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**KPMG Agribusiness  
 Agenda 2018**

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## AGRIBUSINESS

# Field Notes

Weekly news update from the KPMG Agribusiness network

22 August 2018

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

A Dozen Cousins	Horticulture New Zealand
Abacus Bio	Hunter Downs Water
AGMARDT	International Dairy Foods Association
AgResearch	Landcorp
American Angus Association	Lotte Food Pasteur
ASB	Marine Stewardship Council
Beef + Lamb New Zealand	Mataura Valley Milk
BNZ	Ministry for Primary Industries
Canopy Growth	New Zealand Shareholders' Association
China Animal Husbandry Group	PGG Wrightson
Constellation Brands	Rabobank
DairyNZ	Rooney Holdings
Deere and Co	SAFE
Department of Conservation	Skellerup
Fonterra Co-operative Group	SLC Group
Forest & Bird	Spring Sheep Milk Co
Forest Owners Association	Starbucks
Hira Bhana and Co	Westland Milk Products
Hormel	WholeStone Farms
Horticulture Development Board	WorkSafe

### This week's headlines:

Dairy	<b>Fonterra appoints 18-year veteran Miles Hurrell as interim CEO</b> [15 August/The Country]
Biosecurity	<b>Farmers back NAIT changes</b> [18 August/Rural News]
Water	<b>Greens to oppose, Labour to back Waimea dam local bill</b> [17 August/Stuff]
Sheep milk	<b>Lotte Food Pasteur and Spring Sheep Milk Co. Sign Korea MOU</b> [14 August/Dairy Reporter]
Economics and trade	<b>Weaker kiwi raising NZ commodity prices in local terms</b> [20 August/Otago Daily Times]



## Dairy

**Fonterra appoints 18-year veteran Miles Hurrell as interim CEO** [15 August/The Country] Fonterra has appointed Miles Hurrell as its interim CEO and has currently halted its global chief executive search. Mr Hurrell was the chief operating officer for Fonterra's FarmSource unit and is replacing Theo Spierings who will leave the co-op next month. FarmSource is the division that works directly with the farmer-owners. Mr Hurrell joined the company in 2000. Fonterra Chairman, John Monaghan, said while it was not optimal for both the CEO and chairman leave at the same time, events had overtaken that decision. The board halted the search while it reviewed its current portfolio and direction. Mr Hurrell said that he was excited by the challenge and said Mr Spierings left behind a talented leadership team that would include some of the best minds in global dairy. Mr Spierings would work alongside Mr Hurrell to ensure a smooth leadership transition.

**Fonterra ownership structure 'not on the table', says director Scott St John** [18 August/The Country] When speaking to the NZ Shareholders Association, Fonterra Director, Scott St John, said the co-operative wouldn't be changing its ownership structure, but was interested in taking on partners to fund future projects. The co-op's capital structure has been criticised as making it too hard to raise equity, and led to a poor track record of adding value from investments. Units in the Fonterra Shareholders' fund fell to a three year low after the board trimmed forecast farmer payouts and announced it would likely not pay a final dividend. Mr St John put forward its case to the Association's annual meeting and said the payout cut was a tough decision, but the right call to make. He added that the company needed to think carefully and innovatively about how projects are funded, and talked about how the recent Indian joint venture with Future Consumer Ltd as being more representative of the sort of projects that the co-op would continue to do.

**China-controlled Mataura Valley Milk starts production** [20 August/NZ Herald] Mataura Valley Milk's production is under way as the first milk was delivered to its Gore plant. The company's Founding Director, Ian Tulloch, said he was satisfied to see the plant open after eight years of work. He added it was already having a big impact on the district. The company's major shareholder is China Animal Husbandry Group. Plant General Manager, Bernard May, noted it was a proud day for their team and everyone who was involved in the development. The first milk from its shareholder suppliers arrived at the plant on Monday morning. Mr May said Mataura Milk had been dealing with significant international nutritional customers from the start and would be making product from day one. Skim and whole milk powder would be produced at the plant.

