



Hot Off The Press:  
**KPMG Agribusiness  
 Agenda 2018**

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## AGRIBUSINESS

# Field Notes

Weekly news update from the KPMG Agribusiness network

17 October 2018

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

a2 Milk	Matamata Poultry Limited
AECOM	MEQ Probe
AgResearch	Nestle
Allbirds	PGG Wrightson
ANZ	Potatoes New Zealand
ASB	Project 7
Beef + Lamb New Zealand	Pure Food Company
Berry Licious	Quinn Snacks
Berry Obsession	Roccardoes Tomatoes
Biena Snacks	Rombola Family Farms
DairyNZ	Roundup
Eastern Suburbs Preschool	Rural Canterbury Primary Health Organisation
Environmental Protection Agency	SmartSweets
Fidelity Management & Research Company	Sprout
Fonterra	Statistics New Zealand
FoodTech	Synlait
Freestyle Farms	T Rowe Price Investment Management
Garage Project	Tasman District Council
Goodie Girl	TerraCycle
Hapi Research	University of Adelaide
Heineken	University of Auckland
Horticulture New Zealand	University of Leeds
Irrigation New Zealand	Venture Southland
Kit Kat	Victoria University
Little Secrets	Waimea Irrigators Limited
Massey University	Whole Foods

### This week's headlines:

Environment and Emissions	<b>Rotorua children do their bit for the landfill and environment</b> [11 October/The Country]
Hops	<b>Government and industry join forces for hop venture</b> [10 October/Stuff]
Dairy	<b>Nestle set to launch A2 formula in New Zealand and Australia</b> [11 October/The Country]
Wool	<b>Deal values Kiwi Tim Brown's woollen sneaker firm at \$2b</b> [12 October/The Country]
Agribusiness Education	<b>Food producers to get a taste of innovative consumer research</b> [15 October/Radio NZ]



## Environment and emissions

**Rotorua children do their bit for the landfill and environment** [11 October/The Country] Eastern Suburbs Preschool students are diverting non-recyclable yoghurt pouches from landfill on behalf of the community as part of a recycling programme. The programme is led by Fonterra and TerraCycle. The preschool has a chance to win lunch bags and pencil cases made from upcycled yoghurt pouches as part of the national recycling competition called the Fonterra Snap, Recycle and Win competition. Once collected, the pouches are sent to TerraCycle who shreds, cleans, and melts them down. For each kilogram of waste sent to TerraCycle, the preschool earns \$1 as a donation. Eastern Suburbs Preschool Spokeswoman, Wendy Clarke, said the children decided to join the programme after conducting a waste audit of their lunchboxes. They found yoghurt pouches to be a regular item and started to promote their recycling work to the preschool families. Locals could also drop their yoghurt pouches off at the preschool for recycling.

**Roundup, 1080 not on EPA's list as it reassess chemicals for possible bans** [16 October/Stuff] The Environmental Protection Agency promised to be strict on commonly used chemicals. However, critics said they should have included glyphosate, which was the active ingredient in Roundup. It would reassess 40 chemicals of the 700 on the priority list. Most were used in agriculture. The chemicals targeted did not include neonicotinoids, which was blamed for a reduction in insects. It added it had decided not to reassess a number of chemicals immediately that were of concern to the public. The reassessments would cost over \$1 million each. Professor of Toxicology at Canterbury University, Ian Shaw, noted he differed with the EPA whether glyphosate was a danger to human health. He thought it to be hazardous. A groundsman was awarded USD440 million in a landmark case after a jury found his terminal cancer was caused by Roundup. Horticulture New Zealand Chief Executive, Mike Chapman, said it was business as usual for the EPA.

## Biodiversity

**Plant & Food Research has special role for native birds** [11 October/The Country] Plant & Food Research would lead a team to undertake a study to determine if native birds could function as nature's pest control agents. They would catch and release native birds that are currently present in apple, wine grape, berry, and plum orchards and identify insect DNA from their faeces to determine the insects they prefer to feed on. Project Leader, Karen Mason, said birds could be an excellent addition to the orchard ecosystem, particularly if they preferred to eat insect pests over insects that benefit growers. The new technology would aid understanding with what insects native birds liked to eat. The study was part of a wider vision to incorporate more native plants and animals in the horticultural production system. Ms Mason noted our native species had so much to offer, so we needed to work with them to build a more sustainable future.

