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KPMG Agribusiness
Agenda

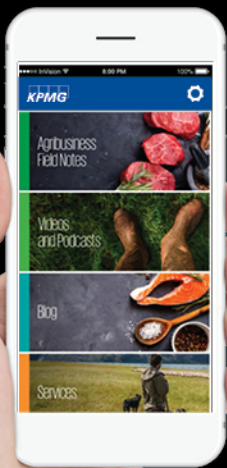


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AGRIBUSINESS

Field Notes



Weekly news update from the KPMG Agribusiness network

Organisations referenced in this week's Field Notes include:

Agri-Labs Co-Products	Kellogg
Alliance	Ketchum
ANZ	Mainfreight
Anzco	Māui Milk
Applied Food Sciences	McDonald's
Auckland Airport	Meat + Poultry
Beef + lamb NZ	Meat Industry Association of New Zealand
Biosecurity NZ	Ministry for Primary Industries
Catfish Killas	Mondelez
Ceres	My Farm Investments
China Forestry Group New Zealand	Nestle
Citi	New Zealand Woolscouring
Comvita	PepsiCo
Council of Dairy Cattle Breeding (US)	Perfect Day
Countdown	PGW Seeds
Dairy Companies Association	Plant Breeders Association
DairyNZ	Proforest
Danone	Rabobank New Zealand
Datagene Australia	Silver Fern Farms
Deliveroo	Southern Dairy Development Trust
Emerging Scientists for Climate Action	Spring Sheep Milk Company
Environmental Protection Agency (EPA)	Supplieside West
Fonterra Co-operative Group	The a2 Milk Company
Food and Drug Administration (FDA)	The Lamb Company
Food Waste Reduction Alliance	Trade Me
General Mills	Tyson Foods
Goodman Fielder	U.S Department of Agriculture (USDA)
Green Rabbit	Unilever
Guidepost Growth Equity	Weathersbys Scientific
Holstein Friesian NZ	Westpac
Junlebao	Wholesale Seeds
Kauri Forestry	Zero Egg

This week's headlines:

Agribusiness	Thai PM to New Zealand: Give us the sheep placenta cream [04 November/Stuff NZ]
Environment & Emissions	Media Release - Rabobank NZ sees significant impact from freshwater proposals [31 October/Rabobank]
Dairy	Producers challenge synthetic promises [31 October/Farmers Weekly]
AgTech	150 young scientists urge Greens to re-think GE [31 October/The Country]
International	Industry, government take aim at food waste in the supply chain with formal commitment [31 October/Food Dive]

Apiculture

Mānuka plantations to replace wild capture as honey sector faces two-speed market [06 November/Stuff NZ] New standards introduced by the Ministry for Primary Industries in 2018 for mānuka honey are fast changing the way honey is sourced and marketed. My Farm Economist Con Williams reports that honey that doesn't meet the mono-floral definition has since fallen in price by 45 to 65 percent. Genuine mānuka honey, as defined by the new standard, has had prices hold steady. Mr Williams reports that although some of the drop in prices have been as a result of the new standards, the market was starting to moderate even earlier due to blending. Mr Williams reports that as a result of the standards, honey production was now set to move from "wild capture" to plantation mānuka. Companies like Comvita are already planting thousands of hectares of special cultivar mānuka. The new standards don't apply domestically, which is an issue Mr Williams has reported needed addressing. The "grey" channel is the name given to the practice of buying and posting products on behalf of someone else, and of products making their way into China as gifts or with tourists and could damage mānuka's reputation.

Red Meat

Meat industry welcomes RCEP [05 November/Farmers Weekly] The meat industry has welcomed the agreement on terms of the Regional Comprehensive Economic Partnership. Beef +Lamb NZ Chief Executive Sam McIvor stated that the announcement constitutes an important milestone in the negotiations as it is an opportunity for New Zealand to consolidate and improve on the already strong trade relationships we have with countries in the Asia-Pacific region. Tim Ritchie, Chief Executive of the Meat Industry Association stated that the New Zealand red meat sector already has a significant volume of trade with RCEP economies and the industry was looking forward to further growth and that the Association remains hopeful that India will eventually enter the agreement.

Lamb lack should boost prices [06 November/Farmers Weekly] The Lamb Company President and Chief Executive Tony Ruffo reports that static or falling lamb numbers in New Zealand will be a barrier to continued growth in the lucrative United States market. The firm, a joint venture by Australasian meat companies, supplies about 65% of NZ lamb going into the US and 90% of NZ lamb going into Canada as well as venison, beef and goat meat. The value of products should continue to rise, boosted by three value-add processing plants strategically placed in North America and providing products being sought by consumers. The Lamb Company is mostly owned by three large NZ meat processors, Alliance, Silver Fern Farms and Anzco, and has been active there for 60 years. The US is already the highest-paying market for NZ lamb, with an average value of \$17.79/kg in the latest June 30 year and a 24% year-on-year gain in overall value. Demand for grass-fed, premium red meats will continue to grow exponentially in North America but Mr Ruffo stated he will be surprised to see much further lift in NZ lamb export volumes there because of our static sheep numbers. At the premium end of the lamb market where the group trades, there has been no impact from alternative meat products, according to Mr Ruffo.

