



Available now  
**10th Anniversary**  
**KPMG Agribusiness**  
**Agenda**



**Global Agri-Food**  
**News Bites**

Powered by KPMG  
 Our weekly segment of  
 highlights for Country TV.

**Download**  
**the Field Notes app**

Search 'KPMG Field Notes'  
 on your device today.



**AGRIBUSINESS**

**Field Notes**



**Weekly news update from the KPMG Agribusiness network**

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

Agrecovery	Land, Air, Water Aotearoa (LAWA)
AgResearch	Landcare Research
Alibaba	Lincoln Young Farmers
Alliance	Mars
ANZ	McCain Foods
ANZCO	Meat Industry Association
Beef + Lamb New Zealand	Ministry for Primary Industries
Beingmate Baby & Child Food Company	Natural Health Products NZ (NHPNZ)
Biosecurity NZ	Nestle
Caixin Group	New Zealand Agricultural Greenhouse Gas Research Centre
CheeseltYourself	NIWA
Cookie Time	NZ Lamb Co
DairyNZ	Oceania Dairy
Danone	OmniPork
Ecologic Foundation	Overseas Investment Office
Federated Farmers	Perrys Berrys
Fish & Game New Zealand	Real Estate Institute
FMG	Red Meat Project
Fonterra Co-operative Group	Roan Farm
GlobalHQ	Roquette
Guardians of the Sounds	Silver Fern Farms
Ikea	Synlait Milk
International Food Information Council Foundation	The Center for Consumer Freedom
Journal of the American Medical Association	UMR
Kellogg's	Walt Disney
Kerry Taste & Nutrition	World Business Council for Sustainable Development
L'Oreal	Yili Group

**This week's headlines:**

Apiculture	<b>New Zealand hopes to beat Australia in mānuka honey battle</b> [24 September/Stuff NZ]
Red Meat	<b>Plenty of California eyes on Taste Pure</b> [20 September/Farmers Weekly]
Farmers and Producers	<b>They like you</b> [20 September/Farmers Weekly]
Environment & Emissions	<b>Climate research gets green light</b> [23 September/Farmers Weekly]
International	<b>Greta Thunberg adopts Donald Trump's sarcastic comment as her bio</b> [25 September/Stuff NZ]

**Agribusiness Education**

**Lincoln Young Farmer off to Brazil on Prime Minister's scholarship** [19 September/The Country] 21 year old Phoebe Topp, Vice-Chair of the Lincoln Young Farmers has been awarded a Prime Minister's scholarship to study for a month in Brazil this November. Topp is one of 65 students from Lincoln University given the scholarships to study in China, South Korea, Thailand, Indonesia and Brazil. The scholarships are designed to help improve understanding of the business practices and culture of New Zealand's trading partners. Miss Topp was also recently awarded a \$5,000 scholarship from Silver Fern Farms and has already secured employment at West Wanaka Station when she returns from Brazil.

**Apiculture**

**New Zealand hopes to beat Australia in mānuka honey battle** [24 September/Stuff NZ] The New Zealand Government is supporting a group of domestic honey producers seeking to register the term "mānuka honey" as a certification trademark in China and as a result the Australian honey industry stands to forgo up to a billion dollars in export revenue due to a loss of brand recognition. High grade mānuka sells in China for up to NZD\$400 per kilogram. The Australian government has declined to intervene on behalf of local beekeepers who are fighting the Kiwis' claim to exclusive use of the term in China. Sunshine Coast University Chemist Peter Brooks, who heads the Honey Research Lab, reported that New Zealand has the market advantage over Australia because of its reputation for mānuka honey but it was scientifically incorrect to say that New Zealand was the only country that could produce the product. The MHAS has applied for certification marks in the United States, the United Kingdom and China on the basis that "mānuka" is a Māori term. The US intellectual property office has rejected the application. The UK trademark registry granted the certification mark last year and the Australian industry is challenging the decision.

**Economics & Trade**

**Truss fails to soothe exporters** [23 September/Farmers Weekly] Exporters are not buying the suggestion from new British Trade Minister Liz Truss that New Zealand's quota access falling as a result of Brexit can be fixed up again in subsequent talks with the United Kingdom for a free-trade deal. Regardless, exporters report the plans to split the quotas based on historical trade flows are unfair. For the meat industry it will cost NZ exporters their flexibility to send up to the quota limit of 228,000 tonnes of sheep meat to either the UK or continental Europe without incurring tariffs. Instead they will be allowed to send only 114,000 tonnes to either market before incurring high tariffs. A spokesman for Trade and Export Growth Minister David Parker stated quotas were discussed with Truss but no progress was made in resolving the disagreement.

**Gains of CPTPP Trans-Pacific trade deal yet to be seen, say economists** [24 September/The Country] There are positive signs that the CPTPP, one of the largest free trade agreements in the world, covering nearly 14 per cent of global GDP, will deliver substantial gains in the long term. New Zealand's trade grew 3 percent in January, compared with the same month the year before, being largely due to a reduction in Japan's agriculture tariffs, particularly in beef. But without the United States on board, the gains will be less for countries like New Zealand. Any future benefits could also be undermined by trade wars, the rise of nationalism, and attacks on the international rules of trade. CPTPP has been good for companies like Cookie Time because it no longer has to pay 25 per cent tariffs on cookie dough. But the real value to New Zealand of these big trade deals will come only when we successfully move from volume to creating more value.

