



AGRIBUSINESS

# Field Notes

Weekly news update from the KPMG Agribusiness network



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## Agribusiness Education

[Attracting more ag students](#) [13 March, Peter Burke, Rural News] Professor Peter Kemp, Head of the School of Agriculture and Environment at Massey University has reported that the number of students taking up agricultural degrees at the university is not increasing. Some isolated areas such as animal science have had an increase in numbers, whilst in general agriculture and horticulture, the numbers are lower than they have been, despite the industry having more jobs available. Professor Kemp believes that negative media is damaging agriculture's reputation, when if students want to make a difference in the environment, they should do a degree to help solve those climate issues. Professor Kemp states that the Government must step up and show stronger leadership, reinforcing the importance of the primary sector in New Zealand's economy.



## Agribusiness

[Primary industries in good shape to respond to drought and Covid-19](#) [12

March, The Country] The Ministry for Primary Industries have released a new Situation Outlook for Primary Industries (SOPI) which has forecasted that New Zealand's primary sector revenue will rise by 0.5 percent in the year to June 2020 despite the global impact of Covid-19. Agriculture Minister Damien O'Connor reported that the first six months of the year had a strong performance and that the sector is showing resilience despite domestic drought and the current global conditions. SOPI forecasts estimated a 2.2 percent fall in seafood export revenue due to the impact of Covid-19 on the rock lobster industry. Mr O'Connor reported that despite forecasts showing that in the short-term export revenue will fall, there is still a positive outlook in the long-term. Certain exports have had continued demand including infant formula,

skim milk powder, kiwifruit, apples, pears and wine.

[New programme to boost high-value products in Taranaki](#) [12 March, The Country] Agriculture Minister Damien O'Connor has launched a collaboration which aims at increasing Taranaki's food and fibre enterprises. The \$914,000 two-year project has been named Branching Out, and will examine, package and potentially pilot new commercial opportunities, with the goal being to identify up to a dozen ventures that will boost the area's economy. The project is lead by Venture Taranaki and the Ministry for Primary Industries and aims at diversifying the current economy through growing new value-adding ventures.

[Food And Beverage Industry Tops \\$71.7 Billion](#)

[12 March, New Zealand Government- Press Release, Scoop Independent News] The Investor's Guide to the New Zealand Food & Beverage Industry (2019) has found that the industry had a combined total revenue of \$71.7 billion in the last financial year and that there are many growth opportunities for companies. As consumers become more discerning, it is becoming more important for products to be sophisticated and innovative. The report was prepared before the threat of Covid-19, and the Government have announced that they are working closely with industry in order to ensure its resilience in light of the issues arising. The Government reported that New Zealand has a strong story to tell its global consumers and it is important to continue to actively build consumer trust globally.

[Be quick for worker visas](#) [13 March, Farmers Weekly] Federated Farmers Employment Spokesman Chris Lewis reports that dairy farmers relying on migrant labour for the new dairy season should get their applications to Immigration New Zealand as soon as possible due to expected delays caused by Covid-19. The Philippines is relied on by the industry as a pool of labour due to New Zealand's low unemployment rates, and in the past week they

have confirmed 33 cases. Immigration New Zealand's Beijing office has been closed since 24 January, so expected processing times for work visa applications will increase. As a result, 50 immigration officers have been dedicated to work on visa applications usually assessed in the Beijing office.

#### [Coronavirus: Fieldays 2020 postponed](#) [17

March, The Country] The New Zealand National Fieldays Society have rescheduled Central Fieldays for the 10-13 June 2020 after the New Zealand Government decided to cancel events with crowds of over 500 people due to the spread of Covid-19. The Society report that they value their stakeholders and their decision comes as part of ensuring the health and safety of everyone involved. Last year over 128,000 people visited the event over three days and generated \$549 million in sales revenue for New Zealand businesses.

[COVID-19 PACKAGE: Robertson rolls out historic \\$12.1b lifeline](#) [17 March, BusinessDesk, Farmers Weekly] A support package of \$12.1 billion has been announced by finance Minister Grant Robertson with the goal of reducing economic impact of the spreading covid-19 pandemic. The package is designed to offset income and spending reductions while also limiting job losses, with allocations of \$5.1b to wage subsidies, \$2.8b for welfare and \$2.8b on business tax changes. Mr Robertson states that this package will limit GDP reduction forecasts to only 1% from a potential 3% if no action was taken. The government now expects a financial deficit for the year, and a rise in net debt beyond targets as a consequence of the programme.

