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## 10th Anniversary KPMG Agribusiness Agenda



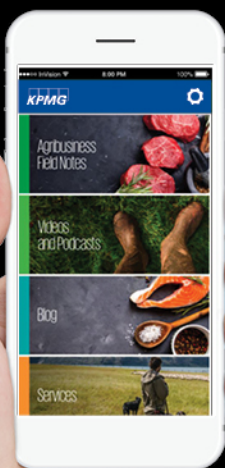
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AGRIBUSINESS

# Field Notes



Weekly news update from the KPMG Agribusiness network

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

Agritask	Marlborough District Council
AI Forum	Meat Industry Association
Apiculture NZ	Milk NZ
ASB	Ministry for Primary Industries
Atlas Biomed	Miraka
BBC	National Animal Welfare Advisory Committee (NAWAC)
Beef + Lamb NZ	Nelson Beekeepers Club
BNZ	Nestle
Callaghan Innovation	Nielson
ChickP	NZ Bio Forestry
Coca-Cola	Oceania Dairy
Craigs Investment Partners	Olives New Zealand
Dean Foods	Otago Polytechnic
DLF Seeds	Peregrine Wines
Environment Canterbury	PGG Wrightson Seeds Holding
Farm Sanctuary	Plutonium Primary Producers Group
FDA	Powerplant
Fisheries New Zealand	Rabobank
Fonterra Co-operative Group	Reserve Bank
Forage Innovations	Saint Clair Family Estate
Forest & Bird	SAP
General mills	Silver Fern Farms
Hawke's Bay Regional Council	Shanghai Pengzin Group
Holstein Friesian New Zealand	Tahi Spirulina
IBM	The Sprout Accelerator
Impossible Foods	United Way
Inner Mongolia Yili Industrial Group Co Ltd.	Vegan Junk Food Bars
John Deere	Vegan Zeastar
Joyn Bio	Waitrose
Kerry	Wine Society of Australia
Live Ocean	Winter Grazing Taskforce

### This week's headlines:

Agribusiness Education	<b>Auckland kids get taste of rural life at city school's farm</b> [26 November/Stuff NZ]
Animal Welfare	<b>Keeping cows comfortable off-paddock</b> [25 November/Rural News]
Forestry	<b>Overseas forest sales double</b> [26 November/Farmers Weekly]
Farmers & Producers	<b>Growers more than double olive production with new techniques</b> [27 November/Stuff NZ]
International	<b>Farmers hit back as BBC documentary exposes meat production's 'devastating effect on ecosystems'</b> [25 November/Food Navigator]



**Honey surplus points to problems** [25 November/The Country] Thyme honey is in massive surplus for many Otago beekeepers. Tim Wood, a Beekeeper in Cromwell has 40 tonnes of thyme honey from last season stored on his property, as it is proving hard to sell at a profit. The major reason for the surplus is recent changes in the mānuka honey definition, which means that now the thyme honey cannot be mixed with mānuka to bulk it up. A kilogram of bulk thyme honey costs about \$6 to produce, however beekeepers are currently only able to sell it at a loss for \$4 per kg. This means a lot of beekeepers are starting to market their own honey as a way to make money but the New Zealand market is becoming saturated. Europe is the major export market, however Europe only needs honey if they have had a bad season themselves. Thyme honey is high in antioxidants but does not have the market reputation that mānuka has. Beekeeper Sharlene Coker is facing the same issues and reports that talk of a new beekeeper co-operative may be the solution that is needed to help the industry.

