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10th Anniversary KPMG Agribusiness Agenda



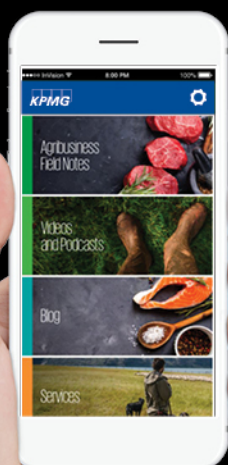
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AGRIBUSINESS

Field Notes



Weekly news update from the KPMG Agribusiness network

Organisations referenced in this week's Field Notes include:

Agean	Lewis Road Creamery
AgFirst Waikato	Mainland
AgProud NZ	Meat Industry Association
AgResearch	Ministry for Primary Industries
Backyard	Mission Estate
Beef + Lamb NZ	Motif Ingredients
Biosecurity New Zealand	New Zealand Pork
Brandless	New Zealand Veterinary Association
Cargill	Open Country Dairy
CLEAN Cause	Overseas Investment Office
Dairyworks	Pan Pac
Deer Industry NZ	PepsiCo
DuPont Nutrition and Health	Plant and Food Research
Emirates	Planted Foods
Epicurean Dairy Ltd	Poultry Industry Association New Zealand
Evolv Ventures	Raglan Chocolate
Exemplar NZ	Real Estate Institute of New Zealand
Farmstrong	RethinkX
Federated Farmers	Silver Fern Farms
Fisheries NZ	SPCA
Flowhub	Synlait Milk
Flying Spark	Talbot Forest
Fonterra Co-operative	Tatua
FoodSolutionsTeam	Technical Advisory Group
Forest and Bird	Tegel
Gate to Plate to Farm Shop	Teranga
Goldman Sachs	Thai Union
Grandad's Beef	The Consumer Goods Forum
Harrington's Smallgoods	The Recycling Partnership
Hilton	Triflor NZ
Horticulture NZ	Turkish Airlines
Ikea	Twiga Foods
Israel Chemicals Ltd.	Uber
Judge Valley Dairies	United Airlines
KDP	Waikato Regional Council
Kellogg	Watties
Kiwi Quinoa	Westland Milk
Kraft Heinz	World Wildlife Fund

This week's headlines:

Environment & Emissions	Government sets deadline for farmer emissions [24 October/Stuff NZ]
Future of Food	1 in 3 limiting meat consumption : survey [29 October/Radio NZ]
Dairy	Synlait buys Dairyworks [25 October/Dairy News]
Farmers & Producers	Gate to Plate Farm Shop to open doors for homegrown goods [25 October/Stuff NZ]
International	The Real MEAT Act 2019: Plant-based brands should use term 'imitation' meat [29 October/Food Navigator]

Aquaculture

'Extremely disappointing': Crayfish black market bust in Bay of Plenty [27 October/The Country] A long-running "large scale" black market crayfish ring run by an extended family has been shut down by the Ministry for Primary Industries. It is believed to have sold hauls in the Bay of Plenty. More than 25 fishery officers, helped by police, used five search warrants on Friday and Thursday, specifically in Tolaga Bay, Rotorua and Kawerau. A total of 169 crayfish were seized, most of which were undersized, as well as kina, two vehicles, diving gear and a boat, according to the Ministry. Fisheries NZ Compliance Team Manager Adam Plumstead reported that the ring operated in total disregard for the sustainability of the crayfish industry.

Future of Food

1 in 3 limiting meat consumption : survey [29 October/Radio NZ] One in three New Zealanders are consciously limiting their meat consumption according to new research into food habits, with health cited as the biggest reason for reducing consumption of beef and lamb. 31 per cent of respondents were "flexitarian" or "Meat Reducers", and three percent of New Zealanders are Vegetarian or Vegan. Emma Wheeler KPMG's Senior Manager for Agrifood reports that there has been an increase in plant-based awareness globally and that New Zealand needs to focus on the quality of our red meat in order to stay competitive in the global market. An increased focus on traceability and transparency can also be seen across the market as consumers look for ethically and sustainably sourced meat.

Agribusiness Education

Government announces plan to get more skilled workers into primary industries [29 October/Stuff NZ] Agriculture Minister Damien O'Connor has launched the Food and Fibre Skills Action Plan, a scheme to increase the number of people taking up jobs in the primary sector. It is estimated the primary sector will need another 50,000 workers by 2025 and more than 90,000 workers with qualifications as the industry fights to retain young Kiwis and attract school leavers. A boost in training programmes will help to give workers the skills they need. The Government's plan to boost skills training is part of the \$18 million announced last month to be invested in centres of vocational excellence. The commission has also introduced micro-credentials, which offer small tutorials on seasonal skills such as wool handling. On top of this, they are introducing a programme to get skilled workers into primary schools to host career days.

AgResearch proposal wins ministerial support [29 October/Rural News] State-owned AgResearch's plan to build a new education, science and innovation precinct at Lincoln has won high level support from Research, Science and Innovation Minister, Dr Megan Woods. AgResearch Chairman Paul Reynolds has stated that the ministerial support was a welcome step towards the science institute's vision to transform the land-based research sector. The institute will be aimed at harnessing new technologies and innovation for the benefit of the economy and the environment. Mr Reynolds reported that AgResearch stated new facilities in Lincoln would enhance collaboration with tertiary education and other research partners.

