



# Agribusiness Agenda 2015

## Volume 2

Emerging Leaders Edition:  
The future is in their hands



New Zealand can and should be achieving more with the talent, knowledge, natural resources and market reputation the generations before us have built.

We are passionate about agribusiness at KPMG, and take great pride in our roles as independent advisors, thought leaders, strategists, and in some cases, farm owners. Together, we are helping to fuel the prosperity of our great country, for the benefit of all New Zealanders.





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# FOREWORD

Thirty years ago, Michael J Fox gave us a forward look at life in 2015, complete with hover boards and self-lacing shoes. In a similar vein, 50-odd emerging leaders from across agribusiness were asked to 'set the scene' by predicting the New Zealand primary sector's future.

The result? Thousands of post-it notes recording comments about market connectivity, moving up the value chain, niche markets, the need for more young agricultural talent, sustainability, clean green branding, and educating the world's urban masses about rural reality. And so on, ad infinitum.

Sound familiar? It should. It represented a micro encapsulation of every agri-think-tank that has taken place since the DeLorean was fitted with a flux capacitor.

Then things got interesting. Rapid fire presentations and facilitated sessions shifted us from thinking about the 'why and what', to the 'how'.

I recently heard a story that fits as an anecdote to this. An owl and a forest mouse were talking one day. The mouse looked up to the owl and asked, "What do we do if the forest catches fire?" "Easy" said the owl, "I'd spread my wings and fly to the next forest." "Nice for you," replied the mouse, "I don't have wings, how am I supposed to fly?" To which the owl answered "Gee, I don't know, I do strategy – not planning and operations."

The point being, we all know, near enough, where we need to go, and what needs to happen. Where we struggle is the 'how'; getting all the wiring, cogs, mechanisms, talent and systems in place to make the vision a reality.

New Zealand was recently ranked 3rd in the Global Creativity Index by the Martin Prosperity Institute. We are recognised leaders in agricultural excellence and producers of high quality products with integrity. We understand that consumers want products that deliver an experience, and are customised to their needs and philosophical beliefs.

We have most of the ingredients, so how do we get the recipe right? This is where the discussion must be focused, and it's where the workshop facilitated us toward.

These are some of my own take-outs that have bubbled to the surface about the 'how':

**1) Talent** – We need enthusiastic professionals enriching the sector. These are individuals with empathy and high emotional intelligence; who are able to engage with and understand consumers, and reverse engineer product solutions that exceed expectations.

**2) Insights** – We must know our markets (and our market's markets). We must develop deep insight into who they are, how they are influenced, and what motivates and excites them. Then we will be better positioned to delight them.

**3) Synergies** – We need to encourage philosophically-aligned businesses to work collectively, leveraging each other. This is about individual businesses teaming up where it makes commercial sense to share intelligence, logistics and opportunity (and not to be confused with "industry collaboration").

**4) Value** – Adding true value goes beyond manufacturing and processing. It means improving the sales, margins and reputations of our customers' businesses. By doing this, we become less easy to replicate and the conversation becomes about value, not price.

What is the enabler for all this? It is communication, cross-sector alignment and government frameworks that are wired to enable. The workshop took some very positive first steps in facilitating this.

My personal view is that the siloing that is prevalent in our primary sector must end.

If we can foster the cross-pollination of ideas, opportunities and talent across our businesses and government, we may just help that mouse to grow wings!

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**Dave Maslen**

The New Zealand Merino Company

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# INTRODUCTION

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Since 2010, KPMG has been reporting on the crucial views and priorities of our primary sector leaders, via the publication of our regular *KPMG Agribusiness Agenda*.

For this issue of our *Agenda*, we decided to take a fresh approach. We have focused on the primary sector's young and emerging leaders – to hear their views on the future of the sector, and understand their priorities for change.

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We asked a range of primary sector organisations to nominate their emerging leaders to contribute to this *Agenda*. The response to our request was overwhelmingly positive. We were delighted to host over 50 of the primary sector's top talent at a workshop facilitated by the Chrysalis Innovation Studio in September 2015.

As we do each year, we also asked the emerging leaders to rank key priorities for the sector. This allowed us to compare the views of our emerging leaders with those of their senior colleagues – and the illuminating results are published on pages 18 and 19.

The new approach also extends to introducing KPMG's own Agribusiness emerging leaders. Julia Jones and Justine Fitzmaurice have created this edition of the *Agribusiness Agenda*, with oversight from KPMG's Head of Agribusiness, Ian Proudfoot.

Thank you to all our participants; who have been so willing to share their ideas, insights and vision for the future. It was a privilege to create this *Agenda* with you. For us, having seen first-hand the depth of up-and-coming talent we have in the sector, we know the future is in good hands.

On behalf of KPMG, we hope you enjoy the read.



**Julia Jones** works for KPMG as a Farm Enterprise Specialist; helping farmers take their business from good to great by creating sustainable practical business models. She is particularly passionate about taking a holistic approach to business management and believes that creating a great culture is the key to business success. In 2007 Julia completed an Agri programme through Harvard Business School in China, and from this she developed a wider interest in international Agriculture. Last year she had an opportunity to spend a short time working in Russia through KPMG. In 2012 she graduated from the Agri-Women's Development Trust Escalator programme and remains very involved with the alumni group as Chair of the Alumni committee.



**Justine Fitzmaurice** works in KPMG's Advisory team specialising in business performance services. She currently supports KPMG's clients to develop strategy, make investment decisions, design and implement business improvement initiatives. Justine works with a wide range of clients but has a particular interest in Agribusiness. Justine is originally from Ireland and started her career as a scientist. She holds a PhD in bacteriology and has worked in the areas of food safety and animal health, both as a researcher and as a diagnostician. Justine is passionate about research and development, and has worked as a research and development advisor with a wide range of sectors. She has also worked as an Investment Manager investing the Crown's funds in research and development activities.



**Ian Proudfoot** is the Global Head of Agribusiness for KPMG. Based in Auckland, he provides services to a range of sectors including viticulture, horticulture, pastoral agriculture and agricultural support services. Ian has led KPMG New Zealand's strategic agribusiness initiatives since the launch in 2009; authoring each edition of the KPMG *Agribusiness Agenda*, and editing the weekly Field Notes publication. Ian is a regular presenter and commentator on sector issues, both in New Zealand and internationally.

YOU CAN'T  
STEER A SHIP WHILE  
**LOOKING  
AT THE  
RUDDER**





Image: Wellington, NZ

**Within this document, our emerging leaders have painted a picture for us – showing us what New Zealand’s primary sector needs to look like in 2035.**

And just as importantly, they’ve told us what we need to do to get there. In essence, we need to hold a single vision and focus across the industry, and learn the true value of genuine collaboration.

Throughout our discussions, the word ‘trust’ was used often. Emerging leaders believe that existing leaders – particularly those in like industries – need to learn to trust each other. To do this, they need to shut the door on the past; it’s time to let go of the history and move forward.

The journey to the future needs to start today. We need to make a choice to change, and we cannot judge what our future leaders will need from the standpoint of yesterday’s leaders. We must value the energy and commitment our future leaders are offering us now, and hear their voice – because as the leaders of today, you have a responsibility to leave this industry better than how you found it. If we fail to embrace their contribution and meet our future leaders’ needs, they will find another industry that will.

In 2035, the primary industry will need to have learned how to trust and collaborate. Our industry players will work together, so they can gain market advantage against our international competitors – and not pointlessly compete against each to needlessly drive prices down for everyone. There will be true collaboration within organisations, throughout sectors, and across industries; spanning everything from marketing to research and development. Collaboration will be a way to succeed and a part of everyday business.

In 2035, we will produce what the customer needs, how they need it, when they need it. We will grow more, waste less, ensure greater sustainability, and integrate commercial benefit with social gain. Environmental excellence will be business as usual; because it’s the right thing to do, not because it is a legal requirement.

The primary industry in 2035 will be market-leading in the people capability space. We will attract and retain the best, brightest and the most diverse in thought. We will empower and grow our talent from their first day at work; and provide them with enriching opportunities and rewarding career paths.

Different backgrounds and skills will be encouraged and celebrated within the industry; and organisations will actively seek to cross-pollinate knowledge from other industries.

Primary industry organisations will have strong succession plans for leadership. Those sitting in leadership positions for lengthy periods of time will have the vision and courage to move aside, to allow new and fresh ideas to come from the talented leaders they will be growing below them.

The leaders will understand the value of a mutually beneficial agenda across the primary sector. They will live by the ethos of Henry Ford’s quote: “Coming together is a beginning; keeping together is progress; working together is success.”

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**Julia Jones**

Farm Enterprise  
KPMG New Zealand

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**Justine Fitzmaurice**

Advisory  
KPMG New Zealand

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# MEET THE EMERGING LEADERS

We asked them to  
share their vision for  
New Zealand Agribusiness  
in the year 2035...





**Ollie Shutt**

Turners and Growers

"Maximising value through provenance and trusted branding, capturing as much of this value as possible through integrated supply chains, that connect with consumers."



**Florian Graichen**

Scion

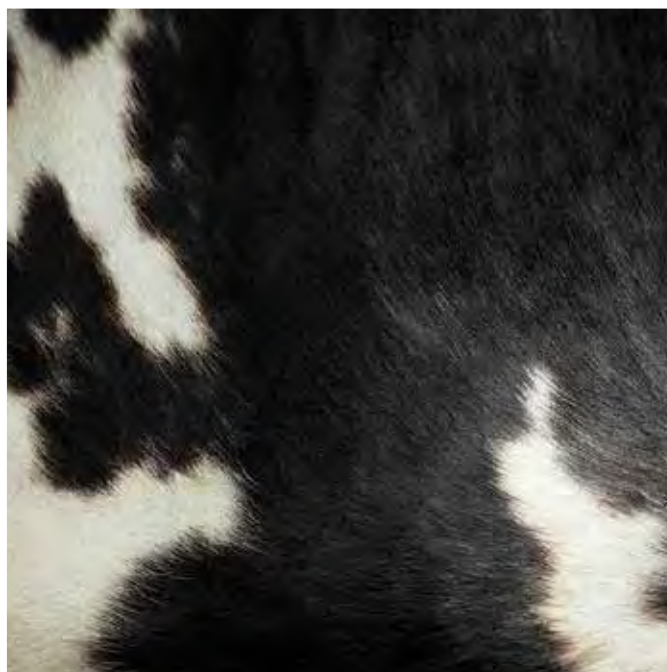
"NZ's success will come from new value chains and economic growth (food, materials, energy) through cross sectorial alignment and collaboration of agriculture, forestry and fisheries."



**Georgia Burke**

St Paul's Collegiate School, Hamilton, NZ

"We will be leaders in environmental and economical sustainability for the rest of the world."



**Aubrey Fish**

St Paul's Collegiate School, Hamilton, NZ

"To be able to produce value added products for the upper end of the population."



**Krissy Moreau**

Ministry for Primary Industries

"Iwi as significantly influential primary industry players with well-developed economic bases who operate at every phase along the value-chain. Global partnerships: investing in and with developing agricultural countries."



