



AGRIBUSINESS

# Field Notes

Weekly news update from the KPMG Agribusiness network



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Agenda 2020**

**19 November 2020** – This week's headlines

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## Agri-Technology

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## Story telling in the New Normal

Now more than ever New Zealand has the world's attention for our commitment to health and wellbeing, giving credibility to our clean green image and status as a desirable country to live, work and buy products from.

When it comes to telling our stories to consumers and to the world, it goes without saying that this reputation is of immense value to the food and fibre sector. And with the rise of digital evolving from Covid-19, many in the industry have invested in new online store fronts and communication avenues that are prime for reaching consumers and influencers across the globe.

We're also in a time where information overload is the norm, and cutting through the noise is difficult. No matter who you're trying to communicate with, make sure you have a clear

message. And clear messaging stems from having a clear outcome – what information, or indeed feeling, do you want people to remember? Or what action do you want them to take? I find considering what you want your audience to think, feel and do extremely helpful.

For example a company selling manuka salve may want people to think that their product will help relieve their skin complaints, feel that the product is, based on its New Zealand brand, safe and trustworthy, and consider the balm as part of their next health and wellbeing purchase.

It's also imperative to know your audience, and know them well. This allows you to make educated decisions about how you reach them – do they read certain publications, or are they social media savvy? Or are you reaching out to a local audience with whom you already have an intimate relationship, where face-to-face forums would work best?

When aiming for global reach, online channels such as digital shop fronts and social media are effective, and as is pertinent in current times, contactless. Your digital shop front should be a reflection of what your physical presence would be. Personal, simple and informative are all respected qualities. Imagery will capture people's attention, and their imagination – and is a particularly powerful tool in subtly portraying the safe shores of New Zealand if this is a selling point for your brand.

If you're using social media, consider who is telling your message. Are you using your brand as your voice, or are you also incorporating influencers and organisations your partner with to share and endorse your products and services? If the latter, I can't stress enough how important it is to make sure this is an authentic partnership. People will see right through an influencer who's simply talking about a product to collect a pay cheque, but will warm to someone who is clearly on board with the product and the brand, shows an alignment in values, and understands who they are connecting with – even if they are indeed being paid.

And finally, communicating with your consumers, existing and prospective, should never be a one-way conversation. Invite feedback, ask for collaboration on ideas, listen to concerns and show actions you have taken. This engagement will not only boost your brand, it will provide insights more valuable than looking at the statistics of how many people saw your ad online, or read your latest email. It's a real connection - and it's these connections which will ultimately contribute to your success.

### **Michelle Littlejohn**

Communications Manager  
KPMG Auckland



## Agri-Tech

[Agricultural drone maker XAG raises US\\$182 million in funding round led by Baidu, SoftBank](#) [16 November, South China Morning Post]  
The largest funding round to date in China's agricultural technology industry has been made by agricultural drone maker XAG, which has raised 1.2 billion yuan (US\$181.6 million). Peng Bin, the co-founder and chief executive of XAG, pointed out the increased demand for automated farming that was highlighted during the pandemic. "Smart devices and systems which can raise efficiency, precision and ensure environmental protection represent the direction of modern agriculture," said Mr Peng.



## Arable

[Opportunity lies in field peas](#) [16 November, Farmers Weekly]  
A new Rabobank report shows the growth of plant-based meat substitutes is creating new opportunities for grains, oilseeds and pulse producers. While current consumption of plant-based proteins is dominated by soy and wheat, New Zealand's prospects of capitalising on this growing segment would largely hinge on greater demand for products utilising protein sources other than soy, said RaboResearch grains and oilseeds analyst Cheryl Kalisch-Gordon.



## Biosecurity

[Dairy company cleans up at Biosecurity Awards](#) [17 November, Farmers Weekly]  
Miraka received the New Zealand Biosecurity Supreme Award and the Government Industry Agreement Industry Award for achieving enhanced biosecurity awareness and culture change on-farm. The Taupo-based dairy company established its farming excellence programme five years ago and created a course educating its suppliers about biosecurity risks in the dairy industry.



## Dairy

[Synlait wants more share equity](#) [11 November, Farmers Weekly]  
Dairy processing company Synlait wants to raise \$200 million to complete an investment for its Pokeno and Auckland plants to handle the new multinational nutritional foods manufacturing agreement. The equity raising consists of \$180 million underwritten placement and a follow-up \$20 million share purchase plan. A total of \$114 million has been committed by major shareholders Bright Dairy and The A2 Milk Company.

