

AG BRIEF

A weekly summary of all that's news in the primary industries

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AGRIBUSINESS

PGG Wrightson Seeking \$150 million

PGG Wrightson is now seeking up to \$150 million from investors for its dairy and beef farming venture in Uruguay. In September [AgBrief 06-38], PGGW said it would seek more than \$100 million for NZ Farming Systems Uruguay to buy and develop farms, using intensive pasture-based farm management systems developed in New Zealand. The NZFSU prospectus is seeking up to \$150 million, with a \$50 million minimum. PGGW directors are planning to invest \$5 million, and Craig Norgate's Rural Portfolio Investments is to put in \$10 million. NZFSU chairman, Keith Smith, described it as a long-term farming investment rather than a property development and sales scheme. NZFSU will buy 3 existing PGGW farms in Uruguay and then buy and develop more land. (NZ Herald)

Farmers Cut Back on Spending

Producers have reacted to a stronger NZ\$ and concern about the future by cutting back on their spending, PGG Wrightson's annual meeting was told. Chief executive, Barry Brook, said the company was facing more intense competition in an unfavourable rural economy. Chairman Bill Baylis said that when the company reported results in August it noted an improved outlook and farmer confidence, heavily influenced by a weaker dollar. But the strengthening NZ\$ since meant that farmers were noticeably more cautious about spending.

Rural real estate activity had slowed, with transactions taking longer to complete. Also, heavy rain in some areas and dry conditions in others meant livestock sales volumes were down and the wool clip had been affected. The pastoral seeds business had been hit by the slow start to spring. On top of all that, the drought in Australia had impacted on the company's business there. It was likely that some recovery would be seen in the company's fortunes during the rest of the financial year, but in the meantime there was a strong emphasis on controlling costs and capital expenditure. (Christchurch Press)

PPCS Plans \$75m Bond Move

New Zealand's biggest meat processor, PPCS, plans to refinance \$75 million of July 2007 bonds, starting this month. Company chairman, Reese Hart, said it was refinancing the bonds before they matured to replace them with a debt maturity better aligned with its full-year results. The co-operative has confirmed its full-year results for the year to August. Net income was \$31 million, including a one-time gain of \$18 million, up from a year-earlier loss of \$19.9 million. (Otago Daily Times)

Agribusiness Jobs Online

AgCareers.com, the large American human resource service provider, has launched in Australia and New Zealand. The niche agribusiness operator runs one of the largest online agricultural career sites in the world. Its North American agricultural recruitment website reportedly receives over 1 million page views per month -

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40,000 unique users. Bringing the AgCareers.com brand to this part of the world is Australian firm Rimfire Resources, a specialist agribusiness solutions provider. Managing director, Mick Hay, said that attracting top talent was a global issue for agribusiness, not just a local one. Their North American site posts 1500 new jobs a month across the whole spectrum of agribusiness – from production, sales and marketing, finance and R&D, to natural resource management and general management. (AgBrief Staff Report)

Wool Sells Well at Christchurch

The South Island wool sale at Christchurch saw gains of 6%-12% for the longer, better-style Merino and halfbred fleece types – in line with the recent increase in prices in Australia. The shorter length types, as well as hogget and tender wool, attracted restricted interest due to the large volumes available in Australia as a result of the drought. The limited offering of fine crossbred types attracted good competition, and prices increased by 2%, however the larger volume of shorter hogget types was not so well supported, mainly due to restricted interest from China. 9238 bales were on offer, with 87% sold. The fine wool market indicator price lifted by 59¢ to 1184¢/kg; the mid-micron indicator jumped 71¢ to 675¢; the fine crossbred indicator was up 1¢ at 367¢; and the coarse crossbred indicator was up 2¢ at 346¢/kg. Main interest for the fine types was from Western European spinners. There was only limited interest from all other sectors for coarser types. (Meat & Wool NZ)

Livestock Improvement Changes Name

Farmers have long referred to the Livestock Improvement Corporation as LIC, and now it is official. In line with the company's new corporate strategy, which will see the company gradually widen its focus to whole-farm improvement, multiple species and new markets, Livestock Improvement has formally changed its name to LIC. One of its changes has been a move into deer research, with the company opening a research farm in Southland last week. LIC chief executive, Mark Dewdney, said the change of name and revised logo signalled to customers and staff that it was no longer solely livestock focused. (Waikato Times)

Mr Chips in the Chips

Mr Chips' September half-year net profit increased 3-fold to \$1.33 million. Company chairman, Graeme Edwards, said the chip-maker was on track for an excellent 2nd-half also. He said that while the NZ domestic market remained healthy, the company's growth was principally a result of increased exports to Australia, which meant it was increasingly exposed to the exchange rate. He was critical of Government policies, which he said had increased energy and labour costs, rates and trade waste charges. Sales increased by 20% to \$22.4 million, mainly due to strong growth from its East Tamaki plant, commissioned in 2002. (NZ Herald)