**Olivia Egerton**

Te Hono Movement

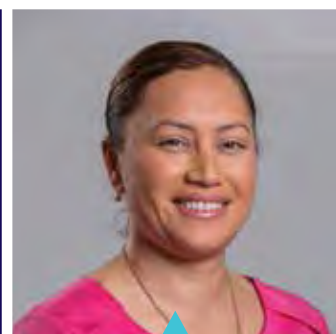
"Creating value by strategically positioning New Zealand through greater customer insights."



**Courtney Heke McColgan**

Dairy Farming

"Robust operating systems in dairy sector that remain constantly high regardless of dairy pay-out. Innovation and sustainability in the way we do things."



**Stacey Whitiora**

Ministry for Primary Industries

"Authentic, safe food, consumer focussed and greater market access. 'Ma te kotahi ka ea' (working together we will achieve)."



**Daniel Green**

Ministry for the Environment

"A unified agricultural sector with a cohesive vision for a more prosperous New Zealand."





**Camila Holmes**

The University of Waikato

"To lead the world in innovative technologies, which requires investment now."



**Matt Evans**

Westland Milk Products

"We have the chance to lead the world in sustainable food production. Working to ensure we can still farm in 2100."



**Mark Julian**

Landcorp Farming Limited

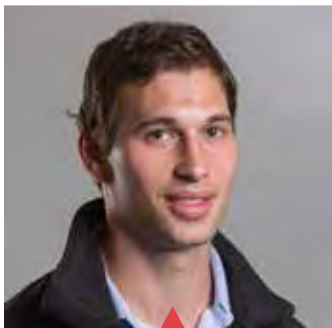
"New Zealand niche food producer sought after globally."



**Ollie Powrie**

Villa Maria

"Supplying products of the highest quality, sustainably grown and with a true sense of place for global consumers."



**Jason Te Brake**

ANZCO/Young Farmers

"To be the economic backbone of NZ by being a globally recognised food hub providing quality, natural and environmentally sustainable products to high end consumers throughout the world."



**Paul Robinson**

Young Viticulturist of the Year

"To be the world leader in innovation and sustainable agribusiness."



**Trevor Knyrett**

KPMG, Tauranga

"Leaders in technology and traceability of food to the world."

**Jack Keeys**

The University of Waikato

"To be a provider of the world's premium nutritional and medicinal food products."

**Aneesha Varghese**

Silver Fern Farms

"Customer centric production that capitalises on NZ's clean green image. Better use of technology to improve yields / production. Vertically integrated supply chains."

**Hannah Wallace**

BNZ Ahuwhenua young Maori Farmer 2015

"For increased production in foods e.g. stock, fruit, vegies, water. Traceability and more intensive land use."

**Nick Kirton**

Zespri

"To generate new technology and ideas that will enable the world to produce food in a more efficient and sustainable way."

**Tangaroa Walker**

Dairy Farming

"Working together with local governing bodies to overcome and find solutions to current environmental legislation."

**Lara Sutton**

KPMG

"Sustainable, customer focussed, innovative products, being the delicatessen of the world. Focus on social and environmental 'story' of New Zealand."

**Dave Maslen**

New Zealand Merino

"Be the world leader of 'market optimised' primary production. Selling to niche, high value, non-commodity micro markets. Trading on a validated reputation of ethics, sustainability, quality and safety."

**Fiona Gower**

Rural Women New Zealand

"Collaboration between organisations and companies using strengths of each to drive all areas of agribusiness forward – synergy."

**Dallen Olson**

Fonterra

"Opportunities will be vast and diverse. Advances in technology, nutrition and practices will allow NZ to stay ahead of the game and remain a global leader in agribusiness."





**Daniel Loughnane**

Gallagher Group

"More environmentally sustainable farming practices – using technology to help tell the 'New Zealand' story to the world markets."



**Rei Marumaru**

Parininihi ki Waitotara

"Leaders in innovative and sustainable farming practices but only if we take the initiative now."



**Turi McFarlane**

Beef & Lamb New Zealand

"World leaders in sustainable agricultural production – promoting environmental health, economic profitability and social equity."



**Vincent Borgers**

Plant & Food Research

"The chance to unify the country image as an innovative, efficient primary producer."



**Tayah Ryan**

PGG Wrightson

"The future of agribusiness is in our people. Technology will be a part of that, but ultimately, it is good people that drive creativity and innovation."



**Angie Balle**

The University of Waikato

"Adapting global technology to NZ farming systems and driving homegrown innovation to achieve economic and resource efficiency onfarm and through the value chain."



**John Hockey**

Te Runanganui  
a Ngati Porou

"Solid and steady demand. Good water (main point of differentiation)."



**Andrew Beijeman**

Atihua-Whanganui Incorporation

"Have production systems which are customer centric, focused on producing high value products (through value based branding and product development) rather than high volumes, improving both profitability and sustainability."





**Emma Hodges**  
Asure Quality

"Consumers are effortlessly connected to our products which are produced sustainably and have a trusted, verified supply chain sharing the product's story."



**John Foley**  
PGG Wrightson

"Keeping the essence of what made agriculture in New Zealand great and adapting to a world of smaller smarter markets."



**Philippa Stock**  
Comvita

"Producing premium value added products and services, customised to meet specific consumers' needs in specific markets."



**Linda Yates**  
LIC

"Accessing premium markets by producing top quality products through efficient, innovative systems and processing."



**Jon Lee**  
PGG Wrightson

"To deliver a diverse, flexible food source direct to the end consumer."



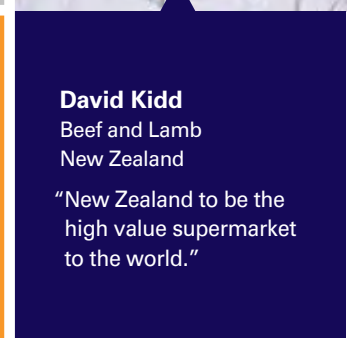
**David Kidd**  
Beef and Lamb  
New Zealand

"New Zealand to be the high value supermarket to the world."



**Mike Wilson**  
Ravensdown

"A sustainable and value add food bowl to the world."





**Joe Morgan**  
ASB

"Continuing to add value to agri-based commodities, while expanding into developing countries."



**Ryan Botting**  
ASB

"Build on NZ's sustainable clean / green image to produce environmentally friendly high end products to create a more stable supply in all agricultural markets."



**Wayne Pamment**  
Tatua Co-Operative Dairy Company Limited

"Safe, sustainable and nutrient dense food developed under strong brands."



**David March**  
Wairarapa Moana

"Ensuring that agribusiness has the full backing of both town and country for all its endeavours."



**Christopher Bourke**  
Ministry for Business, Innovation and Employment  
"Science and innovation for economic growth. Vibrant cultures and regions, growing NZ's share in global value networks. New methods and tools for knowledge management and commercialisation."



**Morgan (Burkett) Hassan**  
Sanford

"Increased cross-industry collaboration. World leader in sustainable business practices."

**Nick Hume**  
Wairarapa Moana

"To develop a strong and sustainable business model integrated through all sectors."



**Christopher Stuckey**  
Waitemata Honey  
Co Limited

"I think opportunities for NZ agribusiness will be in fields of technological innovation and world leading sustainable practices."



**Taimania Clark**  
Ministry for the  
Environment

"Sustainable and high value, innovative production that is world leading."



**Miriama Stephens**  
Wakatu Incorporation

"Feeding our New Zealand communities export quality food first and exporting science and technology solutions to solve global nutritional challenges."



**Steven Cranston**  
Agfirst

"Taking advantage of our strategic water resources."



**Carly Soo**  
Ministry for the  
Environment

"A sustainable and prosperous agricultural sector."



**Emma Cuttance**  
NZ Veterinary Association

"Vision for agribusiness is to have a role in developing / maintaining traceable, environmentally friendly, welfare approved products to the consumer."



**Oliva Ross**  
Beef & Lamb New Zealand

"Sustainable networks of niche traceable products developed and managed through technology advanced systems that leaves New Zealand as leaders in the sector."



# TAKING THE PULSE: SURVEY RESULTS

For each *Agribusiness Agenda*, our research includes a survey sent to industry leaders, asking them to rank the current priorities the sector needs to address.

We undertook two surveys this year. In Volume 1 of the 2015 *Agenda*, we published the survey results from our current leaders. For this Volume 2 edition, we also surveyed our emerging leaders. This allowed us to compare and highlight the priorities between the two groups.

As expected, both groups ranked 'maintaining a world-class biosecurity system' as the number one priority for the New Zealand primary sector.

## TOP 5 PRIORITIES FOR EMERGING LEADERS

01



Maintaining world class biosecurity

9.18/10

02



Innovation systems with customer businesses

8.41/10

03



Clear market signals

8.28/10

04



High quality trade agreements

8.21/10

05



Tell the provenance stories of New Zealand

8.00/10

## TOP 5 PRIORITIES FOR EXISTING LEADERS



Maintaining world class biosecurity

9.58/10



High speed rural broadband

8.60/10



Food safety

8.60/10



Clear market signals

8.38/10



High quality trade agreements

8.30/10

They also agreed on the importance of securing high quality trade agreements, and delivering clear market signals throughout the supply chain. The latter was a strong theme in our workshop discussions – emerging leaders want to see far greater collaboration between all participants in the supply chain to ensure we produce the products our consumers will pay the most for.

There were also some significant differences in the survey results. Overall, the emerging leaders had a more customer-centric focus. Their second highest priority was the need to innovate in order to provide products that are more tailored to the needs of the consumer. During our discussions, they brought many ideas to the table on how to achieve this.

Emerging leaders also feel more strongly about creating strong provenance stories for New Zealand products, so we can sell our products at a premium. They're looking for innovative ways to achieve growth in our existing markets and establish new ones.

The low-priority rankings of each group were also interesting. Existing leaders place less emphasis on engaging in community projects to support beneficial/social outcomes – while our emerging leaders ranked this priority in their top 20. Again, this was reflected in our workshop discussions, where the emerging leaders had a stronger focus on people and communities.

#### BOTTOM 5 PRIORITIES FOR EMERGING LEADERS

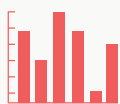
26



Legislating change to  
producer levy regulations

6.04/10

27



Commercial scale organic and  
biological production systems

5.75/10

28



Initiating field trials in NZ of  
cisgenically modified cultivators

5.71/10

29



Establishing a  
unified voice

5.50/10

30



Changing fiscal and  
monetary policy

5.40/10

#### BOTTOM 5 PRIORITIES FOR EXISTING LEADERS



Community  
engagement projects

6.13/10



Changing fiscal and  
monetary policy

5.80/10



Establishing a  
unified voice

5.64/10



Restricting foreign  
investment

4.71/10



Commercial scale organic and  
biological production systems

4.65/10

# THE SUMMIT

**More than 50 emerging leaders attended our all-day summit in Auckland, hosted in partnership with Chrysalis Innovation Studio.**

They came from around the country – and from a diverse range of organisations, sectors and disciplines. They included future decision-makers from companies and industry bodies, government representatives, scientists, young farmers, and agribusiness students.