**Westland shareholders to get update on strategic review** [20 August/The Country] Westland Milk Products is expecting to give shareholders an update on a strategic review before Christmas. Board Chairman, Pete Morrison, said it had begun implementing a new strategy that was focused on more segregated, higher value added products. The scope of the review includes Westland's future ownership structure with options on the table including the introduction a cornerstone investor, a merger, or divestment of the cooperative. Shareholders will ultimately vote on any proposals. Westland's payout had been lower than its competitors for several years and it wanted to address this issue. According to a Rabobank report, mild winter conditions had continued across most regions in New Zealand, which would help to increase low-volume winter collections by 11 percent. Global commodity prices were generally weaker in July.

## Biosecurity

**Nathan Guy – NAIT Bill 'goes too far'** [17 August/The Country] The NAIT Amendment Bill introduced by the Government last Thursday, and passed under urgency makes rushed changes to the Act which should concern farmers according to National Agriculture Spokesperson, Nathan Guy. The Bill changes the NAIT Act to allow for warrantless inspections of farms, clarifies animal movement requirements, and makes it an offence not to record animal movements. Mr Guy said he was annoyed the bill didn't go to a select committee and was instead rushed through all stages of Parliament. Both DairyNZ and Beef + Lamb New Zealand were in support of the changes. Mr Guy noted he wasn't sure they had read the details of the Bill. The National Party agreed there needed to be changes to NAIT, however thought the changes went too far.

**Farmers back NAIT changes** [18 August/Rural News] Farmers are backing the amended National Animal Identification and Tracing (NAIT) Act that was passed under urgency by Parliament. DairyNZ Chief Executive, Tim Mackle, said it had become clear that some farmers hadn't been taking the requirements to record animal movements as seriously as they should have been. He added DairyNZ supported the Government's decision to ensure the legislation was fit for purpose. Beef + Lamb New Zealand also welcomed the passing of the recent amendments. Beef + Lamb New Zealand General Manager Policy and Advocacy, Dave Harrison, noted Mycoplasma bovis had demonstrated that it was critical to be able to trace animal movements between farms in the event of a biosecurity incursion.

## Wool

**Sheep wool can help cats' diets** [17 August/The Country] According to AgResearch scientists, proteins from wool could be added to animal diets to improve their health. They said positive findings in domestic cat diets would open up possibilities for new uses of sheep wool. AgResearch's Science Group Leader for Food and Bio-Based Products, Dr Jolon Dyer, said there was a lot of work going on to discover new uses of wool to support the New Zealand sheep industry. He added the research showed sheep wool had many useful attributes. Scientists used a method called controlled hydrolysis to extract the wool proteins. The protein was then added as an ingredient in pet food formula and tested against standard formula. The findings indicated wool protein hydrolysates offered promise as a functional ingredient. AgResearch Senior Scientist, Dr Santanu Deb-Choudhury, noted the hydrolysates offered a real potential as a supplement for pet diets. The next step would be to study the effect of the wool hydrolysate on animals other than cats.

## Rural supplies

**PGG Wrightson net profit down, performance strong** [15 August/The Country] PGG Wrightson posted full-year operating EBITDA of \$70.2 million, which was an increase on last year's figure of \$64.5 million. Net profit after tax of \$18.9 million was down on last year's \$46.3 million. PGG Wrightson Deputy Chairman, Trevor Burt, said the significant increase in EBITDA was pleasing. The company declared a dividend of 1.25 cents per share. The board noted the one-off nature of the items that affected net profit after tax. These items included a one off provision for the remediation costs of historical liabilities under the Holidays Act 2003. PGG Wrightson Chief Executive, Ian Glasson, added it was an excellent trading result for the company and showed the strength of its rural services business. The Mycoplasma bovis outbreak had not affected its financial performance, however it was working closely with customers and industry bodies to manage and monitor the impact. PGG Wrightson announced the sale of its seed and grain business earlier this month.

