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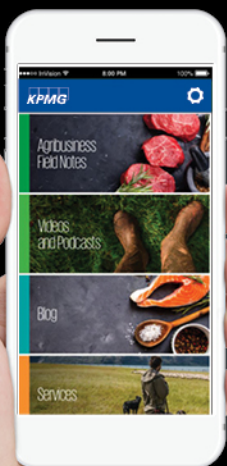
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**AGRIBUSINESS**

**Field Notes**



**Weekly news update from the KPMG Agribusiness network**

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

Ag Proud	Kettle Foods
AGMARDT	Kroger
AgResearch	Lincoln University
Alliance Group	Ministry for Primary Industries
Amazon	Miraka
Arla Foods	Morgans
Avoco	Motu Research
Bee Vectoring Technologies	Nestle
Beef + Lamb NZ	New Wave Foods
Beyond Meat	New Zealand Food Innovation Network
British Soft Drinks Association	New Zealand Premium Goat Ltd.
Campbell Soup	NZ Avocado
Canterbury University	NZ Pork
Carlsberg	Rabobank
Clyde Village	Rural Innovation Lab
Deliveroo	Safe
DoorDash	Seasonal Solutions
Edelman	Shaky Bridge
Equinom	Shilla Hotel
EuroMonitor	Silver Fern Farms
Federated Farmers	SPINS
Fonterra Co-operative Group	Synlait Milk
Garage Project	The High Country Accord Trust
Gravity Internet	Tyson Foods
Hikurangi Enterprises	Uber Eats
Hormel Foods	Valeo Foods
Horticulture NZ	Westland
Hortinvest	Whole Foods
Irrigation NZ	Wools of New Zealand (WNZ)
Jalm&B	World Health Organisation
Kellogg	Yili

**This week's headlines:**

Red Meat	<b>Seoul restaurant orders NZ goat</b> [04 September/Rural Life]
Farmers and Producers	<b>New Zealand has to stake its claim in the supermarket aisles of the future</b> [08 September/Stuff NZ]
Dairy	<b>Miraka leads clean, green dairy</b> [10 September/Farmers Weekly]
Environment & Emissions	<b>Sustainability audits are next</b> [11 September/Farmers Weekly]
International	<b>"Groundbreaking" bee vectoring technology gets US EPA green light</b> [09 September/Food Ingredients First]

**Wool**

**New campaign promotes strong wool's benefits** [09 September/The Country] Recent experiments in Japan measured the efficiencies of using wool carpet versus a synthetic option in two identical houses finding that the wool option resulted in electricity savings of between 8 and 13 percent. Wools of New Zealand (WNZ) have included this fact amongst others in their 12 month media campaign to show consumers the natural benefits of using wool carpet which has occurred globally. The creativity of the approach was recognised with a flooring innovation award for marketing this month at this year's National Flooring Innovation Awards at Harrogate in the UK. Organisers and farmers have stated that the public as well as retail staff are largely unaware of the benefits of the natural fibre, so the campaign has been received positively.

**Red Meat**

**Seoul restaurant orders NZ goat** [04 September/Rural Life] New Zealand Premium Goat Ltd has won a contract to start supplying goat meat next month to a new New Zealand-themed restaurant as part of the Shilla Hotel business in Seoul. More chevon suppliers will be needed to meet expected future demand if franchise plans take off. The restaurant will open at the end of October, with the launch to be televised. The restaurant will offer beef and lamb as well as goat, along with wine, initially from Shaky Bridge and Clyde Village vineyards. New Zealand Premium Goat Meat Ltd hosted Shilla Hotel's Chief Executive and Head Chef, Lee Byung-Woo, of Seoul, and Korean Exporter Importer Representative Paul Ryu last week, where Mr Lee cooked an eight course meal for around 25 goat farmers and suppliers from the lower South Island, giving them an opportunity to taste how the meat will be used in the restaurant. The restaurant will be open 2 hours a day and will be able to seat 200 people at a time. It is expected it will sell about 700 New Zealand produce-based meals a day after a successful trial ran last year.

**Farmers and Producers**

**High-country economy being mapped** [05 September/Farmers Weekly] A detailed statistical picture of the South Island high country economy is being assembled for the first time. The High Country Accord Trust, representing high country farmers, has commissioned an economist to do the work, believing Government policy surrounding high country needs to be informed by facts. There are fears that new policies being considered could end high country farming which would have negative impacts for the economy and the farmers who have carved out a living in the challenging landscape. Farmers are deeply concerned over time the new proposals will put increasing restrictions on the conditions attached to pastoral farming of high country. Chairman of the trust Philip Todhunter stated that it is disappointing the Accord is not part of detailed discussion on the document of enduring stewardship of Crown pastoral land. Farmers are also working with experts, including Canterbury University's Professor David Norton whose innovative thinking on integrated farm management plans shows how farming, conservation and biodiversity can work together.

