



AGRIBUSINESS

Field Notes

Weekly news update from the KPMG Agribusiness network



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10th September 2020 – This week's headlines



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Although there is a lot of science lacking around regenerative principles specific to the New Zealand context, many producers are excited about the concepts - they are innovating and trialling new techniques and are getting some intriguing results.

Customers are showing a growing interest in regenerative and wanting to understand what New Zealand is doing to produce food and fibre regeneratively. This is a great opportunity to capture more value in the supply chain through our focus on *continuous improvement*. A great example of this is The New Zealand Merino Company which is in the process of developing the ZQrx standard which recognises producers operating at the highest standard and continuously striving for excellence in sustainability.

If industry truly wants to support the 'regenerative movement' and are committed to the goal of Fit for a Better World, we need to provide adequate funding for our leading scientists and producers to work together to identify what science and extension is needed to understand how regenerative principles can be applied and how they perform in the New Zealand context.

Let's foster a culture of *continuous improvement* through being curious, allowing the freedom to try something new and the courage to share – this is how we will reach our goal of Fit for a Better World. The science and a definition will come in time

Genevieve Steven

Farm Enterprise Consultant
KPMG Private Enterprise



Agribusiness

[Rural businesses vulnerable to hack attack](#) [03 September, Farmers Weekly]

A lack of security technology investment and an increasing number of sophisticated assaults are putting many agribusiness firms and farms at risk of cyber-attacks. A recent 2degrees survey shows 52% of small to medium agribusinesses lack security resources such as a firewall to protect business data. Cyber security agency CertNZ reports attacks on NZ businesses increased 38% since 2018, commonly are phishing, credential harvesting, scams and fraud. [CertNZ's website](#) provides some tips to reduce cyber vulnerability: install software updates, use 2-factor authentication, backup data, and secure your devices.

[Covid 19 coronavirus: Border rules exacerbate vet shortage](#) [03 September, The Country]

A survey by New Zealand Veterinary Association shows that border restrictions are worsening the issue of a shortage of veterinarians, with a potential shortfall of 200 to 220 in the workforce. Before the profession is added to the long-term skill shortage list, Massey University suggested the problem of not having sufficient specialist veterinarians to provide training to have significant impact in the long-term. NZVA's primary concerns are the stress and human welfare impact, as well as the animal welfare due to this shortage.

[AbacusBio signs deal with Bayer](#) [09 September, Otago Daily Times]

Dunedin-founded consulting company AbacusBio has partnered with multinational company Bayer to develop predictive plants for anticipated future market needs. The partnership will combine Bayer's "global powerhouse" with AbacusBio's expertise in trait prioritisation and valuation, which could improve predictions on plant breeding that better meet production, quality and sustainability needs.



Animal Welfare

[Livestock ship with two Kiwis on board lost an engine and capsized, survivor says](#) [03 September, Stuff NZ]

A livestock ship Gulf Livestock 1, with two New Zealanders along 43 people and 5800 cattle on board, went missing during a typhoon in waters off Japan and is being searched for by rescuers. The Ministry for Primary Industries has temporarily suspended its consideration of cattle livestock export applications as a result. Agriculture Minister Damien O'Connor said a conditional ban on lives cattle export is an option being considered as it is a risky area and may damage New Zealand's brand on animal wellbeing.

[Cattle ship capsized: Role of live export trade under intense scrutiny](#) [05 September, The Country]

Despite calls for policy review on live export trade after the capsizing of the cattle ship Gulf Livestock 1, the government will not release the review outcomes before the election. Prime Minister Jacinda Ardern says the live export has been temporarily suspended as a result of the loss at sea, and she would not pre-empt the review outcome on the banning.



Apiculture

[Taupō's King Honey buzzing after manuka honey tops London awards](#) [03 September, The Country]

Taupō-based King Honey recently became the fourth-largest honey business in New Zealand, and received international recognition for its Bee+ Manuka Honey at the London Honey Awards. The company is experiencing strong growth in international markets for manuka honey as consumers seek the health benefits linked with it during the covid-19 pandemic, according to King Honey's COO Chris Bowman.



Aquaculture

[CH4 Global nets \\$4.45m to harvest seaweed in Southland](#) [01 September, Stuff NZ]

CH4 Global will spend \$4.45 million to farm *Asparagopsis armata*, a methane-reducing red seaweed found on Stewart Island. The seaweed may help to absorb waste by-products from salmon farming, and it would be used to create a stock supplement that could reduce methane emissions from livestock by 90%.