Biosecurity

Concerns for the future of New Zealand's billion dollar chicken farming industry after virus outbreak [25 October/Stuff NZ] New Zealand chicken farmers are concerned about the future of New Zealand's poultry industry after the discovery of highly contagious type 1 bursal disease virus on two Otago hen farms owned by Mainland. While the disease poses no risk to humans it has virtually stopped the chicken meat export trade to Australia since the start of September, as Australia required a guarantee New Zealand was free of the disease. Exports to Australia are worth an estimated \$50 to \$60 million annually. Tegel, which operates three plants around the country, is the main exporter of chicken meat across the Tasman but its export certificate was cancelled after the virus was detected. The Ministry for Primary Industries stated that both properties were under biosecurity controls to ensure all potential risks of spreading the disease were managed although the detection has meant that the whole country is considered to be no longer free of the disease. It has not been confirmed when certification can start again. However, Poultry Industry Association New Zealand Executive Director Michael Brooks reported that the situation had created concern in the wider industry, as the excess product will need to come back into the domestic market. The flow on effect could have consequences felt by all Tegel suppliers, according to Mr Brooks.

African swine fever a 'huge risk' to New Zealand pork industry [29 October/The Country] New Zealand Pork Chairman Eric Roy reports that the country's pork industry would be ruined if African swine fever was to hit our shores. Since China reported the first case of ASF just over a year ago, it has culled more than 131 million pigs, or around 40 per cent of the previous pig herd. NZ Pork is concerned at the rapid spread of the disease, which has now moved south of China and into East Timor. There is no resistance to the disease and no known vaccines, so the efforts need to be placed on keeping the disease out of New Zealand especially on preventing travellers bringing any meat protein into the country. Biosecurity New Zealand director Animal Health and Welfare Chris Rodwell has reported that they are taking the threat from ASF "extremely seriously" and would change the import rules for pork products again if it needed to. Pork prices in China have lifted more than 69 per cent over the past 12 months, including a 20 per cent lift in September.

MPI advisory group confident M.bovis can be eradicated [30 October/NZ Herald] A report from the independent advisory group overseeing the Government's response to the outbreak of Mycoplasma bovis has stated it is confident New Zealand could eradicate the cattle disease. The Technical Advisory Group also reported that there have been signs of improved operational performance over the past 6 months. The group stated it would support the development of a herd accreditation programme that would allow farmers to purchase cattle from farms that are unlikely to be infected. Sam McIvor, Chief Executive of Beef and Lamb NZ stated that the report is reassuring that the industry is headed in the right direction.

Animal Welfare

Many new welfare standards for dairy cattle 'already in place' [24 October/Stuff NZ] Changes to the code of welfare for dairy cattle are not expected to affect farming operations in South Canterbury as Federated Farmers South Canterbury Dairy Chairman Ads Hendricks reports that the area is not typically subject to the same high levels of rainfall as other areas are. Mr Hendricks also reports that most of the changes in the code are already best practice for dairy farmers anyway. The amendment to the code, set to come into effect on 31 October, requires farmers to address behavioural needs and off-paddock systems including feed-pads, stand-off pads, wintering pads, and loose-housed and free-stall barns. Mr Hendricks stated that the amendment would encourage farmers on the margins to get into line with this practice. Farmers who supply Fonterra Co-operative and those who are insured would automatically have had to adhere to these regulations when signing on, according to Mr Hendricks. Chief Veterinary Officer at New Zealand Veterinary Association Dr Helen Beattie stated that the best way to improve the health and welfare of livestock was for veterinarians and farmers to work together to ensure animals' needs are provided for.

Environment & Emissions

Government sets deadline for farmer emissions [24 October/Stuff NZ] The Government has announced plans to make New Zealand the first nation in the world to fully fold agriculture into an emissions pricing scheme, with a comprehensive price on greenhouse gases introduced by 2025. It will do this by accepting an agricultural sector proposal to give it those five years to develop a farm-level pricing mechanism separate from New Zealand's Emissions Trading Scheme (ETS), which the sector opposes. Farmers will pay no additional levies or charges in the meantime. An emissions trading scheme aims to cut emissions by charging companies a price for each unit of greenhouse gas produced, giving a financial incentive to them to reduce their contribution to climate change over time. Although the Government has been criticised for moving too slowly, the purpose of the plan is to help give certainty to farmers, investors and the economy as a whole, and allow the sector adjust to the new changes. Agriculture accounts for about half of all New Zealand's carbon emissions profile. The Government's plan rejects an earlier recommendation from the Interim Climate Change Committee to start pricing agriculture from as soon as next year.

The deal's done [25 October/Farmers Weekly] Farmers now control their emissions destiny but industry leaders warn the hard work starts here. The Government has adopted He Waka Eke Noa, the Primary Sector Climate Change Commitment, which Beef + Lamb New Zealand Chairman Andrew Morrison reports is a good outcome for farmers. Mr Morrison reports that the commitment empowers the sector, however needs to be acted upon fast, otherwise a levy applied at the processor level may be reinstated as early as 2020 if progress is not made. DairyNZ Chief Executive Tim Mackle stated that the Government's initial plan was unworkable but the right decision was made in the end. Mr Morrison stated that the best farmers will now be recognised.

Dairy farmer on environmental issues: 'We have not suddenly woken up' [27 October/The Country] Dairy Farmer Peter Dobbie, of Clinton reports that learning what effects his farm environment and how to remedy this has been an evolving journey that has taken almost three decades. Mr Dobbie stated that while some farmers did need advice or additional help to follow best practice, they were in the minority, and new environmental standards proposed by the government are frustrating as he is already following best practice. Mr Dobbie fences off waterways, monitors water quality, has planted native plants and a range of other activities to ensure that he is looking after the environment. He reported that farmers were getting increasingly worried about the implications of the water package, the political scene, the unknown costs and other stresses, and especially by the way the Government was handling farming.

Harrington's Smallgoods Introduces Sustainable Packaging [29 October/Scoop NZ] Harrington's Smallgoods sausages and bacon are now available in eco-friendly packaging marking them as one of only a few kiwi produces using new technology to reduce their impact. Made from recycled and plant-based materials, all elements (except the soft plastic wrap that seals the trays) can be recycled - including ink on the packaging, which is a significant departure for the industry. Angus Black, General Manager reports that it is a natural progression for the company to reduce its eco-footprint. Lawrence Olsen, Managing Director of Exemplar NZ, has been working with Harrington's on its new packaging and says it's both sustainable and environmentally friendly. Next year, the packaging will be made from 100% recycled and renewable materials. Currently, the soft plastic which seals the meat tray cannot be recycled, but a new alternative is in development, and Mr Black hopes to phase it in when it's ready. Along with sustainable packing, the company has also rolled out the Living Wage to all of its employed staff, as part of its goal to be an ethical employer.