[\\$1.3b coronavirus hit looming](#) [17 March, Peter Burke, Rural news group] The Ministry for Primary Industries is forecasting a reduction of primary export value from \$47.8b to \$46.5b for the year ending June 2020. The forecasters cautioned further revisions, with this announcement released on the same day as WHO's declaration of covid-19 as a pandemic. At the forecasted value, 2019/2020 revenue growth

will be just 0.5% up from the previous year, with Dairy, Meat and Horticulture all experiencing revenue reductions.



## Horticulture

### [Country Calendar: Meet New Zealand's sole commercial coffee](#)

[growers](#) [12 March, Melenie Parkes, Stuff NZ] Ikarus Coffee, based in Northland is New Zealand's first commercial coffee farm. The business is run by Rob and Carol Schluter. The coffee-loving couple started by vending coffee at markets before roasting the beans. The company grows beans at the edge of where coffee growing is considered viable globally and Mrs Schluter reports that their plantation is an experimental project. The coffee is stated to have its own flavour, and the beans are particularly dense.

[A profitable year for Seeka](#) [16 March, Staff Reporters, Rural news group] The horticultural company Seeka who manage operations across both New Zealand and Australia has reported a revenue of \$236m for the year ended 31 December 2019. The company grows, processes, distributes and markets numerous horticultural products including kiwifruit, avocado and pears. The result comes despite a reduced Hayward kiwifruit yield for the 2019 season but supported by a new coolstore purchase 'Aongatete Coolstores' which CEO Michael Frank's explains has helped to increase efficiency and reduce expenses.



## Future of Food

### [Food for the soul meets sustainable goals](#) [12 March, Farmers Weekly]

Food Innovator and Alpha Food Lab Founder Mike Lee reports that the concept of food as an expression of self is gaining traction, as consumers begin to look for products that will fuel their body in the best ways. This in turn has

the power to disrupt multi-national corporates as the market is becoming more fragmented and consumers seek health, experience and sustainability factors. Mr Lee reports that of course consumers will be completely emotional in their behaviour and that supply chains must be re-engineered in order to provide for consumer demands.



## Agri-Tech

[Time for Trans-Tasman agritech cooperation?](#) [11 March, Pam Tipa,

Rural News] Simon Yarrow, Agritech Group Manager for Callaghan Innovation has stated that Australia and New Zealand should work closer together to provide a regional offer to the world. Mr Yarrow reports that New Zealand is seen as an agri-tech leader globally despite being a small player and if we partnered with Australia a range of opportunities would present themselves. Mr Yarrow mentioned that venture capital is always a challenge to raise in New Zealand due to its size.

[New app launched to help farmers manage weeds](#) [17 March, The Country] AgResearch have developed a phone application that helps farmers to measure and manage weeds on their property. The "Grassland Cover Estimator App" provides an estimate of how much a paddock is covered in weed, which enable productivity loss to be calculated and a cost-benefit analysis to be created. The app is expected to be used by a range of stakeholders including farmers, scientists, farm advisors, rural professionals and regional council biosecurity officers. The app is free to all users has already been downloaded by 45 users in seven countries. The precision of the cover estimates made by the app will be continually revised to inform sampling protocols for the app and will be published in an international weed science journal.



## Trade & Exports

[Exports still growing](#) [13 March, Farmers Weekly] Exports are still

forecast to increase by 0.5 percent for the year to 30 June 2020 despite issues caused by the Covid-19 pandemic, droughts across the country and Mycoplasma bovis fears. Agriculture Minister Damien O'Connor reports that farmers and growers should remain positive about the future as a number of large-scale exporters are already reporting a bounce back from China and return to strong demand. Mr O'Connor stated that New Zealand's established trading relationship with China is important, however acknowledged criticisms about New Zealand being too reliant on China and Finance Minister Grant Robertson has officials designing a package to help New Zealand diversify our international markets. So far, dairy has been the least affected by the virus with continuing strength in cheese and casein prices.



## Viticulture

[How Millennials and Gen Z affect New Zealand's largest wine export](#)

[market](#) [11 March, The Country] The latest Wine Quarterly from Rabobank has reported that wine consumption growth is slowing in America due to younger generations consumption habits. The biggest market for New Zealand by value is the US, so Rabobank believes that the industry must take bold moves to respond to the changing markets and connect with younger consumers. Another big change in the US wine industry is the increasing influence of e-commerce channels, so it is important for New Zealand to build our brand online. New Zealand wine still performed strongly in the US last year, growing by 14 percent in volume and 8 percent in value despite a flat overall US wine consumption during the year.

