



AGRIBUSINESS

Field Notes

Weekly news update from the KPMG Agribusiness network



Available now
10th Anniversary
KPMG Agri-business
Agenda 2019

27 February 2020 – This week's headlines



Agribusiness

[Virus bites into jobs](#) [21 February, Neal Wallace, Farmers Weekly]



Agri-tech

[Kiwis hit home at agritech expo](#) [20 February, Richard Rennie, Farmers Weekly]



Environment & Emissions

[Primary industries must speed up adaptation to climate change – report](#) [26 February, The Country]



Wool

[NZ wool displayed around the globe](#) [22 February, Gisborne Herald]



International

[10 Food And Agribusiness Trends And Technologies To Watch In This New Decade](#) [21 February, Aidan Connolly, Forbes]

**Download the
Field Notes app**

Search 'KPMG Field Notes'
on your device today.





Agribusiness Education

[Lessons on land prepare pupils](#) [24 February, Sally Rae, Rural Life] A group of agricultural students from Maniototo Area School visit Sam and Deb Stevens' farm twice weekly to get hands-on experience. The school is a Primary ITO Trades Academy school, and students are able to gain level 2 credits for both NCEA and the national certificate of agriculture. It is also the only school in the South Island accredited to level 3 assessment of vehicles. Mr Stevens reports that they have a maximum of five students on the farm at one time, and that the student's attitude has a large impact on how much they take away from the farm. The farm experience is also used to help student's struggling with learning. The farm will be opened for the public for Open Farms on 01 March and will facilitate personal on-farm experiences.



Agri-tech

[Dunedin firm scores at EvokeAg](#) [20 February, Richard Rennie, Farmers Weekly] Dunedin Developer Olaf Bork won over an investor at this year's EvokeAg agri-tech expo. Mr Bork's company Mastaplex was one of five start-ups chosen to present to investors out of an original 90. Mastaplex was also the only New Zealand company chosen to do so. The company specialises in mastitis diagnostic equipment and has a good foothold in both the Australian and New Zealand dairy industries and is aiming at beginning sales in the EU with the new investment. Mr Bork wants to keep the production of the equipment close to home in Dunedin.

[Kiwis hit home at agritech expo](#) [20 February, Richard Rennie, Farmers Weekly] Silicon Valley investment and tech firm SVG Ventures Founder John Harnett spoke at the EvokeAg agritech expo in Melbourne and reported that New Zealand is a strong competitor globally for agri-

tech start-ups and have successfully worked with farmers on the ground to help them find the solutions they need. Mr Harnett discussed the need for corporates to look outside their own range for investors and pointed out Bay of Plenty Robotics Plus for receiving \$10 million from Yamaha to expand operations. The conference also highlighted Gallagher's partnership with Agersens and their eShepherd collar which uses GPS systems to control stock and has been said to revolutionise data.



Agribusiness

[Virus bites into jobs](#) [21 February, Neal Wallace, Farmers Weekly]

Coronavirus uncertainty and disruption is starting to affect a range of exporters. 1000 logging contractors have been laid off and this number could double according to industry experts due to disrupted shipping schedules in China. In good news, meat exporters report that the port activity is increasing, and that the distribution of perishable products is regaining traction. Forestry Industry Contractor's Association chief executive Prue Younger is calling for the government to help the industry after a survey revealed that a third of workers have been laid off, with another third working short weeks. A similar survey is currently being run in the trucking industry to see the impact there. Forest Owners Association chairman Peter Weir reports that he is fearful these disruptions could continue for months due to a saturation of logs in China from Europe.

[The great divide - how the farmer versus townie battle came about and how it can be fixed](#) [23

February, Piers Fuller and Warwick Rasmussen, Stuff NZ] Farmers are being portrayed in the media as environmental pillages, which is having an impact on them, their mental health and their families. Farmer and Journalist Rebecca Harper reports that there is a major perception issue by those who do not spend time in the agricultural sector and that farmers on the fringes receive all media headlines when they do something that is

not up to standard. The rural-urban divide is growing which makes it harder for people living in urban areas to see the real impact that those in rural areas have and how much they generate for New Zealand's economy. Success stories are shared amongst those already privy to rural life, whilst others are not generally exposed to these and the challenge is to change this rhetoric. Open Farms have organised a day in March to give families the experience of seeing what happens on farms, whilst Fonterra Co-operative Group has been running their Open Gates programme for three years now. The majority of farmers are making strides to clean up their waterways, lower emissions and reduce their impact on the environment and these efforts should be recognised.