CRIs Increase Commercial Income

New Zealand science institutions were ahead of the rest of the world in attracting commercial investment, according to OECD figures, but the overall level of investment was

still running at well below average for developed countries. Government money still makes up the bulk of research funding for Crown Research Institutes, but two – AgResearch and HortResearch – are now receiving more than half of their income from commercial interests. HortResearch chief executive, Paul McGilvary, said it was a sign that CRIs were maturing as businesses. AgResearch chief executive, Andrew West, said New Zealand CRIs were about 9 times better than average at generating commercial revenue, but Government funding was essential for doing the long-term strategic research that led to commercial investment. The drive to find commercial sources of income had been partly a matter of survival. Government research spending was dropping against the OECD average, and private research investment here was also well below the average. (RNZ Rural Report)

Pharmazen Expands Plant

Pharmazen has invested another \$1 million in expanding its health product processing plant, aiming to double its sales to \$14 million/year within the next 3 years. Chief executive, Craig McIntosh, said demand for the biotech company's animal and human health products was outstripping supply and he expected the cost of the new plant would be recovered very quickly. (Dominion Post)

BioPac Buys Wool Equity Stake

Biotech venture-fund company, BioPacific Ventures, has bought Landcorp's 1.95% stake in Wool Equities Ltd for 90¢/share. BioPac's chairman, Bill Kermode, said it had voted for the removal of the 5% shareholding cap in Wool Equities because it wanted to become a cornerstone shareholder and would be aiming to increase its stake. Shareholders voted at WEL's annual meeting to remove the 5% ownership restriction, with effect from 1 December. (Christchurch Press)

TRADE

Goff Slams 'Food Miles'

Trade Minister, Phil Goff, slammed calls by former UK Cabinet Minister, Stephen Byers, for a tax based on the miles travelled by agricultural products to their market. The UK Department for Environment, Food and Rural Affairs had made it clear last year that food miles did not take into account the total energy use or CO₂ emissions associated with producing and delivering a product to market, Mr Goff said. New Zealand's Lincoln University had recently proved that the energy used in producing lamb, for example, in the UK was 4 times higher than the energy used by New Zealand lamb producers even after including the energy used in transporting NZ lamb to Britain. The study showed that for other horticultural products, such as onions and apples, the energy used to produce them in the UK was also substantially higher than in New Zealand, even after the transport and storage costs involved in getting them to the market were taken into account. (Christchurch Press)

A Smear Campaign

The New Zealand Government has moved quickly to hit back at claims by British MP, Stephen Byers, after the

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Stern report on climate change was released [see *Soil, Arable* section], that food exports flown long distances contributed to global warming through aircraft emissions, and should therefore attract a tax for food miles. Agriculture Minister, Jim Anderton, called arguments that imported produce contributed to global warming a smear campaign. The Prime Minister, Helen Clark, warned that environmental barriers such as food miles could be the next trade problem for New Zealand. The Green Party said it would appeal to its European counterparts not to support any campaign against this country's lamb and dairy products on the basis of food miles, but said New Zealand needed to cut its gas emissions. Zespri marketing manager, Peter Luxton, said just a few trays of the 100,000 tonnes of NZ kiwifruit sent to Europe every year were air-freighted; nearly all fruit was sent by ship because air freight was too expensive. (NZ Herald)

Assurance NZ Safe from Food Miles

Britain's Trade Minister, Ian McCartney, has moved quickly to quell concerns that New Zealand produce could be lumbered with 'food miles' taxes after the release of a major international study into global warming. Mr McCartney, visiting New Zealand after attending the Pacific leaders' forum, said he had discussed the issue of 'food miles' with Trade Minister, Phil Goff, this week. The Stern report was not about Britons not eating kiwifruit, but about working with New Zealand and Pacific countries to prevent Pacific nations disappearing and the total devastation and dislocation of society. Mr McCartney said New Zealand-produced onions used less energy than out-of-season British ones did. Locally grown onions could be stored year-round in Britain, but that would use up far more energy than importing onions from New Zealand out of season, he said. (NZ Herald)

NZ\$ Hits 8 1/2-month High

The NZ\$ surged to an 8 1/2-month high of US67.50¢ mid-week, and also strengthened against other major currencies, including making up nearly half a cent on the A\$. It closed at US67.44 on Friday. The NZ\$ was lifted by the European Central Bank's decision to leave interest rates unchanged, a weaker US\$, and the prospect that the NZ Reserve Bank may yet raise local interest rates again next month. (Dominion Post)

Dairy Market in China Booming

China's dairy market has soared to 25 million tonnes a year, and New Zealand has become its biggest supplier of imported product, Rabobank says. Chinese demand for dairy products had more than doubled in the past 5 years. Although domestic milk production was growing rapidly, China was only able to produce 24 million tonnes of dairy products/year. New Zealand was the single largest import source, providing half of the total import value, nearly US\$460 million – NZ\$692 million – in 2005, the bank said. New Zealand, Australia, the USA and France together provided 80% of the imports. (NZ Herald)

Good Future for NZ Dairy Products

There was little doubt that China offered a good future for New Zealand dairy products, a new Rabobank report says. China's milk consumption was the equivalent of less than