## Water

**Irrigation NZ: Water tax 'not workable'** [11 October/The Country] According to IrrigationNZ, the introduction of a nationwide water tax was not workable. Allowing irrigators to continue to invest in more irrigation systems rather than taxing them would result in the biggest improvements to efficiency. IrrigationNZ Chief Executive, Andrew Curtis, said a water tax had been considered in other countries, but abandoned in every case due to its complexity and cost. The Tax Working Group saw a water tax as a way to increase water use efficiency. According to the NZ Agricultural Production Survey, regulations and limits on water availability were already driving the adoption of more efficient irrigation systems. Mr Curtis noted modern irrigation systems had less water and nutrient run-off which was good for the environment. They were, however, expensive. He emphasised a national water tax would make it more difficult for farmers and growers to install more efficient systems.

**Freshwater scientist slams Hawke's Bay Regional Council over water quality** [15 October/The Country] Senior Researcher at Victoria University's Institute for Governance and Policy Studies, Mike Joy, slammed Hawke's Bay Regional Council about water quality in the region. The council said it was working to improve water quality. Mr Joy shared pictures of the stream, showing its issues with algae blooms. He added it was disgusting and feedlots upstream were part of the problem. Regional council spokesman, Lain Maxwell, said the Papanui Catchment was one of the priority sub-catchments the council was focusing on. He added areas such as Lake Tutira, Ahuriri Estuary, Whakaki Lake, and Karamu Stream were also a big part of its focus on water quality.

## Rural health

**Concern for Canterbury farmers suffering anxiety or depression** [11 October/Stuff] Concerns for farmers and others in rural Canterbury mounted due to years of drought, earthquakes and the recent Mycoplasma bovis outbreak. Rural Canterbury Primary Health Organisation Consultant, Paul Wynards, said farmers were worried about Mycoplasma bovis because of the uncertainty as to when it may hit them. In 2016-2017, 22 farmers committed suicide compared to 18 the year before. Medical centres were reporting increased mental health issues in North Canterbury. Practice Support Navigator, Rosie Carr, added rural doctors often didn't have time to deal with diverse or complex issues. She emphasises it was OK to ask for help. Spending time with family on things that made them happy was also key to preventing mental health problems. Farmer's partners were also susceptible to feeling anxious or depressed. People in need were urged to call or text 1737 to be connected with a trained counsellor immediately.

## Hops

**Government and industry join forces for hop venture** [10 October/Stuff] Taxpayer funds will be used to develop top quality hops for New Zealand's craft beer business. They want to replicate the success of the wine industry, and make New Zealand craft beer sought after globally. Garage Project and Freestyle Farms have partnered together with the aim to develop the hops. Their partnership is called Hapi Research. It would invest \$7.95 million in the project, with the \$5.3 million balance coming from the Government. Freestyle Farms Director, David Dunbar, said the funds would go towards research into precision agriculture practices and processing methods. Mr Dunbar added they had initiated the programme, however other like-minded businesses and partners would join. Only New Zealand growers could grow the hops from the project. Garage Project Chief Executive, Tom Greally, said Hapi Research wanted to create a point of difference for New Zealand grown hops and craft beer.

## Irrigation

**Irrigation NZ head Andrew Curtis resigns to start up consultancy** [10 October/Stuff] Irrigation New Zealand Chief Executive, Andrew Curtis, resigned after 10 years in the job. He would start up his own consultancy. He said the Government's change of direction over irrigation had no bearing on the decision. There was uncertainty around almost a dozen large scale projects, as subsidiaries were withdrawn and farmers unwilling to provide funds. Mr Curtis added he would focus on providing honest and independent advice to farmers on best management practices related to water and the environment. He wanted to spend more time with his family, as the executive position meant a lot of time away from home. He noted there was a gap in the market for honest and independent advice. Although government policy was changing towards large scale irrigation for dairying, it would still be needed for cropping.