[New fund for farmers struggling financially now running](#) [26 February, Maja Burry, The Country] A farm debt fund is now open, to which the government has allocated \$200,000 to help pay for independent financial advice for farmers under pressure financially. The fund is being managed by Rural Support Trusts around the country and farmers who qualify can receive up to \$3000 from the fund, with the amount given matched by the farmer's relevant bank. The initiative involves ASB, ANZ, BNZ, Heartland Bank, Rabobank, SBS Bank, TSB and Westpac.

[\\$10.6m state loan for Māori agribusiness](#) [26 February, Rural News] It has been announced that \$10.6 million will be loaned from the Provincial Growth Fund in order to develop a water storage facility on Māori land in the Bay of Plenty community Raukokere. The aim of the plan is to help transform low productive land into land supporting high-value horticulture and will have the flow-on affect of increasing jobs in the area. The scheme will help develop up to 300 hectares of land and will have the capacity to grow to 900 hectares across time. The Te Whānau a Maruhaeremuri Hapū Trust will also receive \$894,161 to start a 20 hectare macadamia orchard



Horticulture

[Fresh producers must yell loudly](#) [20 February, Richard Rennie, Farmers Weekly] Cathy Burns, Chief Executive of US Produce Marketing Association reports that one of the largest emerging trends is healthy living including organic and plant-based foods. As a result fresh fruit and produce companies risk having their long-held and proven health claims stolen by new plant-based products appearing on shelves. Fresh produce companies need to learn to sell their stories and help change behaviours and promote sustainability claims.

[Canterbury hemp farm opens its gates to promote 'wonder crop'](#) [24 February, Star News] Brad Lake, Co-Founder of The Brothers Green, a Christchurch hemp food company reports that current regulations are preventing industries from making the most of hemp. Mr Lake helped to organise an open day on a hemp farm in Culverden to show farmers and businesses how the crop can be utilised as well as displaying how it is grown and used. Around a hundred Christchurch residents attended and were able to see the versatility of the crop. Current regulations include the need for an annual license to be held by hemp farmers as well as specific security requirements and restrictions on growing locations.

[Kakanui gardener's ideas set for world stage](#) [26 February, Gus Patterson, The Country] Farmer Jim O'Gorman is presenting a paper at the World Organic Conference which is held in France later this year on his research surrounding the idea that soil is a biological organisation that needs to be looked after. The paper sums up the work Mr O'Gorman has done on his farm over the last 20 years. Mr O'Gorman farms 1.5 acres, however his ideas can be applied anywhere to help look after the planet. His potatoes have been specially ordered three times to cater for royal family members. Mr O'Gorman aims to help people to maintain

production whilst applying sustainable farming practices.



Aquaculture

[Plans for NZ's first open ocean salmon farm not 'nationally significant'](#) - [Eugenie Sage](#) [21 February, Alice Angeloni, Stuff NZ]

The Minister for Conservation Eugenie Sage has reported she will not call in a proposal for New Zealand's first open-ocean salmon farm as nationally significant, as despite being referred to as a "game changer" she believes it is not significant on a national scale. Minister Eugenie Sage admitted that it is a first for the country and of a large-scale but is far off our shores. New Zealand King Salmon wants to set up a farm off Cape Lambert in the Cook Strait.



Apiculture

[Mānuka honey from the back blocks of South Taranaki selling for premium in the US](#) [Jane Matthews, 21 February, Stuff NZ]

Mike Everly, Founder of Bees and Trees Mānuka Honey reports that he exports around 12,000 jars of honey from Taranaki into the US annually, with a 380 gram jar retailing in the states for around NZ\$85, due to mānukas status as a wellness product. Mr Everly states that more than 20 New Zealand honeys are sold in the US. The value of New Zealand exports have more than tripled during the last ten years.



Farming Systems

[Epidemiologist embracing Mycoplasma bovis battle](#) [26 February, The Country]

Veterinarian Mark Neill is the Lead Epidemiologist in the Mycoplasma bovis eradication programme and reports that he is embracing the challenge on his hands. Mr Neill stated that the outbreak of M bovis has

been a wake-up call for farmers and highlighted the importance of recording stock movements as well as how Nait can benefit farmers. Mr Neill reports that farmers are now making the effort to comply with regulations, especially after it was altered to make it a more user-friendly process. Mr Neill stated that he is pleased to see the number of new cases falling.