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AGBRIEF PRICE TRENDS
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AVERAGE EXPORT MEAT SCHEDULE PRICES

This week, ending November 10, 2006, (last week's in brackets)

Lamb(\$)	North Is.	South Is.	Southl'd
(Incl 1kg pelt)			
13.0kg YL	53.15 (54.30)	50.15 (50.15)	46.80 (46.80)
15.0kg YM	71.30 (72.00)	69.35 (69.35)	68.05 (68.05)
17.5kg YX	83.35 (84.60)	82.90 (82.90)	81.00 (81.00)
19.0kg YX	90.10 (92.50)	86.95 (86.95)	85.70 (85.70)
21.0kg YX	99.75 (101.50)	83.55 (83.55)	83.55 (83.55)
Pelt 1.0kg Shorn	3.70 (3.70)	2.05 (2.05)	2.15 (2.15)
Mutton (0.5kg pelt)			
21kg MX1(\$)	42.45 (42.45)	38.95 (38.95)	39.26 (39.26)
Beef (¢/kg)			
P2 Steer (296-320kg)	362 (363)	356 (365)	356 (365)
Bull (296-320kg)	357 (354)	331 (337)	331 (337)
Venison			
AP 60kg \$/kg (gross)	5.45 (5.52)	6.02 (6.02)	6.02 (6.02)

Based on announced schedules with levies & charges deducted, and premiums included. For a valid comparison between the Islands, take off \$1.50 in Lamb and 8¢/kg in Beef & 20¢/kg in deer from the South, because North Island companies pay all freight.

AVERAGE EXPORT DAIRY PRODUCT PRICES

	Last week, ending November 3, 2006	4 weeks ago	3 months ago
Fonterra predicted payout			
\$/kg Milksolids	4.05	4.05	4.05
Butter (NZ\$/Tonne)	2420	2390	2490
Skim milk Powder	3490	3410	3350
Wholemilk Powder	3410	3260	3300
Cheddar	3900	3980	4150
Casein	9420	9550	10030

Prices above are indicative only. They are compiled from a range of sales made on a one-off or "spot" basis in US\$. (Many sales are made at prices outside the range). Quota market sales and contracts are excluded. The prices are converted to NZ\$/Tonne FOB using current exchange rates.

MAIN OVERSEAS MARKETS AND CURRENCY

	Last week, ending November 3, 2006	4 weeks ago	3 months ago
UKPM Lamb (pence/lb)	95.5	95.5	102.5
US Bull Beef (US c/lb)	138.0	135.0	143.5
US Dollar (for NZ\$1)	0.674	0.660	0.633
Aust Dollar (for NZ\$1)	0.870	0.879	0.825
UK Pound (for NZ\$1)	0.353	0.355	0.334
Euro (for NZ\$1)	0.527	0.526	0.495

INTEREST

90 Day Bill Rate (%)	7.6	7.7	7.5
Rural Term Loan (%)	8.6	8.7	8.6
Overdraft Cost (%)	13.0	13.1	13.1

NZ WOOL PRICES

Fine (21 microns)	1005	837	903
Medium (29 microns)	551	512	548
Coarse (35 microns)	375	365	405
2nd Shear (37 microns)	359	355	355
Lamb (31 micron-75mm)	353	353	360

WHEAT

ASW NZ\$/tonne	347	364	340
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20kg of liquid milk per person, but was estimated to reach 30kg/person by 2015. China's tariff on dairy products had decreased dramatically, and China was also in free-trade agreement negotiations with New Zealand and Australia. Dairy industry sales were worth US\$11 billion – NZ\$16.55 billion – in 2005, reflecting a compound annual growth rate of 30% since 2001. The rapid growth had been driven by growing affluence in the middle class of more than 200 million consumers, rising nutrition awareness, fast expanding retail chains, and dairy industry investment in brands and promotion. (Otago Daily Times)

Dollar's Rise Lowers Commodity Returns

The appreciation of the NZ\$ has eaten into farmers' returns, despite a rise in world commodity prices. The latest ANZ Commodity Price Index shows the average price of 13 key exports edged up 0.3% in October, continuing a recovery from March's lows. However, when converted back into NZ dollars, returns slipped 0.9%. There were gains for 7 commodities, with aluminium recording the biggest jump after losses the previous month. Logs, dairy and wool prices also rose. Timber, beef and lamb prices all fell. (Dominion Post)

Confident About Trade Talks With US

The Minister for Trade Negotiations, Phil Goff is more confident than ever that New Zealand can negotiate a free-trade deal with the US. He said it was now simply a matter of when trade talks might start. Senior figures in the Bush Administration were talking positively about free-trade talks with New Zealand, but said they could not start in the immediate future. Mr Goff said it was important that New Zealand kept pushing its case. (NZ Herald)

