



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

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## AGRIBUSINESS

# Field Notes

Weekly news update from the KPMG Agribusiness network

24 January 2019 – Holiday Catch Up Edition

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

AgResearch	Land, Air, Water Aotearoa
Agri Women's Development Trust	Medicann
Agria Corporation	Merck
Alliance Group	Ministry for Primary Industries
Antelliq	Ministry for the Environment
Apiculture NZ	Moana New Zealand
AsureQuality	National Farmers Federation Australia
Aussie Farms	National Institute of Water and Atmospheric Research (NIWA)
Avocados Australia	New Zealand King Salmon
Beef+Lamb New Zealand	New Zealand Yarn
Beyond Meat	Ngai Tahu
Bureau Veritas	NZ Apples and Pears
Cargill	NZ Winegrowers
Carl's Jr	Oxford Farming Conference
Carrfields Group	PGG Wrightson
DairyNZ	Rabobank New Zealand
Double Seven Services	Real Estate Institute of NZ
EAT – Lancet Commission	Sealord
Export NZ	Southern Institute of Technology
Federated Farmers	SPCA
Fish & Game	Strawberry Growers of NZ
Fonterra Co-operative Group	Sushi Zanmai
Foodstuffs	Taratahi Agricultural Training Centre
Gro Intelligence	The A2 Milk Company
Hemp NZ	The Coca Cola Company
IBM	Trinty Lands
Impossible Foods	University of Colorado
Informetrics	University of Otago
Iris Nova	US Department of Agriculture
KPMG Ireland	US Food and Drug Administration
Kraft Foods	Westpac NZ
Labour Inspectorate	World Economic Forum



**Dairy**

**John Nicholls elected to Fonterra board** [20 December/Dairy News] Fonterra farmers have elected Canterbury farmer John Nicholls to the board. Mr Nicholls will take his position with immediate effect. He received 53% support in the second director election; with the other candidate Jamie Tuuta receiving 37% support. Mr Nicholls' election means Fonterra farmers have only elected one of the three candidates recommended by Fonterra directors and the Shareholders Council this year. The outcome raises questions on the independent candidate assessment panel (CAP) process, which interviews potential candidates and recommends them to the board and council. Outgoing Zespri chairman Peter McBride is the only successful candidate recommended by the CAP process and backed by the board and council. Mr Nicholls was a previous Fonterra Shareholders Councillor and is currently chair of MHV water.

**Dairy prices start 2019 with 2.8% gain at GDT auction** [3 January/The Country] Dairy product prices for all products have experienced a gain at the latest Global Dairy Trade (GDT) Auction. NZX Dairy analyst Robert Gibson reported this is partially due to a decline in offer volumes. Whole milk powder prices rose by 1.2% to USD2705 a tonne. Recorded gains came against a pickup in domestic production, being cited as a price weakness for last year. Season to date production was up by 4.9% in November 2018. Fonterra last month revised down its milk price range for the season to \$6.00 to \$6.30 per kg of milk solids from a previous forecast of \$6.25-\$6.50 per kg. This was reported to be due to the strength of global milk supply relative to demand, which has driven a downward trend on the GDT index since May.

**a2 Milk appoints former McKinsey, Fonterra execs to management team** [8 January/NZ Herald] The A2 Milk Company ('A2 Milk') has appointed a former McKinsey and Co consultant and a former Fonterra executive to new roles in its management team to cover emerging markets and technical issues. A2 Milk reported Melanie Kansil had been appointed its Chief Commercial Officer, effective in the first half of this year. Ms Kansil will have direct responsibility for emerging markets and the UK, oversee strategy and will work closely with the rest of the senior leadership team to support existing and new opportunities to grow the business. Phil Rybinski has been appointed to the role of Chief Technical Officer effective from April. In this role, Mr Rybinski, will have primary responsibility for the existing quality, regulatory affairs and product development teams across all product forms and markets. It is reported he will also work closely with Dr Andrew Clarke, who will continue to lead the science function for the company.

**Fonterra sells livestock division to Carrfields** [9 January/Farmers Weekly] Fonterra has reported the sale of Farm Source Livestock division to Carrfields Livestock. Director of Farm Source stores Richard Allen reported the decision to sell was in the context of a larger review underway within the co-op. While Farm Source's livestock division has contributed positive returns since inception, the investment required to maintain and grow the division can be more effectively targeted towards improving core areas of the Farm Source business he added. Carrfields Group Managing Director, Craig Carr, noted the acquisition is an exciting and strategic opportunity for Carrfields Livestock to fill gaps in their current national network. Farm Source and Carrfields Livestock are committed to ensuring a smooth transfer of employees and clients, minimising disruption to the business with Carrfields Livestock's ownership starting on March 12. A small number of employees who do not have the option of moving to Carrfields Livestock and Farm Source will be provided with help to find new opportunities within Fonterra.

**Fonterra says milk production running ahead of forecast** [16 January/NZ Herald] Based on production to December, Fonterra is forecasting production for the season to be up 3 per cent from the previous season, standing at 1,550 million kg of milk solids. Chief Executive, Miles Hurrell, noted that production has been boosted by favourable growing conditions, indicating it may increase from 3% over the next month.

**WMP pushes GDT higher** [16 January/Farmers Weekly] Strong demand pushed dairy product prices higher in the latest Global Dairy Trade (GDT) auction, as the price index rose 4.2% from the previous auction. The average price was USD3057 a tonne. Some 27,909 tonnes of product was sold, down from 28,651 tonnes two weeks ago. Whole milk powder advanced 3% to USD2777 a tonne, skim milk powder jumped 10.3% to USD2405 a tonne, and lactose rallied 7.9% to USD1032 a tonne. Butter increased 4.6% to USD4262 a tonne, cheddar rose 4.2% to USD3504 a tonne, and anhydrous milk fat added 3.2% to USD5294 a tonne. Rennet casein fell, declining 1.4% to USD5047 a tonne. NZX dairy analyst Robert Gibson noted that on average, rennet casein prices had been in decline since October, likely reflecting some lift in volumes sold, which could have placed further downward pressure on prices.

**Emerging markets**

**Up in smoke: Kiwi cannabis firm in liquidation as founders battle** [15 January/NZ Herald] Kiwi cannabis firm Medicann has been placed into liquidation. Current year losses for the business were \$808,859. The company was originally founded by cannabis industry investor Ross Smith, cannabis seed expert Luc Krol and businessman Brendon Ogilvy, in March last year. Tauranga GP Dr Franz Strydom acted as the chairperson of the business. It is understood that there were disagreements amongst shareholders over key strategic decisions made on business operations. Dr Strydom was reported to have serious concerns about the salary level some of the executives were receiving and referred the matter to the Financial Markets Authority to investigate. Mr Smith was highly critical of the management of the organisation. A Director of another medicinal cannabis business advised investors to be cautious as the industry was complicated, predicting there would be more failures on the horizon.

**Hemp deal to spin green yarn** [16 January/Farmers Weekly] New Zealand Yarn and Hemp NZ have formed a new strategic partnership to be the catalyst for market-leading hemp fibre processing. NZ Yarn is owned by Carrfields Primary Wool (CPW) and independent investors, which include farmers and wool growers and it makes high-quality, spun woollen yarns for the carpet industry and global soft flooring market. Hemp NZ is 100% NZ-owned by the Jordan and Draper families, specialising in growing, harvesting and processing bulk hemp food products and industrial materials hemp in five regions. Under the agreement, Hemp NZ has acquired a 15% interest in NZ Yarn with the objective of installing a hemp fibre processing facility in NZ Yarn's Christchurch factory. NZ Yarn chairman Craig Carr noted it will enable NZ Yarn to engage in significant additional product innovation as well as broadening its product portfolio and customer base with a natural fibre that has unrealised potential. Mr Carr noted hemp has many synergies with wool as well as sustainable, ethical provenance and environmental credentials. He added the investment will enable Hemp NZ to set up a leading-edge, natural fibre processing line, which separates hemp stalks into fibre that can be woven and used in yarn systems and hurd, the woody material used in the construction and other industries.