**Waimea Irrigators Ltd issues replacement prospectus for dam project** [16 October/Stuff] Waimea Irrigators Limited issued a replacement prospectus for the Waimea dam project. It was missing a much talked about mystery investor. The replacement product disclosure statement outlined a new investor vehicle that would be made of a group of local family businesses in the Waimea Plains. They remained unnamed, however were on the Waimea Irrigators Limited board. It came after changes were made to the financial model for the dam. The bulk of WLL's share of the funding gap would come from an external New Zealand investor, however the situation had now changed. Chairman, Murray King, said they were grateful for the proposal and willingness to help. Negotiations were being finalised and remained confidential, but commitments had been made. There was no real Plan B if the dam did not proceed. The Tasman District Council welcomed the announcement.

## Farmers and producers

**Recovery package to get farmers hit by cattle disease back on their feet faster** [9 October/Stuff] Prime Minister, Jacinda Ardern, and Biosecurity Minister, Damien O'Connor, announced a recovery package to help farmers get back to business faster after being cleared of Mycoplasma bovis. The package would give access to assistance with compensation claims, online tools, and extra support from the Rural Support Trust. The compensation team was made up of rural professionals, with the cost of running the team being funded through the national Mycoplasma bovis response. The package would also help Rural Support Trust. The package would be rolled out by the Ministry for Primary Industries, DairyNZ, and Beef + Lamb NZ. Mr O'Connor said the response was making good progress in its world-first eradication attempt. Of the farms in New Zealand, 74 had been infected, with 36 destocked and cleared of the disease.

## AgriTourism

**Farm visit demand spurs sessions** [15 October/Rural Life] Southland farmers were encouraged to combine agriculture with tourism to cater for increased interest in rural experiences. Venture Southland would host four agritourism information sessions to highlight tourism opportunities for farmers. Venture Southland Tourism Product Development Co-ordinator, Cameron Richard, said the sessions were developed in response to growing demand for agricultural and tourism experiences. He added tourism in the area had risen 36 percent in the past five years. One of the main attractions for tourists in NZ was farm-related activities. An ANZ Agri Focus report found more than a quarter of tourists in 2015 visited a farm or orchard during their stay. Demand for agritourism products had grown significantly. The information sessions would identify tourism opportunities for farmers and provide insight into current operations and connect farmers with industry resources and advice.

## Emerging trends

**Two investors, including former Fonterra executive, join Kiwi company boosting nutrition in food for elderly** [11 October/TVNZ] Two investors joined the Pure Food Co which aimed to boost nutrition in food for the elderly. Synlait Founder, John Penno, and Maury Leyland Penno who worked at Fonterra were welcomed to the company. John Penno would be the chair of the Board of Directors. It was founded in 2013 after Sam Bridgewater watched his stepfather struggle with an illness that made it impossible for him to eat. Co-Founder, Maia Royal, said it was thrilled to have them on board. He added their investment, expertise, and knowledge of the primary sector would enable business expansion. Mr Penno added they shared the co-founder's vision of enhancing the quality of life of people by providing high quality, nutritious food. The Pure Food Co supplied food to over 75 percent of hospitals.

## Agtech

**Robots to train vineyard and orchard workers to do a better job** [11 October/Stuff] Robots could be used to prune in vineyards and orchards across New Zealand. University of Auckland researchers were granted \$16.8 million to develop a robotic automation system to upskill human workers, and do manual tasks. University Professor, Bruce MacDonald, said robots would not take jobs, but rather plug the existing labour shortage and allow for higher value jobs. In its first phase, sensors would monitor what experts did on orchards and vineyards. Augmented reality technology would then train new workers to do a better job. He added it would show them, for example, how to prune vines. Central Otago Wine Association Spokesman, James Dicey, supported the project. Ministry of Business, Innovation and Employment Contestable Investment Manager, Max Kennedy, said the project could help increase export revenue and orchard productivity.

