



AGRIBUSINESS

# Field Notes

Weekly news update from the KPMG Agribusiness network



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**28 May 2020** – This week's headlines



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## Re-thinking biotechnology

Technology for genetic improvement has changed significantly over the last century. Methods of ‘mutagenesis’ have been used since 1930, directly blasting radiation across plant seeds to cause random genetic mutations with the hope that some will produce desired traits. If by chance the radiation caused a beneficial change in the genome of a seed, it may be bred with other cultivars and become established in the human food chain.

This process has produced many of the cultivars of food used in global supply chains today, including cultivars of rice, soybean and barley. Food products developed from this method are allowed in New Zealand and around the world, are usually still categorised as organic, and often classed as GMO free (country regulations dependent).

However, technology has revolutionised since the time of blasting radiation at plant seeds in the hope of making a useful one. Modern, but now well-established bio-technologies such as CRISPR, allow for extremely specific and targeted changes within an organism’s genome.

Not only is this technology substantially safer, but it is also becoming cheaper, faster, and easier to use.

However, organisms specifically enhanced using CRISPR are not allowed to be used in New Zealand.

The science and safety of tools such as CRISPR are now quite well understood, even amongst regulators. What’s holding back the use of the technology – is perception.

Though there is little scientific argument against the use of these technologies, there is a very valid commercial one. Many domestic and international consumers will not buy products if labelled as GM (genetically modified) or GE (genetically engineered). Labelling rules are highly inconsistent across markets, and many of the general public still don’t understand the technology. As a country relying on image and national brand to provide a premium sales platform for our products, this is a potentially high-risk concern.

However, given New Zealand’s current platform for international excellence in safety, quality and

regulation – I think it's time to ask ourselves some important questions.

## The Re-think Questions

Is there an ethical responsibility to utilise technologies which can provide social and environmental gain, as a priority over market-share for non-evidence-based purchasing habits? Could the liberalisation of these technologies introduce significant value-add opportunities which would off-set or provide even greater premium than the non-GMO label?

Can New Zealand afford to keep limiting its scientific progress, while improved consumer understanding of the more advanced, targeted and safe methods of using this technology are resulting in wider acceptance? Could New Zealand lead the world in developing a 'New Zealand Biotechnology' label, which upholds the highest level of food safety commitments while enabling the use of these technologies?

If implemented correctly, could New Zealand become a world-leader in science, technology and food production by embracing these improved technologies for the food and fibre sector and its Fit for a Better World vision? If your answers are the same as mine, then it's time for New Zealand to have this conversation. There is an important balance between over-promising science and technology solutions, and the outcomes that are delivered. There is also an important balance for facilitating trust when introducing a new concept or idea to customers and consumers. Right now, as we celebrate the country's covid success to date, New Zealand is in a prime position to achieve the correct balances.

## What's next?

Covid19 has resulted in unprecedented disruption. People have changed the way they live, the way they act and the way they think.

Because trust has been placed on science, it is likely the greatest beneficiary of this pandemic, with the general public once again willing to prioritise the opinions of educated professionals and experts over celebrities and social media influencers.

As a result, there is now a significant opportunity for scientists, innovators and the food and fibre sector to develop and push for a biotechnology strategy in New Zealand.

New Zealand has substantial unallocated funding in the Government's Covid-19 budget, an expert scientific community receiving below OECD average R&D funding, and a food and fibre sector poised to carry the country through an economic crisis. The prospect of unlocking production, environmental and value-add gains on a platform of the Now Normal world, could just enhance the trajectory of our sector and our country's future.

### Jack Keeyes

Agri-Food Research & Insights Analyst  
KPMG Auckland



## Fisheries

[Sea Shepherd files lawsuit to block New Zealand seafood exports to US in bid to protect Māui dolphin](#) [22 May, Sea Shepherd NZ- Press release, Scoop Independent News] Environmental group Sea Shepherd filed a lawsuit on Friday in a bid to block New Zealand seafood exports to the United States. They reported that this will help to protect the Māui dolphin from extinction. The lawsuit was filed against the US Department of Commerce, the Department of Homeland Security, NOAA Fisheries and the US Treasury Department. These agencies have failed to take legally mandated action to ban imports from the New Zealand fisheries that are driving the Māui dolphin to extinction. Sea Shepherd report that fisheries continue to use techniques which ensnare up to three Māui dolphins a year. Jeremy Helson, Chief Executive of Seafood New Zealand reports that there have been no reported Māui dolphin deaths due to fishing since 2002, and states that he believes the lawsuit is a tactical move to panic the Government into action. It has been stated that every dolphin killed will increase the chances of the Māui dolphin becoming extinct, with an estimated 60 of the dolphins left. A threat management plan for Māui and Hector's dolphins is currently being considered by the Government after consultation last year.