**Honey prices slump as 'trendy' beekeeping boom floods the market** [25 November/Stuff NZ] An abundance of non-mānuka honey has caused a surplus in the market decreasing returns for suppliers and job opportunities available in the industry. Nelson's Mountain Valley Honey owner Murray Elwood has reported that whilst a sustainable selling price lies between \$8-10/kg, many honey producers are selling their goods to packers around \$3.50-\$4.00. This has resulted in a number of honey business going out of business this year and it is expected the same trend will follow into the new year. The surplus is due to strict changes in the mānuka honey definition and regulations set by the Ministry for Primary Industries. Karen Kos, Chief Executive of Apiculture New Zealand has reported that honey prices have dropped up to 50 percent on the previous season, displaying how difficult this time is for beekeepers. Mrs Kos stated that the country needs to work not just on promoting mānuka but instead focus also on our other native and monofloral honeys. Nelson Beekeepers Club President Ian Henbrey reports that although the increase in competition for beekeepers is not ideal, the increase in bee population is important in looking after the planet and our population.

### Horiculture

**Hail damage devastates Canterbury vegetable crops** [22 November/Stuff NZ] Widespread damage to crops has occurred in both South and Mid-Canterbury after a powerful hailstorm disrupted their early stages of growth. In particular peas, sweet corn, milling wheat and potato crops have been damaged, including some crops destined for both domestic and international markets. The extent of damaged caused will depend on how advanced crops are into ripening stages. On top of this, bruised plants are more susceptible to both diseases and fungi, requiring more maintenance to ensure they survive. Wheat is protected by a compulsory industry levy, however many other farmers do not have insurance as it is too expensive to have.

**The bloody cartel war waged over Mexico's multibillion-dollar avocado industry** [25 November/Stuff NZ] Mexico's avocado industry is facing a cartel war, as the cartels are taking control of the multibillionaire industry. A range of criminal groups are fighting to gain control of avocado trade within Mexico which means that orchard owners, labourers and drivers are being caught in the crossfires. Organised crime in the country has diversified from trafficking narcotics and cartels are hunting for water, forest and land, as these are the essentials for life. Often orchard owners have to pay a tax to the local gang in order to gain "protection". Local populations are forced to go along with what is happening otherwise they will face the wrath of the gangs in return. Labouring for avocado orchards pays well compared to many other jobs, but also comes with its own risks.

### Animal Welfare

**Keeping cows comfortable off-paddock** [25 November/Rural News] New rules came into force this month, changing the regulations surrounding how cows are kept on hard surfaces. These aim to address the behavioural needs of cows and were developed by the National Animal Welfare Advisory Committee (NAWAC). Keeping cows off-paddock in the long-term increases the risks of animal welfare so the new rules encourage cattle owners to look after their animals which is both better for them and for business. The standards allow cows to lie down comfortably on a compressible surface and there must be sufficient space for the stock among other things.

**At this US farm, turkeys are Thanksgiving guests - not dinner** [27 November/Stuff NZ] In the U.S, Gene Baur's Farm Sanctuary holds a Thanksgiving dinner each year, holding turkeys as the guest of honour. The sanctuary looks after abused farm animals and aims to give them a better life moving forward. Mr Baur reports that turkeys enjoy human companionship and if treated right will follow you around much like a puppy. Mr Baur Co-Founded Farm Sanctuary in 1986 after doing undercover investigations of factory farming, slaughter houses and stockyards and realising there was a need. The organisation now has two sanctuaries which look after over 900 animals. Mr Baur spends much of his time advocating for Government support of healthy plant-based foods.

### Farm

**Green farms impress Aussies** [25 November/Farmers Weekly] Australians Luke Evans and Shannon Landmark had a whirlwind trip of New Zealand last week with visits to various farms and agribusinesses. The pair were the joint winners of the 2019 Zanda McDonald Award, presented by the Platinum Primary Producers Group. Mr Evans manages a multi-farm cattle enterprise in Australia and Mrs Landmark is a veterinarian who works on a cattle genomics project in Northern Australia. Mr Evans reported that it was refreshing to see green pasture after his local region in Australia has faced serious droughts for the last 2 years, whilst Mrs Landmark was curious about New Zealand's genetic progress in its herds.

