



AGRIBUSINESS

# Field Notes

Weekly news update from the KPMG Agribusiness network



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Agenda 2020**

**16 July 2020** – This week's headlines



## Dairy

**Dairy prices stage biggest jump since 2016 at GDT auction** [8 July, NZ Herald]



## Policy & Regulation

**Prime minister Jacinda Ardern reveals 10-year plan to boost primary sector by \$44b** [7 July, Stuff NZ]



## Alternative Proteins

**Animal-free Dairy Maker Perfect Day Raises USD 160mn Series C Expansion Led by CPP Investments** [10 July, AnalyzeMarkets]



## Food Innovation

**Fishing for a winner: sea powders and oils new market for Kiwi company** [13 July, Stuff NZ]



## Agribusiness

**Virtual Fielddays goes live online with helping hand from Prince Charles** [13 July, Stuff NZ]

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## **New Zealand's Agri-technology future in good hands**

I had the pleasure of joining AgriTech New Zealand's 'Powered by Place' Story workshop which was hosted at KPMG in Auckland this week. I was left very impressed.

Industry businesses often charges ahead of government and membership organisations, identifying their own opportunities, delivering solutions and continuing momentum as they learn from each other.

I think AgriTech New Zealand is an exception.

AgriTech New Zealand have used a comprehensive consultation process aligning Government, relevant agencies and industry businesses to develop an invaluable toolkit which any industry would be proud and excited about. It includes reports on topics such as key messaging, market insights, and facts & figures, which are coupled with powerful videos and photographs, easily accessible for all businesses to use. The 'Powered by Place' New Zealand Agritech story provides a platform with the right balance of the 'fluffy' stuff, highlighting five unique New Zealand pillars, while also backing the pillars up with supporting information and evidence-based details.

Yet from monitoring the usage and seeing the feedback of workshop participants, businesses

in the industry don't appear to be leveraging this valuable resource anywhere near its potential.

The workshop also showed that it's very easy to get caught in criticism cycles, finding problems such as "that's not unique, Ireland and Israel can do that too", or "international markets won't understand the cultural messaging".

However, it's important to remember that when completing a job, you very rarely use every tool that's sitting in a tool-box – instead, you find the tools that fit with the job that you're trying to achieve. AgriTech New Zealand have put together a high-quality first set of tools in their toolkit, and it's not been designed so that each business will use every single piece, but for companies to select those most valuable to each situation. At the same time, the toolkit still aligns the whole industry with consistent messaging, language and an overarching story to raise the international profile of NZ agri-technology.

There's certainly an opportunity for the tool-kit to be continually improved through incorporating constructive feedback, integrating with other resources, and recognising new requirements in a world of Covid19, where travel restrictions place new limitations on the traditional ways of establishing relationships, attracting funding and exporting technology. The latest set of story

workshops are an opportunity for both education on the toolkit and feedback, and I would highly recommend that any relevant stakeholders check-out the resources and share their opinions and ideas.

Our agri-technology industry has some excellent businesses and talented people that are excelling on a world stage while already contributing \$1.5b to New Zealand's goods exports ([Agritech ITP draft](#)). However, all in the industry would agree that there is latent potential ready to be unlocked. The AgriTech New Zealand toolkit is an excellent key. Providing the foundation story, support structures and marketing resources to take our under-utilised technology across international borders and providing solutions to the world. Now we need industry businesses to recognise its potential, and start acting on it.

[The Agri-tech New Zealand website can be accessed here](#)

[The 'Powered by Place' toolkit can be accessed here](#)

### **Jack Keelys**

Agri-Food Research & Insights Analyst  
KPMG Auckland



## Agribusiness

[Māori farming businesses flourish: 'The world has to eat'](#) [13 July, Stuff NZ] Data from Stuff NZ demonstrates that Māori authority farming businesses reached a profit of \$NZD 97 million in 2018, which was double the value of 2017. This profitability pattern is expected to continue despite the current economic disruptions, with Economist Benje Patterson commenting a “surprisingly strong” performance of Māori-owned farms despite Covid-19.

[Virtual Fielddays goes live online with helping hand from Prince Charles](#) [13 July, Stuff NZ] The Fielddays online event has officially opened as it replaces the traditional version of the event hosted annually at Mystery Creek in Hamilton. The event was opened by Prime Minister Jacinda Ardern and Prince Charles, followed by a live welcome from host Te Radar. The online version of the event will run for two weeks, until July 26<sup>th</sup> and 96% of those who booked tickets for the physical event are reported to have registered for Fielddays online.