## Rural Communities

[Demand for food parcels levels off, but could return, Sallies says](#) [22 May, Sarah Robson, RNZ] The Salvation Army have warned that a second wave of Covid-19 hardship could be on the way as unemployment grows. Last week, the charity handed out 3,000 parcels, which is half the number that was distributed during the peak of lockdown. This amount is still double the amount that was being handed out prior to alert level 4. The Salvation Army reports that it is grateful for the help it has

received from the Government in funding, however states that this was not a long-term solution to the issue of food insecurity in New Zealand. They have stated that the social impact of the pandemic will be devastating to many New Zealand citizens and existing inequalities will magnify this.



## Arable

[Trial shows humates boost grass](#)

[20 May, Neal Wallace, Farmers Weekly] A recent five-year research trial has shown that humates, originating from the lowest quality coal have major benefits in boosting pasture growth. Southern Humates Owner Malcolm Sinclair reports that humates form as organic compounds and have been historically claimed as able to boost soil fertility through altering bacterial populations. The new research has shown that humates used with urea fertiliser can boost pasture production by up to 15 percent compared to urea alone. Initial research has found humates might reduce the amount of nitrogen available for leaching by helping plant root systems and microbiomes better contain nutrients.



## Agribusiness

[Food ministry would seize covid moment](#) [22 May, Richard Rennie,

Farmers Weekly] Food Writer Lauraine Jacobs believes New Zealand is well placed to support, nurture and promote New Zealand food after the country has been put in the spotlight due to our successful efforts dealing with Covid-19. Mrs Jacobs believes having a Ministry of Food would help to ensure New Zealand's high-quality produce gets the attention it deserves, as it would focus on the entire supply chain.

[Farmers feel the love](#) [22 May, Neal Wallace, Farmers Weekly] Renewed trust in the primary sector is being shown by the New Zealand Government and its officials. With New

Zealand's tourism industry suffering because of Covid-19, there is pressure on the primary sector to pull the country through the current economic burden of the pandemic. DairyNZ Chief Executive Dr Tim Mackle reports that the Government is making more of an effort to consult food producers towards new policy. Mr Mackle states that the primary sector has been given the economic burden, and that the impending freshwater and climate change policies need to be looked at in a different light. Beef + Lamb NZ Chief Executive Sam McIvor states that the trust is the best he has seen in years, and reports that it has been strengthened as the primary industries have worked with the Government to get through the Covid-19 response.



## Horticulture

[Influx of potatoes from Europe could 'decimate' NZ industry](#) [24

May, Cushla Norman, 1 News] The New Zealand potato industry have asked the Government to take emergency intervention and prevent European growers from flooding the market with frozen fries which would place New Zealand growers and employees at risk. Potato Farmer Tim Pike reports that if Europe sends their frozen fries to New Zealand, it has the potential to seriously hurt farmers. Europe is facing a major overstock of potatoes due to lockdowns. Potatoes New Zealand's Chief Executive Chris Claridge reports an influx in overseas potatoes would destroy New Zealand's potato industry. Usually, around 15 percent of New Zealand's fries are imported.

[Kiwifruit grower hopes to recover from 'king-hit' drought that cost him his crop](#) [26 May, Kelley Tantau, Stuff NZ] Orchardist Chris McHardy reports that the current drought has resulted in him losing 40 percent of his kiwifruit crop. According to NIWA's New Zealand Drought Index, the Waikato district has spent 61 days in drought. This year is the first of three for Mr McHardy as he transitions to become organic so

is particularly hard-hitting. The orchard only produced 10,000 trays of kiwifruit this year compared to previous years of 30,000 Class 1 kiwifruit. Mr McHardy states that the drought has resulted in them unsure if they will be able to recover from the hits, as it has not generated enough money for them to re-crop their entire orchard. Mr McHardy states that a downpour of rain is their only hope going forward.



