



AGRIBUSINESS

# Field Notes

Weekly news update from the KPMG Agribusiness network



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Agenda 2020**

12 November 2020 – This week's headlines



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## The Overlooked Workforce

Picture this, two teams of three are gearing up for a cookie making competition. One team has three fully able-bodied accounting professionals, and the other is made up of three individuals who each have a cognitive, sensory, mental health or physical disability. Named the Win My Cookie Challenge, the goal is to make 180 cookies in the fastest possible time. Who do you think would win?

Recently we had the opportunity to visit The Cookie Project, a social enterprise based in Auckland that employs people with disabilities, and we found out the answer ourselves. To put it short, we lost... badly.

In New Zealand, one in four Kiwis are classed as having a disability; this ranges from dyslexia and Down Syndrome to anxiety disorders. However, only 22% of people with disabilities are in employment. These aren't small numbers, and what's worse is the social stigma towards this group of people. Something we often seen in New Zealand is what's known as 'social avoidance', where people may be hesitant to

start a conversation or even make eye contact with someone who has a visible disability.

The Cookie Project is a game changer due to their 'pan-disability and open-hiring policy' where they don't ask for a resume or conduct any sort of interviews. Instead, individuals get to demonstrate their ability firsthand through a trial. As a result, you get a real sense of inclusion and belonging as soon as you walk through the door. In addition to this, many of the 'invisible' barriers to entry are removed.

So what are the lessons for our food and fibre sector? There has been at least one news headline every single week for the past three months that has discussed the severe worker shortage in various industries and particularly across horticulture. Though there are a broad spectrum of disabilities and associated capabilities, there is also a significant underestimation of the latent potential sitting amongst the disability community within New Zealand.

Removing prejudices and reducing these invisible barriers to employment could be the key to unlocking a highly capable and talented workforce that is currently being overlooked.

For our 180-cookie challenge, we kept looking over our shoulders and were amazed at the proficiency of all the bakers there. Parveen was an excellent example, a man who became completely blind over 16 years ago but was creating perfect cookies at twice the speed of our corporate professionals' team (despite the fact we had three full practice runs). At that moment we realised that a 'disability' does not hinder the diligence and dedication of every baker there and many of the preconceptions we had before The Cookie Project tour and Win My Cookie Challenge dissipated immediately.

To the team at The Cookie Project, we wish you all the best and we'll be seeing you in the kitchen very soon for round two.

*The Cookie Project have recently launched fun and educational experiences, such as the Win My Cookie Challenge and Baking in the Dark, in their new kitchen facilities based at Eden Park. Plus, they're now taking pre-orders for a delicious new Christmas Cookie Bundle! Be sure to check out their website [here](#).*

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## Alternative Proteins

[Synthetic meat highly possible in the next decade](#) [09 November, Stuff]

Synthetic meat could become a new meat alternative sooner than predicted. The alternative is different from plant-based proteins, particularly as it starts with animal-sourced cells. Currently at the experimental lab stage, the cellular technology uses stem cells that could grow into different types of cells, which has the potential to develop “cellular agriculture”. Excited international R&D investment is making the technology highly possible in the next five to ten years.



## Aquaculture

[New guide to open ocean farming hashed out by the Government](#) [05 November, Stuff]

A national guideline to sustainable open ocean farming has been drafted, creating a consistent set of rules for farms across the country. The guide will help councils manage resource consent conditions and the decision-making on current consent applications, says Fisheries NZ aquaculture director Mat Bartholomew. NZ King Salmon hopes the new national guidelines will not require zero environmental impacts as it is looking to set up New Zealand’s first ocean farm.



## Arable

[No vote a missed opportunity for hemp industry](#) [04 November, Farmers Weekly]

New Zealand’s cannabis referendum concluded with the majority voting against legalizing it, which has been called a ‘missed opportunity’ by Richard Barge, the chair of New Zealand Hemp Industries Association (NZHIA). “If there had been a yes vote, there would have been a select committee established to look at the cannabis bill and that would have given us a forum to talk about the wider cannabis industry,” said Mr Barge.



## Dairy

[Fonterra’s new directors announced](#) [04 November, Farmers Weekly]

Brent Goldsack and Cathy Quinn have been elected by Fonterra Co-operative Group’s farmer-shareholders as the two new farmer-directors of the Group. Brent Goldsack is a chartered accountant formerly with PwC and was an auditor to Fonterra. Corporate law high-flier Cathy Quinn is a director of Fletcher Building, Tourism Holdings and Rangatira, she is also on the advisory board of the New Zealand Treasury and a council member of the University of Auckland.