**Viticulture**

**Wineries warned to check who's doing work after second exploitation case** [10 January/NZ Herald] New Zealand winery managers have been warned by the Labour Inspectorate to ensure they understand who a contractor is employing to undertake tasks on their vineyards after a second worker exploitation case in the space of two months. Marlborough vineyard contracting company, Double Seven Services, and its managers have been fined more than \$120,000 for exploiting workers and other employment law breaches. Despite cessation of trading over a year ago, penalties and arrears will be pursued in full, reported the inspectorate's Kevin Finnegan. NZ Winegrowers welcomed the result in the ERA case, stating that all workers in New Zealand have an absolute right to be fairly treated and that this includes being properly paid, with written contracts, and all the other legal benefits.

**Export markets crucial for winemakers as Kiwis drink less** [22 January/Stuff] Westpac's Winemakers Industry Insights Report suggests winemakers are facing tougher times as Kiwis are drinking less wine. The industry has consistently increased the volumes of grapes grown which has enabled the volume of wine produced to increase five fold over volumes at the turn of the century. Paul Clark, Westpac Industry Economist, said the industry has been a success story driven by strong exports as there was a growing appetite for New Zealand Wine globally. In 2018, approximately 225 million litres (83 per cent) of the wine produced in New Zealand was exported, the majority to the US, UK and Australia. Sales domestically were comparatively small according to the report, accounting for 53 million litres of NZ production (although 41 million litres of wine are imported to NZ each year). The report forecasts that export growth will continue, particularly to the US market, with a key determinant being differentiation of NZ wine production. Mr Clark also suggested that the industry was likely to form two distinct sub-sectors, small winemakers with a focus on premium quality wine and large volume producers, being more price sensitive.

**Agribusiness Education**

**Loss of agricultural training campuses 'will leave massive hole'** [21 December/Stuff] Taratahi Agricultural Training Centre has been placed into interim liquidation as the Tertiary Education Commission reported the institute has debt of around \$23 million. The liquidation affects nearly 250 staff and 2850 students, and it is unclear whether courses will be delivered in 2019. This amount includes debt to the commission for under-delivering courses which is connected with lower than expected student numbers. Education Minister, Chris Hipkins, said the current model of vocational training for the primary industry is defective and that new models are being considered as part of the Vocational Education Training Review.

**Lisa Sims to head trust that supports agri-women** [10 January/The Country] The Agri-Women's Development Trust has appointed a new general manager, Lisa Sims, to lead the operations of the trust, taking over from its founder Lindy Nelson. Ms Nelson will continue in her role as a trustee and programme director for the trust's flagship programme, Escalator. The Trust has been in operation since 2010, equipping and supporting almost 3000 women to generate economic, social and environmental progress in the primary sector and rural communities through its business, leadership and governance programmes. Trust chairwoman Mavis Mullins reported the appointment of a general manager was part of the trust's planned leadership succession following an independent recruitment process attracting strong national interest. Ms Mullins reported that Ms Sims has been an integral part of the trust since day one having supported its launch at Parliament in 2010 and brings 30 years of deep experience in strategic communications, business, and agriculture and community leadership.

**SIT plans takeover of Telford agricultural training centre** [15 January/NZ Herald] The Southern Institute of Technology (SIT) will submit a proposal to Education Minister Chris Hipkins to take over operations of the Telford agricultural training campus in Balclutha. Telford is part of the Taratahi Agricultural Training Centre which was placed into interim liquidation at the request of its board last year. Clutha Southland National Party MP Hamish Walker reported the proposal was required to address staffing arrangements, but would not comment whether SIT had proposed to pay the salary arrears of the staff. The proposal was expected to be submitted to the Minister and Cabinet by the end of January. Tertiary Education Union (TEU) organiser Kris Smith, who was also in attendance of the meeting, cautioned that while happy with the SIT proposal, it still needed to be approved. Taratahi employed about 250 people, but the SIT proposal relates only to the Telford campus, staffing about 30.

**Research and development**

**AgResearch to sell Winchmore research farm after 72 years** [21 January/Stuff] The Winchmore Research Station in Mid Canterbury is being sold by AgResearch, after contributing to agricultural research for the past 72 years. The farm sale is by deadline private treaty, with offers to be received by end of February if not sold beforehand. AgResearch insist there will be no further land sales. The Labour Party had strongly opposed the selling of AgResearch sites two years ago according to National MP Andrew Falloon. Federated Farmers Mid-Canterbury vice-president, David Clark, said there had been little research work executed at Winchmore for many years. In the 1960s and 70s, approximately 60 staff worked on the research station when the facility had its own laboratories and testing gear, but most research is now conducted at Lincoln with field work conducted on commercial farms or small scale intensive research sites, John O'Dea, AgResearch's Director of Infrastructure noted.

**Environment and emissions**

**Freshwater pollution top of mind for Kiwis, according to Fish & Game survey** [2 January/NZ Herald] Kiwis are more worried about the levels of pollution in the country's lakes and rivers than they are about the high cost of living, according to a new opinion poll conducted by Colmar-Brunton on behalf of Fish & Game. Of those surveyed, 82% of those surveyed were 'extremely' or 'very' concerned about freshwater pollution, 2% higher than those who said they were concerned about New Zealand's cost of living. DairyNZ chief executive Tim Mackle reported farmers had been doing their utmost to clean up waterways investing in effluent management systems along with fencing off 97 per cent of dairy farm waterways to keep the animals away. Chris Allen, Federated Farmers Environment Spokesman, commented he was pleased the poll showed Kiwis have an interest in water quality, although he thought the questions were slightly loaded. Fish & Game's Martin Taylor added the poll reflected New Zealander's had become fed up with the minimal action taken to clean waterways and that farmers need to be prepared to accept changes in regional and district council's rules to minimise environmentally destructive behaviour.

**2018 climate continues 'alarming trend' – NIWA** [8 January/Radio NZ] The latest National Institute of Water and Atmospheric Research Climate summary report released showed 2018 kicked off with the hottest month ever recorded. Temperatures in 2018 continued to hit record highs, with scientists calling the year a continuation of an "alarming trend". The year as a whole was the second-equal warmest on record, along with 1998. NIWA principal scientist Chris Brandolino reported the warm weather was a consequence of three main components - sea surface temperatures, air flow from tropical and sub-tropical areas and an increase in greenhouse gasses. Rainfall was described by NIWA as "lumpy" across the year with lots of rain in February and less rain than expected for some places in June, August and September. Timaru, with records dating back to 1881, reported the town experienced its fourth wettest year ever. Alexandra reported the highest temperature with 38.7C, while the sunniest region during 2018 was Nelson. The wettest place was Milford Sound and the driest Clyde.

**Dairy gold rush is over as nutrient limits put brake on Canterbury dairy conversions** [January 9/ Stuff] The number of dairy farm conversions in Canterbury has decreased due to new rules to prevent deterioration of water and improve community demands. Farms looking to convert from another land use can only do so within the farm's existing nutrient leaching limit, which makes dairy conversions increasingly difficult to do. These rules became partly operable in 2015 in areas with rising nitrate levels mainly in the Selwyn –Te Waihora catchment. Concurrently, it is believed that flat payout prices, fewer buyers for dairy farms and more cautious bank lending has led to farmers having less interest in expansion and conversion. In 2011, 60 dairy sheds were converted but in 2018 only 10 conversions were consented.

