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 Agenda 2018**

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Weekly news update from the KPMG Agribusiness network

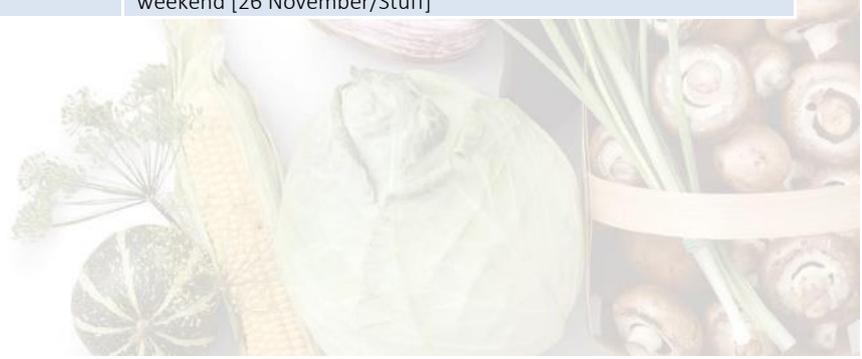
28 November 2018

Organisations referenced in this week's Field Notes include:

Alliance	Memphis Meat
Animal Husbandry Group	Ministry for Primary Industries
ASB	National Cattleman's Beef Association
Australian Food and Grocery Council	New Zealand Kiwifruit Growers Inc
Bayer	New Zealand Police
Biosecurity New Zealand	NZ Apples and Pears
Bostock NZ	NZ High Commission
China Animal Husbandry Group	NZX
Costa	Onions New Zealand
Countdown	Otago Chamber of Commerce
DCANZ	PETA
FDA	Plasticor
Federal University of Rio de Janeiro	R.K.K Enterprises
Federated Farmers	Real Estate Institute of New Zealand
Fieldays	Restaurant Brands
Fonterra	Sanfords
Fresh Choice	Sunfed
Goldman Sachs	Tescos
Helius Therapeutics	The European Commission
Inghams	The Trussell Trust
JUST	US Centre for Disease Control and Prevention
Macquarie Capital	USDA
Maniapoto Maori Trust	Waikato River Authority
Mataura Valley Milk	Zespri

This week's headlines:

Water	Waikato River Authority unveil investment plan to clean up Waipā Catchment [26 November/Stuff]
Dairy	\$240m milk powder plant officially opened [22 November/Radio NZ]
Horticulture	More workers welcomed, but vacancies remain [23 November/Rural News]
Exports and Trade	Peters extolls Irish links [23 November/Rural News]
Food Safety	Needle found in capsicum bought at Tauranga Countdown over weekend [26 November/Stuff]



Biosecurity

Onion biosecurity plan [21 November/Rural Life] Biosecurity New Zealand and Onions New Zealand have signed an agreement for funding to prepare for future biosecurity responses. Both parties signed a sector readiness operational agreement earlier this month which will see the organisations jointly funding readiness activities that will improve preparedness for incursions of pests and diseases of major concern to the onion industry. One task is to draft a readiness plan for *Delia antiqua* (onion fly), a pest responsible for up to 90% of crop losses in temperate regions overseas. This pest is not currently in New Zealand.

Two new North Island *Mycoplasma bovis* farms confirmed [27 November/Stuff] Two North Island dry-stock beef farms, have been confirmed as infected with *Mycoplasma bovis*. The Ministry for Primary Industries (MPI) said it had been monitoring the two farms in Manawatu and Wairarapa, which already had animal restrictions in place. The number of infected properties stands at 33, with 42 properties cleared of the disease. To date, 47,647 animals have been culled. MPI had received 483 compensation claims from farmers, of which 245 were completed or have received a part payment. To date, \$31.2 million in compensation claims have been paid to farmers, of the \$41.1 million of claims assessed. MPI chief science advisor John Roche refuted speculation that the Government was moving to long-term management of the disease. The Government was committed to the eradication effort, he said. As well as funding the response to the disease and compensation claims, the Government had put \$30m into a research fund to support and accelerate the eradication effort.

