



AGRIBUSINESS

Field Notes

Weekly news update from the KPMG Agribusiness network



Available now
**KPMG Agribusiness
Agenda 2020**

26 November 2020 – This week's headlines



Apiculture

[Honey ranks as Americans' #1 preferred sweetener \[19 November, Wisconsin State Farmer\]](#)



Food Innovation

[Agri-food tech space exceeds "record-breaking" investments hitting US\\$11.6bn \[20 November, Food Ingredients First\]](#)



Food Marketing

['Instagrammable shades' amongst the hottest trends in natural colours \[18 November, Food Navigator\]](#)



Red Meat

[Exploring benefits of pasture-raised beef and lamb \[19 November, The Country\]](#)



Trade & Exports

[China detects COVID-19 on German pork knuckles, suspends imports from 20 countries \[20 November, Food Navigator\]](#)



Positioning New Zealand for the future of food

Imagine a world where you can get monthly personalised nutrition stacks 3D printed and delivered directly to your door, matching your own personal circumstances, requirements and goals.

Imagine a world where you can have the DNA in your saliva analysed to provide full dietary recommendations that match your genetics and the latest scientific advancements in human nutrition.

Imagine a world where your fridge records and remembers every item you place in it, makes online grocery orders for you when those products are running low, and provides recipe recommendations based on the ingredients you have customised to the number of people you're catering for.

Well, that's the world we already live in.

Check out companies and products like [Nourished](#), [Gene-Food](#) and Samsung's latest [Family Hub Refrigerator](#)

The future of food isn't waiting decades or even years ahead of us, the future is already here.

The good news for New Zealand producers is that the world is not evolving equally. While some markets such as wealthy areas of the USA and Europe are entering a new phase of customised and automated nutrition, other markets such as parts of Asia and Africa are still growing their appetite for quality imported meat, dairy and horticulture products.

This puts New Zealand in an exceptional position, where we have a platform which we must use as a launchpad for the future.

The Platform

We're already positioned excellently for the continued growth in demand for high-quality primary produce to developing markets.

- 1) We are world leading producers of high-quality dairy, meat and horticulture products. This is achieved through the implementation of science and a focus on quality in the design of our food production systems.
- 2) We have world leading environmental efficiency of food production, which is enhanced further by our predominantly pasture-based and outdoor systems and targeted land use.

- 3) We are world leading in our international reputation for safety. A reputation that has further increased since the Covid-19 pandemic.

New Zealand produce over 21 billion litres of milk, process over 30 million animals for meat and export over 1.38 million tonnes of fruit. Though we may not be able to feed the world, we do produce enough food to feed parts of the diet of hundreds of millions of people with some of the highest quality, most environmentally friendly, and safest food in the world.

Creating a launchpad

As scientific advancement, technological enhancement and health and nutrition expectations all accelerate simultaneously – the future of food is here but is only going to accelerate as well.

So, what should be New Zealand's role in a food system where nutrition is grown in a laboratory, controlled by artificial intelligence, and customised to an individual's health requirements and taste preferences?

Firstly, science and technology are unlikely to break the barrier of physics, including laws such as the conservation of energy, which means we won't be producing food from nothing anytime soon. In this case, access to natural resources is a significant competitive advantage in future food production. New Zealand is positioned as a world leader in renewable energy, with the potential to harness significantly more of our wind, solar, tidal, hydro and natural gas renewable energy sources. Synthetic nutrition is highly energy intensive, and using renewable energy sources greatly reduces the footprint of these foods. New Zealand can use this platform of abundance as a launchpad and become the destination for food innovation and processing, with potential to attract massive investment to develop our infrastructure and deliver value as a global future food hub.

Secondly, New Zealand already has the beginnings of a food innovation system. With organisations such as AGMARDT, Callaghan innovation and Food HQ, combined with those such as the Sprout accelerator and the Food Innovation Network. By integrating these organisations with our Universities and science institutions and telling an aligned story – New Zealand can become the Silicon Valley of food, but better.

To achieve this, there are some key actions for New Zealand to focus on.