**Dairy farmers are listening, says DairyNZ** [10 January/The Country] A Colmar Brunton conducted survey that found healthy rivers and lakes were the greatest public concern in New Zealand comes as no surprise to DairyNZ who believe that Kiwis care deeply about waterways. DairyNZ has established its Clear Vision movement, which looks to all New Zealanders to do their bit to look after rivers, lakes and beaches. The dairy industry has an important role to play, as about 15 per cent of New Zealand's streams run through dairy farms. This has seen dairy farmers place significant focus on fencing waterways off from stock and establishing riparian margins and wetlands. DairyNZ CEO, Dr Tim Mackle, said that claims that intensified farming contribute to water quality declines are both accurate and misleading, adding that the reality is that all types of land use contribute to water quality outcomes. Most polluted rivers run through urban centres, suggesting this is where the urban population can do their bit to enhance water quality. More details of the DairyNZ led movement can be found at [thevisionisclear.co.nz](http://thevisionisclear.co.nz).

**NZ Emissions Trading Scheme simplified** [10 January/NZ Herald] Following public consultation in August and September, the first of two planned tranches of improvements to the New Zealand Emissions Trading Scheme (ETS) have been announced. The improvements seek to provide more certainty to scheme participants and create a more effective and fairer ETS. Key announcements were viewed as improvements making the ETS easier and less costly for forest owners, a framework for making unit supply decisions will be established, and reporting the \$25 per tonne fixed price option for surrenders will not be changed in 2019. These improvements, together with the second tranche of decisions expected in early 2019, will be introduced to Parliament in mid-2019 as an amendment to the Climate Change Response Act 2002. The second tranche will include decisions regarding a new accounting option for post-1989 forests in the ETS called averaging. Majority of the 250 plus submissions received were from businesses and industry groups, iwi and Māori, community groups and individuals.

**Double standard: Vege aisle plastic rolls on despite supermarket bag ban** [14 January/NZ Herald] Supermarkets have now dropped the use of single-use plastic checkout bags but other plastic bags are still available, notably those for fruit and vegetables. The Herald has witnessed many shoppers tearing off extra produce bags and placing them in their trolleys, empty. A Foodstuffs spokesperson (New World and Pak 'N Save), said both chains still offer plastic produce bags as their IT systems did not allow for alternatives when weighing items upon checkout. They added their IT team was working on a viable solution to allow shoppers to use other options, intending to have this completed and rolled out over the next few months. Foodstuffs and Countdown, along with 15 large international brands have signed the New Zealand Plastic Packaging Declaration committing to move to 100 per cent reusable, recyclable or compostable packaging by 2025. A spokesperson for the Ministry for the Environment said plastic produce bags, which it referred to as "barrier bags", were not included in the mandatory phase out of single-use plastic bags which takes effect from July 1 as they were important for maintaining food hygiene and to enable retailers to meet obligations under the Weights and Measures Act 1987.

## Water

**Water quality still dropping and tourists aware – scientist** [15 January/Radio NZ] When it comes to water quality, New Zealand is losing the battle according to a freshwater scientist. Land, Air, Water Aotearoa (LAWA), collates water data from the councils around the country and runs a swimming spot check project across 700 sites. The most recent results from regional council and unitary authority recreational water quality testing, reported 97 of the 700 sites were unsuitable for swimming. Freshwater scientist, Mike Joy, commented water quality around the country was getting worse with more water being taken from waterways, intensive farming and climate variability across the country and higher temperatures. Principal scientist at Hawke's Bay Regional Council, Anna Madarasz-Smith commented the quality of the water was highly influenced by rain, which carries fecal material from farm animals, birds and dogs into the waterways. Taranaki District Health Board's Medical Officer of Health, Jonathan Jarman, said the board got around seven notifications of people falling ill from swimming in rivers in the region a year, but there were no reports this year. Standard advice is for people to stay out of the water for three days if there has been heavy rain.

## Red meat

**Alliance chairman queries Govt's subsidy stance** [19 December/Rural Life] Alliance Group Chairman, Murray Taggart, has expressed concern over subsidised forestry plantings at the expense of low environmental impact sheep and beef farming. Mr Taggart told the co-operative's annual meeting, that the board and management were disappointed with the previously announced \$8 million operating profit for the year to September 30 (down from the previous year's \$20.2 million). Climatic conditions worked against farmers and the company. Erratic stock flows created challenges across the business. Mr Taggart reported labour availability has been a significant challenge for its processing plants, and the solution would need to come from a combination of advanced robotics, flexible work practices, innovative recruitment and foreign labour. He added the directors approved investment to create a new value-add facility at the Lorneville plant. Safety continued to be the company's top priority and there had been a 34% reduction in the number of people injured during the year.

**Steven Adams yet to be approached to front Kiwi red meat campaign** [14 January/Stuff] Basketballer Steven Adams is smashing steaks on American TV but Kiwi beef marketers are yet to approach him to promote New Zealand red meat. Nick Beeby, Beef+Lamb NZ market development manager, commented that the basketball star is promoting a generic 'eat beef' message that will benefit NZ farmers. The US is New Zealand's most largest beef market with \$1.2 billion of exports in the year to March 2018, which was 44% (or 190,000 tonnes) of beef exports. China took around 20% of exports and was the next largest market. Beef+Lamb NZ are gearing up to launch a new \$4 million promotion campaign in California in the next two months called Taste Pure Nature, targeted at what it describes as "conscious foodies". These are consumers who look beyond price when buying meat and enjoy trying new styles, formats and origins, being mindful of the environment and animal welfare and see these as inputs into quality, nutritious food. Mr Beeby acknowledged that Stephen Adams's pitch was more to a "sporty, blokey" type of consumer than the "conscious consumer" that Beef+Lamb NZ was aiming at.

**Drastic reduction in red meat intake at odds with health guidelines, nutritionist warns** [18 January/Stuff] British Medical Journal, The Lancet, has published details of the proposed "planetary health diet" which the authors claim will assist in saving the planet and approximately 11 million lives a year. The diet, consisting of daily intake limits on fish, eggs, sugar and red meat, will ultimately assist in avoiding a catastrophe to the environment. The EAT-Lancet Commission report suggests that food production will need to radically change, however its recommendations for red meat consumption differ from Ministry of Health guidelines. Commentators suggest the recommendations raise concerns for vulnerable groups, such as younger women, many whom may already suffer from some nutrient deficiencies, according to Fiona Greig, head of nutrition at Beef + Lamb NZ. She added the industry body supported a range of healthy dietary patterns, with and without meat. Guidelines suggest adults eat at least one serving of fish and other seafood, poultry or red meat each day, where a serving of red meat is approximately 100 grams. With a decrease in the amount of red meat Kiwis are consuming, treatment costs for iron deficiency anaemia are rising. Animal rights group, SAFE, suggested the meat industry was scrambling to protect profits given the rise in popularity of plant-based foods and claimed that the industry was exaggerating claims of health benefits associated with eating meat. The EAT-Lancet Commission is concerned current food production methods are contributing to climate change, biodiversity pollution and unsustainable changes in water and land. The report recommendations are based on farming systems not commonly used in New Zealand (grain-fed systems).

**New lamb ad suggests Australia unites with New Zealand** [21 January/NZ Herald] The latest Australian lamb ad released ahead of Australia Day suggests Australia should unite with New Zealand, using lamb as Australia's bargaining tactic. The humorous ad has actors appearing to be government officials suggesting that the two countries should combine because it claims "New Zealand is doing Australia better than Australia". The ad uses satire and the rivalry between the two countries to create a narrative to promote Australian lamb.