Agribusiness

Big farm changes are coming fast [31 October/Farmers Weekly] Professor Sir Peter Gluckman has once again cautioned the dairy sector not to be complacent about the synthetic milk threat as consumer markets and technology merge on the synthetic milk industry. As the technology advances it overcomes objections about taste and texture and attracts more consumers increasingly aware of the climatic and environmental impacts of pastoral food production. Two years on as the technology has accelerated he has little reason to change those views. Some observers including Massey University Agribusiness Expert Professor Hamish Gow have suggested that we might one day look back at dairying in areas like Canterbury as a transitional land use rather than the final, sustainable land use. Professor Gluckman reports farms need to make changes now, as their effects might take a long time to occur and believes big markets in Asia will determine just how quickly the shift and the technology behind it evolve.

Thai PM to New Zealand: Give us the sheep placenta cream [04 November/Stuff NZ] Prime Minister Jacinda Ardern was surprised by a question from the Thai Prime Minister on sheep placenta cream at the ASEAN summit in Bangkok this week. In a comment that clearly took both the Ardern and O'Connor by surprise, at the ASEAN Summit in Bangkok, the Thai Prime Minister specifically singled out the little-known New Zealand product as an example of how New Zealand was succeeding at moving up the agricultural value chain. Jacinda Ardern, although taken back by the comment, reported that the Thai PM was making a point about how New Zealand adds value through our agricultural products. The Prime Minister spoke on the first day of the East Asia Summit at ASEAN running about the value of free trade.

Wool

Spray markers can cripple wool prices [01 November/Farmers Weekly] Claims for wool tainted by spray markers and raddle have been settled by New Zealand Woolscouring, urging farmers to separate tainted fleece in the shearing shed and thrown in the bin as the stains cannot be scoured out of the wool. The company's Chief Operating Officer Tony Cunningham reports that they are worried the issue will get bigger as mills are finding it and pulling it out but are seeking compensation as a result. In a new move the latest Napier wool auction catalogue tagged fleece known to be affected and it was very difficult to sell. Wool Brokers Association president Scott McLeod joined Mr Cunningham in urging farmers to ensure affected wool is removed by handlers in the woolshed to avoid their prices going lower. The problem is with high-colour sprays and some raddles applied to the woolly backs and sides of sheep during scanning or used to identify them, particularly with the colours of blue, red and orange. Even small amounts can spread through the wool.

Dairy

Producers challenge synthetic promises [31 October/Farmers Weekly] Despite the attention on synthetic dairy products, the New Zealand dairy industry remains confident the traditional source of milk will remain a preference for the world's consumers. Evidence synthetic dairy's claimed lower environmental footprint exists remains scarce, according to Dairy Companies Association Executive Director Kimberly Crewther. The main source so far appears to rest on a 2015 report commissioned by the Perfect Day synthetic milk company. Mrs Crewther reports that when correct levels of protein in milk are taken into account the Perfect Day greenhouse gas claim seems to suggest they could produce a product with roughly 1% of the protein of naturally occurring milk for 35-65% of the gas emissions. The sugar required to act as a feedstock for the synthetic milk's yeast source has a high environmental footprint. The production of lysine requires more than five tonnes of corn or maize to produce corn syrup, for one tonne of final product. Mrs Crewther also stated that the association is also concerned about the labelling of such products and does not believe they should be labelled as milk or dairy as they do not meet the definitions set out in the Codex. On the other hand DairyNZ states that there is room for dairy, plant-based and synthetic alternatives to feed the world's burgeoning population and there will always be a premium market both here and internationally for natural, nutrient-dense NZ dairy products. Last year Associate Agriculture Minister Meka Whaitiri told the Platinum Primary Producers conference in Taupo the Government fully expects synthetic milk to be available within two years, closely followed by red meat alternatives.

Chairman keen to keep up world-class facility status [31 October/Rural Life] As the new chairman of the Southern Dairy Development Trust, (SDDT) fourth generation Farmer Tim Driscoll brings years of farming and financial experience to the role. Mr Driscoll is a Dairy Farmer near Winton, and was previously a Agribusiness Manager for Westpac and has belonged to various water and environmental groups including the Dairy Environment Leaders Forum along with being a school board trustee and has done some contract work. Mr Driscoll sees the new role as the next step in his leadership path, particularly as new challenges and uncertainties arise in the dairy industry.

More farms look to make the switch from milking cows to sheep [01 November/Stuff NZ] Waikato's two sheep milk companies are starting to expand as more farmers look for alternatives to bovine dairy to lower their environmental footprint. Spring Sheep Milk Company Business Manager Thomas Macdonald reports that they have signed up a supplier in Karaka and have up to three more looking to start milking sheep next season. Frustrations around the direction of the bovine dairy industry as well as environmental regulations were fuelling the interest from farmers. It was attracting people who did not want to milk cows, but were happy to milk sheep, according to Mr MacDonald. Maui Milk General Manager Peter Gatley has stated that they had recently signed one new supplier and had spoken to dozens of farmers over the past year considering converting to sheep milking especially since the company signed a deal with dairy giant Danone. In the short term, Maui Milk's main goal was establishing a base supply which meant expanding to have at least five more farmers milking sheep and have bred the sheep to set up those five farms.