Viticulture

Marlborough vineyard workers paid less than half of minimum wage [22 November/Stuff] A Marlborough businessman has been ordered to pay more than \$20,000 in penalties and unpaid wages to vineyard workers who have been paid less than half of the minimum wage. Jaswinder Paul hired seven employees through his company R.K.K Enterprises, who were subcontracted to work at Stokesay Vineyard. Employment Relations Authority member Christine Hickey said Paul's practise of underpayment was "widespread" and he had deliberately taken advantage of "vulnerable" workers on transient visas, some of whom had poor English skills and were not aware of their rights.

Water

Waikato River Authority unveil investment plan to clean up Waipā Catchment [26 November/Stuff] A new \$100 million investment plan has the potential to halve the Waipā Catchment's 10-year pollution reduction target put forward in the Healthy Rivers plan change. Led by the Waikato River Authority (WRA), the investment plan aims to secure the capital to buy 12-18 dairy farms within the catchment and convert these properties to low impact organic operations. The project has the backing of the Maniapoto Maori Trust and if it finds investor support, would be the first large scale environmental impact investment project of its type launched in New Zealand. The project evolved out of the plan change process when the WRA sought ways to restore and protect the Waikato and Waipā River catchment. The analysis conducted highlighted hot spot farms within the catchment where sediment and *E. coli* were particularly bad. The advice was that the best land use model to achieve the environmental and economic outcomes within these areas was organics. With an estimated 5-6.7 per cent return for investors once the farms had been converted, it means that if a willing investor was found today, the bonds could be issued within six months. From there it would be about 18 months to purchase the farms and begin the organic conversion process.

Dairy

NZ dairy production hits record in peak October month [20 November/NZ Herald] Positive growing conditions over spring has driven NZ milk production to a record high of 271.08 million kilos of milksolids in the peak month of October, according to DCANZ data. The previous record was 270.8 million kg in October 2014. October year-on-year milk production was up 6.5 per cent while season to-date NZ milk production is up 6%. ASB senior rural economist Nathan Penny said the bank was likely to raise its production forecast and drop its farmgate milk price forecast of \$6.25/kg as a result of the data. Fonterra's current farmgate milk price is in a \$6.25 to \$6.50 range.

Dairy prices forecast to keep falling until next year [21 November/Radio NZ] The latest Global Dairy Auction saw average dairy prices slip 3.5 percent to USD2,727 a tonne. The key whole milk powder price fell 1.8 percent, while skim milk powder fell 1.6 percent and butter fell 9.6 percent. NZX dairy analyst Amy Castleton said whole milk volumes were at a peak, with October production volumes at their highest level ever, up 6.5 percent on last year. Ms Castleton stated that New Zealand milk production has been very good, however it was starting to slip back in Europe and the United States. Ms Castleton said prices were expected to continue to decline for a short while, but may revive a bit next year.

\$240m milk powder plant officially opened [22 November/Radio NZ] A new \$240 million nutritional powders manufacturing plant near Gore has been officially opened. The Matura Valley Milk plant is a joint venture between State-owned China Animal Husbandry Group, which owns 72%, Southland farmers and institutional investors. Matura Valley Milk general manager Bernard May said the plant was running at capacity, processing about 700,000 litres of milk a day, and the first shipment of whole milk powder left in early November. He expects the plant will produce 30,000 tonnes of infant formula a year. The plant has created 78 jobs, and more than half had been filled by Southland locals, Mr May said. The economic benefit of MVM to the region is estimated to be \$90 million every year – there are 27 farmer suppliers and continuing significant interest from farmers wanting to become farmer shareholders.