## Aquaculture

**Is it on your Xmas day menu? King salmon recalled** [23 December/NZ Herald] New Zealand King Salmon issued a recall notice for its Wood Roasted Salmon Pepper & Spices product. The Salmon is sold under the Regal brand. This comes as a result of the batch's packaging having the incorrect use-by-date of December 10 2019 instead of January 10 2019. The company issued a statement that all customers who had purchased any of the affected product should return it to their retailer for a full refund or consume before 10 January 2019.

## Farmers and producers

**Farm sales bloom in spring** [20 December/Rural News] In the recent months there has been an increase in farms changing hands as reported by the Real Estate Institute of NZ (REINZ). The latest REINZ sales report shows there were 20 more farm sales (+6.3%) for the three months ended November 2018, compared to same period last year. The median price per hectare for all farms sold in the three months to November 2018 was \$30,411 compared to \$26,802 recorded for three months ended November 2017 (+13.5%). The REINZ All Farm Price Index adjusts for differences in farm size, location and farming type, unlike the median price per hectare, which does not adjust for these factors. Wellington (+14) was the top region to increase the number of farm sales compared to November 2017, whilst Canterbury recorded the most substantial decline in sales (-13 sales). Brian Peacocke, Rural Spokesman at REINZ, says climatic conditions during November 2018 continue to benefit most of the rural sector with widespread rain and warm temperatures creating abundant pasture growth across the country. Regardless of an unsettled environment, sheep, beef, arable and horticulture properties have continued to create good demand and sell well, it was reported.

**Kiwi buyers wary of organic food fraudsters ahead of new regulations** [3 January/Stuff] The organics industry in New Zealand is worth \$600 million and has grown by 30% in the last couple of years. As a way to authenticate the legitimacy of organic products, the government is set to roll out a new standard in 2019 for organic production that will help reassure customers. The standard will require any claims for organics to provide evidence backing claims. While most Kiwis view organic products as superior to non-organic, there are few people that only buy organic produce, reported Dr Leah Watkins of Otago University. Along with cost, scepticism and confusion around the definition of organics deters kiwis from purchasing.

**Farmers not buying fishing licences in protest against Fish & Game's anti-dairying stance** [8 January/Stuff] Some farmers' are reportedly taking a stance against Fish & Game's anti-dairying position by not purchasing fishing licenses this season. Just under 70,000 fishing licenses were sold in the first three months, down 6,000 from the same point last year. Fish & Game have a history of a strained relationships with farmers since they coined the phrase "dirty dairying", and are accused of not relenting on farmers' despite focus their focus on enhanced environmental practices. Fish & Game blamed the decrease on bad weather and said they expect to sell another 40,000 licenses through to September. Penalties for fishing without a license include fines up to \$5,000, community work and forfeiting fishing equipment. Other charges can also be laid, including obstruction. The Ministry of Justice records the offence as a conviction, if found guilty.

**Prominent Waikato farmer dies within days of vacation cancer diagnoses** [11 January/Stuff] A highly respected Waikato farmer died six days after arriving back in New Zealand after being diagnosed with cancer while on a family holiday in the Netherlands. South Waikato farmer and charity worker Ian Elliott, 72, died suddenly in Waikato Hospital on Tuesday. He was the chairman of Trinity Lands, owning 21 dairy farms in the Waikato as well as numerous Kiwifruit orchards and forestry blocks. Mr Elliot was also the chair of global Christian charity Prison Fellowship International, chair of the South Waikato Investment Fund Trust (SWIFT), and managed 10 farms outside of Trinity Lands. Mr Elliott's daughter, Marianne, said her father touched many lives, adding he had an enormous passion for people, he especially took pride and passion in young people who came and worked for him, whether on the family farm in Tokoroa or the trust farms.

**Federated Farmers: Resources at capacity** [16 January/The Country] Federated Farmers is being forced to prioritise it focuses due to the increase of issues facing rural New Zealand, specifically during the last 12 months. Federated Farmers assist with a broad range of concerns such as rural security, livestock misappropriation, water flows, walking access, new employment laws and staff. The Mycoplasma bovis outbreak has added to the Federated Farmer's workload, with no extra staff appointed since the outbreak. Working alongside MPI in Wellington, they have also assisted in providing mental health support for those infected. Chief executive Terry Copeland said the plan is to boost membership in order to allow for the hiring of extra staff so that the Federation can support farmers fully across all important issues for the industry.

**Proposed work visa changes welcomed** [16 January/The Country] Immigration Minister Iain Lees-Galloway released proposed changes to employer-assisted temporary work visa settings last month. The changes are designed to reflect actual regional work shortages, allowing better access to migrant labour when it is required and to support businesses in employing more New Zealanders. DairyNZ, the Road Transport Forum and Federated Farmers have all supported the proposed changes. Consultation closes on March 18, with outcomes being announced halfway through the year. DairyNZ welcomed the changes given the current regulations mean migrant farm staff are required to reapply for visas each year. This means they are unable to bring their families to New Zealand or stay longer than three years. The proposed introduction of Regional Skills Shortage Lists may result in valuable dairy employees being classed as mid-skilled rather than low-skilled, enabling farmers to invest in development and training. Other changes include increased incentives and support for employers along with improving the alignment of the immigration, welfare and education systems. The changes impact 6 types of temporary work visas.

**Farmer confidence slips further** [21 January/Rural News] New Zealand's rural confidence dropped for the third consecutive quarter after a mix of concerns negatively impacting sentiment among pastoral farmers. The last quarterly survey for 2018 – completed in November – reported net farmer confidence at -15%, down from -3% recorded in the September 2018 survey. Hayley Gourley, Rabobank New Zealand General Manager for country banking, reported horticulturalists' net confidence turned from negative to positive this quarter, rising from -4% last survey to +9%. Ms Gourley added there were significant falls in confidence for dairy farmers in a period where product prices were at good levels and the climate was generally favourable for most producers. Among those New Zealand farmers expecting conditions to deteriorate, the survey reported the most significantly cited concern was government policies (45%) while falling commodity prices (37%), rising input costs (28%) and overseas markets (27%) also featured prominently. Farmer confidence was also down in their own farm business performance with 26% of farmers expecting their own farm business performance to improve in the next 12 months (down from 34% last quarter) and 19% expecting performance to worsen (up from 13%). Ms Gourley said lower confidence had flowed through to reduce investment intentions with sheep and beef farmers indicating a reduced appetite for investment in the coming 12 months, while dairy farmers had the weakest investment intentions of all farmer groups. Horticulturalists had stronger investment intentions with 40% of growers expecting to increase investment.

## Economics and trade

**Regional economies on the rise** [29 December/Radio NZ] Infometrics Quarterly Economic Monitor for the 12 months ending September 2018 reported growth in the regions as strong, noting the Hawke's Bay, Manawatu-Wanganui and Nelson-Tasman economies with growth faster than Auckland, Wellington and Christchurch. Hawke's Bay's GDP increased 3.1 percent, Manawatu-Wanganui 3.8 percent, and Nelson-Tasman's growth was up 3.2 percent in the last year compared with 2.6 percent for both Auckland and Wellington, and 2.3 percent for Canterbury. Brad Olsen, Infometrics Economist, noted strong demand for primary exports was fuelling economic growth and that was expected to continue into 2019. Hawke's Bay and Wanganui also experienced the strongest rise in house prices, both up 11.0 percent for the 12 months ending September 2018 compared to Auckland's 1.3 percent rise over the same period.

**The CPTPP: What does it mean for New Zealand?** [December 31/Stuff] The CPTPP came in to effect on 31 December. The trade agreement enhances New Zealand exporter's access to many new markets including Japan, Mexico and Canada. Executive Director of ExportNZ, Catherine Beard, said that New Zealand would benefit from \$222 million in tariff savings yearly. This will enable more money to be available for businesses to grow, creating more employment opportunities. However, according to Jane Kelsey, University of Auckland law professor, this deal does not deliver an appropriate future for New Zealand, as the country requires a more sustainable business model. The CPTPP contains an ISDS clause which allows foreign investors to sue the government where investments are perceived to be at risk due to regulations. This introduces implications for national sovereignty and led to the government asking signatories to sign side letter agreeing not to sue each other.