[Marlborough couple sells wine from lounge using remote off licence](#) [13 March, Chloe

Ranford, Stuff NZ] Founders of Scout Wines Sarah Adamson and Greg Lane, use a remote off-licence to sell their wines from their lounge room in Blenheim straight to customers. Customers are able to reach them by phone or online to order wine which enables them to sell their wines at the recommended retail process. A council spokesman said there were 155 premises with off licences in Marlborough, and staff believed 67 of those did remote sales regularly.

[Couple's dreams shattered after incorrectly labelled herbicide destroys vineyard](#) [16 March, Gill Higgins, 1 News] The Dallington Downs Estate vineyard owned by Trish and Trevor Bunting had 10,500 healthy vines wiped out by an incorrectly labelled herbicide and have been fighting for six years to get compensation. Mr Bunting reports that at the time, Managing Director of Dow Agrosience Pete Dryden admitted full liability. Since then however, DuPont merged with the company, and its agricultural division became standalone company Corteva. The Buntings were offered \$750,000 from insurance company AIG however in Australia a payout for a similar case of 8,000 vines was \$7 million. The couple have worked out that the loss of their boutique vineyard and ten years of hard work comes out at just over \$2 million. NZ Winegrowers Association supports the couple and believe that the vineyard should be placed back into the same state of production as if the damage had not occurred. The court case could take several years.



## Farmers & Producers

[Drought relief: Farmers and growers to get \\$2m more from Government](#)

[12 March, Kim Moodie, The Country] Agriculture Minister Damien O'Connor has announced a further \$2 million in relief for farmers and growers effected by the droughts. This comes after drought in the North Island, some parts of the South Island and the Chathams has now been classified as a large-

scale adverse event. Parts of Hawke's Bay have had the driest summer in 50 years, with farms struggling with water levels. The relief package is available until June 2021 and includes drought co-ordinators as well as a feed working group, animal welfare information and professional advice. Psychosocial support is also available. The last large-scale adverse event classification for drought was made in 2013. Other areas have been scaled up to medium-scale adverse events, with the defence force delivering water to towns.

[Don't be dopey, avoid hemp feed](#) [12 March, Annette Scott, Farmers Weekly] Meat Industry Association (MIA) Chief Executive Tim Ritchie has reported that feeding livestock on harvested hemp paddocks is forbidden and has the potential to place New Zealand's red meat exports in jeopardy. When livestock eat hemp they can have tetrahydrocannabinol traces in their meat, so no hemp products are authorised. Any trace of THC in meat will result in export meat being rejected. Feed products made from processed hemp can be fed to animals only if it can be proved there is no detectable THC and they meet the requirements for an exemption from registration.

[Coronavirus: Federated Farmers applauds Govt response](#) [17 March, The Country] Federated Farmers President Katie Milne has applauded the government for its response to Covid-19. Mrs Milne reports that the Government is directly helping those most affected and vulnerable to the impacts such as small tourism businesses. They also welcome the tax changes which will be useful to small businesses. Federated Farmers have asked for the Government to prolong the visas of migrant workers so that our primary producers can continue to work through the impact, and state that if things deteriorate further then more generalised support is likely required.



## Animal Welfare

[NZ animal protection ranking downgraded](#) [13 March, Rural

News] International non-profit organisation World Animal Protection (WAP) have downgraded New Zealand's animal protection ranking from an 'A' to a 'C' in its latest report. WAP reported that this downgrade is mostly due to a lack of legislation by the Government to outlaw practices that damage animal welfare. New Zealand's codes of welfare are not legally binding and WAP accused the Ministry for Primary Industries of having a conflict of interest and prioritising economics ahead of animal welfare. National animal rights group Save Animals From Exploitation (SAFE) CEO Debra Ashton reports that the ranking highlights that New Zealand's animal practices need to align with its legislation.



## Rural Health

[New book encourages Kiwi kids to talk about mental health](#) [12 March,

The Country] Children's Author Harriet Bremner has written a new book named "Use Your Voice" in collaboration with Elle Perriam, Founder of Will to Live charity. The book focuses on mental health for rural children, and uses a black dog, Jess the Huntaway to demonstrate how important it is to speak up about how they feel and share their feelings with others. Jess also travelled with Elle Perriam on Will To Live's "Speak Up Tour" which hosted events in local pubs to help farmers to speak up about their mental health. Farm Strong, The Rural Support Trust and the Mental Health Foundation have all supported the release of the book. Mrs Bremner and Mrs Perriam plan to tour through South Island schools with the book and already have three confirmed.



