



AGRIBUSINESS

Field Notes

Weekly news update from the KPMG Agribusiness network



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Agenda 2020**

22 October 2020 – This week's headlines



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Human Capital Risk & ACC – Have you got this covered???

How prepared are you, your family and your business in the event of premature death or disability of the main income earner or key person of your business? This is an area of business that does not seem to be addressed by business owner's, or at least be properly understood.

I have had personal experience in this area, my father was self-employed and having no personal insurance in place (as he did not believe he would ever need it). After suffering three types of illnesses in his life which led to his death, my mother was left in debt at the age of 65. Is this what you would want for your family?

Why is it that we are happy to cover the risk of our homes, vehicles and tangible assets of the business by insuring that risk BUT when it comes to our own capacity to generate an income from personal exertion we don't take this risk as seriously?

Death or permanent disability brings financial disaster for families and businesses without sufficient insurance cover to address this risk. People believe disability will be from an accident but statistically it's more likely to be from an illness such as a stroke, cancer or cardiovascular event.

Take a moment to think about your scenario, what if you as the breadwinner suffered a stroke and were disabled for a period longer than 3 months, what does your business have in place to address this, how long can your business sustain you not being in it and what is the financial impact to your business and your family if you are incapacitated for a period of time?

Insurance can be seen by some people as a waste of money or even a swear word, yet we still insure our homes and other assets just in case of a catastrophic event. As part of addressing your risk needs, ACC is a significant part of the solution. We all pay ACC and we are all covered one way or another by ACC's varying products (ACC is another type of insurance), but do you understand how ACC can be structured with other personal risk cover?

Prior to my time at KPMG I spent time as a registered financial advisor. My experience as a risk advisor has given me inside knowledge of the insurance industry and an understanding of how insurance “done well” can work for people and businesses come “claim time”. I look after the ACC side of the risk solution alongside the client’s risk advisor. We work together as a team to get the best possible solution and outcome for our client.

As part of your business’s risk management policy, get in contact with a risk adviser to discuss your current circumstances and address your personal risk needs. If you have already addressed this, I recommend you review your risk annually as circumstances change and ask your advisor “how is your personal risk structured with ACC” as you don’t want to be paying double the premium for the same level of cover in the event of accident. Your life and capacity to generate an income from personal exertion is worth it to you and your family, so don’t put off until tomorrow what could affect you today!!!

Please check out the ACC website for further information of their products:

<https://www.acc.co.nz/>

Michelle Martin

Canterbury Private Enterprise
KPMG New Zealand



Agribusiness

[LewisRoad changes ownership](#) [15 October, Farmers Weekly]

Top-end dairy brand Lewis Road Creamery has been acquired in full by Southern Pastures, the agricultural investment fund that owns 20 dairy farms in Waikato and Canterbury. “We’re convinced that farming can be a powerful tool for environmental good in addition to providing economic returns,” said Southern Pastures executive chair Prem Mann. The new ownership will further develop its export products, such as premium butter currently sold in the US and Australia.



Agri-Tech

[AI tech offers food brands a finger on the pulse of trends](#) [16 October, Food Navigator]

Israeli start-up Tastewise has launched an AI-powered food intelligence platform to help brands with product innovation in the UK. “Our data-driven innovation gives brands an inside look into the latest consumer trends, allowing them to access the equivalent of thousands of virtual focus groups at the click of a button,” said Tastewise’s co-founder and CEO Chen.

[Kiwi innovation leads the way](#) [19 October, Farmers Weekly]

A New Zealand innovation is helping many dairy farmers worldwide with timing of their cow breeding. FlashMate® is a smart device that can be attached to a cow’s hair during the breeding period to interpret its behaviour, and it can inform the farmer when to artificially inseminate cows accordingly. Developed by the Hamilton-based company FarmShed Labs, the technology is now attracting global attention and growing local sales. and the smart device FlashMate® has reached many countries worldwide, including Russia, Brazil, China, Chile and the Baltic shores of Estonia.



Animal Welfare

[Potential animal welfare crisis looming](#) [09 October, Rural News]

Local vet recruitment agency VetStaff warns that New Zealand’s vet shortage is getting more dire, and the government’s decision to let 30 overseas vets into the country is not enough. The spring season is especially busy for large animal and production veterinarians, and the current shortage would exacerbate the existing annual seasonal stress, noted Julie South of VetStaff. “They need to allow almost ten times that many in to ease the animal welfare and human stress and mental health issues the shortage is causing,” said Ms South.



