

AGRIBUSINESS

Field Notes

Weekly news update from the KPMG Agribusiness network

22 March 2017

Organisations referenced in this week's Field Notes include:

Anchor Food Professionals	Ministry of Health
ANZ	Mt Albert Grammar School
ASB	National Party
BIGS	NCEA
Brazilian Agriculture Ministry	New Zealand First
Brazilian Democratic Movement Party	New Zealand King Salmon
Brazilian Progressive Party	Novus Capital
BRF	NZMP
Canada Dry	NZVIF Investment
Central Amalgamated Workers' Union	Omega Plus
Coastal Spring Lamb	OSPRI
ConAgra Brands	Overseas Investment Office
CropLogic	PepsiCo
Cuilam Industry	Pharmac
Duke's	Powerhouse Ventures
Equitise	Prime Range Meats
	ShenZhen MingShengDuLing Commercial and Trading
Feilding Motel	South Street West Mote
Fonterra	St Kevin's College
Immigration New Zealand	Supply Change
JBS	TeenAg
KPMG	Tenon
Labour Party	Thanasi Foods
LegaSea	Tokomairiro High School
Lend lease	US Environmental Protection Agency
Mānuka Farming NZ	Wold Resources Institute
Medsafe	Xlam
Memphis Meats	Zespri
Ministry for Primary Industries	

This week's headlines

Horticulture	Kiwifruit has multi-billion dollar future: Agri-boss Ian Proudfoot [21 March/ New Zealand Herald]
Dairy	Virtual farm tour wins prize for Fonterra [17 March/ Rural News Group]
Honey	Top performance mānuka seedlings in high demand [20 March/ New Zealand Herald]
International	New Zealand King Salmon taking pet food foray to US [15 March/ Stuff]
Economics and Trade	Govt announces \$2m funding for primary sector [16 March/ Radio NZ]



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Hot Off The Press:

**KPMG Agribusiness
Agenda 2016 Vol. 2**

Horticulture

Kiwifruit has multi-billion dollar future: Agri-boss Ian Proudfoot [21 March/ New Zealand Herald] KPMG Global Head of Agribusiness, Ian Proudfoot, said the New Zealand kiwifruit industry could grow over the next 10 years into a \$10 billion industry by increasing its share of added value. Kiwifruit exports totaled \$1.9 billion in 2015-16. The current target is to more than double sales to \$4.5b by 2025. Mr. Proudfoot noted New Zealand's total food-related exports were \$38b and by the time those exports translated to end-users, it had risen to \$250b, creating a challenge of capturing more of that value added. Mr. Proudfoot noted another challenge was the speed of change in global markets, with key trends driving the change such as having sustainability as a building platform, and the use of digital technology to guarantee industry value chain connection. Another challenge was knowing how consumers were going to use the products, for example developing kiwifruit with edible skin to aid the increasing number of commuting consumers as cities grow. Zespri Spokeswoman Rachel Lynch said edible skin is under consideration, however it will be some years before it comes to market.

Viticulture

Advocates claim clearer guidelines needed for Recognised Seasonal Employer scheme worker deductions [20 March/ Stuff] Clearer contractor guidelines could dispel public concerns over how much overseas vineyard workers are charged for accommodation and petrol. Concerned residents have shown pay slip deductions potentially conflicting with the Recognised Seasonal Employer scheme (RSE). The scheme provides economic assistance to Pacific Island economies and fills New Zealand seasonal labour demand. Immigration New Zealand, who oversees the scheme, and other contractors believe there are systems in place to ensure reasonable, unexploited deductions. Central Amalgamated Workers' Union organiser Steve McManus said a uniform standard across the wine industry and lower contributions are necessary. Labour Kaikoura candidate Janette Walker said the party was looking at improving the RSE, believing that the deductions are ad hoc, and must be agreed upon by the workers through possible negotiation. Walker noted the vulnerable group would benefit from union representation. New Zealand Master Contractors chairwoman Linley King added guidelines were not set due to prices being market driven, with accommodation costs differing region to region.