Wool

[NZ wool displayed around the globe](#) [22 February, Gisborne Herald]

Carrfields Primary Wool and its global marketing efforts have resulted in New Zealand wool being showcased around the world, in locations such as first-class Emirates cabins and in a number of high profile offices globally. The company have stated that there is great interest in the high quality and versatility of New Zealand wool. The wool is used in high-end homes, offices and increasing number of private jets and luxury yachts.

[Cavalier to go back to wool](#) [25 February, Hugh Stringleman, Farmers Weekly] Cavalier Corporation is due to reveal their new transformation strategy before 01 July, after another trading loss in the interim for the six months leading up to the 31 December. The strategy has been reported to respond to consumer concerns surrounding plastics and synthetics and push back to its roots as a wool-focused, design-led business. Chief Executive Paul Alston stated that they will be pushing the benefits of wool carpets as they as are naturally resilient, easy to clean and hard-wearing.



Forestry

[Good for wider economy but overseas owned East Taranaki forestry block not benefiting locals, residents say](#) [22 February, Deena Coster, Stuff NZ]

Whangamomona residents in the Taranaki region have reported that the sale of four farms

by the Overseas Investment Office (OIO) in 2012 to be converted into forestry blocks has done little for the region and damaged the community. The OIO stated at the time that the sale would provide a substantial and identifiable benefit to the country. None of the residents from the town have been employed for work, and minimal money has made its way back to the settlement and that the sales resulted in the departure of four family groups from the area. The investor committed to spending between \$40,000 and \$50,000 by 2016 to develop both horse tracks and bike trails and the first of these is waiting on the formal gazetting process. NZ Forestry manages the Whangamomona blocks on behalf of Kingheim Limited. Director & Taranaki Regional Manager of NZ Forestry Cameron Eyre has reported that they work hard to employ Taranaki workers for the blocks.

[Wharves In China Can't Take More Logs From New Zealand](#) [24 February, NZ Forest Owners Association- Press Release, Scoop Independent News] The Forest Owners Association reports that current precautions in China for the coronavirus has meant that there is currently very limited room for New Zealand log exports. It was hoped that after the Lunar New Year, exports would resume as normal however, many Chinese sawmills are still not back at work. There are no other markets to send industrial grade logs. On top of the effects of coronavirus, a flood of European logs have been shipped into China after insect attacks meant as many logs were salvaged as possible. The Association report that in the meantime, they are trying to have as many logs processed domestically as possible to provide work and income. On top of this, Federated Farmers are helping to employ forest workers in other jobs.



Red Meat

[Fly strike prediction tool coming](#) [25 February, Farmers Weekly] Massey University is developing a new data model in a two-year project to help sheep farmers predict

when fly strike may hit. Creating the model involves collecting a lot of information on climate conditions and populations of the two main fly species responsible for outbreaks of fly strike. The fly species are identified through the number of hairs on their heads. The university is currently collecting flies from traps on eight farms across New Zealand and have also set up weather stations and soil probes to match with the fly collection data. Fly strike impacts on sheep health and production. The data collected will be tested using international models along with a local model to determine which is more accurate.

[Could Covid-19 end the red meat export boom?](#) [26 February, Rural News] New Zealand's red meat exports have been reaching record levels, but some industry professionals are asking whether the coronavirus outbreak in China may have the potential to bring an end to the growth spurt. The growth in the sector last year was mainly due to an increase in exports to China. Rabobank have reported that any food service business that relies on the food service channel in China will be affected by the first-round impact especially chilled meat shipments. General Manager Tim Hunt stated that the overall impacts will be determined by how long the disruptions occur.



Viticulture

[Wine industry pioneer tries growing grapes without irrigation](#) [24

February, Mark Price, The Country] Retired wine industry Pioneer Robin Dicey is experimenting and attempting to grow grape vines without water. Mr Dicey has planted a row of vines in Central Otago and has not provided them with any irrigation, reporting that after six months they are still healthy. The experiment could change how vines are grown in the region and was inspired by other places such as in Spain and South Africa, where no irrigation is used, and grapes are grown in dry regions. Mr Dicey said that it will take longer to grow a full crop

compared to usual, and that only certain soils will work. However, no irrigation is a large cost saver, and will also mean that the vines get more resilient.



Environment & Emissions

[NZPork says keep sector out of Emissions Trading Scheme reforms](#) [19 February, The Country] NZPork has called for the sector to not be included in the Emissions Trading Scheme, as pig farming currently contributes a mere 0.2 percent of New Zealand's Greenhouse Gas agricultural emissions. General Manager David Baines reports that pigs have monogastric digestive systems so naturally produce much lower methane emissions than ruminant animals. NZPork's statement calls for the Government to reconsider including the industry and instead to offer alternative options to help reduce emissions within the sector, as pig farmers are already in a very competitive environment, with imported pork products.