Biosecurity

[Zespri on alert over mystery disease killing Italian kiwifruit](#) [14 October, Stuff]

A mystery disease sweeping through Italian kiwifruit crops poses threat to New Zealand kiwifruit. The disease will rot the roots and wither the leaves, leaving the fruit exposed to the sun, and the vines dry up and die within two years. Zespri head of global science innovation Juliet Ansell said the industry remained vigilant around biosecurity and has formed an industry-wide response to address the challenges. “Our biosecurity arm, Kiwifruit Vine Health, is continuing to work hard to strengthen biosecurity pathway plans.” said Dr Ansell.

[Alarming rise in NAIT infringements](#) [16

October, Farmers Weekly]

Latest figures revealed an increase in infringements of the National Animal Identification and Tracing (NAIT) system, despite improved overall compliance. 944 infringements have been issued in the year to date, compared to the 687 issued last year. "Over the coming 18 months, Ospri's focus will be on targeting high risk areas for the likes of TB and making sure farmers have an understanding of the (NAIT) system, have the resources to do it and know we are here to support them," said Ospri's head of traceability Kevin Forward.

[Live fruit fly larvae found in imported watermelon](#) [16 October, Stuff]

The Ministry for Primary Industries (MPI) had temporarily suspended imports of watermelon from Tonga after live fruit fly larvae were detected at the New Zealand border. Pending an investigation into non-compliance by the Ministry of Agriculture and Food, Forestry and Fisheries in Tonga, all watermelon from Tonga would be held with the option of destruction or re-shipment until the suspension is lifted.

[Fonterra raises farm gate milk price forecast mid point on back of strong China demand](#) [15 October, Stuff]

Fonterra Co-operative Group has raised the midpoint of its farmgate milk price from \$6.40 to \$6.80 per kilogram of milk solids, driven by strong demand from China. "Despite the initial impact of Covid-19, we have seen demand for dairy in China recover quickly," said Fonterra chief executive Miles Hurrell. Fonterra updates its forecasts every three months and farmers get paid the midpoint of the forecast range.

[Dairy prices rise slightly at latest GDT auction](#) [21 October, The Country]

The latest Global Dairy Trade auction has seen dairy prices rise 0.4% across the board, which is the third consecutive increase. Whole milk powder prices remained buoyant with a 0.3% lift to US\$3,037/MT, while skim milk powder prices fell 0.2% to an average US\$2851/MT. Fonterra Co-operative Group has also increased the midpoint of its forecast farmgate milk price for the 2020/21 season by 40 cents to \$6.80 driven by improved demand from China.

[Sheep milk demand soars](#) [21 October, Rural News]

Sheep milk company Maui Milk is seeking more farmer suppliers to meet the soaring demand. Payout is about \$3 per litre based on total milk solids. Maui Milk general manager operations Peter Gately noted the dairy farm conversion model in Waikato is expected to be the backbone of industry growth. Development of a greenfield site on a sheep farm is being discussed, as well as the plan to fit-out existing herringbone sheds on dairy farms.



Dairy

[Happy Valley Nutrition wins OIO approval](#) [15 October, Farmers Weekly]

Overseas Investment Office (OIO) has approved the new Waikato dairy company Happy Valley Nutrition to purchase 309.25 hectares of land near Otorohanga. The land will be used for the development of its new dairy factory, which will produce infant milk formula and other dairy ingredients. The OIO approval allows the company to progress the discussions with financiers and other early stage development work.



Environment & Emissions

[New tech diverts carbon dioxide from waste wood for use in horticulture](#) [16 October, Stuff] A Lower Hutt company, Hot Lime Labs, is trialling a new technology that extracts carbon dioxide from waste wood to be used for increasing crop growth and production. The new method produces a low-cost, renewable source of carbon dioxide, which is hoped to reduce fossil fuel emissions for the sector.



Farmers & Producers

[New genetics company created by farmers](#) [15 October, Farmers Weekly] A group of farmers across NZ have created a new company, Matriarch Genetics Ltd, to accelerate the genetic gain for the New Zealand dairy industry. Matriarch spokesperson Kevin Clark says the business model is to share the great genetics amongst its members without IP restrictions. "Our shareholders want more control over their herd IP, and more choice about the type of genetics they use in their herd," said Mr Clark.