Why DIRA needs to change [04 November/Farmers Weekly] Changes to the Dairy Industry Restructuring Act are needed to help New Zealand achieve its vision for the future of the industry according to Fonterra Co-operative Group Chairman John Monaghan. The Dairy Industry Restructuring Act (DIRA) has been critical to the performance of the dairy industry since it passed into law in 2001, enabling the foundation of Fonterra and helping to significantly grow New Zealand's dairy export market. As planned DIRA helped Fonterra's competition to thrive and there are 10 other competitors operating 15 manufacturing sites across the country. Fonterra's market share has reduced from 96% in 2001 to about 82% 2018. The industry's future vision includes goals for improving fresh water quality, maintaining the country's position as the world's most emissions-efficient producer of dairy, ethical animal welfare standards and protecting the dairy industry's significant contribution to the NZ economy. Fonterra has called for the end of open entry and exit provisions meaning they would have the right to reject applications from farmers to join the co-op. Also, saying no to milk from new land conversions and for it to be compulsory for milk processors to publish the average price they pay farmers, the key parameters of their milk price and examples showing the payout farmers would receive for different parameters.

Incumbents reclaim seats on Fonterra board [05 November/Stuff NZ] Fonterra Co-operative Group shareholders have re-elected Directors Donna Smit and Andy Macfarlane. Scott Montgomerie and Ellen Bartlett were elected to the directors' remuneration committee and Ian Brown was elected as the Fonterra Farmer Custodian Trustee. There was a new councillor appointed to the Fonterra Shareholder's Council, Gerard van Beek for ward 11, while Vaughn Brophy was elected to represent ward 14. All successful candidates will take office at the close of the Fonterra annual meeting on November 7.

Dairy prices go beyond market expectations at GDT auction [06 November/The Country] At the latest Global Dairy Trade auction, dairy prices went beyond market expectations, with the GDT price index rising by 3.7 per cent since the last auction. Whole milk powder (WMP) prices, which have the greatest bearing on Fonterra Co-operative Group's farmgate milk price, rose by 3.6 per cent to US\$3254 a tonne (approx. NZD\$5100). Skim powder prices, which also have a strong influence on the milk price, rose by 6.7 per cent to US\$2924 (approx. NZD\$4585) a tonne. ANZ reported in a market commentary that the auction outperformed expectations and that milk powder was strongly sought after, which will support the price farmers are paid for their milk. Rabobank Dairy Analyst Emma Higgins stated that demand has remained steady for New Zealand origin product across the course of the production season thus far.

A2 Milk shares fall as major Chinese competitor emerges [06 November/The Country] The a2 Milk Company will face increased competition after domestic Chinese infant formula player Junlebao launched an A2-protein formula. As a result the a2 Milk company's stock is down 3.6 per cent at \$12.30 and Citi maintains a sell rating on the stock as it sees downside to its consensus margins over the medium term, partly due to increasing competition in China. Other risks include an increasing focus on topline growth over short-term profitability, the investment required to capitalise on the US and China opportunities and regulatory and structural headwinds. A2 Milk shares are up 14.4 per cent so far this year but are well off the year's high of \$18.04 in July. The Junlebao product is currently only available for pre-order on e-commerce platforms. However, it does possess State Administration for Market Regulation registration and will be allowed for sale in offline retail channels, such as mother and baby specialty supermarket.

GDT auction result good news for farmers says Rabobank [06 November/The Country] The latest GDT result is "really positive" for Kiwi farmers according to Rabobank Dairy Analyst Emma Higgins. Prices went beyond market expectations, with the Global Dairy Trade price index rising by 3.7 per cent since the last auction. New Zealand products were trading at a premium against other offshore sources. Mrs Higgins reported that unsettled spring weather in parts of the country was impacting pasture growth and production and the overseas market was beginning to grasp that. This meant there could possibly be upwards pressure on markets still to come, especially since some buyers had been relaxed about procuring product, in particular skim milk powder according to Mrs Higgins.

Arable

Cultivar developer will defend seed rights [01 November/Farmers Weekly] PGW Seeds invests a lot of money every year developing new cultivars and associated technologies and is prepared to vigorously protect its intellectual rights according to New Zealand General Manager David Green. This message comes after Ashburton-based company Wholesale Seeds published a notice apologising to PGG Wrightson Seeds for inadvertently breaching the Plant Variety Rights Act in regards to a licensed, protected cultivar. The sale of the Vulcan Kale cultivar by Wholesale Seeds will stop immediately, according to Director James Smith. The Plant Breeders Association hopes the Government will start action this year to toughen legislative protections for the proprietary rights of seed and plant breeders, according to the association's General Manager Thomas Chin, as the current act has been in force since 1987. The association hopes Commerce and Consumer Affairs Minister Chris Faafoi will make recommendations to Cabinet later this year so legislation can be introduced to Parliament by the start of May. In submissions to the Commerce Ministry, the association also advocated for legislation allowing farmer-growers the right to save seed from a proprietary cultivar for re-sowing, subject to a royalty payment to the owner of the rights.