- Increase national investment into renewable energy generation.
- Develop our current food hubs into further interconnected international food innovation centres.
- Articulate our aligned value proposition and encourage investment from early international collaborators through reduced regulatory barriers or incentivisation schemes.

New Zealand is a world-leader in food production. Remaining a global leader of food production in this world of rapid change will require constant adaptation, smart investment and a focus on both domestic and international collaboration.

Let's continue to strive to achieve not becoming the best country in the world, but the best country for the world.

Jack Keelys

Agri-Food Research and Insights Analyst
KPMG Auckland



Agri-Tech

[Blockchain consortium launched](#) [24

November, Farmers Weekly]

The Trust Alliance New Zealand (TANZ) group was launched to provide a platform for data sharing in New Zealand's primary sector using blockchain technology. This will help to prove products provenance and food safety, as well as improving biosecurity track and trace capabilities.

[LIC invests in start-ups](#) [25 November, Rural News]

Farmer cooperative LIC is investing in two local IT companies TrackBack and Mastaplex through its AgCelerator Fund. Auckland-based TrackBack uses blockchain technology to improve supply chain transparency in the agriculture sector, and Dunedin-based Mastaplex has developed a proprietary mastitis testing device to help dairy farmers reduce antibiotic use. Dedicated to growing and scaling innovations in the dairy industry, LIC's AgCelerator Fund remains open for other applications, said manager Eleshea D'Souza.



Alternative Proteins

[Lab-grown meat prices to 'reach parity with regular meat before analogues'](#) [19 November, Food Navigator]

Israeli start-up Aleph Farms believes its lab-grown products will reach cost parity with conventional meat faster than most other plant-based meat alternatives. The company announced the prototype of its first commercially cultivated steak product, thin cut beef steaks, which was introduced at the Asia-Pacific Agri-Food Innovation Summit on 20 November in Singapore. Aleph grows cultured meat from non-GMO cells of a living cow in 'large, clean' facilities BioFarms. Aleph plans to scale up production and supply to the food industry globally.

[Unilever increases focus on meat alternatives](#)

[19 November, Meat + Poultry]

Unilever PLC plans to achieve \$1 billion in the sales of plant-based dairy and meat alternatives in the next five to seven years, with its brands including Hellmann's, Magnum, Wall's and The Vegetarian Butcher to play a role in the initiative. The company said a diet rich in plant-based foods offers both health and environmental benefits compared to animal-sourced foods, and the company's goal is to 'make healthier and plant-based options accessible to all'.

[Hero Protein: Shanghai's New Plant-Based Meat & Seafood Startup Attracting China-Focused Investors](#) [20 November, Green Queen]

Plant-based meat alternative industry is in its early days but growing gradually in China. Founded earlier this year, Shanghai-based start-up Hero Protein is developing a range of plant-based analogues for beef, chicken and fish that are yet to land on shelves. In its pre-seed funding round earlier this September, Hero Protein has attracted investors including Lever VC's China Alternative Protein fund, which is dedicated for pioneering early-stage food techs in China.



Apiculture

[Honey ranks as Americans' #1 preferred sweetener](#) [19 November, Wisconsin State Farmer]

Americans have chosen honey as their favourite sweetener for the first time, according to the National Honey Board Consumer Attitudes & Usage Study 2020. Consumers have rated honey above other sweeteners such as sugar and maple syrup in attributes including 'natural,' 'unprocessed,' 'good for the environment,' 'organic,' 'good source of antioxidants,' and 'flavorful'. National Honey Board CEO Margaret Lombard expects honey popularity continues to rise as consumers make conscientious decisions about food.

[First global map of bee species creating a buzz](#)

[19 November, The Country]

Researchers have created a map of bee diversity by combining a global checklist of known bee species with almost 6 million additional public records of bee occurrence around the world, the journal *Current Biology* reports. The findings also reveal there are more bee species in the Northern Hemisphere than the Southern, and more in arid and temperate environments than in the tropics. The research team are hopeful that their work could help the future conservation of bees.