[Hoggard elected to international dairy board](#) [04 November, Farmers Weekly]

Federated Farmers president Andrew Hoggard has been elected as the sole farmer representative on the governing board of the International Dairy Federation (IDF). Mr Hoggard has served on animal health, farm management and environment standing committees for the organisation. “My aim is to make sure the farmer voice and knowledge base is heard loud and clear among the other voices,” he said.

[Dairy sector loses two innovators](#) [04 November, Rural News]

The founder of Lewis Road Creamery, Peter Cullinane, has sold out his shareholdings to the farm investment company Southern Pastures. Meanwhile, Richard Wyeth, the founding chief executive of Maori owned dairy company Miraka, is also leaving his company. Both of the two leading innovative figures have made significant contributions to the dairy industry over the past decade.

[Fonterra makes more sustainable progress](#) [05 November, Farmers Weekly]

Fonterra Co-operative Group has released its latest annual Sustainability Report, which shows the majority of progressively achieved sustainability targets fall under the healthy business and healthy environment categories. However, female representation and ethnic diversity in leadership are the two areas to be addressed. The Group also reported a 20% reduction of energy intensity in manufacturing since the baseline set in 2003.

[Synlait share price jumps after Pokeno settlement](#) [06 November, Stuff]

Synlait Milk Limited announced to the NZX on Friday that a settlement has been reached between the dairy company New Zealand Industrial Park and Karl Ye over its land at Pokeno. Synlait's share price jumped almost 10% after the announcement and finished the day at \$5.47, which is a 7% increase on Thursday's close. Chief executive Leon Clement said the settlement price was "reasonable and not material to Synlait" and the company was pleased to have the dispute closed with certainty.

[Jager backs sheep milk industry](#) [10 November, Farmers Weekly]

Zespri's former chief executive Lain Jager, now a director of Spring Sheep Milk Company, believes New Zealand's sheep milk industry could copy the business success model of the kiwifruit giant. Mr Jager says nutrition is a value proposition for sheep milk as epitomised in infant formula and beyond, and he believes the industry has the scope to be scaled up given the dairy goat industry is growing at 16% globally. "That's our opportunity in New Zealand, to have a really strategic position in what is relatively speaking a small category," he said.

[Cautious rise in milk price forecast](#) [10 November, Farmers Weekly]

ANZ has lifted its forecast for this season's farm gate milk price by 20c to \$6.70/kg milksolids, and its preliminary forecast for the 2021-22 season is \$6.40, subject to a high degree of uncertainty. ANZ agricultural economist Susan Kilsby says an increased global milk supply with slightly softer demand is expected to temper dairy commodity returns in the coming months. Despite no evidence for slowing dairy consumption at the moment, ANZ economist team predicts a heightened downside risk for dairy commodity prices due to the current recession.



## Environment & Emissions

[Sending dairy calves to beef farms could slash our carbon footprint](#) [06 November, Stuff]

A new study suggests allowing more dairy calves to grow up on beef farms could reduce up to 1.95 million tonnes of carbon emissions in New Zealand, equivalent to about 5% of total emissions created by the agriculture sector each year. Beef farms could use calves from dairy farms to raise for meat, and would no longer need to maintain the herd of breeding cows, which in turn would save emissions. The research co-author Stewart Ledgard says the emission saving is on par with what farmers might achieve from the long-awaited methane vaccine.



## Food Safety

[Hello Fresh food kit fish leads to food poisoning](#) [10 November, RNZ]

White fish from Hello Fresh home-delivery meal kit has caused 3 people to require emergency medical help and one person reporting symptoms via email. Hello Fresh said customers were immediately contacted on Monday night, after its supplier alerted the problem with a batch of Trevally found to contain elevated levels of histamine, which can cause diarrhoea, rashes and vomiting. The company apologised and said customers who ordered that product would be compensated with a \$20 refund.



## Forestry

[Wall of wood threatens local processors](#) [05 November, Farmers Weekly]

The wool industry is calling for government actions in response to the increased challenges and competition faced the industry. Wood Processors and Manufacturers Association chief executive Jon Tanner says Russia has announced an export log ban from January 2022, which may drive an increase in China's demand for logs from New Zealand and Australia; while a combination of factors are likely to see more subsidized wood products flow into NZ's export markets. "We need urgent changes, the competition is moving quite fast," said Mr Tanner.



## Food Innovation

[Waikato makes world's first Tea Gouda](#) [10 November, Rural News]

Two Waikato producers, Zealong Tea Estate and Meyer Cheese have jointly created the world's first tea-infused cheese - Tea Gouda cheese. The product is sold online via Meyer Cheese website, and it will be available for tasting at the Auckland Food Show later this month. Made with cow's milk, the Tea Gouda cheese comes in two versions: one infused with Zealong Green tea, while the other with Zealong Black tea and aged on wood for four weeks with turning daily.