**New Zealand has to stake its claim in the supermarket aisles of the future** [08 September/Stuff NZ] Dr Roland Harrison from Lincoln University, states that New Zealand produces high-quality food but our farmers and industry need to get smarter around telling the New Zealand story in order to assure we claim space in the market into the future. Dr Harrison reports that New Zealand's high quality produce needs to be aimed at markets that are prepared to pay more for them. New Zealand Food Innovation Network Chief Executive John Morgan states Kiwi farmers need to consider the direction shoppers are going as decisions are made about land use, such as an increased focus on sustainability and high quality, ethical products. Dr Harrison states while New Zealand farmers should respond to trends like the demand for plant-based proteins, they needn't worry about traditional markets shrinking and reports the big challenge lies in growing demand for ethically-produced yet affordable foods, while farmers are under pressure to improve environmental performance. Dr Harrison reports that wine is a good example of a product which is close to ideal as it is grown and processed here and New Zealand is recognised for producing excellent wine with unique characteristics. The industry also has a sustainability programme.

**Ag Proud host lunch to 'bridge rural-urban divide'** [09 September/The Country] Ag Proud enlisted the services of meat company staff at Silver Fern Farms in Dunedin to help host an impromptu pop up lunch in the city's octagon last week, feeding hundreds of city workers and visitors with steak rolls and salad. One of Ag Proud's founders stated the organisation is attracting new members at the rate of 100 farmers per day, with the mission of the group aiming to bridge the rural-urban divide. More than 3400 members are now part of the group which started up less than a month ago after negative farming publicity cropped up surrounding winter grazing.

**Too much short-term thinking** [11 September/Farmers Weekly] Economist Cameron Bagrie reports that the primary sector must adapt to the changing world or risk stagnating however believes that a clear and coherent strategy needs to be decided for the primary sector. Mr Bagrie is not expecting dairy's export value to drop between now and 2030 but predicts it will be flat due to land use capacity along with dairy's environmental impact. Mr Bagrie reports that sustainable growth is needed and although the government has the right idea, they are not successfully executing it.

**AgTech**

**Gene edits save time** [10 September/Farmers Weekly] Professor Jim Bradeen and his colleagues at Minnesota University are researching gene editing and how it might help feed the world sustainably. Gene editing is a group of technologies that lets scientists change an organism's DNA. Gene editing is different from genetic modification because no foreign DNA is inserted into a gene-edited organism. Growing productive, profitable food while using less chemicals motivates scientists as much farmers and consumers. Professor Bradeen states they need to work through the challenges to gain better understanding before gene editing can be used on a large scale.

**Horticulture**

**First 7500 cherry trees planted in project** [05 September/Rural Life] The first 12ha in Hortinvest's \$15.5million Lindis River cherry project have been planted after four cornerstone investors committed to underwrite stage 1 planting. A total of 7500 trees had been planted and a further 23,000 trees would be planted next winter in stage 2. The first fruit is expected to be harvested in the summer of 2021-2022. Hortinvest Marketing and Sales Manager Sharon Kirk stated that the Lindis River project was 40% subscribed as negotiations continued with several large corporate investors from New Zealand and overseas. Investor applications close on 27 September. Stage 1 planting for another Hortinvest \$15.5million project, on Mt Pisa Station, near Cromwell is scheduled to begin next week.

**Cannabis infusions and other craft beer trends that could be heading for NZ** [08 September/The Country] CBD-infused beers are the next big thing in craft brewing in the US and could be heading towards New Zealand, along with other craft beer trends such as glitter beer, organic beers and low-carb beer. CBD is a relaxant and non-psychoactive and is said to infuse well with the flavour of IPA. So far, there has been little research on combining CBD and alcohol, though there have been suggestions it could amplify the effects of both substances. There has been evidence of more sustainable beers in New Zealand as consumers focus on looking after the environment with Garage Project's hook-up with windfarm operator to crate "Turbine", a pale ale with 100 per cent renewable energy certification.

**Weather wreaks havoc on vegetable growers over winter** [09 September/The Country] New Zealand vegetable growers are struggling financially after a challenging winter, with warmer than usual temperatures resulting in an oversupply of crops, early maturity, lack of demand and low prices. Pukekohe producer Bharat Bhana grows a wide range of brassicas, greens and other vegetables and states that there has been an increase in crop wastage, partly due to a change in consumer habits, with lower demand for roasts and comfort food. Mr Bhana also stated the lack of frosts meant many crops did not perform as usual. Meanwhile, the head of Horticulture New Zealand, Mike Chapman, said New Zealanders needed to understand that paying a fair price for fresh vegetables would sustain both growers and consumers.

