



Hot Off The Press:
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 Agenda 2017**

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AGRIBUSINESS

Field Notes

Weekly news update from the KPMG Agribusiness network

9 May 2018

Organisations referenced in this week's Field Notes include:

A.T. Kearney	Icebreaker
AbacusBio	Lincoln University
Alliance Group	Ministry for Primary Industries
Amazon	Moa Brewing Company
ANZ	Monsanto
Apata	National Party
Bayer AG	Nestle
Beef + Lamb New Zealand	Neto Group
Beingmate	Ravensdown Fertiliser Co-operative
China Meat Association	Seeka
Datamars SA	Silver Fern Farms
Del Monte	SoftBank
Department of Conservation	Starbucks
European Commission	The Apple Press
Federated Farmers	The Community and Public Sector Union
Feed My Fur Baby	Tru-Test
Fishpeople	Tyson Ventures
Flipkart	VF Corporation
Fonterra Co-operative Group	Waikato Innovation Park
Forestry New Zealand	Walmart
Future Meat Technologies	Zespri
Grand Farm	
Greenlea Premier Meats	
Horticulture New Zealand	
Hunting and Fishing	

This week's headlines:

Environment and emissions	New Govt. water plan would curb intensification [6 May/NZ Herald]
Horticulture	Ministry declares 1200-person kiwifruit labour shortage in Bay of Plenty [8 May/The Country]
Red meat	NZ hopes to sell more lamb and beef with new brand [2 May/NZ Farmer]
Biosecurity	M bovis battle: Govt. risks 'burying' biosecurity problems [4 May/Radio NZ]
Dairy	Global dairy prices drop 1.1 percent [2 May/Radio NZ]

Environment and emissions

New Govt. water plan would curb intensification [6 May/NZ Herald] Environment Minister, David Parker, introduced new measures that could bring a stop to further dairy farming intensification. The new plan is intended to reduce farming intensity which the Minister blamed for driving pollution in rural waterways. He added that although cow numbers had already peaked and were going down, in some areas the number of cows was higher than the environment could sustain. The proposal will be based on nutrient limits rather than a cap on cow numbers. He noted one possible solution could be a shift toward more cropping and horticulture. Mr Parker added people could expect big changes next year to the Resource Management Act as it tackled the issues of councils taking too long to change a plan, and that there wasn't enough national guidance on areas that should be standardised across the country. A more comprehensive longer term review of the resource management system would be considered next year.

Government "out to get farmers" [7 May/Dairy News] The Government plans to cap dairy herds is ill thought out political grandstanding, according to National Party Leader, Simon Bridges. He said that the plan to regulate the number of cattle farmers were allowed per hectare was another example of the Coalition Government's assault on the regions. Environment Minister, David Parker, said there were too many cows and that in some areas the number of cows exceeded the amount the environment could sustain. Mr Bridges noted that National agreed that water and environmental improvements needed to be made, however they needed to be achieved through implementing a considered plan that all parties can work through over time, including urban communities. Mr Bridges suggested that the coalition government were coming out with bold statements driven by values, and not actually by hard evidence.

Agri tech

Revenue at Waikato Innovation Park soars 28% to \$546m [3 May/NZ Herald] Survey results from the Waikato Innovation Park reinforced the region's title as New Zealand's fastest growing tech region with 28 percent growth in the revenue of park tenants. Tenant numbers lifted to 60 from 44 in the previous year. Full-time equivalents working outside the park for its tenants had doubled on the previous year to 2,664. Hamilton recorded \$109m revenue growth among its top technology companies last year. Chief Executive, Stuart Gordon, said the survey results reflected the regions robust economic growth and reinforced the strength of its start-up and technology sectors. The export focus of the tenants had changed from China in 2016 to North America and Europe. Mr Gordon added that the park was a desirable address for start-ups and its attractive facilities and layout was a strong lure. The survey showed more than 25 percent of companies collaborated in ventures with other tenants.

