



AGRIBUSINESS

Field Notes

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04 June 2020 – This week's headlines



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What if the world went vegan – it could never happen....or could it?

A couple of weeks ago I was asked by the organisers of The Sustainability Conference to address the question what the economic and social implications on New Zealand would be if the world went vegan. My initial reaction was it is impossible, but I would have said the same about the question what if the world stopped travelling less than three months ago. In preparing for the talk I watched a couple of very slick documentaries making the case for transitioning to a vegan diet and then considered what impact how these factors may impact a 100% vegan world:

— There would be a loss in value in many agricultural assets, including land, used for farming animals when animal production offers the highest economic return. Such a loss would likely impact the ability of land owners to maintain and enhance their land with potential negative environmental impacts. It could also result in land being swapped into forestry for carbon offset purposes, which would likely impact on the viability of rural communities (and provide polluters around the world a free pass

from leaning into the transition issues facing their business operations). It is worth noting that not all land will be able to converted to plant based agriculture and there will be a significant cost to convert some land.

— Assuming our climates evolve as models suggest, most of our core plant-based food will come from a few regions in the world where extensive broad acre cropping can be undertaken, with Siberia likely becoming the centre of the world food system. The resilience of global food supply chains has been tested by the pandemic, adding the inherent geopolitical risks associated with Russia into the heart of the food system does not suggest a more resilient system.

— We would need to address what happens to the existing inventory of production animals and this would depend on the timeframe over which the transition occurs. The faster the transition the more likely we create animal welfare issues as breeding stocks are reduced. However, once these issues are addressed, in theory, we eliminate welfare issues from the food system, something that could take decades to achieve with current

practices, even with strict enforcement of zero tolerance rules.

— We would need to find effective bioproduct or synthetic alternatives for the co-product uses of animals – this could be a particular issue in relation to healthcare where co-products are used for lifesaving treatments and are currently being utilised in the search for a Covid-19 vaccine. While rapid progress is being made with bioproduct innovation, I am not sure we are close to having sustainable alternatives for all co-product uses of animals. A switch to a vegan system would mean we would have to accept some aspects of life we take for granted no longer being available to us.

— It is also worth noting we are naturally omnivores; our bodies are designed to handle a mix of plant and animal products. Many of us don't do a great job of managing our diet and, as a consequence, our health as omnivores. While many vegans are successful in leading healthy lives, it takes time and effort to produce interesting and exciting vegan food (this was proven by my own 6-hour experiment to create vegan 'tuna' over the holiday weekend). I am not sure what our community health outcomes would be if the whole population was solely vegan – you can envisage food related health issues equal to if not worse than we are already achieving if we did not invest in the necessary education and training.

— There is no doubt that animal-based agriculture has impacts on soil and water. By removing animals from our farming systems, the environmental impact of farming would likely reduce, although there is recent research suggesting that animal manure contributes significantly to the long-term health of soils. However, we would need to think carefully about the alternative farming systems we use and the products we grow so that we do not to move into other forms of monoculture cropping or forestry, which further reduce biodiversity or enhance environmental resilience.

— I am also not clear what the long-term impact on greenhouse gas emissions would be from a shift to a vegan society. Clearly, we would see immediate reductions in GHG's related to animal production – particularly methane – however I am not certain this would result in an overall long-term reduction in the footprint of food in New Zealand. The need to source more of our base protein internationally, and the increased processing and shipping requirements for a solely plant based system comes with a new carbon footprint – it would be interesting to understand what this would look like in comparison to our current free range, animal farming systems.

Having worked this through, it was clear that there were positives and negatives to many aspects of making a shift to an entirely vegan based food system.

My personal view remains that such a dramatic pivot in the food system remains very unlikely. As I noted in a post a few weeks ago, the food we eat is intrinsically connected to our values, our beliefs and our culture. To ask or require every New Zealander to make such a change and override these important elements of their individual personalities seems unthinkable based on my understanding of our society (that said we have seen how quickly the unthinkable can become reality in the last few months). As we discuss in our Now Normal publication on the food system post Covid-19 (<https://assets.kpmg/content/dam/kpmg/nz/pdf/2020/05/agri-food-now-normal-future.pdf>) the pandemic will impact how people interact with food. The desire to stay healthy, the need to respond to revised earning capacity and concerns around the safety of the food system will all result in people making more conscious choices around the food they eat and could result in growing demand for novel plant-based foods.