US Beef Shipment Arrives in Korea

Korea received its first shipment of US beef imports this week after lifting a nearly 3-year ban in September. The Ministry of Agriculture and Forestry said 9 tons of American beef was airfreighted from a Kansas-based slaughterhouse. The Ministry said the meat would be available to consumers after quarantine inspections had been completed. The Veterinary Research and Quarantine Service will inspect the 707 meat packages for any specified risk materials, or high-risk parts such as brains, head bones, spinal cord marrow, backbones and intestines. US beef still faces the challenge of easing public fears over mad-cow disease and eradicating a negative sentiment among Korean consumers. (Cattlefacts)

Fight On to Keep EU Farm Subsidies

The EU Agriculture Commissioner, Mariann Fischer Boel, has slammed British hopes of getting rid of EU farm supports after 2013. She said she would seek to maintain Single Payment subsidies after 2013, warning that if they were removed, large tracts of land across the EU would be abandoned and the environment would suffer. She said the stand being taken by British Government agencies that the EU should aim to be internationally competitive without reliance on subsidies or protection in 10-15 years had clearly not been thought through. (NZ Farmers Weekly)

Australian Beef Exports Changing

The composition of beef exports from Australia has changed substantially during the past 5 years, according to Meat and Livestock Australia. Beef is now Australia's highest-value agricultural commodity export. MLA said

that of the 909,000 tonnes of Australian beef exported in 2005, 61% was frozen, grass-fed beef, with 40% of it going to the US. Almost 18% of Australian exported beef was chilled, grain-fed beef, with the high priced-high quality Japanese market the dominant buyer — 88% of the total. In the past 5 years, exports of quality steer beef have expanded rapidly to represent almost half of all exports, relegating the basic 'A' beef classification to only 27% of the total. (Cattlefacts)

LIVESTOCK

Research Into BVD

Veterinarians are putting a highly infectious and costly cattle disease under close scrutiny in 2 research projects. An estimated 60% or more of New Zealand cattle herds have been exposed to bovine viral diarrhoea, which costs the dairy industry alone more than \$50 million/year. It attacks the immune system and can trigger a range of ailments in cattle, including abortion and infertility, and in some cases death. Vets in Taranaki and on the South Island's West Coast have received \$100,000 in Dairy InSight research grants to shed more light on different aspects of the disease. Andrew Weir, of Eltham Vet Services, is looking at the economic impact, starting with tests on 200 local herds to find out the level of infection. Vets in the Buller and Westland regions are using herd surveillance and farmer education measures to control the spread of BVD. (RNZ Rural Report)

Aus Bull Sells for A\$300,000

The record price for an Australian stud bull has been doubled at a Brahman bull sale near Rockhampton, Queensland. A 20-month-old bull sold for A\$300,000 at the McCamley family's Tartus Lancefield sale. It was bought by Graham Kemp, from the Happy Valley Brahman stud at Mackay. (Cattlefacts)

Lamb Feedlot Success

Central Canterbury farmer, John Ridgen, is using a feedlot system to raise heavyweight lambs for the US market. Five years after starting up, he is exporting an average of 650 carcasses/week. As far as he is aware, the Greendale feedlot is the only one of its kind in New Zealand. It is grain feeding up to 7500 lambs at any one time to meet a US niche market for 30kg+ lamb carcasses. It was a very different carcass to the traditional NZ grass-fed lamb, he said. The grain-fed lamb produced brighter red, lightly marbled meat, with whiter fat and less cooking odour. He buys the lambs in at around 55kg liveweight from a pool of suppliers and they are on the feedlot for 4-6 weeks. (NZ Farmers Weekly)

HORTICULTURE

Local Kiwifruit Prices at New Low

Local market kiwifruit prices have plunged to a new low. Some retailers were selling the fruit for 49¢/kg, Southern Produce owner, Tony Ponder, said. Statistics NZ figures showed that the average retail price in September was

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\$1.99/kg, however, some supermarkets were selling kiwifruit for 89¢/kg last week. An increase in the quantity of export rejects had pushed more fruit onto the local market and wholesale prices were well down on last year. Seeka Kiwifruit managing director, Tony de Farias, said it was an unusual season, and one he had never experienced before in 20 years in the industry. The low quality was due in part to a growth year with more large fruit than usual, and a harvest delayed by bad weather. (Dominion Post)

Record Revenue for HortResearch

Strengthened ties with industry and closer integration of science and business teams have helped HortResearch to boost its revenues to a record level. The Crown Research Institute's annual report shows that it attracted public and private investment of more than \$62 million in the year to 30 June. Chief executive, Paul McGilvary, noted that commercial revenue was steadily beginning to overtake Crown investment. At more than \$33 million, the commercial revenues now represented more than 54% of total income. (Hawke's Bay Today)