To begin, we asked our emerging leaders to share their vision for the sector in 2035 (which are outlined on pages 10-17). Then we divided them into four groups to workshop their ideas in a series of interactive sessions, mixed with a series of short blast presentations. Using design thinking, they turned their minds to the future of our four key areas: Fork, Distribution, Processing and Farm.







# FORK

PART 1



### CREATING A 'NEW ZEALAND STORY' BRAND

The group was unanimous that the success of New Zealand's future food products lies in a single clear and cohesive primary sector brand, supported by the New Zealand story. Many of the emerging leaders pointed out that this brand needs to be wider than meat and dairy. It must encompass all facets of the primary sector, regardless of whether they are currently large or small contributors to the overall economy. The idea is for the New Zealand primary sector brand to build on our current reputation, and create benefit for the entire sector.

When it came to the different components of a New Zealand primary sector brand, there were a number of ideas presented.

Many proposed that the story behind our products must be given more prominence. For example, consumers might scan the product with their mobile device – and link to videos or live webcams showing where the food is grown, how the product is processed, and how it is distributed to the consumer (right to the point where they are holding it). This could be taken a step further to provide live chat or interaction with food producers in New Zealand, to allow any questions to be answered.

All groups wanted future New Zealand products to be easily identified by their packaging; via some type of accredited symbol linked to the New Zealand primary sector brand. Such accreditation would have two key benefits. Firstly, it would be linked directly to the New Zealand brand's stories of provenance, thus supporting a price premium. Importantly, it would also verify the authenticity of New Zealand products. Emerging leaders view counterfeit food as a growing threat. Offshore competitors will find it increasingly easy to replicate genuine New Zealand products. If there is 'passing off' of inferior product, this clearly has potential to alter the consumer's 'New Zealand experience', erode our competitive advantage and damage our brand.

Other groups highlighted the opportunity to closely link food and tourism, to benefit both parts of the economy. For example, the videos and live webcams mentioned previously to show the provenance of food could also be used to present tourism opportunities. Likewise, when tourists are visiting New Zealand, initiatives could be put in place to promote New Zealand food.

As one emerging leader pointed out: "We don't have a dairy version of the Agrodome ([www.agrodome.co.nz](http://www.agrodome.co.nz)). It's our biggest agribusiness industry – yet there's nowhere to go and learn about our dairy industry".

Another idea for the future was to support national and international restaurants to showcase the whole New Zealand food experience in a single sitting. This is where every component of a consumer's meal is a New Zealand product, and the dining experience includes a clear and cohesive story behind the products.

A clear priority among emerging leaders was that the New Zealand primary sector brand must be supported by a pan-industry strategy. It was seen as critical that the brand is owned and driven by industry. However many also saw the need for government support in developing the strategy and brand, and providing incentives for industry to be involved. In conclusion, there was a firm view that the sector should make this a priority – given that we are small and flexible enough to collaborate.



### REACHING CONSENSUS ON GENETIC MODIFICATION

There was a strong call for New Zealand, and the primary sector in particular, to urgently engage in transparent and meaningful debate on the use of genetic modification. There was a sense of frustration that this debate has not yet taken place, and that the primary sector's strategy on the use of genetic modification is unclear. Emerging leaders have a clear expectation that New Zealand needs to make a decision quickly on genetic modification, so that the primary sector can position itself appropriately for the future.

Opinions were divided on whether the New Zealand primary sector should decide on a genetic modification-free strategy, or harness genetic modification with appropriate controls. Some believed genetic modification would allow us to stay competitive, by increasing yields or producing products with traits consumers are willing to pay a premium for. Others thought that being free of genetic modification would continue to build on New Zealand's clean green image, and allow us to differentiate our products and practices from other countries. Regardless of differing views, all were of the opinion that genetic modification will be used more in the future globally; and that consumers will be more informed about its use, advantages and disadvantages.

As this technology becomes more prominent, and more information is available, the groups discussed how consumers will react to the use of genetic modification in food production. It is likely that consumers will be divided – with some wanting food grown using traditional methods; and others willing to accept genetic modification due to some specific traits that the food, or production processes, can provide.

If the New Zealand primary sector had a clear strategy on genetic modification, we could segment consumers and target those that will be more aligned to our products, genetically modified or not.

Emerging leaders say it will be necessary to educate our communities on what genetic modification means, and how the use of it impacts food production practices and ultimately the food we eat. They believe there is currently some confusion among the public – with different levels of knowledge, and varying perspectives on the acceptability of genetic modification in different applications. For example, are consumers aware of and happy to accept that genetic modification is commonly used in research and diagnostic laboratories that support our primary sector? Is the use of genetic modification in veterinary medicines more acceptable than genetic modification in the development of new food products? Is cisgenics more palatable than transgenics?

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## POSITIONING FOOD AS A HEALTH PRODUCT

This was a common view among emerging leaders that the concept of foods as health products will be the key food trend in 2035.

This is already happening – with ‘functional foods’ that are perceived to have positive health benefits currently enjoying a highly-valued position in some markets. The feeling was that, as a sector, we are not exploiting this opportunity to its full potential. Some emerging leaders spoke of government initiatives and controls on use of foods that are likely to be implemented in the future. These will contribute to consumers’ perceptions on food as a method of treating certain illnesses and conditions, or as preventative measures to maintain wellness for all ages.

Other groups discussed the likelihood that individual genetic mapping will become accessible for many. It could be possible to link individual genetic maps to the risk of developing diseases or intolerances, or how a person’s metabolism will react to certain foods. If this eventuated, it would be a significant driver of healthy food choices for consumers.

In order for New Zealand to be credible and competitive in an environment where functional foods are prominent, it will be critical to have access to robust research to support the claimed health benefits. Emerging leaders expect that verified health benefits for food would play an integral part in the New Zealand primary sector brand story.



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## USING CONSUMER INSIGHTS TO DRIVE FOOD STRATEGIES

When it comes to staying competitive in 2035, emerging leaders were adamant about one thing. The key is to focus on what the consumer will pay for in the future – not market research into what they want today.

We shouldn’t wait for consumers to tell us what they want. Instead, we need to present consumers with ideas they will immediately connect with and wish to purchase. Most thought that primary sector companies will need to understand the psychology of consumers in different markets. One group suggested that anthropologists could be engaged to bring knowledge of past and present populations to market insights.

There may be novel ways to test consumer response in the future. For example, small batches of products will be processed and distributed to markets to gather data on the accuracy of consumer insights. Companies will no longer invest heavily into production of new products and marketing strategies based on market research of current consumer trends. Instead, new products and strategies will be far more targeted and companies will be willing to test the feasibility of new products more frequently.



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During the discussions, groups raised many potential consumer insights that may become prominent in the future. Just some of these include:

- » Food seen as health products
- » Changes in portion size – with a move to smaller portions
- » Growing demand for organic food in some markets
- » The trend to buy local
- » Concerns about environmental impact of food exports
- » Demand for products with extended shelf life
- » Greater availability of out-of-season products
- » Food that is easy to eat on the go, but is also a healthy choice
- » More specific connections to food (e.g a consumer pays for a specific animal, and receives products from that animal).



IT'S TIME FOR OUR  
**CHANGE  
AGENTS TO  
STAND UP!**



**Since writing *Evolving our Global Future*, the second volume of the 2014 KPMG Agribusiness Agenda, my interest in how the world will interact with food in the future has grown. In recent months, I have uncovered alternative perspectives, new innovation, and unlimited opportunities.**

The chance to spend a day with the future leaders of the primary sector has further built upon my thinking. Hearing their views on what the sector might look like in 2035 challenged me to think again about what may be possible for our industry in New Zealand, and the steps that need to be taken now to remain relevant to our customers in the future.

I often feel I am beginning to sound like a broken record in delivering this message, but I am determined it must get through. The future of New Zealand's primary sector does not lie in feeding a complete diet to 40 million people. Instead, we should aim to provide around 5% of the diet of some 800 million people. To be prosperous, we must focus on delivering products that are differentiated, that markets are prepared to pay a premium for, and that complement the lifestyle and aspirations of the world's most affluent consumers.

Whether we are delivering a dairy protein drink, a grass-fed hormone-free beef sirloin, a Sun Gold kiwifruit, a Marlborough Sauvignon Blanc, or a New Zealand green lipped mussel; our products must exceed the expectations of consumers, solve problems they face, and ultimately enhance their lives.

We need global consumers to view our products in a certain way; whether they are enjoying premium New Zealand food and beverage, or using the fine products made from our fibre and timber. Our products should be as aspirational as a Louis Vuitton handbag, as must-have as an Apple iPhone, and as sought-after as a table at Copenhagen's Noma Restaurant.

It's a simple reality: New Zealand relies on the primary sector for our national economic wealth and prosperity. We simply cannot afford for our products to be lost in a crowded commodity market, being sold only on price.

As well as being accessible to global consumers, our products must stand out from the crowd. In fact they must stand head and shoulders above our competitors – delivering all the attributes consumers expect and desire – to be deserving of the premium we need to achieve.

This is a major challenge for many primary sector organisations, but it is more than achievable for those with the right organisational DNA (which we describe in Volume 1 of the 2015 *Agribusiness Agenda*). It requires recognition of our position in the value chain and close connectivity with our customers. It requires visionary leadership, a clearly defined purpose, a can-do culture, and innate flexibility. It requires change!

Everyone accepts that we are facing a more connected, digitally-enabled future. Beyond this, however, there is little consensus over how the future will actually evolve. Many commentators argue that transformational change will happen faster than ever; as waves of disruption reshape how we work, live, learn and communicate. They suggest that organisations which fail to recognise and respond to the speed of change will quickly become irrelevant to their customers. This is a view I strongly agree with.

A successful, high-margin business no longer represents a cash cow that can be milked for decades. Now it is a target for the disruptors looking to steal the margin by doing things in a faster, cheaper, smarter way. Businesses that have relied on heavy investment in capital assets and infrastructure to protect their position will be shredded by agile, virtual businesses that are built on outsourcing, a willingness to prototype ideas, and acceptance of failure as a learning experience.

Paranoid organisations will out-survive the complacent ones. They will be alert to the continual threat of disruption and, rather than rest on their laurels, see other's success as a trigger to disrupt themselves and seek new and better ways of doing business.

During the last year, it has become increasingly apparent that the agri-food sector is going to face unparalleled disruption in the coming decades. The compelling global food story is attracting a diverse range of new investors to the sector – from sovereign wealth funds to private equity investors, through to venture capitalists and angel investors. They recognise the potential but, in many cases, are finding an industry that is stuck in the distant past. Investors are seeing an industry that's focused on supplying product to the market, with little or no consideration of whether the market actually needs or wants what is being produced. For those with an eye for opportunity, this should provide the impetus to exploit new technologies, change farming practices, and introduce novel products.