**'Flash' house to be farm accommodation** [26 November/The Country] Otago Polytechnic's latest charity house is fancy compared to usual farming accommodation. Rosie and Codie Cowley purchased this year's four-bedroom student-built charity house for \$255,000 on the weekend. \$100,000 of this will go to United Way to distribute the money to non-profit organisations in Otago, with the rest of the money going towards the cost of the build. The house is fully furnished thanks to a range of sponsors. Mr Cowley reports that he will be moving the house and using it for farm worker accommodation. Another three unfurnished student-built houses were also sold. The initiative has been going for 13 years now with Polytechnic Carpentry Department Principal Lecturer Matt Thompson reporting that the students build something similar each year as it helps them build crucial skills.

**Growers more than double olive production with new techniques** [27 November/Stuff NZ] Olives New Zealand has completed research and developed new techniques, which have enabled olive production to more than double. This could see the local share of the olive oil market grow to 20 percent. The Ministry for Primary Industries helped to support the three year trials, which cost \$195,000, which also helped to improve the issue of biennial bearing which means that crops will be light one year but heavy in the next. Craig Leaf-Wright, a Wairarapa Grower reports that as a result of the studies, each of his trees average on producing 25 kilograms of olives a year, which is much higher than the New Zealand average of under 10kg. 90% of oil consumed by New Zealanders is imported, with citizens estimated to spend \$35 million each year on 4.5 million litres of oil. Low production was found to be better managed through better pruning and disease control. "Olives New Zealand has received MPI funding for a further three years to see if production can be extended more. The new project aims to produce an additional 5kg per tree, and will include revising harvesting methods. It will also trial organic methods of production".

### Forestry

**Shane Jones wants a 'blue highway' and Special Economic Zone at Hicks Bay** [25 November/Stuff NZ] "Forestry Minister Shane Jones wants to create a log barging facility at Hicks Bay and turn the area into a Special Economic Zone". This means that the business and trade laws in this region would be different to the rest of the country and also would start using barges to transport logs throughout the country. Mr Jones reports that this move would help to protect the country's forests from dwindling by China and India. Mr Jones announced that the Government will be placing measures in order to help the industry, which will include a log buyer registration scheme and increased transparency of information. Mr Jones reports that a lot of New Zealand's forestry industry is foreign-owned and historically has not been obligated to provide jobs to local citizens or processors. "New research showed the Northland region would see restricted supply worsen in the early 2020s, with shortages in Canterbury, Southland and the southern North Island emerging in the late 2020s".

**Overseas forest sales double** [26 November/Farmers Weekly] In the first three quarters of 2019, forestry sales to foreigners doubled in New Zealand. The Government approves double the sales of freehold land than for the same period in the previous year. "Forestry dominates sales with two purchases of 4273ha and 1876ha by Kauri Forestry in Wairarapa and Northland, respectively, the two largest deals by area". The impact of foreign investment in forestry will be examined in a statutory review that must have begun by October next year. Changes to the Overseas Investment Act were announced last week but do not target this, instead focusing on imposing a national interest test for sales of sensitive and high-risk assets as well as increased enforcement powers and a tougher stance against foreigner's water bottling in New Zealand.

**Potential bioplastics plant for Marton gets Government research funding** [26 November/The Country] The Government's Provincial Growth Fund (PGF) has given \$380,000 to help research that could lead to a bioplastics plant being built in Marton. If it is successful, this will be the country's first commercial bioplastics facility. The research is investigating whether radiata pine can be used to develop a biodegradable alternative to single-use plastics and if successful NZ Bio Forestry will develop the facility. A bio economy could bring a lot to New Zealand's overall economy and has the potential to be successful because of our access to natural resources. "In the first stage of the project, NZ Bio Forestry and its Taiwan-based research and technology partners plan to build a pilot plant at Marton, initially creating up to 200 jobs including high-tech roles". This pilot plant is expected to be fully operational by 2022.

### Rural Health

**Thousands more people to get mental health training, Government announces** [26 November/The Country] Health Minister David Clark announced that over the next four years, and additional 12,000 people will receive mental health training. Over 300 nurses will be trained to offer mental health assessments to citizens when they visit their GP. On top of this 8,000 places on the Government's Mental Health and Addiction 101 programmes will be created for people in community organisations, as well as 3,000 on the cultural competency programme. It is expected that the extra training will help workers to identify who needs support.