Aquaculture

[Pioneering pāua feed developed in Southland](#)

[18 November, Stuff]

The New Zealand Abalone Company has partnered with Auckland University of Technology to develop a pāua feed specifically for New Zealand abalone species. Marine scientist Morgan Manivannan says the plan is to trial different recipes of locally-sourced ingredients and compare with alternative feeds to see which one is the best for strengthening abalone and reducing their growth time.

Results for the current trial are expected early next year, says the company's managing director Blair Wolgram.

[Over 50,000 salmon escape into wild after fish farm fire in Tasmania](#) [23 November, One News]

An "inexplicable" fire at Huon Aquaculture farm in D'Entrecasteaux Channel has set over 50,000 salmon into the wild. "We are estimating that we have lost between 50,000-52,000 four kilogram fish," Huon Aquaculture CEO Peter Bender said. The fire incident, which damaged a third of one pen above and below the waterline, is being investigated. The company is confident the mass escape won't harm native animals and has informed wildlife and environment authorities in Tasmania.



Arable

[NZ grains met with willing market](#) [19

November, Farmers Weekly]

The 2019-20 cereal harvest has met a willing market, with total grain production for the season achieving more than one million tonnes. The Arable Industry Marketing Initiative's October report shows cereal grain production of wheat, barley and oats for the season totalled almost 900,000 tonnes, while maize grain totalled 180,000 tonnes. Following recent good demand for feed barley, unsold stocks of grain across all six crops have reduced by 50% from July 1 to October 10.



Biosecurity

[MPI: M. Bovis programme has cost \\$349.6 million](#) [22 November, Stuff]

Eradicating the *Mycoplasma Bovis* disease from NZ has cost about \$349.6 million, according to Biosecurity New Zealand and the Ministry for Primary Industries. *Mycoplasma Bovis* is a bacterium that can cause a range of severe conditions in cattle. A total of 158,422 cattle had been culled nationwide and \$184.9 million has been paid to compensate the farmers affected during the response to the disease. A further \$94.3 million has been spent prior to the decision of eradication in May 2018.



Environment & Emissions

[Farmers get \\$6 million to improve waterways and biodiversity](#) [20 November, Stuff]

Agriculture Minister Damien O'Connor says more than \$6 million will be spent on initiatives for improving the health of rivers, wetlands and habitat biodiversity in Canterbury and Otago, as well as improving long-term land management practices. The programme Jobs for Nature have allocated between \$176,000 and \$2,300,000 over the next three years to fund environmental improvement work across dozens of sites in their regions.



Food Innovation

[Agri-food tech space exceeds "record-breaking" investments hitting US\\$11.6bn](#) [20 November, Food Ingredients First]

Agri-food tech start-ups have raised a "record-breaking" total of US\$11.6 billion investment funding, marking 2020 a "tremendous" year for the sector, according to the *AgriFood Tech Investment Review* series by Finistere Ventures.



Food Marketing

[How Lewis Road's new butter is cracking the US market](#) [19 November, Stuff]

Lewis Road Creamery has partnered with 800 stores across the US to sell its premium butter at \$6.90 for a 250g package. The company is expecting to ship 800 tonnes to the US market in the year ending October 2021 and hoping to lift the volumes to 1300 tonnes by 2022. "We are trying to show the way - that there's a path for high-value New Zealand branded and traceable dairy products being sold in overseas markets," said Prem Maan from dairy farm fund Southern Pastures.

['Instagrammable shades' amongst the hottest trends in natural colours](#) [18 November, Food Navigator]

Developments in the natural colours segment are encouraged by the growing customer demand for clean label as compared to artificial pigments. Dutch ingredients supplier GNT says it is 'more important than ever' for products to carry clean and clear labels, as well as having great taste, texture, smell and colour. Social media - especially the visual platforms such as Instagram - are also driving the trend of vibrant colour demand including purple, blue, green and other rare pigments.



Horticulture

[Horticulture investments hot property](#) [18 November, Farmers Weekly]

More and more New Zealanders are looking to invest in the primary sector, with the horticulture sector particularly popular. The rapidly building demand for horticultural investments has seen rural investment specialist MyFarm raise \$102m of investor equity since April, which is double the \$46m average annual amount between 2016 and 2018, MyFarm head of sales Grant Payton said.