**Avocado volumes up on last year** [11 September/Farmers Weekly] NZ Avocado Chief Executive Jen Scoular reports that with the new avocado season starting, exporters are continuing to build relationships in China, however states that this will take time and will take a while to grow. China is the first large avocado market New Zealand has entered, as there are already larger exporters established there including Mexico, Peru and Chile. Avocado sales in China have leapt in the past ten years. Avoco Director Alistair Young stated fruit volumes this year are up about 20 percent on last year, despite the lack of rain which has been tackled with irrigation, meaning that early fruit size is looking good. Mr Young feels prices have been relatively good so far early in the season on the domestic market and it is still early days for export prices.

**Labour scheme vital part of fruit industry** [11 September/Rural Life] Founder and Former Chairman of Seasonal Solutions Basil Goodman accepted his Unsung Hero export award in Dunedin last month for the work he completed in getting overseas workers to fulfil labour issues in the horticulture sector. Today the Alexandra-based co-operative, which represents 64 horticulture and viticulture businesses, has grown to 22 staff, including three in Vanuatu and bought 1500 workers last season over from the Pacific Islands to fulfil vacancies.

#### Biosecurity

**Study on M bovis' human effects** [05 September/Farmers Weekly] A study has begun on the effects of Mycoplasma bovis on southern farmers and their communities to help inform the Government's management of exotic disease responses. The two year study will involve multiple community groups and will look at the impact of the eradication programme on farmers directly and the wider community more generally. A governance group made up of public health specialists, farmers, health professionals and a senior veterinarian has been formed to address key challenges. The study is being funded by a \$120,000 Lotteries grant and there's a process in place to incorporate an Otago Medical School-funded student summer project. Research Fellow Dr. Fiona Doolan-Noble reported a wide variation of experiences taking in farm owners, managers, sharemilkers, graziers, confirmed affected property owners and high-risk properties of both past and present will be captured in the study. While there is some research on the logistical and economic impacts of exotic disease outbreaks in NZ there is currently no research looking at mental health and social impacts, so this aims to change that.

**Mid Canterbury farmers' sixteen-month battle with Mycoplasma bovis** [11 September/The Country] Farmers Lynne and Duncan Barr, of Ealing, Mid Canterbury, are looking forward to the season ahead and being farmers again, post M. bovis. Mr Barr reports that the fear of the unknown and the mixed messages that were passed to them after it was found that one of their farms was at risk of having infected animals, made the process so much worse. Mr Barr stated that there was chopping and changing from what the Ministry for Primary Industries wanted from them which made the process drawn out and added a lot of stress on both him and his staff. Mr Barr needed counselling sessions after the ordeal of the process, with little to no support offered to him at the beginning.

**Swine fever 'a real risk'** [11 September/Rural Life] Pig farmers are worried that African swine fever (ASF) will spread to New Zealand and especially to Canterbury, where 60 percent of the industry is located. The Ministry for Primary Industries (MPI) stated that if the disease reached New Zealand, it could wipe out the commercial pork industry, which was worth \$750 million a year, with the only option to cull infected herds should the disease hit. NZ Pork Director Helen Andrews reported NZ Pork has been working closely with MPI and developed educational campaigns, such as how to spot symptoms of ASF, for people who keep pigs, veterinarians and also hunters and trappers, as ASF had been found in wild/feral pigs in Europe. MPI state that very strict measures have been put in place to stop the disease reaching New Zealand and that the spread of the disease within the country is highly unlikely.

#### Innovation

**Rural innovations secure support** [05 September/Farmers Weekly] 14 year old Alex Stewart and his scheme to provide affordable broadband to isolated, rural communities is one of four ventures to receive support from the Rural Innovation Lab, allowing him to buy critical infrastructure, engage with the Smartfarm network to expand his reach and also gather user feedback. The four ventures were selected from about 50 applicants and include a carbon calculator co-designed with farmers to estimate on-farm emissions, an online platform for farmer-to-farmer rentals and the development of a Maori agribusiness collective. The chosen ventures will receive support of more than \$15,000 from the Lab, which includes facilitation from start-up experts The Factory, access to partners in the Lab's collaborative network including Massey University, Microsoft and the ecentre, and financial contribution to project costs.

#### Agribusiness Education

**Media Release: Applications for AGMARDT Leadership Scholarships now open** [10 September/AGMARDT] The Agricultural and Marketing Research and Development Trust (AGMARDT) have now opened applications for five leadership scholarships of up to \$15,000 each. The scholarships are aimed at individuals committed to a personal development plan leading to future leadership roles within the primary sector. The scholarship money can go towards governance training, business or management programmes, both in New Zealand and globally. The applications close on 30 September.