Fishing and aquaculture

Fishers report crayfish stocks in bad shape [20 March/ Radio New Zealand] According to a survey, People who dive or fish for crayfish think stocks off the northeast of the North Island are in bad shape. The LegaSea survey questioned 822 people who dived or used cray pots between Pakiri and East Cape. 83 percent wanted the fishery temporarily closed to help it recover and 62 percent supported a total closure of the fishery for a fixed time. LegaSea Spokesperson Scott Macindoe said the results highlighted the Ministry for Primary Industries' quota management system lacked credibility and was not working as there was nothing to catch. Mr Macindoe said a closure to allow crayfish numbers to recover would put companies out of business, and there is a wrestle between the fishery and the economy. The ministry is pushing their scientific survey forward to this year, and are working to achieve a good balance between what is right for fishers and what is right for the fishery.

Forestry

Growth in deforestation commitments hides transparency issues [17 March/ Food Navigator] The number of manufacturers using one of the four key commodities linked to deforestation has increased from 67 percent to 71 percent. Supply Change analysts identified 718 companies are "exposed" to these big four commodities, meaning they use palm oil, soy, cattle or timber as part of their core business. 447 of the 718 firms have committed to inhibit deforestation, with 71 percent of manufacturers having commitments in place compared to 30 percent of retailers, 21 percent of processors, 17 percent of producers and 12 percent of traders. Total commitments to decrease deforestation increased from 579 to 760. 50 percent of the commitments have progress information available. Supply Change's Senior Advisor Stephen Donofrio said a third of the 447 companies have one or more commitments where the target date has passed, was never set or has not been tracked. Mr. Donofrio added firms need to be more transparent to ensure goals are not neglected.

NZ at forefront of timber renaissance for commercial buildings [19 March/ Stuff] Head of Operational Excellence at Lend Lease, Daryl Patterson, is convinced timber buildings are a choice of the future. Mr. Patterson has worked to convince Lend Lease bosses, with their concerns about vibration, noise, fire resistance, building methods and thermal qualities dispelled after being taken to see completed timber buildings. The 10-level 42 metre Forte building was constructed 40 percent faster than a concrete building, with less workers, a quieter and safer building site, 90 percent less truck movements and more environmentally sustainable materials. Patterson noted a main reason for faster construction was the prefabrication of the floors, walls and other components, with laminated pieces slotting together perfectly. New Zealand had a leading role in laminated timber construction due to Nelson company Xlam being the only precision manufacturing plant in the southern hemisphere, and is opening a second factory in Australia. New Zealand designed and constructed timber buildings were celebrated at the recent NZ Wood Resene Timber Design Awards.

Tenon shareholders back sale of Taupo mill, winding up [20 March/ New Zealand Herald] Tenon shareholders have backed plans to sell the firm's Taupo Clearwood wood processing mill to a consortium of US and New Zealand investors and conclude business. The \$55 million sale, trumping seven other offers, would see two capital returns expected to produce \$2.12 per share for investors, followed by an NZX de-listing and business liquidation. Tenon Director Mark Eglinton said if shareholders approve the resolutions, over USD\$125m will have been returned to shareholders, equating to a total shareholder return of approximately 50 percent since the start of the strategic review process in 2015. Tenon started experiencing profit in 2014 after more than a decade of losses, with shares gaining 7.5 percent over the past 12 months.

Dairy

Fonterra to get discretion over dairy conversions [16 March/ Otago Daily Times] The Dairy Industry Restructuring Amendment Bill has been tabled by Primary Industries Minister Nathan Guy, giving Fonterra discretion to accept shareholder applications from new dairy conversions from the 2018/19 season. Currently, Fonterra is obliged to accept all new milk offered. Fonterra believes this is no longer efficient or necessary. The legislation will keep the Dairy Industry Restructuring Act regime, with a review scheduled in 2020/21. The legislation will forgo Fonterra's obligation to sell regulated raw milk to large export-focused processors from the 2019/20 season and, from the start of the 2018/19 season, decrease the flexibility competitor processors have when predicting raw milk volumes that want to purchase.