The transition of the food system started some years ago, with more people thinking about the amount of food they are eating and the mix

between plant and animal, either for health or environmental reasons. The most likely scenario for the global food system is that this transition continues steadily over time. The disruptor to this could be the emergence of the next generation of novel foods – food designed to fit within our lifestyles and provide targeted nutrition, rather than replicating the foods we have always eaten which were designed to fit our lives last century. Current food innovation remains focused on products that support people to transition their diets to more healthy, sustainable foundations and as a consequence I do not see a dramatic pivot away from animal products in near future for New Zealand's farming systems.

There is no doubt that plant and animal food systems will co-exist – with both becoming more sustainable and more able to articulate the health benefits they bring to people. For me, the position for NZ is be the home of good, sustainably produced food regardless of whether it comes from a plant or an animal.

Ian Proudfoot

Global Head of Agribusiness
KPMG- Auckland



Fisheries

[Reduced toothfish catch impacts Sanford first half](#) [28 May, Brent

Melville, The Country] Sanford faced an 8 percent drop in wild catch sales volumes for the first half of the financial year and also reduced revenue of 7 percent to \$245.5 million. The reduced catch as well as softer pricing for toothfish and hoki due to Covid-19 resulted in the lower earnings. After the results announcement, Sanford shares dropped by 6 percent to \$6.94. Chief Financial Officer Katherine Turner stated that whilst the pandemic has impacted operations, other value-adding parts of their business are starting to perform well. This includes the greenshell mussel unit, which saw a 13 percent increase. The company have reduced their capital expenditure for the foreseeable future.

[Coronavirus hits Sanford's first-half earnings](#) [28 May, Esther Taunton, Stuff NZ] Sanford Chief Executive Volker Kuntzsch reports that it is unlikely that the company will be able to make up its first-half earnings shortfall, which dropped by 17 percent, down 3.9 million from the same period last year. Chief Financial Officer Katherine Turner reports that being an essential business offered the company some protection against the impacts of the New Zealand Government's pandemic response, however stated that the issues they face are now on the demand side, as consumer behaviour has shifted. Chief Executive Volker Kuntzsch mentioned that whilst the overall interim result was below expectations, there was clear strength shown in their salmon and greenshell mussels. The company have announced that they will pay out an interim dividend of 5 cents per share.

[Andrew Dickens: Marine life is dying, time to stop fishing](#) [29 May, Andrew Dickens, The Country] LegaSea and the New Zealand Sport Fishing Council have presented a fisheries reform plan to the Government. The group's report that change is needed urgently in New

Zealand in order to address the depletion of fish and loss of biodiversity. New Zealand's marine ecosystems are suffering due to excess fishing and stormwater and sewage overflows.



Agribusiness Education

[Funds for Katikati facility grow during lockdown](#) [28 May, Bay of Plenty Times, The Country] \$110,000 has now been donated to the Katikati Innovative Horticulture Project, which has been established to bring together educational skills and training providers in one space to provide pathways into horticulture. Innovative Horticulture Manager Hilary Johnson reports that such a centre is urgently needed in the area, as it is expected that the kiwifruit industry alone will offer 14,329 jobs in the next ten years and increase the Bay of Plenty region's GDP by 135 percent. The project needs to raise \$430,000 by September 2020 in order to build the facility, and a further \$125,000 is needed for operational expenses. The project does not meet Government funding requirements, so is relying on those in the horticulture industry and wider public to fund it. Notable donors so far include Zespri as well as The Department of Internal Affairs Lottery Community Fund.