By 2035, the scope of potential change is hard to comprehend. A reasonable assumption, in my view, would be to expect that almost everything will change. However it may not change in the ways we would imagine, based on our traditional view of the world.

The growing middle classes in emerging economies will undoubtedly demand greater quantities, and different qualities, of food. Yet I would suggest we are mistaken if we think that they are going to abandon their traditional diets and adopt a 'developed' Western diet. We are kidding ourselves if we think we will be successful in encouraging more than a billion Chinese consumers to become regular dairy consumers. These consumers will select components of our diet that reflect their newfound wealth and lifestyle aspirations – perhaps an occasional premium grass-fed, hormone-free steak; or a glass of fresh grass-fed milk. But on a day to day basis, they will continue to eat a diet that is an evolution of their traditional diet.

Consequently, I think we need to think carefully about what we grow to align our production with the highest value market opportunities. We cannot simply expect consumers to start eating what we produce.

We also need to think very hard about the way we deliver product to consumers. Products that solve a problem will secure a premium; making it critical that we understand the problems that need solutions. The demographic trends we discussed in *Evolving our Global Future* provide a clear indication of some of the key solutions we need to find. Designing tailored food solutions for the aged population, for instance, requires a clear understanding of their lifestyle; including the management of chronic health conditions that are prevalent among elderly consumers.

Likewise, the urban consumer is forecast to become increasingly reliant on convenience food solutions that can be eaten on the move or out-of-the-home.

Overall, the food we recognise and enjoy today will evolve dramatically in the coming decades. We can expect to see synthetic and manufactured proteins entering our daily diet within the next 10 years. This will be a response to the practical and environmental challenges of producing sufficient quantities of animal-based proteins at affordable prices, but also because of the flexibility manufactured solutions provide to deliver tailored nutritional benefits. We can also expect 3D-printed foods, algae and insects to become integral to our diets in the decades to come.



Disruption will extend well beyond the types of food produced. The application of data-enabled farming techniques will transform the productive capability of our farms. Tools are already becoming available to farmers that enable them to augment their experience and intuition with data-based decision support systems to boost production. I view these as the first tentative steps. Only time will reveal how technologies such as virtual reality, wearable devices, 3D printing and robotics will redefine farming activities, and the subsequent processing and distribution of food.



I also believe the future will challenge our traditional thinking around what constitutes a farm. In a market that demands greater knowledge about where its food is coming from, the ability to devolve commercial agricultural activities into the communities of consumers is likely to become increasingly attractive.

Be it under-sea greenhouses, supermarket roof gardens or floating aquaponic barges; the ultra-localisation of the food system is a trend we should not overlook. The emergence of technologies that integrate multiple products and embed these into communities to deliver fresh, affordable food will become a reality; driven by social entrepreneurs committed to addressing some of the failings inherent within the current global food system.

The societal shake-up in global food production could potentially be of seismic proportions. It may even drive a complete rethink about New Zealand's role in the global primary production system. Rather than our current output priorities, perhaps we will re-direct our focus towards unlocking the full potential inherent in the timber we grow. Or invest heavily in commercialising plants with identified health and medicinal benefits (some of which may be sitting waiting to be discovered in our native flora and fauna).



There are several other strong drivers of change that we can add to the mix. There is the level of regulatory change (including restrictions on foods that are considered to adversely impact health); and the impacts of resource constraints on production and consumption patterns. There is a growing focus on minimising food waste; plus a good measure of social enterprise-driven disruption. Given all this, there is only one clear conclusion we can reach. What has delivered success to date will not get us where we want to be in 20 years time.

Change is the only certainty – which means the industry needs change agents. The future leaders who took part in the Summit left the day with a wider understanding of the opportunities available to the sector, and what needs to happen to capture the opportunities. It is now up to them – and every other leader across the industry – to ensure their organisations have the focus and agility to identify opportunities, and imbue their businesses with the spirit of innovation.

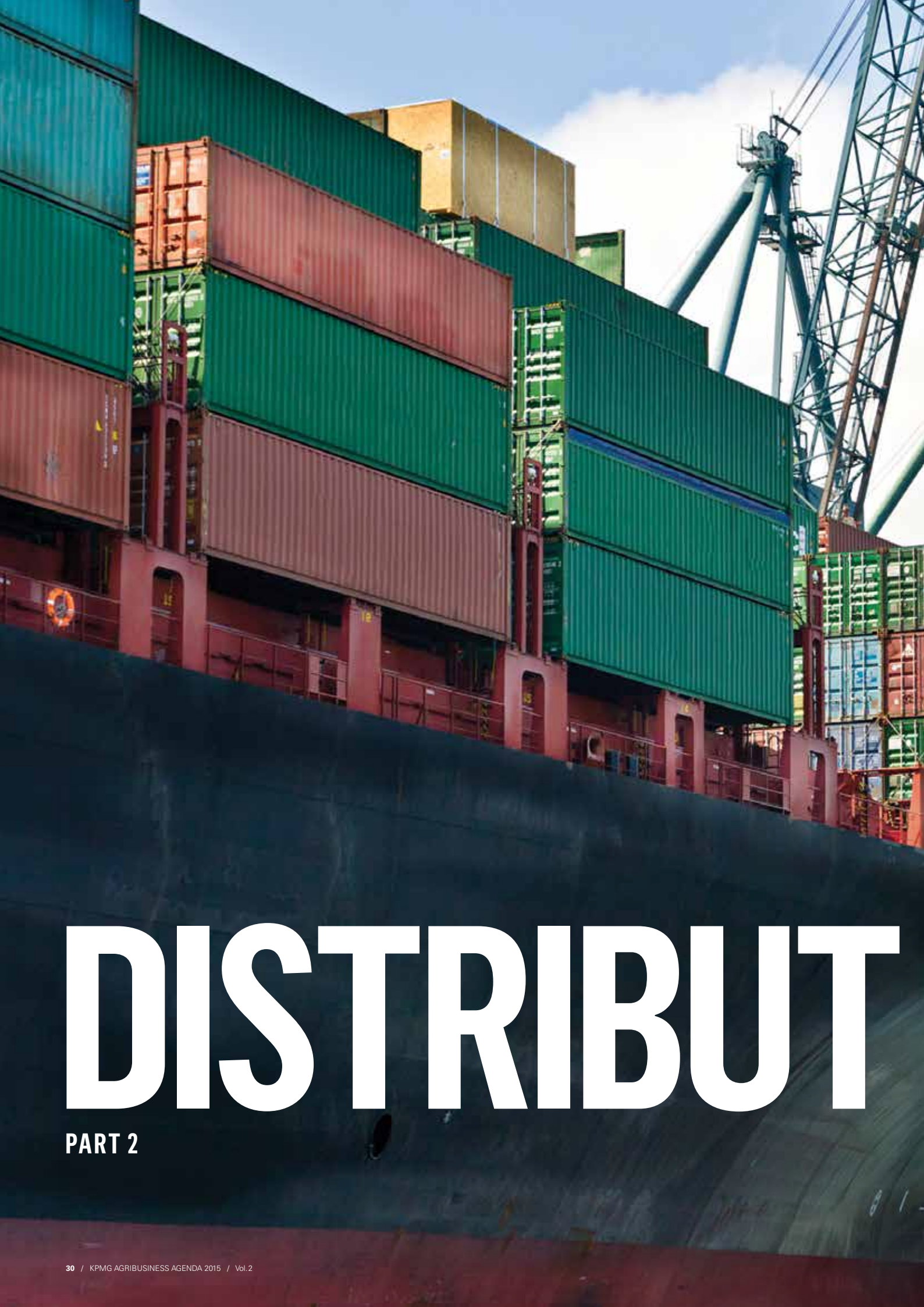
The future must be about doing things differently. Those that prefer the tried and true will ultimately become irrelevant and flounder. Those that are willing to try something new will learn faster, and flourish.

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### **Ian Proudfoot**

Global Head of Agribusiness  
KPMG New Zealand

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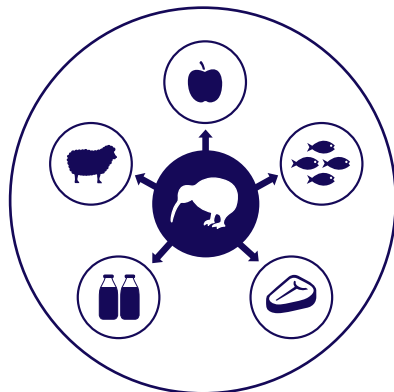


# DISTRIBUT

PART 2



# ION



## NZ INC-OWNED DISTRIBUTION HUBS IN MARKET

Across the groups throughout the day, the need for a New Zealand-owned distribution hub was raised several times. The idea is to create a hub in each major market, which can be used by all New Zealand primary sector businesses. Most organisations currently use an agent to distribute within each market, because they don't have the critical mass to justify maintaining a hub of their own. Collectively, however, owning the hub would make sense. It would be New Zealand-owned, specialising in New Zealand produce, and valuing the story behind these products.

Such a hub would have several advantages. It would eliminate the current drain on margin associated with using an agent to distribute – and benefit our exporters by focusing on efficiency and driving out cost in this area. It would allow New Zealand companies to get their distribution network closer to the consumer, ensuring they remain relevant and aware of consumer needs. A New Zealand-controlled hub will also help us keep tabs on our product through the supply chain, secure its integrity, and retain greater control once the product is in market.

There was also discussion around the potential for NZ Inc. to target particular cities collaboratively, both within and across product lines. If organisations could effectively do this at a strategic level, there would also be opportunity to investigate other channels of distribution (which could potentially help to keep premiums high, and make air freight more feasible).

Although there was a unanimous view that this was much-needed, the groups were divided around where the responsibility for ownership should rest. Some felt that the government should lead this, while others felt strongly that industry needs to step up. Opinions were also divided on who should provide the capital to set up such a project. Some thought industry needed to take the long-term view, and collaborate on raising the required capital to make this happen. Others felt this was too much to ask from an already capital-stretched primary industry. However, given that it wouldn't be the only industry to benefit; collaboration could extend to other sectors under the umbrella of NZ Inc. It was felt a hub would create immense opportunities, but there are some headwinds to work through.

## A COLLABORATIVE APPROACH TO DISTRIBUTION CHANNELS

Although New Zealand exports a significant portion of total produce, it can at times be difficult for an individual producer to fill a container, let alone an entire boat. Given our geographic location, we don't even have the advantage of being on the way to somewhere else; it takes a deliberate effort for container ships to come here.

Our emerging leaders gave examples of companies and industries 'attempting' to engage in logistical collaboration, but decided those efforts were often by default rather than design. Repeatedly, participants talked about the need for all parts of the primary industry to 'grow up' and embrace true collaboration, and design logistics that provide advantages right throughout the distribution chain. Frustration was evident in all the groups when talking about meat companies. Although they might share a container with similar product, once the product hits the wharf in market, the 'street fighting' starts – and drives prices down to the detriment of the whole industry.