Fonterra keeps cone of silence on Tip Top sale rumours [22 November/Otago Daily Times] Fonterra has declined to be drawn on speculation that its New Zealand based ice cream company, Tip Top, may be up for sale as the co-operative looks to streamline its operation. The Australian newspaper said Fonterra is believed to be weighing up a sale of its South American operations, as well as Tip Top, amid a strategic review aimed at boosting its returns. The paper claimed that sources had indicated to it that investment bank Macquarie Capital has been hired to sell Tip Top, thought to be worth about \$400 million. Goldman Sachs, the bank typically used by Fonterra, is likely to be behind the sale of the South American operation, which could reap the dairy co-operative \$1 billion, it said.

Dairy cow numbers rise by 2.7 per cent in latest numbers [November 26/Stuff] Dairy cow numbers in New Zealand have increased 2.7 per cent on the 2016-17 year to total 4.99 million. Statistics for 2017-18 show the amount of milk processed remained largely static at 20.7 billion litres. Milk solid production continued its downward trend over the past three years, easing to 1.84m kilograms from 1.85 million kg in the previous year. Federated Farmers dairy chairman Chris Lewis said the data showed farmers were trying to optimise their systems as best as they can. Rival industries, particularly horticulture, have been making returns that are greater than dairy despite their high entry costs, he noted. Overall herd numbers fell but herds have continued to get larger as large farm operators are buying up their smaller neighbour to use as a runoff or to expand their business. Mr Lewis added that some land is also being converted to horticulture. Regional statistics were largely unchanged with 72 per cent of all herds in the North Island and 41 per cent of all dairy cows located in the South Island. North Canterbury remained the region with the country's largest average herd size, averaging 803 cows. Waikato remained the country's largest dairying region with 22.7 per cent of all cows milked. The latest statistics showed no effect from *Mycoplasma bovis*, but Mr Lewis expected that to show up in next year's data.

Fieldays

Fieldays book final chapter of 50th anniversary celebration [23 November/The Country] The last act of NZ National Agricultural Fieldays' celebration of 50 years took place on 17 November with a dinner and the launch of a book celebrating 50 years. Hundreds of guests were handed a copy of *Mystery Creek Magic*, a book by journalists Geoff Taylor and Richard Walker which chronicles the half century since a group of pioneers started a modest event that would go on to become the biggest agricultural trade show in the Southern Hemisphere. Society CEO, Peter Nation, said that at a recent conference in Edmonton, Canada, he gifted the book to Princess Anne who features in the early pages of the book. The book will be provided to society members and volunteers as well as exhibitors at the Fieldays.

Horticulture

Zespri takes top honours among stellar cast [22 November/NZ Herald] Zespri has taken out top honours as Company of the Year in the 2018 Top 200 Awards. Having obtained Most Improved Performance and Best Growth Strategy in previous years, this year the judges recognised that its superb returns represent the culmination of its long-term premium brand-led strategy. Peter McBride, the Zespri Chairman, was awarded New Zealand Herald Chairperson of the Year, with the judges praising his understated style as a consultative chair, running a highly cohesive, functional board. Restaurant Brands chief executive Russel Creedy was named Chief Executive Officer of the Year. After being a finalist in the category last year, Sanford, the listed fishing company, took out the Excellence in Governance award. Fourteen companies made their debut on the Top 200 this year. Most notable was poultry producer Inghams, which debuted at 109th place with revenue of \$396 million.

More workers welcomed, but vacancies remain [23 November/Rural News] The kiwifruit industry will welcome more Recognised Seasonal Employer (RSE) workers for next season, as part of the government granting the horticulture industry approval to recruit 1,750 more short term workers from the Pacific Island (increasing the total to 12,850 nationally). New Zealand Kiwifruit Growers Inc (NZKGI) CEO, Nikki Johnson, said the industry would still have to work hard to recruit the best employees. In 2018, the Bay of Plenty, where most of the kiwifruit industry is based, took about 2000 of the national total of 11,100 RSE workers. Details are still being worked out but it looks like in 2019 Bay of Plenty can expect about 300 more RSE workers. RSE workers make up fewer than 20% of the seasonal workforce in kiwifruit. Ms Johnson noted that while NZKGI considers there is sufficient resource to support the RSE workers for the 2019 season, accommodation is an issue that needs to be addressed as the industry continues to expand. Labour shortages were declared in several regions over the last picking season, with the pipfruit sector facing challenges recruiting staff around the country. NZ Apples and Pears expects there to be an extra 100 new jobs in Hawke's Bay every year to 2025, not including the need for more seasonal pickers. Bostock New Zealand owner John Bostock welcomed the RSE increase saying this will provide the ability to create more permanent full-time jobs for NZ'ers, which will help resolve some of the social issues in the wider community.