'Super' Vegetables Next

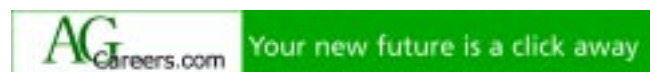
A new brand of 'super' vegetables, with the potential to help prevent ageing and diseases such as cancer, may soon be available at retail, after production and marketing trials. Fresh broccoli high in a compound known to have cancer-fighting properties were being used in the first trial and other vegetables would follow, said Crop & Food Research chief executive, Paul Tocker. The Vital Vegetables programme aimed to produce vegetables rich in nutrients that helped to prevent cancer, heart disease and tackle the ageing process. The first of the Vital Vegetable broccoli varieties would be test-marketed to supermarkets next year. The Vital Vegetable group comprises Crop & Food Research, HortNZ, AusVeg, DPI Victoria and Horticulture Australia. (Horticulture News)

NZ Wine Buying Clifford Bay

The New Zealand Wine Fund, an investment vehicle, is buying Marlborough vineyards estimated to be worth almost \$10 million. The fund is buying the assets of Clifford Bay Estate, which is close to existing NZ Wine operations in the Awatere Valley. Clifford Bay produces around 40,000 cases/year. When this is added to the fund's existing operations, NZ Wine will be producing more than 260,000 cases/year, giving it elite category-3 producer status – 222,000 cases or more. Only 6 other winemakers have this ranking. (Marlborough Express)

Move to Beat Bronze Beetle

Pipfruit NZ and MAF's Sustainable Farming Fund have contracted HortResearch and Fruition Horticulture to develop practical measures to allow organic growers to effectively control bronze beetle. Pipfruit NZ technical director, Mike Butcher, said that research to control bronze beetle in organic pipfruit was the most pressing issue for the sector. The beetle is a native insect and a minor pest of apples under normal orchard production, but with conversion of orchards to organic systems, beetle populations have risen. In 2005, some orchards had up to 80% beetle-damaged fruit, and losses to the organic apple sector in 2006 were estimated at \$12-\$15 million. (Horticulture News)



Frost Hits NSW Apple Crop

A quarter of the apple crop in western New South Wales has been lost as a result of weekend frosts. The cold snap hit the Orange region, damaging apples, apricots and cherries. Batlow producers have also lost around 25% of their crop. Orange district apple grower, Adam Roweth, said he lost about half his crop when the temperature plummeted to -2°C. (ABC Rural News)

SOIL, LAND, WATER, ARABLE

Climate Change Bombshell

A climate-change study commissioned by the British Government has hit the headlines world-wide. The study, by former World Bank chief economist, Sir Nicholas Stern, warned that if greenhouse gas emissions continued at the present level and energy demand continued to rise, the world would experience a major economic downturn comparable to the Depression of the 1930s. It would also see millions of people displaced by weather events, drinking water shortages and crop failures. Some of his key findings included: Failure to cut greenhouse gases could warm the planet by 2-3°C within 50 years. Seas would rise by up to 80cm with a temperature rise of 3-4°C, meaning higher risk of extreme weather events. As habitats had got warmer in the past 40 years, species had been moved an average of 6km closer to the poles each decade. Loss of forest contributed more to global emissions each year than vehicles did. (Dominion Post)

AgResearch Wins Grass Seed Fight

AgResearch has successfully taken action to protect its ownership of a patented grass seed sold in the US. The Crown Research Institute and an American partner, Pennington Seed, filed a lawsuit in Missouri to stop unauthorised production of tall fescue seed containing MaxQ technology. The technology, developed by AgResearch, combines a non-toxic endophyte with high quality pasture grass to eliminate fescue toxicosis, a condition that can make cattle, horses and other grazing livestock sick. As a result of the legal action, AgResearch and Pennington Seed have reached a settlement with Anderson Farms of Clinton, Missouri, and 3 other defendants, winning damages of US\$150,000. They have agreed to stop unauthorised seed production, saving, replanting and sales of the patented seeds. It is the 2nd time that AgResearch has had to defend its grass-seed patents in the US. An earlier case, involving a similar product marketed by the University of Arkansas was settled out of court. (Ashburton Guardian)

GM Crop Application to ERMA

The Environmental Risk Management Authority has received its first application in 3 years to field test genetically-modified crops. Crop & Food Research wants to conduct a 10-year trial in which broccoli, cabbage and cauliflower plants would be modified to contain genes which promote insect resistance. Public submissions on the proposal close in December, with an application hearing scheduled for February next year. If approved, the trial would be held on a site covering less than an acre of land near Crop & Food's Lincoln base. (Christchurch Press)

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Tight Security for GM-Crop Tests

Tight security will be in place to protect field tests for genetically modified vegetables in Canterbury if they go ahead next year. In 2002, protesters trashed 3 years of research on GM potatoes by the Lincoln-based Crop and Food Research. The attack followed an incident in 1999 when the Wild Greens group destroyed a GM potato trial at Lincoln. Crop and Food Research spokeswoman, Katherine Trought, said the risk of sabotage was always a concern, but field tests had much higher security since the 2002 attack. ERMA's regulations were now much stricter in terms of test security, she said. Whenever field tests were done, the area was fenced off and had 24-hour surveillance. (Christchurch Press)