[Horticulture Student's Drive To Push NZ's High-quality Produce Around The Globe Is Rewarded](#)

[02 June, Agcarm- Press Release, Scoop Independent News] Alexander Tomkins has been awarded Agcarm's horticulture scholarship. Miss Tomkins is in her third year of a Bachelor of AgriCommerce at Massey University and has reported she will put her winnings towards paying off her student loan. Miss Tomkins is driven by New Zealand's journey of high-quality food from farmer to fork and intends to share New Zealand's story and encourage the food industry to become more consumer-centric and sustainable. Her interest in horticulture was ignited when living in Asia for six of her schooling years. Agcarm Chief Executive Mark Ross stated that the association is proud to

support such a dedicated, enthusiastic, bright and bubbly person, and believes that she will do well as a leader in the industry.



Aquaculture

[Hello Fresh deal provides a lifeline for salmon farmer](#)

[28 May, Bonnie Flaws, Stuff NZ] Akaroa Salmon report that a supply deal with global meal kit company Hello Fresh has been crucial in keeping their business going during the Covid-19 pandemic. The company supplied Hello Fresh with its first shipment of salmon in early March. By the end of March, 80 percent of Akaroa Salmon's customer base of restaurants and hospitality businesses had closed due to the pandemic, however Hello Fresh continued to operate. Managing Director Duncan Bates reports that they negotiated to supply Hello Fresh once a fortnight, instead of every six to eight weeks. Mr Bates reports that the Akaroa Salmon name is included in the meal box packaging, which has given the company more exposure. Akaroa Salmon now has an online shop, and also managed to divert some sales to supermarkets. Hello Fresh recently launched in Canterbury and had plans to roll out through the rest of the South Island over the next few months.



Agribusiness

[Stress pockets in agricultural lending](#)

[29 May, Hugh Stringleman, Farmers Weekly] The Reserve Bank has reported that the agriculture sector has fared relatively well during the Covid-19 pandemic, however stated that vulnerabilities in the sector still remain. The Reserve Bank state that certain pockets of dairy lending remain from the 2015 downturn which is a concern and in total, 13 percent of loans are lent to the agriculture sector, with two-thirds is for dairy farming. The industry is vulnerable due to its reliance on global commodity prices. Further stressors have been caused by persistent drought this year in

Northland, Auckland, North Waikato and Hawke's Bay. Dairy prices in New Zealand dollar terms have fallen by about 8% since January while milk price futures for the 2021 season have fallen to about \$6/kg milksolids. ANZ Senior Economist Liz Kendall reports that other pockets of the primary sector are also vulnerable such as forestry, due to trade disruptions and possible export falls due to the Covid-19 pandemic.



Horticulture

[Country Calendar: Brothers forge new career farming lavender in Wanaka](#) [28 May, Melenie Parkes, Stuff NZ] Brothers Stef and Tim Zeestraten operate a lavender farm in Wanaka to allow them to enjoy their recreational pursuit of snowboarding whilst owning a business. Wanaka Lavender Farm has lavender, farm animals, a shop with an array of lavender products and a tea room which offers treats such as a unique ice-cream made by Pure New Zealand. Mr Zeestraten reports that when used correctly, lavender can enhance the flavours in food, but can be "horrible" when overused. Coffee is not used in the tea-room as its aroma can overpower the gentle scent of lavender.



Forestry

[Wild about wilding pines](#) [01 June, Rachael Kelly, Stuff NZ] The Mid Dome Wilding Trees Charitable Trust has spent \$10m eradicating wilding trees from Northern Southland. The trust is upset that the Southland District Council have given resource consent to Mataura Valley Station to be planted out in mainly Douglas fir and is seeking advice from Government ministers. A non-notified consent has been issued with some of the trees being planted being listed on Environment Southland's Regional Pest Management Plan. A wilding pine such as Douglas fir is able to spread from existing plantations and can germinate and grow in unwanted places. It is not known whether the

resource consent for the tree means the station will be used for forestry or for carbon farming. Director Graham Arthur Hand of Mataura-Chimneys Ltd which owns Mataura Valley Station states that they are not planning to plant in the next while and have done everything the council required it to do. Federated Farmers, Forest and Bird and the Department of Conservation are also upset about the consent being issued.