Red meat

Alliance's profit cut; looking out long-term [24 November/Otago Daily Times] Alliance Group has reported an operating profit for the year to September 30 that is less than half of the profit reported last year, citing a substantial lift in payments to shareholders as a factor. The co-op announced an operating profit of \$8 million, down from last year's \$20.2 million result. The company also noted that farmers "overwhelmingly" backed the Board's decision not to make a profit distribution to shareholders but to invest in the long-term future of the business. The company said the year had been challenging, they had increased processing capacity and added overtime to help farmers during the summer dry spell, responded to beef processing requirements associated with the *Mycoplasma bovis* cattle cull and faced lower beef profitability because of weaker international pricing. Market prices for lamb eased late in the season and procurement pricing was slow to align, impacting late-season profitability. CEO, David Surveyor, said safety has been a key focus for the year and the co-op had invested in new technology and innovation, including a \$15.9 million new venison plant at Lorneville, a primal cutter at Dannevirke and an upgrade of the engine room at Lorneville. The co-op's new corporate identity, launched in September, had been rolled out to global markets and had been very well received, he said.

Emerging markets

Cannabis buyers get option to 'buy New Zealand-made' [21 November/Stuff] The Buy New Zealand Made Campaign has licensed a medicinal cannabis manufacturer to use the New Zealand Grown logo. Auckland-based Helius Therapeutics is the first grower in the emerging sector to be approved to carry the New Zealand Made Kiwi logo on medicinal products derived from cannabis grown in New Zealand once they are permitted by legislation. Executive Director and co-founder of Helius Therapeutics, Paul Manning, said their marketing strategy will strongly leverage New Zealand provenance. Helius completed a \$15 million capital raise earlier this year and is building a facility in Auckland with over 20,000 square metres of cultivation space, an integrated extraction site, an advanced cannabinoid research laboratory and manufacturing operations.

Sunfed dings Air NZ for choosing US-made Impossible Burger, pushes its new Bull-Free Beef [22 November/NZ Herald] Fresh from its \$10 million capital raise, Sunfed is calling for Air New Zealand to adopt its soon to be available Bull Free Beef. Air NZ added the Impossible Burger to its LA-Auckland flights in July as one of three main course options for business class passengers. The move attracted criticism from National Party agriculture spokesman Nathan Guy and also Deputy Prime Minister Winston Peters. Sunfed co-founder and chief executive Shama Lee has added her criticism to the national airline, saying while the company was "innovative and ahead of the curve", she did not consider it appropriate that they had chosen Impossible Foods over her own company. Ms Lee also notes that US product contains gluten and GMO. Lee hopes the airline will reconsider its options when Sunfed's Bull-free beef is released in February. A spokeswoman for Air NZ commented that they haven't been approached by Sunfed but always open to hearing from potential suppliers about their products.

Exports and trade

Peters extolls Irish links [23 November/Rural News] Foreign Minister, Winston Peters, says New Zealand and Ireland have much to gain by joining forces to pool knowledge, expertise and global connections. The Foreign Minister's remarks came when he officially opened New Zealand's Embassy in Dublin. Until now the Irish Republic has been serviced from the NZ High Commission in London. Peters says NZ is enormously grateful for the strong support it has received from Ireland in its efforts to deepen ties with the European Union, including through the conclusion of a free trade agreement. He says Ireland, in turn, has in NZ a committed partner in helping it deepen its ties with East Asia and the Pacific.