This led the conversations to investigate the potential of 'co-opetition', or using cooperation between competitors for mutually beneficial results. Take our street fighters in the meat companies, for example; is it possible to get them fighting for a collective advantage? How can we as future leaders help them see this is the right way forward?

Collaboration was a no-brainer for our emerging leaders. We need economies of scale, and working together will deliver us this; so why is it so hard? Each industry seems to have a different distribution process and costs, and they do their own R&D around distribution. It is likely that each part of the sector contains gems of brilliance within its distribution process; so imagine if we could put all the gems together and design a very refined process. It could benefit the entire sector, by providing a huge reduction in cost and a significant increase in efficiency.

There were several other interesting ideas raised around collaboration. These included the sector owning its own freight company; creating multi-purpose processing plants; and shifting our processing into market (thus distributing more of our base produce). However all this will require genuine collaboration, including co-opetition.

We also talked about the risk of energy costs increasing to such a level that it is simply no longer feasible to distribute our products to market. The reality is that New Zealand relies on energy costs not rising to the point that we are priced completely out of the market. This led the discussion towards creating a level of sustainability planning, and producing New Zealand-made in market.



### DEVELOPING A GROWN IN MARKET POSITION

In thinking about distribution, we typically picture super-freighters, containers, trucks and trains. But during the group discussions, talk shifted to the possibilities of distributing genetics and practices to market, rather than the actual product. We have been doing this with dairy farming for years, so why not with other products? We already grow New Zealand kiwifruit genetics in the same way they would be grown in New Zealand in other offshore destinations. How could this model be replicated?

We would continue to own the genetics and practices; we would just own it in another country. The beauty of this idea is that we would be strategically placing our product for growth into the very markets that consume it. Intellectual property risk would exist, but there are ways to help mitigate that. (Already in China we have more Manuka honey sold than New Zealand actually produces, which is illuminating given we are the only country that produces it). If we develop the systems to authenticate the product, ensuring traceability of genetics and the production practises, then why wouldn't this work? We need to see the honey industry, for one, utilising a far more advanced level of technology to make this possible.

The valid point was raised: would this product compete with product actually grown in New Zealand? One possible answer is to have a tiered pricing mechanism and identification method; with tier one being New Zealand-grown, and tier two being authenticated New Zealand produce grown elsewhere. This brings us back to collaboration, cooperation and working together. The logical option is to follow the Zespri model, which has the same price point even when grown in another country. The value is placed on Zespri's system and management, regardless of where in the world it is domiciled.

Given that scale and geographical distance will continue to challenge New Zealand's primary sector, is the distribution of genetics/practices a way to diversify? Opinions among the emerging leaders were fairly divided on this. Although everyone could see the merits, there was concern around the potential for a loss of control; and, again, the need for genuine collaboration.

How would the consumer view products not physically grown in New Zealand; would it be seen as less of a New Zealand product? Not necessarily. Nestlé are still considered a reputable Swiss brand even though most of its products are produced elsewhere in the world.





### UBER-LIKE MODELS AND CROWD-SHARING TO DISTRIBUTE PRODUCT

There is high demand for fresh New Zealand produce from the offshore consumer – so how can we deliver it to them both faster and fresher?

Having earlier discussed the benefits of economies of scale, our young leaders also turned their minds to the opposite concept. What about the convenience of distributing smaller amounts of product, using crowd-sharing? The discussion around this was very animated. Many in the group initially thought it sounded too far-fetched, but the more it was discussed, the more it seemed possible.

Many said Uber would never work when it first came out, and look how transformative that's been. It shows us how the impossible can become the normal very fast.

Let's say you want to get 50kgs of seafood to a 5-star restaurant or retailer in San Francisco. You post your request via an app, which is accepted by a passenger who is willing to take your product as luggage. Assuming all compliance can be met, the passenger receives a fee for their trouble – and your product lands in San Francisco as quickly and efficiently as possible.

Certainly, there are hurdles to overcome; and no-one is proposing it would completely replace existing methods of distribution. But for more 'bespoke' distribution – such as supplying an artisan retailer or a 5-star restaurant – there's a lot to be said for this model.

There were other futuristic ideas investigated in this discussion, including the 3D printer for food. We might programme in a hamburger for dinner, which we find printed and waiting for us when we get home. The concept of teleporting was raised a few times. While it sits in the impossible basket for now, what if teleporting becomes the norm? Would it make or break your business? Another futuristic idea was running a pipe to Australia, to create efficiencies by facilitating flow to busier ports. Then someone suggested pipes running to China transporting liquid milk, or even running two ways to send another product back to us. It's important to recognise that any 'crazy idea' has the potential to become a future reality.

As history has shown us, we need to think about the impossible today, in order to meet the needs of the normal tomorrow.

### DISTRIBUTION WILL BE DRIVEN BY CONSUMER DEMAND

The day's discussion ended where it began: the real driver of distribution will come from the consumer. So, what did everyone think that consumer would look like? It was agreed the consumer would be busier and ageing; and both are looking for greater convenience. The focus will be on greater nutritional benefits and quality rather volume; people will be shifting to buying food daily and may even live without fridges. The consumer will desire less waste (and more digestible portions), and will have a strong desire to minimise the environment footprint at all stages of producing, processing and distributing the product. It was also agreed that the consumer will be keen to engage in the distribution process, and seek to have an 'experience' that is interaction-rich.

But what does it mean for distribution? Firstly, the consumer is going to want to know more about the journey their product took from dirt to their driveway. They are likely to be eating more on the go, as they strive to use extended travel times more efficiently. As already mentioned, they will look for greater nutritional health benefits rather than basic sustenance. While overly-processed meals will be seen as less desirable, this will be balanced against the need for convenience – with pre-made meals, or at least pre-prepared ingredients that streamline the cooking time required. The desire to reduce food waste will encourage the return to more of a daily purchase, rather than the big weekly supermarket shop.

It was even suggested that by 2035 we will no longer have supermarkets, and all food will be delivered to our doors. The counterpoint to all this fast-paced convenience at home, however, may well be an increased focus on the restaurant experience. In other words, the sociological role of food, and the need to connect with others, could make the indulgent restaurant experience even more treasured.



Finally, while the future consumer will demand greater freshness, this doesn't necessarily mean that we need to speed up distribution. We could investigate the genetics of the produce, to allow it to stay fresher for longer.

# WHY WE NEED TO BAN THE WORD EXPORT



**Kaj Storbacka**

Professor, Markets & Strategy  
University of Auckland Business School

So, your goal is to be a successful exporter of New Zealand product? Then you're going about things all wrong, according to Professor Kaj Storbacka.

When he arrived in New Zealand, Finnish-born Storbacka was struck by the fact that "everything was about export". And he argues that the very concept of export causes New Zealand companies to focus on the wrong things. Instead, we need to broaden our horizons and become true 'market shapers'.

"The concept of export is holding us back dramatically – for two reasons. Firstly, when you think about export you automatically start to define yourself and your market based on the product you're producing. Your emphasis will be on selling that product, producing transactions. We call this exchange value. And I think this is quite limiting."

Instead, says Storbacka, you should focus on *the value that is created* when people use your product.

"We call that use value. And I urge you to stop defining your market around product...and start defining your market around what your product makes possible."

A good example of a primary sector firm that embraced new market definitions is SCA, the Swedish pulp and paper manufacturer and consumer goods company.

In their away-from-home personal hygiene business, they have started to sell comprehensive washroom solutions.

"Instead of only selling toilet tissue, they provide everything needed to run an office washroom and deliver an elevated customer experience. They design the spaces, provide specialised fixtures with built-in digital sensors, and provide facility managers with digitally-driven tools for maintenance.

"They still provide the toilet tissue – but it's part of their 'total toilet experience' service. Which is a pretty dramatic change...moving from being a forestry company towards becoming a service provider that focuses on use value!"

The second problem with assuming an export mindset is that it leads us to think the market is "out there" somewhere – and our only job is to find the market, and fight to share it with others. Kaj says that thinking is outdated.

"Instead of focusing on sharing markets, we should be focusing on shaping them so that they work in our favour. Markets are not given, they are man-made. And as with all man-made things, you can influence how they develop.

"In scientific economic terms, we say that markets are socially constructed. This means that markets exist because we think they exist. For example, do you know why a market becomes mature? Some of us argue it's because people start to think the market is mature, then they start to behave like the market is mature, and this behaviour makes the market mature!"



## ON SMALL COUNTRIES HAVING A BIG IMPACT:

**One of the most exciting aspects of market-shaping is that anyone can do it – and size really doesn't matter.**

According to Professor Storbacka:

"Typically in small countries you automatically think you can't shape markets, because you're too small. I think we seriously need to lose that idea."

Sweden, for instance, has produced many of the world's market shaping companies, including the global giant of IKEA.

Digitalisation is dramatically boosting market disruption at the moment – and simultaneously makes market-shaping easier. It also makes it easier for smaller firms to have a huge impact.

"Look at Uber," says Storbacka. "Who will ever take a traditional taxi again? Those kinds of dramatic disruptions are going to happen in agriculture also."

One of the key challenges for New Zealand, he says, is to pursue a collaborative strategy – not a competitive one.

"I believe we need to create our own view on how we want the markets to be shaped...and then use collaborative strategy to get it done."

## DESIGN ELEMENTS FOR MARKET SHAPERS:

- » Re-frame your market definition
- » Redefine your sales item
- » Change your pricing logic
- » Find new ways to match demand and supply
- » Secure competing alternatives
- » Change your business network
- » Educate other actors in your network
- » Secure needed infrastructure
- » Change terminology and labels
- » Influence market research and media
- » Influence through industry associations
- » Change industry standards
- » Influence rules and laws
- » Influence social norms

Professor Storbacka has been researching market-shaping since 2007, along with his colleague Associate Professor Suvi Nenonen. He works with New Zealand companies as part of the SMASH Research Program (Strategies for Market Shaping).

The SMASH for Primary Industries programme (2015) has facilitated primary sector companies and players from related industries to collaborate in developing market-shaping strategies. Participants include: Fonterra, Heartland Bank, Lobster Exporters NZ, NZTE, ReGen, Spring Sheep Dairy, Texus Fibre, Tru-Test, Turners & Growers, Villa Maria and Zespri.

# "INSTEAD OF SHARING MARKETS, WE SHOULD BE SHAPING THEM."

A photograph of a large industrial facility, likely a refinery or chemical plant. The image features several tall, slender chimneys or distillation columns rising from a central building. Each column is topped with a platform or control room. To the left, there are large, cylindrical storage tanks with corrugated metal exteriors. The sky is clear and blue, suggesting a bright day. The overall scene conveys a sense of industrial scale and complexity.

PART 3

# PROCESSI



### FLEXIBLE/MODULAR PROCESSING PLANTS

Emerging leaders highlighted that seasonality of some products has an effect on the efficiency of processing plants around the country – and that a large proportion of processing plants in New Zealand are currently under-utilised. As we look to the future, it will be important to ‘break the bonds’ with tangible assets that do not drive differentiation or value in the market. A priority for all groups was for processors to consider flexible or modular processing plants. Such flexible/modular processing plants could be easily reconfigured to process different products, depending on demand and seasonality. Alternatively, plants could be constructed in zones so that different types of processing could take place in parallel.