**AgResearch's Lincoln building plan is ready** [10 September/Farmers Weekly] AgResearch and Lincoln University will build their own science facilities at and next to Lincoln University after their plan to collaborate was rejected. AgResearch Chief Executive Tom Richardson says a fresh business case will be presented to Research, Science and Innovation Minister Megan Woods next week to build independently owned facilities for its Lincoln staff, and the university has entered a conditional agreement to buy land from the university. AgResearch declined to reveal the cost or size of the new building before Hon. Woods gets the proposal. Lincoln acting vice-chancellor Professor Bruce McKenzie says the proposed university laboratory will be part of a new research precinct and follows settlement of a \$45m earthquake claim with its insurers earlier this year.

#### Rural Connectivity

**Satellite boosts internet cover** [05 September/Farmers Weekly] Farmers in areas where rural broadband does not reach might find some options open up with the launch of a satellite by Gravity Internet providing a boost in coverage and capacity to New Zealand's most remote areas. Gravity Internet co-founder Tim Johnson, working in partnership with Kacific Broadband Satellites Group, said his company is running two satellites already providing broadband coverage but the third marks a milestone in technology giving extra capacity and capability. The company has proved something of a disruptor in NZ's rural broadband satellite market, by offering affordable uncapped data. Their main market are rural users who are not going to be served by the Rural Broadband Initiative (RBI), with another key market being Tourism Operators requiring constant coverage for health and safety regulations.

**Rural valley residents set up internet group after years in dial-up 'Dark Ages'** [09 September/Stuff NZ] A Marlborough community has taken wireless internet into their own hands after waiting years for the Rural Broadband Initiative to reach them. The Onamalutu Valley, 30 minutes from Blenheim has patchy mobile phone connection as well as dial-up internet. Resident Peter Steggle reported that the community of 70 or 80 had been promised broadband within 18 months when he and his wife moved to the area more than a decade ago, however have since been told that there are not enough people so it will not be done. The community has set up a point-to-point wireless system which uses a house high on the hillside that has a direct line of sight straight into the middle of Blenheim. Around three to four houses have been unable to connect to the system, but majority of the community is now using it, however if any points are removed then the site will collapse.

#### Dairy

**Miraka leads clean, green dairy** [10 September/Farmers Weekly] Central North Island dairy company Miraka's focus on sustainable farming practices is showing results after a record number of farms received honours in the recent Te Ara Miraka farming excellence awards. The company aims to go over and above regulations, with 17 farms out of 104 participating achieving a score of over 90 percent. Te Raparahi Lands Trust took out the top prize with a score of 100%. Miraka's approach is helping create a paradigm shift within New Zealand farming, to encourage farmers to start making positive changes towards a more sustainable future.

**Synlait profit expected to crack \$100m** [10 September/Farmers Weekly] Morgans analysts state that Synlait Milk will report a 17.5 percent lift in full-year profit this week. Growth is underpinned by strong growth in infant formula volumes, a bigger contribution from lactoferrin and slightly larger ingredients volumes. The analysts state this is largely driven by a 23 percent increase in infant formula volumes. With pricing reportedly strengthening since the first half result Morgans expects the second half gross profit margin to be around \$550,000 a tonne and FY19 lactoferrin gross profit of \$12.2 million compared to \$4.4m in FY18.

**Fonterra to shed large number of jobs to balance books** [11 September/Stuff NZ] Fonterra Cooperative Group has confirmed there will be job losses as it heads towards reporting a loss at the end of the month. The number of jobs being cut has not been announced, but it has been reported that adjusting the organisational structure is a necessary part of the cooperatives strategic review.

**Yili's 'silk road' under construction** [11 September/Rural News] Yili Group Chief Executive Jianqiu Zhang states that the company's takeover of Westland creates a dairy silk road between Asia and NZ and that it is a significant breakthrough in their global expansion. Yili's vision is to be the most trusted health food brand in the world and aims to integrate resources globally to meet consumer needs. Yili has continued to grow its footprint in Southeast Asia and Asia, offering more product choices to local consumers in Thailand, Indonesia, Singapore and Myanmar.

#### Environment & Emissions

**Farmers face \$1b bill to meet new freshwater requirements** [05 September/The Country] Government proposals for a new National Policy Statement on Freshwater Management look likely to cost farmers at least \$1 billion over ten years. The proposals include tight restriction of agricultural land use intensification, new council freshwater plans, farm plans requiring a freshwater module, reducing nitrogen loss in a range of at-risk catchments around the country, new controls surrounding winter grazing and more stringent rules for the exclusion of stock from waterways. The discussion document puts an estimated \$600 million price tag on stream fencing and other stock exclusion measures, not including voluntary riparian planting, \$100m for the establishment of 28,000 farm plans, and \$1,500 every two years for compliance audits. A \$229m package to help with land use change, including farm environment plans, was announced in the 2019 Budget. The proposals are intended to fast-track putting measures in place.