Environment & Emissions

[Striking a balance](#) [29 May, Colin Williscroft, Farmers Weekly] Environment Minister David Parker reports that since 1990, there has been a sevenfold increase in the amount of synthetic nitrogen applied in New Zealand. New rules are being established that will cap synthetic nitrogen fertiliser use on pastoral farms from mid-2022, and dairy farmers will be required to report annually to regional councils. Agriculture Minister Damien O'Connor said about 80% of dairy farmers won't be affected by the cap though about 2000, mostly in Canterbury and Southland, might need to reduce their fertiliser use to stay under it. On the other hand, a proposed national bottom line for dissolved inorganic nitrogen has been put on the backburner for a year, after the advisory group has been unable to reach a consensus of what the level should be. Keeping stock out of waterways is another key part of the new programme, with compliance required by 01 July 2023 or 2025 depending on the stock type, activities and location. Resource consents will be needed for feedlots and stock holding areas, such as feed and winter pads, which do not meet minimum standards. To help farmers meet new standards the Government has established a \$700 million fund to create jobs in riparian and wetland planting, removing sediments and other initiatives to prevent farm run-off entering waterways.

[Govt reveals new cap, emissions budget, in ETS reform](#) [02 June, Jamie Morton, The Country]

The Government have announced changes to the Emissions Trading Scheme (ETS) to help fight climate change. The changes include setting a cap of 160 million tonnes of CO₂-equivalent greenhouse gases over 2021 to 2025, along with a provisional emission budget for the same period of 354 million tonnes. Other changes include price controls to act as a backstop when auctioning is introduced, and participants will receive access to the fixed price option to cover 2020 emissions. The second reading will occur in parliament today, with tweaks such as the inclusion of permanent forests in the ETS. Climate Change Minister James Shaw reports that the announced reforms would give businesses and foresters the certainty they'd been asking for. The Government is developing an on-farm emissions pricing system outside of the ETS for the agriculture sector, but if that failed, the sector would be brought into the scheme. Greenpeace's Executive Director, Russel Norman, argued that keeping agriculture out of the ETS was an oversight and will set the scheme up to fail.



Trade & Exports

[Kiwis urged to swear off foreign fries, choose NZ potatoes](#) [28 May,

Esther Taunton, Stuff NZ] NZ First MP Mark Patterson is urging New Zealanders to support the country's potato growers, as an influx of potatoes from Europe is expected. Potatoes NZ has reported that hundreds of local growing and processing jobs will be on the line if the Government does not place temporary limits on imports of frozen potato chips. The European Union looks to offload a 2.6 million tonne surplus due to the Covid-19 lockdowns. New Zealand potato growers currently supply approximately 85 per cent of the domestic market. The New Zealand lockdown has already put a strain on the industry as it flattened sales of both New Zealand processed and fresh potatoes.



Research & Development

[Top marks for bio-tech test](#) [28 May, Richard Rennie, Farmers Weekly] Biotech company Pictor's Chief Executive Howard Moore states that the new Mycoplasma bovis test that the company is developing will provide more sensitivity than the current one. The test can detect antibodies against multiple M bovis antigens rather than detecting antibodies against a single antigen, is fast to provide results, can be done cheaply and does not rely on specialist support equipment. Better diagnostics will play a role in accelerating eradication of the disease, which currently has a transmission rate of 0.4. Agriculture Minister Damien O'Connor announced that the delimiting phase will continue until 2021, then surveillance testing will run for seven years. The company is also working on testing for Covid-19 and has received \$500,000 in funding to support their endeavours.



Food Safety

[Kersia acquires Holchem to become Europe's second biggest](#)

[food safety company](#) [29 May, Katy Askew, Food Navigator] UK-based Holchem has been purchased from Ecolab by biosecurity and food safety company Kersia. The deal will make Kersia become Europe's second largest food safety company. The acquisition is being supported by additional capital from Ardian. Kersia's global operations platform spans across Northern Europe, North and South America, the Middle East and China. Holchem provides hygiene and food safety solutions and technology in the UK. Kersia view the UK as a key geography for the company and state Holchem's operations are complementary of their own. Following the acquisition Kersia's turnover will be over €300 million (approx. NZ\$531 million), and the company will operate in over 120 countries, with a workforce of at least 1500 people. Kersia aims to improve the

performance of the agri-food sector by preventing the spread of animal and human diseases.