AgTech

150 young scientists urge Greens to re-think GE [31 October/The Country] More than 150 young scientists have appealed to the Green Party to back an overhaul of gene-editing laws, which they argue would help fight climate change. The party has signalled no intention of changing its stance over the contentious issue. In New Zealand, strict regulations under the Hazardous Substances and New Organisms (HSNO) Act have tightly controlled the use of gene engineering and genetically modified organisms since 2003. The group Emerging Scientists for Climate Action believe that the regulations are preventing green technologies from being created that could help the country. GE-free advocates are opposed to any softening of the HSNO Act, as they, like the Green Party are also concerned that relaxing our laws could threaten New Zealand's position in global markets.

Genomic testing helps dairy farmers fast-track genetic gain [01 November/The Country] David Fullerton can tell before a heifer calf is weaned if it's going to grow into a profitable, high-producing dairy cow through genomic testing. Mr Fullerton farms almost 600 Holstein Friesians at their farm near Hamilton. They're using genomic testing to identify calves with the greatest genetic potential, enabling breeding decisions to be fast-tracked. Traits recognised include being heat tolerant and being a more efficient converter of feed into milk solids. Their stud, Waipiri Holsteins, holds the New Zealand record for the top registered three-year-old Holstein Friesian cow, which produced 1,292 kilograms of milksolids in the 2009/10 season. Mr Fullerton stated that they have exported bulls to Tanzania, China, Malaysia and South America and are exploring opportunities to sell semen into Zimbabwe, Vietnam the Philippines and Ecuador. Mr Fullerton reports that the testing has huge potential to increase dairying's profitability. In June, Holstein Friesian NZ teamed up with Weatherbys Scientific in Ireland to offer a genomic testing service. Farmers can choose whether the data is reported through DataGene Australia or the Council of Dairy Cattle Breeding in the United States.

Less fat on meat income [04 November/Farmers Weekly] Scott Technology revenues have jumped in the last year but it's automated equipment for meat processing plants played a lesser role. Revenue from meat processing work for the year ended 31 August was \$34.5 million, down from \$45m a year earlier, as total revenue from the world-wide activities rose to \$225m from \$181.8m. Some of the bigger overseas projects have been challenging and while the operating earnings were higher, at \$20m from \$19.3m, the after-tax profit fell to \$8.6m from \$10.77m. The company however warned of those challenges in early July and Chairman Stuart McLaughlan and Managing Director Chris Hopkins reported that the projects are now nearing completion. Appliances and the material handling and logistics sectors were the biggest revenue drivers in the latest year, ahead of meat and mining. During the year Scott Tech developed new technology in poultry and beef handling and for deboning lamb loins. In recent years it has installed eight systems in NZ lamb plants, mainly in boning operations, as automation allows for more meat to be taken off the bone. Scott Tech will pay a final dividend of 4c a share, making a total of 8c for the year. Scott Technology is to receive \$5.8m from the Provincial Growth Fund to set up an automation solutions and service unit aimed mainly at supporting food processors, according to the Minister of Regional Economic Development Shane Jones.

Biosecurity

Biosecurity Business Pledge signed by 50 NZ companies [31 October/The Country] A group of 50 New Zealand companies have signed a first-of-its-kind pledge to protect New Zealand from pests and diseases. The Biosecurity Business Pledge, which includes some of New Zealand's biggest businesses, including Fonterra Cooperative Group, Auckland Airport, Goodman Fielder, Countdown and Mainfreight, was launched today by participating businesses and Biosecurity Minister Damien O'Connor. The aim of the pledge was to take a more proactive approach to biosecurity by improving the partnership between government and businesses and to help prevent unnecessary costs and disruptions for Kiwi businesses, communities and the wider New Zealand economy according to Hon. O'Connor.

2019 New Zealand Biosecurity Awards winners announced [05 November/The Country] The 2019 New Zealand Biosecurity Awards were held in Auckland last night with more than 180 attendees celebrating and acknowledging 10 winners for their contributions to the country's biosecurity. Te Arawa Catfish Killas won the New Zealand Biosecurity Supreme Award and also received the New Zealand Biosecurity Department of Conservation Community Pihinga Award for their response in ridding catfish in Lake Rotoiti. Deputy Director-General Biosecurity New Zealand Penny Nelson stated that the various awards celebrate the incredible individuals and teams who are working hard to help ensure Aotearoa is safe from pests and disease.