## Food Innovation

[Covid not all bad for food firms](#) [20 May, Richard Rennie, Agribusiness]

FoodHQ Chief Executive Dr Abby Thompson reports that some food and beverage firms are doing well throughout the Covid-19 pandemic and over two-thirds of firms they surveyed are positive about the next 12 months. Dr Thompson reports that many firms have quickly reacted to changes in consumer buying behaviour which is encouraging for the sector. 50 percent of the 300 firms surveyed have changed how and where they sell their products, with many shifting into a digital space. Christchurch walnut grower co-operative Trickett's Grove has had a 500 percent increase in their online sales over the past couple of months. General Manager Shane McKenzie reports that it seems there is a movement within New Zealand with citizens supporting smaller producers online.



## Environment & Emissions

[RA 20 virus danger to NZ farming](#) [20 May, Dr Doug Edmeades, Rural News] Doctor Douglas Edmeades reports that the regenerative agriculture trend could damage the New Zealand economy in the long term. Dr Edmeades argues that New Zealand has spent generations creating our science-based pastoral agricultural system and that we should not be led astray by a theory with limited scientific backing. Regenerative agriculture is described as a whole ecosystem

approach to farming. Dr Edmeades stated that soils do not make nutrients, they store them, so if products are not applied to farms, the nutrients in these systems must be replaced otherwise soil fertility will decline.

[Can I recycle this? The push to make plastic packaging labelling transparent](#) [20 May, Flora Southey, Food Navigator] The UN Environment Programme and Consumers International have set out five global recommendations for change to ensure plastic recycling becomes more transparent. It is estimated 8 million tonnes of plastic enters the marine environment each year. The UN have found that 19 percent of worldwide labels tested for ease of understanding were given a negative score, 19 percent were positive, and the rest received mixed or neutral responses. The five recommendations state that businesses should follow the Guidelines for 'Providing Product Sustainability Information' provided by the UN. Definitions about the content and reusability of plastic packaging need to be harmonised at a global level. Standards, labels and claims need to better reflect actual conditions. The use of the 'chasing arrows' symbol should be restricted to indicate recyclability and information and verified recycling guidance labels should be adopted and proper use enforced. All stakeholders need to work together to improve plastic pollution globally.

[Carbon-neutral dairy farming isn't just sustainable, it's more profitable too](#) [21 May, Prem Maan, The Spinoff] Southern Pastures' Prem Maan reports that not only is carbon-neutral farming sustainable, but it is also profitable. Mr Maan believes New Zealand should work together to become carbon neutral and then work to be a net extractor of atmospheric carbon. Mr Maan suggests the Government could motivate farmers by educating them and rewarding them for improving soil carbon sequestration as well as preserving nutrients on farm and reducing methane emissions. Mr Maan believes by incentivising pastoral farmers to make change

could achieve results a lot more quickly than through regulations. Mr Maan states that he believes sustainably farmed, carbon-neutral products will be able to achieve premiums in the market.

['Surge of interest from US' in Kiwi bikinis made from recycled fishnets](#) [24 May, Voxy.co.nz] New Zealand swimwear company Kalakoa have seen a surge in demand from US customers, as certain parts of the company emerge from lockdown. The New Zealand designed bikinis are made from recycled fishing nets and reclaimed plastic bottles. Former Lifesaving Champion Toni Burke created the range to meet the needs of sustainability-conscious customers. The company has seen a 300 percent increase in site traffic over two days and is now shipping to their growing customer base in the northern hemisphere. The bikinis come in biodegradable packaging, and any New Zealand orders are sent in compostable bags. Mrs Burke would like to expand the business and create a range for all family members including trunks for men, maternity and children's swimwear. Mrs Burke was unable to find a New Zealand manufacturer so reports all her products are handmade in Bali and she has visited the manufacturer to check their ethical work practices are sound.



## Viticulture

[Flat future: Garçon Wines eyes Oceania and China with 'sustainable' wine bottles that fit through letterbox](#) [21 May, Guan Yu Lim, Food Navigator] UK-based wine packaging and wholesaler Garçon Wines is looking at targeting New Zealand, Australia and China with its flat PET wine bottles that are able to fit through a letterbox. The PET material is recycled, and the company states that this could help the wine industry to reduce greenhouse gas emissions. The bottles are designed to contain the standard volume of wine (750ml). Marketing Manager Eleanor Brooker states that the durable PET

bottles will not require secondary packaging that is commonly used for glass bottles.