Researchers dig deeper in fight against climate change [30 October/Stuff NZ] Researchers have found deep soil holds potential to off-set greenhouse gas emissions and improve production for farmers. Dr Mike Beare and his colleagues at Plant and Food Research have been studying how soils differ in their potential to store carbon, and the risk for carbon loss. Dr Beare has reported that many of New Zealand's long-term pasture top soils are approaching saturation and don't have the potential to store carbon near the surface, however there is potential to store additional carbon below the surface soil or top 15 centimetres. Plant roots are an important source of the carbon that is constantly being fed into soils and help form the organic matter that improves soil health. The problem is that even with plants that do send roots below that depth, most of the roots still tend to be concentrated near the surface so the challenge is finding productive plants that produce enough roots below ground. A team of researchers at Plant and Food Research have been trialling full-inversion tilling at three sites in the North and South Islands. The aim of full-inversion tilling is to bury carbon-rich soil, which improves growth and production.

Carbon absorption on your farm [30 October/Rural News] New Zealand farmers can now estimate how much carbon their tree blocks are sequestering after an addition to OverseerFM. The carbon stock tool in OverseerFM uses data from the Ministry for Primary Industries' Carbon Look-up Tables to estimate the carbon sequestration potential for existing and future tree blocks on a farm. The new tool is aimed at helping farmers make more informed decisions surrounding the potential carbon sequestration impact of planting tree blocks on farm. Overseer is also working with Scion to understand if different forest management practices will have a material impact on carbon stocks.

The Government plans to pass a law requiring companies to disclose climate-change risks [31 October/NZ Herald] Listed New Zealand companies could soon be required by law to make any climate change-related risks to their businesses known to their shareholders. Climate Change Minister James Shaw will later today announce that he plans to introduce the legislation to Parliament at the Sustainable Finance Forum in Auckland. Hon. Shaw reported that the law, if passed, would mean companies would be required to assess and report on any of their climate-related financial risks to shareholders. The law would also mean companies would have to disclose any risk of stranded assets as a result of climate change to their shareholders. For example, shareholders would need to be informed that an investment in a coal mine could lose them money, given the Government's policies to move to 100 per cent renewable energy.

Red Meat

Venison spreads its wings [25 October/Farmers Weekly] Farm-raised venison is changing with New Zealand no longer having all its eggs in one basket, according to new Deer Industry NZ Chief Executive Innes Moffat. With established markets evolving and new ones emerging, some important new markets have been developed. Mr Moffat reports that demand from the United States has steadily grown over the past 10 years to make it NZ's largest year-round market for chilled venison. Demand from China has developed over the past three years, making it likely to become a valuable complementary market to continental Europe. The Middle East, Britain and Sweden are other emerging niche market opportunities. Venison's place as an ingredient in premium pet foods looks reasonably assured with consumers seeing venison as a positive in the diets of their pets. For many years the industry has worked to develop non-seasonal markets while building awareness in Europe of the attributes of NZ's premium farmed product. Looking ahead, venison marketers are mindful that with climate change, winter in Europe is arriving later and is shorter than it once was, meaning NZ needs to keep a continued emphasis on the development of new markets.

MIA big guns next up in China [25 October/Farmers Weekly] Meat Industry Association leaders are going to China in the first week of November to push for regulatory approvals for more New Zealand companies and meat plants to export chilled products there. A successful visit was made in late September which clarified New Zealand's intentions particularly on helping China to modernise and improve supply chain systems. Now the bigger group, led by Association Chairman John Loughlin and including processing and export company Chief Executives, will seek a breakthrough with regulators. Currently only 10 NZ plants are certified to export chilled beef and lamb to China. China is NZ's biggest red meat market but it is currently overwhelmingly frozen product. NZ faces a challenge because Chinese consumers are used to the taste of grain-fed meat, such as that supplied from Australia, so there is work to do educating them about the grass-fed value.

Ex-farmer takes on role helping others [28 October/Rural Life] Dan Brier has been appointed Beef + Lamb New Zealand Genetics new General Manager. He is also B+L NZ's General Manager for farming excellence, a role which encompasses research, sector capability, the Future Farm programme, product development and extension design. Dan Brier enjoyed his hands-on farming career and he is also enjoying the opportunity now to have an impact outside his own gate. Dunedin-based BLG was established as a wholly-owned subsidiary in 2013 to consolidate farmer investment in New Zealand's sheep and beef genetics research and innovation into a single entity. Mr Brier believed farming had reached a "crux" with many different issues and things coming together at the same time. In the next five years there was going to be a lot of things that farmers needed to figure out. It is also quite an exciting time, in terms of thinking about where farms and industry are at the moment and where they will be in 10 years' time according to Mr Brier.

Quality control everything for Cairns [29 October/Rural News] During 28 years at Silver Fern Farms' Waitane plant, Bronwyn Cairns has gained a wealth of experience, and witnessed a lot of change. Mrs Cairns started in quality control and is now the Plant Manager for the Waitane plant which she states is a broad ranging and constantly challenging role. Mrs Cairns reports it involves providing leadership, while also championing health and safety quality, operations performance, the culture, and streamlining. Mrs Cairns states that the biggest challenge is to be able to adjust and respond to market and supply challenges and to ensure that health and safety strategies are met. In the competitive red meat industry, quality control is everything, and Mrs Cairns reports that it's emphasised at every opportunity at Silver Fern Farms' Waitane plant. As a consequence, the plant's employees are proud of the Silver Fern Farms brand, which was voted New Zealand's most trusted meat and poultry brand by consumers in the 2016 Most Trusted Brand survey.