Dairy Nutrient Budget Push

The fertiliser industry's 3 main operators will be working with the dairy industry to get nutrient budgets in place on all dairy farms by the beginning of next season. Nutrient budgets enable farmers to use fertilisers more efficiently, reducing costs and nutrient loss. Reducing the losses of nitrogen and phosphate to water is one of the keystones in the dairy industry's sustainable environment strategy. Ravensdown Fertiliser Co-op, Ballance Agri-Nutrients and Summit-Quinphos said they recognised that the fertiliser industry had a key role to play in helping farmers draw up nutrient plans. (Waikato Times)

Women Focus on Nutrient Budgets

The Network for Women in Dairying is focusing on nutrient budgets in a series of workshops it is holding around the country, starting this month. General manager, Lynda Clark, said women played a strong role in managing finance and compliance issues on the farm. She said nutrient management issues were particularly important to get to grips with as the dairy industry's impact on the environment became more of a focus for regulatory authorities. The 8 dairy days will be held from Whangarei to Gore between November 14 and 24. (Northern Advocate)

Fonterra Updates Farm Manuals

Fonterra has released up-to-date guides for dairy farmers and consultants on effluent management, irrigation and water quality. Technical services manager, Shane Lodge, said the 2 manuals, replacements for guides produced a decade ago, were comprehensive and the result of extensive consultation. Farmers can get copies of the manuals on CD from Fonterra. (Christchurch Press)

Aus May Import Canadian GM Canola

Genetically modified canola could be imported into Australia from Canada by the end of the year. It is one of 40 applications to import grain and oilseeds to address feed shortages. Peter Lihne, from the Australian Quarantine Service, told the Senate Estimates Agriculture Committee that if the canola application succeeded, the oilseed would have to be crushed near the port of entry. The applicant planned to make the meal into livestock feed. The issue of the presence of GM in the food supply was a matter for Food Standards Australia New Zealand (FSANZ), and the GM canola varieties that had been imported had all been approved for use in the food supply by FSANZ and the Ministerial Council, he said. (ABC Rural News)

NZ Grain Growers Could Benefit

United Wheatgrowers chairman, John Wright, expects New Zealand grain growers to eventually benefit from higher world prices. Generally, NZ milling wheat prices followed the world price, but with some delay because contracts were signed at the time of planting and payment was not made for another 15-18 months. Most growers were on contracts, but those who had chosen to sell on the free market should benefit from higher prices at harvest. Growers would expect milling wheat prices offered for the next contract, around April, to be much higher. (Straight Furrow)

Cold Spring Hits Grass Growth

Spring grass growth is being hampered around the country by a combination of late frosts and drying winds interspersed with heavy rain. North Otago Federated Farmers president, Bruce McNab, said last week's rain had settled the dust and cultivated ground was looking quite dark, but the wind was not helping growth. The weather had been excellent for lambing so the survival rate has been quite high, but the late spring growth would affect finishing. Marlborough farming consultant, Ian Blair, said the region was having a pretty good spring, but a nagging soil-moisture deficit and strong winds were making life tough. The move to selling more store lambs in Marlborough needed to be encouraged, as by Christmas it would be very dry. Wairarapa and Tararua's manager for Meat & Wool NZ, Richmond Beetham, said north-west winds dried the region out through early spring. Recent rain had boosted soil moisture and a few weeks of sunshine were needed to encourage grass growth. (RNZ Rural Report)

Rangitikei River Sample Not Didymo

The suspicious alga found in the Rangitikei River is not didymo. Biosecurity New Zealand has carried out tests on the alga, which was discovered in the upper reaches of the river by a fisherman last week. Biosecurity response manager, David Hayes, said the testing showed that it was instead a native alga, gomphoneis. He said that while no North Island rivers were known to have didymo, it was still important that freshwater users were vigilant and checked, cleaned and dried equipment before moving between waterways. (RNZ Rural Report)

Record October Temperatures in NSW

New South Wales has recorded its hottest, driest October on record, following its hottest and driest September. The consequences have been devastating for the rural sector, with crop failures, and feed and water shortages forcing a huge sell-off of stock. The Bureau of Meteorology said that right across NSW temperatures were more than 3°C above the historical average at 27.5°C and the rainfall had been 'unbelievably' low. On average there had been only 6.6mm compared to the state average for October of 48.9mm. (ABC Rural News)

1080 Use Mooted Against Rabbits

1080 poison might have to be dropped by air across pockets of Canterbury as rabbits develop immunity to the introduced rabbit virus disease, RHD. Rabbit numbers are rising in some areas of Canterbury and farmers are being warned to keep them down before the population explodes. Environment Canterbury biosecurity leader, Brent

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Glentworth, said blood samples showed rabbits were producing a high level of antibodies and building immunity to the virus. Population counts would not be finalised until December, but trends showed rabbits were increasing in 10 out of 11 pest districts in Canterbury. If immunity increased and rabbit levels rose, it would be crucial for ECAN to have the ability to use 1080 poison. Larger scale aerial spreading would be needed. (Christchurch Press)