## Biosecurity

**Potato virus no threat to chip supply** [11 October/Stuff] Testing for the potato mop-top virus has been extended, however there would still be enough chips for the summer. It was discovered in potatoes grown in Canterbury last month. Potatoes New Zealand and Biosecurity New Zealand said 18 farms in the region had been added to the suspect list. Potatoes New Zealand said although the virus had been found in innovator potatoes which was used in for hot chips, there was no cause for alarm. Head of Communications and Engagement, Gemma Carroll, said the virus had been found in a small, contained area and MPI would sample across the country as a precautionary measure. Infected potatoes showed symptoms such as distortions to the skin, deep cracking, and discolouration. The Ministry for Primary Industries said the virus was not a food safety issue, but could cause productivity issues.

## Dairy

**Nestle set to launch A2 formula in New Zealand and Australia** [11 October/The Country] A2 Milk's would have to contend with competition when Nestle rolled out an a1-beta free product in the next two months. It launched an A2 beta protein formula in China earlier this year. Category Business Head for Nestle, Tarun Malkani, said the product had met expectations in China with the intention of distributing it more widely. She added it would launch an A2 beta protein formula in Australia this month, and in New Zealand in November. Around 30 percent of the world's cattle herd produced only the A2 variety of milk. A2 Milk had enjoyed a ten year first movers advantage on its competitors. It made up about 10 percent of the fresh milk, and 32 percent of the infant formula market in Australia. It makes up around 5 percent of the Chinese infant formula market. Nestle was the world's largest food and beverage company with more than 2,000 brands.

#### Rural communities

**Ian McKelvie: Soaring fuel price hits rural areas hard** [11 October/The Country] The Government continued to price New Zealander's out of using cars with record high petrol prices. There was a 3.5 excise duty imposed in September, and further 3.5 cent duties would be imposed in 2019 and 2020. Petrol prices had increased around 42 cents per litre after last year's election. The reality was, the price of 91 could reach \$3 by the end of the year. The 3.5 cent tax would net the Government an additional \$220 million in taxes. The average New Zealand household was paying \$200 a year more in petrol taxes than this time last year. In Auckland, this figure was \$324. It was a regressive tax. The government failed to understand that petrol was typically a fixed cost for families and businesses according to Mr McKelvie. Extra petrol costs put pressure on consumers and businesses to cut back on their discretionary spending, which would cause economic slowdown. Fuel prices were out of control.

#### Red meat

**Red meat exports surge** [11 October/Rural News] According to Beef + Lamb New Zealand, New Zealand's red meat exports reached \$6.7 billion in 2017-2018. This represented a 21 percent increase over the previous year. The increase came from sustained high value per tonne and increased lamb, mutton and beef volume. Beef + Lamb New Zealand Chief Economist, Andrew Burt, said the average value of beef exports remained high since the market increase in 2015-2015. Total lamb exports were up 25 percent, and total mutton exports were up 46 percent. Increased demand for sheepmeat from China, coupled with tight supply from Australia and New Zealand, increased competition for New Zealand's sheepmeat. Beef exports were up 14 percent. The average value of beef exports remained steady and strong since the 2015-2015 season. The U.S. remained New Zealand's largest beef export market.

#### Horticulture

**Vegetable prices fall** [11 October/Rural News] Vegetable prices fell 8.7 percent in September. Lettuce prices fell 45 percent and according to Statistics New Zealand, lettuce heads were down to \$1.81 each. Prices reached a high of \$5.42 in July 2018 due to poor weather, but there had been two major price falls since. At the same time last year, the price was around 80 cents higher at \$2.59 per head. The decreased vegetable prices was influenced by lower lettuce, tomato and cucumber prices. Overall, food prices remained unchanged in September. Vegetable prices had returned to typical levels for this time of year.

**Teviot Valley couple just mad about saffron** [16 October/Rural Life] Teviot Valley couple, Wendy King and Graham Strong, produced premium saffron that was gaining worldwide attention and had proven health benefits. It attracted high prices, but was hard work. The flowers needed to be handpicked, and plucked by hand. Mr King emphasised weeding was a large part of the job. They started experimenting six years ago with about 20 corms, which was the start of their success. Wynyard estate would have around 4 million corms by the end of the year. Ms King regularly created new recipes using saffron, and both local and international customers increasingly demanded both their high quality saffron, and value-added products. It was the only New Zealand saffron to obtain the International Standards Organisation premium grade accreditation. It was believed to be the only New Zealand producer that did not blend its saffron with other producers, and was spray free. Studies have shown saffron supplementation helped eye health, clarity and function.