[Kiwi winemakers team up with Sarah Jessica Parker for virtual wine tasting](#) [24 May, Bevan Hurley, Stuff NZ] US Actress Sarah Jessica Parker is teaming up with Waikato-based Invivo winemakers to showcase their new Invivo x SJP Rosé. Invivo Co-Founders Rob Cameron and Tim Lightbourne are hosting a virtual tasting session this week with Mrs Parker tuning in from New York. Thousands are expected to tune into the showcase. Mr Lightbourne reports that it will be a great opportunity to showcase the New Zealand wine industry to the biggest online retailer in the US market. Invivo have been working with the actress since last year, and Mrs Parker has been closely involved in the marketing and distribution of the wine. The launch of the SJP Invivo sauvignon blanc at a store on Madison Ave in New York resulted in queues down the street. Mr Lightbourne reported despite the lockdown, wine lovers could look forward to a vintage crop from the 2020 harvest.

[Taking NZ wine carbon neutral to lure younger buyers](#) [25 May, Jono Galuszka, Stuff NZ] 3sixty2 Founder and Winemaker Alice Rule started to focus on reducing carbon emissions when she started her company and aims to be carbon neutral by 2023. Mrs Rule states that this is achievable, as being a smaller producer allows them to be more agile than larger winemakers. Reducing emissions has become a key issue for producers and growers, with New Zealand Winegrowers announcing its intention for the industry to be carbon neutral by 2050. Villa Maria's Business Sustainability and Risk Manager Karen Titulaer states that reducing carbon emissions are the main focus of her role at the country's largest family-owned winemaker. The industry has not become more carbon intensive over time but has become more aware of the impact wine has on the planet. Mrs Titulaer states that whilst glass bottles are easily recyclable and better for the long-term quality of wine, they are far heavier

than alternatives such as cans or bag-in-box. Villa Maria have made a number of changes over the years to focus on reducing carbon emissions including changes in packaging and including more recycled materials in their glass bottles.

[Project to explore turning waste into hand sanitiser](#) [26 May, Maia Hart, Stuff NZ] The Ministry of Business and Innovation (MBIE) has awarded \$84,700 in funding to Bragato Research Institute (BRI) for a pilot study exploring turning grape marc into hand sanitiser. Grape marc consists of stems and seeds leftover after pressing, and in Marlborough, this waste can total up to 46,000 tonnes a year. The study is aimed at turning grape marc into ethanol and any sanitiser produced in the initial eight-month study will be donated to Marlborough health workers and first responders. BRI Chief Executive MJ Loza reports that the industry has been looking at ways to turn their waste into a value stream for a while, and that the study holds great potential. Grape marc is rich in valuable compounds, however Mr Loza states that the challenge lies in finding a new economy for it without creating a bigger environmental footprint. The project will be led by Winery Research Manager Dr Tanya Rutan and Research Programme Manager Dr Matias Kinzurik.



## Pork

[Coronavirus: Govt buying 2000 pigs a week as industry struggles with surplus](#) [21 May, Esther Taunton, Stuff NZ] The Government have agreed to buy some of the country's surplus pork, in amounts of up to 2,000 pigs per week. Because independent butchers were unable to open during alert levels 3 and 4, the surplus of pigs on farm in New Zealand was up to 5,000 pigs a week. The Government will be delivering the pork to foodbanks by food rescue network KiwiHarvest. NZ Pork Chief Executive David Baines reports the initiative was win-win as it will help to cut down on surplus pigs whilst feeding those who



need it most. Pork wholesalers will have a contract with MPI and be paid a flat price per kilogram for the meat. Mr Baines reports that New Zealanders should still choose New Zealand-produced pork to help ease the burden on both farmers and animals.