Electric fence maker Tru-Test carves off large portion to sell to Swiss company [7 May/NZ Farmer] Tru-Test has entered into an agreement with a Swedish company, Datamars SA, to sell most of its business. The deal involved the Tru-Test brand, its milk meters business and the functions of their retail solutions division which included its electric fence arm. The two divisions accounted for around 85 percent of its revenues. Tru-Test Chairman, John Loughlin, said Datamars was a logical buyer and would create a unique global business. They make animal tags and tag readers, so together the companies would have greater scale in the animal traceability area. If the deal proceeded, the Dairy Solutions division would remain as a standalone business. Tru-Test's biggest shareholder is a private equity firm in Australia who own 41.4 percent of the company.

Forestry

Northland farmers to help plant a billion trees [3 May/The Country] Farmers are being conscripted to dig in to assist with Shane Jones' plan for a billion trees to be planted over the next ten years. Forestry New Zealand Head, Julie Collins, said the Afforestation Grant Scheme and joint ventures were two mechanisms to assist the coalition Government's billion-tree planting programme. Former Beef + Lamb NZ Chairman, James Parsons, added that the Government's key drivers for the big planting programme were how to use forestry to create regional economic development and how to integrate forestry into more sustainable land use. The number of seedlings available would limit planting this year. The Ministry for Primary Industries is providing grants of \$1,300/ha for growers to plant small to medium-sized forests. The scheme aimed to reduce soil erosion. The Emissions Trading Scheme was also creating interest in tree planting.

Logging companies could over-ride toxic fumigant deadline [7 May/Radio NZ] Log and timber exporters could be able to override a deadline for stricter controls around the use of the highly toxic fumigant, methyl bromide. Methyl bromide is a toxic substance and the Environmental Protection Authority ruled in 2010 that users would need new technology in place by 2020 to collect and store the used gas after fumigation. Applicants can apply for grounds for reassessment under the Hazardous Substances and New Organisms Act. Chairman, Don Hammond, said there was an expectation technology would have been created by now, however there is yet to be such a product. He added that logging ships typically fumigate at sea once they leave port. Methyl bromide has a big impact on the ozone layer. Sue Lindsay, the widow of a Nelson port worker, was surprised by the authority's latest decision and said it showed a lack of commitment to the banning of methyl bromide.

Emerging markets

The homegrown 'My Food Bag' version for our pets says it can hold out against Amazon's effect [6 May/Stuff] Amazon has recently joined the multi-billion dollar pet food industry by creating its own line of kibble. Kiwi pet food subscription company Feed My Fur Baby Founder, Ben Rennell, said New Zealand consumers were different from American retailers in that they valued home grown products and quality. Mr Rennell added it would take Amazon a few years before they come to New Zealand to settle into the market. The pet food industry is worth \$400 million in New Zealand. Feed My Fur Baby provides customised meals for pets based on age, weight and activity level. China was the one of the world's fastest-growing markets for pet food and pet care products. Mr Rennell noted that while he did not have immediate plans to take the company overseas, it was something they planned to do in the future. He said New Zealand goods were valued locally and internationally because of our reputation.

Wool

Icebreaker buyer VF Corp used sweatshop labour [4 May/Stuff] Icebreaker was recently sold to VF Corporation, owner of a range of brands including Timberland, North Face and Wrangler, and in its consideration of the transaction the Overseas Investment Office explored allegations in relation to the company's poor history around worker conditions, including evidence of mistreatment of workers in Asian factories over the past three years. VF Corp work with around 1,000 suppliers internationally and said that it worked hard to make certain working conditions were in accordance with local laws and regulations. In a ranking based on human rights policies, traceability and transparency, whether supplier factories were audited and worker empowerment, Icebreaker achieved an A+ ranking, whereas VF Corp only achieved a B. The OIO is required to consider all allegations of offending and whether or not it resulted in a conviction. From the last nine lawsuits, none were deemed to reflect poorly on the character of VF Corporation. The decision listed 29 lawsuits which dated back to the 1990s. The OIO said VF had robust protocols and programmes in place to ensure all workers received fair working conditions. The OIO report was sourced under the Official Information Act.