## Agri-Tech

[Agritech has a plan](#) [8 July, Farmers Weekly] Despite disruptions from Covid19, New Zealand’s agritech sector is maintaining its goals laid out in the Agritech Industry Transformation Plan released in April. The plan outlines three high-impact projects of focus which include a horticulture robotics initiative, an agritech venture capital fund, and the farm 2050 Global Nutrients Project. Agritech NZ will host workshops with industry researchers in Hamilton, Auckland and Lincoln this month to understand support requirements for the sector.



## Alternative Proteins

[Animal-free Dairy Maker Perfect Day Raises USD 160mn Series C Expansion Led by CPP Investments](#) [10 July, AnalyzeMarkets] A Series C funding round of USD\$160m has grown Perfect Day’s total funding to USD\$360m. Perfect Day is a California-based company which produces animal-free protein through fermentation of microflora. The ‘dairy’ protein can be used in products such as milk, butter, cheese and ice cream.

[Plant or animal protein: What's healthiest for people and planet?](#) [13 July, Food Navigator] Senior lecturer in exercise metabolism and nutrition at King’s College in London Dr Oliver Witard is presenting at the Future physiology 2020 event where he states that animal sources of protein are more effective for stimulating muscle growth and repair than vegan sources. He explains that the composition of animal-based products, in particular their digestibility and amino acid profile make them more suitable for muscle protein synthesis and exercise recovery.



## Arable

[Kiwi farmer breaks own world record with monster wheat crop](#) [9 July, Stuff NZ] With a yield of 17.398 tonnes per hectare, Eric Watson has broken his own Guinness World Record for the highest wheat yield. After breaking the record in 2017, the Ashburton farmer stated that the incredible result was due to “trying new cultivars, switching to liquid nitrogen and monitoring plant health more regularly”.



## Biosecurity

[Reading the digital tea leaves](#) [13 July, Farmers Weekly] AgResearch Scientists Munir Shah and Mark Wever are combining the world's data flows with artificial intelligence to develop an early warning system for large-scale impacts to the New Zealand food and fibre sector. The system would be designed to provide industry and regulators with continuous information to better prepare for future disruptions, similar to those that have recently impacted the sector such as Psa, Mycoplasma bovis, Covid-19 and the global financial crisis.



## Dairy

[Dairy prices stage biggest jump since 2016 at GDT auction](#) [8 July, NZ Herald] In its greatest increase since November 2016, the Global Dairy Trade (GDT) price index rose 8.3% on July 8<sup>th</sup>, supported by a 14% increase in Whole Milk Powder prices. This result is now the fourth increase in a row for the GDT. NZX Dairy Analyst Amy Castleton has commented that these increases were strongest for the near-dated contracts, indicating a strong short-term demand.

[Fonterra's promotes 'Taste of New Zealand' campaign in China](#) [10 July, NZ Herald] Fonterra Co-operative Group have launched their annual "Taste of New Zealand" campaign on the 18<sup>th</sup> of June – coinciding with China's largest online shopping carnival. Media used include a first-ever digital advertising of Anchor videos on outdoor screens in Shanghai, in addition to social media, live-streamed videos and collaboration with well-known Chinese and Kiwi influencers.



## Farmers & Producers

[Sustainability stars pick up awards](#) [8 July, Rural News Group] The sustainability and stewardship award from DairyNZ has been awarded to ten dairy farmers from across New Zealand as part of the Ballance Farm Environment Awards. Awardees include Southland farmers Chris and Desiree Giles who have been working with local Enviroschools, catchment community and iwi to develop a community nursery for the area. All recipients were recognised for showing exceptional care for the environment.

[Farmer upset at being charged rates for land lost to erosion](#) [10 July, NZ Herald] Gert van't Klooster who farms alongside the Waitaki River in Waimate is being charged rates on 4ha of land which was washed away when Meridian Energy spilled water from its hydro-electric storage in December. Van't Klooster stated "I have a bill now from ECan on land which isn't there. It doesn't generate any income, and there are mortgages to pay on that land, too," ECan's river engineer manager Leigh Griffith's has said "we have not considered a rates reduction at this stage" and that "We all need to be prepared for the reality that flood events are going to occur with a higher frequency in the future as our climate changes."