Primary exports from South up by 5%-10% [26 November/Otago Daily Times] South Island export documentation for primary sector products shows an increase of 5%-10% during the past year. Otago Chamber of Commerce chief executive Dougal McGowan said documentation for products such as deer velvet, red meat, wine, milk powder, logs and wood products were all generally up 0.5%-1% each; cumulatively about 5%-10% on a year ago. "Year-on-year documentation is up significantly. At the peak of the season we're writing 600-800 export documents a week," Mr McGowan said. He said southern lamb weights and subsequent prices had held up well for farmers but was concerned about the effects on farmers from the heavy rain and floods in some areas last week. While "pre-Christmas exports" for the farmers looked strong, Mr McGowan was also concerned about Brexit, as April exports for Easter in the northern hemisphere were important for New Zealand farmers. Mr McGowan said a growing market in the South was the export of chilled meat to China, which began in mid-2018.

Farmers and producers

Dairy-farm price per hectare plunges [26 November/Rural Life] Farm sales across the country for the year to October were down more than 10%, while dairy farm per hectare prices have pulled back almost 30% during the past year. Across the country for the year to October, 1475 farms were sold, a 10.5% decline on the previous year. Dairy farm sales were down 7.7%, grazing farms fell 5.6%, finishing was down 13.2% and there were 22.5% fewer arable farms. Arable, forestry and horticulture all recorded slight increases, albeit the latter saw a "distinct easing" in sales. It was noted that many farms came on the market in October, meaning potential purchasers would have unprecedented selection opportunities. Real Estate Institute of New Zealand rural spokesman Brian Peacocke said there was "solid activity" on finishing and grazing properties and interest in forestry around Otago.

Food safety

Needle found in capsicum bought at Tauranga Countdown over weekend [26 November/Stuff] A Tauranga couple discovered a needle inside a red capsicum, purchased from Countdown Bureta Park. Will Taylor cooked a meal for his girlfriend, who apparently bit into it and it scratched the side of her tongue. Taylor said he contacted the store immediately and were advised they were going to take the capsicums off the shelves. A Countdown spokeswoman said the store has referred the matter to the New Zealand Police and the Ministry for Primary Industries who will investigate. The capsicum was not the only spiked food purchased at a New Zealand supermarket in the last week with a needle also being discovered in a strawberry sold by a Fresh Choice supermarket in South Canterbury. MPI are investigating this incident and said that they did not believe the issue was widespread but urged consumers to take any products containing unexpected items back to the retailer or to call MPI.

International

FDA and USDA will jointly regulate cell-cultured meat [19 November/Food Dive] In a joint announcement the US Department of Agriculture (USDA) and the Food and Drug Administration (FDA) have confirmed that they will be working together to regulate cell-cultured meat, a move that was widely expected after they hosted a joint meeting on potential regulations earlier this year. It is proposed that the FDA will have oversight on cell collection, banks and growth and differentiation while the regulation of cell harvesting will be managed by the USDA, which will also have oversight of food production and labelling processes. The FDA regulate around 80% of the US food supply while the USDA regulates red meat, poultry and eggs, however the two agencies are not known for working effectively together so have many challenges to address in effectively regulating a new transformational and controversial segment of the food industry. Currently there are no cultured products on the market but companies such as JUST and Memphis Meat have made commitments to bring products to market. Participants in the new industry welcomed the regulation announcement acknowledging that progress was being made well before products are ready for the market which will enable the US to secure a leadership position in this sector. The National Cattleman's Beef Association said that the announcement that the USDA would have primary jurisdiction over the most important facets of 'lab-produced fake meat' is a step in the right direction.