Horticulture

Chinese authorities intercept 120 trays of fake Zespri product at fruit market [3 May/Stuff] Chinese government officials intercepted 120 trays of fake Zespri kiwifruit being sold in a fruit market. Zespri Mainland China General Manager, Holly Brown, said Zespri worked with Chinese government officials to identify and prosecute where possible. Ms Brown said Zespri sold \$500 million of kiwifruit in mainland China last season and China was now on par with Japan as its largest market. Zespri Spokeswoman, Rachel Lynch, added that its tracing technology was confidential. Zespri was not the first New Zealand company to be imitated in China, with Moa Brewing Company being copied in 2015. A Chinese court ordered two defendants to sign personal undertakings that meant they could face prison terms if they reoffended.

Four vie for HortNZ Board [2 May/Rural News] The Horticulture New Zealand Board elections opened with four candidates competing for two positions. Horticulture New Zealand President, Julian Raine, said they had not had such strong contest for some time and the calibre of candidates indicated how well horticulture was doing. Mike Smith offered himself for re-election, and the new candidates are Kathryn de Bruin, Bernadine Guilleux, and Lesley Wilson. Horticulture New Zealand represented over 5,000 commercial fruit and vegetable growers who employed around 60,000 people. Mr Raine added that they wanted the best people for the two available positions. Directors are elected for a three-year term and any active grower member of Horticulture New Zealand could vote.

Lid is off Whakatu's new \$30m 'black box' apple juice drink factory [8 May/The Country] A new \$30 million drinks factory in Whakatu was opened and hosts newly formed apple producer, The Apple Press. The company was founded by local apple grower and businessman, Ross Beaton. The plant employs 27 people and can produce thousands of bottles of juice per hour. Mr Beaton likened it as the bottling equivalent of a BMW. He said that it was exciting and they had fabulous ingredients, world leading technology, and they were making an outstanding product that could take on the world. He added that they used apples that were blemished ugly fruit. He noted that they cold pressed the apples to capture all of the flavour and aromas of the apple. The facility had the ability to trace apples back to the orchards they came from and the bottles were 100 percent recyclable.

Ministry declares 1200-person kiwifruit labour shortage in Bay of Plenty [8 May/The Country] For the first time in over a decade, a seasonal labour shortage was announced in the Bay of Plenty. The Ministry of Social Development said the region needed 1,200 additional workers to pick and pack kiwifruit. Zespri did not expect the labour situation to have any material impact on the season or delay fruit reaching markets as planned. The Ministry's Regional Commissioner, Mike Bryant, identified the strong kiwifruit season, decreased international students, the industry bouncing back from the PSA disease and a relatively low unemployment rate as factors that led to the shortage. Apata Managing Director, Stuart Weston, said the solution was not as simple as paying people more. He said it wasn't about pay rate but was instead about labour supply. Seeka Chief Executive, Michael Franks, said some night shifts were cancelled and one machine was down due to there being too few staff.

Red meat

Cheaper lab meat to put pressure on farmers by vying with mince and other red meat cuts [4 May/NZ Farmer] According to the Managing Director of AbacusBio, Dr Anna Campbell, New Zealand farmers were in danger of becoming redundant due to synthetic meat. She said that although synthetic meat was expensive at the moment, companies would scale it and make it cheap. She challenged farmers to keep on top of fast moving technology. Ms Campbell added that NZ had a future producing meat to people with money, as long as it told the free-range farming story well. She noted that synthetic meat was an extreme example but there were opportunities for New Zealand as we grow plants very well. Plant based meat could become a big part of the dining table. She encouraged taking risks with innovative ideas and noted that big companies were often about efficiency and pumping things out through the door rather than being creative and accepting failures.