Forestry

OIO gives green light for raft of land sales to foreign buyers [31 October/Stuff NZ] The Overseas Investment Office has granted a swathe of consents to foreign companies to buy existing forests, or farms to turn into forests. The sales announcements come amid controversy that forestry is taking over too much agricultural land, and threats from Forestry Minister Shane Jones that he will rein in the purchases. Lobby group 50 Shades of Green is organising a march on Parliament on November 14 to present its message to politicians that the blanket planting of good farmland has reached crisis proportions. Among the purchases include China Forestry Group New Zealand who have purchased 926 hectares, Austrian billionaire Wolfgang Leitner for 489 hectares and German and Swiss company Kauri Forestry who have purchased 309 hectares.

Environment & Emissions

Media Release - Rabobank NZ sees significant impact from freshwater proposals [31 October/Rabobank] Rabobank New Zealand believes the Government's proposed freshwater reforms will have significant implications for New Zealand's food and agribusiness sectors, with a likely impact on production costs, operational complexity and future land-use development opportunities. Rabobank's submission to the Ministry for the Environment on the proposals, reports that they are unnecessarily harsh and would have a detrimental impact on the rural sector, which is already facing pressures from regulatory change. They have stated that they support the Government's goal of improving the quality of New Zealand's freshwater and reducing pollution entering waterways from cities and farm however believe that the current proposed reforms could be damaging to the rural sector. Rabobank describes the proposals as both complex and demanding, with the consultation timeframe being extremely tight during a busy time in the farming calendar.

\$9 billion shock [01 November/Farmers Weekly] Claims the Government's essential freshwater proposals could cost the livestock industry over \$9 billion a year are selective, reports Agriculture Minister Damien O'Connor as they ignore substantial benefits that could be reaped. Submissions from both Beef + Lamb and DairyNZ state that that is the estimated cost of compliance and lower production of meeting the proposed reforms. More than 12,000 submissions were made by last week's deadline and have been labelled by some farming bodies as unbalanced, unnecessarily harsh and unsustainable. Damien O'Connor expects changes will be made and wants to work with the sector as the Government did with climate change policy. DairyNZ Strategy and Investment Leader David Burger states that the reforms lack robust science and economic analysis and are instead simplistic. Local Government NZ regional sector group chairman Doug Leeder reports that the reforms assume water issues are universally severe and urgent, however different waterways face different issues that need to be addressed and this needs to be acknowledged.

OverseerFM allows farmers to estimate how much carbon their tree blocks absorb [02 November/The Country] New Zealand farmers can now estimate how much carbon their tree blocks are sequestering thanks to a new addition to OverseerFM. The carbon stock tool uses data from the Ministry for Primary Industries' Carbon Look-up Tables to estimate the carbon sequestration potential for existing and future tree blocks on a farm. The new tool adds to OverseerFM's existing greenhouse gas (GHG) emissions analysis tool, which models the farm's biological emissions (methane, nitrous oxide) and carbon dioxide as well as product footprint. Overseer is also working with Scion to understand if different forest management practices will have a material impact on carbon stocks.

Freshwater reforms could have \$6b impact – DairyNZ [04 November/The Country] Economic modelling by DairyNZ has shown proposed new freshwater regulations could lead to a fall in New Zealand's GDP of \$6billion by 2050, with Southland being one of the hardest hit regions. Submissions on the Essential Freshwater package closed last week. By 2050, total milk production was forecast to fall by 24 per cent and all national exports by 5.2 per cent or \$8.1 billion. Tax revenue from dairy was also forecast to more than halve by 2050 with an annual loss of \$540 million at the national level. The proposed changes constituted substantial business risk for dairy farms, with the number of insolvent farms forecast to jump from 2 per cent to 11 per cent by 2050, according to DairyNZ Chief Executive Tim Mackle. The proposed changes potentially compromised the vitality of regional communities, due to the importance of processing jobs as well as farm profits and expenses being a key source of revenue for other businesses.

Gas meters are still years away [06 November/Farmers Weekly] Technology to specifically measure farm emissions is a long way off, according to Pastoral Greenhouse Gas Research Consortium Manager Mark Aspin. There is no economically viable technology to specifically measure greenhouse gas emissions so farmers will most likely have to input a host of data into a calculator such as Overseer, which will then generate an emission figure. Last week the primary sector and the Government agreed to price emissions from 2024 in return for the sector not joining the Emissions Trading Scheme. Incentives for early adopters will be offered and carbon dioxide offsetting from small tree lots, riparian areas and natural cover will be recognised. Between now and then systems will be developed to measure farm emissions along with investment in technology and techniques to lower those emissions. Another approach is to install measuring points around a property and use wind variability to gather data on emission rates. Others want to use satellites to gather emissions data. Modelling also allows a farmer to assess the impact on emissions of changes in management or farm practices. Work continues on the development of inhibitors and farming systems that can reduce gas emissions.

