result in \$18.5 million going into research and development, \$16.1m on biosecurity and product integrity, and \$13.7m on farm profit. Chief executive Tim Mackle said the change of Government would have little impact on the strategy.

## Forestry

**Forestry group backs Government scheme** [27 October/New Zealand Herald] The Forest Owners Association has embraced the new Government's proposal to plant 1 billion trees over the next decade. Forest Owners Association president Peter Clark believes forestry was not getting proper attention when under the umbrella of the ministry of primary industries and is happy for the division into forestry, agriculture, and fisheries. Mr Clark said the new Government's target of planting an additional 50,000ha each year was optimistic but achievable. Mr Clark also believes this will boost forest planting on farms, as farmers try to offset their greenhouse gas emissions with the Government's proposal that farmers be bought into the emission trading scheme.

## Deer

**Department of Conservation slams illegal release of deer** [26 October/New Zealand Herald] A group of anti-1080 protesters has illegally released a herd of sika deer into North Taranaki forests. The Department of Conservation (DOC) strongly condemned their actions. DOC rushed into the area after an anonymous tip-off and had since worked hard to remove the deer, destroying five so far. DOC's Director-General Lou Sanson referred to the illegal release as selfish and short-sighted. The Taranaki region was home to multiple conservation operation efforts, including the reintroduction of the Kokako bird. A range of pest control methods had been introduced to achieve this, including the removal of feral deer, which provide an ongoing threat to native ecosystems. The incident has been reported and is under police investigation.

**Signs of stronger prices for NZ deer velvet** [30 October/New Zealand Herald] Deer velvet season has begun with farmers reporting high offers from buyers at rates 10-15 percent above the end of the previous season. Deer Industry NZ (DINZ) Market Manager Rhys Griffiths said that regulatory changes from China last season caused buyer confidence and prices to dip. China and Korea are NZ velvet's primary markets, with 60 percent of all NZ velvet consumed in South Korea. Deer Industry NZ estimates production will be marginally higher this season and reach 675 tonnes. The increased is reflective of a growing demand in Korea to use velvet as an ingredient in health foods.

## Irrigation

**Stormwater systems vulnerable to effects of climate change** [27 October/New Zealand Herald] A report commissioned by the NIWA-led Deep South National Science Challenge has said New Zealand's storm-water and wastewater systems are not prepared for climate change. It referred to the flooding incident at Edgecumbe last April, where raw sewage was left floating through the streets as an example of the challenges. Six months on, 500 houses remain unliveable and flood-proofing the town remains a distant goal. Professor White from Waikato University said a priority for Deep South Challenge was further research to better understand the risks.

**Alexandra hosting IrrigationNZ's national conference** [30 October/Otago Daily Times] Registrations have opened up for IrrigationNZ's national conference which is to be held in Alexandra next April. The conference is held every two years and usually features a variety of local and international speakers. Irrigation NZ Chief Executive Andrew Curtis said that the recent spotlight on irrigation and water issues in the media meant the conference was an important opportunity for the industry to come together to discuss the future of water management. Keynote Speaker Stuart Styles, Director of the Irrigation Training and Research Centre from San Luis, California, will talk at the event.

## Sustainability

**Federated Farmers: Agrecovery working hard to encourage recycling** [27 October/New Zealand Herald] Agrecovery, a not-for-profit charitable trust, is looking to improve recycling efforts in the farming industry. Last year the equivalent of 40 percent of agri-chemical drums and containers were collected and recycled via Agrecovery. This is short of the 60 percent Australia and Canada were achieving. Last month Associate Environment Minister Scott Simpson re-accredited Agrecovery's nation-wide product stewardship scheme for another seven years under the Waste Minimisation Act. Areas of focus moving forward include increasing the number of participating agri-chemical firms, increasing drop-off locations, and seeking greater involvement from Fonterra. Ultimately, Agrecovery wants to achieve horizontal integration of waste systems, covering silage wrap, paint, vet syringes, ag-chemicals and plastic.