**Horticulture NZ says it welcomes freshwater proposals** [05 September/The Country] Horticulture New Zealand says it welcomes Action for Healthy Waterways, the Government's freshwater discussion document, but it still has concerns surrounding the limitation of growers to allow them to expand to meet rising populations. The organisation will be holding additional meetings in order to discuss the proposals with growers. Horticulture NZ Chief Executive, Mike Chapman states they will continue their long term engagement with the Government on freshwater, and the industry was right behind clearer policies for improving freshwater quality, however being able to feed the country at affordable prices is also a major concern for them.

**Iwi research lifts lid on carbon** [05 September/Farmers Weekly] A research project by Motu Research and Pia Pohatu from Hikurangi Enterprises on the North Island's east coast is helping Maori land owners balance the complexities of the Emissions Trading Scheme and establishing native forests with multiple land ownership. As rural communities wrestle with the risk of being swamped by pines, Maori landowners have been taking a cautious approach on how to engage in emerging carbon markets such as only planting if areas are ready to be retired or if areas already have native regeneration. Iwi tend to take a longer-term, inter-generational view of land ownership. A preference for planting native trees in some areas might also be driven as much by holistic preferences as by natives often being more suited to some of the terrain being planted. The research is also looking to support decision-making processes with aids and tools to communicate the complexities and challenges of carbon farming and trading to their wider landowner base.

**Stronger water policy will not be downfall of farming** [05 September/Stuff NZ] Tougher rules to create cleaner water will not be the downfall of farming, states North Otago dairy farmer Lyndon Strang, as long as new government initiatives do not demand an instantaneous fix which could cause major issue for farmers. Mr Strang reports that there are plenty of proactive farmers who are fed up with those who are not doing everything they can and states the proactive are stuck trying to defend the indefensible sometimes. By contrast Federated Farmers greeted the plan as disastrous because of the stringent targets enforced on it. Irrigation NZ Chief Executive Elizabeth Soal reported her organisation was prepared to work with government and the sector to get a fair and right outcome and Beef+Lamb NZ stated it was concerned about some of the proposals because the sheep and beef sector would bear a disproportionate impact, far outweighing its environmental impact.

**Climate change Bill concerns for Silver Fern Farms** [09 September/The Country] Silver Fern Farms, the nation's largest procurer and exporter of red meat, has tabled significant concerns related to the economic impacts of the Government's proposed climate change response Bill. They have reported their concerns are particularly surrounding methane reduction targets, the inability of farmers to offset the warming effects of biogenic methane and processor obligations for farm emissions. Silver Fern Farms Head of Communications and Sustainability Justin Courtney reported the submission has largely been informed by discussion with more than 750 of the company's 15,500 farmer suppliers across New Zealand. There is particular concern by farmers surrounding the zero carbon proposals which would cause loss of jobs and livelihoods. Silver Fern Farms further noted that farmers should be able to offset the warming effect of biogenic methane through on-farm carbon sequestration. Mr Courtney stated that a farm-level point of obligation for ETS measurement would also incentivise farmers to integrate trees and plantings into farms, which also deliver other environmental benefits such as nutrient management for improved water quality and biodiversity outcomes.

**Fonterra aims for 750 million-litre annual water saving** [09 September/Rural Life] Fonterra Cooperative Group's Edendale site intends to reduce its annual water usage by 750 million litres by 2030, as part of the co-operative's sustainability strategy, along with 5 of its other manufacturing sites also focusing on reducing water use. The Edendale site gathers all of its water from the Edendale Aquifer which is also relied on by the community. The cooperative reports that the reduction targets are achievable and realistic over the time frame, and it aims to re-use as much as they can, as well as save some through using good practice. The other five sites chosen are Maungaturoto, Lichfield, Brightwater, Darfield and Clendeboye. Fonterra's strategy also includes having no more coal boilers, reducing emissions by 30% across all manufacturing operations by 2030 and improving the energy intensity of its sites by 20% by 2020. Fonterra also wants to ensure no solid waste will be going to landfills by 2025 and it will be using 100% recyclable, reusable and compostable packaging by 2025.

**Sustainability audits are next** [11 September/Farmers Weekly] Rabobank's latest quarterly report states that beef farmers will increasingly have to prove their farming systems meet sustainability rules. The last 12 months has seen a noticeable step-up in the number and variety of mostly market-led initiatives as beef production comes under more scrutiny over the impact on animals and environment. This is due to consumer trends placing more pressure on food retailers, service companies, processors and producers. New Zealand farmers are already doing most of what is required by markets and Rabobank's NZ-based Sustainability and Proteins Analyst Blake Holgate reported documenting that might be the biggest challenge. Initial compliance can be at a processor level but for really high-end orders paying the best premiums, verification might require independent audit. Grass-fed farming is seen as a strong health feature and NZ's extensive pasture farming is strong from an animal welfare viewpoint, compared to grain-fed systems.