[Marlborough Sounds mussel farm getting boost from floating electronics](#) [09 September, One News]

Pioneer marine farmer Graeme Clarke had his mussel farm in Crail Bay installed with a sensor system that records information such as temperature and salinity for the user to access anytime online. It is part of a Marlborough District Council project of using smart technology to benefit aquaculture and the environment. The council has applied for funding to scale the project, aiming to enable commercial and research groups to share their data in a single location.



Dairy

[Coronavirus 'literally trimming fat' from butter and cream prices](#) [02 September, Stuff NZ]

Dairy auction prices had the third consecutive fall of 1% on Tuesday, with whole milk powder dropped 2% and butter dropped 1.2%.

Westpac senior agri-economist Nathan Penny said Covid-19 was "literally trimming fat" from prices, as the post-covid period experienced an over 20% decrease in milk fat price, which is at their lowest since mid-2016.

[Fonterra drops to sixth in global dairy rankings](#)

[04 September, Farmers Weekly]
Fonterra Co-operative Group dropped from fourth to sixth in the Rabobank's annual Global Dairy Top (GDT) 20 report, and the top two are Nestle (Switzerland) and Lactalis (France). Fonterra says the greater environmental constraints on its suppliers had limited growth, along with the asset consolidation that impacted its year-on-year sales in US dollars and Euros.

[Questions raised over health benefits of Lewis Road Creamery collagen-infused milk](#) [08 September, Stuff NZ]

Dairy company Lewis Road Creamery is having to retract information from its website related to claims of health benefits in its latest collagen-added milk product. The company stated on its website that collagen could provide scientifically-proven benefits for joint health, but was removed after receiving a complaint from Consumer New Zealand. Lewis Road Creamery said the material was published in error and agreed to not make specific health claims until permitted by the Food Standards Code, these claims did not appear on the product packaging.

[Sexed semen demand surges among farmers](#)

[07 September, Farmers Weekly]
The higher demand for heifer than bull calves and a trend towards reduced bobby calves from farmers is driving a surge in demand for sexed semen in the dairy industry. Sexed semen is a useful tool for proactive farmers to mitigate consumer, environmental and animal welfare concerns, according to Malcolm Ellis, LIC general manager of New Zealand markets.



Environment & Emissions

[Carbon certification could help farmers access premium markets](#) [02 September, Stuff NZ]

Toitū Envirocare has developed New Zealand's first carbon certification and reduction programme for pastoral farmers, which has been used by many high profile businesses such as The Warehouse and Skycity. Toitū says by verifying and advising on the reduction of the carbon footprint, it can open up marketing opportunities to the growing demand for sustainable products. The company has worked with Fonterra in Waikato on its Simply Milk product which is marketed as NZ's first carbon zero milk.

[Bull parent to 170,000 daughters](#) [04 September, Rural News]

LIC's Holstein-Friesian bull Beaner has sired around 170,000 daughters around the country over the last eight years, and along with 3 other bulls from the company reached the achievement of selling 1 million semen straws. LIC says Beaner's high breeding worth and good production traits have resulted in farmers having a strong preference for the bull.



Farming Systems

[\\$390k funding boost for research into market potential of regenerative agriculture](#) [04 September, Stuff NZ]

A \$390,000 Government funding will boost the research on commercial potential of regenerative agriculture. Regenerative soil consultant Nicole Masters warned the term should be applied with care and "green-washing" around regenerative agriculture should be avoided.

[Regenerative ag funding raises questions](#) [08 September, Rural News]

A \$20 million funding package was announced by the government in July to help "clean up waterways and create jobs", with nearly \$2 million of the funding allocated to the Quorum Sense Charitable Trust for promoting regenerative agriculture. Concerns have been raised about a potential conflict of interest around Jono Frew's role as treasurer of Quorum Sense and his co-ownership of Symbiosis Seeds, in relation to the possible commercial advantage he may gain from people converting to regenerative agriculture.

[Black gold: Farmers adopting ancient technique to help with modern environmental issues](#) [08 September, One News]

Biochar - a soil additive carbon that holds onto water, oxygen and nutrients – is an ancient tool now being promoted to modern farming practices, aiming to benefit crop growth and the environment. Jason Thomas of ST Growers, who has been using biochar on his potato crop for five years, said it helped to reduce commercial fertiliser costs by 40-50%.