Farming Systems

[Emissions testing on farms could push case for electric motorbikes and machinery](#) [18 October, Stuff] Fonterra Co-operative Group asked its farmers to start recording on-farm emissions and issued its first greenhouse gas emissions profile to identify opportunities for improvements. Waikato farmer Chris Lewis said this would provide better data than Government's on-farm modelling guess work, and stated it could fuel the demand for electric-powered farm vehicles and machineries to cut down emissions.



Food Safety

[Urgent Need To Strengthen Food Systems As COVID-19 Drives Up Numbers Of Hungry People Worldwide](#) [16 October, Scoop] The United Nations World Food Programme (WFP) calls for global action to improve the food production and distribution system to better withstand shocks such as the covid-19 pandemic. WFP procures food locally and provides training to smallholder farmers, aiming to build dynamic food systems that contribute to community-based agricultural growth and the strengthening of national economies. "Smallholder farmers in developing nations need support so they can grow crops in a more sustainable way, then store and transport their produce to markets, and ultimately improve their own livelihoods," said WFP Executive Director David Beasley.

[On World Food Day, Asia-Pacific Countries Consider Plan To Recover From COVID-19, Eradicate Hunger](#) [17 October, Scoop] World Food Day on the 16th of October marks the 75th anniversary of the Food and Agriculture Organisation. The theme for this year is 'Grow, Nourish, Sustain. Together – Our Actions are our Future'. With covid-19 seriously disrupting food security and livelihoods for millions of people, FAO's Regional Office for Asia and the Pacific acknowledged the next steps are to respond to and recover from the pandemic, as well as to meet the Sustainable Development Goals to end malnutrition and poverty.

[Sport supplement shake-up to follow federal government intervention](#) [18 October, SMH] The federal government of Australia reclassified many supplements with ingredients deemed to be "higher risk" as medicines instead of food. They will be subject to strict regulations, including the way of packaging and advertising. The decision was announced in late September after 18 months of consultation, following the death of a Perth bodybuilder who had a metabolic disorder incompatible with her high protein diet.

[Watties Donates 25,000 Cans To Help The Salvation Army With Food Parcels](#) [19 October, Scoop]

On World Food Day (16 October), Heinz Wattie's Limited has donated 25,000 cans to assist The Salvation Army with the increasing need for food parcels. "This is our 27th year partnering with The Salvation Army and it's really important to Wattie's that we continue to show our support," said Heinz Wattie's NZ Managing Director Neil Heffer.



Food Innovation

[New Zealand Infant Nutrition Start-up Good Feeding Wins Coveted 2020 USA Trailblazers Award](#) [19 October, Scoop]

Good Feeding has won the 2020 Food-Navigator USA Trailblazers award for innovation in kid-focused foods with its personalised baby food subscription plan, Go Well®, which aims to train baby's palate and promote baby's acceptance of new foods. "At Good Feeding, our focus is to give babies the start they deserve by equipping parents with information and tools to make healthy and safe food choices," said CEO and co-founder Phil McGrath.



Food Marketing

[Beijing campaign gives beef a boost](#) [12 October, Farmers Weekly]

New Zealand grass-fed beef is gaining attention in a chain of high-end Beijing retailers through a campaign, Taste Pure Nature. Managed by Beef + Lamb New Zealand (B+LNZ) and Anzco Foods, the campaign aims to raise awareness and create a preference for NZ grass-fed beef to the Chinese consumers. Monitoring of sales in Anzco's Chinese distributor Beijing Zhou Chen has indicated good potential for NZ beef in China, says Anzco Foods' general manager of sales and marketing Rick Walker.



Horticulture

[Tomatoes hit \\$13 a kilo as shortage bites](#) [14 October, Stuff]

Covid-19 uncertainties have seen tomato prices rise 44% this year, hitting an average weighted price of \$13.26/kg in September, according to Stats NZ. "We are now seeing a shortage, three or four months after plantings were reduced, which has led to higher-than-normal prices," Stats NZ consumer prices manager Nicola Growden said.

[Drought fears for South Canterbury, North Otago farmers](#) [21 October, The Country]

Many farmers are concerned with the continued drought conditions in South Canterbury and North Otago regions. The Ministry for Primary Industries (MPI) says Waimate and Waitaki districts have received little rain since autumn and pasture covers are low for this time of the year. Meetings have been held with farmers and industry representatives to discuss drought management strategies, share information and offer support, says MPI's rural communities and farming support director Nick Story.