Native Birds at Risk

DOC says 1080 has been vital in restoring populations of endangered species such as the kokako on the mainland. Without 1080, it would have to reduce its area under sustained possum control from 1 million ha to less than 500,000ha. This would affect remote and rugged areas, including large parts of Wanganui, Egmont, Kahurangi, South Westland and Fiordland national parks, and Tararua and Coromandel forest parks. More forest trees would die and birds such as the kokako, kaka, kakariki, kiwi, Southern New Zealand dotterel and mohua would be at risk. (Dominion Post)

INDUSTRY

Dexcel Backs Call for Levy Use Review

Dexcel is supporting Fonterra Shareholders Council chairman, John Monaghan, in his call for a formal review of how dairy industry-good activities are delivered [AgBrief 06-42]. Fonterra's 11,600 dairy farmers fund \$40 million of the annual \$43 million levy collected for industry-good activities, which have been an area of farmer concern for some time. The shareholders council has discussed the need for a review with the Tātua Co-op Dairy Company, Westland Milk Products, Fonterra, and the Dairy Companies Assn of NZ. They have approached former Dairy Board chairman, Graham Fraser, to lead the review. Dexcel chairman, Jim van der Poel, said it was appropriate to evaluate how the model was working for farmers, and determine how improvements could be made. (Waikato Times)

Poultry Industry Defends Grain Use

The poultry industry is defending the use of imported grain for chicken feed in the face of criticism from New Zealand grain growers. The Poultry Industry Assn has warned of a hike in chicken prices, because of an 80% increase in Australian grain prices caused by the drought there. Grains make up 65% of chicken feed and producers rely on imports, mainly from Australia. South Canterbury growers' representative, Jeremy Talbot, said the poultry industry only had itself to blame for being exposed to soaring imported grain prices. More NZ farmers would still be growing grain if poultry and stock feed companies and mills had paid farmers more reasonable prices in the past. Poultry Industry Assn executive director, Michael Brooks, said chicken producers had no choice but to get some of their feed requirements offshore. However, he conceded that imported grains had helped poultry producers to keep prices down. (Ashburton Guardian)

Fonterra Wins Performance Awards

Fonterra has won more environmental accolades for the performance of its South Auckland and South Canterbury manufacturing plants. The Takanini site, which produces milk and yoghurt, won top certification under a Landcare Research environmental programme for waste reduction

and milk savings. Over the past 2 years, the plant has cut back on its use of energy and water and achieved significant reductions in the quantity of solid waste it produces. In South Canterbury, Fonterra's Clandeboye plant has won a Canterbury resource management award for its eco-efficiency and wastewater disposal programmes. They involve an irrigation farm for the disposal of wastewater and minimising the amount of waste generated and the volume of waste sent to landfills by 85%, a saving of up to 800 tonnes/year. (Timaru Herald)

Rates Inquiry Welcomed

Federated Farmers has supported the broad scope of the terms of reference of the inquiry into local authority rates. The inquiry will look at the level of rates rises, the costs faced by local government, and rates on Maori land. It will also consider whether it is sustainable to have rates as the major source of funding for local government. However, Federated Farmers vice-president, Don Nicholson, was disappointed by the structure of the 3-member inquiry panel because of a lack of rural representation. Rates protester, David Thornton, said the inquiry failed to address key issues, such as limiting rates increases. (RNZ Rural Report)

More Contact With Farmers

Dexcel had significantly increased its contact with farmers in the last few months, its chairman, Henry van der Poel, said at the AGM in Hamilton. During the previous 3 months, Dexcel's Consulting Officers and field extension team had made over 7500 direct contacts with farmers right across the country, he said. He said four key principles were driving all Dexcel activities. Dexcel was taking a leadership role in the dairy industry to drive on-farm productivity improvements for farmers, focusing resources on core activities to achieve productivity targets, building and maintaining strong relationships with farmers and industry players as a priority, and achieving measurable outcomes for the industry as a key driver. Group revenue for operations was \$22.6 million, compared with \$21.1 million in 2004-05. About 64% was from Dairy InSight investment, equating to about 1¢ of the 3.4¢/kg MS paid by dairy farmers. (Waikato Times)

Adverse Event Policy Submissions

More than 50 farmers around the country have made submissions to MAF on the role and responsibilities of Government following an adverse event, such as a major flood. Last month, MAF held 14 consultation meetings with farmers and horticulturists from Whangarei to Invercargill as part of its work in developing a new system for helping producers caught in natural disasters. MAF's North Island policy manager, Phil Journeaux, said attendees were invited to make written submissions to help MAF produce a policy document for the Government. The submissions ranged from a couple of pages, to comprehensive documents of 12 pages or more. Mr Journeaux said MAF policy staff would summarise the submissions before putting together a policy document for Cabinet to consider early next month. (RNZ Rural Report)

\$45m Spent on Dairying Initiatives

Dairy InSight invested close to \$45 million in a range of industry-good activities during the past year. Chairman,