Agri-Tech

[Consumer experience of online grocery must improve, says app](#)

[start-up](#) [28 May, Oliver Morrison, Food Navigator] Co-Founder of new the new KitchenPal app, Aditya Gaurav states that it aims to re-imagine grocery shopping by placing the consumer at the centre of the experience. KitchenPal aims to overcome the issues faced when buying groceries online by combining technology, data and AI. The app is a recipe finder, pantry manager and grocery list all in one. The app will recommend meal ideas based on ingredients consumers already have in their kitchens and users will receive alerts when their products and ingredients are expiring. The app already has 75,000 users in Europe and targets the 25-45 age range as they are independent and early adopters of technology. The app is now being rolled out in the UK, and also has markets in Asia Pacific.

[Cow collar lets farmers manage their cows remotely](#) [31 May, The Country] Smart-cow start-up Halter has teamed up with a select number of Waikato dairy farms to use cow collars with patented technology "Cowgorithm", which enables farmers to shift, manage and monitor herds remotely. Farmer Pete Morgan is looking forward to using the technology on his 630 cows as he states it will save him around three hours of work a day by being able to control herd movement and drafting remotely. The collar creates virtual fences, alerts farmers to bovine health needs and now has a new pasture management feature. Founder of Halter, Craig Piggott has reported that he is determined to solve pasture management. Halter is working towards rolling out its collars nationally as it begins its deployment in the Waikato this year.

[Technology collars ewe super mums](#) [02 June, Farmers Weekly] Mike Tate and Aimee Charteris have created Smart Shepherd which sells collars to help accurately identify lambs raised by each ewe and will also determine the strength of the mother-lamb bond. The technology has been found to be 98 percent accurate and replaces time-consuming visual matching or expensive DNA identification. 300 collars can be applied in an hour and match more than 1,000 lambs a day with their mothers. Smart Shepherd will lease farmers the collars as the need for them is during a short period in the season. Mr Tate and Mrs Charteris are now developing a proof for the technology to be used for commercial sheep farmers on a larger scale and have the support of a \$40,000 grant from the Ministry for Primary Industries' Sustainable Food and Fibres Futures Fund. Mr Tate can see the potential for data to be harvested on large commercial flocks being the foundation for developing a commercial ewe production index. Mr Tate reported NZ has struggled to get lambing percentages above 150% in recent years and access to Smart Shepherd data will be the next push for flock productivity gains.



Water

[River care group gets backing](#) [29 March, Farmers Weekly] King

Country River Care has received \$844,000 from the Government in funding to help improve freshwater quality and farming practices. The river catchment group involves more than 300 sheep, beef and dairy farmers and covers just under 1500 square kilometres. The group provides support, leadership and co-ordination to seven sub-catchment groups. The money will be used to support sub-catchment groups to connect and learn from each other as well as increasing the number of farm environment plans, sub-catchment action plans and on-farm field days.

[Water expert challenges standards](#) [02 June, Richard Rennie, Farmers Weekly] Professor

Russell Death is a member of the Government's technical advisory group on freshwater standards and reports that the latest package will fail to bring genuine reductions in nitrogen losses in many waterways. Professor Death believes the setting of allowable nitrogen levels should not be put off till next year. The Government states that this is because there is a lack of certainty around the science which underpins the numbers. Professor Death noted China has had nutrient limits similar to our proposed ones since 2012 and mentioned New Zealand's 190kg a hectare a year cap on synthetic nitrogen use is unlikely to have any significant effect given fertiliser is only a minor contributor to nitrogen losses compared to cow urine. Professor Death did state that there may be some short-term hardship for farmers who are pushing the limits on waterway impact, but that New Zealand's environment and future economy is worth the efforts.