## Dairy

[Open Country Dairy applies for 35-year permit to discharge](#)

[contaminants into river, air](#) [11 March, Lawrence Gully, Stuff NZ] Open Country Dairy's \$20 million wastewater treatment plant may be a deciding factor in a decision to grant the company a permit to discharge contaminants into the Waitoa River for 35 years. The company has applied for a permit, and a review by Beca for the Waikato Regional Council has recommended that the permit should be declined. A public hearing will be held on 25 March. CEO of Open Country Steve Koekemoer has reported that they are not expecting the permit to be declined, as he claims that the dairy wastewater produced by the facility is drinkable and will not have a significant impact on the river. The company has a history of odour complaints from the previous treatment plant. There are concerns about the intention to discharge the wastewater year-round, particularly when the river flow is low during summer. Independent Hearing Commissioners Jim Cooke and Steven Wilson will consider the recommendation and its submissions. Ten submissions have been made, with nine opposing and one neutral.

[Synlait buys dairy farm next to Canterbury factory for \\$25.7m](#) [11 March, Gerard Hutching, Stuff NZ] The Overseas Investment Office has giving clearance for Synlait Milk to acquire a 582-hectare dairy farm in Canterbury for \$25.7 million. Synlait Milk is 39 percent owned by Chinese investment and plans to use the land to give it greater security over water rights, to develop a rail siding for containers which will cut 16,000 truck movements a year and to use the land for farming trials and research. Leon Clement, Synlait's Chief Executive reports that the research will help to develop its Lead with Pride programme which aims for the company to adopt more sustainable farming practices. Mr Clement has stated in the company's latest update that due to Covid-19, the company's

forecasted net profit has dropped to between \$70 and \$85 million despite not currently experiencing supply chain disruption.

[Covid-19 hangs over dairy prices](#) [18 March, Dairy News] Global dairy prices at the latest Global Dairy Trade auction dropped for the fourth consecutive time in 2020 due to the current Covid-19 pandemic. The price index dropped by 3.9 percent, with whole milk prices dropping by 4.2 percent to USD\$2797 (approx. NZD\$4700) per metric tonne. The market impact of Covid-19 is still being assessed as the virus spreads globally.

[UPDATED: New Zealand Dairy Industry Awards Covid-19 Response](#) [18 March, New Zealand Industry Awards] The New Zealand Dairy Industry Awards (NZDIA) Management, Executive and Trust members have decided to cancel the last four Regional Awards dinners. All ticket holders will be refunded for the Canterbury/North Otago, Southland/Otago, Hawke's Bay/Wairarapa and Manawatu dinners. On top of this, the National Awards dinner will be postponed until further notice. The winners will still receive their prizes, however the NZDIA management want to ensure the health and safety of all patrons.



## Fisheries

[Fishing industry reforms pushed back by Covid-19 response](#) [17 March, Eric Frykberg, RNZ] Covid-19 and its impacts have pushed back reforms sought after by the New Zealand fishing industry. New Zealand has long believed that fishing subsidies encourage fishing stocks on the open ocean to be overfished. As a result of covid-19 however, an international conference which is trying to stop the fishing industry being subsidised by governments has been postponed. The abolition of fish subsidies has been strongly supported by companies such as Sanford as well as naturalist David Attenborough. In a statement, New Zealand's Ministry of Foreign Affairs and Trade

said an agreement on fisheries subsidies in the World Trade Organisation was a top priority and that they are expecting the negotiations to prohibit subsidies be concluded by June. The biggest subsidising countries are China, the EU, US, South Korea and Japan.



## Environment & Emissions

[Taranaki farmer tells government to pay up for 'orphan' oil well plugging](#) [12 March, The Country] A report obtained by RNZ has shown Government plans to plug New Zealand's most at-risk "orphaned oil wells", however that the Government is accepting no legal liability for the wells or the cost of their remediation. 82 year old Taranaki Farmer Fred Marshall states that if the Government wants to plug the oil well on his property then they can pay for the work themselves. An orphaned oil well is classified as being abandoned, no current permit holder and has outstanding plugging and decommissioning commitments. Plugging wells can be expensive and engineering is required to carry it out safely. A 2017 report estimated plugging and abandoning orphan wells would cost about \$20 million. The Ministry of Business Innovation and Employment were unable to state when the work will begin.