Virtual farm tour wins prize for Fonterra [17 March/ Rural News Group] Fonterra's trade stand at the Gulfood Innovation Awards in Dubai won the top innovation Gulfood award. The event attracted 5000 exhibitors from 120 countries, drawing in 90,000 food professionals from 150 countries over five days. Fonterra General Manager Middle East for NZMP, Santiago Aon, said the co-operative's use of a virtual reality experience brought the Fonterra story to life, expanding the way Fonterra connects to its customers by allowing them to see how NZMP transforms milk into dairy products, giving deeper insight into the origins of the products they buy from us. The virtual reality experience allowed stall visitors to see a 360° virtual Fonterra world, following NZ Dairy from its on-farm origin to shipping NZMP ingredients internationally. At NZMP's Virtual Store customers create virtual products to meet their requirements by selecting certain ingredients, packaging styles and label images.

Red meat

Prime Range Meats' growth aided by Chinese investors [14 March/ Stuff] Workers and suppliers of Southland meat processor Prime Range Meats (PRM) are reaping the benefits of new Chinese investment. A stable Chinese distribution network is in place as promised when Chinese investors first bought 75 percent of the plant. Prime Range Meats took advantage of strong demand for mutton and lamb for Chinese New Year celebrations during late January and February. The Overseas Investment Office approved the \$13.4 million purchase of 75 percent of Prime Range by Cuilam Industry, a company owned by ShenZhen MingShengDuLing Commercial and Trading. Cuilam is keen to build the local workforce and get its branded product worldwide, and has bought four parcels of freehold Invercargill land. PRM General Manager Paul Hamilton said working together means a mutual leverage of opportunities Cuilam is providing in China, as well as delivering domestically and to established markets worldwide, adding an established supply chain run by locals makes a big difference to penetrating an overseas market like China.

Beef prices boosted by US demand [21 March/ Otago Daily Times] In ASB's latest Commodities Weekly, ASB senior rural economist Nathan Penny said beef prices (P2 steer/kg) had lifted 2.5 percent since the end of 2016 so far, and would set a new record for the month if prices maintained their average over March. Australia's lack of beef supply and strong US demand for imported beef has helped keep New Zealand beef prices up, despite accelerated 2016 US beef production. The most recent ANZ Agri Focus noted New Zealand beef production was currently running 5 percent behind the same period last year, with many New Zealand key beef markets facing competitor supply pressure. US beef was dominating Japanese and Korean markets while Brazil continued to keep competitive pressure in China. US beef demand is underpinned by increasing disposable incomes, a close to full-employed economy, household wealth expansion and US administration's further stimulus reform.

Fieldays

Central Districts Field Days vital for Feilding's small businesses [20 March/ Stuff] The Central Districts Field Days created a cash injection for local Feilding businesses. The agribusiness festival created economic benefits spanning across all hospitality and retail stores in town, with South Street West Motel owner Pauline Sarjeant noting Field Day attendees netted the motel \$15,000 over the three-day event. Feilding Motel owner Val Coffey said her nine-room business was also booked a year in advance. The Central Districts Field Days event attracted 23,700 paying customers this year. Manawatu Mayor Helen Worboys said Field Days cemented Feilding's reputation as an agricultural hub.

Honey

Top performance mānuka seedlings in high demand [20 March/ New Zealand Herald] Close to two million mānuka seedlings are expected to be sold for planting next year, and Mānuka Farming NZ has increased production of its high-performance seedlings by over 500 percent in three years. Mānuka Farming NZ is the commercial arm of Mānuka Research Partnership Ltd (MRPL), a company that has co-invested in the High Performance Mānuka Plantations Primary Growth Partnership programme. The programme aims to move the industry from wild harvest to science-based mānuka plantation farming, to increase the harvest and reliability of supply of medical-grade mānuka honey, supplying a potential \$1.2 billion per annum mānuka honey industry by 2028. Mānuka Farming NZ is looking for hill country landowners or landowners with more than 20ha of land. Some landowners may qualify for funding support via the Ministry for Primary Industries' Afforestation Grant Scheme.