**Weaning primary sector off fossil fuels could cost hundreds of millions** [11 September/The Country] Weaning New Zealand's primary sector off fossil fuels could cost the industry and the agri-sector hundreds of millions of dollars. Alliance Group have confirmed that they will be ending the use of coal at their seven plants within the next ten years, however they have had to budget between \$60 and \$70 million dollars for the transition. Competing meat co-operative Silver Fern Farms (SFF) would not be drawn on cost, but it is understood the company has made a similar commitment and confirmed it had spent about \$5 million on energy reduction and efficiency projects since 2017 alone. Fonterra Cooperative Group will not be installing any new coal boilers or increasing its capacity to burn coal at its 32 manufacturing sites across New Zealand, and states that they see this as an investment into the future rather than a cost, and wish that it was feasible to replace coal immediately. Alliance Group agreed that a staged approach is necessary to eradicate the use of fossil fuels.

**Farmers left out of water talks** [11 September/Rural News] Federated Farmers reports it didn't have a say in the Government's new plan on water quality, even though farmers are expected to bear the brunt of the proposal. Environment Minister David Parker has stated that announcements on tighter regulations of the agricultural sector are imminent. Federated Farmers Environment Spokesman Chris Allen states that many regions have strong regulations on water and most farmers are doing a lot of stock exclusion from waterways, riparian plantings and changes to effluent disposal but need to be made aware that they are doing the right thing. Mr Allen reports that any proposed changes should be underpinned by robust cost benefit analysis, rather than bald measurements of attributes such as nitrogen, turbidity, and phosphorous

**Chance to correctly dispose of agri-waste** [14 September/Rural Life] The Ministry for the Environment is funding an Agrecovery programme to deliver six pilot rural waste management one-stop-shop events next month enabling farmers and growers to drop off chemical waste and plastics at one of the depots for safe disposal. The success of similar events last year prompted the expansion of the pilot into four new areas with the assistance of ministry funding. Waste must be prepared properly before drop-off and farmers and growers interested can register for the events online.

## Animal Welfare

**Ship with poor animal welfare record due at Napier for cattle export** [11 September/Stuff NZ] A ship that has been stopped from taking a consignment of live cattle from Australia to China over biosecurity concerns is now sailing towards New Zealand to pick up 4700 cattle for China and the Ministry for Primary Industries (MPI) has confirmed they are considering an application for the export of livestock for breeding purposes. The Yangtze Fortune is due to berth at Napier Port this weekend, and if approved, the shipment would leave early next week. Following a shipment last year from Australia to China when 33 cattle died, the Australian Maritime Safety Authority inspected the Yangtze Fortune on its return and reported that the vessel was not suited to voyages of more than 10 days. MPI reports there has been a problem with the ventilation system on the boat. Safe has stated that MPI should reject the application because the ship is high-risk. MPI report applications must satisfy strict animal welfare requirements and no exports would be allowed until the vessel was thoroughly inspected by veterinarians.

## International

**Valeo to acquire Kettle Foods in £66m deal** [04 September/Food Manufacture UK] Valeo Foods has agreed to acquire snack brand Kettle Foods from US-based Campbell Soup Company, in a deal worth £66m (approx. NZD\$126 million) taking over the business in both Europe and the Middle East. Campbell will maintain business in the UK and all other geographies. The transaction is subject to customary closing conditions but is expected to close in the first quarter of 2020.

**Kellogg Plans Bleeding Burger as It Catches Up on Faux Meat** [05 September/Bloomberg] Early next year, Kellogg's Morningstar Farms will begin selling a new plant-based burger called "Incogmeato". The refrigerated patty is made with non-GMO soy that is designed to mimic the look and flavour of beef. The company will also be offering new versions of its vegetarian "Chik'n tenders" and "Chik'n nuggets" that the company bills as an improvement over its current chicken-substitute products. The company plans to place its plant-based burger in the meat case in grocery stores alongside real meat. Kellogg is still the No. 1 seller of veggie burgers, according to data from Euromonitor, but its market share has slipped significantly, falling to 16.9% last year from 33.3% in 2013.

**DoorDash picks Australia for its first move outside North America** [05 September/CNN Business] America's biggest food delivery service DoorDash is going to be launched in Melbourne, with plans to grow its business in Australia over the next year. Food delivery is a notoriously competitive sector, and players like Uber Eats and Deliveroo have been operating in Melbourne for years. The company chose the city because of its strong restaurant density and is offering free delivery for the first month for orders over AUD\$10 (approx. NZD\$10.70) as well as vouchers to those whose food does not get delivered within 30 minutes of ordering.