The implications of introducing such plants in New Zealand were also discussed. Some of these implications included: potential consolidation of plants (and decisions on optimal location for consolidated plants); changes to ownership structures (including collaboratively-owned plants); and management of access to processing facilities (such as new toll processing structures).

Emerging leaders were realistic about the level of change required by the primary sector to support flexible/modular initiatives, and spoke about the challenges that the change will present. However they were optimistic that a new market could be created for processing, and that the potential benefits would be significant enough to stimulate change.

Flexible/modular processing would have many benefits for the primary sector. The most obvious benefit is that increased utilisation of plants would increase return on investment on capital expenditure. The introduction of toll processing would mean that businesses can access processing services without investing in significant capital expenditure; a cost that currently is often duplicated in New Zealand. Toll processing would also be particularly attractive to start-up businesses, as well as businesses who wish to manufacture a small amount of a new product to test in market before committing to large production runs. Another benefit of flexible/modular processing would be the ability to offer ‘prescription processing’, and allow producers to tailor processes to meet specific customer requirements. This could be extended to just-in-time processing, to meet known customer demands and reduce storage costs.

While most participants saw an opportunity for modular mobile processing plants – i.e. to bring processing to the product – some pointed out that this would only work for certain products, such as honey and milk. For those products that would be suited to mobile processing, the potential benefits include: reduced transportation costs, processing fresher raw materials, increased utilisation of processing equipment, and improved understanding of the value chain for both growers/farmers and processors.



## USE OF EMERGING TECHNOLOGIES

There was a unanimous view that emerging and yet-to-be-developed technologies will have a major impact on processing in the future. The groups spoke about the impact in terms of efficiencies, expanding product ranges, and increasing seasonality for some products. A wide range of technologies were discussed: improved storage technologies, 3D printing, drones, augmented reality, and DNA sequencing.

### 1. Improved storage technologies

While flexible/modular processing plants could smooth out the lumpy demand profile created by product seasonality, there was another idea raised around how to manage the challenges that seasonality brings. Future storage technologies that extend far beyond current capabilities would dramatically increase the shelf life of raw materials and products; without affecting the appearance, texture or taste that consumers require. This kind of technology could improve the way we supply markets around the world to ensure year-round supply.

### 2. 3D printing

While all participants highlighted 3D printing as an emerging technology that is likely to have an effect on future processing, opinions were divided on what this effect will be. Some spoke of 3D printing being used to quickly create equipment parts for processing plants, reducing repair time, or possibly being used to build entire bespoke pieces of equipment for specific processing activities. Others believed 3D printing could have such a significant effect on food that processing in its current form may become a much reduced part of the value chain.

### 3. Drones

Drones are already in use in agriculture, of course, for tasks such as spraying crops. However, their future use may extend to indoor use inside a processing plant. Drones may be employed to move raw materials or finished product more efficiently than current systems, either human or robotic. They could also be used to support repairs and maintenance activities; which would be advantageous in large plants, or where parts might be stored in a separate location to the production plant.

### 4. Augmented reality

One potential use of augmented reality in a processing plant would be as a scanning technology to replace visual inspection of equipment. Augmented reality could be used to superimpose blueprints over a piece of equipment. Technicians, using glasses or contact lenses with sensory enhancements, could identify necessary repairs and maintenance before machinery breaks down. This would reduce downtime for processing, which is particularly important for highly perishable food items and during seasonally busy periods. Another advantage of using augmented reality for repairs and maintenance would be the ability to provide virtual demonstrations on how to repair, recalibrate or replace parts. Virtual demonstrations could reduce the time required for training, reduce the time required to carry out the repairs or maintenance, and allow for virtual troubleshooting without taking the equipment off-line.

Augmented reality could also be used to improve product development in two ways. Raw materials could be scanned on entering the processing plant to determine the optimal type of processing to give maximum returns. Products could then be segmented to enter different processing procedures. Additionally, processors could visualise potential products before they are processed, to test attributes. This would increase efficiency and allow marketing and distribution strategies to be considered.

### 5. DNA sequencing

Another method to segment raw materials for different types of processing is DNA sequencing. This is an established technology in the sphere of R&D, but emerging leaders spoke about rapid DNA sequencing becoming more accessible to processors in the future. Some believe that results from DNA sequencing will be received in a manner that will be timely enough to make processing decisions on a daily basis. The data will also be rich enough to predict that specific genomic characteristics will have specific processing outcomes. Access to this type of data will allow processors to make decisions on processing techniques that maximise profit margins. Another advantage of increased accessibility to DNA sequencing is that traceability would be more accurate and faster than current methods. This would reduce the burden on companies to prove traceability through the value chain.

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### IP PROTECTION FOR PROCESSING TECHNOLOGIES

Regardless of the technologies that will be commonplace in 2035, emerging leaders were unanimous that there are two key areas the primary sector will need to address specifically in relation to processing technology. Firstly, they believe technology IP will need to be utilised across the sector for the benefit of the entire sector. They were passionate about collaboration across the sector to ensure that there is no duplication of effort and investment into creating processing technology IP. Secondly, many of the emerging technologies are likely to change the profile of workforce required in our processing plants. Different skills will be required to work alongside the new technologies, and this is likely to reduce the number of FTEs required in certain types of processing plants.

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The groups were unwavering in their opinion that the primary sector has a responsibility in maintaining strong rural communities. It will be beholden on the sector to communicate any changes to workforce requirements as a result of new technologies, and provide support in developing skills to adapt to the new working environments.



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### INNOVATIVE USE OF WASTE

There are R&D programmes currently underway to develop innovative products from production waste. However emerging leaders believe that by 2035, the use of what we now consider as waste to create new products will be business-as-usual rather than R&D. The primary sector will have a 'whole of production' mindset in the future. As resources such as water and energy become scarcer and more expensive, emerging leaders think this will lead to the development of technologies that allow recycling of such resources and full utilisation of side and waste streams. Waste streams will be used by the primary sector to generate new products.

Another idea raised was that the primary sector may become the source of raw waste materials for other industries to create new products.

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### OVERSEAS INVESTMENT TO IMPROVE PROCESSING FACILITIES

Emerging leaders were unanimous in their support for overseas investment in New Zealand processing facilities, albeit with appropriate controls. They believe that to be competitive in the future, the primary sector will need to openly debate overseas investment; and agree on strategies that are transparent and consistent, and for the benefit of the entire sector. To be successful, it will be critical that the benefits of overseas investment are communicated effectively to our communities.

Overseas investment could inject new capital into processing facilities, allowing New Zealand facilities to take advantage of the most up-to-date and emerging technologies to increase efficiency and provide new processing capabilities.

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Emerging leaders raised another overseas investment concept that would support more efficient processing. This was the concept of global processing; whereby some initial processing is carried out in New Zealand, with the remainder carried out overseas. They spoke about using joint ventures to manage the commercial aspects of the relationship; while the processing aspects of the relationship would be managed on the principle that processing occurs where it will generate most value.

# BIG THINGS COME FROM SMALL REGIONS



**Brian Richards**  
Founding Partner  
Richards Partners  
Chrysalis Innovation Studio

There's no reason why New Zealand cannot produce world-famous delicacies like champagne, Parma ham, or Brittany lamb. We just need to embrace our regionalism – and be proud to tell our unique stories.

That was one of the key messages from strategist Brian Richards, who is passionate about creating uniquely New Zealand food stories. Using examples from around the world, he explains why "regionalism is a very, very powerful thing."

Take the example of Parma ham, which sells for US\$400 in delicatessens across Europe. Parma pigs are purpose-bred on authorised breeding farms in selected regions of central-northern Italy; and fed a diet of special grains, cereals, and whey from Parmigiano-Reggiano cheese production.

"It's an evocative story...we can imagine those pigs in northern Italy wandering among beautiful trees, being fed on walnuts," says Brian.

"But we could have told this same story from Martinborough, or Central Otago, or anywhere. It's just that we're not good enough storytellers yet."

Another provenance story that could equally be told from New Zealand is the famous Brittany lamb, which is raised on the region's salt water fields.

"When you go to France, they'll wax on about the French lamb from Brittany. Every one of our New Zealand farms is within 1,000 kilometres of the sea, and Kiwi farmers are some of the world's finest pasturists. But we've never connected the two up in term of taste and flavour in our grasses."

He is a strong believer in the power of provenance and guilds, citing the Champagne region as the ultimate example.

"There are 32 champagne houses; they all compete actively in the marketplace, under the umbrella of champagne. It's what I call orderly free enterprise. That's my view of the future; that's what we want eventually."

Brian also practices what he preaches – having created his own small provenance story on a 1,000-hectare mixed stock farm that he co-owns in Kaipara.

"We have rams that come from Pitt Island in the Chathams...they're beautiful things to eat. We have this amazing gene pool all around us in New Zealand, and we can tell stories that are really unique. The world is waiting for us to knock on their door."



## ON KIWI FARMERS BECOMING FOODIES:

**Forget what we're feeding our livestock for a minute – Brian Richards reckons we need to change the dietary habits of our farmers.**

He'd love to see the average Kiwi farmer develop into a gourmand, with a discerning palate for his or her produce.

"Take the typical French farmer – he's got a few things our farmers don't have. He's got a nose for his wine, and a palate for his cheese. His idea of winning the prize at the end of the season is for flavour and taste, not volume.

"But if you walk around Mystery Creek, you'll see 120,000 farmers largely eating junk food for four days. If you go into the boardroom of most of our agricultural companies, you'll be served a terrible doorstep sandwich."

Brian believes a French-like appreciation for produce, behind the farm gate, would help New Zealand sell its all-important provenance story.

"If we could turn our farmers into foodies, we'd transform the entire industry."

## ON UNLOCKING OUR HIDDEN VALUE:

**The New Zealand sector is losing value 'out the back door' due to under-utilised aspects of the value chain.**

"There are so many areas across our value chain that drastically need to be improved," says Brian.

"For instance, 20 percent of cool chain goods are wasted, at time of shipping, across the globe. We should have university faculties that are focused on cool chain management – we need specialised cool chain engineers."

Another opportunity lies in better utilising the whole-of-animal in processing.

"At the moment, our meat industry does not have a total beast strategy. They load the price points for the rack of lamb or prime cut...and the rest they just distribute as really low-class products.

"Yet there are hundreds of value-added products than can come from downstream value-added technologies. Whether it's pate or products made from hide; we should be investigating ways to use everything, from the horn to the tail."

# "REGIONALISM IS A VERY, VERY POWERFUL THING."



PART 4

# FARM



### FOR FARMERS TO CERTIFY NEW ZEALAND INC. PRODUCTION

The strongest theme to emerge when discussing farming in 2035 was the need for New Zealand farming to have a certification system to protect NZ branded products.