Red Meat

[Gender equality needed in meat sector](#) [16 October, Farmers Weekly]

A new report by Meat Business Women shows that women are under-represented in the NZ meat industry, as female accounts for 14% of board-level director roles and only 5% of chief executive roles. Meat Industry Association (MIA) says it is committed to getting more women employed in the meat sector. The report uncovered five themes to address the gender imbalance, which include changing the negative perceptions, fixing career progressions, getting workplaces gender proofed, providing mentorship and initiating changes.

[MBIE wants pay guarantees for halal slaughtermen in New Zealand](#) [20 October, Stuff]

A lack of halal processing workers may restrict New Zealand's export to lucrative Middle East markets, said Silver Fern Farms head of sustainability Justin Courtney. The red meat sector relied heavily on migrant workers, and many of them are due to leave the country when their Essential Skills Work Visas expire next year. The Ministry of Business, Innovation and Employment (MBIE) is working with the industry to get policy changes regarding the pay requirements to accommodate the need for retaining migrant workers in the meat sector.



Trade & Exports

[Dairy disruptors on the horizon](#) [14 October, Farmers Weekly]

The combined effect of La Nina's drying conditions and the end of the US's Foodbox programme is looming to disrupt the global dairy supply and demand. NZX analyst Amy Castleton says the drier weather conditions would restrict New Zealand's milk production and hold prices around \$3000. Demand from the \$1 billion Foodbox programme, which is estimated to have taken 2-3% of all dairy solids, is due to end in October, says Quarterra's principal Monica Ganley.

[Meat quota rates remain vital](#) [21 October, Rural News]

New Zealand sheep meat exports rose 12% by volume and 5% by value in August as compared to a year ago, according to analysis by the Meat Industry Association (MIA). MIA chief executive Sirma Karapeeva said the red meat sector's ability to maintain steady is affected by the changing trade patterns the constantly evolving market dynamics, noted. "We remain deeply concerned about the proposal for the EU and UK to split the WTO tariff rate quotas, which would reduce that flexibility and disadvantage New Zealand," noted Ms Karapeeva.



International

[Global poll highlights food safety fears](#) [16 October, Food Navigator]

The results from *Lloyd's Register Foundation World Risk Poll* highlights the concerns with food safety across the globe, as 3/5 of the poll respondents are worried about their food safety while 17% have suffered significant harm from the food they ate in the past two years. Director of evidence and insight at Lloyd's Register Foundation Sarah Cumbers said the data collected from this poll would help global policy makers to understand the nature of hazards and the prevalence of associated illnesses.

[Fonterra's Chile investment looking good](#) [19 October, Farmers Weekly]

Fonterra Co-operative Group's Prolesur is leading the recovery in Chilean milk production as its milk collection rose 42% through the eight months of this year, reaching 147 million liters, up from 103.5 million liters the same period last year. Prolesur managing director Erich Becker said the company has been working on rebuilding relationships with its farmers to regain trust and competitive pricing.



Wool

[Gisborne sheep shorn after five years producing record-breaking fleece](#) [19 October, The Country]

A Gisborne sheep, Gizzy Shrek, was shorn at the Poverty Bay A & P show after evading capture for five years, producing a record-breaking 13 kg fleece according to its owner Rob Faulkner. The fleece, measuring at 58 cm, also broke the record for the world's longest fleece. Gizzy Shrek will now live out the rest of his days on the farm, says its owner Faulkner.

[NZ Merino setting up for \\$10m boost](#) [20 October, The Country]

Local wool company New Zealand Merino has achieved a record profit before tax of \$4.01 million for the year ended 30 June 2020. The company is listed on the Unlisted Securities Exchange (USE) and is now preparing for capital raising which includes share buy-back, according to Merino chief financial officer Peter Floris in an update to USX. The company's board decided to preserve capital in response to the covid-19 disruptions, so no dividend would be paid out this year.

Organisations referenced in this week's Field Notes include

Anzco Foods
Beef + Lamb New Zealand
Beijing Zhou Chen
FarmShed Labs
Fonterra Co-operative Group
Food and Agriculture Organisation
Good Feeding
Heinz Wattie's Limited
Hot Lime Labs
Lewis Road Creamery
Matriarch Genetics Ltd
Maui Milk
Meat Business Women
Meat Industry Association
Ministry for Primary Industries
Ministry of Business, Innovation and Employment
New Zealand Merino
NZX
Ospri
Prolesur
Quarterra
Stats NZ
Tastewise
United Nations World Food Programme
VetStaff
Zespri

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Field Notes presents a summary of some of the media comment on the Agribusiness sector in the last week. The views expressed do not necessarily represent the views of KPMG but are summaries of the articles published.

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