[Microplastics found in NZ green-lipped mussels](#) [23 February, Jamie Morton, The Country] University of Canterbury scientists have found microplastics inside New Zealand green-lipped mussels. Microplastics were found in the mussels at six out of nine sites in the pilot study, ranging from zero to 1.5 particles per mussel, in varying sizes. The plastic type discovered was most often polyethylene which is the most commonly-used polymer in the country. Mussels are susceptible to contain microplastics as they are filter feeders.

[Environment court mediation next step in Northland GMO debate](#) [24 February, Susan Botting, The Country] An Environment Court mediation will be held in Whangārei this weekend which will look at the use of genetically modified organisms (GMO) in Northland. Whangārei and Far North District Council's jointly appealed against the Northland

Regional Council's (NRC) decision to leave a precautionary approach against the use of GMOs out when updating the proposed Northland Regional Plan. Forum North will host the mediation, with both sides being represented. NRC's new October-elected NRC council have announced that they will back down and not take an active role, which includes offering evidence on any following appeal proceedings surrounding the issue. The next step depends on the mediation outcome this week.

[Primary industries must speed up adaptation to climate change – report](#) [26 February, The Country] A new report by two National Science Challenges suggests that all primary sectors must be faster in adopting long-term strategies to adapt to a changing climate. The research outlines the potential impacts of climate change on a range of areas and helps to identify appropriate adaption measures. The research is hoped to encourage strategic adaption of things such as diversifying cultivars, shifting sowing dates and planning additional shade and shelter. Pressure on freshwater is expected to increase which will affect all sectors whilst higher temperature and extreme weather events will adversely affect stock and land.



International

[Immigration policy set to 'cripple British food security'](#) [20 February,

Oliver Morrison, Food Navigator] The food industry has been hostile in response to the UK's new immigration plans for a point-based system encouraging higher-skilled immigration. Many are stating that the economy needs a far deeper supply of workers and that food businesses will be crippled if their labour access is limited. Farmers have reported that automation will not fill the skills gap at this stage and that food prices will rise unless the immigration policy meets the needs of the agriculture industry.

[10 Food And Agribusiness Trends And Technologies To Watch In This New Decade](#) [21 February, Aidan Connolly, Forbes] Aidan Connolly has laid out 10 food and agribusiness trends and technologies to watch in the new decade after attending a conference at Harvard with 200 senior leaders from the sector. These include the fact that climate change is threatening the future of farming, meat alternatives are on the rise and livestock needs better monitoring to help prevent the spread of viruses and disease. Trade wars are on the way and the grocery store model is dying, with constant innovation in this space. China is the world's main food customer as it is incapable of self-sufficiency. Mr Connolly also reports that gene modification also needs to be reconsidered as it could help to feed the planet sustainably.

[Junk food advertising: WHO calls for legally binding treaty to end 'predatory commercial practices'](#) [21 February, Flora Southey, Food Navigator] The WHO-UNICEF-Lancet Commission is proposing a legally binding global protocol to prevent fast food and sugary drinks marketing to children by brands. The commission reports that predatory commercial practices are a significant threat to the health of children globally and that they should not be exposed to these on the regular. The conventions would require the national governments that agree to be responsible for regulating businesses within their own individual countries.

[Chocolate brands deny 'marketing timidity' of reduced sugar variants](#) [21 February, Oliver Morrison, Food Navigator] Mars, Mondelez and Nestle have reported that they are committed to their sugar-reduced products despite accusations that they do not back their products with the necessary marketing spend as they are frightened to undermine their established brands.

[Amazon Tipping Point puts Brazil's agribusiness, energy sector at risk: Top scientists](#) [24 February, Shanna Hanbury, Mongabay]

Scientists have reported that the Brazilian Amazon is very close if not already at the rainforest-to-savanna tipping point. This is due to climate change driving heightened drought, constantly increasing deforestation levels and more wild fires in the region. Passing through the tipping point would be devastating to Amazon biodiversity and also further destabilise the planet's climate but also ruin Brazil's economy. Brazilian agribusinesses are at major risk, especially due to reduced rainfall and a shorter growing season.

[Microalgae for food: Denmark backs 'ultra-sustainable' protein source for new ingredient](#) [24 February, Flora Southey, Food Navigator] The Danish government have backed a collaboration to try and develop a plant-based, high-protein ingredient for food manufacturers. The collaboration is made up of a range of public and private entities and aims at identifying novel proteins from microalgae. The microalgae in the project will be fed on brewer's spent grains to help upcycle waste from the food system.