[Supermarket inquiry might see rise in cost of fruit and vegetables, Horticulture NZ warns](#) [19 November, The Country]

The Government this week confirmed a Commerce Commission market study that will investigate both the consumer experience and the way that supermarkets procure their goods. However, this might push up the fruit and vegetable prices and consumers might end up bearing the higher real costs for fresh produce, Horticulture New Zealand chief executive Mike Chapman said. He believes our growers are price takers and the full costs of production, such as spoilage, are not always reflected in the prices.



Pork

[Farrow crate use 'saves piglet lives' says former NZ Pork chair](#) [19 November, The Country]

A High court ruled it was unlawful to use farrowing crates and mating stalls for pigs, which should be phased out in new regulations. Former New Zealand Pork chairman Ian Carter, who now farms in North Otago, believes the farrowing system is the best way to meet the needs of farmed pigs. "For the benefit of an animal's welfare these decisions must only be made on science not emotion or perceptions which can have unintended consequences that cause more harm than good," he said.



Poultry

[What impact will bird flu's 'rapid spread' have on the European poultry sector?](#) [20 November, Food Navigator]

The avian influenza (HPAI) is highly likely to move into unaffected European countries as the disease is 'spreading rapidly' across the continent, the European Food Safety Authority (EFSA) has warned. As national governments in Europe are acting to contain the spread of the highly pathogenic disease, the biggest cost impact is on producers who have to dispose of their infected flocks, which can disrupt the supply chain.



Red Meat

[Back pay of almost \\$20 million set aside for Alliance Group meat workers](#) [19 November, Stuff]

The Alliance Group have recorded a \$6.95 million profit for the year ending September 30, after setting aside \$19.9 million for the 'donning and doffing provision' in relation to claimed historic partial non-compliance for employee entitlements. No profit distribution would be made to shareholders this year, reflecting the challenging operating environment including extreme weather conditions and the Covid-19 pandemic, said Alliance Group chairman Murray Taggart.

[Exploring benefits of pasture-raised beef and lamb](#) [19 November, The Country]

A new research programme will invite around 100 New Zealanders for clinical studies to assess the health and wellbeing benefits of eating pasture-raised beef and lamb, compared to alternatives. Led by scientists, academics and behavioural experts from AgResearch, the Riddet Institute and the University of Auckland, the projects will monitor the physical effects on participants from eating the different foods for up to 10 weeks, as well as psychological elements such as satisfaction, sleep and stress levels.

[Farmgate prices of red meat set to fall](#) [23 November, Rural News]

Reduced global demand for premium beef and lamb cuts in the year ahead will see New Zealand farmgate prices for red meat drop from the recently experienced highs, according to Rabobank's *Global Animal Proteins Outlook 2021*. However, solid demand from the US and the robust Chinese demand is expected to underpin returns for New Zealand exports in 2021, said the report co-author Blake Holgate.



Research & Development

[Research into packaging perceptions](#) [19 November, Farmers Weekly]

Researchers from Scion and the NZ-China Food Protection Network are studying how Chinese consumer attitudes to food safety and packaging have changed due to the covid-19 pandemic. Research from two years ago revealed that product security, freshness and authenticity were the three key areas concerned Chinese consumers the most; while some recent studies suggested consumer behaviour may be affected by the fear about packaging as an infection source, said Scion researchers Kate Parker and Eva Gaugler.



Trade & Exports

[China rebukes meddling Five Eyes](#) [20 November, Farmers Weekly]

New Zealand has joined the Five Eyes security alliance calling on China to “stop undermining the rights of the people of Hong Kong”. Any political tensions may raise the prospect of trade retaliation, especially for dairy exports; and it may affect NZ stocks exposed to China including The A2 Milk Company, Synlait Milk and the Fonterra Shareholders’ Fund.

[Brexit frustrations mount](#) [20 November, Farmers Weekly]

As the UK finalises its exit from the EU, the quotas for New Zealand sheepmeat, dairy and beef are due to be split between the pair on December 31. This concerns our export sector as the split would reduce the value of the existing quota by curtailing the flexibility of exporters to move between the two markets. NZ officials have raised the concern at the latest meeting of the World Trade Organisation’s Committee on Market Access on November 12, calling for a reconsideration of the policy to address the issue.