**Hormel grows into plant-based meat with its new Happy Little Plants brand** [05 September/FoodDive] Meat creator Hormel Foods is launching a non-GMO, soy-based and gluten-free meat substitute under its new Happy Little Plants brand. The company states it can be used in any recipe calling for ground meat and contains 20 grams of protein and 180 calories per serving. It also has no preservatives or cholesterol. It will initially be available in selected US states, before being released to the entire country. The move comes as more consumers opt for plant-based options.

**Tyson Foods invests in plant-based shrimp company** [05 September/CNBC] Tyson Foods has invested in New Wave Foods who make plant-based shrimp from seaweed, soy protein and natural flavours. The next move for New Wave is creating plant-based options for lobster and crab. There is currently limited competition in the crustacean substitutes market. New Wave Foods current distribution is limited to three food-service locations rather than restaurants. Earlier this year, Tyson sold their stake in Beyond Meat.

**Scotland to curb HFSS foods as it outlines vision to become a 'Good Food Nation'** [05 September/Food Navigator] Scotland's government has detailed its ambitious plans that put organic food at the heart of its mission to improve public health and make use of its natural larder. It has been confirmed that the country will legislate to restrict HFSS (high in fat, salt and sugar) food and drink promotions. This move is expected to help tackle obesity and poor diet in Scotland and improve standards of food available to citizens. The Good Food Nation Bill will also help to promote healthier and more sustainable local produce and make improvements to school meals. Another programme will focus on educating children about farms and healthy cooking.

**Personalized nutrition, tea flavors, and kokumi: Edelman predicts global food trends** [05 September/Food Navigator] Edelman's global food and beverage report predicts personalized nutrition is expected to take centre stage, while FODMAP, new tea flavours, kokumi, and sustainability are also prominent trends. More studies are suggesting a 'one size fits all' approach is no longer useful, propelling personalised nutrition plans into the spotlight. The report highlights a trend towards a popularity super powders such as collagen and turmeric. Kokumi refers to compounds that supplement and enhance the taste of food without having a taste of their own, helping to balance the five basic tastes.

**Soft drinks - both regular and diet - linked to a higher risk of death: Study** [05 September/Food Navigator] A European study published this week reveals that a higher consumption of both sugar-sweetened and artificially-sweetened soft drinks has been associated with a higher risk of mortality across 10 European countries. Consuming two glasses of soft drinks a day has been paired with a higher risk of death in the study of 451,743 people between 1992 and 2000. Then over following years, up to 2012, higher mortality was found among those who drank two or more glasses of soft drink a day. The British Soft Drinks Association responded to the findings stating that health authority's state low and no calorie sweeteners are safe for consumption and that soft drinks are safe to consume as part of a balanced diet.

**Too Good To Go turns food waste into business: 'It really is a win-win-win concept'** [06 September/Food Navigator] CEO and Co-Founder of food waste app Too Good To Go, Mette Lykke, is taking an entrepreneurial approach to sustainability by connecting businesses with surplus food to consumers who are willing to buy these at a reduced retail price, collecting these meals in store at a pre-set time. This month, the company will have saved 20 million meals since it launched in 2016. Nobody benefits from wasted food, so the company aims to create benefits for both sides and reduce food waste at the same time. The company has also saved more than 50 million kilograms of CO2 equivalent in its lifetime and has more than 20 million consumers and 25,000 stores registered across 12 countries. The company plans to launch in the Portuguese market next month and plans to expand beyond Europe's borders.

**Kroger launches plant-based collection** [06 September/Food Dive] Kroger has announced a new private label collection, Simple Truth Plant Based which will include fresh meatless burger patties and grinds along with plant-based cookie dough, pasta sauces, sausages, deli slices and more. New products will be rolled out to stores in the US in the next few months to 1800 stores. One of the products is a pea protein patty that the company has said will be priced below that of Beyond Meat patties. Plant-based sales are expected to continue rising with current consumer trends towards sustainability.

**WHO calls for 'stronger focus' on nutrition but do recommendations go far enough?** [06 September/Food Navigator] Global health services need to integrate a stronger focus on optimum nutrition at different life stages, according to a new report from the World Health Organisation. It is estimated that a change in approach could save 3.7 million lives by 2025. WHO states that improving nutrition at a population level brings economic benefits and that by doing so, countries can get closer to achieving universal health coverage and the UN Sustainable Development Goals. WHO flagged key interventions such as iron and folic acid supplements as part of prenatal care and reducing both sugar and salt intake.