## Forestry

[Farm forester Denis Hocking on NZ's radiata pine - an Accoya wood industry opportunity](#) [11 July, NZ Herald] Denis Hocking, a former executive member of the New Zealand Farm Forestry Association believes that the recent advances in wood acetylation technology provide a significant opportunity for the economy. Radiata Pine, the dominant species in New Zealand forestry has deficiencies in natural durability which are currently fixed with various

'toxic' chemical treatments. Hocking states that new acetylation technology can replace this, and requires knot-free radiata pine wood, something the New Zealand forestry sector is already established at producing.



## Food Innovation

[Fishing for a winner: sea powders and oils new market for Kiwi company](#) [13 July, Stuff NZ] New Zealand marine biotech business Coastal Seafoods has won a \$70,000 order from the European market for its mussel powder. After beginning with the export of swim bladders from the deep-water fish 'ling' (NZD\$400-500/kg), it is now expecting further growth and success to come from innovative nutraceutical products and high-value beauty products.



## Fisheries

[Crayfish exports hit five-year high after coronavirus lockdown](#) [8 July, Stuff NZ] The Covid19 induced closure of restaurants across China resulted in significant decreases of crayfish exports through February (-84%), March (-44%) and April (-52%). The industry which now uses air cargo to send 90% of its product to overseas markets, was required to free 150-180 tonnes of crayfish after being unable to export. However, a combination of reduced Covid19 restrictions across China and demand for fresh, high-quality New Zealand ingredients has provided a much-needed boost with 300 tonnes of live crayfish export in May 2020– an increase of 53% on May 2019.



## Horticulture

[Local Focus: Millions of pink moths coming to backyards](#) [9 July, NZ Herald] The codling moth is a major horticultural pest, threatening New Zealand's access to export markets for apples and pears. Commercial orchards have management regimes to protect against the moth, however it has been found in high numbers in gardens across Hastings. As a result, Plant and Food Research is looking to release millions of sterile moths across the Hawkes Bay via drones, as part of a region-wide eradication programme. A Central Hawkes bay trial has already decreased the population by 98%, and 98% of household respondents supported the sterilisation technique for controlling the moths.

[First 'stepping stone' to commercial cannabis cultivation in Marlborough](#) [10 July, Stuff NZ] 'Puro' a medicinal cannabis company based in Marlborough believes that their sites have the capacity to become New Zealand's highest volume grower of cannabis and hemp. This follows a nursery license issued by the Ministry of health which allows Puro to begin their seeding process at two sites, the first of four licenses applied for to support their commercial cultivation. Puro Managing Director Tim Aldridge said the company would view the upcoming referendum with interest but explained that the outcome would not change their proposed business model of "premium medicinal cannabis for pharmaceutical buyers".



## International

[Roslin Institute spin-out launches £50m funding round bid](#) [13 July, The National] Scotland's world-leading institute for animal research 'the Roslin Institute' is embarking on a £50 second-round capital raise to provide funding for investment into a range of agri-tech initiatives while also building its number of portfolio companies.



## Policy & Regulation

[Prime minister Jacinda Ardern reveals 10-year plan to boost primary sector by \\$44b](#) [7 July, Stuff NZ] The 'Fit for a Better World Roadmap – Accelerating our Economic Potential' has been released by Prime Minister Jacinda Ardern. The 10-year plan targets a \$10b increase in primary sector export earnings per year - almost doubling the current value of the primary sector by 2030. The 17-page plan has three key themes: Productivity, sustainability and inclusiveness.



## Red Meat

[Meat sales to China boom](#) [9 July, Farmers Weekly] New Zealand's May red meat exports have shown various changes compared to May 2019. Sales to the US, Britain and Japan decreased by 15%, 10% and 9% respectively. However, increases in Canada (31%), China (23%) and Taiwan (13%) helped to offset this. The increase in export to Canada has been supported by the Comprehensive and Progressive Trans Pacific Partnership.



## Research & Development

[Dairy focus at AgResearch](#) [8 July, Farmers Weekly] Research Director Dr Trevor Stuthridge has stated there are three dairy-focused goals at the new \$45 million education, science and innovation precinct at Lincoln University. Achieving the three goals: Driving technologies, investigating resilience and studying the link between genetics and food quality is expected to be bolstered by attracting new partners from around the world because of the modern and top-class research facility.

[Kiwi scientists devise new model for crop breeding](#) [8 July, Scimex] Consultants at New Zealand based research and consultancy company AbacusBio have developed a simulation model which can assist to select plants based on the economic value of a combination of characteristics. The development is expected to have beneficial impact on crop improvement efforts around the world.