[Global dairy prices rebound at auction](#) [18 November, The Country]  
The latest Global Dairy Trade auction has seen prices rebounded after a 2% dip earlier this month. Prices rose 1.8% across the board to an average US\$3,157/tonne in the first auction. Fonterra chief executive Miles Hurrell said the co-op was very pleased with the result as it picked up the loss incurred in the last event. Mr Hurrell attributed the positive result to the strengthening of China's economy rather than the news of the potential Covid-19 vaccines.

[Fonterra sells PKE importer](#) [17 November, Farmers Weekly]

Fonterra Co-operative Group has sold its half share in Agrifeeds, a fertiliser and animal feeds business, to its partner Wilmar International for \$27.5 million, but retained the right for subsidiary Farm Source to be the exclusive seller of Agrifeeds palm kernel expeller (PKE) and PKE blends through the nationwide rural service stores. Farm Source director Richard Allen said the past 12 months had produced good results but a review of the investments suggested the ownership was no longer necessary.



## Environment & Emissions

[Not all GHGs are the same](#) [18 November, Rural News]

Global Warming Potential Star (GWP\*) is based on the traditional emissions calculation method GWP100 assuming all greenhouse gasses are cumulative. However, the New Zealand Roundtable for Sustainable Beef (NZRSB) is calling for a new approach for calculating methane emissions, as it has a shorter lifespan of 10 years compared with carbon dioxide and nitrous oxide that survive for thousands of years. "Modifying the use of GWP so that it accounts for the differences between short-lived and long-lived gases better connects emissions and warming," says NZRSB chair Grant Bunting.



## Forestry

[Gov't pushes on with tree limits](#) [12 November, Farmers Weekly]

Prompted by pressure from rural communities, the Government has signalled its intention to enable councils to require resource consent in some areas before it is planted in trees. Agriculture Minister Damien O'Connor said the enabling policy would be up to local councils to enact, and the Government was aware of its potential impact on landowners' property rights.



## Food Innovation

[Seed capital investment for start-ups](#) [12 November, Rural News]

Business accelerator Sprout is looking for start-ups in the agtech and foodtech sectors to register for mentorship and the opportunity for investment. 8-10 New Zealand start-ups will be selected to join the Sprout Accelerator, which will offer \$75,000 worth of business coaching, mentoring, network access, underground events and summits held around New Zealand. Registrations for the programme close on 20th November. For more information, please visit their website [www.sproutagritech.com](http://www.sproutagritech.com)



## Food Marketing

[Online grocery shopping 'here to stay even when normality returns'](#) [13 November, Food Navigator]

The online shopping sector remains bullish on its prospects for attracting and retaining market share despite the news of the vaccine potentially deflating the sector's COVID-inspired sales lift. Clive Black, an UK-based equity analyst from Shore Capital says the economic returns of online grocery have been positively revolutionised, and the rapid growing trend of online shopping is expected to stay, considering the convenience of online and the more risk averse population.

[Study: Do consumers see 'pretty' food as healthier?](#) [10 November, Food Navigator]

A study published in the *Journal of Marketing* found 'prettier' food conveys healthiness and naturalness to the consumer more than 'ugly' food, based on an experiment involving 400 panellists in the US. The researcher Linda Hagen noted food aesthetics are closely associated with pleasure and indulgence, whereas nature-like visual depictions such as symmetry may lead consumers to think the food is more natural and healthier. The findings could have implications for marketing strategies and understanding consumer behaviours.



## Fisheries

[Sanford shares slump after dividend axed; net profit down by 46%](#) [12 November, The Country]

New Zealand seafood company Sanford decided to hold back the final dividend payment to ensure prudent cash availability, as its net profit dropped by 46% to \$22.3 million for the year to September. "The business sees this decrease as directly attributable to the Covid-19 pandemic and its impact on food service globally," Sanford said. The company's share price dropped 17c to \$5.07 after the news announcement.

[Southern rock lobster industry proud of sustainable approach](#) [16 November, The Country]

The CRA8 Rock Lobster Industry Association chief executive Malcolm Lawson said their work with a focus on sustainability and profitability this year has been vindicated. Under the auspices of the New Zealand Rock Lobster Industry Council, the association comprises fishermen, quota owners and processor exporters. Mr Lawson said its strategy had a 20% quota cut in 2000 and 2002 which enabled the fishery to prosper, and the approach now was to achieve the maximum economic yield from the fishery.



## Horticulture

[Kiwifruit export confidence drives multi-million dollar pack house investment](#) [13 November, Stuff]

Based on positive market outlook and export confidence, kiwifruit processing company Mount Pack & Cool (Mpac) will expand its Bay of Plenty processing facility, despite uncertainty around logistics due to labour shortages. The multi-million dollar expansion would be the final addition to Mpac's Tauriko facility, making it the largest processing facility in the country with the capacity to handle 24 million trays of kiwifruit by 2022, said Mpac general manager Brendan Lee.