**Research**

**Researchers retract study on fish oil labels** [25 September/New Zealand Herald] A study published in the New Zealand Medical Journal has been retracted this week after suggesting consumers have been getting short-changed over fish oil supplements. The study sampled 10 of the most popular products available over New Zealand counters and indicated that fewer than half were found to have the same amount of omega-3 fatty acid content (EPA and DHA) listed on the packet, while the rest contained between 48 and 89 per cent. Natural Health Products NZ (NHPNZ) contested that the study was flawed because the tested fish oil products had different capsule sizes. A group representing the natural health products industry quickly challenged the findings and questioned the methodology used in the study. A statement was released stating that all are now within 15 per cent of label value. The Herald understands the journal will be publishing a retraction in its next edition.

**Red Meat**

**Under-siege farmers must engage** [20 September/Farmers Weekly] South Canterbury Farming Leader Mark Adams states that sheep and beef farmers are under pressure on several regulatory fronts but need to convey their perspectives through submissions to those making decisions. Mr Adams states that there will be positive as well as negative impacts from the environmental change process, one positive being the use of carbon footprint audits to bring about production efficiencies so they can turn the exercise into a value proposition.

**Plenty of California eyes on Taste Pure** [20 September/Farmers Weekly] Over half of California citizens tuning in to Beef + Lamb's Taste Pure Nature promotional video are watching it to the end, which is double the industry average according to Michael Wan, Red Meat Project Global Manager. B+LNZ is targeting an estimated market of up to 16m Californians it identifies as conscious foodies. In ongoing consumer surveys, 77 percent of them recognise it as a NZ campaign and take in the key messages of grass-fed, extensive pasture-raised sheep and cattle. B+LNZ's brand partners include the NZ Lamb Co and its shareholders, Alliance, Silver Fern Farms, Anzco as well as smaller, niche exporters.

**Chilled meat moves start** [20 September/Farmers Weekly] Meat Industry Association Trade and Economic Manager Sirma Karapeeva is leading a technical group to China at the end of September to start a move to extend the chilled meat trade. This will be followed up in November by a larger group of senior industry leaders. Ten processing plants were licensed two years ago for chilled lamb and beef exports to China and the trade is operating well but further development has stalled and the objective is to get all processors licensed. In the meantime, Chinese demand for New Zealand red meat has boomed and pushed prices to new levels but most of it is frozen product. Developing a top-quality cold-chain system in China is a must for chilled exports which is a partial reason for the visits. GlobalHQ Analyst Mel Croad reported Chinese demand for frozen lamb is an easy-sell but more plants need to be licensed for chilled sales to allow NZ to fully capitalise on China's increasing wealth, especially if the industry is reducing its reliance on the Christmas chilled markets in Britain and Europe.

**Door opens for maternal black Simmentals** [24 September/Otago Daily Times] Maternal black Simmental bulls are a new option for commercial beef farmers in New Zealand and cater to a different market, reports Stud Breeder Garry McCorkindale. Waitahuna Sheep and Beef Farmers Julene and Garry McCorkindale, of Glenside Simmental Stud, are offering one R2 and five yearling Maternal Black Simmental bulls in an online sale next month. The stud is one of the first Simmental studs in the South Island to breed maternal black Simmental bulls, and it will be the first time it has sold any animals in an online auction, although it has sold one or two in past on-farm sales. The Simmentals are a fast growing, high-yielding breed that can be put over traditional British bred beef cows. Maternal sires meant their daughters were kept for breeding and their sons grown out for killing. The maternal traits include easy calving, lighter birth weights, better than average early growth but a smaller mature cow weight, as well as hybrid vigour meaning better heifer pregnancy rates, and longevity. The calves have more marbling and a large eye muscle area.

## Animal Welfare

**Farmers banned from owning livestock for mistreating animals on the rise** [22 September/Stuff NZ] New figures from the Ministry for Primary Industries show that the number of farmers banned from owning livestock because of animal welfare issues has risen in the past two years. Seven farmers have been banned from owning livestock so far this year, for reasons including reckless ill-treatment of animals and negligence. Animal welfare infringement notices issued are also on the rise, with 244 issued between January and April 2019, compared to 177 in 2017 and 252 in 2018. MPI Spokesperson Garry Orr stated that MPI had a graduated enforcement model which meant people were offered advice in the first instance. If the advice wasn't taken, a \$500 fine would follow, and if abuse or neglect continued, a prosecution would be sought, so had no apologies for those prosecuted. Mr Orr reported 58 per cent of complaints investigated by MPI found no animal welfare offence had been committed. Federated Farmers Animal Welfare Spokesperson Chris Lewis stated MPI was active in the industry.

## Biosecurity

**Symposium tackles issue of myrtle rust** [24 September/The Country] The recently held Myrtle Rust Science Symposium organised by Biosecurity NZ, has 100 delegates attend and discussed solutions to battle the invasive rust disease which is attacking iconic species such as pohutukawa and ramarama, and also heard how myrtle rust has wiped out species from some areas across the Tasman. Ministry for Primary Industries' Science Policy Manager Naomi Parker reports science will be key to fighting myrtle rust, which is now widely distributed across key parts of the North Island and in the north and west of the South Island, as it is carried by the wind. The results of more than 20 research projects on the disease were discussed at the meeting.