[Trial shows value of probiotics](#) [13 July, Farmers Weekly] A trial conducted by Agrifert in Mangatainoka to determine the effect of probiotics on calf growth has shown strong results. At the conclusion of an eight-week trial, calves given two AgriBio probiotic products weight an additional 16.2kg in comparison to the control group. Kyle Goodwin of Jyle farms where the trial was conducted stated that the faster weight gain allowed for quicker weaning, reduced feed and animal care costs, and more efficient farm management.



## Rural Communities

[Go Local! More than 4000kg of venison arrives in Rotorua](#) [9 July, NZ Herald] Meat the Need charity has supplied 4250 kg of South Island venison mince to volunteer group Kai Rotorua. Rotorua Councillor and Kai Rotorua committee member stated that the "nutritious, lean meat" will be distributed throughout the community to those who need it. Organisations such as One Foundation and Toi Ohomai Institute of Technology also supported the initiative by covering freezer hire costs and storage costs respectively.



## Trade & Exports

[Live export year tops \\$100m](#) [9 July, Farmers Weekly] Lead by significant demand from China, breeding cattle export numbers from New Zealand and Australia are expected to reach 150,000 this year. There are reports that New Zealand Holstein type cows are selling for up to US\$3250 each in China. Dairy cattle exports have remained relatively consistent, with a recent increase in beef cattle exports driving some of the growth.

[‘Tsunami’ of cheap imported chips hits](#) [13 July, Stuff NZ] Exports of frozen potato products from the European Union to New Zealand have increased by 50% as earlier concerns from the NZ potato industry are realised. Potatoes NZ have filed a complaint of “dumping” with MBIE and applied for tariffs to be imposed, stating that it could threaten the five potato processors and 450 employees as well as destabilise the industry and future prices for kiwi consumers. The New Zealand potato industry makes over \$NZD1 billion contribution to the economy, though if an investigation is launched, it could take up to 270 days.

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## Viticulture

[Marlborough wine industry gets funding to train 200 Kiwi job-seekers](#) [8 July, Stuff NZ] Funding from the Ministry of Social Development will support the Marlborough wine industry to train 200 New Zealand job seekers ready for the 2021 harvest. The wine industry accounts for over 10 percent of Marlborough’s employment, and 19% of its GDP. The training opportunity is expected to have a double benefit of employing kiwis who have lost their jobs due to Covid-19, while replacing the usual labour force from seasonal overseas workers.

[Covid 19 hits US wine sales hard - Rabobank](#) [9 July, NZ Herald] A recent report from Rabobank shows that Covid-19 has resulted in large revenue reductions for several US wineries, and as New Zealand’s largest wine export market, the impact will be seen in New Zealand too. RaboResearch senior wine analyst Hayden Higgins said that “Total sales for US food service and drinking establishments for the first four months of 2020 were down an estimated USD 68 billion or 22 per cent”.

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## Water

[Lake Horowhenua freshwater exemption shows nationwide rules don’t work, says National](#) [10 July, Stuff NZ] Scott Simpson, National Party’s spokesperson for the environment has stated that special exemptions granted to vegetable production in parts of the country highlight a flawed approach to the freshwater standards. Exemption proposals for Horowhenua and Pukekohe are being considered because of a concern with the drastic reduction in vegetable production that would result for the national freshwater standards. This is despite concerns of high pollution in nearby freshwater sources such as lake Horowhenua.

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## Wool

[Petition calls for NZ wool in KiwiBuild homes](#) [8 July, Stuff NZ] A petition launched by Otago sheep and beef farmer Amy Blaikie has been signed by thousands of New Zealanders who want to see New Zealand wool be used in taxpayer funded buildings, in particular KiwiBuild homes. While the wool industry struggles with historically low prices, Blaikie says the quality, fire retardant properties and sustainability of wool make it an obvious product of choice over synthetics which end up in landfill.



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

- AgResearch
- Agrifert
- Auckland Airport
- Ballance
- Coastal Seafoods
- DairyNZ
- Environment Canterbury
- Fonterra
- Fonterra Co-operative Group
- Jyle Farms
- Kai Rotorua
- Kantar
- Kings College, London
- Marvellous Marketing
- Meat the Need
- Ministry for Business, Innovation and Employment
- Ministry of Health
- New Zealand Ice Cream Manufacturers Association
- NZX
- One Foundation
- Perfect Day
- Plant and Food Research
- Puro
- Rabobank
- The Roslin Institute
- To Ohomai Institute of Technology

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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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