NZ lamb exporters welcome Brexit deadline extension [30 October/The Country] An extension to the Brexit deadline is being welcomed by New Zealand lamb exporters, who had been worried about possible disruptions to Christmas trade. European Union leaders have agreed to extend Brexit until 31 January next year, meaning the UK will not leave as planned on Thursday. The bloc would also allow for a so-called "flexextension", meaning the UK could leave before the deadline if a deal was approved by Parliament. Beef and Lamb's International Trade Manager, Esther Guy-Meakin, reported that while the extension did not solve the problem long term, it was a good outcome for now. Tim Ritchie of the Meat Industry Association reported that caution resulting from the uncertainty around Brexit has meant that lamb exports to the U.K are back around 23 percent compared to this time last year. Mr Ritchie reported that it is lucky demand for meat globally was strong, in part due to the protein shortage caused by African swine fever in China. But mentioned it was still important to maintain ties with traditional markets like the UK.

Viticulture

Celebrating 40 years of making wine [27 October/The Country] Paul Mooney is celebrating 40 years of winemaking at Mission Estate, making him one of New Zealand's most experienced winemakers. Mr Mooney enjoys making the most challenging wines such as the red varieties in Hawke's Bay like syrah, cabernet sauvignon and merlot as there are so many variables to consider. Mr Mooney reports that the industry has evolved a lot over the last 40 years including introducing automation and lots of research and development is currently occurring. Research will be key to keeping New Zealand as the pre-eminent producer of both sauvignon blanc and pinot noir according to Mr Mooney.

Wool

Women and wool a shearing buzz [27 October/The Country] The Hawke's Bay women who stepped out of the comfort zones of professional day jobs to learn to shear aren't resting on their laurels after their big Women and Wool fundraiser at the Royal New Zealand Show. Along with sponsorship, and auction, and a wool-sale disposal at the show in Hastings of four bales of the wool they'd shorn, they'd raised more than \$30,000 for farmer support charity Farmstrong. Less than 48 hours after the event, five of the seven women took part in the Novice shearing event at the Great Raihania Shears. Women and Wool shear winner Maureen Chaffey came third in this event and reports that she now has the shearing bug and hopes along with the others to compete in the Golden Shears competition.

Forestry

Govt gives Japanese-owned forestry company Pan Pac free pass to buy New Zealand land [24 October/Stuff NZ] Japanese-owned Pan Pac Forest Products has been given the special approval to bypass the Overseas Investment Office to purchase land for forestry for the next three years as the Government sought foreign forestry money to help meet its tree planting targets as part of the Billion trees programme. The pre-approval was given to Pan Pac despite the Green Party having strongly protested land sales to foreigners and Forestry Minister Shane Jones reporting he was sympathetic to rural concerns that converting productive farm land to forestry could cost jobs. The free pass allows Pan Pac to make 25 transactions involving 20,000ha of land and is valid until 2022. Ministers signed off on the decision on 19 September but has kept it under wraps until now. Land Information Minister and Green MP Eugenie Sage has defended her decision reporting that the company has been in the country since the 1970's and are seeking to secure their wood supply. There has been backlash from environmental groups. A recent analysis of land ownership revealed the four largest private landowners in New Zealand are all foreign-owned forestry companies. National's Paul Goldsmith has called for Eugenie Sage to be removed from her role as he states it appears she is letting her ideology rule her decisions.

Dairy

Synlait buys Dairyworks [25 October/Dairy News] Canterbury milk processor Synlait is paying \$112 million for Christchurch-based Dairyworks, a major domestic dairy products trader. The purchase is subject to approval by the Overseas Investment Office. It says the acquisition of Dairyworks will provide Synlait with another meaningful move towards the delivery of its 'Everyday Dairy' strategy and complements the company's recent acquisition of cheese manufacturer Talbot Forest. Family owned Dairyworks' Alpine and Rolling Meadow cheese brands plus private labels hold the number one spot, with 47 percent of the local cheese market. It also owns the Deep South ice cream brand and makes milk powders.

Processors shoot holes in DIRA [25 October/Farmers Weekly] Dairy processors have made strongly worded submissions to the Primary Production Select Committee about the Dairy Industry Restructuring Act. Some have concerns over the Ministry of Primary Industries' proposal to enable Fonterra Co-operative to reject milk supply from a farm not meeting its terms of supply. Fonterra reports that the Dira revision is a chance to put New Zealand farmers first, mainly by rescinding most of the regulations over the market conduct of the dominant co-operative. As the proposed legislation stands it is a missed opportunity to tilt the balance back in favour of NZ farmers or at the least even the playing field, according to Chairman John Monaghan. Fonterra has 10 competitors with 15 manufacturing plants, all, except Tatua, fully or partly owned by overseas interests. Fonterra wants the Dira to require all processors to publish the average price paid for milk and the key parameters of their milk price so farmers will be better informed. Federated Farmers supports the proposal for Fonterra to refuse a farm on the grounds it is unlikely to meet the terms of supply.

Open Country Dairy chairman 'disappointed' with \$221K smell fine [25 October/Stuff NZ] Open Country Dairy Chairman Laurie Margrain has reported he is 'disappointed' with the \$221,250 fine for a vomit-inducing smell and unlawful wastewater discharges after spending \$19m on a new wastewater treatment plant which is to go into action in 2020. Mr Margrain states that the smell was out of their control and reports that the company is regretful and apologises for upsetting the local Waharoa community. A Waikato Regional Council site compliance report in June 2019 showed there were six days where the company's wastewater discharge exceeded their limit of 1,200 cubic metres across the 2017 and 2018 season, the highest volume being 1,343 cubic metres on August 17, 2017. They also had several significant non-compliance issues dating back to 2012, such as exceeding nitrogen irrigation limits, incorrect disposals, irregular community meetings and a lack of sufficient sampling and monitoring. Judge Valley Dairies Director John Hayward, who is one of OCD's suppliers, stated that he is happy with the changes OCD has made as the company is trying to improve going into the future. However, a Waharoa Resident and Independent Environmental Services Professional, Lynette Hoey, reports that the new treatment plant won't backtrack the damage that has been done to the land. The river is no longer suitable for swimming.