Tesco's Derek Sarno partners BOSH! to create 'vegan Christmas feast' [21 November/Plant Based News] Tesco's Director of Plant Based Innovation, Derek Sarno, is working with Vegan influencers BOSH! to host a special Christmas event for Tesco in London on 4 December. Tesco Vegmas is a five course plant based festive feast to provide people with ideas about how to cater for a Vegan or Vegetarian this Christmas or add some more plant based options to their table. The menu includes scallops made from mushrooms, vegetarian pigs in blankets and vegan wine. Tesco has introduced a range of vegan products this year created by Derek Sarno, the original range launched in January under the Wicked Kitchen brand included around 20 items which has been added to over the year and is now more than 40 products. BOSH!'s 364,000 Instagram followers are being asked to vote of the desert served to guests on the night to crowdsource part of the menu. The tickets have sold out with guests being requested to make a donation to Tesco's charity partners - The Trussell Trust, which supports a network of foodbanks across the UK, and FareShare that redistribute food surpluses to charities that turn them into meals.

Déjà vu: Romaine lettuce is the source of another outbreak [21 November/Food Dive] The US Centre for Disease Control and Prevention (CDC) is warning consumers against eating romaine lettuce as it has been linked to a new multi-state outbreak of E.Coli. There have been 32 cases of infection reported across 11 states with 13 people hospitalised as well as 18 cases in the Canadian states of Quebec and Ontario. The illnesses were reported between 8 and 31 October and the bacteria has the same DNA fingerprint as the strain isolated from those sickened during a previous outbreak in 2017 which sickened 210 people from 36 states. CDC has not yet been able to trace the source of the current outbreak and as a consequence is advising consumers to get rid of any romaine lettuce regardless of its form or origin (including pre-cut products, prepared salads and salad leaf mixes). The agency says it is working with the leafy greens industry to implement safety practices that reduce the risk of future infection and representatives of the growing industry called on retail stores and restaurants to withdraw product that has been shipped to them, highlighting that food safety is their top priority.

Bayer opens up glyphosate research [21 November/Fruitnet] Bayer has indicated that it will soon provide safety study summaries relating to its glyphosate product on its transparency platform. The group launched a transparency initiative on 7 December last year with the goal of providing greater transparency to all interested parties around the crop protection safety studies that it performs for regulatory approvals, with many studies having already been released on its transparency platform. The objective of the initiative is to assist in ensuring that debate and decisions are based on sound science and that full information is available on the safe use of products. Liam Condon, the President of the Crop Science Division, said that the company was aware that people around the world want more information about glyphosate and that the company was eager to offer access to the information on its platform.

Costa launches sustainability initiative [23 November/Fruitnet] Australian fresh produce group, Costa, announced that it is making sustainable, commercial farming a central element of its business model and practices moving forward to shareholders at its AGM. The initiative will focus the company on working for the long term to progressively improve the yield and quality of its products while simultaneously accepting the responsibility they have to managing environmental issues including water security, climate change and waste. The company also revealed new branding, Well Grown, which is underpinned by three key pillars – environment, economic and people. The group has also established a new agronomy group that will bring together key horticulturalists from across their various product groups to oversee the sustainable, commercial farming strategy. Costa CEO, Harry Debney, highlighted water security and climate change as the two key challenges the industry is currently facing.

UK sugar tax: GBP154 million raised since introduction [23 November/Food Navigator] The Soft Drinks Industry Levy, or sugar tax, launched in April in the UK has collected GBP153.8 million during its first seven months in operation. The levy which is charged at two levies, a lower level of 18 pence per 100ml on drinks with 5 grams of more of sugar and a higher level of 24 pence per litre on drinks with more than 8 grams of sugar per 100ml, has to date been applied to 660 million litres. The statistics from the HM Revenue and Customs show that 601 million litres have been charged at the higher rate. One of the key aims of the levy is to reduce the UK's high rate of childhood obesity with the revenues generated being used to fund physical education activities in primary schools, the healthy pupils capital fund and the provision of breakfast clubs at 1,700 schools. The levy was also designed to encourage manufacturers to reformulate products which appears to have occurred with initial estimates of levy collections when the tax was announced in 2016 (GBP520 million) being significantly reduced (GBP 240 million) as manufacturers aggressively reformulated products in advance of its introduction.