**Slowing likely to weigh on prices** [12 January/Otago Daily Times] Slowing Chinese growth is likely to put pressure on New Zealand commodity prices this year, ASB senior rural economist Nathan Penny reported. This year's outlook followed relatively positive prices throughout last year. The average level of prices last year was comfortably above the 10-year average in both USD and NZD terms. In ASB's latest Commodities Weekly report, Mr Penny reported economic growth in China was slowing and expected to lead to more modest demand for New Zealand commodities. China accounted for about one-fifth of New Zealand's overall goods exports and larger amounts for the log, dairy and sheepmeat sectors. Agricultural production in New Zealand was also booming and extra supply was also weighing on commodity prices. Spring weather was surprisingly good and it had continued into the summer. Record-high dairy production was expected this season. The global economy was also slowing, likely leading to a broader slowing demand for New Zealand export commodities. The New Zealand dollar was at a supportive level and likely to remain constant over the year. Consequently, commodity prices in NZD terms, if not USD terms, were still likely to remain above long-term averages.

**CPTPP nations meet in Tokyo for first commission meeting** [20 January/NZ Herald] Trade Minister David Parker is in Tokyo for the first CPTPP commission meeting. The CPTPP is open to all economies which accept its principles, signatory countries have agreed at their first commission meeting in Tokyo. Seven of the eleven CPTPP countries have ratified the agreement including Australia, Canada, Japan and Singapore. The other four are yet to do so. The agreement is open to all economies which accept its principles, promoting an inclusive and rules based trading system. The government has said the new trade agreement will allow exporters open access to the 11 countries made up of 480 million consumers including 4 new countries which New Zealand previously had no trade agreement with. New Zealand confirmed hosting the next set of CPTPP meetings later this year.

**Ardern acknowledges hard Brexit could be difficult for New Zealand businesses** [21 January/NZ Herald] While in London, Prime Minister Jacinda Ardern acknowledged if Britain left the European Union (EU) on 29 March with a hard exit and no deal in place, it would be damaging for New Zealand businesses. If this scenario eventuates the New Zealand government's focus would be on supporting businesses through the shift. Ms Ardern suggested that once Britain is in a post-Brexit environment that NZ would be in a position to negotiate a free trade agreement. The Prime Minister is currently overseas, first meeting with British Prime Minister Theresa May before heading to Switzerland for the World Economic Forum and then to Brussels to talk to top EU officials.

## Rural supplies

**Agria found guilty of fraudulent accounting by US Stock Exchange commission** [21 December/Stuff] Agria Corporation, a Chinese-owned company, formerly the majority owner of PGG Wrightson, has been found guilty of fraudulent accounting by the United States Securities and Exchange Commission. Following the SEC announcement, the Overseas Investment Office has ordered Agria to sell down its 50.2 per cent interest in PGG Wrightson to 46.5 per cent. Ngai Tahu, which formerly had an indirect stake in PGG Wrightson, has now acquired a direct holding of 3.6 per cent of the ordinary shares. The OIO has also filed for penalty proceedings in the High Court against Agria. The SEC found that Singapore-based Agria sold worthless land use rights in China, giving them a value of \$60 million and overstating the value of its stock by \$17m. Agria has not admitted or denied the charges, but agreed to pay a \$3m penalty and co-operate with the Commission's staff in future investigations. Lai agreed to pay a \$400,000 penalty and be barred for a period of five years from acting as an officer or director of any public company.

## Forestry

**Forestry owners to wear greater compliance costs** [5 January/Radio NZ] The introduction of new National Environment Standards for plantation forestry has altered how councils monitor forestry-based activities, and the impact they have on the environment. This means owners of forestry blocks with more than a hectare in size might soon be up for thousands of dollars in extra costs to harvest their trees. Tasman Mayor, Richard Kempthorne, noted the council is among others around the country now responsible for monitoring permitted activities that address forestry-related earthworks, stream crossings, quarrying and harvesting. It is currently in consultation with the public on its own tailored proposal, including charges of \$650 per inspection before, during and after each harvest, and \$120 for each test of stream water. The new standard applies to forest blocks of more than one hectare, and allows councils to charge once it has fixed fees. Mr Kempthorne commented the council would have to hire more staff to carry out increased levels of monitoring, and the aim was to shift more of the cost from ratepayers to forestry owners.

## Animal health

**SPCA call for ban on 1080 over animal welfare issues challenged by Forest & Bird** [8 January/NZ Herald] The SPCA is calling for a ban on pest control poison 1080 over concerns about animal welfare. The poison, sodium fluoroacetate, commonly known as 1080, is mixed into baits as a way to control the numbers of a range of mammalian species, particularly in possums and rats. The SPCA called for greater emphasis to be placed on finding ways for species that could not be completely removed to co-exist with native birds. They also commented on options for more humane methods of pest control. The SPCA view the welfare of all animals to be viewed equally, and people should recognise that they deserve protection from suffering pain or distress, regardless of the species or where they came from. Forest & Bird Chief Executive Kevin Hague noted that giving up 1080 would lead to an ecocide of huge proportions in New Zealand, and the SPCA need to understand this is the outcome of their pest control position. In December the Environmental Protection Agency released its annual report into the aerial use of 1080 during 2017, stating it believed the current rules around 1080 "keep people and the environment safe".

## Biosecurity

**Stink bug discovery affects imports, trade deficit** [20 December/NZ Herald] Statistics New Zealand revealed a narrowed trade deficit for November as imports were reduced by the discovery of stink bugs. A November deficit of \$402 million was down compared to the October deficit of \$707 million, suggesting that exports also rose with the stink bug discovery. International Statistics manager Tehseen Isla, reported repeat events in February resulted in vessels being returned due to the stink bug.

**Livestock farmers join GIA biosecurity partnership** [7 January/Farmers Weekly] Key players in the livestock farming sector have taken steps to protect their multi-billion-dollar export industries from pests and diseases through joining other primary sector organisations and Government in the biosecurity fight. Industry organisations DairyNZ and Beef + Lamb New Zealand consulted with farmers over a year ago to join the Government Industry Agreement for Biosecurity Readiness and Response (GIA). The new arrivals join 21 industry organisations that have agreed to work with Government in GIA partnerships to deal with pests or pathogens specific to their primary industry sectors. DairyNZ's chairman, Jim van der Poel, said that formally joining the GIA gave dairy farmers an important seat around the table when decisions were being made on biosecurity issues. He also noted that the recent *Mycoplasma Bovis* outbreak put a spotlight on the importance of industry and Government working closely together to deliver better biosecurity outcomes for our farmers.

**Researchers to study human impact of *Mycoplasma bovis*** [21 January/Radio NZ] The emotional, social and psychological impacts of *Mycoplasma bovis* on farmers and farming communities will be studied by the University of Otago. The project's lead researcher, Fiona Doolan-Noble, said that the two-year study will look at the impact of the eradication programme on farmers directly, and the wider community more generally. For farmers effected, she commented one day their herd is there and the next morning they wake up and they've all gone. She noted this is a huge loss on many levels; an emotional loss, a sensory loss and a financial loss until compensation is received and they can start building up their herd again. UK research from the 2001 foot and mouth outbreak identified feelings of distress and bereavement, concerns of a new disaster, loss of faith in authority and control systems and annoyance at the undermining of local knowledge, she added. The foot and mouth outbreak was contained within seven months but *Mycoplasma bovis* is more difficult to control and may take years to eradicate, Dr Doolan-Noble added. The study in Otago and Southland is due to start in April and will be funded by a \$120,000 Lotteries grant.