**'Circular thinking' bread: Bakery collaborates with Carlsberg to tackle food waste** [06 September/Food Navigator] A collaboration between Carlsberg's Jacobsen Brewery and Danish bakery Jalm&B has resulted in 'Genbrød', a sustainable sourdough bread made from upcycled hazelnuts from the brewery. The hazelnuts are a by-product of one the brewery's beer and are said to add complexity to the bread, bringing a slight bitterness in the finished product. Reducing food waste is becoming more important for both companies and consumers.

**Saline farming: Unlocking new opportunities for food through an innovative response to climate change** [06 September/Food Navigator] Climate change and rising sea levels are increasingly causing saltwater to penetrate agricultural soils. An EU project finishing in 2021, SalFar, is looking at solutions to prevent the loss of cultivated land with saline farming being presented as a possible solution. Higher sea levels are making agricultural soils in coastal areas saltier and SalFar is working on how to protect the roots of crops and are examining whether any have a higher tolerance or can resist salt water. There is also room for innovation as crops grown under saline conditions develop unique characteristics in taste and texture. So far, it has been found that some potato varieties grow well along with cabbages, carrots, tomatoes and strawberries.

**Nestlé Australia launches onto Amazon's managed blockchain** [06 September/itNews] Nestle Australia is using Amazon's managed blockchain service to power a new supply chain transparency project called 'Chain of Origin' which allows both customers and supply chain partners to track their products on the blockchain from the farm all the way through to consumption.

**"Groundbreaking" bee vectoring technology gets US EPA green light** [09 September/Food Ingredients First] Toronto-based start-up Bee Vectoring Technologies International (BVT), which uses bees to deliver fungicide, has been given regulatory approval for its *Clonostachys rosea* CR-7 (BVT-CR7) for use on commercial crops, and will be first used on this year's blueberry and strawberry seasons in the US. It has been reported that this has created a groundbreaking shift in how plant care products can be applied. BVT-CR7 is a specific strain of fungi that is effective in controlling key diseases that cause massive losses in crops. Bee vectoring consists of using commercially reared bees to provide highly targeted pest and disease management solutions. The company is now seeking regulatory approval for its products from other countries.

**Report: Natural products growth outpaces total food and beverage** [09 September/Food Dive] Sales growth in natural products is outpacing the total food and beverage retail market, according to a new report from data firm SPINS. Natural products comprised 9.1 percent of total dollar volume for food and beverage categories for conventional retailers and accounted for 27.4 percent of growth in the past year. Convenience stores saw 12.6 percent growth in the category, with enhanced waters, kombucha and puffed snacks among the most popular items. Consumers' demand for healthy and convenient options has pushed more and more natural products onto retailer shelves. Products that were once only available in natural or specialty stores are now found in more traditional retail settings from grocery stores to convenience stores.

**Equinom: 'Designer seeds' answer the clean label meat analogue challenge** [10 September/Food Navigator] Seed developer Equinom has developed non-GMO crops to help food companies bridge the gap between taste, texture, nutrition and clean label because while demand for plant-based foods is soaring. The company also reported that there is also growing awareness that meat analogues often fail to meet consumer expectations on nutrition and clean label. Manufacturers of plant-based meat products are struggling to meet the sensory expectations of consumers who want products that are virtually indistinguishable from their animal-based counterparts. Typically the ingredients in meat analogues are highly processed, requiring manufacturers to make up taste and texture through various fillers and processed ingredients. Equinom claims they solve this through offering ingredients that to away with over-processing and eliminate the needs for additives, allowing manufacturers to create clean labels.

**Sustainable brands must embrace 'net positive': Euromonitor** [10 September/Food Navigator] The importance of sustainability continues to rise up the agenda for food brands. A new report from Euromonitor stresses that food makers can't offset harm done in one area with progress in another. Sustainability leaders are increasingly adopting a 'net positive' approach, however consumers and investors are becoming more aware of their shopping choices. Euromonitor reports that by becoming more sustainable, companies will receive economic gain, have new opportunities in the market and increase long term resilience and stress.

**Arla UK changing labels to tackle food waste** [10 September/Food Navigator] Arla Foods is changing its labelling on milk and yoghurt products to only have 'best before' dates to try and inform consumers. According to a survey, more than a third of those polled in the UK are unsure of the difference between 'best before' and 'use by' labels on produce, and are confused by storage information. The company is changing their labelling to do their part in helping to reduce food waste.

**Whole Foods survey: Millennials still spend more for quality** [10 September/Food Dive] A survey conducted for Whole Foods has found that nearly 70 percent of millennials are willing to pay more for high-quality foods and half are buying more organic produce than they did five years ago. The survey found that millennials value transparency and are more attuned to what nutrition labels contain. 63 percent have tried to incorporate plant-based and unprocessed foods into their diet in the past year.

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Weekly news update from the KPMG Agribusiness Network – 12 September 2019

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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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