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AGRIBUSINESS

Field Notes



Weekly news update from the KPMG Agribusiness network

Organisations referenced in this week's Field Notes include:

3D Bioprinting Solutions (Russia)	McCormick
AgFunder	Meat Industry Association
Agri People Solutions	Mercury NZ
Aleph Farms	Mintel
Association for Packaging & Processing Technologies	Morton Smith-Dawe Ltd.
Auld Farm Distillery	Munro Honey Co.
Beef + Lamb New Zealand	Nestle
Bella Vacca Jerseys	Noblegen
Beyond Meat	NZ Farming Jobs
Bonduelle	NZ Grain and Seed Trade Association
BrewDog	NZ Pork
Canterbury Triathlon Club	PepsiCo
Cecab	Port Taranaki
Coroos	Puhi Valley Cheese
Deloitte	Pukekohe High School
DuPont Nutrition and Biosciences	Rabobank
ESR	Red Meat Profit Partnership
Federated Farmers	S2G Ventures
Fonterra Co-operative Group	Seeka
Forage and Graze	Tatua
Gathered Game	The European Commission
Happy Valley Nutrition	The New Food Economy
Harvard University	The Private Land and Property Fund
Hawke's Bay Winegrowers Association	Veggie Boys Dunedin
Horticulture NZ	Waitaki Orchards
Impossible Foods	Westland Milk
Jersey Advantage	Westpac
Karen Karp and Partners	World Organisation for Animal Health
KiwiRail Group	Yili
Mackenzie District Young Farmers Club	

This week's headlines:

Red Meat	Beef and sheep exports to pass \$4 billion mark for first time [03 October/The Country]
Arable	Seeds are earning us big money [08 October/Farmers Weekly]
Horticulture	New NZX listing adds kiwifruit to vineyard land [03 October/Farmers Weekly]
Farmers and Producers	Artisan food producers join forces [04 October/Rural Life]
International	Aleph Farms prints lab-meat in space [08 October/Food Navigator]

Biosecurity

Farmers urged to be vigilant on African swine fever [09 October/Rural News] NZ Pork wants farmers to review their on farm biosecurity precautions especially on farm workers returning from countries confirmed with African swine fever. Farmers have been told to look into arranging no-contact time and stand-down periods for workers when they return from overseas, according to NZ Pork Chief Executive David Baines. According to the UN Food and Agriculture Organisation (FAO), the virus has spread to 11 Asian countries, including the Philippines, after decimating the pork industry in China. NZ Pork reports that the World Organisation for Animal Health (OIE) recommends to all countries that the way to prevent the spread of ASF is for workers and visitors to stay away from pigs for at least five days after returning from overseas.

Agribusiness Education

Eyeing up ag's opportunities [09 October/Rural News] Pukekohe High School Teacher Dave Matthews is helping to get teenagers interested in horticulture with his teaching programme catered towards students in years 10-13. At the start of their journey, year 10 students are given a general taste of agriculture and horticulture, learning why they are important to the area and broader NZ. They also look at plant science and get to grow crops from seed to harvest in growing units set up on the school premises. During the school year, students go on many field trips, for example to local dairy farms to look at milk production, and collect native seeds on Awhitu Peninsula. In due course, these are propagated at the school and end up on local farms to help landowners do riparian planting or create wildlife reserves. Year 11 students visit properties such as Limestone Downs, a commercial sheep farm near Port Waikato. There they do day-to-day husbandry tasks such as ear tagging, drenching and tail docking. Older students spend one day per week for 10 weeks working in these businesses, experiencing day-to-day operations and learning, for example, fork truck operation, UTV driving and health and safety. Students have found work in the sector after leaving school and have gone on to technical and mid-management positions locally, NZ-wide and overseas and Mr Matthews reports the benefits of hands-on experience allowing many students to shine especially if they struggle in more theoretical classes.

Rural Lending

Waikato to be the new home for Rabobank New Zealand's head office [04 October/Rabobank Media Release] Rabobank New Zealand is moving its head office from Wellington to Hamilton in order to support its growth strategy into the future as New Zealand's only specialist food and agribusiness bank. The move will allow them to be close to key clients. The Waikato is one of the country's largest and growing agri-business regions. The move will be progressive and occur between early 2021 and January 2022. A staff consultation process was completed before the decision was confirmed, and the current Hamilton office will be combined with the new head office, housing around 80 employees in total.