## Farmers & Producers

[Agriculture minister announces \\$500,000 assistance for drought-stricken farmers](#) [19 May, Bonnie Flaws, Stuff NZ] Agriculture Minister Damien O'Connor has announced that the Government will provide \$500,000 to a drought relief fund to help farmers. The drought relief fund has been established to secure a line of transport to take feed to farms, and also alleviate farmer's financial burdens. Feed is currently in short supply in the North Island and is being shipped up from the South Island for farmers which is a cost heavy exercise. The Ministry for Primary Industries have established national feed co-ordinators to help farmers. The Civil Defence Rural Advisory Group, the lead agency for the drought response, will establish criteria and the process for distributing the funding. The funding will build on existing support that had already been made available, totalling over \$17.

[Zero bobby calves for Waimate dairy farming couple](#) [21 May, Stuff NZ] Dairy Farmers Ryan and Billie Moffat milk 460 cows on their property and do not have any bobby calves. They state that this is because of the versatility of their Holstein Friesian cattle, which have strong demand in the market. The Moffat's have 313 registered pedigree Holstein Friesians, including young stock, and are keen to grow the number. The Moffat's trade under the name Deltop Dairy Limited. They featured heavily in the 2018-19 production results for registered Holstein Friesian cows, including being the top producing protein herd in the Canterbury/Westland ward, with an average of 312 kg/cow (3.6%). They ranked 9th highest in the country. The Moffat's

were second highest in their ward for fat, with an average of 337kg/cow (3.9%).

[Manawatū farmers donate feed to drought-stricken Hawke's Bay farms](#) [21 May, Sam Kilmister, Stuff NZ] Manawatū farmers are sending bales of hay to Hawke's Bay farmers suffering in the current drought conditions. Mills Contracting transported 48 bales on 21 May and will deliver more next week. Organiser Nick Eames reports that despite Manawatū also facing drought conditions, every Manawatū farmer he has contacted have donated at least one bale to the worse-off area, with some donating 10. Federated Farmers Manawatū Spokesman Mike Hoggard stated farmers had chewed through much of their winter feed to keep stock running throughout the summer. Farmers in Wairarapa have organised similar feed runs.



## Apiculture

[Rotorua club agrees with importance of awareness from World Bee Day](#) [22 May, Shauni James, The Country] Rotorua Honey Bee Club is using the United Nations World Bee Day to raise awareness surrounding bees. New Zealand has recently been rated seventh in the world for bee population growth over the last decade. President Kim Poynter reports that awareness of bees is essential as what products people use in their gardens will affect bees. For example, pesticides should only be applied if flowers are not blooming and in the early morning or late at night. Apiculture New Zealand Chief Executive Karin Kos states it has been encouraging to see the growth in the industry supported by an ongoing interest in beekeeping as a career. Another way to support bees is to buy New Zealand honey.

[NZ Post apologises to Southland honey shop for postal 'frustrations'](#) [24 May, Rachael Kelly, Stuff NZ] Southland Business Owner Tony Sparks reports that ongoing postal issues has resulted in his honey business struggling to survive. Mr



Sparkes owns Garston Stables and the Hunny Shop and reports he is fighting as hard as he can for his business' survival. A NZ Post Spokesperson has reported they are working with Mr Sparks to resolve his concerns which include poor communication about requirements and cost. Mr Sparks has transitioned to online sales due to few tourists being on the roads, where most of his normal business will come from. Mr Sparks reports that he has struggled to get responses from mid-level management at NZ Post, and has faced long delays in Reponses.



## Agri-Tech

[NZ agritech to get a Govt push](#) [21 May, Mark Daniel, Rural News]

The Ministry of Innovation, Business and Employment has identified the New Zealand agri-tech sector as part of one of six sectors that would benefit from Government support to raise local and export earnings. The Draft Agritech Industry Transformation Plan (ITP) Lead David Downs reports that the number of new entrants to the sector is relatively low, despite the top 20 New Zealand technology companies generating \$1.4 billion in revenue in 2019. There is potential for the agri-tech sector to become a high export earner and will also provide home-based advantages such as increased productivity and sustainability on farms. The plan will be moving forward with several high impact projects such as the establishment of a Horticultural Robotics Academy. A second project will be participation in the Farm 2050 Global Network Project. The ITP will address core issues in the sector, such as connecting New Zealand agri-tech to global opportunities and will involve upskilling current workers as well as attracting new ones.