Synthetic milk tech advances [25 October/Farmers Weekly] Synthetic milk technology isn't perfected yet but when it is it should have the New Zealand dairy industry on high alert, according to Food Industry Consultant and Dairy Processing Specialist Danielle Appleton. San Francisco Company RethinkX released a report earlier this month predicting that the United States dairy and beef sectors will be virtually wiped out by emerging protein technology in a decade as proteins five times cheaper than existing animal proteins emerge by 2030. The emerging synthetic protein technology can mimic cow's milk by synthesising dairy milk proteins made from genetically engineered yeast in a lab. Similarly, synthesised proteins are also being developed to mimic meat cuts though that is expected to take longer to perfect than bulk milk. Mrs Appleton reported that she is acutely aware of the implications of her predictions on rural communities and NZ society. She sees potential for a growing artisan dairy sector, similar to how wool responded post-synthetics by eventually producing high-value branded products like Icebreaker.

Will payout lift cut farm debt? [25 October/Farmers Weekly] Fonterra Co-operative's increase of 30c/kg in its farmgate milk price forecast should let dairy farmers make debt repayments in full rather than in part this year, according to AgFirst Waikato Agricultural Economist Phil Journeaux. The forecast range is now \$6.55-\$7.55/kg milksolids with an advance rate schedule based on \$7.05. The prospect of a \$7-plus payout puts about \$17,000 more after farm working expenses into the budgets of the average Waikato-Bay of Plenty dairy farm this season. Mr Journeaux stated that the extra money will be available for debt servicing, potentially allowing payment of interest and principal in full for the first time since 2013-14. The Fonterra increase will flow on to other dairy processors, especially to Westland Milk Products which guaranteed to match Fonterra's price.

Creamery boosts recycled packaging [29 October/Dairy News] Lewis Road Creamery have announced that they have now permanently shifted all their bottles to be made out of rPET, which is made from 100% recycled plastic and is 100% recyclable in New Zealand. Over the past year they have been trialling these bottles which has eliminated 210 tonnes of plastic from the company's packaging cycle, and having all bottles made out of the recycled plastic will save an extra 73 tonnes a year. Founder Peter Cullinane states that the company has absorbed the extra cost as they see it as being highly valuable, and do not want to pass this on to the consumer. Mr Cullinane notes that the bottles are no longer completely clear as a result of the shift.

The Collective fined \$483k over false listeria results [30 October/Stuff NZ] Epicurean Dairy Limited, the company that makes dairy products under The Collective brand and its former directors have been fined a total of \$483,000 for repeatedly failing to report positive listeria results, following an investigation by the Ministry for Primary Industries. The company's Former General Manager, Angus Allan, pleaded guilty to a total of 10 charges of failing to report positive environmental listeria results when they appeared in the Waitakere District Court on Wednesday. The company was fined \$369,000 and Mr Allan was fined \$54,000. Court costs of \$80,000 were also imposed. Former Operations Manager Ilya Pyzhanhov was also fined \$60,000. MPI's Director of Compliance Gary Orr stated that from 2012 to 2016, the company deliberately and repeatedly failed to report positive listeria results that were taken from a floor at the company's factory in Avondale. During this period, the company also falsified official related records. No product was affected and there were no consumer health impacts. Since the investigation, the company has replaced the worn factory floor where the listeria was present and the company continues to operate with no further issues, according to MPI.

Young dairy farmers leave conventional methods behind [30 October/Stuff NZ] John Legg practices regenerative farming, and notes that patience is key whilst he reduces the amount of inorganic inputs on his farm and adds diversity to the pastures his cows feed on. He is a fourth-generation farmer of his family, which has been dairy farming on their property in Leeston, Canterbury, for almost 100 years. Their farm also has an 80ha run-off block where he grows crops, including barley and wheat, and grows peas for Watties. The first change he made was to stop using urea and super phosphate. Being able to dairy farm without irrigation is one of Mr Legg's driving ambitions and he has been experimenting with drought-tolerant species like lucerne, red clover, chicory and plantain, however has noted that pasture diversity has made a huge reduction in the amount of irrigation needed. The difficult part for Mr Legg is branching out from practices the family had been relying on for generations, however has noted an increase in production, improvement in fertility and fewer health issues in the herd as a result of his efforts

Horticulture

Horticulture NZ already working with growers on climate [24 October/Scoop News] Horticulture New Zealand has welcomed the Government's endorsement of the Primary Sector Climate Change Commitment, reporting that it has already started working with its growers on the challenges associated with climate change. Chief Executive Mike Chapman states that the industry's biggest challenge is to be as effective as possible with fertiliser application which shows why research and development, and technology transfer in the area of precision horticulture are so important. Mr Chapman states that the organisation believes that audited Farm Environment Plans are a vital tool for the horticulture industry to use to show that it is following good practice in responding to climate change

Beautiful blooms at Southland tulip exporter's open day [28 October/Stuff NZ] Rain showers didn't deter thousands of people from attending tulip exporter Triflor NZ's open day, near Edendale Southland. Operations Manager Rudi Verplancke reported that it is the biggest crowd they have had in a few years. The company offers guided tours of its fields but many people park on the side of the road and wander into the fields. Picking isn't allowed, but those attending pose for photos surrounded by the vibrant flowers. Mr Verplancke stated that the company is growing 100ha of tulips in Southland, but these will soon be de-headed, as the company exports around 55 million bulbs each year, with 80 percent of that going to the US. The event also was a fundraiser for the Edendale Presbyterian Church, Edendale Scouts and Wyndham Pioneer Lions Club.