NZ hopes to sell more lamb and beef with new brand [2 May/NZ Farmer] Beef + Lamb New Zealand hoped its new brand would hit the sweet spot for global consumers. Beef + Lamb NZ Market Development Manager, Nick Beeby, said it was developed and refined with consumers in Britain, the U.S., India, China and other countries. He added that there was increasing demand for red meat, but consumers wanted premium red meat. Lamb had strong potential for value and demand. He noted that many consumers thought New Zealand beef and lamb was finished in a feedlot instead of being grass fed and as a result there was a marketing story to tell. Mr Beeby emphasised that consumers wanted to know more about how the animals were raised. The new brands are The Red Meat Story and Taste Pure Nature. They are promoted as a unique point of difference and are central to its promise of the purest, most natural meat taste experiences.

China positive on NZ chilled meat after year's trial [7 May/NZ Farmer] More New Zealand chilled beef and sheepmeat will be sent to China as initial trials appeared to have met Chinese approval. Deputy Secretary-General of the China Meat Association, Gao Guan, said the trials were promising and that China had a shortfall of beef and sheepmeat. The first shipments were headed by Alliance Group and Greenlea Premier, and were followed by Silver Fern Farms. Alliance Group worked with Harbin-based company, Grand Farm, who import and distribute chilled and frozen meat. Grand Farm Managing Director, Wang Zhilei, added it was too early to say how well the chilled meat trade was proceeding and that there was a lot of potential but also a lot of challenges. Alliance and other companies aimed to focus on the grass-fed high animal welfare and food safety theme. Alliance General Manager of Sales, Murray Brown, said chilled meat was relatively new in China.

Biosecurity

'Mycoplasma bovis' cases still rising [3 May/Rural Life] In the latest update, the Ministry for Primary Industries confirmed there were 37 farms with the Mycoplasma bovis disease. However, the current number stood at 32 because of recent cullings. There is one North Island location in the Hawke's Bay. Fifty two properties were under movement restrictions. The update said that the testing could be recommended due to the property's geographic location, the movements of cattle on and off the farm, or some other risk factors. The ministry was looking into developing a test for the disease. Ministry Response Director, Geoff Gwyn, said they had identified that interpreting one-off test results was challenging and carried risks for farmers. The tests currently available could result in a lot of false positives. Ministry Response Liaison Officer, Elizabeth Taylor, added that once the test was verified it would be priced for commercial use, however no time frame could be given.

M bovis battle: Govt. risks 'burying' biosecurity problems [4 May/Radio NZ] Agriculture Minister, Damien O'Connor, wants farmers to pay 40 percent of the \$1 billion cost of eradicating Mycoplasma bovis, however National said it was well outside the agreed GIA framework. National Party Agricultural Spokesperson, Nathan Guy, leaked details of the expected costs of different options to deal with the disease, and accused the government of pressuring farmers to pay up to half of the costs. The agreement divided agricultural diseases into ten categories, and the cost-share for any particular incursion is agreed between the MPI and the signatories. The costs for dealing with Mycoplasma bovis ranged from \$450 million to \$870 million depending on the response taken. Mr O'Connor said however that he thought those were underestimates. Mr Guy said that if you don't have compensation, the issues are buried underground. He added that the coalition government's priorities didn't appear to be rural communities, but instead giving university students help with the free tertiary education rather than the important issues.

Popular Waitakere Ranges tracks reopen [5 May/Radio NZ] Two popular tracks in the Waitakere Ranges were reopened after work to prevent the spread of kauri dieback. Large parts of the ranges were closed as Auckland Council joined local iwi to fight the disease that is fatal to kauri. Two of the tracks had been upgraded to make it harder for the fungus to spread. Auckland Council's Regional Parks Manager, Rachel Kelleher, said the paths were resurfaced with gravel which meant dirt would not be stirred up as people walked. Barriers were put up to keep visitors out of some places, and walk-through shoe cleaning stations had been installed. Almost 170 tracks in the Waitakere Ranges Forest Park remained closed, with strict guidelines required for the few that remained open. Those caught disobeying the rules faced a maximum penalty of three months' imprisonment or a \$50,000 fine.