Farmers and Producers

Canterbury farmers breed 'cutest sheep in the world' [02 November/The Country] North Canterbury farmers Melissa and Hayden Cowan have a small flock of rare black-nosed Swiss Valais sheep after importing 32 embryos in 2018, of which 18 live lambs were born. Each embryo cost \$2000. Often referred to as the "cutest sheep in the world" this distinctive breed with black face and ears, curly forelocks and spotted knees and hocks originate in the mountains of the Valais area of Switzerland. This year they bought a further 15 and had an 80 percent conception rate. Mr and Mrs Cowan are part of a nationwide Valais breeding-up programme with several other breeders who are crossing other strains with purebred Valais rams. Their aim is to build the breeding flock up to 100 ewes, while retaining the best rams every year for breeding and selling the surplus ram lambs and wethers.

\$1.50 for 1000 hens: Hamilton man desperate to rehome birds after accidentally winning auction [04 November/Stuff NZ] A Hamilton man accidentally purchased 1000 hens from online auction site Trade Me when he thought he was bidding on just one. The auction ad read that a small free-range egg farm based in Massey, West Auckland, was closing down and needed to be vacated by Monday. Steve Morrow, winner of the auction reported that he thought the highest bidder could take as many birds as they wanted and the seller would continue to auction the rest of them off until they were all gone. He stated he put in an auto bid for \$20, thinking he could at least get two hens, however after the auction ended realised he had accidentally purchased 1000 hens. Mr Morrow has put up a social media post asking people for help in rehoming his 1000 birds and got a great response, with over 700 of the birds already rehomed.

'Highly careless' Morrinsville farmer fined \$63,000 [04 November/Stuff NZ] Unlawfully discharging farm effluent into the environment has resulted in Morrinsville Farmer Gurman Singh and his company being convicted and fined \$63,000. Mr Singh has been prosecuted multiple times before for unlawful discharge of contaminants to land. The latest convictions and fines were imposed by Judge Melinda Dickie, at the Hamilton District Court, on B & B Singh Limited (BBSL), and Mr Singh, its sole director. Judge Dickie also issued an enforcement order requiring Mr Singh to install appropriate effluent infrastructure on the property. Inspections of the property last year found a pipe discharging effluent directly into the ground as well as overflowing effluent ponds. Judge Dickie described Mr Singh's actions as "highly careless".

'Placenta Queen' invites the PM to visit Hawke's Bay factory [05 November/The Country] The world's biggest producer of placenta serum, Agri-Labs Co-Products has invited the Prime Minister to their Central Hawke's Bay factory upon her return to New Zealand. During one-on-one talks with the Thai Prime Minister in Bangkok, Jacinda Ardern was caught by surprise when Prayut Chan-o-cha named sheep placenta cream as an example of how the two countries could work more closely together on high-value agricultural goods. Owner of Agri-Labs Angela Payne, reports that their placenta products are hugely popular in many Asian countries. The company's Waipukurau factory produces and exports not only sheep placenta, but also horse, pig, deer and cow placenta to cosmetic and supplement companies from all over the world. Placenta is commonly used to improve skin health and stress but currently no scientific evidence backs this up.

Economics and Trade

RCEP deal well received; India's absence disappoints [05 November/Farmers Weekly] News that 15 of 16 nations managed to agree to the 20-chapter Regional Comprehensive Economic Partnership trade deal has been well received although Prime Minister Jacinda Ardern has noted that India's absence is disappointing but that she respects their decision. Beef + Lamb New Zealand Chief Executive Sam McIvor reported that RCEP represents a significant portion of the world's economy and that they expect this will continue to grow with the increased cooperation and trade between countries that are signatories to the agreement. Jacinda Ardern stated the deal also provides an important boost to the regional economy at a time of rising turbulence and slowing global trade and economic growth. Access to India's highly protected market was a key goal for New Zealand exporters and the Prime Minister stated that New Zealand will continue to work closely with India in order to seek a market access outcome that is beneficial to all.

International

Green Rabbit raises \$31M to set standard for grocery, perishable food fulfilment [29 October/Refrigerated Frozen Food] Green Rabbit has secured a USD\$31 million (approx. NZD\$49 million) minority investment from Guidepost Growth Equity to add talent to its workforce and further develop its supply chain automation capabilities. With a mission to deliver temperature-sensitive and perishable foods in a safe and fast manner, Green Rabbit's proprietary supply chain technology automates the entire distribution, fulfilment and delivery process which helps to provide real-time visibility into each order, ensuring that perishables are delivered fresh, on-time and economically.

Report: Awareness of water risks is rising in food and beverage, but more progress is needed [30 October/Food Dive] Unilever does the best at recognizing and managing risk factors associated with water out of large food, beverage and ingredients companies, according to a new report from nonprofit sustainability group Ceres. Right behind Unilever, was Nestlé. General Mills, Coca-Cola and PepsiCo round out the top five. Sanderson Farms, with zero points out of 100, scored the lowest. Ceres ranked 40 major food companies on their management of water risk and compared how their performance has changed in its latest report. Awareness is growing with 77% of 35 publicly traded food and beverage companies now considering water as a risk factor in financial filings, an increase from 59% that did so when Ceres did its last report in 2017. Although the food industry is becoming more aware of water risks, the 2019 analysis shows CPG, beverage, agricultural products and meat companies are still not effectively managing this risk in their operations or global supply chains. Food companies need to move faster and more boldly through investing in smart and water-conscious agriculture in order to meet the challenges posed by the global water crisis, protect their bottom lines and return value to investors, according to Ceres.