Taihapa quinoa growers prove they can foot it with the big companies [30 October/Stuff NZ] Jacqui and Dan Cottrell are building a quinoa empire after planting 10 hectares of the crop five years ago. The Taihapa couple last week won a food safety gong at the New Zealand Food Awards in Auckland. The Cottrells were the first commercial quinoa farmers in New Zealand and their success has inspired two other companies to give the flowering plant a crack. They have since expanded their crop another 6ha and are the largest growers in the country. The Cottrells' crop of quinoa, which is planted in October and harvested in February, has some of the highest protein for the seed in the world. Dan Cottrell reported the award was a reflection of the research their company, Kiwi Quinoa, had done on the machinery used to clean and process their seeds. The company had also introduced gluten-free products, which required full separation from cereals and added further complexity. Mr Cottrell wants to see the quinoa industry become a strong exporter, as currently 80 percent of the global quinoa supply comes out of Peru.

Agribusiness

Farm sales increase by eight per cent in past three months [27 October/Stuff NZ] The number of farms being put on the market has increased by 8 per cent nationwide in the past three months. Prices remain steady but there is a cautious mood in the rural sector, according to Real Estate Institute of New Zealand (REINZ) Rural Spokesman Brian Peacocke. The caution mostly surrounds new government regulations and compliance as well as reports of an increasingly restrictive lending environment within the banking sector for rural lenders. He states the mood will be tested in the coming months as more sales come to market. Federated Farmers Vice-President Andrew Hoggard is sceptical about whether farmers are selling up because of the proposed new freshwater rules, given they were only released by the Government a month ago. Despite uncertainty in the dairy industry, figures from REINZ figures show the median price per hectare for dairy farms has increased 23.4 per cent over the last 12 months, with the biggest increase being within the Bay of Plenty.

[News Release] CGF Members in China Align on Positive Change Agenda and Approve New China Board [30 October/The Consumer Goods Forum] The Consumer Goods Forum (CGF) has hosted its second China Day in Hangzhou, bringing together members and industry experts from across the Greater China region to explore key challenges facing the consumer goods industry and explore collaborative solutions. On the day, the CGF also announced that it plans to establish a China Board of Directors, as part of the CGF's regionalisation strategy. The new China Board will be Co-Chaired by Daniel ZHANG, Executive Chairman & CEO, Alibaba Group, and Angela LIU, Chairwoman of New Hope Liuhe Co., Ltd. The board will help Chinese companies to tackle global challenges around plastic waste and help to create innovative solutions. Throughout the day, speakers updated the Chinese delegates on the actions of the CGF in China and globally, specifically on four areas: plastic waste, health and wellbeing, product data and food safety.

AGProud barbecue at Huatoki Plaza in New Plymouth connects town and country [30 October/The Country] Charitable Trust AgProud NZ is holding free barbecue lunches across the country to help build connections between urban and rural people. Everyone is welcome to attend and the lunch aims to promote positive farming practices, raise awareness for mental health and build relationships between urban and rural people. Trust Member Jason Herrick reports that the barbecues held so far have been successful.

Farmers & Producers

Gate to Plate Farm Shop to open doors for homegrown goods [25 October/Stuff NZ] Tracey Bayliss' store Gate to Plate Farm Shop at the Whatawhata crossroads will host ethically produced treats such as milk, meat and vegetables without forcing customers to wake up at 7am on weekends. The store will be open from Wednesday to Sunday each week, and will place a 15 percent flat rate on top of product prices to account for overheads. Mrs Bayliss, who owns Grandad's Beef, a grass-fed, hormone-free business, was tired of seeing small businesses struggle with little support. So far, more than 20 local growers, farmers and producers are on board to sell their goods in her two-by-four metre cabin which aims for most of the benefits to go back to the producers of the goods. Owner of Backyard Jem Shannon Wright, who is known for her "sell-out tasty carrots", said there is a need for stores where people know where their food is coming from. While one store won't make a huge difference to his business, Raglan Chocolate Owner Mike Renfree reported that this is just the beginning, as Mrs Bayliss dreams to roll out the concept across the country.

International

Brandless execs reveal their plan to launch its products in thousands of stores across the country, starting with a deal with a 'major retailer' [23 October/Business Insider Australia] E-commerce business Brandless is exploring new territory in the brick-and-mortar world by looking to put its products on the shelves of four to five national retailers in Australia. Launched in 2017 by cofounders Tina Sharkey and Ido Leffler, Brandless made its name by offering environmentally friendly consumer products. Instead of offering brand-name items, the company stocked one "brand-less" choice of each item. Brick and mortar allows the opportunity for consumers to test and try and touch products in the health, wellness and beauty sectors before they buy it, which cannot occur online. But Brandless likely won't stray too far from its e-commerce roots, given the brand's consumer product competency and the expensive nature of running a large physical retail operation. Instead, the latest move is more about meeting customers' needs wherever they may arise.

Tuna company Thai Union invests in insect protein startup [23 October/Food Dive] Thai Union, which produces Chicken of the Sea tuna along with many worldwide brands, made the first investment from its new venture fund in Flying Spark, an Israeli startup producing larval insect protein. Flying Spark uses *Ceratitis capitata* larvae to produce a 70 percent protein powder that is rich in iron, calcium, magnesium and amino acids, with nearly zero waste. The startup's production methodology also requires very little water and land resources, creates no methane emissions, and does not use hormones or antibiotics. Thai Union's venture fund has an initial commitment of USD\$30 million (approx. NZD\$47 million) and focuses on companies innovating food technologies through alternative protein sources, functional nutrition and value chain technology. Alternative proteins are gaining traction, with lots of innovation occurring in the field.

