



AGRIBUSINESS

Field Notes

Weekly news update from the KPMG Agribusiness network



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16 October 2020 – This week's headlines



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Changing Conversations – from dismissing to empowering

It's now a common expectation of farmers in New Zealand to demonstrate adaptability, innovation, and 'best-practice'.

It's now well-known that farmers must have the skills of business executives to biologists, engineers to economists, and veterinarians to policy analysts.

It's now anticipated, rather than a surprise, when our farmers are told they have to play by a new set of rules, whether dictated by a bank, a supplier, a council, or a government.

What's concerning however, is the industry attitudes and commentary that often come alongside this. "Well, it's about time those at the bottom caught up", "we can't wait for the laggards", "you either evolve, or you're out".

But what does "out" actually mean... That the farmer is fined into bankruptcy? Or subject to losing their livelihood through a mortgagee sale? Or is lost through a challenge with mental health? I don't see any of those results making our sector more appealing, supportive or inclusive.

As a sector, the perceptions of food and fibre industries are often controlled by those who may be struggling to adapt to change, or sometimes referred to as "bad eggs".

But letting these farmers slowly lose their battles as they struggle to implement change or new required practices will not have positive outcomes for agriculture's financial, environmental or mental health statistics.

New Zealand loves sport, and most of the population have been a player, coach, supporter, or combination of the three. When there is a rule change in rugby union, the All Blacks spend significant time, effort and resource supporting their players to adapt. Firstly, they acknowledge that rule changes will affect different players in different ways depending on their position and way of playing. Secondly, they work together as a team, combining both players and support staff to ensure that everyone can adapt and improve for the benefit of all.

A penalty on the rugby field costs the whole team. The All Blacks wouldn't leave the players to individually read the updated rugby union rule code, then show up to the game and hope they implement it. The All Blacks wouldn't deliver a letter in the mail and a one-off meeting and expect that the player will now fully understand

the changes. The All Blacks certainly wouldn't leave players struggling on the field, letting down the whole team and putting those individuals at risk of losing their rugby career.

Yet the All Blacks are an elite group of athletes who perform to 'best practice' standards, and even in this circumstance they would receive considerable support.

If a farmer is completely unwilling to adapt to any form of change, is knowingly causing harm to the industry's reputation and won't give any consideration to a social license to operate, then perhaps there isn't a place for them in the sector. However, these types of individuals are few, if any at all in our sector.

As the pace of change in farming continues to accelerate, so does the importance of supporting those on both ends of the spectrum. Information dissemination, knowledge transfer and skill development should be provided in a range of methods and formats even if this increases expense. If a first attempt at providing support doesn't work, we should try a second, third and a fourth time.

It's relatively easy for a rural banker to become a rural insurer, a fertilizer rep to become a farm consultant, and a business manager to pivot from one whole industry to another. Farmers however are often intrinsically connected their farm businesses, it's both their livelihoods, and their way of life.

Let's change our conversation and the language we use when discussing the evolution of the food and fibre sector, and let's choose to empower those who are struggling with change rather than dismissing them.

It's time to treat our sector as a team of 30,000 farmers, 150,000 employed support staff, and 5,000,000 supporters... it feeds more people than the All Blacks!

Jack Keeyes

Agri-Food Research & Insights Analyst
KPMG Auckland



Agribusiness Education

[Aspiring rural leaders wanted](#) [13 October, Rural News]

Fonterra Co-operative Group is preparing for its 2021 Governance Development Programme (GDP), a one-year programme developed in partnership with Massey University Business School designed to develop governance acumen specific to the New Zealand co-operative context. Applications opened last week for the 16th year, and it is open to all Fonterra shareholders and herd-owning sharemilkers supplying Fonterra, with some places also available for members of LIC, Foodstuffs and Silver Fern Farms.



Agri-Tech

[Dropping the fences for collared cows](#) [08 October, Farmers Weekly]

New Zealand agritech start-up Halter has developed a software system and solar-powered collars for cows to achieve fence free grazing. The GPS-enabled collars can ensure the cow is contained with a grazing break as defined on the farmer's smart device, and transmits real-time information on the cow's status to monitor herd health. This wearable technology is currently being tested in Waikato with plenty of potential within NZ, said Halter business manager Steve Crowhurst.

[Onside secures cash cache](#) [13 October, Farmers Weekly]

The on-farm check-in app Onside is planning to expand internationally after successfully raising \$2.5 million in equity for the Canterbury-based company. The app helps farm managers and owners to track all staff and contractors entering the property with full details of farm hazards, access points and layout available through their smartphone. Developed four years ago, Onsite now claims 20,000 registered users across New Zealand, with the potential of looking into rural Australia.