[Northland berry farm first business to repay Provincial Growth Fund loan](#) [11 November, Stuff]

Maungatapere Berries is the first business to repay a loan from the Provincial Growth Fund. The Northland berry farm has fully repaid the \$2.28 million loan last week, which was granted to the business in July 2019 to support its high-tech hydroponic berry growing operation. Maungatapere Berries had shown how hydroponics could be commercially successful and deliver increased employment opportunities in Northland, said co-owner Patrick Malley.

[Into the blue: Kiwis eating more blueberries](#) [13 November, The Country]

New Zealand blueberries sales increased by 15.2% to hit a record 8 million punnets - worth more than \$30 million - for last season. The sales growth has continued from a year before, confirming a surge in popularity for blueberries. Blueberries New Zealand chairman Dan Peach expects both local and international demand to be strong during and post covid, as blueberry is considered a 'superfood' for its health benefits.

### ['Never a dud': Gisborne growers tout 'perfect' avocados](#) [14 November, The Country]

Gisborne growers David and Judi Grey claim they have developed new avocado varieties - Titan, Eclipse and GreyStar - that are perfect every time. Mrs Grey says the new fruit are dense, creamy, nutty, have no strings or discoloration, and can be peeled cleanly every time. Gisborne's Riversun nursery is propagating the new avocados.

### [Aussie Govt attempts to pinch Kiwi seasonal workers, offering \\$2000 to work in Australia](#) [17 November, The Country]

The Australian Government is offering New Zealanders \$2000 to move across the ditch as seasonal workers, in an attempt to strengthen their agricultural harvesting industry. However, New Zealand's agricultural sector is already facing an alarming labour shortage due to the covid-19 border restrictions and we are also heading into the peak harvest season. The Government is being called to ease the restrictions on temporary visas to save local businesses from collapsing.



## Pork

### [Agriculture minister introduced 'unlawful and invalid' pig welfare standards, judge rules](#) [13 November, Stuff]

A High Court judge has ruled the animal welfare standards brought in by Agriculture Minister Damien O'Connor in 2018 were 'unlawful and invalid' because they circumvented earlier law changes designed to phase out the controversial practice of farrowing crates and mating stalls for pigs. Brought by the Animal Law Association and Save the Animals Against Exploitation, the judicial review challenged the officials to enact certain regulations and minimum standards regarding the use of farrowing crates and mating stalls.

### [NZ Pork disappointed with court ruling](#) [17 November, Farmers Weekly]

The statutory industry board New Zealand Pork is assessing its options after the animal welfare standards for the use of farrowing crates and mating were ruled as 'unlawful and invalid' by a High Court judge. NZ Pork chief executive David Baines is disappointed with the judgement and concerned with the decision around removing indoor farrowing systems, and he expects financial support for affected farmers to complete facilities change and to compensate for the loss of productivity.



## Poultry

### [Bird flu hits Britain: Prevention zone introduced as third case confirmed](#) [12 November, Food Navigator]

An Avian Influenza Prevention Zone (AIPZ) was introduced by the UK's Chief Vet after three cases of bird flu were detected in domestic flocks. The AIPZ will legally require all bird keepers in England, Scotland and Wales to follow strict biosecurity measures in order to prevent further spread of avian influenza (H5N8), a highly infectious disease to poultry and birds, but with low risk to human health.



## Red Meat

### [China confirms no evidence New Zealand meat is the source of Covid-19 in Chinese cool stores](#) [17 November, The Country]

Reuters reported that authorities from China claimed to have found traces of Covid-19 on beef, tripe and packaging from New Zealand and a handful of other countries. A spokesperson for the Ministry of Foreign Affairs and Trade says they have not been informed officially of any coronavirus on New Zealand products and our investigation suggested no evidence that New Zealand meat was the source of the positive test results.



## Research & Development

[New research facility for Massey farm](#) [16 November, Farmers Weekly]

Massey University and AgResearch are developing a new joint dairy research facility on Dairy 4 farm near Palmerston North. The new facilities will allow detailed research projects to take place alongside the farm's daily operations. The work will be focused on improvements across a range of critical issues such as animal welfare, climate change and environmental impacts etc.



## Rural Communities

[Farmstrong takes out top national health and safety award](#) [13 November, The Country]

The best overall award of this year's New Zealand Workplace Health and Safety Awards has been given to Farmstrong, a wellbeing programme for farmers that tracks its own progress using quantitative and qualitative measures. Convenor of the judging panel Peter Bateman commended Farmstrong's intense focus on the mental health of the rural community and its commitment to research that is generating and sharing statistics within New Zealand and abroad.