[Biodiversity 'fundamental' for global food systems, at "heart" of development – UN agriculture chief](#) [24 February, United Nation News] The United Nations Agriculture Chief has informed a UN meeting that everything we produce to consumer transforms the environment, so careful discussions must be made surrounding acceptable transformation levels. Qu Dongyu, Director-General of the Food and Agriculture Organization stated that biodiversity is crucial for ecosystems and human beings so it is important to find a solution that can feed the growing population whilst limiting current damage to the planet. Discussions continue and Mr Dongyu stated that he hopes a robust outcome will come out of the UN Biodiversity Conference to be held in China later in the year.

['Meat is part of a sustainable world': Professor Louise Fresco](#) [24 February, Oliver Morrison, Food Navigator] Leading Dutch Scientist and Academic Professor Louise Fresco spoke at the

City Food Lecture and stated that she backs the shift towards flexitarian and reductionist diets however cautioned against getting rid of meat consumption all together. The Professor reported that eating meat will be important when forming a sustainable food system. Professor Fresco stated that an increased number of plant-based protein sources will be useful in improving global health but was clear on the fact that she believes eating meat is still a crucial component of food systems.

have drivers due to many being scared to be near contaminated strangers.

[Coronavirus: 'Food excellence could fall into the eye of the hurricane' Italian food sector warns](#)

[25 February, Katy Askew, Food Navigator] There has been a sharp increase of coronavirus cases in Italy, and industry associations as well as food sector representatives are warning of the potential impact the coronavirus could place on the food sector. It has been reported that the food sector will be particularly exposed to the effects of the disruption and could curb economic development. It has been reported that the Italian Government is in the process of setting up a support package for businesses in the red zone during the quarantine period. It has been reiterated that there should be no food shortages in the country and that there is no need to panic buy food.

[Coronavirus Leaves The Wine Industry Dizzy](#) [25

February, Kate Dingwall, Forbes] Coronavirus has resulted in a slowing of the wine industry, with China accounting for 30 percent of LVMH and 10 percent of Pernod Ricard sales. Spain's leading wine and brandy company Torres is expecting sales to be down 80 percent in February and 50 percent in March. Australia is particularly hard-hit with sales down 90 percent, partly due to the recent fires and smoke taint in their grapes. Chile and Italy have also been hard-hit, with ports being congested and shipments turned away. Due to less people eating out in China, alcohol delivery companies have seen a major growth spurt, with a 60 percent increase in volumes for Deliveroo and similar companies. However, these companies are struggling to

Organisations referenced in this week's Field Notes include:

Agersens
ANZ
ASB
Bees and Trees Mānuka Honey
BNZ
Carrfields Primary Wool
Cavalier Corporation
DairyNZ
Federated Farmers
Fonterra Co-operative Group
Forest Owners Association
Forestry Industry Contractor's Association
Gallagher
Heartland Bank
Kingheim Limited
Maniototo Area School
Mars
Massey University
Mastaplex
Mondelez
Nestle
New Zealand King Salmon
Northland Regional Council
NZ Forestry
NZPork
Open Farms
Primary ITO
Produce Marketing Association (US)
Rabobank
Robotics Plus
SBS Bank
SVG Ventures
Te Whānau a Maruhaeremuri Hapū Trust
The Brother's Green
The Lancet
TSB
UNICEF
University of Canterbury
Westpac
World Health Organisation

Contact Us

Auckland/Audit

Ian Proudfoot

09 367 5882

iproudfoot@kpmg.co.nz

Tauranga

Glenn Keaney

07 571 1784

gkeaney@kpmg.co.nz

Wellington

Graeme Edwards

04 816 4522

gdedwards@kpmg.co.nz

Christchurch

Andrew Hawkes

03 353 0093

ahawkes@kpmg.co.nz

Financial Advisory Services

Gary Ivory

09 367 5943

givory@kpmg.co.nz

Taxation

Greg Knowles

09 367 5989

gknowles@kpmg.co.nz

Hamilton/Private Enterprise

Hamish McDonald

07 858 6519

hamishmcdonald@kpmg.co.nz

Ashburton/Private Enterprise

Craig Jakich

03 307 0769

cjakich@kpmg.co.nz

Farm Enterprise – North Island

Roger Wilson

07 858 6520

rogerwilson@kpmg.co.nz

Farm Enterprise – South Island

Brent Love

03 683 1871

blove@kpmg.co.nz

Subscribe

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

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 it will 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.

© 2020 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.