[Sting in the tail — DairyNZ](#) [02 June, Rural News] DairyNZ reports that whilst the Government has taken on board dairy sector feedback in its revised Essential Freshwater package, issues still remain. Chief Executive Tim Mackle states that DairyNZ is pleased to see that the Government has made changes to some elements of their original proposal. Mr Mackle reports that there are still issues, such as the plan to revisit the dissolved inorganic nitrogen measure in 12 months, which could severely affect farmers who are taking significant action towards reducing their footprint. For example, in Canterbury's Selwyn and Hinds zones farmers are already working towards a 30% reduction in nitrogen. Under these new regulations, these reductions may need to increase to 70% to meet the standards being proposed.

[Feds frozen out of water reform talks](#) [02 June, Rural News] Federated Farmers have been frozen out of the Government's freshwater reforms since May 2019, when it was accused of leaking confidential briefing material about the reforms. Last week, Environment Minister David

Parker and Agriculture Minister Damien O'Connor, along with other ministry officials unveiled the new reforms in front of invited media at parliament. All industry stakeholders watched the launch online due to Covid-19 restrictions.



Red Meat

[ANZCO makes a \\$30m profit](#) [29 May, Rural News] ANZCO Foods recorded its highest ever revenue of \$1.7 billion for the year ended 31 December 2019. Chief Executive Peter Conley reported that in 2019. The company made record payments to farmers and stated that they have consistently paid premium prices compared to the wider industry. Mr Conley stated that market diversification was a key strategy during 2019. Mr Conley added that the company continued to offer a diversified portfolio of meat, value-add and healthcare products, with Japan, the UK, Europe and North America all remaining integral to balancing market options.



Dairy

[Fonterra review attracts 1400 submissions](#) [26 May, Sudesh Kissun, DairyNews] A steering group that is reviewing the Fonterra Shareholders Council has received over 1400 responses from farmers and shareholders. Group Chairman James Buwalda reports that that group are grateful for the time people have taken to provide their feedback during the process, and all submissions will now be reviewed. Submissions were received from a diverse range of farms across the country. The group will deliver a final report to shareholders in August.

[\\$1b invested in NZ's first large-scale dairy herd leasing scheme](#) [27 May, Esther Taunton, Stuff NZ] Agri-finance company StockCo Capital has announced a \$1 billion investment to fund a herd leasing service in order to help dairy farmers to

raise capital. General Manager Will Purvis stated that farmers using their service will sell their cows to StockCo Capital and agree to lease them back, unlocking capital tied-up in their herd which can be then used to fund infrastructure, purchase land or restructure finances. Mr Purvis stated that it is estimated that 30 percent of dairy farmers in New Zealand are classified as being highly indebted, and this combined with the economic impact of Covid-19 as well as other factors is resulting in farmers struggling to access the funds they need to maintain and grow their business. The leasing service will initially be available to Fonterra Cooperative Group farmers and is aimed at those who are financially sound. Mr Purvis estimated that the average dairy herd of 400 cows will release \$625,000 of capital through herd leasing. The leasing service includes features designed to support farmers, including lease payments being made during peak production, when cash flows are at their strongest.

[Proper nutrition pre-calving boosts yield](#) [29 May, Natalie Chrystal, DairyNews] Research has shown that on average, between 2 and 4 percent of all cows in New Zealand exhibit typical clinical signs of milk fever. These cows will produce around 7 percent less milk during lactation compared to the rest of their herd. It is impossible to identify without a blood test. Lost production as a consequence of low blood calcium levels typically costs around \$6,000 per 100 cows for an average herd. Strategies including supplementing magnesium and managing cow condition have formed the mainstay of milk fever management in New Zealand, but despite the implementation of these strategies, many farms still experience clinical milk fever cases each year. A new feeding programme was successfully implemented on 40 New Zealand farms in 2019 which resulted in a large reduction in the number of clinical milk fever cases reported. The Animate programme aims on increasing the amount of negatively charged ions, chloride and sulphate that are absorbed by the cow in the digestive tract.