**Skellerup makes record profit** [16 August/Radio NZ] Skellerup, a rubber-goods maker, has reported a record profit largely due to strong sales growth in New Zealand and other parts of the world. Its net profit increased 23 percent to \$27.3 million. The industrial division's underlying profit rose 21 percent. The agri division further achieved a record profit growth of 15 percent to \$22.8 million, driven by good domestic and export markets. The company's Chief Executive, David Mair, said international markets provided growth opportunities which contributed to over half of the company's total revenue. He added its reputation and ability to consistently develop and deliver innovative and high-quality dairy consumables and animal hygiene products was critical to their success. He noted the continued development of their footwear range.

#### Water

**Greens to oppose, Labour to back Waimea dam local bill** [17 August/Stuff] The Green Party will not support a local bill designed to enable construction of the proposed Waimea dam near Nelson. Green Party Co-leader, Marama Davidson, announced the decision to oppose the Tasman District Council Bill which is expected to have its first reading in September. The bill seeks to gain an inundation easement over 9.67 hectares of conservation land. It would also secure the right to construct the dam on Crown riverbed. Ms Davidson noted the Green Party believed that conservation land should be protected for its innate values. Nelson MP, Nick Smith, added that claims the dam would be bad for water quality were contrary to all the technical advice. He was disappointed yet not surprised by the Greens' position. He welcomed Labour's support for the bill. He emphasised that he did not believe the legislation should be particularly controversial.

**Hunter Downs irrigation scheme restructures and seeks \$18.5m investment** [19 August/Stuff] Hunter Downs Water is seeking \$18.55 million in funding after securing the under-writing support of Rooney Holdings. The future of the proposed scheme, which could irrigate up to 12,000 hectares, was uncertain after government funding was cut earlier in the year. The new Government had said large scale private irrigation should be economically viable on its own. The company is pushing ahead with the scheme under a new structure. It will offer up to 7,000 new water shares to fund the construction. Hunter Downs Spokesperson, Stacey Scott, said since farmer support was below the key threshold, the scheme's debt funding proposal required an underwriter for any shortfall in farmer uptake. Rooney Holdings Limited offered to provide such a service. The scheme was now proposed to be a partnership between Hunter Downs Water and Rooney Holdings Limited. HDW Chairman, Andrew Fraser, noted it may be the only chance this generation would get to secure important water for the region and community.

**Horizon's proposed One Plan changes could avert \$105m hit to Taranaki economy** [21 August/The Country] The Horizons Regional Council has approved a three stage approach to freshwater management in the region. It could result in the changes to One Plan that avert the predicted \$105 million a year hit to the Taranaki economy. The changes would include altering nitrogen leaching numbers, and broader changes to the plan to ensure a practicable consenting pathway existed for land intensive users. The Environment Court told the council last year it had to refuse consent to farmers unable to restrict nitrogen leaching to totals in the One Plan. However, there were still some farmers who could not meet the new levels. Taranaki District Mayor, Tracey Collis, said her heart went out to vegetable growers who did not have a way forward due to the distress it was causing. Makomako farmer, Andrew Day, said there were issues that still needed to be addressed. The Environment Court's decision was released in April last year and noted Horizons needed to stick to rules governed by the Resource Management Act and not let financial implications on farmers determine its consent process.

#### Health and safety

**Forestry not agriculture is NZ's most dangerous job** [19 August/Stuff] Although more people die on the job on farms, fatality rates are four times higher in the forestry industry. Farming had a reputation of being the most dangerous occupation due to the higher number of deaths, however more people work on farms than in other industries. Between 2011 and July 2018, 132 people had died while working on farms, compared to 39 in forestry and 37 in construction. Based on fatality rates per 100 thousand workers however, forestry was the most dangerous at 56.73 whereas agriculture was only 13.44. WorkSafe noted however there were more injuries in agriculture than other sectors. Vehicle accidents were responsible for most farm worker deaths. WorkSafe's Sector Lead for Agriculture, Al McCone, said although trends showed some movement downwards in deaths and injuries, it was insignificant. He added WorkSafe had considerable evidence that there had been a change in the awareness and use of health and safety practices on farms.