#### Wool

**Deal values Kiwi Tim Brown's woollen sneaker firm at \$2b** [12 October/The Country] New Zealand woollen sneaker maker, Allbirds, raised USD50 million at post-money valuation of \$1.4 billion. It was co-founded by Tim Brown. The funding was led by T Rowe Price Investment Management, along with Fidelity Management & Research Company, and Tiger Global. Total investments were USD75 million. Some of the money would be spent on research and development of sustainable materials. It currently has stores in San Francisco and New York, and sells to other markets online. He co-founded the venture in 2014. Mr Brown spent two years planning the shoes with biotech engineer and renewable materials specialist, Joey Zwiggler. It hit its crowdfunding target of USD120,000 within five days. The company was based in San Francisco and was diversifying into other materials.

#### Sustainability

**Fonterra nears green targets** [12 October/Farmers Weekly] Over 1,000 Farm Environment Plans had been produced through Fonterra's sustainability programme. Its second annual sustainability report would disclose this. It was due next month and would also update members in the Sustainable Dairying: Water Accord programme. Its on-farm audits showed 99.6 percent of waterways had been fenced. Only a few dozen zones remained to reach Fonterra's target of 100 percent compliance. All 10,000 farms would have plans by 2025, and the first year target of 1,000 was met. Fonterra worked with councils and communities over the past year to select water catchments in which to sponsor environmental work. Fonterra announced the appointment of an independent sustainability advisory panel. It would meet twice a year to provide guidance on its sustainability strategy, targets, and initiatives to improve performance and outcomes. Fonterra Chief Executive, Miles Hurrell, said collaboration was the key to sustainability.

#### Poultry

**Proposed Waikato chicken farm faces joint council hearing** [15 October/Stuff] A chicken farm has been proposed on the outskirts of Waikato town. It would house 242,000 birds. Matamata Poultry Limited required consent from two councils to go ahead. The operation would also require an aid discharge consent. A joint hearing between the councils would occur on 24 October. Waikato Regional Council recommended the consent be granted, dependant on consent conditions being met. The farm would raise chickens under contract from Inghams. Neighbours surrounding the site were invited to lodge submissions on the proposal. Concerns around odour and dust, as well as traffic, were raised. Leadons Farming Limited raised concerns about the use and safety of the road. An Air Quality Assessment by AECOM considered the dust particles would not disperse any more than 100 to 200 metres from the source. Matamata Poultry Limited proposed to have chicks brought only the site when they are one day old.

#### Agribusiness education

**PGG Wrightson Seeds moving to Lincoln research cluster** [12 October/Stuff] PGG Wrightson Seeds joined an agricultural research cluster at Lincoln. The grain and seed business, which is being sold by PGG Wrightson, was being sold, would move into a new building opposite the University. It will be across from the planned \$206 million Lincoln University and AgResearch joint facility. PGG Wrightson seeds was being sold to DLF Seeds for \$421m plus \$18m of debt repayment.. The sale required Overseas Investment Office and 75 percent shareholder approval. AgResearch Chief Executive, Tom Richardson, said the investment by PGG Wrightson Seeds would enable more seamless collaboration between students, academics, researchers, and business.

**Food producers to get a taste of innovative consumer research** [15 October/Radio NZ] A new way to research consumer preferences could benefit New Zealand's food producers. A laboratory funded by Massey University focused on consumer and sensory science for food. Joanne Hort, who is the Fonterra-Riddet chair in consumer and sensory science, would lead the facility and had been working with dairy products, meat products, and New Zealand made gin. She said the reasons why people selected the food they did were complex, and that was what they aimed to understand. She added the research was triggered in part by the vast array of food choice in the Westernised world. New Zealand products were competing on crowded shelves and against some sophisticated and well-funded competitors. She noted it was also possible to evaluate perception and how packaging and labelling influenced people's decisions.