[Avocado exports disrupted](#) [20 November, Farmers Weekly]

New Zealand avocado exports are expected to increase by 10% on last season, but delays and timetable changes in the shipping lines are disrupting the industry. “The logistic difficulties mean we are struggling to get good flow and consistency and some fruit arrives later than the permitted times for supermarkets,” said Avoco director John Carroll. Despite smaller fruit sizes due to last summer’s drought, Mr Carroll was confident that average prices would exceed last year’s orchard gate return of \$17-\$18/tray.

[China detects COVID-19 on German pork knuckles, suspends imports from 20 countries](#) [20 November, Food Navigator]

Chinese local authorities say they have detected covid-19 on imported frozen meat and sea products and their packagings, and imports from 20 countries have been suspended as of Wednesday last week. Frozen beltfish from India, pork from Argentina, beef from Brazil and frozen pork knuckles from Germany are among the concerned imports, according to state media in China.

[Pandemic pressure hits export supply chain](#) [24 November, Farmers Weekly]

Exports may be disrupted as logistic providers are struggling with supply chain bottlenecks. A combination of factors - including capacity issues, delays, booking system inefficiency and shipping schedule changes - is challenging our exports and imports and it can be expected to continue into early 2021, says NZ’s largest containerised exporter Kotahi’s chief executive David Ross.

[NZ-China relationship can withstand friction](#) [24 November, Farmers Weekly]

Head of MFAT’s trade and economic group Vangelis Vitalis believes the robust relationship between New Zealand and China is mature enough to withstand any friction, in particular to the situation in Hong Kong. While China is a “crucial market” with strong growth and good prices, Mr Vitalis notes that we should not be too dependent on it but to be diversified, which is also highlighted by the tension between US-China trade relationship.



Water

[How Te Mana o te Wai will affect farmers](#) [19 November, The Country]

Te Mana o te Wai is the concept that puts the highest value on the health of freshwater ecosystems throughout New Zealand, and it underpins the National Policy for Freshwater Management announced in August. The policy priorities water health over all the other pillars of development. Waimakariri Irrigation Limited environmental manager Paul Reese said the paradigm shift presents a huge change for farmers, but also an opportunity to create an expanded and interconnected view of the entire network to drive the improvement in all the waterways.



Wool

[Online wool auctions gain popularity](#) [19 November, Farmers Weekly]

Independent wool brokers in New Zealand are making the transition to online wool auctions. Wool Online Ltd is the first online selling platform to gain a level of acceptance within the NZ wool industry, with sales volume almost doubled during the covid-19 pandemic. The company's co-director Allan Udy believes online is the direction for the wool industry to move forward and it is more cost-effective and simpler for everyone.

[SWAG seeks funds to the tune of \\$700k](#) [20 November, Farmers Weekly]

The Strong Wool Action Group (SWAG) is open for contributions as it has now established the SWAG company over the coming 12 months, aiming to raise \$700,000 from industry to fund its work around identifying opportunities to increase demand and value for New Zealand produced strong wool. SWAG Ltd is hoping to secure a total operational budget of about \$3 million, with the joint fund from the Ministry for Primary Industries contributing on a matched basis of 80% for industry 20%.



International

[Covid-19 pandemic is the first time 40% of Americans have experienced food insecurity](#) [19 November, CNBC]

A new poll of 2,000 US adults shows about 4 in 10 Americans experienced food insecurity for the first time during the Covid-19 pandemic, about half of the participants had struggled to afford food, yet 63% reported they didn't realise they were experiencing food insecurity. Market research company OnePoll conducted the poll, and the results were released Tuesday by Two Good Yogurt.

[Tyson Food managers bet on workers getting Covid-19, lawsuit says](#) [21 November, BBC]

US meat processor Tyson Foods is alleged with a wrongful death lawsuit that its managers at Iowa placed bets on how many workers would become covid-infected. The company employs some 100,000 workers across the US, and more than 1,000 workers were infected amid the pandemic. Court records show the company did not shut its plant when it was advised to do so by the county sheriff this spring. Tyson said it had suspended the individuals allegedly involved without pay.