#### Animal welfare

**'Whistle-blowers' in animal abuse cases need protection – SAFE** [17 August/Radio NZ] SAFE is seeking to have whistle-blowers protected after they lodge animal abuse complaints. It said some farm workers had received death threats due to reporting animal abuse, and they had no confidence in the Ministry for Primary Industries. SAFE's Chief Executive, Debra Ashton, said whistle-blowers were vital in preventing animal abuse on farms, and needed to be supported when they came forward. She added they were living in fear of coming forward and that industry bodies were in a good position to help for if they had to relocate their job or something similar. Ms Ashton had approached Fonterra and DairyNZ to suggest to them to setup systems for whistle-blowers, however she was yet to hear back from them. SAFE wanted the government to set up an independent agency to look after animal welfare and have regulatory enforcement powers. The MPI responded by saying all animal welfare complaints received were acted on and his usually involved an inspection of the farm and animals.

#### Horticulture

**Pukekohe grower: 'We're really the last frontier'** [15 August/Radio NZ] Increased lettuce prices are possible according to the horticulture industry. A report predicted fresh fruit and vegetables could increase by 50 percent due to Auckland's booming population and housing demands. It warned of increased produce costs, job losses, and a \$1.1 billion impact on the economy. Hira Bhana and Co Grower, Bharat Bhana, said the region's conditions could not be replicated once it was gone. His family had grown potatoes, onions and other vegetables for almost 60 years. Land near his farm that used to be used to growing produce was now occupied by housing. He added all land around the area was once farmland but the urban sprawl was growing closer. Pukekohe produces a large portion of Auckland's produce. Losing the area to housing would cause problems as demand for produce was on the rise. He argued the government needed to step in to ensure the soils were conserved for future generations. Horticulture New Zealand CEO, Mike Chapman, said Pukekohe was at risk.

**Emerging markets**

**Solar boom ‘bringing hundreds of jobs’ to Queensland’s Darling Downs** [19 August/ABC News] A renewable energy boom across the Darling Downs in Queensland has reinvigorated the region’s economy as farmers have turned to wind and solar farming. One council approved one wind and 11 solar projects worth AUD6 billion. Western Downs Regional Council Mayor, Paul McVeigh, detailed the projects in the pipeline. Hundreds of jobs were lost when the coal seam gas industry scaled back, and it was thought this new area could help the economy bounce back. Mr McVeigh said one job in their small town was valuable, so the potential of this brining hundreds was fantastic. Its first big project is the \$200 million Dalby Solar Farm. Families who would overlook a large solar farm for 25 years were angry at the prospect. The Toowoomba Council noticed the trend and approved a billion dollar project that would be the biggest in the world if it was to go ahead. Mr McVeigh added the region was on track to becoming the solar farming capital of Australia.

**Big US beef index job for Dunedin’s AbacusBio** [20 August/The Country] AbacusBio is rebuilding the selection indexes for the American Angus Association. The association is the world’s largest beef cattle society. AbacusBio Partner, Jason Archer, was thrilled they were chosen for the work. The association has more than 25,000 members. The work being done by AbacusBio meant it would affect billions of dollars’ worth of production. The association wanted to upgrade its index that was created in 2004. Partner Peter Amer had been doing similar work for more than 25 years and was a world expert in it. One of the innovations AbacusBio had brought to breeding objective development was incorporating user feedback into its indexes. An index was only useful if people used it and the company needed to listen to what people wanted from their programme. The project would be completed by the end of 2018, and would likely be implemented around the middle of next year.

**Sheep milk**

**Lotte Food Pasteur and Spring Sheep Milk Co. Sign Korea MOU** [14 August/Dairy Reporter] Lotte Foods Co., Ltd. announced it had signed a memorandum of understanding with New Zealand sheep milk nutrition company, Spring Sheep Milk Co. Lotte planned to introduce a new sheep milk line for children in 2019. Spring Sheep CEO, Scottie Chapman, said they were excited about the partnership with Lotte Food Pasteur, and that working with them would bring the quality of New Zealand sheep milk to Korean consumers. Spring Sheep Milk was a joint venture between Landcorp and SLC Group. It said sheep milk contained up to 60 percent more calcium and 50 percent more protein than regular milk. It was naturally richer in essential vitamins, minerals and amino acids, and its unique protein and fat structure made it easier to digest and absorb. Lotte Food Pasteur Managing Director, YongKi Kim, said he was happy with the partnership between the two companies.