Israel Chemicals invests \$20M in plant-based ingredient production [24 October/Food Dive] Israel Chemicals, Ltd., will invest \$20 million to expand manufacturing capacity and R&D support for its Rovitaris protein technology for the meat alternatives market. ICL is a global specialty minerals and chemicals company based in Tel Aviv. The company stated in a release that Rovitaris is a proprietary technology developed to support the production of allergen-free plant-based food products. The ingredient can be adapted to any meat, poultry or seafood alternatives to improve taste and texture, ICL reported, and it also can retain stability when frozen and thawed to help reduce manufacturing costs. ICL noted its technology can be used in conjunction with a broad variety of vegetable protein sources, with upcoming launches and line expansions including textured vegetable crumbles to add to the company's existing offerings of proteins sourced from peas and fava beans. Competitors in the plant-based protein ingredient sector include Motif Ingredients and DuPont Nutrition and Health.

CLEAN Cause Raises \$7M in Series A [24 October/BevNet] Seeking to expand its sales and marketing team, sparkling yerba mate drink maker CLEAN Cause has announced that it has raised USD\$7 million (approx. NZD\$11 million) in a series A round. The round was entirely financed by private individuals from the Austin, Texas area, where the nearly five-year-old brand is based. The company donates 50% of its profits to sober living scholarships to help individuals struggling with substance abuse and addiction. CEO of the company Wes Hurt, is a former drug user who has been in recovery since 2014 and founded CLEAN Cause as a means of giving back. To date the company has awarded more than USD\$425,000 (approx. NZD\$670,000) through 850 scholarships. The drinks are available in 6,000 locations across the U.S, and the funding round will help the company to expand its team.

Kellogg agrees to settle sugary cereal class action with \$20m fund [24 October/Food Navigator] Kellogg has agreed to allocate USD\$20 million (approx. NZD\$31.5 million) to a fund to settle a class action lawsuit alleging it falsely advertises some cereals as healthy and nutritious when they are also high in sugar, highlighting the risks facing manufacturers as the Plaintiff's Bar hones in on added sugar. The company has also agreed to remove certain claims and words from its products which infer that their products are healthy when they actually have a bunch of added sugar in them.

Cargill develops a more sugar-like stevia ingredient [24 October/Food Dive] Cargill developed a botanical extract ingredient called ClearFlo that could provide a sugar-like sweetness profile to stevia. When the ingredient is combined with Cargill's EverSweet stevia sweetener, ClearFlo results in a solution that is up to 30% stevia. This allows for high-concentration formulations, according to Andrew Ohmes, Cargill's Global Stevia Business Leader. Mr Ohmes reported that the company would release what botanical extract was used in 2020, and that it was generally recognized as safe by the U.S. Food and Drug Administration. The product will be available early next year. Cargill stands to gain market share from this new ingredient if it can deliver what it promised. Stevia has been widely criticized for having a bitter aftertaste, and some companies have switched to other natural sweeteners for that reason. Consumers are turning away from sugar-filled products, leaving space in the industry for new ingredients.

How Chefs Are Supporting Biodiversity in the Face of Climate Change [25 October/Forbes] Teranga eatery in New York aims at supporting underutilised crops in their menu to help contribute to saving biodiversity. Ingredients include West African grain fonio and amaranth. The eatery offers unique dishes which expand diner's palates by exposing them to uncommon ingredients. The United States has lost 90 percent of fruit and vegetable varieties since the 1900s. Dependence on a limited range of crops means the food supply is vulnerable to drought, pests, disease outbreaks and a changing climate.

Food-waste bin mandate coming to California restaurants [25 October/Nation's Restaurant News] California's limited-service restaurants next year will be required to offer customers a separate recycling bin to toss organic waste under a new law signed earlier this month. This will be the first time the state will require bins to collect post-consumer food waste and food-soiled paper in the front of the house, alongside solid-waste recycling and trash bins. The bins will be required by 1 July, 2020. The state's recycling agency has also been tasked with developing signage to help customers know what waste to put in which bin. The move is part of an ongoing effort to build a better infrastructure for waste reduction. California has a goal of diverting 75% of solid waste from landfills by 2020 through a combination of recycling, composting and reduction.

United Airlines overhauls its 2020 menu to cater more to the vegan crowd [25 October/CNBC Evolve] At United Airlines' Flight Plan 2020 event, the carrier announced its latest moves to keep its growth strategy on course, including offering vegan in-flight dining options. United's Executive Chef Gerry Gulli continuously keeps up on evolving food trends and collaborates with celebrity chefs and culinary experts to design exotic meals for passengers to consume. United distributes 55 million meals a year and manages more than 2,500 catering employees, along with an additional 6,000 within their catering partners. The airline started introducing healthier options this year, with gluten-free alternatives, however its carrier is now focusing heavily on plant-based options according to the company. Among the carrier's 2020 offerings includes red beet hummus with roasted vegetables; roasted curry cauliflower with whipped hummus and pomegranate; and vegan stuffed grape leaf with dolma infused yogurt. United is not alone. Turkish Airlines, Air New Zealand, Emirates and Aegean also offer plant-based options. In July 2018 Air New Zealand collaborated with Silicon Valley food tech start-up Impossible Foods, becoming the first airline to serve the plant-based Impossible Burger as part of its Business Premier menu on flights from Los Angeles to Auckland.

Kraft Heinz's VC arm invests in cannabis software startup Flowhub [25 October/Food Dive] Evolv Ventures, the venture arm of Kraft Heinz, co-led a USD\$23 million (approx. NZD\$36 million) funding round for cannabis retail software company Flowhub. Other leading investors were venture firms e.ventures and Poseidon, with participation by 9Yards Capital, former NBA Commissioner David Stern and Iqram Magdon-Ismail, Co-founder and former CEO of Venmo. Flowhub uses its digital platform to assist cannabis dispensaries to follow compliance, point of sale, inventory tracking and business intelligence data. Kyle Sherman, Flowhub's Founder and CEO, stated that the company helps brands to build thriving cannabis businesses. Kraft Heinz launched Evolv in October 2018 with \$100 million to invest in emerging tech companies transforming the food industry. This is the VC arm's third investment but its first move into the cannabis sector.