## International

[Aussie flock hits 116 year low](#) [11 March, Sudesh Kissunn, Rural News] Australia's national sheep flock has been forecasted to drop by 3.5 percent this year due to drought in key sheep producing regions. If it does drop by 3.5 percent, then there will have been a cumulative fall in sheep numbers of 12 percent since June 2017. Sheep slaughter has been forecast to drop to 7.2 million heads in 2020 which will reflect the impact of diminished breeding flock, lower marking rates and high rates of retention of on-farm ewe lambs. There is a rise in average lamb carcase weights which

shall offset the impact of reduced slaughter on production. Lamb exports in Australia have been forecast to break records again due to robust international demand.

[Counting the cost of fish fraud: 'Billions' lost to illicit fisheries](#) [12 March, Katy Askew, Food Navigator] Research from the University of British Columbia has found that around 14 million tonnes of unreported fish catches are traded illicitly each year, depriving the legitimate market of up to CAD\$17 billion (approx. NZD\$20 billion) each year. The research looked at catch losses for 143 countries globally and found that the issue is having a disproportionate impact on the nutritional security and economic wellbeing of countries in Asia, Africa and South America. The researchers reported that these findings mean that increased transparency is urgently required.

[Industry 'disappointed' after UK 'penalising' plastics tax confirmed](#) [12 March, Oliver Morrison, Food Navigator] The UK Food and Drink Federation have stated that the UK's newly announced plastic tax will unfairly penalise food and beverage producers. They have instead called for the country's recycling infrastructure to be improved. The UK Government have announced that a new Plastic Packaging Tax will be introduced from April 2022 to incentivise the use of recycled plastic in packaging. The Sustainable Food Trust have welcomed the move as they think that the requirement for 30 percent of recycled sources versus a total ban on plastic along with the lead time of two years gives companies plenty of time to comply with the new regulations.

[Plastic a top priority as R&D budgets shift to sustainable innovation](#) [16 March, Katy Askew, Food Navigator] Representatives from some of the world's largest food companies including McDonald's, Coca Cola and Caspa Food have indicated intentions to collaborate on what's been identified as one of the priority sustainability issues in the industry. Focusing innovation on developing sustainable solutions to

the global impact of plastics used throughout the supply chain but particularly in packaging was ranked higher than both the sourcing of sustainable natural resources and emissions reductions in a survey of nearly 200 attendees at the second Congress on Sustainable Development hosted in Spain. McDonald's CEO in Spain, John Alves stated the "added responsibility that large companies now have to reach solutions and be able to scale them" including that joint work between companies must play the role to be an engine of change.

[Impossible Foods raises \\$500m in Series F, brings total funding to almost \\$1.3bn](#) [16 March, Elaine Watson, Food Navigator] In their series F funding round, Impossible Foods have raised a further USD\$500m (approx. NZD\$840,000), from both new and existing investors to bring their total funding just below USD\$1.3 billion (approx. NZD\$2.2 billion) since 2011. A new investor Mirae Asset Global Investments led the funding round, with participation from several other investors. The company's founder and CEO Pat Brown states that the money will support several functions including research and innovation, retail presence, and the commercialisation of new products. Impossible Foods is aiming to double production every year for the next 15 years, to achieve their 2035 mission of replacing animal food production and transforming the global food system.



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

AgResearch  
AIG Insurance  
Alpha Food Labs  
Beca  
Callaghan Innovation  
Corteva  
Dow Agrosience  
DuPont  
Federated Farmers  
Food and Drink Federation (UK)  
FoodTruths.org  
Ikarus Coffee  
Immigration New Zealand  
Impossible Foods  
Massey University  
McDonald's  
Meat Industry Association (MIA)  
Ministry for Primary Industries  
Ministry of Business Innovation and Employment  
NZ Winegrowers Association  
Open Country Dairy  
Overseas Investment Office  
Rabobank  
Save Animals From Exploitation (SAFE)  
Scout Wines  
Seeka  
Sustainable Food Trust  
Synlait Milk  
The Dallington Downs Estate  
The New Zealand National Fieldays Society  
University of British Columbia  
Venture Taranaki  
Waikato Regional Council  
Will To Live  
World Animal Protection  
World Health Organisation  
World Trade Organisation

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