**2019 Sprout Applications Open: Apply by November** [12 October/Sprout Accelerator] Applications are open for the 2019 Sprout programme. Sprout Accelerator scouts New Zealand and the globe for agritech and agrifood companies. It is looking for agritech and agrifood entrepreneurs with disruptive products and technology. It searched for companies that wanted to accelerate their businesses and maximise growth. It was tailor made for each company, and focussing on a high margin business model, distribution, and execution advice from experienced entrepreneurs. Eight to twelve start-ups would be selected to take part in the eight month programme. The programme will start in January 2019 with weekly consultation from Sprout advisors. There would also be four underground events across many months, before the cumulating event. The key benefits included funding, access, connections, milestone, expert, accurate, and remote. Applications were currently open.

#### International

**Will your nutrition tech stand out in 2019?** [11 October/Food Dive] Nutrition and wellness technologies are more important than simply being smartwatches with sleep trackers. They are about customised meal plans, group fitness classes, and replacements for common ingredients. The advanced nutritional area has changed dramatically. Consumers want better options, resulting in more entrepreneurs and investors looking towards the emerging market. Consumers can benefit from the concentration of innovation, however disrupters would have a lot of competition. Fitbit was an early fitness tracker which popularised the space. Since then, there have been a range of start-ups in the sector. Things such as lab grown meat could be readily available in the near future. It is believed nutrition technology would continue to popularise in 2019. The three tips to determine whether a product is ready to be produced were to compare value propositions, invite outside analysis, and think ahead.

**Food Crops From Corn to Rice Are Seen at Risk From Warmer Change** [9 October/Bloomberg] Due to global temperature rising, farming all kinds of food crops would likely become more difficult. A panel of scientists have warned the world was one degree hotter than it was at the start of the industrial revolution, and was on track to warm 3 degrees by the end of the century. The global crop could fall by 10 percent if temperatures rise 1.5 degrees. This was expected to be reached by 2035. Professor of Ecology at the University of Leeds, Tim Benton, said if we did not keep climate change below 2 degrees, we would face more and more disruption to food supplies. Increased pressure for higher food prices were expected as more extreme weather makes growing conditions more difficult. Climate change would add to the strain on food prices. If global warming goes over 3 degrees, rice crops in South East Asia would become less nutrient rich which could harm the health of up to 600 million people.

**Rockmelon listeria investigation finds outbreak that killed seven largely caused by dust storms** [11 October/ABC News] According to an investigation, a series of deaths linked to listeria on rockmelons concluded the fruit came from a single farm in New South Wales. The farm in question was Rombola Family Farms. Between January and April, 22 cases of listeriosis occurred across the state. The investigation found the farm had hygiene on par with, or better than, most rockmelon growing operations. Dust storms that covered the paddocks on the farm significantly increased the amount of listeria on the fruit. Other issues were found at the farm, however they were not considered to be the major underlying causes.

**Start-up seeks to guarantee meat eating quality using science** [12 October/ABC News] MEQ Probe was a startup that aimed to guarantee the eating quality of a steak or lamb chop. It developed medical grade probes to use and test eating quality traits such as marbling and shear force. Being developed by the University of Adelaide's Centre for Nanoscale BioPhotonics. Its CEO, Jordy Kitschke, said it was excited about the opportunities the technology could have. The laser is sent into the carcass to reveal the reflectance of the light for different attributes. Meat processors Teys Australia and Midfield Meat International had partnered with MEQ Probe. It received \$500,000 from Meat and Livestock Australia after winning a Pitch in the Paddock prize. Meat and Livestock Australia Managing Director, Richard Norton, said it backed the project due to its transformational potential.

**Strawberry needle tampering cause still not known a month on from first report** [11 October/ABC News] Almost a month after the first strawberry with a needle in it was reported, the source of the initial contamination has not been revealed. Affected punnets were found across Australia. Queensland Police were still investigating the incidents, and would tell the public if charges were laid. There were several confirmed cases. Berry Licious and Berry Obsession were the first incidents. Contaminated punnets were also bought from a Sydney supermarket, before being purchased in Adelaide, and Hobart. Other cases occurred in other parts of Australia. Federal Health Minister, Greg Hunt, ordered an immediate investigation into the contamination. Kuwait and Bahrain were the only country to suspend Australian strawberry imports. Woolworths removed sewing needles from shelves, however they would return within the next two weeks. Cropping Manager at Riccardoes Tomatoes, Tony Starks, noted business had recovered.