Animal Exports

Damien O'Connor backs conditional livestock export prohibition [09 October/The Country] Agriculture Minister Damien O'Connor has reported that a conditional prohibition on livestock exports is potentially the best option to protect exported animals and New Zealand's reputation. In a Cabinet paper just released on the proposed review of the live export trade, Hon O'Connor presented five options prepared by MPI, one being a total prohibition, thereby stopping the trade. The other options were collaborative programmes to build the capacity and capability of the destinations and/or encourage alternative exports; continuous improvement under current regulatory settings; and finally, targeted interventions, development of new operational policy and continuous improvement. The paper stated live animal exports are valuable to New Zealand, averaging \$251 million a year between 2010 and 2018 and have also been an essential part of many of New Zealand's trading partnerships.

Horticulture

New NZX listing adds kiwifruit to vineyard land [03 October/Farmers Weekly] New Zealand's biggest kiwifruit producer Seeka, has sold one of its Northland kiwifruit orchards to new sharemarket listing, the Private Land and Property Fund (PLP). Seeka will continue to run the orchard. The fund paid \$15.5 million for the 20-hectare property and its outlay is expected to rise to \$22m as it pays for planting more gold kiwifruit over the next year. There is also provision for a further \$1m payment in five years, based on orchard production. PLP is managed by Booster Investment Management, part of the Wellington-based KiwiSaver and investment group Booster Financial Services (BFS). Seeka will be using the proceeds to repay debt.

Austin Singh Purewal wins Young Vegetable Grower of the Year [04 October/The Country] The youngest finalist in this year's Young Grower of the Year competition, Austin Singh Purewal, 18, beat the field to win this year's Young Vegetable Grower of the Year. Throughout the leadership panel and speech events, Mr Singh Purewal voiced his views on the importance of diversity and encouraging young people into roles within the industry. HortNZ Chief Executive Mike Chapman reported that competitions like these are essential because they highlight horticulture as a vibrant career for young people. Mr Singh hoped that by entering, he had shown his peers that they can also achieve great things in the industry.

Seed spud shortage strikes [04 October/Rural Life] A recent shortage of Jersey benne seed potatoes in Dunedin means some home gardeners may struggle to grow their own supplies for the festive table this Christmas. Veggie Boys Dunedin Owner Marty Hay reports that there will be a good supply of the variety available in Otago in mid to late November, however states that retail prices will rise as commercial growers have also been affected by the reduced supply of seed potatoes. Grant Dawe, Manager of Morton Smith-Dawe Ltd stated the firm had been out of Jersey benne seed potatoes for the past three weeks. A crop failure by a South Canterbury supplier, combined with some wet growing conditions and low soil temperatures, had contributed to the reduced supply according to Mr Dawe.

Horticulture NZ warns vege prices could rise nearly 60 per cent by 2043 [07 October/The Country] Horticulture New Zealand is warning vegetable prices could increase by nearly 60 percent by 2043, if central and local government policies that will stop new vegetable growing are accepted. A report by Deloitte and commissioned by Horticulture New Zealand found that if growers are prevented from expanding to keep up with demand, consumers could be paying 5.50 in today's money for a Pukekohe-grown lettuce, compared with the current price of around \$3.50. Horticulture New Zealand's Chief Executive, Mike Chapman, stated that vegetable growing across the country is under a lot of pressure from competition for highly productive land, access to freshwater, climate change mitigation and increasing government and council regulation. Mr Chapman reports the need for increased domestic production so that the country is less dependent on imports, as well as access to new irrigation and productive land.

BrewDog's Hybrid Burger: cynical cash cow or fresh frontier for flexitarianism? [04 October/Food Navigator] Craft beer company BrewDog is selling a hybrid burger consisting of 50 percent Beyond Meat and 50 percent sustainably-reared beef which is causing controversy. Consumers have been slamming the burger, stating that it prevents certain customer groups from being able to have it, such as vegetarians and vegans. BrewDog created the burger to fit into the trend of flexitarianism, helping to enable meat eaters to transition into eating less animal-based protein.

Fighting food waste with a clean label: DuPont launches protective cultures for fermented plant-based products [04 October/Food Navigator] Danish ingredients supplier DuPont Nutrition & Biosciences is launching a new dairy-free protective culture that it states, builds on key sustainability objectives around tackling food waste and improving plant-based formulations and also has a clean label declaration. The product extends shelf life and ensures stable product quality. The new ingredient will support plant-based product formulators who have seen a surge in consumer interest.