## Farmers & Producers

**ANZ rules out sale of rural debt to foreign hedge funds** [19 September/Stuff NZ] ANZ reports that it has been approached to sell its portfolio of rural debt to foreign hedge funds, however has stated that it has no intention of selling off farm debt to overseas investors. ANZ is the largest agri-lender in New Zealand and has 28.5 Percent of the country's total rural lending on its books. This comes after the Reserve Bank indicated that some of the dairy debt may be vulnerable, as it is held in farms with high debt to income ratios.

**They like you** [20 September/Farmers Weekly] A survey by UMR has shown that public perceptions of farming are more positive than farmers think. The research shows that New Zealanders are almost four times more likely to hold a positive view of sheep and beef farming than a negative one. Horticulture started with 68% declaring a positive view and only 4% negative. Forestry also rated well with 56% positive and only 9% negative. UMR Research Executive Director Marc Elliot states that one in five New Zealanders declaring a negative view of dairying is not insignificant and it shows that our primary sector has some work to do to improve its environmental performance.

**\$1.5m+ for research to help farmers to meet climate challenges** [23 September/The Country] Agriculture Minister Damien O'Connor reports a bunch of new research projects will boost New Zealand's efforts to help farmers understand and mitigate the effects of climate change in order to provide for future generations. The \$1.56 million for eight new projects is provided through the Ministry for Primary Industries Sustainable Land Management and Climate Change Resource programme (SLMACC) and includes \$500,000 for Landcare Research and AgResearch to develop practical actions that farmers can take to adapt to climate change. \$150,000 for the New Zealand Agricultural Greenhouse Gas Research Centre (NZAGRC) to help rural advisors boost climate change knowledge and \$140,000 for NIWA to develop better tools to measure and assess drought conditions.

**Qualifying rounds begin for FMG Young Farmer of the Year** [23 September/The Country] The first qualifying rounds for the next FMG Young Farmer of the Year kick off at the start of October, with eighteen district contests to be held across the country before Christmas. The events will help find 56 competitors who will clash in seven FMG Young Farmer of the Year regional finals early next year. The events are designed to test the practical and theoretical skills of competitors.

**Farmers must review banking deals** [23 September/Farmers Weekly] Not only is the world getting more complicated, it is getting more uncertain and volatile so everyone has to dig in with their own business and family decision-making, Accountancy and Agribusiness Director Pita Alexander reports. Alexander's tips for managing money well include planning for the proposed reduction in farm debt by Australian banks, watching monthly spending, having a good relationship with one's bank and completing regulatory and compliance work to a high standard because although it seems like a pain, it will be worth it in the long-run. Mr Alexander reports that some people have a helicopter view of their future financial affairs and their business while other people get only about a week ahead of themselves at the most, which is a dangerous place to be.

**Kiwis at world ploughing champs** [24 September/The Country] The State of Minnesota and Lake of the Woods area in the US hosted this year's World Ploughing Contest at the end of August. The international competition brought together the world's best ploughers from over 30 countries, with each having to win their respective countries' contest to qualify for this worldwide contest. The New Zealand team said the ploughing was a challenge, including the soil, a mixture of sand and loam and unevenness of the ground with both Ian Woolly of Blenheim and Bob Mehrrens of Timaru coming 10th overall in their respective fields. The Takapau Ploughing Match is on 05 October and ploughmen and women will be competing to qualify for the New Zealand Championships to be held in Takapau on the 04 and 05 April, 2020. Winners of this will travel to Ireland to compete in the world competition.

**Farm market seeks spring clues** [24 September/Farmers Weekly] The farm real estate market will soon be getting a feel for the activity and price levels in the important spring sales period. A good number of properties will be coming to market and the main questions are what level it will emerge at and what the influence of the banks will be, according to Real Estate Institute Rural Spokesman Brian Peacocke. Mr Peacocke stated that falls in the Reserve Bank's Official Cash Rate will offset bank caution about the expected increases in their required capital reserve levels so farm affordability might be seen to be improving. A number of farms taken off the market last spring and summer after failing to sell might come back this season, possibly with vendors prepared to recognise the softer prices.

**Aucklander backs dairy farmers** [24 September/Farmers Weekly] DairyNZ state urban people are showing support for farmers and reports such support is important given many farmers are feeling stressed, anxious and fatigued and some are depressed. People have been in contact to pass on their appreciation to farmers and several media personalities, including Broadcaster and Columnist Kerre McIvor, have gone public with their admiration, asking people to back farmers. Statistics for the past year show that almost one in five farmers has contacted someone for help with personal issues, however DairyNZ reports that although this is a very high number, at least farmers are recognising when they need help.