International

New Zealand King Salmon taking pet food foray to US [15 March/ Stuff] New Zealand King Salmon's food enterprise, Omega Plus, is showcasing their product at the Global Pet Expo in Orlando, Florida, this month. The expo attracts over 1000 companies featuring more than 3000 product-launches. The Omega Plus pet food range, launched last year, includes a dry kibble product, smolt or salmon tail treats, and salmon oil which can be applied over pets' meals. NZ King Salmon and Omega Plus hope the brand's presence at the Global Pet Expo will be a starting point to attaining market share in North America's \$50 billion pet food industry. NZ King Salmon CEO Grant Rosewarne hopes the trip clarifies the brand's international standing, and showcases Omega Plus as a world-leading pet food, adding the pet food range had been fantastic for the NZ King Salmon in terms of revenue, employment and environmental sustainability. Omega innovations divisional manager Simon Thomas said being fully-integrated with King Salmon provided access to materials that no other pet food manufacturers had.

Sports nutrition – 5 key trends for 2017 [16 March/ Dairy Reporter] The sports nutrition industry has grown from USD\$6.7bn in 2010 to USD\$10.8bn in 2015. The industry has seen a customer-base expansion, with the emergence of fitness lifestyle users- experimental, brand-conscious, wellness evangelists who see fitness as key to their high-performance lifestyle. The whey protein market is expected to be worth USD\$13.5bn in 2020. Whey's success is due to its reputation as one of the best quality sources of protein, as well as its taste and versatility. Athletes consider whey a superior protein, being rich in essential amino acids to stimulate muscle growth more effectively than alternatives and allows rapid muscle recovery. Whey protein hydrolysates are expected to play a greater role in the sector's evolution due to the new breed of fitness lifestyle users using CrossFit. A new generation of whey protein hydrolysates has paved the way for applications such as clear drinks, 100 percent whey-based milky beverages, protein gels and powder shakes- appealing to all customer bases.

ConAgra Brands snaps up Duke's and BIGS Seeds: 'We're reshaping our portfolio to be more premium and modern' [16 March/ Food Navigator USA] ConAgra Brands has agreed to buy protein-fuelled snacks business Thanasi Foods, maker of Duke's meat snacks and BIGS seeds. ConAgra Brands CEO Sean Connolly said the purchase will extend the brand's meat snacks and seed business into faster-growing, more premium and modern segments. For the 52 weeks to December 25, 2016, meat jerky dollar sales were up 6.9 percent, other meat snacks were up 3.5 percent and seeds were down 0.9 percent.

Donald Trump proposes huge EPA budget cut to stop environment agency researching climate change; 'You can't drain the swamp and leave all the people in it' [16 March/ The Independent] Donald Trump wants to cut the US Environmental Protection Agency's spending by about USD\$2.4bn. The cut equates to nearly a third of the total budget and would mean a forced cancellation of climate change research, a reduction of work on air and water quality and would cause 3,200 employees to lose their jobs. The proposals are yet to be affirmed by Congress, which is controlled by President Trump's Republican party. Alike 50 other EPA initiatives, The Clean Power Plan, introduced by Barack Obama to reduce power station greenhouse gas emissions, would be scrapped. EPA employee and leading union official, John O'Grady, said the EPA was on a starvation diet, with a bare-bones budget. Managing Director of the World Resources Institute Manish Bapna said climate change contributes to severe droughts and food shortages and accelerating the migration of people, and believes cutting climate and clean energy funds will lead to increased international security issues.

Lab-reared chicken and duck meat could be in shops within four years [16 March/ The Daily Telegraph] Memphis Meats Founders Dr Uma Valeti and Dr Nicholas Genovese have unveiled the world's first test-tube chicken, and hope to start supplying supermarkets within four years. Memphis Meats have also created duck meat. Memphis Meats CEO, Dr Valeti said it is a significant technological leap for human kind, and an incredible business opportunity to transform a global industry while contributing to solving some of the most urgent sustainability issues of our time. Dr Valeti also noted the inefficient way conventional poultry is raised, creating environmental, animal welfare and human health problems. Scientists believe cultured meat will eventually replace conventional meat entirely.