## Biodiversity

**Whio gets extra help to survive predators** [26 October/New Zealand Herald] 44 new stoat traps have been deployed in the Mākaroro River to protect New Zealand's endangered blue duck or whio. The traps have been funded by Forest & Bird's new Grants for Nature Fund. The local Central Hawke's Bay branch with support from the Ruahine Whio Protection Trust will maintain the traps. The new line will bring the total number of whio protection traps in the Ruahine Ranges to about 1800.

## Primary Sector

**Value of primary sector to NZ noted** [25 October/Otago Daily Times] The latest Situation and Outlook for Primary Industries report, prepared by the Ministry for Primary Industries (MPI), showed New Zealand primary industry exports reached \$38.1 billion in the year ended June 2017. This was an increase of 2.4 percent over the previous year, and \$7 million higher than previously estimated. Federated Farmers vice-president Andrew Hoggard encouraged the incoming government to initiate policies which reflected the value of our primary sector to the wider economy. MPI forecast primary industries exports to rise 9.3 percent in the year ending June 2018 to \$41.6billion, and again 1.8 percent in the year ending June 2019 to \$42.4 billion.

## Organics

**US organics entrepreneur brings business boot camp to NZ** [24 October/ Buy Pure New Zealand Media Release] American Entrepreneur Gary Hirshberg is coming to New Zealand to help Kiwi natural and organics businesses learn how to create new markets for their products. Mr Hirshberg is the chairman and former CEO of Stonyfield Farm in New Hampshire, the world's largest organic yoghurt company with more than US\$370 million in annual sales. Joining Mr Hirshberg will be Business Strategy and Finance Consultant Bob Burke, and Organic Foods Wholesale and Retail Expert Walter Robb. The two-day boot camp will run on November 6 and 7 at the ANZ Centre and is sponsored by New Zealand Trade and Enterprise, ANZ and The Foodbowl.

## Food Rescue

# Field Notes

Weekly news update from the KPMG Agribusiness Network – 1 November 2017

**Food Rescue Northland turn 5 tonnes of excess food into 9020 meals** [30 October/New Zealand Herald] Food Rescue Northland has created 9020 meals from 5 tonnes of food that would have otherwise ended up in Whangarei landfill. These meals have been used to feed those in need. The group, led by One Double Five Community House Charity, collects surplus food from Whangarei growers/retailers and distributes them to high need communities across Northland. The initiative officially launches on Wednesday but started collecting and distributing food on 3 July after a survey by the District Health Board identified the need for the service. One Double Five were approached in October last year and jumped on board to lead the initiative.

## New Zealand Strategy

**New Agriculture Minister Damien O'Connor warns of threat to primary industries** [30 October/Stuff] New Agriculture Minister Damien O'Connor warns that an environmental and sustainability clean-up of our rural sector is necessary to maintain our presence in high-value markets and that disruption is upon us. Mr O'Connor, who is the Labour electorate MP for West Coast-Tasman, said his big push for the first term of the new Government was for the development of strategic visions and plans for every sector of the primary industry. He also said that he takes very seriously the threat to our industry from alternative meat products. O'Connor agreed the changes might cause nervousness among farmers, many of whom had high levels of debt and little financial flexibility. However, ensured that the government would work with farmers to help the transition to better farming systems.

## Food Waste

**Kiwis waste \$1.8b of food a year** [30 October/New Zealand Herald] New research commissioned by a division of RaboBank New Zealand has revealed New Zealanders waste an astounding \$1.8 billion on food every year. This equals an eighth of what they buy each week. The survey identified that 94 percent of New Zealanders waste food. They also identified food going off before consumption as the leading contributor to waste (55 percent). Millennials were identified as the worst waste food offenders, while Baby Boomers wasted the least. Rabobank New Zealand Chief Executive Daryl Johnson said that Kiwis were not aware how much food they were wasting. Rabobank recently announced the Kickstart Food global activation programme to accelerate the transition to a sustainable world food supply.

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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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