[The Detail: Denmark's Covid-19 mink mutation raises wider concerns around intensified agriculture, farming](#) [23 November, Stuff]

The Danish government decided to kill all its minks to contain a mutated form of covid-19 that is transmissible to people. The culling has been paused as the opposition parties object and question the constitutionality of the decision. The pandemic raised some concerns around culls of animals suspected of carrying an infectious disease, which leads us to consider the intensification of agriculture and farming, according to Massey University's infectious diseases expert David Hayman.

[DuPont ties-up with food futurists at IFTF to 'better navigate uncertainties in the future'](#) [24 November, Food Navigator]

DuPont Nutrition & Biosciences announced a new strategic partnership with the Institute for the Future (ITF) to strengthen its 'far-sighted' innovation capabilities and 'better navigate uncertainties in the future'. ITF is a non-profit research organisation that is specialised in identifying emerging trends in the global marketplace. DuPont believes the partnership will help it develop a new long-term approach to product development and innovation.

[Banana wars: Growers slam 'hypocrisy' of Aldi and Rainforest Alliance in pricing and standards spat](#) [24 November, Food Navigator]

The fixed banana price given by European retailers is unsustainable, a coalition of South American growers has warned. Supermarket chain Aldi has signalled that it intends to reduce the fixed price by €0.06 cents per kilo in 2021, and the reduction has been implemented by Aldi's central procurement function and will apply across all European operations, according to the data supplied by the banana growers group.

Organisations referenced in this week's Field Notes include

AgResearch
Aleph Farms
Alliance Group
Arable Industry Marketing Initiative
Auckland University of Technology
Avoco
Biosecurity New Zealand
Commerce Commission
Current Biology
DuPont Nutrition & Biosciences
European Food Safety Authority
Finistere Ventures
Fonterra Co-operative Group
Golden Micro Solutions Limited
Hero Protein
Horticulture New Zealand
Huron Aquaculture
Kotahi
Lever VC
Lewis Road Creamery
LIC
Massey University
Mastaplex
Ministry for Primary Industries
MyFarm
National Honey Board
New Zealand Abalone Company
New Zealand Pork
New Zealand's Ministry of Foreign Affairs and Trade
OnePoll

Potatoes New Zealand
Rabobank
Scion
Southern Pastures
Strong Wool Action Group
SWAG Limited
Synlait Milk
The A2 Milk Company
The Institute for the Future
The Riddet Institute
TrackBack
Trust Alliance New Zealand
Two Good Yogurt
Tyson Foods
Unilever PLC
University of Auckland
Waimakariri Irrigation Limited
Wool Connexions Limited
Wool Online Limited
World Trade Organisation

Contact Us

Auckland/Audit

Ian Proudfoot

09 367 5882

iproudfoot@kpmg.co.nz

Auckland/Agri-Food

Jack Keays

09 363 3502

jkeays@kpmg.co.nz

Auckland/Agri-Food

Andrew Watene

09 367 5969

awatene@kpmg.co.nz

Wellington/Management Consulting

Justine Fitzmaurice

04 816 4845

jfitzmaurice@kpmg.co.nz

Hamilton/Private Enterprise

Hamish McDonald

07 858 6519

hamishmcdonald@kpmg.co.nz

Consultant – South Island

Genevieve Steven

03 307 0761

gsteven@kpmg.co.nz

Farm Enterprise – South Island

Brent Love

03 683 1871

blove@kpmg.co.nz

Subscribe

To subscribe to future editions of Field Notes please [click here](#).

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.

The information provided herein is of a general nature and is not intended to address the circumstances of any individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received nor that will it continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2020 KPMG, a New Zealand partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (KPMG International), a Swiss entity. All rights reserved. The KPMG name and logo are registered trademarks or trademarks of KPMG International Cooperative ("KPMG International"). KPMG and the KPMG logo are registered trademarks of KPMG International Cooperative ("KPMG International"), a Swiss entity.