[Crop farmers get a new interface](#) [21 May, Annette Scott, Farmers Weekly] ProductionWise and Overseer have been integrated, which is expected to make nutrient management reporting faster and cheaper for cropping farmers. The two technical teams have been planning the integration last January. Macfarlane

Rural Business Consultant Mark Everest helped to construct and then trial the new programme. Mr Everest reports that the end result has been very successful, and that the new integration potentially reduces time used in preparing nutrient budgets by 50 percent. Its main limitation is around the use of default options for management practices and inputs that are aligned to those in OverseerFM but the operator can change or refine inputs in the platform before exporting to OverseerFM. The team are welcoming feedback on the new system.

## [ROBOT SHEEP DOG HERDS ANIMALS IN NEW ZEALAND](#) [22 May, Independent News UK]

New Zealand farmers have trialled a four-legged robot to herd sheep, patrol fields and perform other agricultural tasks. The robotic dog was developed by Boston Dynamics based in Massachusetts equipped with software from robotics company roco. The dog was controlled remotely to shepherd sheep across a mountain-side and has the ability to traverse rough terrain as well as climb stairs and open doors. One was recently adapted to enforce social distancing measure in a park in Singapore.



## Water

[Cash boost for aquifer recharge](#) [21 May, Annette Scott, Farmers

Weekly] The Provincial Growth Fund is investing \$950,000 to complete feasibility and pilot work on the managed aquifer recharge (MAR) project in Canterbury which is aimed at improving groundwater quality and quantity. The MAR trial is New Zealand's largest groundwater rehabilitation project and is community-led. The trial is now entering its fourth year and has 12 active recharge sites. Regional Economic Development Minister Shane Jones has reported that the extra funding will help the project to complete its feasibility investigations and finalise its business case. The money will go to the Hekeao Hinds Water Enhancement Trust that governs the project, and MAR will operate as a community scheme, project-managed and

self-funded through the trust. The remaining \$10 million needed for the project is likely to be funded by farmers.



## Red Meat

[Meat company wage subsidies saved jobs, industry says](#) [20 May,

Bonnie Flaws, Stuff NZ] Large meat processing companies, Anzco Foods, Silver Fern Farms and Alliance Group have reported that the wage subsidy they have received from the Government has kept workers in employment and any excess funds will be given back to the Government. Anzco reported that at times during the lockdown, over 600 of their employees were unable to work, so the subsidy helped to ensure they had income security. Meat Workers Union President Mike Nahu has stated wide-spread redundancies in the sector had not taken place and seasonal layoffs that would normally be expected were saved because social distancing at the plants lengthened the killing season.

[Strong seasons set up venison industry to weather Covid-19 storm – Rabobank](#) [20 May, Voxy.co.nz] Rabobank Animal Proteins Analyst Blake Holgate reports that several strong seasons in a row for venison exports have resulted in New Zealand's venison farmers being prepared to overcome the trade disruptions cause by Covid-19. Mr Holgate reports that during the last five years, the US have significantly increased their demand for New Zealand venison, and there have been strong sales in Germany and Belgium. Mr Holgate stated the impacts of the coronavirus on the global food service sector had significantly affected venison demand as it is a premium product, however the challenges following from Covid-19 will evolve as the year progresses. Mr Holgate stated that the deer industry is well-diversified.

[Lamb shank the Kiwi favourite](#) [25 May, Farmers Weekly] The lamb shank has been voted as New

Zealand's favourite lamb cut in the Great Kiwi Lamb Off, after seven rounds and 22,000 votes. Beef + Lamb NZ Chief Executive Rod Slater reports that the shank hasn't always been held in such high regard, and when he first worked as a butcher, it was given away as dog food. Michael Coughlin, a B+L NZ Platinum Ambassador Chef and Brand Ambassador for Provenance Lamb stated that chefs have played a large part in elevating the cut, as they utilise the whole carcass in a range of creative ways.



## Dairy

[Farmers say Fonterra's lower milk price disappointing but expected](#) [21

May, Bonnie Flaws, Stuff NZ] Chairman John Monaghan reported that the current season's farmgate milk price will sit between \$7.10-7.30/kgms in response to a drop-in demand. The previous range was \$7.00-7.60. Waikato Dairy Farmer Andrew McGiven responded by stating he was disappointed at the announcement, but not surprised by the outcome. Southland Federated Farmers Dairy Chairman Hadliegh Germann reported the profit is reflective of the fact that Fonterra had been working in a challenging economic environment.