Emerging leaders believe we will need to certify our farmers in order to meet 2035 customer demand for verification of environmental standards, product quality, animal welfare, and sustainable business practices.

While such ideas have been talked about for years, the big difference was that emerging leaders felt there was now no longer any room for the lowest common denominator in farming. Those that we see as exceptional today would need to be the 'normal' of 2035, and the standard all customers will be expecting. In 2035, for instance, we would view excellent environmental processes as simply a minimum requirement to farm.

Importantly, the certification emerging leaders propose will not deliver farmers a premium on their products – it will be required to maintain business-as-usual activity. Attributes of the certification were considered by the group to be holistic, and without a doubt, traceability capability was at the top of the list.

In our discussions, opinions on the need for certification were somewhat divided to start with. However the more it was discussed, the more it became apparent that there was potentially no alternative.

Emerging leaders also felt that by 2035, New Zealand would have a more defined single brand in the market place. This would require a level of protection right across the farming disciplines, as NZ Inc. will represent all our produce. Expectations will be consistently high, regardless of whether it is kiwifruit or a lamb rack.

In 2013, Volume 1 of the *Agribusiness Agenda* highlighted the Origin Green initiative set up in Ireland, to give a level of formality to support the clean green brand of their agriculture products. This initiative helped present a single brand vision and expectation to the consumer.

The 'how' around certification was a little harder for our emerging leaders to define. However they all agreed that if farmers do not start preparing today, they risk producing something that no one will process. Without certification, you will not only lose the right to farm; you will also lose the right to sell, and the right for your produce to be collected for processing. Ultimately, those who do not have certification will be pushed out of the market. The group was clear that there must be no tolerance for a lack of willingness to participate.

Emerging leaders noted that this will all need to start with a fundamental change. Changing the mindset of farmers – those who say 'this is the way my family has always farmed and how they always will' – is going to take some hard conversations and maybe even a bit of tough love from the industry.

Related to this, the farmer will need to be more connected to the consumer. This will help them understand that, although they may have farmed this way for generations, the needs of the consumer over that time have significantly changed.

It was acknowledge that this certification may push some out of the industry. However the flip side of that was the expectation that it would give greater credibility to farming as a career, and make the industry more attractive. When farming is viewed as a prestigious, well-run and credible industry, it will finally earn the well-deserved label of 'profession'.

It will also require a strong level of pan-industry collaboration to make it work. We asked the question, who in the industry will have the courage to start this ball rolling? Whoever it is will need to start soon. If we wait until 2035, or labour under the illusion that things can stay the way they are, farming in New Zealand will risk losing its value and brand in the market place.



### THE NEED FOR GREAT TRANSPARENCY, AND IMPROVING RURAL-URBAN UNDERSTANDING

The divide between town and country is an age-old problem. Among our emerging leaders, opinions were divided as to which side is primarily responsible for creating it – as well as which side is responsible for fixing it.

On one side of the argument, traditional and social media has often forced the country into town – often under duress. On numerous occasions, media has sensationalised a story and driven a message that farming is 'dirty', 'bad' or 'destructive'.

Some of the group, though, felt that farmers had done themselves no favours with how they react, or how they fail to utilise media platforms to make sure the right story is delivered. For instance, how many farms have their own website, Facebook page, or PR strategy? How many farmers are communicating effectively or openly, and proactively showcasing the good they are doing with their farming practices?

While some corporate farms do dabble in the social and traditional media arena, emerging leaders said they do not appear to have a clear strategic vision underpinning their communication.

A key question raised was whether New Zealand farming was ready to open its doors to the viewing public. In other words, is New Zealand farming consistently of a quality that greater transparency will enhance its reputation? This will be particularly important in the environmental and animal welfare space.

One response to this question was, why not be open and transparent about the shortcomings of the industry, where that is the case? This would open a debate, which both sides could engage in, around what needs to be improved.

Overall, this issue caused lively debate among our emerging leaders. However they all ultimately agreed that farmers need to be more proactive about articulating their value to New Zealand's urban population. They also need to be far more savvy about showcasing what they are doing right.

Most importantly, they need to embrace the various media platforms and strategically 'take their farms to town'.



### ENVIRONMENTAL ENHANCEMENT WILL BE A BAU REQUIREMENT

When envisaging the consumer of 2035, our emerging leaders highlighted an interesting characteristic. They expect future consumers will not only want their food produced cleanly – they will want to feel that the planet is being saved in the process. In other words, they will be seeking evidence that the farming practices are going further than not causing harm to environment, but are actually adding to the quality.

The group also felt, however, that we have a long way to go before this is a reality. While there are farmers today who are excelling in the environmental space, many are still being dragged kicking and screaming to participate. These farmers were yet to accept that this was the way farming needed to be going forward.

The group expected that farmers would need to verify and report on their sustainability practises; this would be part of their licence to farm and also a ticket to supply. Those who have not engaged in such practices may find it hard to find a processing company willing to process their produce.

It is a given that consumers will increasingly be asking where the food has come from, how it was handled, and various other 'background checks' on the animal or non-meat produce.

Importantly, our group did not see that providing this extra layer of information would demand a premium. Rather, it would be a base expectation and another new-normal in 2035.

A video used during the workshop that parodied the detailed questions some consumers ask of their food, highlighted where the market may be heading. (To see this video, google 'Colin the chicken' on YouTube).

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### THE MOVE TO SCIENTIFIC FARMING – USING DATA RATHER THAN INTUITION

Anyone who visits a modern New Zealand farm will see that the real basis of farming is science. Equally, anyone who spends time with a farmer will realise that many of the decisions within the physical part of the business are made intuitively.


Our emerging leaders agree that the use of intuitive farming needs to be augmented with data and evidence-based science. Our farmers of 2035 will need to be extremely effective at using data to achieve consistent levels of excellence, both environmentally and economically.

Importantly, the groups were not implying that the existing farmers who use intuition were wrong. The point was raised that if they engaged a more scientific approach to verify their intuition, their results could be substantially enhanced. This could bring a level of precision that helps the farmer refine his intuition, and grow that for generations to come.

Regardless of the path taken to get there, verification for the farmer's produce must ultimately be based on evidence. We can't imagine a label on NZ lamb in the United Kingdom that reads: "This lamb was grown by the use of intuitive farming".

The consumer wants verification and an understanding that decisions made on the farm have been supported by data and calculated decision making.

Our emerging leaders were also clear that to be ahead of the game environmentally, farming with data will be an absolute necessity.



The conversation moved from the future to what we were doing in this space today. It was agreed that although there is plenty of data available on farms, there is limited use of this data to make scientific decisions.

The discussion around the use of data then moved beyond the consumer and the environment, and to how empowering it would be in terms of business management. The question became: do we have the business acumen in our farming businesses to truly embrace this concept?

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### STRONG BUSINESS ACUMEN WILL BE AN ESSENTIAL PLATFORM FOR FARMING

It is nothing new to talk about the need to lift the levels of business acumen among our farming community. But as with other topics, our emerging leaders view this with a real level of resolve and urgency.

They believe farming in 2035 will require exceptional business skills – and again, this will be a business-as-usual requirement.

The business acumen discussion went deeper than just good budgeting, or knowing how to read a set of accounts. The group felt there was a desperate need for true strategic focus; forward planning out 50 years, and matching the long-term strategic goals with the same level of strategic activity.

There was a general feeling that the majority of farming businesses have a short-term outlook, bouncing from season to season rather than setting a long-term vision and planning activity. The group also expressed frustration that such near-sightedness left farmers victims to the market place and short-term volatility; rather than empowering themselves and strategizing to manage all market movements well.

We asked the groups, how many farmers could tell you where their financial position was on any given day? The general feeling was not many. The next question was how many farmers have a desire to know? Sadly, that was also not many. The group acknowledged this was not because farmers didn't care. With multiple demands on their time and only so many hours in the day, that often leaves little time to plan and grow their business skills. However emerging leaders believe farmers need to start getting educated now, to meet the needs of the future consumer.

Science-based farming will need to encompass the physical and financial sides of the farming operation – you cannot have one without the other, and they need to be holistically integrated.

As previously noted, emerging leaders see this as a matter of urgency. In order to protect our New Zealand Inc. brand, and for farmers to maintain their license to farm, they will need to be certified. For many in the industry, this will require a significant leap in business capability or they will fail to survive.

Every significant breakthrough in business or science started out as an impossible idea. Until someone made it possible. Here are a few of the avant-garde ideas that popped up during our Fork to Farm discussions.

# FUTURISTIC FORK TO FARM



## Zero processing

because products are grown market-ready



## Running a pipeline to China

to deliver liquid milk



## 'Buy-your-own animal'

where consumers control the growth and processing of a specific animal they will eat



## Teleporting products

direct to consumers



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## 3D printing

to create food at home



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## Super- freighters

equipped with full on-board  
processing facilities



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## Global version of My Food Bag

delivering New Zealand meals to  
the world population



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## Edible packaging

to reduce waste and make it  
easier to eat on-the-go

# AGENDA ITEMS

From our discussions with the emerging leaders, we have selected four critical issues as a call to action for the industry. Our emerging leaders have told us they want – and need – these changes to start happening today. As they look ahead to 2035, when they take over the helm, these actions will help shape the kind of industry they aspire to lead.

## 01 MORE FOCUS ON INSIGHTS, NOT MARKET RESEARCH






**Henry Ford said “If I had asked my customers what they wanted, they would have said a faster horse”.**

While this may be blasphemous to market research companies, it became something of a mantra for our emerging leaders. This quote built the basis for many a discussion that looked at the value of insights. Understanding the marketplace of 2014 will add little to your business, and leave you wide open to innovative disrupters.

Our emerging leaders want to see organisations taking a smarter approach to strategy – understanding what the 2035 customer will want or need to eat, where they will be located, and what their consuming habits will be. This means gaining insights from those who understand the changing patterns of human behaviour; anthropology, psychology, and demography were all noted as valuable areas of study.

Such insights would, for example, help us identify the types of products that would be most desired, or the most effective regions of the world to target for distribution. If the New Zealand sector was able to collectively work together, using insights to tighten their focus, this would reduce much duplicated cost, effort and resources.

**OUR AGENDA RECOMMENDATIONS ARE**

-  Review the information and methods you are using to analyse trends. Look more to the future and less to what the habits or desires are for today. Ensure that all strategy setting starts with what the future customer might need or want.
-  When hiring, consider those with different backgrounds to what you might usually look for (e.g anthropology, psychology or demography). Celebrate their difference in approach and insights.
-  Provide a forum for young members of your team to share innovative ideas. Actively encourage blue-sky thinking, and give them permission to think of ways to disrupt the market. Remember, you don’t want to end up with a large herd of fast horses when your customers are looking to buy cars.

# THE NEED FOR MEANINGFUL COLLABORATION

**Collaboration isn't new in the primary industry. It has been talked about for decades – which is precisely the problem; there's been too much conversation and not enough action.** Across all discussions, from farm to fork, our emerging leaders had a strong message about the need for true collaboration. They didn't talk about collaboration as being a nice-to-have. They spoke directly about the need for an immediate change in mindset and activity to limit further missed opportunity. When talking about the duplication of process – from R&D through to marketing and distribution – they expressed exasperation at the sheer inefficiency and cost of it all.