**Forestry**

**Foresters fear carbon auction’s implications** [20 August/Farmers Weekly] Forest Owners Association President, Peter Weir, was troubled by Government proposals to use an auction system as a means of allocating extra carbon units under a revised Emissions Trading Scheme. Under the auction, each bidder would be able to submit multiple bids to create a demand curve that ranks all bids from highest to lowest. A clearing price would be determined. Mr Weir feared this may cause problems. He was concerned the units would not be backed by anything and compared it to quantitative easing. He also said it was unclear as to when the auction would be initiated. He added the carbon market already faced a liquidity crisis. Foresters as a whole were happy with most of the changes proposed. Interest from sheep and beef farmers in forestry was on the rise and any ability for carbon credits to rise over their \$25 cap would be further encouragement.

**Fishing**

**New whitebait season gets underway as pressures mount** [15 August/Stuff] As the New Zealand whitebait season starts, there is growing concern about stock levels. Conservation advocacy groups renewed warnings about the low state of whitebait stocks and renewed pleas for a ban on commercial whitebaiting. A report by the Department of Conservation revealed that at least three of the five native species were under threat. Forest & Bird called for a ban on commercial whitebaiting. Conservation Minister, Eugenie Sage, said that DOC had initiated work on issues affecting whitebaiting and what measures would help increase their numbers, improve their management, and ensure healthy whitebait populations. Whitebaiters in Timaru planned to make the most of the season with its recent opening. The whitebait season will end on 30 November in most areas on New Zealand. DOC Ranger, Steve Harraway, said they would be out during the season and paying attention to the Opihi and Orari Rivers.

**Economics and trade**

**Weaker kiwi raising NZ commodity prices in local terms** [20 August/Otago Daily Times] According to ASB Senior Rural Economist, Nathan Penny, a weakened New Zealand dollar is boosting commodity prices in local terms. The Commodity Price Index had lifted 8.3 percent annually in New Zealand terms. Fonterra dropped its forecast from \$6.75 per kilogram of milk solids to \$6.70. Mr Penny noted the Chinese Yuan had been even weaker than the NZD recently. Horticulture continued to be a strong performer. Annual wine exports were now valued at more than \$1.7 billion. BNZ Senior Economist, Doug Steel, said apple exports continued to perform strongly, building on the success of recent years. Further growth was expected. Sheepmeat exports had also increased in the last 18 months and were up more than a quarter in the past year alone. It was a big growth sector, helped by higher prices. Wool exports were close to recent lows despite volumes lifting nearly 20 percent in the last year.

**Farmers and producers**

**Get used to higher costs of farming** [21 August/Rural News] Agriculture Minister, Damien O’Connor, said farmers should get used to the increasing costs of farming in New Zealand. He added the reality was we are in a world that was scrutinising every part of our farming operations. He referred to accountability and product origin when explaining this. He claimed a recent apple contract with the UK was lost as the exporter couldn’t guarantee the labour component of the production system received fair wages and conditions. He added it was a wakeup call to the industry and we would be under similar scrutiny for every part of our systems including animal welfare, environmental management and labour. He noted NAIT was seen as an unnecessary cost when introduced, however would have its benefits.

## Agribusiness education

**AbacusBio-AGMARDT International Internship** [14 August/AbacusBio] AbacusBio and AGMARDT are offering a six month internship programme and have two openings available for their 2018/19 intake. It was intended for people employed in the agri-tech, agri-business, and/or agri-food sectors. They were seeking people who had clear career goals in mind. It would give international exposure to the sectors. The programme would focus on developing core and transferrable skills that could be applied in their roles. The skills would help interns progress from their current roles into more senior positions. Each intern would be assigned a mentor. The first six weeks would comprise a mix of workshops and project work at AbacusBio. The remaining time would be based in the UK and interns would work on projects in areas of interest to them and their employers. The projects would be intended to be beyond business as usual and would provide the intern with the scope to consider new opportunities and challenges. Application close at 5pm on Wednesday 5 September 2018.