### Red Meat

**Otago third in economic growth** [21 November/Rural Life] Otago has 2.8% of growth in the last quarter, placing it third after Hawke's Bay and Tasman. Exports of meat increased 58% in September alone for the region, after the outbreak of the African swine fever in China. Another key driver of growth was construction due to population growth. Future uncertainty globally means that there are concerns in the long-term that this growth will not continue due to spending growth moderating as well as tourism activity dwindling.

**Beef + Lamb puts money where its mouth is** [22 November/Rural News] Beef + Lamb NZ partnered with North Canterbury farmers in order to set up the North Canterbury Future Farm which has now had its first full year of production. Lanercost Farm is the base for the operation, a 1310 hectare sheep and beef property, which has needed to be set up from scratch. The farm has a loss of \$63,000 in its first full year due to set up costs and equipment purchases. It is expected to go upwards from here. BLNZ's General Manager, Dan Brier reports that they aim to get the farm into the top 20 percent measured through the ratio of EBIT to capital and will be focusing on capital stock. It was reported that a lot was learnt in the first year and that the team now has a better idea of where the future will take the farm.

**Price surge a surprise** [22 November/Farmers Weekly] Rabobank Animal Proteins Analyst Blake Holgate reports that farmgate beef prices are likely to stay equal or increase from this year's prices due to the pork supply gap created by the African swine fever. Beef prices have risen to unknown territory, which has left meat exporters considering their next moves. This is due to China seeking more imported beef than usual to help replenish their animal protein market, and the U.S fighting back against this, increasing prices. Over the last year, the beef indicator has risen from USD\$2 to USD\$3 a pound (approx. NZD\$3.10 to \$4.70 for approx. 450grams). As a result, the entire supply chain has been caught off guard and many slow to react in New Zealand due to Mycoplasma bovis fears and a delay in reaching finishing weights for Friesian Bulls. Meat companies are wondering if farmers will hold back cattle coming into peak slaughter season in the hopes of even better prices ahead. So far however, slaughter trends have risen as usual.

**Co-op's biggest profit in decade** [22 November/Farmers Weekly] Alliance co-operative have had its best trading performance in a decade after making \$20.7 million profit for the year to 30 September 2019 before tax and distribution. Chairman Murray Taggart reports that the result is more typical than what was recorded last year, as it shows gains from various areas of the business and also reflects their trading performance overall as they move to capture value in the market. There will be a \$9 million distribution to shareholders which will come with imputation credits for the first time. "Farmers will this year receive \$1.50 a lamb supplied, 50c a ewe, \$8 for cattle, \$5 for deer and 50c for calves, which will be paid after the annual meeting". During the year, Alliance increased the advance payment it makes for lambs to \$25 a head for farmers, to help increase cash flow. Three of their plants achieved record processing numbers for beef this year. Mr Taggart states that the global meat market moving forward looks largely positive.

**Alliance looks to tackle issues of labour shortages, absenteeism** [24 November/Stuff NZ] The meat processing industry is facing increased absenteeism and vacant roles which is becoming a major challenge for the industry as a whole. Alliance Group is accessing other labour pools through working with the Ministry of Social Development and the New Zealand Meat Workers Union. Willie Wiese, General Manager for Manufacturing reports that they are constantly looking for new employees to fill vacancies especially during peak season which starts in November, and currently have up to 70 vacancies free. It is particularly hard to fill vacancies as the Smithfield Plant for example only operates for 7 months in a year, with no guarantee for full-time weeks even when it is open. Absenteeism is an issue as it can create a safety issue if a plant is short-staffed, and creates around \$20 million in losses each year.