## Environment & Emissions

**New Zealand's horticulture industry adapting to meet climate change challenges** [20 September/Stuff NZ] Environmentalist and Executive Director of the Ecologic Foundation Guy Salmon reports that the Emissions Trading Scheme will place more financial pressure on ruminant agriculture which will provide strong incentives for farmers to move into horticulture and forestry. Horticulture crops often use far less water and produce less emissions than dairy, sheep and beef. Plant and Food Research Principal Scientist Brent Clothier states that out of two million hectares of viable horticultural land in New Zealand, only 16,000 hectares of land is currently in use for horticulture. Climate change will require growers to use tactical and strategic adaptation as well as transformational change. Mr Clothier states however, that it is important for horticulture to have reliability of water.

**Open ocean farming has great potential, but conservationists warn to tread carefully** [20 September/The Country] Marlborough Sounds-based conservation group Guardians of the Sounds support moves to expand marine farming offshore to deeper, cooler waters, but warn the industry will have to tread carefully, with strict conditions. Fisheries Minister Stuart Nash told an industry conference in Blenheim this week the greatest potential for the industry was in farming the open ocean as environmental degradation and growth in competing sectors are having an impact on inshore marine farms around the country. The focus of the government's new aquaculture strategy is to turn aquaculture into a \$3 billion industry by 2035 which will require growth in offshore farming.

**Generational timing a spark of hope** [20 September/Farmers Weekly] Environment Minister David Parker pointed to a more realistic time frame and away from short-term thinking when speaking to Timaru farmers about freshwater improvement work reaching required levels. The longer time frame will mean farmers can play round with it more and have discretion to see what actually works. There will also still be differences between what politicians want and the outcomes farmers want, making it more important for farmers to make a formal written submission on the proposals.

**Electric boiler to cut emissions** [20 September/Farmers Weekly] Synlait Milk's emissions savings after 10 years of its electrode boiler at the Dunsandel plant will be equivalent of emissions from 9600 houses. The change is part of the company's ambitious target to reduce greenhouse gas inventory, both in its own activity and the on-farm emissions of its farmers. Off-farm it wants to reduce total greenhouse gas per kilo of product by 50% by 2028 from the 2017-18 base measurement of 1.13kg carbon dioxide equivalent. On-farm the target is a 35% reduction from the base figure of 11.87kg of carbon dioxide equivalent a kilo of milksolids. 83% of total group emissions are made up of farm emissions. Synlait has provided all its supply farmers with their gas emissions profile since the 2017-18 season. A new incentive for reducing gas levels has been included in the company's Lead With Pride farm assurance programme. Synlait has reported that their overarching goal is to work alongside farmers to boost farming systems towards being regenerative. It is also forming partnerships to restore community areas.

**Why NZ's rivers are still in a worrying state** [22 September/The Country] New Zealand's rivers remain in a worrying state, with new data from Land, Air, Water Aotearoa (LAWA) showing how levels of harmful E. Coli and nitrogen have been worsening over the past decade. When measuring E.coli, the notorious bacteria linked to animal or human faeces that can leave swimmers suffering vomiting, cramping, nausea and diarrhoea, around 45 percent of sites had been assessed as either "likely" or "very likely" degrading, while at another 21 per cent of sites, results weren't clear. For total nitrogen, about half of river sites showed worsening trends, while there wasn't enough data at 17 per cent of sites to say either way. Fish & Game New Zealand Chief Executive Martin Taylor reported the new LAWA data showed why the Government reforms are so important in helping to protect waterways for generations to come.

**Farmer lobbying for Selwyn river protection after collecting 400kg of rubbish** [23 September/The Country] Hororata Farmer Deane Parker is lobbying for better protection of the Selwyn riverbed, after plucking more than 400 kilograms of rubbish from it in a few hours. Mr Parker had been concerned by the amount of rubbish building up around the end of Hawkin's Road, which backs onto the river, and reported that Canterbury Regional Council quickly and gratefully collected his haul. However, he is hoping for better signage and enforcement to stop the Selwyn River being treated as destination dumpsite, for everything from computer monitors, RTD bottles and furniture.

**Climate research gets green light** [23 September/Farmers Weekly] Joined by industry leaders at NIWA's headquarters in Wellington, Agriculture Minister Damien O'Connor announced the \$1.56 million spend on eight new projects provided through the Primary Industries Ministry's Sustainable Land Management and Climate Change Research Programme to help the agriculture and forestry sectors address climate challenges. Hon O'Connor stated that the latest projects will help researchers, the Government and farmers better understand and adapt to the effects of climate change. Two Scion projects that look at adapting to and mitigating wildfire risk and managing climate risk in the forestry sector were approved. The money is on top of the \$229m investment the Government made in the farming sector through the Sustainable Land Use package. According to Hon O'Connor, the extra funding means more support for New Zealanders who want to innovate further so they can farm sustainably.

**Draft emission trading scheme stalls, fails to make it to Cabinet** [24 September/Stuff NZ] The Government's plan to make farmers pay for their emissions is on shaky ground after Labour, the Greens, and NZ First have failed to agree on proposals, meaning the plan is stalled at the cabinet committee stage whilst ministers work to agree on a plan. Agriculture has been exempt from the emissions trading scheme (ETS) since it was created in 2008 which is controversial as agriculture is New Zealand's largest emitter, responsible for nearly half of total emissions. Senior ministers are concerned that the Government is facing an agricultural revolt as farmers grapple with a raft of stringent new regulations on water quality and environmental degradation announced by Environment Minister David Parker. There is concern within the Government that it may have burnt through its political capital with farmers, leaving it limited scope to pursue other measures that would add cost to agriculture. However, back-tracking on introducing agriculture to the ETS would be a significant back down for the Government, which had promised it would finally bring an end to the exemption. Some details of the scheme were agreed to last week, but there are still enough outstanding problems for the scheme not to progress beyond committee stage.