"Soda tax" stakes escalate in pivotal Philadelphia fight [18 March/ New Zealand Herald] A tax on sweetened drinks was implemented in Philadelphia on January 1st, negatively impacting beverage manufacturers to the point of having to cut jobs, while city officials say such comments are a ploy to strike the tax. The tax is levied on transactions between beverage distributors and retailers. Officials claim the tax will raise money for pre-K education, and other advocates see the tax as a way of fighting sugary drink consumption and obesity. Manufacturers rebut this as consumers can turn to other high-calorie groceries. In Philadelphia, PepsiCo noted a 40 percent sales decrease since the 1.5-cent per ounce tax implementation, and will need to cut 80 to 100 workers. A Canada Dry bottler saw a 45 percent sales decrease, and laid off 30 employees. Philadelphia ShopRite stores are down as much as 25 percent as people turn to grocery stores outside of the area. The city said the pre-K program the tax supports has created about 250 jobs.

Brazilian giant meatpackers targeted in corruption probe [18 March/ New Zealand Herald] Brazilian meatpackers, JBS and BRF, bribed inspectors to keep rotten meat on the market. Part of the money allegedly paid by the meatpackers was channeled to two major political parties, President Michel Temer's Brazilian Democratic Movement Party and the right-leaning Progressive Party, which is part of the president's governing coalition. Three meat-processing plants have been shut down since, with Agriculture Ministry spokesperson Eumar Novacki saying the revelation was a severe blow to the international image of Brazil's agribusiness sector, which Brazil has been heavily reliant on to help its recovery from the worst recession in decades. JBS and BRF issued statements denying any wrongdoing and separately said they complied with regulations. JBS shares closed Friday on the Sao Paulo stock exchange, decreasing almost 11 percent. BRF shares dropped almost 8 percent.

Economics and trade

Economic growth eases as dairy dips [16 March/ Radio NZ] The economy has expanded at a slower rate than the previous quarter. Official figures revealed a 0.4 percent GDP expansion in the three months to December, a result lower than most economists had expected, compared to previous quarter's 0.8 percent growth. Only half of New Zealand's 16 industries rose, with the services sector seeing 0.7 percent growth led by computer system design, advertising, marketing, and management services. Construction activity saw 1.8 percent growth for the quarter, and 10.5 percent for the year. Agriculture declined 0.6 percent due to lower milk production, this combined with lower forestry and mining were shown in lower manufacturing activity, down 1.6 percent, and exports, declining 3.8 percent. Goods exports saw its largest quarterly drop in 25 years, 6 percent, due to lower dairy production. After two quarters of strong growth, household spending eased to 0.4 percent growth, however GDP per capita declined 0.2 percent this quarter. Annual growth rose to 3.1 percent.

Govt announces \$2m funding for primary sector [16 March/ Radio NZ] At the Central Districts Fielddays, The Ministry for Primary Industries has announced over \$2 million worth of funding for the agricultural sector from the government's Sustainable Farming Fund. Minister for Primary Industries Nathan Guy announced the first three projects, of which \$1.2 million of the funding is directed towards- facial eczema, bovine viral diarrhoea and potato seed tubers. The remainder of the funding is \$590,000 for irrigation and soil research and \$289,000 for the Agri-Womens Development Trust.

Farmers and producers

Environment, crime and water on the political agenda at Field Days [19 March/ Stuff] Biosecurity, environmental and water concerns were high on farmers' agendas at the Central District Field Days. Most major political parties had representatives at the Field Days, with National party member and Rangitikei MP Ian McKelvie saying constituents were increasingly interested in talking to political figures at the events. Labour Party Spokesman for Primary Industries Damien O'Connor said farmers were particularly interested in the One Plan, a contentious resource management document for the Manawatu-Whanganui region. People were interested to discuss the Ministry for Primary Industries setup, and how the ministry approached biosecurity and food safety. New Zealand First had a dominant presence at the event, believing their policy of relocating government departments to locations such as Masterton, Palmerston North and Whanganui would have a positive flow-on effect to the nearby rural communities.