Zero Egg develops all-purpose egg replacement: 'Our mission is to make plant-based foods the obvious choice' [31 October/Food Navigator] Israeli start-up Zero Egg has developed an all-purpose, plant-based egg replacement for food manufacturers, which it claims tastes, looks and functions like the real thing. The plant-based egg alternative can be used to replace eggs in omelettes, baked goods, pasta and sauces. CEO Liron Nimrodi reports that the company's global mission is to make current animal-based foods the alternative. The egg replacement fills a specific industrial need for a versatile egg replacement, particularly due food safety needs including allergens, pathogenic issues or risks associated with the handling and storage of liquids. The price fluctuation was also a factor in creating the product. Zero Egg is selling its product to restaurants, bakeries and a ravioli producer in Israel and is piloting its product with food manufacturers in the UK and US.

'We are going where consumers are going': PepsiCo nutrition chief on natural ingredients and nutrition labels [31 October/Food Navigator] From creating amaranth and cactus snacks to supporting nutrition labels in Latin America, PepsiCo is listening to consumer demands for healthy products and clear nutrition information, according to Ricardo Pimenta, Vice President of Nutrition at PepsiCo Latin America. The company is investing in the region, including a new plant in Guanajuato which will be its first new facility construction in 20 years. Mr Pimenta reports that they are able to do this by staying attentive to consumer trends through marketing analytics and "social listening tools". PepsiCo has been expanding its snack category in Latin America through a mix of reformulation, acquisitions and new product launches. Mr Pimenta noted that the company will always respect the regulatory and legal framework of the countries in which it operates, as changes are occurring particularly surround black and white warning labels in Chile and Peru.

Will coffee bean protein get consumers buzzing? [31 October/Food Dive] Applied Food Sciences debuted its organic and non-GMO 30 percent protein extract made from green coffee beans at SupplySide West earlier this month. The Texas-based company stated in a release that because its CoffeeProtein product is caffeine-free and a whole-food protein, it provides phytonutrients such as antioxidants and fiber. The company also reported that the product contains plant-based protein. The molecule is showing up in a variety of products such as snacks, juices and bars, the company noted, with growth unlikely to abate as various consumers search for plant-based proteins. Applied Food Sciences said it sources the coffee beans with a focus on environmental stewardship, economic accountability and social responsibility. The company does not explain its process for extracting the protein, however note that it follows traceability procedures during each stage.

Industry, government take aim at food waste in the supply chain with formal commitment [31 October/Food Dive] Organizations representing the grocery, restaurant and food product industries signed a memorandum of understanding with the Environmental Protection Agency (EPA), U.S. Department of Agriculture (USDA), Food and Drug Administration (FDA) and the Food Waste Reduction Alliance, to formalize collaboration efforts designed to reduce food waste in the U.S. by 50% by 2030. This goal was established by the Obama administration and has been carried on by the Trump administration. This new level of formality builds on existing programs and commitments from the Trump administration including the ReFed agreement, the Food Recovery Challenge and the 2030 Champions program, wherein companies like Ahold Delhaize, Aramark, Blue Apron, Campbell's, Yum! Brands, Walmart, Unilever and more have formally committed to the 2030 goal. The signatories agree to engage their supply chains to reduce waste, spread awareness of government programmes, share best practices and increase understanding of existing laws regarding food donation.

McDonald's Fires C.E.O. Steve Easterbrook After Relationship With Employee [03 November/New York Times] Steve Easterbrook has been fired as Chief Executive of McDonald's, the fast-food chain announced on Sunday, after he engaged in a consensual relationship with an employee that violated company policy. He will be replaced by Chris Kempczinski, who most recently served as president of McDonald's USA. Mr. Easterbrook has acknowledged his mistake and is grateful for his time at McDonald's. Mr. Easterbrook has been widely credited with turning around McDonald's with technological innovation after it posted one of its worst financial performances in years, in 2015.

Most consumers will eat tech-assisted food, especially those in Gen Z [04 November/Food Dive] Members of Generation Z, those born between 1995 and 2010, are the most willing to try foods produced using technology, according to a study from Ketchum. Of that demographic, 77% were more likely to eat such foods, while 67% of millennials, 58% of Gen Xers and 58% of baby boomers said they were willing to do so. The findings from Ketchum's 2019 Food Tech Consumer Perception Study noted 71% of Gen Z respondents were generally comfortable with food tech, compared with 56% of millennials, 51% of Gen Xers and 58% of baby boomers. The research also found manufacturers should introduce food tech to consumers using both scientifically supported information and emotion to maximize buy-in before products arrive in the marketplace. The company used its unfiltered biometric methodology, which measures physical responses, to test food tech videos on consumers. They then followed up with interviews to gauge content usefulness. The results of this study could be significant for the food tech industry because Gen Z is becoming an increasingly influential demographic. It's projected to be the largest and most ethnically diverse generation, so food tech developers and food and beverage manufacturers need to consider how to appeal to them.