[Open Farms set for 2021 return](#) [17 November, Farmers Weekly]

Set to return for its second year on February 21, Open Farms is an initiative designed to provide urban-based New Zealanders with a genuine on-farm experience. Last year, the event hosted 3500 visitors on 45 farms across the country, ranging from permaculture orchards to dairy farms and more. Project founder Daniel Eb says Open Farms allows people to re-connect and re-evaluate their relationship with food, by experiencing first-hand where their food comes from.

[FARMSTRONG: Study shows on-farm wellbeing, injury link](#) [16 November, Farmers Weekly]

Research by Farmstrong has established a link between diminished wellbeing and on-farm injuries. The study of 500 farmers receiving ACC shows 58% reported an aspect of diminished wellbeing contributed to their accident, and the most mentioned factors include fatigue/exhaustion; lack of sleep; not coping with the ups and downs of farming etc. Farmstrong engaged over 18,000 farmers in its programme last year, with 22% reported an improvement in their wellbeing and 13% reported a moderate to large improvement.



## Trade & Exports

[Brexit looms as market uncertainty grows](#) [13 November, Farmers Weekly]

Meat exporters are advised to prepare for trade disruptions in their key UK market, as it's unlikely to reach an exit agreement with the EU by the December deadline. Meat Industry Association chief executive Sirma Karapeeva says trade is further complicated by the EU and UK decision to unilaterally halve our sheep meat quota between the two markets and to apportion our beef quota into commercial unviable parcels from 1 January 2021, a move rejected by New Zealand.





## International

[Denmark wants to ban mink farming until end of 2021 as it plans to kill 15m over Covid-19](#) [12 November, One News]

In order to contain a mutated version of the new coronavirus that can be transmitted to people, the Danish government has presented a law proposal that would cull 15 million minks and ban mink farming until the end of 2021, Public authorities and mink breeders have started the culling, some 2.5 million minks have been put down so far.

[TELUS launches fresh new TELUS Agriculture business to digitally transform the global food system](#) [12 November, Global Newswire]

TELUS launched a new business unit TELUS Agriculture, providing innovative solutions to support the agriculture industry with connected technology. It will optimise the food value chain by leveraging data in new ways to increase efficiency, production and yields, delivering better food outcomes for businesses and the end consumer. TELUS Agriculture has acquired sales and distribution solutions provider AFS Technologies and Agrian, a unified management platform for precision, agronomy, sustainability, analytics and compliance.

[Rabobank unveils 15 food & agriculture start-up finalists for FoodBytes! Pitch 2020](#) [12

November, Eco Business]

Agribusiness banking specialist Rabobank revealed the 15 finalists from the cohort of 45 start-ups who will advance to present at the FoodBytes! Pitch 2020 virtual competition. The finalists have been selected based on their innovative solutions to major food system challenges. Rabobank says FoodBytes! Pitch programme has been redesigned this year to directly engage large food and agriculture companies and investors to provide mentorship for the participating start-ups.

[AAK to build plant-based innovation hub in the Netherlands](#) [13 November, Food Ingredients First]

Swedish-Danish producer of vegetable oils and fats AAK will establish a global plant-based innovation center on the company's premises in Zaandijk, the Netherlands. Expected to be operational by the end of 2021, the centre will help deliver more plant-based innovations. The company's CEO Johan Westman says the investment reaffirms AAK's commitment to grow presence in the dynamic and fast-paced area of plant-based food.

[Cross-country Asia team develops 'world-first' zero GI, zero calorie and prebiotic-enriched sugar replacement](#) [17 November, Food Navigator]

Asia-based food innovation start-up Swiftlet has developed the world's first sugar replacement blend that provides zero-GI, zero calories and prebiotics-enriched benefits. Currently a team of seven, Swiftlet has done a soft launch of its first sugar replacement blend in the Philippines, retailed at US\$10.17 for a 340g pack on its website. Swiftlet CTO Minh Le said their product combined several sweetening sources to find the synergy to provide the sugar-like taste and measurement.

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

Mount Pack & Cool  
Maungatapere Berries  
Synlait  
Bright Dairy  
Sprout  
Sanford  
Blueberries New Zealand  
Rabobank  
Animal Law Association  
Save the Animals Against Exploitation  
Meat Industry Association  
New Zealand Workplace Health and Safety  
Awards  
Farmstrong  
Shore Capital  
AAK  
TELUS  
TELUS Agriculture  
AFS Technologies  
Agrian  
Open Farms  
Miraka  
Massey University  
AgResearch  
RaboResearch  
Ministry of Foreign Affairs and Trade  
CRA8 Rock Lobster Industry Association  
New Zealand Rock Lobster Industry Council  
Fonterra Co-operative Group  
Agrifeeds  
Farm Source

New Zealand Pork  
New Zealand Roundtable for Sustainable Beef  
Swiftlet  
XAG  
Zespri

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