**Food safety**

**AsureQuality extends relationship** [8 January/Farmers Weekly] Food testing and biosecurity specialist AsureQuality is extending its partnership with Bureau Veritas into South-East Asia to benefit from the region's rapid growth. The government-owned testing and certification agency will roll its eight-year-old Singapore facility into a new Singapore-based venture with Bureau Veritas. Bureau Veritas will contribute its newly-established food testing labs in Vietnam, Indonesia and Thailand – and its majority stake in Malaysia's Permulab – into the venture. The venture will be 51% owned by Bureau Veritas. AsureQuality CEO, John McKay, said the agreement builds on the relationship the pair formed when they acquired Dairy Technical Services (Australia's leading food tester) in 2016. AsureQuality reported a net profit of \$8.5 million in the June year, up from \$5.3m a year earlier. Revenue jumped by \$31m to \$211.7m, with much of the increase coming from lower margin biosecurity work for the Myrtle Rust and Mycoplasma bovis outbreaks, and increased meat inspection services for the longer killing season.

**Apiculture**

**Honey glut as warehouses fill with unwanted product** [8 January/NZ Herald] Small beekeepers are finding it hard to sell their honey, leaving some sitting on large stocks of unsold product. One Whanganui beekeeper noted small operators usually sell to major firms, but those firms are not buying. Larger companies are increasingly developing their own sourcing strategies and small operators note there is not a central marketing body they can use. One of the larger players in the industry noted that they currently have their own supply of honey and were not looking to purchase from other operators, unless they had very high quality honey. Strategic Risk Analysis Managing Director Rodney Dickens, commented on the problem being a simple case of supply outstripping demand. He also highlight the impact of measuring honey UMF, the factor that determines the quality of manuka honey.

**Big push on for honey sector levy** [18 January/Rural News] A major campaign is in its final stages to secure support for a commodity levy for the bee industry. The proposal is to levy of 10 cents per kilogram on beekeepers who produce 750kg of honey or more per year, estimating positive vote for the levy would raise about \$2 million annually. Apiculture New Zealand Chief Executive Karin Kos reported that a national roadshow through 10 main centres had been run by the industry body, along with individual meetings being held with some bee keepers and also communication to the industry via their publication NZ Beekeeper. Apiculture NZ was formed two years ago when all sectors of the industry – including beekeepers, marketers and affiliates such as Federated Farmers – collaborated. Ms Kos reports times are changing due to the growth in the industry, with ten years ago honey exports totalling \$50m, now being \$350m. Currently there are 900,000 beehives NZ-wide, up from only 400,000 ten years ago. Ms Kos believes a full professional body needs to be implemented to support the industry and secure funding for R&D. The levy is aimed at commercial beekeepers with about 26 hives or more, but other smaller scale beekeepers can join Apiculture NZ.

**Fishing**

**Sealord's earnings up after disposing of loss-maker** [29 December/Otago Daily Times] The second-largest fishing company in New Zealand, Sealord, owned by iwi vehicle Moana New Zealand and Japan-based Nippon Suisan Kaisha or Nissui, reported a \$24.3 million net profit for the year ended September. This was up from \$18.5 million the previous year. Moana reported a profit of \$21.4 million for the year ended September 30, an 11% increase from the previous year. A decrease of 2.7% in operation's administrative expenses allowed Sealord to increase profit. Moana declared an \$8.6 million dividend being divided among 58 iwi. Moana has distributed \$95.1 million to its shareholders since 2004.

**Horticulture**

**'Shocking' strawberry season as wet December plays havoc for North Island growers** [30 December/Stuff] Heavy rain and humid weather has played havoc on North Island strawberry growers leaving shortages and quality issues around Christmas, the busiest time of the year for strawberries. Waikato grower Gary McMahon described the season as shocking and listed wet weather and humidity as the biggest challenges. The wet weather throughout December meant it was hard for growers to supply quality fruit over the period. Despite this McMahon felt optimistic about the remainder of the season with around 40 percent of his crop still to be picked. Auckland Chairman of Strawberry Growers NZ, Anthony Rakich, said it had been a tough season noting much of the rain came during the 'flush' when the crop was about to be harvested.

**Apple crop risks going unpicked** [17 January/Rural News] Long term allocation of recognised seasonal worker (RSE) numbers is required to ensure the industry can plan ahead, reported Gary Jones of NZ Apples and Pears. The industry is looking at a 30,000 tonne increase in the crop in Hawkes Bay and Nelson, requiring about 500 more workers. Realistically the region requires 2,000 more workers in Hawkes Bay alone for the harvest season which starts mid-February. Mr Jones noted the difficulty to find sources of NZ labour, commenting on work with the prisons and the Ministry for Social Development to get people into work. He added backpackers are not meeting the shortfall and whilst the apple sector is attracting thousands of backpackers, tens of thousands of people are needed across NZ for harvest. More strategic discussions for a longer term solution are necessary. With a reputation built on quality it is critical New Zealand fruit is picked on time. Without a permanent solution to labour shortages, Mr Jones fears we will start to erode brand value and return to a commodity cycle which would be unfortunate.

**International**

**Fish fraud 'rampant' in New York, AG report finds** (18 December/ Food Dive) A recent study released by the New York Attorney General's office reported two-thirds of the State of New York's supermarket chains investigated had at least one instance of fish mislabelling for substitutes that were typically cheaper and lower quality species. The U.S. imported more than 6 billion pounds of seafood last year. This is not the first time the U.S. fish industry has experienced fraud accusations. In 2013, non-profit ocean protection group Oceana conducted an investigation into the commercial sale of tuna and reported 59% of labelled tuna was in fact not tuna. Attempts to legislate on labelling have in the past been met with strong opposition in court. There is now a plan to adopt a traceability program which if successful could decrease the amount of fraud that occurs within the industry.

**Merck Acquires Digital Livestock Tech Antelliq for \$2.4bn in Biggest Agtech Acquisition on Record** [19 December/AgFunder News] US pharmaceutical company Merck has acquired digital livestock and animal health tech company Antelliq Group for EUR2.1 billion. Antelliq manufactures sensors for animals, including ear tags for dairy cows that have the ability to monitor cows' activity and provide traceability. Antelliq's products brought in EUR360 million in sales in the year to 30 September 2018. Yasir Khokar, CEO of dairy livestock data analytics startup Connecterra, which also collects and analyses data about animal health, welcomed the news as a sign of the vast potential for this segment of agtech. Rob Leclerc, CEO of AgFunder, thinks agtech focus will shift to livestock tech, noting most of the attention has been focused on precision ag for row crops and there's been very little investor appetite for precision livestock which has seemed like an enormous untapped market.

**Coke leads \$15M investment round in Dirty Lemon maker** [21 December/FoodDive] Iris Nova, the company known for consumer goods that can be purchased via text message, announced a USD15 million round of seed funding in a news release, led by The Coca-Cola Company's Venturing & Emerging Brands unit and including a handful of venture capital firms. The company's wellness drink Dirty Lemonade has steadily gained traction since launching in 2015. Dirty Lemonade has sold more than 2 million bottles in three years, with 90% of orders being processed via text message. The product includes ingredients like charcoal and turmeric. Cashierless retail concepts are gaining traction as early experiments in the space start to take off and shoppers become more comfortable completing transactions via their smartphones. Coke has highlighted its desire to evolve its customer experiences "beyond the real thing" through leveraging digital and mobile technology.