Uber is testing selling foodie experience via Uber Eats [26 October/Tech Crunch] Uber is running a small scale test in San Francisco, selling foodie experiences such as cooking classes and multi-course fine dining on Uber Eats. Uber Moments can be booked within the city until 17 November. Initial offerings include a course on how to make Chinese dumplings and a five-course Nigerian dinner. CEO Dara Khosrowshahi states that their aim for the company is to be an operating system for everyday life. Trust of consumers is a major dilemma for the company, with its reputation taking a battering in recent years.

Kenya's Twiga Foods eyes West Africa after \$30M raise led by Goldman [28 October/Tech Crunch] Kenya's Twiga Foods has raised a total of USD\$30 million (approx. NZD\$47 million) from lenders and investors led by Goldman Sachs. The Series B round funding will be used to set up a distribution centre in Nairobi and deepen its conversion to offering supply chain services for both agricultural and FMCG products. The company will invest into expanding into more cities in Kenya, as well as Pan-African expansion by the third quarter of 2020. Twiga Foods was founded in 2014 and currently serves around 3,000 outlets a day with produce through a network of 17,000 farmers and 8,000 vendors.

1.5 Million Packages a Day: The Internet Brings Chaos to N.Y. Streets [28 October/New York Times] The push for convenience is having a stark impact on gridlock, roadway safety and pollution in New York City as well as urban areas around the world. The main entryway for packages into New York City, leading to the George Washington Bridge from New Jersey, has become the most congested interchange in the US. Delivery trucks operated by UPS and FedEx double-park on streets and block bus and bike lanes in the city. They racked up more than 471,000 parking violations last year, a 34 percent increase from 2013. Households now receive more shipments than businesses, pushing trucks into neighbourhoods where they had rarely ventured, with the average number of daily deliveries to households in the city tripling between 2009 and 2017. Demand is continuously increasing and New Yorkers are now starting to look at solutions to the inevitable issues arising from this. The city is investing USD\$100 million (approx. NZD\$157 million) to divert more freight to the water and rail lines, and to entice shippers to use marine terminals and waterways to bring in goods and are looking at other options in order to transform infrastructure.

Fusarium disease: Researchers race to save bananas from extinction [28 October/Food Navigator] A global threat is facing the production of bananas following the outbreak of Fusarium disease (also known as Panama disease) and scientists are working on finding a gene that is resistant to the strain. The disease is spread by a fungus in contaminated soil and infected plant materials. Some scientists claim with the onset of Fusarium disease banana cultivation cannot continue without major changes and there is now a new strain of Foc which attacks Cavendish clones and a diverse range of other banana varieties. The disease is currently widespread in Asia, and now Ecuador, Colombia, Costa Rica and Guatemala are on high alert. A major outbreak for the disease could ruin farmer's income and increase the cost of bananas globally. The long-term solution to the disease is developing a resistant variety of bananas.

Planted Foods grows €6m seed to expand analogue strategy: 'Ultimately, Planted competes with animal meats' [28 October/Food Navigator] An alternative protein start-up has secured €6.3m (approx. NZD\$11 million) in seed funding to build production capacity, invest in R&D, and expand into 'key European markets'. Swiss alternative protein start-up Planted Foods released its first meat analogue product four months ago. Planted Foods objective is to meet the demand for sustainable protein. The company's first product is a vegan chicken substitute which is said to mimic the taste, texture and mouthfeel of the real thing and has been released in two different flavours which contain 26.7g and 22.7g protein per 100g respectively. The products are made from pea protein, pea fibre and sunflower oil.

Riding the wave of plant-based demand: Ikea and Hilton talk accelerating global uptake [28 October/Food Navigator] With plant-based becoming such an important movement across the globe, two of the biggest players in retail and hospitality, Ikea and Hilton, have revealed how they're riding the wave. Ikea's plant-based meatball innovation shows how the company is helping to foster growth in the category, as its meat-based version is its most popular product. It has been pointed out that companies who serve meat eaters need to remember the importance of language to ensure that consumers are attracted to the plant-based products. Words to typically avoid for meat-eaters include vegan, vegetarian and meat-free. Hilton has reported it is pushing to make their menus more sustainable and vegetarian-friendly at the global chain of hotels. However, meeting different consumer desires across the globe make the challenge slightly more difficult.

The Real MEAT Act 2019: Plant-based brands should use term 'imitation' meat [29 October/Food Navigator] A federal bill that would require plant-based and cell-cultured meat products to be labelled as 'imitation' meat has been welcomed by beef producers and slammed by plant-based meat advocates, as the row over terminology in the burgeoning space heats up. The bill would mean that any imitation meat product would be deemed to be misbranded unless its label bears the word "imitation" as well as a statement that clearly indicates that the product is not derived from or does not contain meat. The term beef would exclude both plant-based and cell-cultured meat from using the term. The bill is aimed at transparency of products to consumers.

Coca-Cola, PepsiCo and KDP commit to new sustainability initiative and plastic reduction in the US [30 October/Beverage Daily] Coca-Cola, PepsiCo and KDP have partnered with World Wildlife Fund, The Recycling Partnership and Closed Loop Partners on the Every Bottle Back initiative, announced this week in Washington DC. The initiative will invest into improving sorting, processing and collection of discarded plastic bottles in four key US regions. It will also remind customers that PET bottles are 100 percent recyclable by introducing pack label messaging beginning in late 2020.

Introducing the NaSu Burger: 'The basic idea is totally different to Impossible or Beyond' [30 October/Food Navigator] FoodSolutionsTeam (FST) is a company built around the mission to tackle food waste through the development of natural and sustainable products. With so much interest in vegan product development, the company is bringing out the NaSu Burger, a clean label and sustainable alternative for finished product manufacturers. The company manufactures sustainable, natural and fully functional vegetable fibres and oil meal flours through an innovative natural drying and milling process. FST products do not include textured vegetable protein which makes it stand apart from other major brands.

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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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