EU announces push to promote domestic plant protein market [23 November/Food Navigator] The European Commission has released a report setting out a range of new policies to boost the supply of plant based protein products by European farmers in response to the growing demand for the products from flexitarian eaters (those that are focused on reducing their meat intake). The policies will promote the production and consumption of soy, chickpeas, lentils and rapeseed as well as various pulses. The EC report suggests that local production of these crops has grown significantly since CAP reforms were made in 2013 but the growth has not been sufficient to meet the growth in demand meaning that 17 million tonnes of plant proteins are imported into Europe annually. There are concerns over the quality of products being imported given the challenges of sourcing product that is non-GMO and farmed sustainably without deforestation. Policy proposals presented by Agriculture Commissioner, Phil Hogan, included providing support via the CAP, more research and improved market analysis. The report also indicates that next year, there will be EUR200 million available to promote the benefits of plant protein for nutrition, health, climate and the environment.

Plasticor changes colour when food is not fit for consumption [25 November/Dairy Reporter] A novel food wrap product, envisaged during a hackathon focused on Nano and Bio technology solutions at the Federal University of Rio de Janeiro, has evolved to the point where the team is now looking to raise seed capital through crowdfunding. The wrap is made of biodegradable plastic and it shows whether the food inside the wrap is fit for consumption through changing colour as the food approaches expiration. The product has been developed by Plasticor, a team of undergraduate and doctoral students in Biotechnology, Nanotechnology, Biophysics, Marketing, Polymer Science and Design, with the goal of reducing both food and plastic waste. The colour change provides consumers with an indication of when food is starting to deteriorate enabling it to be eaten rather than left to waste while the product is fully degradable with six months.

Wool they or won't they? PETA ask Dorset, UK, village Wool to change name to Vegan Wool [25 November/NZ Herald] British animal rights activists have asked the Dorset village of Wool to change its name to Vegan Wool. The village received a polite letter from PETA director Elisa Allen asking, via the Wool Parish Council, to change the name to Vegan Wool, offering "cruelty-free" woollen blankets to all 2000 village households if they agree. Dorset County Council member Cherry Brooks told the Telegraph the "ridiculous" request had caused a stir in the village – a few people were quite offended, but most people found it amusing. The proposal will now need to be discussed at the next council meeting. But it was clear PETA understood what they were doing - Allen described the request as a "creative and fun" way to educate the public. Re-naming the village would help highlight the abundance of "warm, cruelty-free fabrics such as cotton, bamboo, hemp, and soya-bean fibre", she said. There are no towns named Wool in New Zealand. But Rangitikei District Mayor Andy Watson, whose district includes the town of Bulls, said a similar request in that town would be quickly dismissed.

Australia's food and grocery manufacturing sector falls to AUD131 billion, as electricity and drought bite [26 November/ABC Rural] Sluggish demand, drought and rising electricity costs have resulted in the Australian food and grocery manufacturing sector see its revenue fall by AUD2.7 billion (around 2%) in the 2016/17 year according to the Australian Food and Grocery Council (AFGC). AFGC CEO, Tanya Barden, pointed to the 10.3% reduction in new capital investment as a more significant concern which could impact the long term sustainability of the industry, adding that capital investment had declined to its second lowest level in 10 years. One producer noted that there is a lot of competition with food coming into the market, highlighting in his sector (jam and pickles) much of the manufacturing had moved to New Zealand, meaning companies need to become more efficient and competitive with their product offerings. The industry still represents nearly 40% of Australian manufacturing jobs but it did shed 4,750 positions in the last year. The positive for the sector was that exports grew in the year by 7.7% to AUD36.1 billion with China becoming the number one market for Australian products for the first time ever. Other issues the AFGC noted in their annual updated included the intense levels of retail competition in Australia, suppression of wage growth and the impact that this is having on consumer confidence, uncertainties surrounding energy costs and the contribution the food industry could make to addressing urban population issues by attracting people to rural areas.

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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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