**Impossible Burger faces another big hurdle** [27 December/The Country] The appearance of bloodiness presents regulatory hurdles for Impossible Foods as it looks to push its products through supermarket channels. The Silicon Valley producer uses a genetically modified yeast to mass produce its key ingredient, soy leghemoglobin, or "heme", giving the Impossible Burger its meat-like flavour. An FDA spokesperson explained that heme needs to be formally approved as a colour additive before individual consumers can purchase the uncooked product. Impossible Foods filed a petition on November 5 seeking formal approval for heme as a colour additive. While the Impossible Burger is available at almost 5000 restaurants in all 50 states, heme isn't a colour additive used in the cooked burgers sold in restaurants. Impossible declined to comment on the heme-containing products and submitted a petition to retain flexibility in their products. Impossible's biggest competitor Beyond Meat has secured listings for the Beyond Burger in supermarkets, seeing 70 percent in annual growth. While the colour additive review process is more stringent than the "Generally Recognised as Safe" (GRAS) review, California attorney William Senior says the rejection of heme as a colour additive after it's already gone through GRAS is "very unlikely."

**Carl's Jr. gives plant-based Beyond Burger the star treatment** [3 January/FoodDive] Carl's Jr. restaurants are planning to start serving its signature Famous Star burger with a quarter-pound Beyond Meat patty on a seeded bun for USD6.29. The burger can be found at more than 1,000 locations for a limited time. At the USD6.29 price point, the plant-based Famous Star is nearly \$4 more than the original version, which costs USD2.69. The Beyond Famous Star has 20 grams of protein and will be char-broiled like all Carl's Jr. burgers and is available until end of January. The Beyond Famous burger has 710 calories with 40 grams of fat and 1550 grams of sodium, per Carl's Jr.'s nutritional calculator. The Beyond partnership could help change brand perception and attract new diners hungry for a trendy meat alternative.

**UK Farm Minister Urges British Producers to Lead the World in Technology** [4 January/AgFunder News] The British Government's Food, Farming and Environment Minister, Michael Gove, is promising delivery of an ambitious new UK food strategy in 2019. He also noted a properly funded 25-year environment plan to commit to rising investments in agritech. Speaking at the Oxford Farming Conference, Mr Gove urged delegates to prepare for a new agricultural revolution with the UK grasping the opportunity to lead the world in the development of new food and farming technologies. He reported how accelerating technological advances such as artificial intelligence, more sophisticated big data analysis, drone development, machine learning, and robotics will enable productivity on traditionally farmed land. He spoke on the requirement for an increased role to be found for vertical farming developments, aquaculture and cellular agriculture, alongside advances in synthetic biology to allow future producers to create traditional animal products – from gelatine and egg whites to milk and even meat – under laboratory conditions. In each case, however, he warned that new costs would arise as each new technology was embraced. Focusing on the need to use less carbon in food production, to limit nitrous oxide entering the atmosphere and nitrates entering river systems, he said that farmers needed to work to improve the organic content and fertility of our soils, while also seeking to renew, reuse and recycle finite natural resources.

**Cargill reports a 20% earnings loss in Q2** [4 January/Dairy Reporter] At the close of its second fiscal quarter, Cargill reported its net earnings at USD741 million, a 20% decline on the prior year. Adjusted operating earnings were USD853 million, down 10% from last year. Increased protein consumption in North America and Europe strengthened demand for soybean meal for livestock feeds. Oilseed processing, grain exports and biodiesel production also strengthened the quarter for North America, with particularly good crops in Argentina supporting the South American market. Starches and sweeteners were down due to record-low ethanol prices in North America and high energy costs in Europe. Global poultry was down due to political instability in Central America and market challenges in Southeast Asia. Animal nutrition earnings were impacted by factors like low hog volume in China and Vietnam, and a poor outlook for the dairy and poultry industries in the US. Cargill sold off its malt business just before the new year, after 40 years in the industry. This affected 15 global facilities and more than 500 employees. Cargill recently expanded in Colombia by acquiring Campollo, a local leading maker of chicken and protein products. The company's ingredients sector introduced Avansya, a project developing a zero-calorie sweetener through fermentation called EverSweet, launching early in 2019. Entering into the digitization of the agricultural supply chain, the Origination and Processing sector formed Grainbridge, to provide support to North American farmers on grain marketing decisions, e-commerce and account management software.

**Shutdown Data Delay Is 'Bad Deal' for Farmers Who Need to Make Crop Plans** [5 January/Bloomberg] The US government shutdown means the Department of Agriculture will delay release of several market-moving reports. This comes at a time when farmers start to make their planting decisions for the upcoming season. The USDA's monthly World Agricultural Supply and Demand Estimates will not be released as originally planned the agency reported. Other key data sets, including figures on grain stockpiles and winter-wheat seedings, will also be delayed. The USDA will resume issuing reports as soon as possible after funding is restored to minimize impact on markets, Robert Johansson, the agency's Chief Economist, reported. Delaying this month's report, in particular, is an especially bad for the market according to analysts, in part due to January report finalizing crop production figures from the prior year, which traders and producers use to plan for the coming season. Gro Intelligence, providing data feeds as well as crop and weather forecasts, is offering free access to its platform for the duration of the shutdown in an effort to mitigate the data gap left by the USDA, reported Sara Menker, the CEO.

**Veganuary sees record numbers of people sign up to leave animal products off their plate for a whole month** [5 January/ABC] Plant-based meats and cheeses are now a staple in most supermarkets, as vegan diets become increasingly mainstream. More than 190,000 people around the world have registered to take part in Veganuary, a movement started by a UK non-profit organisation that encourages people to ditch animal products from their plates for the 31 days of January. Participation has doubled each year since the first campaign in 2014. Not all researchers agree cutting out animal products entirely is necessary to improve environmental or health outcomes, but a major study last year found even well-managed meat production had a greater environmental impact than vegetable crops that produced equivalent amounts of protein. The ABC spoke to three first-time participants in Veganuary about their reasons for participating, which included health choices, environment concerns and ethical commitments. Dietitians note people on vegan diets need to pay attention to getting nutrients like iron, vitamin B12 and calcium, adding their preference was to see Australians eat more fruits and vegetables every day of the year, rather than engaging in a vegan diet for 31 days.

**Bluefin tuna sells for record \$4.6 million at new Tokyo market** [6 January/Stuff] A record USD3.1 million for a 278kg bluefin tuna was paid at the first auction of the year at Tokyo's new fish market. The fish was purchased by Kiyoshi Kimura, owner of the Sushi Zanmai restaurant chain. The winner was reported to be very satisfied with the quality of the fish but admitted he had paid much more than he had expected. Bluefin tuna is highly valued for its taste in sushi restaurants, but decades of over-fishing have sent stocks plummeting. The IUCN Red List of Threatened Species classifies the Pacific Bluefin tuna as vulnerable. Jamie Gibbon, Associate Manager of global tuna conservation at The Pew Charitable Trusts commented its population has fallen to less than 3.5 per cent of its historic size and overfishing still continues today. In response to the growing scarcity of the fish, Japan and other governments agreed in 2017 to strict quotas and restrictions on fishing, in an attempt to rebuild stocks by 2034.

**Plant-based meat alternatives could save lives** [7 January/FoodDive] The World Economic Forum has released a report detailing the need to integrate more plant-based protein alternatives into the world's diet. This is reported to significantly improve human health and environmental sustainability. The report notes meat consumption growth is steady, especially in developing countries. If the trend continues to 2050, when the world population is expected to top 10 billion, the pathway is incompatible with keeping global temperatures from rising more than 2 (let alone 1.5) degrees Celsius. The report suggests meat and alternative-protein industries will co-exist and have the opportunity to complement one other while the agriculture sector works to increase the availability of plant-based proteins. The WEF also highlight the social cost of adopting more plant-based proteins — job stability, cost of the evolution of traditional agricultural practices, and other livelihood transitional costs — must be at the forefront of the discussion. Similarly, the forum notes that the needed change is not going to come from private companies, advocating joint public-private approach, much like what was implemented for renewable energy more than 20 years ago, to roll out large-scale production of plant-based alternatives.