Horticulture

[Sustainable Vegetable Systems receives \\$4.7m](#) [04 September, Rural News]

Sustainable Vegetable Systems, a 4-year project established by vegetable groups and Horticulture NZ, has received a further \$4.7m in addition to the \$2.8m funding from the Ministry for Primary Industries. The investments aim to promote farming practices that deliver more value and improve the environmental outcomes. Potatoes NZ chief executive Chris Claridge said the project would enable growers to accurately manage nutrient flows while maintaining quality produce.



International

[Healthy eating takes lockdown hit: IGD](#) [02 September, Food Navigator]
IGD's annual *Appetite for Change* report shows more than 57% of consumers from the UK are considering (24%) or already changing (33%) their diets to become 'healthier and more sustainable'. However, people have also stated that Covid-19 lockdowns have worsened their diets. IGD said the covid-19 pandemic highlighted the importance of diet in our wellness, and the biggest barriers to a healthy diet were price, taste and habit.

[UK organic food and drink sales boom during lockdown](#) [03 September, The Guardian]
The UK saw a 18.7% growth in the sales of organic food and drink during the covid-19 lockdown, according to the market research company Nielsen. Its year-on-year sales growth is 6.1%, which is almost double the 3.2% growth of non-organic products for the year ending May 2020. The trade body for organic products Soil Association said the sector is on track to hit the £2.6 billion mark by the end of the year, exceeding the original projection.

[New Burger King restaurant innovations with conveyor belts, food lockers and solar panel canopies](#) [03 September, GMA]
Fast food chain Burger King unveiled its innovative new design "Restaurant of Tomorrow" to offer flexibility catering for dining requirements in light of the covid-19 pandemic. In collaboration with Restaurant Brands International's in-house design group, Burger King has created or improved dining experiences on mobile ordering and pick-up, areas for drive-in and walk-up order, drive-thru experience, exterior dining spaces with sustainability concepts incorporated.

[Agricultural robot maker raises EUR 9.5 million](#) [03 September, Fresh Plaza]
Saga Robotics, a Norwegian and UK based agricultural robot maker, has recently raised EUR 9.5 million to support its growth plans. The company's Thorvald robots are used to control mildew on strawberries and vines across the world, with its autonomous strawberry pickers under development and soon to be commercialised.

[Beyond the buzz: How to succeed in the 'high-risk market' for nootropics](#) [03 September, Food Navigator]
There is said to be a soaring demand for nootropics, products that benefit mood or cognitive functions, especially during and after the covid-19 pandemic. New Nutrition Business director Julian Melltin said a growing segment of business were attracted to the nootropics, but it is a high-risk area and companies should see past the misleading hype. Ms Melltin provided advice for those in the nootropic space to choose ingredients wisely and focus on the results.

[Countries 'ignoring food systems' in climate action plans](#) [03 September, Food Navigator]
A new World Wildlife Fund report says the majority of national commitments to the *2015 Paris Climate Agreement* had overlooked the whole food system, which accounts for up to 37% of all greenhouse gas emissions. It identified 16 ways for policymakers to improve their mitigation, including action on food loss and waste - which the report claimed could reduce greenhouse gas emissions by an extra 12.5Gt CO₂e annually.

[Tyson Foods to open medical clinics at some meat plants](#) [04 September, ABC News]
Tyson Foods, the Arkansas-based company that processes about 20% of all beef, pork and chicken in the U.S., is planning to open medical clinics near some of its meat processing plants for the purpose of improving workers' health and better protection from coronavirus. The new clinics will be free of charge to employees and the families for most services.

[One-third of meat products in France breach labelling and traceability requirements](#) [04 September, Food Navigator]

Results of an investigation by France's DGCCRF shows more than 30% of meat producers failed to comply with the mandatory labelling and traceability requirements, which became compulsory in April 2015. Food quality issues in the meat sector, such as the 2013 horsemeat scandal, have made consumers more concerned with the origins of their food. Notable issues discovered include misleading labels of origin, and businesses' lack of proficiency with traceability management software.

[Warnings over 'unintended adverse consequences' of ditching animal protein](#) [08 September, Food Navigator]

While plant-based foods are increasingly praised as healthier and more sustainable than animal-based products, experts warn that eliminating animal-products may lead to unintended adverse consequences. Judy Buttriss of British Nutrition Foundation said diet changes towards more fruit and vegetables would be beneficial, but it should be considered with the overall nutritional needs and intake especially when reducing animal protein consumption.