Alternative Proteins

[UK unveils insect industry funding for greener animal protein production](#) [08 October, Food Navigator]

The UK government announced a £10m funding package to help build its first large-scale industrial insect farm, with the aim to reduce CO2 emissions related to the sourcing and production of traditional sources of protein and to improve its food security through more localised supply chains. Led by insect farmer Entocycle with a wide range of participating organisations, the project will deliver a plant to convert food waste into insect-based animal feed.



Aquaculture

[50,000 baby salmon arrive at Twizel fish farm](#) [09 October, Stuff]

High Country Salmon, a salmon farm near Twizel, has restocked 50,000 baby salmon valued at \$80,000 on Thursday and Friday. This process is critical for the farm's on-site operations which also include a processing department, salmon shop and café, says general manager Karl French. As demand dropped without international tourists, the farms have shifted their focus to a domestic market and are operating better than budgeted in the covid-hit market, according to Mr French.

[New Zealand's largest salmon farmer rechecks results after farms fail compliance](#) [11 October, Stuff]

New Zealand King Salmon's farms have been issued two fines and a warning after an inspection found five in nine of its farms were non-compliant with environmental standards, judged against the farm's resource consent conditions and guidelines laid down by central and local government to encourage "environmentally responsible" aquaculture. The company was "concerned" by the results and is having the results rechecked, said NZ King Salmon chief executive Grant Rosewarne.



Biosecurity

[Bio-threats pose growing risk for New Zealand, Pacific - new report](#) [12 October, RNZ]

A new report by the New Zealand Defence Force shows concerns with various biological threats, including contaminated food supply, pandemics or chemical weapons. The report said bio-threats were increasing due to climate change and rapid globalisation. "Climate change and rapid advances in biotechnology are changing how biological hazards and threats may manifest... As a result, the NZDF may be called upon more frequently to assist with a broader range of biological incidents both domestically and regionally," the report said.



Dairy

[Processors match Fonterra's \\$7.14](#) [08 October, Farmers Weekly]

Yili-owned company Westland Milk Products paid \$7.14/kg milksolids in the first financial year, which is equivalent to the price paid by Fonterra Co-operative Group. The smaller sister company in South Canterbury, Oceania Dairy, paid a slightly higher price of \$7.24/kg. North Island company Miraka paid \$7.14/kg last season, citing covid-19 disruption to its UHT plants and demand from China for the slightly lower payout.

[Danone's Karicare infant formula to go carbon neutral by 2030](#) [08 October, The Country]

French food group Danone says its Karicare brand will be carbon neutral by 2030, as it moves to becoming a net zero carbon company by 2050. Danone is also installing a \$30 million biomass boiler to provide renewable heat at its South Island spray drying facility in Balclutha, and will have all of its New Zealand plants changed to renewable electricity next year. These moves will eliminate around 20,000 tonnes of CO2 emissions per year, the company stated.

[Dairy farmers rise to sustainability challenge](#) [13 October, Rural News]

DairyNZ's Rise and Shine campaign was launched this week with stories of Kiwi farmers leading the world in sustainable farming being shared. "New Zealand dairy has a great story to tell and we are seeing that realised through public sentiment, with 73% of people recently surveyed being favourable toward dairy farmers," says DairyNZ chief executive Dr Tim Mackle.

[Miraka's final payout – \\$7.14/kgMS](#) [13 October, Rural News]

Dairy company Miraka paid out on average \$7.14/kg MilkSolid to its farmer suppliers last season. The payout included incentive bonuses under Miraka's Te Ara Miraka scheme, which allow farmers to earn up to 20c/kgMS more for improving their milk quality and meeting certain environmental standards. Miraka chief executive Richard Wyeth said the payout was slightly lower than expected due to the adverse impact of Covid-19, but the Chinese demand for UHT milk was strong and expected to continue to grow.



Forestry

[Traditional upswing in export log prices begins as summer looms](#) [The Country, 08 October]

With summer approaching, traditional seasonal upswing in export log has started for October sales, primarily due to increasing construction activities in China and reduced volumes from Russia and the Pacific North West.



Food Innovation

[Taranaki company making NZ's first CBD and mānuka honey blend](#) [10 October, Stuff]
A Taranaki company Naki Honey has developed New Zealand's first mānuka honey and cannabidiol blend, hoping to break into the budding international market for cannabidiol edibles. The product is a single-serve, snap pack cannabidiol (CBD) honey cost at \$5.50-\$6 a serve. Naki NZ global market manager Derek Burchell-Burger said the snap pack would achieve a more palatable price as the relatively high cost of CBD edibles was slowing their growth.