Agribusiness education

Auckland student extols virtues of studying agriculture [16 March/ Stuff] At a future leaders' meeting held during a series of events including Central Districts Field Days, Mt Albert Grammar student Fatima Imran disagreed with her fellow students' opinion that agricultural studies is a "bum" subject, and the class made her obsessed with the industry, encouraging more and more of her fellow students to sign up for the course. Mt Albert Grammar School has an ASB-owned 11-hectare farm on its back doorstep, making it easy for students to work on the model farm, where they learn to handle stock and drive tractors. A multi-million-dollar agricultural experience centre is being planned, using private funding. Miss Imran said she does not come from an agricultural background, and believes New Zealand needed more young people to view agriculture and horticulture as careers, challenging industry leaders to create an industry that is one step in front and has the best quality food in the world.

Competitors keen to perform well at TeenAg [20 March/ Otago Daily Times] TeenAg, a programme developed to stimulate youths interest in agribusiness, consists of two core elements, schools-based TeenAg clubs and TeenAg competitions. Local farmer Nigel Woodhead, representing Otago-Southland, is aiming to win the title, and Tokomairiro High School pupils Levin Coulter and James Scanlan will also be chasing victory in the TeenAg competition. It was the first time a Tokomairiro High School team had entered the competition, with the pair having previously won the Otago-Southland regional competition. Another team, the Moleskin Men, are Aorangi second-place-scorers James Caldwell and Jarred Hardy, from St Kevin's College, and are also looking forward to the final. The Moleskin Men took part in a weekly vocational pathways course, run by AgriLearn and studying NCEA level 3 agriculture. All competition participants see themselves having careers in agriculture in the future.

Agribusiness strategy

Premium products the key to turning NZ into 'restaurant of the world' [17 March/ Stuff] The ASB Perspective 2025 panel discussion focused on what New Zealand needs to do to become the "restaurant to the world" by 2025. KPMG Farm Enterprise Specialist Julia Jones said listening to customers in overseas markets, looking at trends like alternative proteins and synthetic non-animal milk, and moving with the times would help reach that target. Fonterra's General Manager of New Zealand Industry Jo Finer said people must be realistic about the lengthy process to get investment ready for new equipment. Ms. Finer noted the value of these investments in technology, such as equipment that cut the production time of mozzarella cheese from three months to six hours, and Fonterra's development of facial-recognition technology to see customer product reaction. Fonterra also have staff working with chefs in overseas restaurants to cater new products to their needs, a method used by Coastal Spring Lamb, winner of the supreme award at the New Zealand Food Awards in 2016.

Agri-tech

CropLogic prepares for ASX listing [16 March/ Otago Daily Times] CropLogic, a Christchurch-based developer of technology, allows farmers to more accurately control inputs such as fertiliser and water by modelling plant growth by gathering field data and making crop prescriptions and management recommendations. The company has already raised just over \$1 million including \$512,000 via crowdfunding platform Equitise, plans to raise AUD\$3 million in an initial public offering and list on the ASX. CropLogic has hired Sydney-based Novus Capital to lead manage the IPO. The company's largest shareholder is Christchurch-based, ASX-listed technology incubator Powerhouse Ventures, holding almost 43 percent, and government-owned NZVIF Investment holds around 17 percent. CropLogic released a statement saying successful trials of its system with potatoes in China, the US, Australia and New Zealand with PepsiCo, Lamb Weston, Simplot and McCain Foods have been completed. A full commercial release to the potato industry is in process, and the company is about to start trials on onions, corn, wheat, soybean and cotton.