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Doug Leeder, said this week that those activities had included farm productivity, biosecurity, disease eradication, environmental impact, human resources, farm business performance and industry promotion. Biosecurity and disease eradication had been particularly fruitful investment areas, he said. New Zealand was now well ahead of targets to eradicate tuberculosis and enzootic bovine leucosis, and a parasitic wasp to tackle the clover root weevil menace was released earlier this year after extensive research and trialling. As well, work on mastitis, ryegrass endophytes, herbage protein stability and satellite pasture technology was setting the industry up for really big gains in productivity and animal health. (Waikato Times)

AWI Court Action Costing A\$5m

Australian Wool Innovation's legal action against the animal rights group, People for the Ethical Treatment of Animals, has cost Aus woolgrowers A\$5 million so far. The 2-year-old case is a result of PETA's campaign against mulesing. In the Federal Court this week, Justice Rares asked how woolgrowers could claim indirect economic losses when AWI had A\$100 million in the bank. He gave AWI and the woolgrowers 7 days to provide detailed particulars of the losses. (ABC Rural News)

Stewart Barnett to Retire

Stewart Barnett, who has headed the country's biggest meat processor and exporter, Dunedin-based PPCS, for 20 years, will retire in February. During his time as chief executive, PPCS has grown from a business with a turnover of \$245 million in 1986 to more than \$2 billion now. It became the biggest operator in the meat industry when it took over the Hawke's Bay-based Richmond meat company several years ago. PPCS chairman, Reese Hart, said Mr Barnett's leadership in consolidating the industry would form a strong base for the future of the red meat sector. The company's chief operating officer, Keith Cooper, will succeed Mr Barnett as chief executive. (Otago Daily Times)

FORESTRY

Tenon Sells AWM

Tenon has sold its 50% stake in American Wood Mouldings to its AWM partner, the Hagen family. In return it bought the 50% of Ornamental Mouldings that it did not already own. Tenon's chairman, Luke Moriarty, said the deal was a very positive and highly significant move for the company. Tenon now had total control of Ornamental Mouldings, which it did not have with AWM. He said AWM had contributed 'next to nothing' to Tenon's profits last year, whereas Ornamental's operating earnings were more than US\$7 million. Tenon has retained an agreement with AWM to supply mouldings from its

Taupo site. (NZ Herald)

NZ Super Fund Buys into Kaingaroa

The New Zealand Superannuation Fund is buying an interest in the Kaingaroa Forest estate from Harvard University's pension fund, Harvard Management Company, for about \$300 million. Harvard will retain majority ownership. It bought the cutting rights to the 170,000ha forest from receivers of the Central North Island Forest Partnership 3 years ago for around \$1 billion. Timberlands Ltd, based in Rotorua, will continue to manage the forest. The bulk of the timber is radiata pine, with a small quantity of Douglas fir. The combination of high rates of growth, flat topography, plus close proximity to numerous timber mills and Port of Tauranga, made Kaingaroa one of the premier timber estates in the world, said David May, chairman of the NZ Superannuation Fund's board of guardians. Timber was an attractive asset class for the fund, he said. (Rotorua Daily Post)

Aus Home-building Approvals Surge

Home-building approvals in Australia rose 3 times as much as expected in September. The number of approvals to build or renovate houses and apartments jumped 6.1% from August to 13,286, the Bureau of Statistics said. Economic analysts were expecting a 2.2% gain. Increased immigration had boosted demand for housing after a construction slowdown last year. Steve Milch, head of economic research at St George Bank, said Australia was in the early stages of a housing upturn, and the slow but steady improvement should continue even if the Central Bank increased interest rates. (NZ Herald)

Kyoto Carbon Goal Achievable – If!

The Government's goal of achieving a carbon-neutral economy by 2050 is achievable, the NZ Forest Owners Assn believes. New Zealand could meet its Kyoto commitments by 2017 and be carbon neutral by 2050, simply by putting sufficient value on carbon, said Peter Weir, chairman of the association's environmental committee. Under the Kyoto Protocol, New Zealand is allowed to discharge 307.6 million tonnes of carbon during the first commitment period, 2008-2012. But according to the latest projections from the Government's Climate Change Office, the country will exceed this by 41.2 million tonnes. New Zealand probably would not be able to get its net discharges back to allowable levels by 2012, but it could be easily achieved by 2017 if the owners of Kyoto forests – those planted since 1989 – were paid for the carbon their forests were storing, Mr Weir said. With the right price incentives, farmers and other landowners would see forestry as a viable investment once again. Within 2-3 years, new forest planting could be back to 50,000ha/year. (Rotorua Daily Post)

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Individual Permit Scheme Proposed

An environmental lobby group says New Zealand should tackle climate change with a permit scheme on carbon emissions and that the permits should go to individuals. The Sustainability Council said a price needed to be put on carbon dioxide, one of the main contributors to global warming. Executive director, Simon Terry, said a permit-trading scheme for carbon should be introduced, but if big polluters were just given permits then they would not be

encouraged to reduce emissions. If individuals were issued the permits to on-sell, they could offset any price increases on energy. The Government has yet to unveil any plan for charging large-scale industry for emissions, following the dumping of the carbon tax last year. (RNZ Rural Report)

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