Fisheries

[Mussel industry donates 160ha of waterspace to Golden Bay community](#) [11 October, Stuff]
Made up of Sealord, MacLab, and Westhaven Group, the SMW consortium has donated 160 hectares of water space to the Golden Bay Community Trust, with the income generated to be used to support environmental, education, health and other charitable causes in Golden Bay.



Horticulture

[Climate change threatens to roast kūmara crops](#) [08 October, Stuff]
Research shows most varieties of kūmara are under the threat of heat damage due to climate change. "Heat and drought stresses are among the most important climatic events aggravated by climate change that affect sweet potato productivity," said researchers from the International Potato Centre in Peru.

[Historic day for Māori horticulturalists](#) [12 October, Rural News]

The Ngai Tukairangi Trust has included horticulture in its competition for the first time in its 87 year history. Around 150 people attended a field day at the Trust's kiwifruit orchard at Matapihi last week. Guest speaker Nanaia Mahuta, Minister of Māori Development, says the competition helps raise the bar for Māori horticulture and enables landowners to demonstrate the importance of legacy, partnerships and relationships, and holding on to their whenua.



Poultry

[Chicken eggshell membrane upcycled for bakery: 'Eggbrane alleviates joint stiffness and pain'](#) [09 October, Food Navigator]
Dutch business DEPP B.V. has developed an egg membrane powder 'Eggbrane' to help alleviate joint stiffness and pain, which is a great example of upcycling side streams into ingredients for food products. The insoluble powder 'Eggbrane' is targeted at both the supplements and food industry, recommended by DEPP to be used in bakery applications.



Red Meat

[Project to test regen's impact on meat](#) [08 October, Farmers Weekly]
A project focused on regenerative farming practices for better NZ beef has recently received \$50,000 from the Our Land and Water Rural Professionals Fund. The project will be testing whether regenerative farming practices produce better meat quality compared to more conventional cattle, and it is led by Waikato farmer Tracey Bayliss with assistance from AgResearch.



Research & Development

[Award winner aims to put farmers in the clover](#)

[08 October, Rural News]

Laura Keenan has received the 2020 Kate Sheppard Memorial Award for her PhD research into yield prediction tools for a national forage database. As part of the Hill Country Futures Project aimed at collating data around non-traditional forages, Ms Keenan's research is focused on plantain.

[Food science research excellence recognised](#)

[13 October, Farmers Weekly]

The Riddet Institute has received the New Zealand Centre of Research Excellence award and \$38.25 million of funding to be spread over the next few years. The Institute is hosted by Massey University on behalf of partner organisations AgResearch, Plant & Food Research and the universities of Otago and Auckland. The Institute will build on its strengths in materials science, nutrition and health to explore new areas of research such as new plant and combinatorial proteins.



Trade & Exports

[Exposure to China puts tourism, seafood and kiwifruit sectors at risk: report](#) [08 October, Stuff]

A Westpac report shows that NZ's reliance on China as its largest export market exposed key sectors under risk, as China has many alternative countries than NZ to choose from. Tourism, seafood and golden kiwifruit sectors are the most exposed, followed by education, meat, fruit and wood, while dairy is considered at low risk. NZIER principal economist Chris Nixon says businesses need to think about diversification but China does provide the highest revenue than any other markets.

[Airline Covid crunch affecting avocado exports](#)

[12 October, Stuff]

Avocado exports by air was down 60% in August compared to the year before, with the largest decline to Korea and Thailand, primarily due to increased cost and limited air freight availability. "Cargo capacity between Auckland and Korea was down 44% and 89% through to Thailand. It looks like some of that has shifted across to sea freight, with a 15 per cent increase in avocados leaving Ports of Auckland and Ports of Tauranga," said Scott Tasker, Auckland Airport general manager aeronautical commercial.

[Lamb exports up 12 per cent in August on previous year](#) [12 October, Stuff]

Lamb exports value rose 5% from \$177.5m last year to \$186.7m in 2020, according to the Meat Industry Association (MIA). Reduction in the value of sheepmeat exports to China was offset by a bump in exports to Britain and the EU. MIA chief executive Sirma Karapeeva said lamb prices increased slightly in the last three months which was normal for the time being. A spokeswoman from Countdown said meat prices were about 10% lower than last year and expected the prices continue to drop through summer.



International

[GEA Group cuts ribbon at pet food innovation center](#) [10 October, Pet food processing]

GEA Group announced the grand opening of its Pet Food Experience Center (PEX) in Galliera Venata, Italy, to support the research and development in the pet food processing industry. "Our new Pet Food Experience Center is a place for learning: how to create and process new products, leverage new raw materials, create new recipe ideas – and ultimately, new ways to strengthen the position of our customers on the market." said GEA's Klaus Raths.