Water

Govt opens door to a price on freshwater [20 March/ Otago Daily Times] Ministers are writing to a technical advisory group to investigate a water allocation price in relation to the relatively small bottled water industry, and particularly whether companies should be charged to export bottled freshwater. Prime Minister Bill English said any charge would mark a fundamental shift in policy, with the advisory group needing to investigate who would charge for water usage, who would be revenue recipients, what the charging rate would be, and whether it was legal without establishing freshwater ownership. Currently, commercial water users including irrigators, farmers, and wine-makers require permits but do not pay for actual water usage. Mr. English raised an issue of who owns the water, which is an ongoing discussion between Government and iwi. However, Environment Minister Nick Smith said a broad charge on water would damage New Zealand's economy, because of the large amounts of water used by key industries such as dairy and beef farmers.

Biosecurity

TBfree investment now paying off for farm areas [20 March/ New Zealand Herald] With the goal of full eradication of bovine TB from New Zealand by 2055 in sight, the farming industry's investment in TB eradication is paying off as programme managers lift restrictions on stock movements in formerly sensitive areas, and adjust the requirements for time-consuming TB testing. These changes will affect 2.3 million hectares, 7400 herds, and will result in 289,000 fewer TB tests this year. As pest control proves successful, disease control areas are reduced and testing requirements are changed. The TBfree programme has eradicated TB from possums across 1.6 million hectares and infected herds have been brought down to 43 over the past 5 years. OSPRI CEO Michelle Edge said changes to disease control areas, as well as TB management, testing and pest control, highlights the progress the programme has made towards the goal of eradicating the TB disease.

Arable

Import costs spark call for domestic medicinal cannabis industry [19 March/ Stuff] Medicinal cannabis patients are disappointed as shipping costs have made new product, Tilray, more expensive than previously thought, and are calling for a medicinal cannabis industry establishment to reduce costs. Tilray was initially thought to be half the price of Sativex, an earlier-approved medicine. However, shipping costs from Canada of up to \$5,000 per shipment meant Tilray is equally as, if not more, expensive than Sativex. Patient Dr Huhana Hickey, struggles to meet the cost of the non-Pharmac funded medication, noting if the New Zealand government permitted bulk imports like the Australian government, the cost would reduce significantly. Medsafe Group Manager for the Ministry of Health, Chris James, said mainstream wholesalers had not applied for bulk import licenses to import medicinal cannabis products as there is financial risk due to the product's expense, specialised storage requirements, and effectiveness uncertainty. Pharmac is open-minded about the outcome of applications for funding pharmaceutical cannabis-related products.

Poultry

Countdown says loyalty data could whisk egg refunds to customers [17 March/ Stuff] Countdown is deciding whether to use their Onecard loyalty scheme information to assess who might need refunding for their egg purchases after Palace Poultry may have sold the supermarket-chain cage-laid eggs claiming to be free-range. Countdown's Onecards are designed to build customer loyalty, and help customers receive refunds as they are due assuming they are Onecard holders. Countdown said it was committed to meeting legal obligations and doing the right thing for their customers, and announced Palace Poultry eggs could be returned for a full refund. First Retail Group Analyst Chris Wilkinson said the company was deciding whether to issue customer refunds, or make a charitable donation and demonstrate better audit procedures. Mr. Wilkinson noted people who are paying a premium for these types of products are 'bigger thinkers' and they will think the beyond 'the dollars and cents'.

Wool

China key to wool sales [20 March/ Otago Daily Times] ANZ's latest Agri Focus report says increased Chinese demand is necessary for a more sustained upturn in wool prices. New Zealand exports to China through the first half of 2016-17 were 37 percent below the same period last year. This result was due to lower end-product demand in Europe and the United Kingdom, a weaker Chinese currency, changed sourcing patterns to cheaper product from the UK and Mongolia, liquidation of local cotton stocks, and general high prices over the two previous seasons leading to fibre substitution and changed local fashion trends. Fine wool showed a more promising outlook, representing good value compared to other products and had a more stable use in fashion. Demand remained low, especially for lamb's wool, being 2-4 percent cheaper, as buyers focused on wool that could be shipped quickly. Finer micron wool types saw progressive increases, however crossbred oddments were down 2-5 percent.

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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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