**UK retailer Waitrose snubs NZ Lamb** [26 November/The Country] Waitrose supermarkets is phasing out NZ lamb by 2021 as they aim to support U.K. agriculture and only sell British lamb year-round. Majority of the supermarket's meat and dairy offerings are already U.K. grown and aims to support local producers as much as possible. Tim Ritchie, Chief Executive of New Zealand's Meat Industry Association chief reports that the move by Waitrose will not have a significant impact as in recent years, the industry has diversified from some of the more traditional markets.

## Agribusiness

**RBNZ report likely to highlight dairy, household debt** [25 November/Farmers Weekly] It is expected that the Reserve Bank's financial stability report will once again call to attention the vulnerabilities that high dairy debt and financially stretched households have. The new report is due to be out on the 27 November. Mark Lister, Head of Wealth Research at Craigs Investment Partners reports that banks are starting to get stricter in their approach to dairy debt. BNZ's Chief Financial Officer, Peter MacGillivray, reported that the average dairy farmer now needs a \$5.95 milk payout to break even because of rising farm costs.

**Kiwi spirulina farm criticises ambiguous packaging by offshore companies** [26 November/Stuff NZ] New Zealand company Tahi Spirulina is asking consumers to question the origins of their spirulina, after suggestions that some companies have ambiguous packaging and merely sending their products to New Zealand to be packaged, with the product actually being produced overseas. A number of farms in China as well as other countries grow their spirulina in open-air ponds meaning it can be contaminated by dust as well as birds. Tahi are New Zealand's first spirulina farm, operating in the Manawatū and is currently the only spirulina growing in the country. "The cyanobacteria is commercially farmed across the world and is typically found in hot, dry conditions" and is rich in proteins, vitamin B and iron. Tahi monitors and tests their product daily to ensure its quality, with their products expected to hit shelves in March 2020. Spirulina is particularly useful for professional athletes and race horses.

## Agritech

**Accelerator programme sprouting agritech investment** [20 November/Rural News] Kevin D'Ambros-Smith, Founder of Powerplant has reported that The Sprout Accelerator programme is amazing and has offered his business invaluable mentoring, coaching and insights about their business and the agri-tech industry. Powerplant is developing a hydroponics growing system aimed at international small to medium commercial growers. Mr D'Ambros-Smith reports that Sprout challenged their assumptions which has helped to build the business and grow solid foundations on which it can run on, as well as providing opportunities they would not have had otherwise such as access to investment loans.

**Time to widen tech's scope** [26 November/Farmers Weekly] AI Forum Executive Director Emma Naji reports that Artificial Intelligence in New Zealand needs to stop merely helping individual farms and instead include the entire value chain, as it will help New Zealand to achieve a premium position in the global food supply chain. AI can be used to optimise yield, address labour shortages, take on alternative meat research, help to assure food quality, work on waste reduction and also help to isolate disease outbreaks in both animals and plants. Callaghan Innovation has embarked on a research project which uses machine vision AI for animal identification, specifically of sheep to help reduce the cost of tagging and improve animal tracking. By using AI in the entire supply chain it will help create transparency and traceability from farm to consumer which is becoming increasingly important to the consumer as they like to know where their food is coming from. Development of AI is struggling due to a lack of investment into time and cost.

## Arable

**A natural blend of grains firms** [22 November/Farmers Weekly] DLF Seeds and PGG Wrightson Seeds Holding merged in October, both being foreign-owned but New Zealand based. PGG Wrightson Seeds Chief Executive John McKenzie reported that the merger was a natural blend, and was easy to achieve in New Zealand, with 480 staff for PGG Wrightson and 9 staff for DLF seeds. The merged companies now have around 60% of New Zealand's forage market and 80% of the turf market. The company spends around \$15 million on research and development each year through its firm Forage Innovations which works with Crown research institute Plant and Food, and PGG also works with AgResearch with its Forage Innovations equivalent Grassland Innovations.