**Farmers praised for growth in rural recycling** [24 September/The Country] Farmers and growers are achieving record-breaking volumes of plastic recycling through the rural recycling programme, Agrecovery. The past year has seen a 43 per cent increase in rural plastic coming back for recycling at Agrecovery's sites, events and via on-farm pick-ups, which means that over half of the agrichemical containers and drum plastic sold in the New Zealand market are being recycled. Those manufacturers who participate in the programme pay a voluntary levy to support the recycling of the containers and recovery of any end of life product, which occurs at no cost to the farmer. The plastic is shredded, cleaned and broken down into a resin before it is made into materials like cable cover and damp course, a building material to prevent rising damp. These products are then sold locally for New Zealanders.

**Businesses and unions support schools climate strike** [24 September/Stuff NZ] Unions and some businesses are supporting Friday's climate "strike", days after millions of people took to the streets worldwide as part of the accelerating global campaign. Friday's protests across New Zealand are the third wave of action organised by students, as part of the movement inspired by Swedish teenager, Greta Thunberg, which last week saw millions of people protest for urgent action across the world. It has been stated that the pressure needs to move onto the big corporations instead of solely on individuals to make changes. Strikes are occurring on Friday around the country as a result.

**Plans give farmers certainty** [24 September/Farmers Weekly] Synlait Founder John Penno has urged Waikato farmers to take the time to submit on water quality standards and welcome the certainty setting those standards is going to bring to New Zealand agriculture. The proposed 5m set-back on streams and waterways grated most with an audience already well down the riparian path in fencing and waterway protection. Ministry Freshwater Project Leader Brian Smith acknowledged farmers' concerns over the set-back but defended the sound sediment control science behind it. Mr Smith also acknowledged that the Government appreciates the demands being put on farmers and is looking at ways to help manage the load. On top of this, the release of Waikato's Healthy Rivers plan has caused tension to exist between farmer groups over the plan's grand-parenting of nitrogen limits, which tends to give higher loss dairy units more nutrient headroom than their drystock neighbours.

## Dairy

**Boutique milk business bringing glass bottles back to Canterbury** [20 September/Stuff NZ] James and Chloe Davidson have established Darfield-based Roan Farm, leasing 24 hectares of land where they will produce A2 milk to sell door-to-door in Canterbury in glass bottles. The milk will sell for \$4.50 a litre, with an additional \$2.50 fee for a glass bottle. When customers return, they exchange the bottle and then just pay the \$4.50. A local cafe and a couple of small grocers are already on board to take the Roan Farm milk, which will also be delivered to Darfield, West Melton and Christchurch. Routes will eventually increase with demand. The couple have a mobile milking shed so that their cows and calves can be milked in their paddocks without disturbing mother-calf bonding and are converting their land so it can be farmed organically.

**Fonterra board starts planning chair succession** [23 September/Farmers Weekly] Fonterra Co-operative Group's board has started thinking about who should lead the country's dominant dairy processor through its new strategy, but that won't necessarily see John Monaghan leave. Independent director Simon Israel will step down from the board at this year's annual meeting in November, and with Chair Mr Monaghan scheduled to retire by rotation in 2020, Fonterra's directors will start work on who will oversee the new direction. Fonterra stated Mr Israel's decision to leave is part of a planned succession and the need to phase the refresh of the cooperative's independent directors, and will be replaced at an appropriate time. Directors Andy Macfarlane and Donna Smit are seeking re-election at this year's annual meeting. Pharmaceuticals Executive Philipp Haas and former Corporate Lawyer Cathy Quinn were recommended by Fonterra's independent selection panel process.

**Dairy farmers don't like it but plant drinks have long been called 'milk'** [24 September/Stuff NZ] Some dairy farmers are seeking governments to reserve the term 'milk' for milk from mammals, as dairy-free replacements grow in market share, however it is being argued that it is too late to make this change. The Food Standards Code for Australia and New Zealand assumes "milk" refers to cow's milk. Anything else must be specifically described in terms of its source – for example, sheep's milk, goat's milk or almond milk. It is unlikely anyone is being deceived by drinking plant-based milks thinking that they are in fact dairy, or that dairy farmers would gain significant market share back by having a monopoly over the word, because those who seek alternative milks are often doing it for health or animal welfare reasons.

**Green targets rule \$50m loan** [24 September/Farmers Weekly] Synlait Milk will reap cheaper interest costs if it hits environmental, social and governance targets in a \$50 million, four-year loan with ANZ Bank. The loan will effectively transfer ANZ's existing \$50m committed four-year revolver loan with Synlait into an environmental, social and governance (ESG) targets-linked loan and a discount or premium to the base lending margin will be applied, based on its performance around a score of measures. The bank's view is that strong ESG risk and opportunity management is an indicator of strong future performance and also believes it can accelerate the transition by incentivising customers to outperform on their ESG agendas.