[Exports of dairy commodities rose 22 per cent in April, year on year](#) [29 May, Bonnie Flaws, Stuff NZ] ANZ Agricultural Economist Susan Kilsby reports that in April, year-on-year dairy commodity exports rose 22 percent, and infant formula was up 33 percent. Statistics New Zealand data has shown that milk powder exports rose 29 percent for the same period, up \$202 million. This increase was entirely price driven with no increase in quantities. The only major dairy product to drop this month was butter, dropping \$15 million to \$126 million. BNZ economists have reported that global dairy prices have taken a hit from Covid-19, however, a lower New Zealand dollar helped to cushion the effects of the pandemic. The outlook remains uncertain for the sector.

[Queen's Birthday Honours: Dairy researcher Dr Jeremy Hill backs industry's future](#) [01 June, Jono Galuszka, Stuff NZ] Dairy Researcher Dr Jeremy Hill received Queens Birthday Honours and has been made a Member of the New Zealand Order of Merit. Dr Hill has been Fonterra Co-operative Group's Chief Science and Technology Officer since 2007 and has published more than 100 works as part of his research. He was also appointed an adjunct professor at the Riddit Institute in 2018. Dr Hill is also the only New Zealander to have been the President and Chair of the International Dairy Federation. Dr Hill thanks all of those who have helped him along the way.

[Synlait trims milk prices](#) [02 June, Farmers Weekly] Synlait Milk has revised its farmgate milk price expectation and has dropped it by 20 cents down to \$7.05/kg milk solids and has issued its first forecast for the 2021 season at \$6. Chief Executive Leon Clement reported that the reduction for the season is due to significant easing of world dairy prices since their last revision in January. Synlait's milk price sits 15 cents below the mid-point for Fonterra Co-operative Group's revised range of \$7.10-7.30/kg. Mr Clement reports that the economic impacts of covid-19 will impact demand for milk in the new season, and their conservative

opening milk price forecast reflects this uncertainty. Synlait will issue its final 2020 milk price in September along with its financial results and update the 2021 forecast. Meanwhile, Open Country has a \$7 to \$7.30 range for its end of May 2020 supply period.

[Dairy rebalancing under way](#) [02 June, Hugh Stringleman, Farmers Weekly] Dairy processing leaders have reported that dairy supply and demand balance is quickly returning to normal in Europe and the United States as food service businesses reopen and consumers start to leave their homes. Arla Senior Vice-President Thomas Carstensen reported that European companies quickly turned food service demand into increased retail demand by repackaging dairy ingredients into retail sizes. Mr Cartensen spoke alongside Dairy Farmers of America President Bruce Turner in a webinar organised by NZX Dairy Derivatives on the impacts of Covid-19 on dairy processing. Mr Turner states that China's demand for whole milk powder has shown itself to be resilient during the pandemic. Mr Gallagher stated that most US farmers will not lose money this year due to stimulus and risk management by the country.



International

[The pandemic is changing how much frozen food we buy](#) [28 May,

Alicia Wallace, CNN Business] Neilson data has shown that during the 11 weeks ending on 16 May, Americans have increased their frozen food consumption by 40.2 percent to the value of US\$15.5 billion (approx. NZ\$24.6 billion). The category has seen a revamp in recent years, as consumer behaviours changed to favour items such as cauliflower-dough pizzas, broccoli chia cakes and sous vide egg white bites. Sales of freezers also increased during the period, increasing by 195 percent. The next question for the industry is how to maintain consumer loyalty

after the pandemic, once panic buying has decreased.

[Life in lockdown: Coronavirus prompts half of French consumers to reappraise 'value' of food](#) [29 May, Katy Askew, Food Navigator] Food waste charity Too Good To Go has suggested that the lockdown in France has caused French people to "re-think their relationship with food". A survey performed by YouGov for the charity has shown that over half of the respondents have changed their view on the social, economic and ecological value of food production during the eight weeks of lockdown. Respondents stated that after the lockdown measures ease, they will only buy necessary food products, pay more attention to their food expenses and spend more time cooking. One in three respondents also reported they now waste less food. Half of the French shopper surveyed who stated that they had acquired new habits, reported that they will maintain them, with one in five wanting to continue to waste less food. The survey showed that there was support amongst French consumers for initiatives towards the availability of local food, promotion of anti-food waste initiatives and an increase in the development of better organic products and ranging.