## Dairy

**Oceania Dairy claims 'minimal' marine effects of wastewater pipeline** [21 November/Stuff NZ] Inner Mongolia Yili Industrial Group Co Ltd's Oceania Dairy has claimed that their proposal for an pipeline expelling wastewater into the ocean will be better for the environment than their current method for discharging the wastewater. They have proposed a 7.5km pipeline from their Glenavy factory into the ocean, but have faced severe opposition from environmentalist groups, including Greenpeace, with an Action Station petition being signed by over 1800 signatures since early this week. Oceania Dairy's Supply and Environment Manager Shane Lodge reports that the coastal marine environment would be affected minimally if the pipeline went ahead and the company would be subject to monitoring and reporting of the effect. The project would take up to 14 months to complete, with an estimated costing of \$20 million.

**Dairy firm wants ocean wastewater outfall** [22 November/Rural Life] Oceania Dairy has proposed a 7.5km pipeline to discharge treated wastewater in order to meet the needs of its expanding Glenavy dairy plant. The company has lodged six consent applications with Environment Canterbury to construct the pipeline which would allow it to discharge 10,000 cubic metres of the wastewater into the sea each day for up to 35 years. \$650 million has been invested into the plant over the past six years in order to increase production capacity, with the plant currently having 300 staff, expected to grow to 360 in the next year. Forest & Bird Canterbury Regional Advocacy Manager Nicky Snoyink reports that “a precautionary approach to more ocean outfalls was needed” as their cumulative effect needs to be considered. There are already two consented outfalls to the North of the plant for Fonterra Co-operative Group’s Studholme plant and Silver Fern Farm’s Pareora abattoir. Submissions on the outfall close on 13 December.

**Milk price climbs high** [22 November/Farmers Weekly] After the latest Global Dairy Trade Auction, ASB Dairy Market Analyst Nathan Penny’s farmgate milk price forecast has increased to \$7.50-8/kg. The overall market index rose by 1.7% last week, with skim milk powder rising 3.3% and whole milk powder rising 2.2%. Fonterra Co-operative Group’s fixed milk price offer for November settled at 7.38/kg MS. Global growth in milk demand means that major exporting countries including New Zealand are struggling to keep up. It was reported that China took 48 percent of the GDT offering, and that China’s demand has been a major source of growth in our markets this year. It is expected that prices will stay firm into the near future.

**Kiwi milk minnow wins legal fight against Chinese giant** [25 November/The Country] Miraka, an iwi-owned milk processor has won in a legal battle against Milk NZ after Milk NZ failed to supply the minimum milk levels that were agreed upon. Milk NZ is operated by Shanghai Pengxin Group. Miraka originally established a plant to process UHT milk for Milk NZ. As a result, Milk NZ “agreed to supply Miraka particular volumes for a specified time.” Milk NZ has been found in breach of its minimum supply obligations after refusing to pay for the minimum amount when unable to supply Miraka. Miraka has been awarded damages for losses in certain months as a result.

**Big dairy assessment starts** [26 November/Farmers Weekly] Holstein Friesian New Zealand are testing over 31,000 dairy cows and two year old heifers to help shape genetic data this season. The data is pooled with milk production records to evaluate the country’s top bulls and their performance. Aimee and Dean Perrett are South Taranaki sharemilkers who have a 260 head herd and test their two year old heifers along with a handful of older cows each year. They report that the assessment has revealed to them that their cows have great udders but rump angle needs to be thought about when they select bulls at mating. Their genetics are desirable for breeding companies, with almost 40 of their cows this season already contracted to mate. “Other breeds of dairy cows will be assessed by inspectors from their breed societies”.

## International

**Coca-Cola replaces plastic wrap with new paperboard technology** [20 November/Food Navigator] Paperboard packaging KeelClip is being introduced by Coca-Cola to replace the plastic wrap it uses on its multipacks of cans throughout Europe. All Coca-Cola HBC Partners will have made the transition to the new packaging by the end of 2021. The packaging involves a top board that the cans clip into, with a central keel which stabilises the cans. It is expected the shift will reduce plastic waste by 2,000 tonnes a year. The first market to roll-out the product is Coca-Cola Netherlands, with others following.