**'Flexitarian' diets key to feeding people in a warming world** [11 October/BBC News] According to scientists, to limit climate change, water scarcity, and pollution, we needed to embrace flexitarian diets. This would mean mainly eating plant-based foods and was one of the three key steps towards a sustainable future. The study showed food waste would need to halve and farming practices improve. The authors showed the food system had a range of environmental impacts which included being a driver of climate change, depleting freshwater and pollution through nitrogen and phosphorous use. The study emphasised these numbers could grow between 50 and 90 percent between 2010 and 2050. If the world moved to a flexitarian diet, it found that greenhouse gas emissions from agriculture would be reduced by more than half. The study further found halving the amount of food lost to waste would reduce environmental impacts of agriculture by 16 percent.

**A lack of 'digital maturity' is holding back Big Food innovation, says French Foodtech chief** [11 October/Food Navigator] According to the National Director of FoodTech, Xavier Boidevezi, not enough big food companies had the digital maturity required to embrace open innovation. He added the biggest benefits were to be had by players who looked to innovate beyond their core business areas and collaborating with external stakeholders. This would assist to find solutions across the value chain. This was his biggest challenge as director. He noted it was mainly a problem with large corporates. He emphasised the need to introduce tech not for the sake of it, but to improve processes and efficiency. He believed federating the ecosystem was a matter of national pride. He said that Macron's ambitions to transform France into a start-up nation had longevity beyond the mandate.

**Consumers not confused by milk alternatives** [12 October/Feedstuffs] The period for the U.S. Food & Drug Administration's consideration of a proposal to provide better clarity on appropriate labelling of plant-based alternatives on milk and dairy products closed. A survey by the International Food Information Council showed a low level of confusion. Most dairy products had standards of identity that were recognisable. These appeared on plant-based products as part of their names. They were often sold in the dairy section of grocery stores, however some may not be nutritionally equivalent. The survey showed a significant majority understood which products contained or did not contain milk from cows when shopping for various types of products labelled with the term milk. Consumers expressed awareness about whether various products labelled milk or butter contained cow's milk or plant-based ingredients. Of those who bought milk products, 62 percent purchased solely dairy while 38 percent purchased non-dairy products.

**Trick or Treat: Whole Foods campaigns for 6 better-for-you versions of childhood goodies** [12 October/Food Dive] Whole Foods decided to launch a nationwide campaign to publicise six of its in-store candy and snack brands instead of promoting seasonal treats. The snack brands are healthy alternatives to childhood favourites. The brands are all emerging companies in the snacking sector. They included Project 7 and SmartSweets who are low-sugar producers of gummies, Little Secrets which were similar to Kit Kats without the artificial flavours or colours, Quinn Snacks which supply popcorn and pretzels, and finally, Biena Snacks and Goodie Girl who make gluten free cookies. End caps in the stores would display these emerging brands from October 3 through 16. They would have the tagline 'Remember treats as a kid? So do we.' They are also advertised through newsletters and a social media campaign.

**Heineken bringing its non-alcoholic beer to US in January** [12 October/Food Dive] Heineken plan to launch a non-alcoholic beer in the U.S. in January. It would be called Heineken 0.0. It had already been introduced in 30 countries, however was yet to break into the North American market. It hoped the non-alcoholic product would boost opportunities for U.S. consumers to drink Heineken. It aimed to draw them away from wine, spirits and hard seltzers. They would be a healthier option at 65 calories. It could be enjoyed at lunch or after workouts. Chief Marketing Officer at Heineken USA, Jonnie Cahill, said it was a complementary strategy rather than a replacement one. He added they believed the consumers were ready and that it was good for beer a great opportunity for them.

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Weekly news update from the KPMG Agribusiness Network – 17 October 2018

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Field Notes presents a summary of some of the media comment on the Agribusiness sector in the last week. The views expressed do not necessarily represent the views of KPMG but are summaries of the articles published.

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