PepsiCo: 'We're seeing consumers going after functionality, going after health and wellness, but also going after indulgence' [04 October/ Food Navigator] PepsiCo's CEO Ramon Laguarta states that consumer trends are complex, as although many are searching for health and wellness, there has also been a surge in demand for indulgence. Mr Laguarta states that choice will continue to be the way to address multiple consumer demands, build growth and appeal to as many people as possible.

Study: Gut health most influenced by teams of bacteria [07 October/Food Navigator] Gut microbial species work in teams to perform different functions, suggesting that cultivating certain groups of bacteria is more important than single species, according to an international team of researchers. The new study emphasises the importance of microbial teamwork. The research was based on 1,000 twins from the UK and compared how gut microbial species differ across people and how their functions vary.

Impossible Foods CEO: Plant-based competitors 'suck' and stifle industry growth [07 October] CEO of Impossible Foods Pat Brown started the California company eight years ago, has reported that other offerings in the market only serve to reinforce the idea that faux meat options are terrible which pushes consumers away from the market space. Mr Brown noted that consumers are wanting products that are the right blend of taste, nutrients, convenience, affordability and performance. Impossible Foods' products are aimed at meat-eating consumers.

Regularly eating nuts can lower risk of obesity, study finds [07 October/Food Dive] Researchers from Harvard University have found increasing daily nut consumption is associated with less long-term weight gain and a lower risk of obesity in adults. Analyzing data from three U.S. studies, the researchers investigated the association between changes in nut consumption over four-year intervals and concurrent weight change during 20 to 24 years of follow-up. Researchers noted the three studies comprised mainly Caucasian health professionals with relatively higher socioeconomic status, so the results may not extend to other populations. Nuts have become a popular and convenient snack and contain healthy fats, vitamins and minerals. The researchers did note that people should not start consuming large amounts of them, however a small handful daily could be enough to make a difference.

Behind the scenes at Nestlé Packaging Science: A 5-step approach to the plastic problem [08 October/Food Navigator] Nestlé recently inaugurated its new research facility focused on tackling the problem of packaging waste. The Institute of Packaging Sciences is home to 800 employees and 30 labs, as well as a new R&D accelerator on the campus to help support collaboration between academia, start-ups and suppliers. Nestlé has stated that it aims to switch to 100% reusable or recyclable plastic by 2025. The company is developing refillable containers and delivery systems as well as creating packaging that feeds more easily into recycling systems, along with completely new types of packaging which are biodegradable and will degrade in a composting environment.

Smart Protein: Barilla, AB InBev, Thai Union et al. collaborate on EU-funded novel protein project [08 October/Food Navigator] Pasta residues, bread crusts, and brewer's spent yeast are the focus of a new project funded by the European Union, which sees 33 players collaborate to develop novel proteins from industry by-products. Smart Protein will run for four years, centred around by-products produced during the manufacturing processes for creating pasta, bread, and beer and finding ways to up-cycle these into novel, microbial biomass proteins.

UK allergy-related food recalls may rise further after Natasha's Law [08 October/Food Navigator] A report has stated that food recalls over allergy fears are a growing problem in the UK, as they have risen 30 percent to a five year high amid high-profile allergy-related deaths and concerns about the dangers of poorly labelled foods. Allergy recalls in the UK this year have totalled 122, with 22 percent of these related to undeclared milk and 16 related to nuts not being mentioned on the label. Recalls have impacted all major supermarkets in Britain. A new law will be in place in the UK from October 2021 which will require all businesses that sell food to print a full list of ingredients on pre-packaged food, and it is expected that this might cause further increases in food recalls.

Aleph Farms prints lab-meat in space [08 October/Food Navigator] Cultured meat innovator Aleph Farms has successfully completed the first 'slaughter-free meat' experiment in space through a joint experiment with 3D Bioprinting Solutions on the International Space Station. The Israeli food technology company has developed a method of growing cultured beef steaks using animal cells and successfully produced meat on the International Space Station. Aleph Farms reports that the development is an important milestone in its ambition to enable unconditional access to safe and nutritious meat while using minimal resources.

Bill Gates: 'Probiotics key to solving malnutrition' [08 October/Nutra-Ingredients] Probiotics could be key in addressing malnutrition, according to Bill Gates, who calls the nutritional imbalances affecting around 200 million children under five the greatest health inequity in the world. Mr Gates points to the early stages of research into the microbiome and states that as it moves forward it will become easier to pinpoint ways to detect gut imbalances and there will be more innovation in the gut-boosting food space allowing solutions to be faster and easier than ever.

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

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