[VEAT poised to disrupt the food-to-go segment by making Europe a little greener](#) [10 November, Food Navigator]

Swedish startup VEAT deployed its first vending machines that exclusively distribute plant-based food in Stockholm earlier this month, and it is planning to set up at least 10 more by the end of the year. VEAT aims to motivate a more sustainable food system by providing accessible and affordable plant-based food with its innovative business model. The company says it has secured €500,000 in pre-seed funding from investors.



## Food Marketing

[NZ beef on show in Beijing](#) [04 November, Rural News]

The campaign Taste Pure Nature has successfully drawn crowds at 13 of Beijing's ultra-high-end retail stores. Launched by Beef+Lamb NZ and ANZCO Foods, the campaign promotes NZ's high-quality grass-fed beef by telling the origin story and providing in-store experiences at selected retail stores. "Taste Pure Nature is a positive way to start building long term brand awareness and all indications are that there is good future potential for ANZCO Foods and New Zealand beef in China," said Rick Walker, ANZCO Foods' general manager of sales and marketing.

[China online market booming](#) [10 November, Farmers Weekly]

China's e-commerce market has grown nearly 60% since the pandemic, providing a huge opportunity for New Zealand companies to find a niche, says Alibaba's New Zealand country manager Pier Smulders. Alibaba's Tmall is the largest cross-border e-commerce platform in China, which has seen a 25% increase in the sales revenue of NZ dairy products since 2016. Mr Smulders has worked with 700 New Zealand brands, such as the A2 Milk Company, to help their products reach Chinese consumers and he says effective marketing is the key factor for success.



## Fisheries

[Talley's company guilty of illegally fishing in protected Kaikōura marine reserve](#) [11 November, One News]

A deep-sea trawler owned by Talley's Group was found guilty of illegally fishing in a protected marine reserve off Kaikōura. The Ministry for Primary Industries brought the charges, stating the boat trawled for more than a kilometre within the protected reserve. Amatal Fishing Co Limited pleaded not guilty but Judge Rielly rejected it, stating it is important to maintain the integrity of the Marine Reserves Act in the context of increasingly complicated limited liability company structures.



## Horticulture

[Zespri weighs up partnership with Chinese kiwifruit growers](#) [05 November, The Country]

Zespri is considering creating business arrangements with Chinese growers who have illegally planted New Zealand's gold G3 kiwifruit. The unlawfully grown fruit with lower prices may threaten New Zealand kiwifruits, and it is impossible to eradicate the plantings. In the hope to minimise the loss and prevent further illegal plantings, Zespri has been advised procure the fruit the Chinese growers to hold its shelf space.

[All-year round strawberries](#) [06 November, Rural News]

Local horticulture company T&G Fresh has teamed up with California-based Plant Sciences Incorporated (PSI) to provide New Zealanders with strawberries all year round. T&G Fresh will test, grow and market the unique strawberry varieties from PSI and supply them to Kiwi consumers at any time of the year. The initial feedback on yields, fruit quality, shelf-life, growing, harvesting efficiencies and fruit flavour are all performing well, says T&G Fresh managing director Andrew Keaney.

[Historic day for Māori hort](#) [06 November, Rural News]

Ngai Tukairangi Trust recently hosted a field day at its kiwifruit orchard in Tauranga, with more than 150 attendees from the kiwifruit industry and wider agri-business sector. This year's Ahuwhenua Trophy competition has added horticulture for the first time, and the Management Committee chair Kingi Smiler says it was a special and historic day for Māori to have their efforts in the horticultural sector recognised. Ngai Tukairangi Trust is one of the three finalists of the competition.



## International

[Chinese trade war escalates as seven more Australian goods are BANNED including coal, wine and timber](#) [03 November, Daily Mail Australia]

Australia-China relations have continued to deteriorate in the wake of the covid-19 pandemic, with a new round of bans informally placed on seven Australian products, including barley, sugar, red wine, logs, coal, lobster and copper. Any of these products arriving after Friday will not be cleared by the customs, quoting 'biohazard' as the reason for the ban, the South China Morning Post reported.

[‘Meat isn't evil’: Pilgrim's Pride Ltd discusses the path to net zero in pork production](#) [06 November, Food Navigator]

UK pork producer Pilgrim's Pride Ltd has developed a new sustainability strategy to help deliver the US's 2030 Sustainable Development Goals. The strategy identified five pillars, which covers farming, food production, products, packaging, and business & community. The company says it has already incorporated many aspects of regenerative agriculture in their operations, and research into sustainable animal feed is central to reducing its on-farm emissions. "Meat isn't evil. It's how you raise it. It's how you prepare it," says Pilgrim's sustainability chief Matt Dight.