[High Tech's Vital Role In The Fertility Of Agribusiness](#) [29 May, Atal Bansal, Forbes]

Agriculture relies heavily on innovation and technological solutions to meet the growing demand for products and maintain healthy profit margins. Technology has become a crucial part of the industry and new software solutions are bringing the next phase of the agricultural revolution. Many industrial farms rely on internet of things (IoT) devices connected to software that determines how to manage crops and livestock efficiently. Consumers are increasingly demanding transparency in the supply chains of the products they consume which is resulting in the development of blockchain technologies to effectively track products. Emerging technologies will continue to help the industry maximize its resources and achieve higher

returns while having a more predictable and sustainable business model.

[US food prices see historic jump and are likely to stay high](#) [31 May, David Pitt, abc News] US shoppers have recently seen the price of meat, eggs and produce such as potatoes and carrots soar due to Covid-19 disruption in processing plants and distribution networks. Analysts have cautioned that meat prices may remain high due to slaughterhouses struggling to maintain production levels. The US Labor Department reported a 2.6 percent increase in food prices in April which is the largest monthly increase in 46 years. The price increase is expected to negatively affect the newly unemployed.

[Desert Locust Control Hindered by Pesticide Procurement](#) [01 June, CropLife Africa Middle East, AgriBusiness Global] Latest updates from the Food and Agriculture Organization of the United Nations indicate that a massive desert locust upsurge is currently underway in the Greater Horn of Africa. The invasion has spread to the Arabian Peninsula and Southwest Asia. There is a risk that it will be spread to the Sahel region if it is not contained by July. There are reports that the locusts have caused up to 100 percent crop loss of maize and sorghum in Somalia. In Kenya, up to 30 percent of pasture has been lost affecting the livelihoods of the pastoral communities. In one day, the swarm can eat the same amount of food as 35,000 people which is causing serious danger to crops, grazing land and hunger. Control and surveillance operations are being led by national governments of affected countries and the Desert Locust Control Organization for Eastern Africa (DLCO-EA), with FAO providing support in the form of pesticides, biopesticides, equipment, aircraft and training. Control teams are now focusing on surveillance for the identification, monitoring, and mapping of breeding areas to enable timely control of the second generation. To enable this, five control centres have been established.

[Nestlé loses 'Incredible' battle with Impossible Foods over burger name](#) [01 June, Lina Saigol, MarketWatch] Nestlé has been forced to rebrand its plant-based Incredible Burger to Sensational Burger after Impossible Foods legally challenged it. The Dutch court ruled that Nestlé had infringed on Impossible Food's trademarks, and that this could confuse consumers, so Nestlé must change the name of its burger across the European Union. Nestlé report that they are disappointed by the provisional ruling and plan to file an appeal.

Organisations referenced in this week's Field Notes include

Agcarm
Akaroa Salmon
ANZ
ANZCO Foods
Ardian
Arla
AVOCO
BNZ
Dairy Farmers of America
DairyNZ
Department of Conservation
Ecolab
Federated Farmers
Fonterra Cooperative Group
Forest and Bird
Greenpeace
Halter
Hello Fresh
Holchem
Impossible Foods
International Dairy Federation
Kersia
King Country River Care
KitchenPal
LegaSea
Massey University
Mataura Valley Station
Mataura-Chimneys Ltd
Mid Dome Wilding Trees Charitable Trust
Ministry for Primary Industries
Nestlé
New Zealand Sport Fishing Council
Nielson
NZX Dairy Derivatives
Pictor
Potatoes NZ
Pure New Zealand
Reserve Bank
Riddit Institute
Sanford
Smart Shepherd
Southland District Council

Statistics New Zealand
StockCo Capital
Synlait Milk
Too Good To Go
United Nations
Wanaka Lavender Farm
YouGov
Zespri

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