**Government shutdown slows FDA inspections, food safety watchdogs warn of outbreak risks** [10 January/CNBC] The federal government shutdown has forced the Food and Drug Administration (FDA) to suspend a large portion of its food safety inspections. Safety inspections of imported food continued at normal pace, according to FDA Commissioner Scott Gottlieb. Domestic inspections, which the organization does approximately 160 per week have slowed. Mr Gottlieb reported the FDA is working to continue inspecting high risk inventory including seafood, cheese and infant formula, which makes up about 31 percent of all domestic inspections. Deputy Director of Regulatory Affairs at the Centre for Science in the Public Interest, Sarah Sorscher, noted to CNBC that some items which are not designated as high risk, have become contaminated in the past. The slowdown in inspections does not appear to be affecting restaurant chains, with one reporting that their internal audits are still being conducted which exceed FDA requirements.

**Avocados for dessert? Industry plots ways to increase future demand as production levels soar** [12 January/ABC] Non-traditional uses for avocados need to be explored and promoted if the industry is to continue enjoying high prices and solid demand growth. Large plantings nationwide mean more than 100,000 tonnes of avocados will be produced annually in Australia. Avocados Australia CEO, John Tyas, said farmers are on track to produce 115,000 tonnes by 2025, nearly trebling 2007/08's production of 40,000 tonnes. Grower do not expect prices to reach highs of previous years, when a tray made up to AUD70. Avocados Australia is working on a campaign to improve the consumer experience of fruit and reduce the likelihood of shoppers buying a dud avocado. A push to include the fruit in a wider range of dishes is gaining traction, as culinary use is a critical part of soaking up booming production, one area being the use of avocados in dessert dishes which is booming internationally.

**Anti-GM foods 'experts' actually know the least – Study** [15 January/The Country] A recent survey of US adults reported that those in extreme opposition of genetically modified (GM) foods actually know the least about the technology, but think they know the most. The University of Colorado study reported that as extremity of opposition to GM foods increased, the amount of knowledge about science and genetics decreased, but the perception of how much they thought they knew increased. The same pattern was also found in surveys conducted in France and Germany, but the researchers did not find the same pattern held when it came to knowledge and attitudes about climate change. Researchers said GM foods were judged by the majority of scientists to be as safe for human consumption as conventionally grown foods, and had the potential to provide substantial benefits to humankind. Benefits include increased nutritional content, higher yield per acre, better shelf life and crop disease resistance. Self-assessed knowledge was a strong predictor of attitudes, and people tended to be poor judges of how much they knew.

**Kraft opens pop-up to give free food to government workers during shutdown** [16 January/FoodDive] Kraft is launching a grocery store pop-up in Washington, D.C. to help federal government workers during the partial shutdown. Federal workers with a valid government ID will be able participate in the "Kraft Now Pay Later" program. They will be allowed to shop and take a free full bag of Kraft products. Kraft is requesting that workers donate to a charity once they return to work. Kraft was careful not to condemn any specific side in its announcement of the pop-up grocery store. Instead, the company kept the messaging about those who may not be able to put food on the table because of the shutdown. Kraft noted that it stands for families and wants to support the families who have built our brands. Creating a philanthropic reputation among consumers, and giving away products could assist the company to create a more loyal shopper base of people who will return to buy these products when the shutdown ends. It was reported that federal employees impacted by the shutdown have already been using food banks.

**Food & Ag Was Noticeably Absent from CES, But the Leaders Know It's Coming** [17 January/AgFunder] Two high profile food innovations grabbed attention at the Consumer Electronics Show (CES) in Las Vegas – IBM's blockchain initiative with Walmart and Impossible Foods' meat-free burger (the new Impossible 2.0 Burger was named by tech publisher Digital Trends as the Top Tech of CES) however other food technology was notably absent. The opening keynote by Ginni Rometty, CEO of IBM, included a conversation with Walmart about leveraging blockchain as part of a Food Trust platform it has established to help food safety and freshness. Whilst they may not be applying tech to food and ag yet, the leaders and innovators are recognising and beginning to exploit the opportunities to use technology to agri-food industry problems. A shortage of labour is food and agriculture's biggest problem, with demand for new kinds of talent being a big part of the conversation about technology adoption. IBM coined the term "no collar" workers to define the necessary knowledge workforce to serve the needs of companies in all industries that are embracing technology. New ethics concerns are emerging due to abundant and free-flowing data, with issues such as improper data use, cyber-attacks and AI bias. Digital technology is being adopted in food and ag but at a slower rate than other industries and companies have little appetite to invest in new, unproven innovations with such tight margins.

**New report recommends reduced dairy intake** [17 January/Dairy Reporter] The EAT-Lancet Commission on Food, Planet, and Health has published a report, Food in the Anthropocene: the EAT–Lancet Commission on healthy diets from sustainable food systems. The report delivers the first full scientific review of what constitutes a healthy diet from a sustainable food system, and which actions can support and speed up food system transformation. The report consolidates research from 30 world-leading scientists across the globe to reach a scientific consensus that defines a healthy and sustainable diet. A universal healthy reference diet, based on an increase in consumption of healthy foods (such as vegetables, fruits, whole grains, legumes and nuts), and a decrease in consumption of unhealthy foods (such as red meat, sugar and refined grains) provides reported major health benefits. It also increases the likelihood of attainment of the Sustainable Development Goals. The largest prospective study of vegetarian diets concluded people following vegan, vegetarian, pescatarian, or semi-vegetarian diets had 12% lower overall mortality risk than omnivores. The report notes optimum calcium intake remains uncertain, although overall and cardiovascular mortality is likely to decrease if dairy foods are replaced with nuts and other plant sources of protein. It argues that consumption of unsaturated plant oils conveys lower risks of cardiovascular disease than dairy fat. On sustainable production, the authors state that many studies have assessed environmental effects of various diets, with most finding decreasing effects with increased replacement of animal source foods with plant-based foods.

**Animal rights group creates online map showing farm locations and contact details** [21 January/ABC] Industry outrage was prompted after a website detailing the location and contact details of Australian farms was launched. The site was called an invasion of privacy. Animal rights charity, Aussie Farms, created the map, with the group's executive director Chris Delforce noting it had been made live so the public could view the farms themselves. The map was created to enable consumers to make their own informed choices about who they supported with their purchases. The Farmers' Federation believe it will encourage trespassing, potentially causing a biosecurity risk. Fiona Simson, National Farmers' Federation President, added she was very concerned about the information on the map being viewable by the public, being a huge breach of privacy. Mr Delforce wants to force transparency on an industry that's dependent on secrecy. Mr Delforce added if farmers did not want their contact details on the site they could be removed. Legal options were being explored by Ms Simson. Much of the contact information on the map is available online through search engines but Ms Simson reported her concern that it was now easily accessible in one place.

**Consumer trust and green brand key to growing exports to Asia – new report** [22 January/Independent] KPMG Ireland have released a report highlighting that for Ireland to grow its exports in Asia it must increase awareness of its green image. According to the report, the exports of Irish food and drink have more than quadrupled over the past ten years to Asia to EUR1.3 billion. David Meagher, Head of Agribusiness for KPMG Ireland, reports investment still needs to focus into consumer trust and consumer preferences to cater to the Asian markets. Reporting the difficulties faced by the agri-food sector include the physical distance, lack of preference understanding of Asian consumers, and lack of scale and low meat profitability at farm level. Several priorities for Ireland's agri-food export sector include sustainable food production and signing high quality trade agreements with Asian countries.

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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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