**Synlait dries first milk from Pokeno factory despite upcoming Supreme Court case** [24 September/Stuff NZ] Synlait Milk has processed its first milk at their Pokeno plant into nutritional powder, despite the threat of a Supreme Court hearing hanging over the future of the plant. The company bought the 28 hectare site for the \$260 million plant in February 2018 but ran into a snag when neighbouring Landowner Karl Ye won a Court of Appeal judgment which reinstated covenants over the north Waikato land. A Supreme Court hearing for Synlait to try remove the covenants is set for 21 October. Chief Executive Leon Clement reported Synlait is hiring an additional 22 staff to cope with the expected increased output. The Pokeno facility will initially produce infant-grade ingredients while regulatory registration is obtained for infant formula base powder production. The Pokeno nutritional spray dryer can produce 45,000 tonnes of product a year and will be capable of producing nutritional, formulated powders, including infant-grade skim milk, whole milk and infant formula base powders.

**Milk powder without cows joins animal-free mega trend** [25 September/Stuff NZ] Future foods and Agriculture Expert Dr Rosie Bosworth states a cell-based replacement on the horizon will make a new dent in dairy's dominance. Unlike plant milks on the market, a cell-based milk would taste and behave, chemically, like a dairy product. Last month, a biotech start-up in the United States, Perfect Day, launched a cell-based ice cream at US\$60 (approx. NZ\$95) for three pints and the product sold out within hours. Whole milk powder is New Zealand's biggest dairy export, valued at \$16.6 billion in 2018, according to the Dairy Companies Association. Dr Bosworth reports that it is inevitable plant-based powder will eventually be able to match its dairy competitor for scale and cost. If it can meet the requirements consumers have for taste, there is a chance people will not notice it being used, with manufacturers using milk powder for a variety of products including pharmaceuticals and cosmetics. New Zealand should be supporting start-ups in plant-based alternative proteins and technology according to Dr Bosworth, as just because we are leaders in the dairy industry does not mean we cannot become a leader in a competing industry. Dr Bosworth believes the new industry will not be able to derail dairy, as consumers seek products without a complicated ingredient list and are increasingly focused on natural products.

**Profits up for new owner of Westland Milk** [25 September/Farmers Weekly] Results for the first half of 2019 show that Yili Group's global operating revenue has grown year-on-year by \$1.1billion to a total annual revenue of \$10billion. The announcement closely followed Yili's successful acquisition of Westland Co-operative Dairy Company Ltd for \$588 million. Regional Development Minister Shane Jones stated on the back of the purchase that Overseas Investment Office rules needed to be changed to make sure farmers did not keep selling the nation's birthright. Earlier this year, Yili launched its vision of creating a "global health ecosystem" as part of its drive to deepen its global footprint. Prior to the acquisition of Westland, Yili invested \$660million in creating the Oceania Dairy production facility near Glenavy, one of the world's largest integrated dairy bases, and Yili has also signed a strategic partnership agreement with Lincoln University to establish its Oceania Research and Development Centre.

## Horticulture

**Fruit will rot unless Govt speeds immigration decision** [19 September/Rural Life] A group of 12 businesses with early stage crops such as strawberries and asparagus have written an open letter to the Immigration Minister, urging him to make a decision on how many overseas immigrant workers they can employ. The picking season has started at Perrys Berrys, but the owner, Francie Perry, still doesn't know how many overseas workers she can employ and has reported it can take months to get visas approved. Mrs Perry stated that if she didn't get enough overseas workers in time, the fruit will go unpicked, which is what happened last year, with 250,000 of her strawberries left rotting in the ground. Immigration Minister Iain Lees-Galloway said it was a problem he was looking to address in a refresh of the Recognised Seasonal Employer scheme and states that the ministry only received the information it needed to make the decision from the industry in late July.

**The place where everyone wants to be a cannabis farmer** [22 September/The Country] There has been a push by a range of locals to turn the former Yugoslav republic now called North Macedonia into a nation of cannabis farmers. It is early days, but the aim is to get a piece of a global medical marijuana market that's predicted to reach anything between \$14 billion and \$50 billion over the next five years. More than two dozen companies have been licensed since 2016 and the Health Ministry is processing another 20 applications. The economy since the breakup of Yugoslavia has been dependent on exporting tobacco, fruit and vegetables and auto parts. There's still no legislation to allow most exports of medical cannabis, though it has cross-party political support and the government says it wants to pass it in coming weeks. On a tour of the country last month, most Macedonian growers appear to be mainly storing the dry flower, hoping the long-promised fix to the legislation will soon let them export it. There is however, the issue of corruption as it is believed the marijuana could be sold on the black market for a much higher price.

**Asparagus season looking healthy** [25 September/Rural News] New Zealand Asparagus Council Chairman Mike Arnold states that about 40 asparagus growers spread throughout the country were looking forward to bringing their 2019 bumper crop to market. Mr Arnold stated that there was "at least" a 10% increase in volume this season as newer blocks started to produce higher yields. That would push the combined crop from around 1800 tonnes to around 2000 tonnes, from around 570ha of planted product. The council states early production is snapped up quickly and about 95% of New Zealand-grown asparagus sold locally, with the remainder being exported to markets such as Japan and Singapore. With a limited season, fresh asparagus is generally available from September to December.