Farmageddon? [04 November/Farmers Weekly] New book *Farmageddon*, edited by UK Agricultural Journalist Caroline Stocks looks into the potential impact on farming by examining the issue of Brexit from multiple perspectives. Each chapter is either an interview Mrs Stocks did or an edited essay from various industry leaders, experts and farmers. With Brexit being complex and changing every day the ins and out of its effects on any industry can be hard to comprehend. One of the biggest issues for farmers is subsidies. Depending on the sector, particularly beef and sheep, so much of UK agriculture is dependent on subsidies to make a profit. A recent industry report by the Agriculture and Horticulture Development Board stated that in the case of a no-deal Brexit, farm profits will fall from £38,000 to £15,000 (approx. NZD \$77,000 to \$30,000). Thousands of migrant staff, largely from Eastern Europe, help to keep farms running day to day. With the UK stopping the free movement of people from Europe migrant labour will become an issue. Also, tightening of regulations around slurry storage and greenhouse gas emissions are likely as the UK looks to tighten environmental laws.

Tyson will assess its deforestation risks [04 November/Food Dive] Tyson Foods is partnering with Proforest, a U.K.-based sustainability nonprofit, to identify any deforestation risks in its global agriculture supply chain. The nation's largest meat processor reported that the assessment will look at sourcing for cattle, palm oil, soy, timber, pulp and paper. Tyson stated the assessment findings will contribute to a company forest protection policy next year and, if necessary, lead to actions to mitigate or eliminate any identified deforestation risks. The company did a sustainable sourcing risk assessment in 2017 that found its deforestation risk was minimal to low. However, Tyson's global footprint has expanded from two to nine countries since then, so it makes sense to reevaluate its exposure to risk from deforestation. Tyson is also likely feeling pressure as other food companies announce progress on their deforestation goals and make big commitments.

'An essential piece of the puzzle': Food giants join forces with palm oil producers to map and track deforestation [05 November/Food Navigator] The likes of Mondelez, Nestlé and Unilever have joined a new coalition of 10 major palm oil producers and buyers aiming to improve deforestation transparency. The coalition is going to fund the development of a new publicly available radar-based forest monitoring system known as Rada Alerts for Detecting Deforestation (RADD). The system aims to make it easier to see deforestation happening in close to real-time and with greater accuracy. With this information, they can more quickly mobilise, follow-up actions on the ground and work to improve the sustainability of commodity supply chains.

Kellogg launches plant-based meal delivery service with Deliveroo: 'It is important we are bold' [05 November/Food Navigator] Cereal giant Kellogg is launching a new plant-based meal delivery service with Deliveroo in a bid to extend its brands outside of the breakfast occasion and explore new channels. The company is rolling out Kellogg's Kitchen Creations, a delivery only meal service that will be exclusively available on Deliveroo in the U.K. The concept launched this month and serves up vegetarian and vegan dishes. The menu of meals, snacks and sweet treats incorporates Kellogg's well-known brands including Rice Krispies, Kellogg's Corn Flakes and Bran Flakes. Dishes available include vegan miso roasted squash, Rice Krispies risotto, falafel wraps and savoury waffles as well as Nutri-grain cheese cake bars. This comes as Kellogg's tries to expand its range outside of the breakfast category.

FDA criticized for waiting 6 weeks to announce latest romaine lettuce E. coli outbreak [05 November/Food Dive] The U.S. Food and Drug Administration has reported on the 31 October that an E. coli outbreak associated with romaine lettuce sickened 23 people in 12 states between 12 July and 08 September. While 11 people were hospitalized, the agency stated that no deaths were reported, the active investigation has wrapped up since and the outbreak appears to be over. Romaine lettuce was identified as the likely source, but available data indicated the product eaten by sick people was past its shelf life and no longer available for sale according to the FDA. Both the FDA and the Centers for Disease Control and Prevention established romaine as the probable cause on 02 October. The delay in sharing the news was due to a few variables and it was claimed there was not anything actionable customers could do at the time. Consumers have been very critical of the delay in news and there have been hints that food safety agencies are not concerned for public welfare.

Field Notes

Weekly news update from the KPMG Agribusiness Network – 07 November 2019

Lawmakers try to resurrect country-of-origin labelling for beef and pork [05 November/Food Dive] Two U.S. senators are backing legislation to reinstate country-of-origin labelling for beef, and a third has introduced a resolution supporting such labelling for beef and pork, Meat + Poultry reported. Congress repealed so-called COOL regulations in December 2015. Currently only products made from animals born, raised and slaughtered in the U.S are required to show their country of origin on packaging. U.S. Sen. Jon Tester, D-Mont., introduced a resolution on 31 October to support reinstating COOL for beef and pork. In a release, Mr Tester stated COOL gives shoppers more information to make better purchasing decisions and allows producers to compete in a more transparent marketplace. It has been said this may be because of the growing competition from plant-based alternatives and the new need for transparency.

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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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