## International

**Corona beer maker Constellation ups bet on cannabis with \$4 billion investment in Canopy Growth** [15 August/CNBC] Constellation Brands has increased its investment in the cannabis industry with the announcement of an additional USD4 billion investment in Canopy Growth. Constellation has previously held a 9.9 percent stake in the company which will become 38 percent after the investment. It received the opportunity to buy up to 139.7 million in new shares. Constellation Brands CEO, Rob Sands, said they'd come to better understand the cannabis market and the growth opportunity it presented. He added they thought the premium paid for the stock reflected the long term attractiveness of the global cannabis opportunity. Canopy CEO, Bruce Linton, said Canopy Growth was focused more on cannabis as a product than as a commodity.

**Seafood consumers want ethical labels but sustainability trumped by price** [15 August/Food Navigator] A study by the Marine Stewardship Council revealed mixed consumer attitudes towards seafood sustainability. It demonstrated a demand for independent and ethical labels and also a trend for price to motivate purchase. Seafood consumers globally agreed there was a growing need to protect seafood and the oceans for future generations. Consumers believed the biggest threat was pollution, followed by overfishing. The survey showed that while there was a desire for sustainably sourced fish, in some markets price was more important. MSC Head of Marketing, Richard Stobart, suggested part of the problem was it wasn't always clear what impact consumers could make on the health of the oceans. According to the MSC, consumer trust had to be gained and a broader uptake of independent verification schemes could achieve this. Consequentially, a growing number of consumers wanted to see independent verification of sustainability claims.

**In China, salmon is salmon, even if it's trout** [16 August/CNBC] According to a local media report, fish sellers in China had labelled fish other than salmon as salmon for a long time. Chinese fish authorities have responded and said it was not a problem for them to label rainbow trout as salmon according to new standards. This annoyed many people and thousands complained. Student, Ma Xinyi, said if she came across cheap salmon that was hard to tell apart from rainbow trout she would likely not buy it. Regulators elsewhere took a negative view on substituting one type of fish for another. Fish was commonly mislabelled around the world in order to achieve higher prices. In the U.S. steelhead trout cannot be labelled as salmon. The salmon labelling controversy is just a small part of the food labelling problems in China. China's fish industry defended the safety of its freshwater production and said its farms were carefully controlled.

**USDA buying \$50M of surplus milk amid industry glut** [16 August/Food Dive] According to the U.S. Department of Agriculture, it will be buying \$50 million in pasteurised milk. The milk will be distributed to families who did not have regular access to the milk. The purchase would be made under a federal law allowing the government to buy food or agriculture products to be sent to food banks or school nutrition programs. The department emphasised the donation was not related to President Trump's call to help farmers deal with trade disagreements. The government was expected to buy between 12 and 15 million gallons of milk. International Dairy Foods Association President and CEO, Michael Dykes, said the purchased addressed a significant challenge and would also have a positive impact on the dairy industry.

**Wheat's DNA map discovered after 13 years** [17 August/Radio NZ] In a recent breakthrough that could improve global food security and help those suffering from allergies, scientists have cracked the DNA sequence code of wheat. The research involved 73 institutes in 20 countries and would allow for faster breeding and production of new varieties. It meant farmers would have information relating to quality, yield, diseases, and resistance to stress such as frost or drought. Being one of the world's major food sources, it could also mean improved outcomes for global food security. Professor Rudi Appels of Agriculture Victoria said the research offered a map of the highly complex crop. He likened it to having a Google map for wheat. He added that with five times the amount of DNA than that of humans, the wheat genome sequence had taken 13 years to complete.

**Deere Says Trade Anxiety Is Getting Overblown in the Farm World** [18 August/Bloomberg] Deere and Co believed the excessive worry over trade tensions had gone too far, especially with the farm economy. According to its CFO, Raj Kathur, China's tariffs against U.S. soybeans had caused a collapse in prices, however it could be overshadowing other improvements in the agriculture world. He mentioned strengthening fundamentals in the corn, wheat and cotton markets and added global grain demand was growing. He noted the farm economics picture for next year could be stronger than realised. Deere executives thought the recent aid provided to U.S. farmers for trade disruption was still just a band-aid. Mr Kathur said 2019 farmers' cash receipts were likely to be higher and net returns per acre for major crops could be the highest in five years.