[Ketogenic drink boosts brain in cognitively impaired, says Nestlé study](#) [06 November, Food Navigator]

A study by Nestlé shows its ketogenic drink could help improve cognitive function for people suffering from Mild Cognitive Impairment (MCI) by increasing their blood ketone level. Results of the six-month study suggest the Nestlé-produced drink improved three areas of cognitive outcomes: executive function, memory, and language. The data obtained also supports further study into the drink's effect on slowing down Alzheimer's disease. Nestlé plans to launch the product in Europe by the end of this year.

[Flies For Dinner: Purina To Offer Bug Based Dog and Cat Food](#) [06 November, NPR]

Nestlé Purina has launched two new lines of alternative protein kibble for pets in Switzerland this month. One option contains chicken, fava beans and the fly larva protein; the other uses pig's liver, millet and chicken. Nestlé says they "generally see the need to diversify sources of protein in food for a variety of reasons, including environmental goals such as fighting climate change and protecting biodiversity."

[Netherlands embassy commits sh48b to agribusiness](#) [07 November, New Vision]

The Embassy of the Kingdom of Netherlands in Uganda has granted AVSI Foundation €12 million as part of its Food Security Programme, with the aim to increase local youth employment and improve their agribusiness skills. The four-year project 'Skilling in Agripreneurship' for increased Youth Employment now replaces the previous SKY project which has provided agriculture skills training to over 1,000 youth and women in the past three years.





## Red Meat

[Meat's outlook reddish](#) [04 November, Rural News]

The new season outlook for 2020-2021 by Beef+Lamb NZ (B+LNZ) predicts a 26% fall in the average income of sheep and beef farmers. B+LNZ expects the covid-19 disruptions to continue into the next year, impacting on global economies, consumer demand and trading channels. Despite the challenging environment, B+LNZ believes there will be a continued growing demand for meat protein from China to support the NZ meat exports. The report is forecasting a 15% decline in export receipts for lamb and a 9% decline for beef and veal, as compared to 2019-20.

[SFF expands range to meet demand](#) [05 November, Farmers Weekly]

Silver Fern Farms (SFF) has added venison cutlets and venison minute steaks to its retail range, reflecting growing consumer demand for farmed venison. SFF marketing manager Nicola Johnston says 41% of premium meat consumers regularly buy venison now, which is a 30% increase from 5 years ago.

[MIA wary as second wave hits](#) [06 November, Farmers Weekly]

Meat Industry Association (MIA) chief executive Sirma Karapeeva said the red meat processing and exports had performed well during the pandemic, but also urged caution as further economic and social impact of covid-19 are yet to hit the industry. New Zealand red meat sector has demonstrated its agility especially during the covid-19 crisis, with the exports value for the year ending September reaching \$9.39 billion, which is an 8% growth compared to the previous year.



## Viticulture

[Villa Maria winery selling 31ha of land near Auckland airport to fund expansion](#) [05 November, Stuff]

A large local winery, Villa Maria Estate, is selling off 31 hectares of land at its Māngere headquarters to raise money to expand internationally. The company has announced plans to invest in viticulture, wineries and marketing to grow its brand in overseas markets such as North America and Asia. "Enhancing our sustainability credentials and organic product portfolio amongst other initiatives, will help us tap into growing global demand," said the chief executive Justin Liddell.

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

Alibaba	Rangatira
ANZ	Silver Fern Farms
ANZCO Foods	South China Morning Post
AVSI Foundation	Synlait Milk Limited
Beef+Lamb NZ	T&G Fresh
Federated Farmers	Talley's Group
Fisheries NZ	The Embassy of the Kingdom of Netherlands
Fonterra Co-operative Group	Tmall
Hello Fresh	Tourism Holdings Ltd
International Dairy Federation	University of Auckland
Lewis Road Creamery	VEAT
Meat Industry Association	Villa Maria Estate
Meyer Cheese	Wood Processors and Manufacturers Association
Ministry for Business Innovation and Employment	Zealong Tea Estate
Miraka	Zespri
Nestlé	
New Zealand Hemp Industries Association	
New Zealand Industrial Park	
New Zealand Treasury	
Ngai Tukairangi Trust	
NZ King Salmon	
NZX	
Pilgrim's Pride Ltd	
Plant Sciences Incorporated	
Potatoes New Zealand	
Purina	

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