[Fonterra weathers COVID-19 storm](#) [21 May, DairyNews] Fonterra Co-operative Group have announced a profit of \$815 million before tax in the nine months to 30 April, which is up by \$301 million on the same period in the prior year. Fonterra Chief Executive Miles Hurrell stated that their work to improve the balance sheet for this year has paid off, and that the co-operative is drawing on its global supply chain, diverse product and strong customer base in order to minimise disruptions during the Covid-19 pandemic. The co-operative export 95 percent of their products. All three of Fonterra's business units have delivered a good performance for the year to date, despite the negative impact COVID-19 had on the foodservice business in the third quarter.

[Milk price impacts vary widely](#) [22 May, Hugh Stringleman, Farmers Weekly] Fonterra Co-operative group have reduced the mid-point of its milk price forecast for next season by \$1/kg. They have released an opening forecast of between \$5.40-6.90/kg. DairyNZ Chief Executive Dr Tim Mackle reports that a break-even figure of less than \$5.75/kg is achievable for most farmers, with reduced spending and restrictions on capital expenditure and personal drawings. Fonterra has not yet decided whether a dividend will be paid this year due to global market uncertainties. The mid-point for the season will be \$7.20. Fonterra's Chairman John Monaghan's two-year term is coming to an end in November, and he states that the fourth quarter looks to be challenging for the co-operative due to the global market uncertainties. Fonterra's Chief Executive Miles Hurrell states that the effects of Covid-19 on the ingredients arm of the co-operative were minimised due to advance contracting and consumers stockpiled products for the lockdown. Food service has recovered in China; however shutdowns are affecting Oceania, Southeast Asia and Latin America.

closed export markets. The association is urging consumers to buy Stilton and other British cheese to support the industry and help prevent producers going out of business. The association is looking at alternative distribution channels such as mail order, to help get the cheese to their customers.

[China's food delivery giant Meituan hits \\$100B valuation amid pandemic](#) [26 May, Rita Lao, Tech Crunch] Hong Kong's food delivery service Meituan's shares hit a record high this week, bringing its valuation to over US\$100 billion (NZ\$162 billion). The firm is the third Chinese company to hit the landmark valuation after Tencent and Alibaba. Lockdowns have resulted in an increased need for food delivery, however Chinese consumers have been spending less as a result of a worsening economy. Premium restaurants have recently joined the food delivery service which has resulted in the increase value per order increasing by 14.4 percent.



## International

[Kenyan agritech startup Apollo Agriculture raises \\$6m round](#) [21

May, Ventureburn] Kenyan agri-tech startup Apollo Agriculture has raised US\$6-million (approx. NZ\$9.9 million) Series-A investment round, led by Anthemis Exponential Ventures. The Nairobi-based start-up runs a platform that helps small farmers to improve their profitability through offering financing and insurance as well as farming products and advice. The company have served 20,000 customers in 2020 alone.

[British cheesemakers call on consumers to buy Stilton as sales plummet 30%](#) [25 May, Oliver Morrison, Food Navigator] The UK's Stilton Cheese Makers Association have reported that sales of stilton have declined by up to 30 percent, due to the closure of the hospitality and event industry, along with farmers markets and

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

3sixty2  
Alibaba  
Alliance Group  
Anthemis Exponential Ventures  
Anzco Foods  
Apiculture New Zealand  
Apollo Agriculture  
Beef + Lamb NZ  
Boston Dynamics  
Bragato Research Institute (BRI)  
Civil Defence Rural Advisory Group  
DairyNZ  
Federated Farmers  
Fonterra Cooperative Group  
FoodHQ  
Garçon Wines  
Garston Stables  
Hekeao Hinds Water Enhancement Trust  
Hunny Shop  
Invivo  
Kalakoa  
KiwiHarvest  
Macfarlane Rural Business  
Meat Workers Union  
Meituan  
Mills Contracting  
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Ministry of Innovation, Business and Employment  
New Zealand Winegrowers  
NIWA  
NZ Pork  
NZ Post  
Potatoes New Zealand  
Rocos  
Rotorua Honey Bee Club  
Salvation Army  
Sea Shepherd NZ  
Seafood New Zealand  
Silver Fern Farms  
Southern Humates

Southern Pastures  
Stilton Cheese Makers Association  
Tencent  
Trickett's Grove  
Villa Maria

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