Farmers and producers

Call for tougher penalties for rustling [3 May/Rural Life] Federated Farmers Meat and Wool Chairman, Miles Anderson, urged farmers to keep the livestock theft conversation going. He called for legislation to be altered with tougher penalties introduced. Mr Anderson was pleased with the reception received from the select committee, and hoped the report would recommend stiffer penalties. He was personally targeted by rustlers five years ago when 35 prime lambs were taken over a couple of nights. He added that most farmers he knew had stock taken at some point, and it happened regularly around the country. He noted that there were people doing it for butchering the animals and selling the product. Hunting and Fishing New Zealand Timaru Owner, Alister Jones, said in February a huge percentage of his sales were going to farmers who wanted to protect their land and property.

Dairy

Global dairy prices drop 1.1 percent [2 May/Radio NZ] Dairy prices fell in the largest GlobalDairyTrade auction. The average price decreased 1.1 percent. The price of whole milk powder was down 1.5 percent, however there were gains in the price of skim milk powder and cheese. Rabobank Dairy Analyst, Emma Higgins said the drop was not overly concerning. She added that New Zealand product pricing tended to wane over the coming few weeks as we moved into our seasonal production hiatus and sentiment trailed off as the focus shifted to the Northern Hemisphere. Ms Higgins noted it was likely due to a lower than usual supply of fresh produce. She expected Fonterra's forecast farmgate milk price of \$6.55 a kilogram to remain constant.

Beingmate joint venture needs new leader [8 May/Dairy News] Fonterra's Beingmate joint venture needed a leadership revamp, according to its China business head, Christina Zhu. She added that Beingmate needed a strong leadership team and chief executive, and that it was in the process of ensuring that was in place. Beingmate reported a loss of \$230 million for 2017 which was bigger than expected. Fonterra owns 18.8 percent of the company. Ms Zhu said its infant formula has never had a food safety issue and was still a trusted brand. She added that an effective distribution network and strong leadership was missing. The results reinforced the urgency of Beingmate's business turnaround plan.

Pest free New Zealand

DOC to work with iwi over wild pig problem [6 May/Radio NZ] The Department of Conservation said it would consult with its iwi partners on what to do about wild pigs in a Northland kauri forest. Conservationists noticed the extensive pig damage in the remote Warawara and Herekino forests. The forests contained some of the largest stands of ancient kauri in the north. DOC's Kaitiaki Operations Manager, David Noho, added that he would talk to tangata whenua about a possible action plan. He noted the matter was complex as the pigs were food for locals, yet the area they were destroying was a cultural treasure. Mr Noho said they would need to talk to a variety of people about the best option.

International

Federal Government drops A\$20m into Tasmania's fruit fly war chest [6 May/ABC News] The Australian Federal Government has announced that it would spend \$20 million to battle fruit flies in Tasmania. Some feared the money came too late and would not be spent on the frontline workers needed to detect the pest. Larvae was detected at three sites and a fruit fly was also found at George town. Tasmanian Senator, Richard Colbeck, announced the funding and said the money was aimed at maintain Tasmania's reputation in the global market. He added that they understood how important Tasmania's fruit-fly-free status was. Tasmanian Primary Industries Minister, Sarah Courtney, said it was very pleasing that they hadn't had any more fruit fly detection over the past month or so. The Community and Public Sector Union's representative, Tom Lynch, was concerned that it was a one off payment and may not be used for more frontline workers. He noted that there were more visitors coming to Tasmania, meaning more staff were needed.

Tyson Invests in Israeli Cultured Meat Start-up Future Meat Technologies [2 May/AgFunder News] An Israeli start-up that manufactures meat from animal cells, Future Meat Technologies, raised USD2.2 million in seed funding. Their largest investors were Tyson Ventures and Neto Group along with others. Founder and Chief Scientist, Prof. Yaakov Nahmias, said the company was focused on producing cultured meat in a cost-efficient way. He added that it was difficult to imagine cultured meat becoming a reality with its current production price. It also claimed to be the first to produce animal fat in a laboratory without harvesting animals and without any genetic modification. Future Meat planned to use the funding to establish its engineering activities, increase its biological research, as well as recruiting additional staff.