**How Dean Foods' bankruptcy is a 'warning sign' to the milk industry** [21 November/Food Dive] Last week Dean Foods filed for bankruptcy, with analysts reporting that it did not come as a shock due to decreased milk consumption, a complex company history and an increase in competition from plant-based alternatives as well as private milk labels. Analysts report that this comes as a sign for other dairy companies to ensure they are efficient and stay afloat. The issues that Dean Foods faced, have also faced other fluid milk companies. It has been reported that innovation is crucial to staying afloat in today’s market with transparency and sustainability becoming increasingly important.

**Plant-based sashimi firm launches in the UK** [21 November/Food Manufacture] Plant-based sashimi from Dutch firm Vegan Zeastar is now being offered in the U.K. The products have been made with tapioca starch and seaweed glucose and have been available in the Netherlands for a year in Vegan Junk Food Bars. Large amounts of growth has been seen in the plant-based sushi space as certain types of seafood such as tuna and salmon have bad ecological reputations so alternatives are being found for these products. The firm have mentioned that they plan to next launch into supermarkets, if the success of the products continue.

**Microbes ‘set to be an integral part of agriculture over the next 20-30 years’: Joyn Bio** [21 November/Food Navigator] Ag-biotech start-up Joyn Bio engineers microbes for more sustainable agriculture. Microbiome diets are becoming increasingly trendy as consumers consider their gut health, helping to shift attitudes towards genetically modified foods which will help the world to sustainably feed the world. Joyn Bio is developing plants that fertilise themselves, which would help to reduce environmental degradation. However none of their products are expected to enter the market until next year. The company believes it can increase yield through stronger plants and increased nutrient uptake.

**How taste, protein and ingredients are barriers to plant-based meat adoption** [21 November/Food Dive] Kerry has released a report which has presented the five barriers that are stopping plant-based meat alternative from becoming more widely adopted by those who try it. These are taste, nutritional profile, clean-label ingredients, protein content and a limited variety of items. The ingredients company surveyed over 500 American consumers who regularly eat plant-based meat and eat out. Taste is crucial and must mimic that of meat reported many of the respondents. Over 40 percent noted that the protein content was also important, with many noting that natural ingredients is also a priority for them. “The study noted sustainability, environmental concerns and the ethical benefits of plant-based meat diets help grow the category, which is seeing an increase in interest from mainstream consumers with no dietary restrictions”.

**General Mills meets 20% sodium reduction goal across its portfolio** [21 November/Food Dive] General Mills has met their goal of reducing sodium by 20 percent over all 10 of their key U.S product categories 9 years after they made the original commitment. These categories include Mexican dinners, cereal and ready-to-eat soup. It also reduced sodium across categories not originally included in the goal such as frozen breakfast items and grain snacks. At the same time, the nutritional density of its products were increased through fibre, whole grains as well as vitamins and minerals. The company reports that it is constantly working on increasing nutritional density.

**From blue tea to avocado coffee: AI tool to help firms launch new products ‘ahead of trend’** [22 November/Food Navigator] Kerry has partnered with IBM’s Watson arm to develop an AI tool named Trendspotter™. This tool is claimed to help food and beverage manufacturers to predict trends allowing them to identify and launch products to catch consumer markets. It is estimated that the tool also reduces lead time by up to seven months for innovation. A recent Nielsen study has shown that 85 percent of new products fail within the first two years. Trendspotter is also currently being altered to specifically target Chinese firms. The firm reports that in the beverage space, drinks that involve all the five sense are part of a new major trend.

**Chickpeas: A rising star of the dairy alternatives market?** [22 November/Food Navigator] Israeli start-up ChickP has created chickpea isolates that it reports will help chickpea based dairy alternatives to gain popularity and market space in the plant-based space. Plant-based alternative demand has risen significantly in recent years, creating space in the market for new products. ChickP reports that their technology helps to extract 90 percent pure protein out of the chickpea seed which will help plant-based producers overcome process challenges and help to increase customer acceptance. The protein has a neutral flavour and has overcome previous texture challenges helps to differentiate it from other products. The company was founded in 2016 and has now scaled up operations in order to provide their ingredient to a range of producers, both plant-based and dairy.