## International

**Consumers are confused about sustainable diets, survey finds** [18 September/Food Dive] A study by the International Food Information Council Foundation has revealed that 4 out of every 10 adults surveyed were not sure whether a sustainable diet is the same as an environmentally sustainable one. The survey was conducted through interviews with over 1000 people, with two-thirds agreeing that an environmentally sustainable diet can include protein from both animal and plant-based sources. 92 percent of respondents consume animal-based protein, and 72 percent eat plant-based protein. When asked to define what environmentally sustainable animal protein means to them, the IFIC survey found half of all respondents cited no added hormones, while 40% said grass-fed animals and 32% mentioned locally raised.

**Kerry ups its plant-based game with Radicle ingredients line** [19 September/Food Dive] Kerry Taste & Nutrition has introduced a portfolio of plant-based ingredients under the Radicle brand for use with plant-based proteins and dairy alternatives. The company said in a release the ingredients help provide nutritionally better plant-based foods with authentic tastes and cleaner labels. The move comes as more consumers become flexitarian but seek the flavours and texture of traditional animal-based products. The Radicle line will first debut in North America and Europe and roll out globally in the coming months. The new ingredients are in two big buckets: for plant-based dairy, including ice cream, yoghurt and cheese and plant-based meat. These products impart flavours and mouthfeel typically associated with meat and dairy, as well as mask off tastes, mimic textures and perform similarly to dairy and meat when cooked and eaten.

**Is plant-based meat really healthier than the real thing?** [19 September/Food Dive] Further study is needed to determine whether plant-based meat alternatives designed to replicate the real thing are as healthy and environmentally beneficial as they claim to be, according to the Journal of the American Medical Association. Critics are also raising questions about plant-based meat options, which are becoming more popular as a way to reduce saturated fat and cholesterol while benefiting the planet. The Center for Consumer Freedom ran advertisements in August slamming companies that make alternatives for misleading consumers into thinking their options are less chemically processed than real meat. Objective studies need to be completed in order to get the full story to consumers, as both sides are currently pitting against each other, claiming their products are better for consumers.

**CheeseltYourself: Start-up upcycles liquid food waste into plant-based cheese** [19 September/Food Navigator] Denmark-based start-up CheeseltYourself has developed a vegan powder mix that blends with aquafaba to make plant-based cheese. The founders developed a solution that empowers consumers to transform their liquid food waste into a plant-based cheese. Aquafaba is the water from chickpeas or beans, and can be mixed in with the cashew-based powder, creating a firm sliceable cheese that keeps for between four and five days.

**Ikea challenges meatball 'identity' with plant-based alternative: 'We want to convert carnivores'** [19 September/Food Navigator] A vegan meatball alternative is undergoing product development at Ikea Food, which Managing Director Michael La Cour reports will help get the company's menu to at least 20 percent plant-based by 2022. Swedish meatballs are part of Ikea's brand identity, being the most popular menu item. The new plant-based alternative is due to launch in Europe next August, before landing in North America and Asia Pacific a couple of months later. The new product prototype is in development but currently contains ingredients such as pea protein, oats, potato and apple. The company states that initial calculations show that the climate footprint of the alternative meatball is significantly lower than that of the traditional one.

**Whole Foods' CBD expansion reflects category 'explosion'** [20 September/Grocery Dive] Whole Foods will expand distribution of topical CBD products to stores in 13 new states this month extending CBD products into a total of 359 Whole Foods locations across 30 U.S. states. The grocer is also adding an exclusive lineup of CBD bath items from Pacha Soap Co. The CBD industry is expected to grow 700% this year, as a result of consumer demands with people using CBD products as part of a wellness lifestyle as well as helping to managing health symptoms and pain. It has been reported that more information needs to be provided to consumers on how to use it, and the actual benefits it provides.

**Fiber-rich food appeals to health, diet and lifestyle needs** [23 September/Food Navigator] Plant-based ingredient player Roquette has released its fibre consumer survey results in a bid to increase our understanding of the perceptions around fibre in our diets. The results show that consumers are looking for foods with high fibre and the research states that marketers should focus on impactful statements which show their products have high fibre content. Digestive health, regularity and achieving a healthy diet are the main reasons why consumers opt for fibre-rich buys.

**Disney to offer more than 400 plant-based food items to parkgoers starting in October** [24 September/CNBC Markets] Starting in October, Walt Disney World Resort in Orlando, Florida, will have more than 400 food items that are free of meat, dairy, eggs or honey. The table service locations will have the new options starting two days later. Disneyland Resort in Anaheim, California, will launch the new items next spring.

**RXBar driving millions for Kellogg as its cereal business falls out of vogue** [24 September/CNBC] RXBAR net sales during the first 12 months of Kellogg's ownership surpassed USD\$200 million (approx. NZD\$320 million). The nutrition bar is reinvigorating the old brand's snacks and breakfast food business, with its simple ingredient list of egg whites, nuts and fruit, appealing to customers looking for clean labels.