Del Monte targets young shoppers with canned launch [4 May/Euro Fruit] Del Monte are trying to make tinned fruit fashionable again and have released a premium and stylish Gold pineapple range. It launched two new products including pineapple chunks and pineapple slices. Del Monte's Commercial Director, Martin Tilney, said he was keen to attract young shoppers to the canned fruit aisle, which can be considered old fashioned these days. He added that the range features impactful packaging and that they were confident it would attract a wider and younger audience who may not have previously considered purchasing canned fruit. He noted that previously, pineapple quality varied in winter months but now with their Gold variety, the best taste and quality experience was ensured all year round. They claimed it was a naturally sweeter variety.

E. coli breakout tied to romaine lettuce kills 1 in California, expands to 25 states [3 May/CNBC] A week long E. coli outbreak in the US has killed one person and expanded to half of the U.S. states. The U.S. Centers for Disease Control and Prevention said 121 total cases were reported. The U.S. Food and Drug Administration were investigating the outbreak and said illnesses at an Alaskan prison was tied to whole-head romaine lettuce linked to Harrison Farms. The CDC urged people to not eat romaine lettuce unless they could confirm it didn't come from the Yuma region. The infections have hospitalised 52 people. It can lead to kidney failure.

Walmart reportedly beats Amazon to Flipkart with USD15B bid [4 May/Food Dive] Walmart appears to have succeeded in what was reportedly a pitched battle with Amazon to acquire Flipkart, the Indian online retailer. The board of Flipkart Online Services PVT approved an agreement to sell 75 percent of the company to Walmart for USD15 billion. The proposal includes Japanese SoftBank, selling more than 20 percent of its Flipkart interest. Board members favoured Walmart's offer because the company believed regulators would more likely approve it than a takeover by Amazon. Flipkart is perceived as an Indian company and there was a nationalistic part to that. This could ease concerns by Indian regulators. India was the top developing country for retail investment, according to A.T. Kearney's Global Retail Development Index.

EC to invest EUR10bn in agri-food research and innovation [4 May/Food Navigator] The European Commission planned to invest EUR10 billion into supporting agri-food research and innovation under its framework programme Project Horizon. Agriculture and Rural Development Commissioner, Phil Hogan, said continued investment would contribute to the development of a more productive and sustainable EU agriculture and food sector. The project was designed to facilitate efforts to make European foods more sustainable and healthier. Mr Hogan added that the achievements of the project were based on a unique framework which built on the strengths of the CAP and Horizon 2020 policies. The EC developed new tools including the European Innovation Partnership on agricultural productivity and sustainability. Commissioner for Research, Science and Innovation, Carlos Moedas, said the additional funding would support the use of big data in food production.

Face of GMOs at Monsanto to Step Down as Bayer Takeover Closes [8 May/Bloomberg] Monsanto executives have announced that they plan to depart after the company's takeover by Bayer AG is completed. One of those leaving was scientific leader Robb Fraley. He has been at Monsanto for over three decades and helped shape the company. Chief Executive Officer, Hugh Grant, was also leaving after 35 years at Monsanto. The technology Monsanto developed transformed farming around the world and inspired passionate protests among activists. Mr Fraley sought to improve consumer perception of GMOs by calling it sustainable farming. As Mr Fraley focused on defending GMOs, the technology has seen challenges as weeds had gained resistance to Roundup, and newer tools such as gene editing were being seen as keys to the future of food production. The Bayer Monsanto merger is still waiting regulatory.