**FDA: Stay away from romaine lettuce grown in Salinas, California** [22 November/Food Dive] The FDA has informed consumers to not eat any romaine lettuce harvested from Salinas, California after 40 people have been reported with being infected with E. Coli, after an outbreak, leaving 28 hospitalised. On the 21 November, Missa Bay recalled approximately 34,125 kilograms of salad products from various brands due to possible contamination. The leafy greens industry is doing all that they can to improve production processes in order to help prevent contamination issues.

**6 sustainable food trends businesses must watch** [22 November/Food Navigator] Experts have stated six sustainable food trends that businesses must consider with plant-based innovations on the rise. The first trends are increased scrutiny for both plant-based products and cell-based meat and health and sustainability claims are being questioned. It is expected that meat consumption will drop but increased focus will be on its quality and that ‘forgotten’ crops such as spirulina will be re-discovered to create more robust supply chains. The last trend involve plant-based products being expected to appear alongside real meat in stores as well as increased innovation in plant-based/meat-free marketing.

**Farmers hit back as BBC documentary exposes meat production’s ‘devastating effect on ecosystems’** [25 November/Food Navigator] A BBC Documentary ‘Meat, A Threat To Our Planet’ is broadcasting this week in the U.K. Farmers are defending the livestock industry, reporting that although some livestock systems and meats are part of environmental issues, there are some that are part of the solution. In the documentary, an animal biologist investigates the environmental impact of animals that are raised to supply the world’s demand for meat and looks at the efforts made to reduce these effects. People are reporting that although intensive farming may be damaging to the world and to citizens, there are forms of sustainable agriculture being used globally, and this needs to be recognised as these products can help form a balanced diet.

**Start-up ‘gamifies’ gut health with diet app aimed at long-term change** [25 November/Food Navigator] Atlas Biomed, a personalised nutrition start-up is claiming to be the only company in the world offering both DNA and microbiome testing kits that create a holistic picture of health. The company is now launching a phone app to help people discover what foods will best improve their gut health through the snap of a camera, helping to create diet variety and help fibre intake. Research has shown that a majority of adults in both the U.K. and Europe are not eating enough fibre each day which is essential to help microbial diversity.

**From optimised production to traceability: Agritask ‘pushing the boundaries of data analytics’** [26 November/Food Navigator] Israeli Food Tech Company Agritask has new capital to invest in research and development and to help expand its customer network for its precision agriculture solution. General Mills is one of the corporations using this solution which combines agricultural data into a comprehensive platform, which can integrate with over 40 hardware and software data sources such as IBM, SAP and John Deere. The solution can improve on-farm efficiencies as well as lead to stronger traceability and food safety.

**Nestlé to roll out Nutri-score in Europe** [26 November/Food Navigator] Nestle will start to use its Nutri-score nutrition labelling in Austria, Belgium, France, Germany and Switzerland from next year on a range of 5,000 products. The labelling system had been much debated as a way to help combat an obesity crisis. The system labels food and beverages according to their nutritional profile by using a colour-coded system which ranges from healthier choices and less healthy choices. It looks at sugar, fat and salt content of foods. It aims to make the healthy choice an easy choice for consumers.

**Impossible Foods aims for up to \$5B valuation with latest funding round** [26 November/Food Dive] Impossible Foods is working with its investors to raise over USD\$300 million (approx. NZD\$468,000) in funding to more than double the USD\$2 billion (approx. NZD\$3.1 billion) valuation in obtained in May. This is expected to be achievable due to the plant-based meat space gaining popularity and market share. The latest funding could lead the way for the country to announce an IPO.

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# Field Notes

Weekly news update from the KPMG Agribusiness Network – 28 November 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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