**Ancient grain millet has potential to tackle drought, obesity and malnutrition, researcher says** [18 August/ABC News] Millet is the ancient grain researchers hoped could help farmers battling dry conditions, while simultaneously tackling obesity and malnourishment. It is a cereal crop that is commonly grown for animal feed. Australian researcher, Joanna Kane-Potaka, wanted to change that. She said it survived on minimal water, in hot temperatures, and could be important with climate change. She gained support for her program which promoted crops that are good for people, the environment, and farmers. She aimed to get millets from a niche crop into mainstream staple foods. She hoped its rich nutrients could tackle the world's health issues. Some restaurants were convincing customers to swap rice for millets. With nutrition experts fearing obesity and malnutrition, this grain could be the necessary ingredient to reduce these issues worldwide. Ms Kane-Potaka noted her focus was on consumers to help increase the demand for the crop.

**Flexitarianism is no fad, meat and dairy sector warned** [17 August/Dairy Reporter] Social media has fuelled interest in veganism and plant-based eating but it is not just a fad according to a report by UK's Horticulture Development Board. Veganism was attracting a disproportionate amount of media attention since only 2 percent of the population was vegan. The trend is particularly prevalent amongst younger consumers. The desire to seek good health encouraged more and more people to seek out meat free and dairy free options. Concern about the environment was an anchor point that the board suggested had been exploited by those promoting vegan diets. A balanced debate on environmental impacts would also help which could be a hard sell due to the ecological footprint of livestock farming. Hostility towards fat had softened over time and the desire to eat high protein diets could act as a counterpoint to some of the arguments put forward.

**Starbucks debuts its first plant-based protein coffee** [14 August/CNBC] Starbucks will introduce a plant-based protein drink. It will offer a Protein Blended Cold Brew in almond and cocoa flavours. The drinks are made from pea and brown-rice protein. CEO, Kevin Johnson, said plant-based beverages, plant-based proteins are a choice than many consumers were moving towards. The drinks would be sold for USD5.95 and are an extension to Starbucks' Cold Brew line. They will be available in the U.S. and Canada. Mr Johnson added customers could also request a shot of plant-based protein to be added to different drinks. Three out of five Americans said they wanted more protein in their diets.

**Hormel sells its Nebraska processing plant to hog farmer cooperative** [17 August/Food Dive] According to Hormel, it will sell one of its pork processing plants in Nebraska to WholeStone Farms. WholeStone Farms is a newly formed cooperative comprising 220 Midwestern hog farmers. Neither company would disclose the sale price. The transaction is expected to close in December this year. It included a facility and a layered agreement to supply raw pork materials to Hormel Foods. Executive Vice President of Supply Chain at Hormel Foods, Glenn Leitch, said a multiyear supply agreement with WholeStone Farms ensured the facility would continue being an integral part of its supply chain in the future. He noted their focus continued to be on ensuring a stronger supply chain from procurement of shipment products, fully optimising our system to create an efficient, enterprise-wide structure to keep pace with the growing needs of their business. The sale reflects a trend amongst big food companies to seek new or different ways to configure their supply chains into the future.

**A Dozen Cousins launches with the goal to balance culture authenticity, convenience and health** [20 August/Food Navigator] A Dozen Cousins founder, Ibraheem Basir, didn't want consumers to have to choose between cultural products they grew up with and foods that were healthier for them. This is the driving force behind his decision to launch a natural food brand that blended recipes from his heritage with premium ingredients. He will unveil his first line of ready to eat beans at an upcoming expo. They are based on regional black and Latino recipes that represented his culture. The notable difference with his products to those of his childhood is that they would be simmered in avocado oil rather than canola. He said he got the inspiration to go with beans when he was struggling to choose between eating fresh leafy greens everyone today aspired to eat, and the foods he grew up with. He chose a product that felt indulgent but had good health credentials.

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# Field Notes

Weekly news update from the KPMG Agribusiness Network – 22 August 2018

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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