[After the vegan burger, here comes the 'vegan egg'](#) [08 October, Inquirer Net]

An Indian company EVO Foods has developed a recipe based on vegetable protein to make a totally liquid 'egg' without animal protein. The process involves extracting proteins from legumes, which are then fermented and injected with texture agents. The product can be kept in the refrigerator for six months. Having gained American investment, this food innovation is to be launched in the US in April 2021.

[Sugar reduction in food well below target of 20%](#) [07 October, BBC News]

The latest Public Health England (PHE) report shows sugar in food products sold between 2015 and 2019 dropped slightly by 3%, which is well below the government's voluntary target for the food industry of 20% by 2020 to tackle obesity. "Faster and more robust action is needed to help us consume less sugar, which will help us become healthier and lower the economic burden of obesity and preventable pressure on the NHS," said PHE chief nutritionist Dr Alison Tedstone.

[Michelin Star Restaurant Debuts Vegan Meat on Menu for First Time Ever](#) [29 September, The Beet]

Israeli startup Zero Egg has entered the US plant-based egg industry with its launch of "The Egg This World Deserves" on October 9th, the World Egg Day. The two products offered are EGG Basics, an edible egg-like scramble, and BAKE Basics, suitable for baking application. Designed with a clean taste and a texture to be used in a wide variety of dishes where eggs are traditionally used, Zero Egg offers increased flexibility and affordability," said Zero Egg CEO Liron Nimrodi.

[Meat transparency: The answer could be in the DNA](#) [08 October, Food Navigator]

Building trust is the key to growing sales especially for consumers 'looking to reduce their meat/poultry intake due to animal welfare, environmental or health concerns' according to the 2020 Power of Meat study published by the Foundation for Meat and Poultry Research. Dutch supermarket Albert Heijn has partnered with DNA testing expert IdentiGEN to provide traceability of meat, underpinning its commitment to quality, sustainability and welfare in its meat supply.

[Grass Fed Standard for Beef launched by Irish Food Board: 'The standard will be Ireland's USP in international markets'](#) [07 October, Food Navigator]

Irish semi state agency Bord Bia has announced a new Grass Fed Standard for Beef to track and verify the percentage of grass consumed in the diet of Irish beef herds. Research by Bord Bia and EY in 2018 shows that more than half of consumers surveyed were willing to pay a higher price for premium grass-fed beef for health and ethical reasons.

[Nobel Peace Prize: UN World Food Programme wins for efforts to combat hunger](#) [09 October, BBC]

The United Nations World Food Programme (WFP) has received the 2020 Nobel Peace Prize "for its efforts to combat hunger, for its contribution to bettering conditions for peace in conflict-affected areas and for acting as a driving force in efforts to prevent the use of hunger as a weapon of war and conflict". The UN agency says it delivered food assistance to almost 100 million people last year around the world. "In the face of the pandemic, the World Food Programme has demonstrated an impressive ability to intensify its efforts," stated the Norwegian Nobel Committee.

[Australian food banks report huge surge in demand during Covid pandemic](#) [11 October, The Guardian]

Foodbank surveyed about 500 charities and reported that demand for food relief has risen by 47% on average during Covid-19, driven by growing numbers of international students and casual workers seeking help. "In 2019, 15% of Australians experiencing food insecurity were seeking food relief at least once a week... In 2020, this has more than doubled to 31%. Although charities are seeing demand for food relief become more erratic and unpredictable, overall numbers are up by an average of 47%," the report noted.

[Genetically modified soybean authorised by the European Commission for food and feed use](#) [08 October, Lexology]

The European Commission has authorized a genetically modified organism (GMO) for food and feed use: the glyphosate resistant soybean MON 87708 x MON 89788 x MON A5547-127. The decision was made on 28 September 2020 and is valid for 10 years. Following a favourable risk assessment by the European Food Safety Authority, the authorization does not permit cultivation of the GMO soybeans in the EU, any products produced from this genetically modified soybean will be required to comply with EU's labelling and traceability rules.

Organisations referenced in this week's Field Notes include

AgResearch
Albert Heijn
Auckland Airport
Bord Bia
DairyNZ
Danone
DEPP B.V.
Entocycle
European Food Safety Authority
EVO Foods
Fonterra Co-operative Group
Foodbank
Foodstuffs
GEA Group
Halter
High Country Salmon
International Potato Centre
LIC
MacLab
Massey University
Meat Industry Association
Miraka
Naki Honey
New Zealand Defence Force
New Zealand King Salmon
Ngai Tukairangi Trust
NZIER
Oceania Dairy
Onside
Our Land and Water Rural Professionals Fund
Plant & Food Research
Public Health England
Sealord
Silver Fern Farms
The European Commission
The Riddet Institute
The United Nations World Food Programme
Westhaven Group
Westland Milk Products
Westpac
Yili
Zero Egg

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