**Dairy companies among biodiversity pledge coalition** [24 September/Food Navigator] Nineteen companies and the World Business Council for Sustainable Development (WBCSD), have launched a new initiative to protect and restore biodiversity within their supply chains and product portfolios. The coalition has been coined "One Plant Business for Biodiversity", and its members include Danone, Mars, L'Oreal, Nestle and McCain Foods. All members have committed to taking tangible actions to develop innovative solutions aimed at protecting and enhancing biodiversity in agricultural systems. The impact of the coalition's work will extend through to 2030.

**'Smart Eating': Reformulation, modernization and personalization identified as key areas for innovation in Thai food industry** [24 September/Food Navigator] Product reformulation, modernisation and personalisation have been identified as key areas for innovation within the food and beverage industry in Thailand, with a strong emphasis on increasing focus on the elderly population as well as technological advances. It has been reported with urbanisation increasing along with a reliance on processed food, there are spaces opening up in the market for innovative, healthy products.

**Digital customisation: Nestle-Alibaba analytics platform looks to digitalise and individualise traditional retail store operation** [24 September/Food Navigator] Nestle and Alibaba have co-designed a virtual digital platform which looks to digitalise the operations of traditional retail outlets, in addition to creating customised product portfolios based on consumer demand. The platform helps to connect FMCG brands with traditional mom-and-pop stores in China. The platform will help on improving Nestle product distribution, sales value and overall precise and efficient distribution. However it has been reported that the platform will most likely expand from selling just Nestle products.

**Pork alternative 'taking Asian market by storm' eyes EU expansion** [24 September/Food Navigator] Hong Kongese plant-based pork substitute, Omnipork, is looking to expand beyond Asia into European markets, beginning with the UK. The product is made from pea, non-GMO soy, shitake mushrooms and rice. The product comes as the pork industry struggles to keep up with consumer demand. Compared to ground pork, the product contains 260 percent more calcium, 127 percent more iron, 86 percent less saturated fat and 66 percent fewer calories.

**What's next for blockchain in the food industry?** [24 September/Food Navigator] Blockchain can trace and record transactions to strengthen food management, safety and quality in the food industry. A whole host of brands have activated blockchain technology to highlight the need for product and supply transparency that communicates safety and quality. This comes as consumers seek both transparency and sustainability in products, so blockchain is used to generate trust in consumers.

**Green consumers are 'punished' for doing the right thing: 'There will be a radical uprising'** [24 September/Food Navigator] According to the 2018 Ethical Consumer Markets Report, consumers are increasingly putting ethical considerations at the heart of their purchase considerations. However the reasons behind why some people are not acting on their green beliefs is because of high prices, limited availability of suitable products and access difficulties. Scientists behind the report state that instead of the responsibility being on the consumer to brunt the cost and responsibility, food businesses should adopt more sustainable production methods as part of their moral responsibility.

**Greta Thunberg adopts Donald Trump's sarcastic comment as her bio** [25 September/Stuff NZ] 15 year old Greta Thunberg addressed the Climate Action Summit in the United Nations General Assembly this week. Miss Thunberg has spent recent months in an accelerating bid to cast attention on global warming and its effects on the rising generation, and took an emotional appeal at the conference, stating "we are in the beginning of a mass extinction and yet all you can talk about is money. You are failing us". She had a mixed response, with some saying she is being used as a pawn in a larger debate whilst others seem inspired by her words and ready to make changes.

## Subscribe

To subscribe to future editions of Field Notes please [click here](#).

## Contact Us

### Auckland/ Audit

**Ian Proudfoot**

09 367 5882

021 656 815

iproudfoot@kpmg.co.nz

### Auckland Agri Food

**Emma Wheeler**

09 367 5340

021 806 210

emmawheeler@kpmg.co.nz

### Tauranga

**Glenn Keaney**

07 571 1784

027 288 7555

gkeaney@kpmg.co.nz

### Wellington

**Graeme Edwards**

04 816 4522

027 296 5050

gdedwards@kpmg.co.nz

### Christchurch

**Andrew Hawkes**

03 353 0093

027 508 0135

ahawkes@kpmg.co.nz

### Financial Advisory Services

**Gary Ivory**

09 367 5943

021 932 890

givory@kpmg.co.nz

### Taxation

**Greg Knowles**

09 367 5989

021 307 332

gknowles@kpmg.co.nz

### Hamilton/ Private Enterprise

**Hamish McDonald**

07 858 6519

021 586 519

hamishmcdonald@kpmg.co.nz

### Ashburton/ Private Enterprise

**Craig Jakich**

03 307 0769

021 0600 553

cjakich@kpmg.co.nz

### Farm Enterprise

**North Island**

**Roger Wilson**

07 858 6520

027 281 9575

rogerwilson@kpmg.co.nz

### South Island

**Brent Love**

03 683 1871

027 528 1537

bllove@kpmg.co.nz

Field Notes presents a summary of some of the media comment on the Agribusiness sector in the last week. The views expressed do not necessarily represent the views of KPMG but are summaries of the articles published.

The information provided herein is of a general nature and is not intended to address the circumstances of any individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received nor that will it continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2019 KPMG, a New Zealand partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (KPMG International), a Swiss entity. All rights reserved. The KPMG name and logo are registered trademarks or trademarks of KPMG International Cooperative ("KPMG International").

KPMG and the KPMG logo are registered trademarks of KPMG International Cooperative ("KPMG International"), a Swiss entity.