Nestle to pay \$7.15 billion to Starbucks to jump-start coffee business [7 May/CNBC] Nestle will pay Starbucks USD7.15 billion in cash for the rights to sell Starbucks branded retail products around the world in a global alliance. The deal reinforces Nestlé's position as the world's biggest coffee company. Starbucks will use proceeds to speed up share buybacks and add to earnings per share by 2021. Starbucks Chief Executive, Kevin Johnson, said the global coffee alliance would bring the Starbucks experience to the homes of millions more around the world. Starbucks expected to return USD20 billion to shareholders in 2020. Nestle would take on 500 Starbucks employees as part of the deal. Euromonitor Analyst, Matthew Barry, said Nestle was by far the largest hot drinks company with more in sales than the next five combined. Nestlé's Chief Executive, Mark Schneider, identified coffee as a strategic area for investment. Starbucks was rapidly expanding to China.

Fishpeople CEO: 'Seafood is stuck in the '20s' [7 May/Food Navigator] The average household use of seafood remains very low according to Nielson data. U.S. seafood sales did increase this year by 3.4 percent in dollar terms, however this was driven by the 4.5 percent rise in the average retail price of most fish. Fishpeople was founded by a former commercial fisherman and a financial professional who bonded over a concern for reviving North American coastal fisheries which had been historically overfished. Fishpeople is committed to harvesting only sustainable seafood species and keeping the value of seafood in local communities. Local fishermen had traditionally not received a premium for their fishing methods, but the company's approach had the potential to make a few huge difference to regional communities. Fraudulently labelled fish was a problem, leading to two thirds of seafood consumption taking place at restaurants. Consumer education was a missing link for most seafood producers, and provides potential growth opportunities.

Economics and trade

CPI rise pushed by dairy, aluminium exports [7 May/The Country] Dairy and aluminium export prices increased 1 percent according to the monthly ANZ commodity price index. The forestry sector also managed its 20th growth month in a row, and of the seventeen indexed commodities seven rose and five remained unchanged, according to ANZ Agri Economist, Con Williams. He added that the main thrust was provided by the dairy complex. The New Zealand Dollar lost ground against the US Dollar and British Pound, but moved higher against most trading partners. Mr Williams noted gains were due to a range of influences such as sluggish European production and broad-based demand creating inter-market competition. He emphasised that China's clampdown on excess production and capacity restrictions to improve air quality continued to support prices. Beef prices fell 4.2 percent and wool prices increased 2.6 percent.

Field Notes

Weekly news update from the KPMG Agribusiness Network – 9 May 2018

Water

Ravensdown effluent tech aimed at saving water [7 May/The Country] Ravensdown and Lincoln University are launching new technology aimed at saving water that is being used to wash down dairy yards. According to Ravensdown Effluent Technology Manager, Jamie Thompson, ClearTech was designed to cut freshwater use, help existing effluent storage go further and reduce the environmental and safety risk. About a quarter of a dairy shed's water use was on yard washing. ClearTech was forecast to save 42 billion litres of water per year through re-use of water. Mr Thompson said about 70 percent of dairy farmers' environmental spending was on effluent management, so this would help them save money by making their effluent storage go longer and help them meet their compliance obligations. Lincoln University representatives added in a statement that they were encouraged to see the willingness and desire to collaborate from the dairy industry in the development of ClearTech,

Arable

Flat prices force arable farmers to reduce grain plantings [7 May/NZ Farmer] Arable farming leader, Brian Leadley, said arable farmers were likely to reduce grain crop plantings unless grain buyers signalled their interest soon as flat prices took their toll. He added that below sustainable prices meant end users of grain needed to be talking to suppliers to register their interest to assist arable farmer's decisions. Conversely, prices for feed wheat and barley were up. Prices up to \$400 a tonne were offered for milling wheat from this year's harvest. Growers were considering how best to use their ground including spring options such as vegetable production. This year's harvest was seen as poor by many growers with yields down 12 percent on average. Mr Leadley noted that an early and compressed harvest meant the surveyed crops were completed by April 1, including oat crops that were normally harvesting later in April or May.

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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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