[A race to save bananas from extinction: Wageningen and KeyGene join fight against Panama disease](#) [08 September, Food Navigator]

Dutch university Wageningen and plant research company KeyGene are working together to protect Cavendish bananas from the risk of extinction due to pests and diseases. Representing around half of the total agricultural area across Africa, banana crop cultivates USD\$4.3 billion yearly value for the region, according to International research project *Accelerated Breeding of Better Bananas*, which also estimates that banana crops are achieving only 9% of its potential yield due to spoilage caused by pests including nematode and diseases such as Fusarium Wilt.



Red Meat

[DINZ tightens belt on expenditure](#) [03 September, Farmers Weekly]

Deer Industry New Zealand (DINZ) prepares to trim expenditures for the 2020-21 budget as the covid-19 pandemic makes it a difficult time for the industry. DINZ chief executive Innes Moffat said the budget review is to ensure the plans align with the new priorities and future sustainability ambitions of the sector. Costs of delivering farmer information will be reduced, and projected promotional activities for velvet will increase. Experience learnt from the lockdown also helps with cost-saving, with examples such as using online meetings to reduce travel expenses.



Research & Development

[Company finds 'holy grail' of stimulating plant growth](#) [02 September, Stuff NZ]

Biolumic chief science officer and Massey professor Jason Wargent has been working on using ultraviolet lights to treat plants for yield growth better and protection from disease, which made him a finalist in the KiwiNet research commercialisation awards. "It's like the holy grail of agriculture. You get yield increase and disease protection without chemicals and without a reliance on GM [genetic modification]," said Mr Wargent.

[Funding boost for regen ag research](#) [02 September, Farmers Weekly]

Beef + Lamb New Zealand's research into regenerative agriculture has received an extra \$390,000 from the Ministry for Primary Industries. Beef + Lamb New Zealand launched the study earlier this year, aiming to better understand the global market and identify opportunities for NZ's red meat exports to extract more value. The additional funding will add the wine industry to the study in addition to the sheep and beef sector.

[Fonterra gets behind home-grown Covid vaccine development](#) [02 September, The Country]

Fonterra Co-operative Group is helping NZ biotech company CVC to develop covid-19 vaccine by lending bioprocessing equipment. Fonterra's Palmerston North research centre has loaned a homogeniser (a specialised equipment for breaking up particles) to CVC without charges to assist their vaccine researchers working towards first clinical trials. CVC chief executive Dr Robert Feldman said the Fonterra resource helped the company to access sophisticated equipment and save costs.

[New gene-editing test a 'game changer' for New Zealand](#) [08 September, One News]
Partly funded by the Sustainability Council of New Zealand, a research project has recently developed an open-source test to detect whether a crop has been gene edited. This testing method is said to have significant implications for NZ's high-value food producers to distinguish their GM-free products in international markets. Co-author of the research Stephanie Howard says the test is a commercial game changer, as food producers will now need to make commercial decisions with the assumption of consumers being aware of gene-edited crops.



Rural Communities

[Open Country's fifth 'nauseating' smell fine, costs company \\$460,000](#) [08 September, Stuff NZ]

Open Country Dairy has received its fifth fine for discharging unpleasant odour from its factory. The Waikato dairy processing company's latest fine will cost \$137,500 and the offence has now cost the company over than \$460,000 in reparations. Hamilton District Court Judge Jeff Smith considered its impacts "severe" on the community and warned the company that it is to avoid facing the same charges in court again.

Organisations referenced in this week's Field Notes include

2degrees
AbacusBio
Bayer
Beef + Lamb New Zealand
Biolumic
British Nutrition Foundation
Burger King
CertNZ
CH4 Global
CVC
Deer Industry New Zealand
Dutch university Wageningen
Fonterra Co-operative Group
Franch DGCCRF
Horticulture New Zealand
IGD
KeyGene
King Honey
Lewis Road Creamery
LIC
Marlborough District Council
Massey University
Ministry for Primary Industries
New Nutrition Business
New Zealand Veterinary Association
Nielsen
Open Country Dairy
Potatoes NZ
Quorum Sense
Restaurant Brands International
Saga Robotics
Soil Association
ST Growers
Sustainability Council of New Zealand
Symbiosis Seeds
Toitū Envirocare
Tyson Foods
Westpac
World Wildlife Fund

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