Let us remember that most individuals under the age of 30 have been raised in schooling systems that encourage collaboration. They are taught the value of decision by committee, and that future leaders need collaboration and connection to function. Importantly, this generation need to feel heard. An absence of this will demotivate, frustrate and most likely lead them to exit the industry. The primary industry leaders of the future will have a driving social need to collaborate, connect and work closely with all parts of the industry to work towards a sustainable single agenda.

They will also need to keep it real and practical. Scale will continue to be an issue for the New Zealand industry – we will always be a small fish in a big pond, so why waste money duplicating systems, research and processes? Imagine the incredible potential of cross-pollinating R&D findings across all industries in New Zealand, or finding a way to collectively gain from co-opetition. The benefits of collaboration are exponential. However the greater concern, if we do not collaborate, is the risk of disengaging our future leaders and losing them from the industry.

#### OUR AGENDA RECOMMENDATIONS ARE

- ➡ Engage your younger team members, give them a voice and ensure they are heard – right up to board level.
- ➡ Create committees or groups of up-and-coming leaders within the organisation, and have them report to the board and exec team several times a year.
- ➡ Listen to their ideas around collaboration; not only within your industry but across all industries.
- ➡ Know that if you fail to empower collaboration and ensure this generation are heard – they will find an industry that will.



03

# GREATER INVESTMENT IN R&D

**Many of the groups started a conversation on R&D with the question: "Why is New Zealand's R&D spend so low compared to other countries?"** This question is frequently asked by people both within and outside of the primary sector. The question is supported by stark statistics. In 2015, New Zealand companies spent 1.26% of GDP on R&D. This is compared with over 2% of GDP in Australia, France and Belgium and over 3% in Denmark, Finland and Sweden (source: OECD).

That central question led to discussion around the support that is available for New Zealand businesses, and in particular primary sector businesses, to invest more heavily in R&D. The group highlighted various initiatives that are currently in place to support a range of R&D programmes, such as the Primary Growth Partnership.



However the emerging leaders discussed a vision for R&D support in 2035 which includes:

- » Stronger government support for businesses to undertake R&D. This would include both an increase in funding, and different types of funding, to allow both large and small companies to easily access R&D initiatives. Some groups spoke of smaller companies not availing themselves of R&D initiatives due to the complexity of applications and the time required to access the funding.
- » Easier access to government-administered R&D support. Processes should be designed to reduce the administrative burden on companies, such as streamlined applications and reporting frameworks.
- » Flexibility in the timing of R&D government investment. Companies would have two options for accessing R&D funding; the first option would be that companies apply for funding before embarking on an R&D programme. The second option is that companies invest their own funds upfront and receive retrospective funding, so that the applications and reporting do not slow down the R&D process of innovation.

In a similar vein to the Agenda item mentioned above, emerging leaders see the future of R&D in the primary sector to be highly collaborative.

This will be business-as-usual, rather than requiring a mechanism like PGP to stimulate industry collaboration. Emerging leaders find it challenging and wasteful that R&D programmes may be currently seeking to find similar knowledge, with large levels of investment, across New Zealand. Collaboration will exist both with like industries, and across industries. Emerging leaders want to see meaningful collaboration that produces more efficient and effective outcomes for the primary sector as a whole. They want to see R&D programmes that are truly collaborative (while noting the need for retaining commercial sensitivities), rather than token demonstrations of collaboration.

The emerging leaders were clear that to be competitive in 2035, the primary sector needs to start building R&D relationships with other sectors to identify and adopt technology of mutual benefit.

#### OUR AGENDA RECOMMENDATIONS ARE



Find R&D opportunities where you can collaborate with your competitors and other industries in the primary sector – in a truly meaningful way.



Increase your commitment to embed R&D as business-as-usual into your business, rather than one-off projects.



If you believe current government mechanisms to support your investment in R&D are not fit-for-purpose, be vocal about this and initiate change.



Look to other industries and sectors to see what could be applicable, or adapted, to act as a game-changer for the primary sector.

# ATTRACT STRONG CAPABILITY TO THE PRIMARY SECTOR

**Emerging leaders issued a clear call to the primary sector to enhance the sector's people capability.**

They spoke about doing this in two ways. Firstly, there is a strong need to attract people to work in the primary sector. We know from work carried out by the Ministry for Primary Industries, in partnership with DairyNZ and Beef and Lamb New Zealand, that the primary sector will need more skilled people in the future. Emerging leaders noted it is important to start early – with school children – in highlighting the primary sector as a viable career opportunity with many different options and advantages.



It is also important to target university students with qualifications that would not normally be attracted to the sector. Emerging leaders believe that capturing a diversity of backgrounds and skills will prepare the sector more effectively for the unknowns of the future, and inject new thinking into solving current industry problems.

Once we have attracted and trained people into the primary sector, retaining that capability within the sector is a real priority for emerging leaders. Diverse work opportunities will be particularly important for the next generation of workers, who will want to experience challenging and rewarding work in very short spaces of time. The sector will need to embrace workforce mobility, using remote workers from around the globe; and allowing greater flexibility in working practices, such as contingent workers.

Secondly, there is an opportunity to increase capability by diversifying the skills the primary sector currently uses – and engaging more effectively with professionals from other industries to stimulate innovation. Emerging leaders spoke of engaging with professionals that are not traditionally thought of as integral to the primary sector; the likes of anthropologists, psychologists, designers and others.

A key point made by the groups was the level of unknown surrounding the skills we will require in 2035. The primary sector needs to gain insights into how the sector will look and function in the future, and link this to the skills that will be required. That will allow us to start investing now in building the talent we will need to be successful in 2035.

#### OUR AGENDA RECOMMENDATIONS ARE

- ➡ Encourage your people to be advocates for a career in the primary sector. Support them to showcase career options in the primary sector – whether through social media or speaking at school or university events.
- ➡ To attract and retain people into the industry, provide challenging and diverse work opportunities and career pathway for your people.
- ➡ Review the way you think about sourcing capability, especially using skills from non-traditional sources.
- ➡ Be innovative about accessing the people, skills and resources required to run a high-performing business – embrace global mobility, and flexible workplace practices.



**HOW DO YOU SEE  
NEW ZEALAND'S  
AGRIBUSINESS  
IN 2035?**

# FORK



# FARM

## INTRODUCING CHRYSALIS

Chrysalis® is a specialist innovation consultancy designed to help companies adapt and prosper in their markets.

At Chrysalis we discover the difference between what people want and what companies give them. We convert these differences into products, services and strategies that deliver superior value.

## WHAT IS DESIGN THINKING?

Design thinking is an action orientated process of innovation that creates solutions by first understanding the needs of people. It is a highly collaborative and participatory way of working, often characterised by use of the post-it note and workshop environments. At Chrysalis, we define innovation as a three stage process of Investigation, Iteration and Validation. Our approach to problem solving harnesses creativity, encouraging teams to explore opportunities and design unique solutions. We help teams reframe even the most persistent problems into unique opportunities for excellence.

### UNDERSTANDING THE FUTURE OF AGRIBUSINESS

We each began the Summit by considering the opportunities available for New Zealand agribusiness in 2035. Every participant was invited to capture their thoughts, sharing our unique perspectives for how New Zealand might be successful in 2035. In collaboration with KPMG, Chrysalis designed a scaffold for the day to anchor our thoughts and vision for 2035 by examining an agribusiness value chain; from the 'fork to farm'. Our intention was to let the audience drive the day, form insights and drive the direction of this report. The day presented a unique opportunity for the new emergent leaders in agribusiness to present us with a new vision for New Zealand.

### DEFINING THE FUTURE OF AGRIBUSINESS

To help everyone step into the future we carefully researched and presented industry meta-trends. Within the Summit, teams then explored the possibilities created through the coalescence of these trends, and how ultimately they might impact the consumer of 2035. Following the workshop, all ideas were synthesised into themes and categories under each stage of the value chain. We used 'Why-How' laddering techniques to define core insights and cluster themes into categories. These themes and categories were then drawn together to create a 2035 agribusiness value chain. The final result is this agribusiness Summit report, and we hope you enjoyed reading how together, we might shape the next 20 years of agribusiness.

# HELPING THE SECTOR PROSPER

Fostering pathways to prosperity for our clients, communities and the country is something KPMG is deeply committed to. Our team of specialist Agribusiness advisors are passionate about the sector. The contribution we make with the professional advice we give and the success we create for our wide range of agribusiness clients is what drives us to do what we do.

KPMG's Agribusiness team can help you improve the efficiency and profitability of your business through our wide range of advisory services. Our national and international, cross functional agribusiness professionals focus solely on understanding the issues faced by agribusiness companies and developing tailored solutions to meet these challenges.

## **KPMG Farm Enterprise**

The KPMG Farm Enterprise teams in both the North and South Island are driven by Brent Love and Julia Jones, our Farm Enterprise Specialists, who are passionate about working with ambitious businesses to enable them to prosper. They do this by bringing the full extent of KPMG's resources, together with their extensive experience, inside the farm gate.

Our mobile Farm Enterprise team enable us to do business with you wherever you are in the country, and we continue our commitment to grow our footprint across New Zealand. We have demonstrated this by growing our Timaru team and opening an office in Ashburton.

## **KPMG can help you with:**

- » Availability and structure of equity and debt
- » Acquisition and transaction support to encourage growth in local and overseas markets
- » Mentoring and support for growing your business
- » Negotiating financing arrangements
- » Volatility in earnings due to exchange rates and commodity prices
- » Addressing customs and quota issues and maximising the benefit of FTAs
- » Issues arising from environmental regulations, carbon trading and food miles
- » Obtaining R&D funding to support innovation in genetics, seed technology and nutrition
- » Enhancing business performance by doing more for less
- » Financial reporting to support farming for profit
- » Valuation of brands on a local and international basis
- » Advice on control and governance structures for all sizes of business
- » Succession planning and future proofing your business strategy
- » Assisting businesses to successfully navigate China
- » Collecting, analysing and interpreting data



# Sowing a crop of young agriculturalists at Mount Albert Grammar School.

New Zealand's primary sector is critical to our nation's prosperity and ambitions.

To achieve the Government's Growth Target Agenda, more New Zealanders need to choose farming as a career. The ASB Farm project at Mt Albert Grammar School (MAGS) is taking up that challenge.

The ASB Farm was established in 1932, and has been used continuously since then by MAGS for agricultural education. In 2013 ASB assured the long-term future of

the farm with a long term lease agreement for another 99 years, with an nominal annual rent of one dollar.

Support from KPMG, Fonterra, Landcorp, Te Tumu Paeroa, Plant & Food, NZX Agri, MAGS Foundation and ASB has funded the ASB Farm at MAGS business case which is available on request.

## Restoring the link between town and country.

In the past, everyone in New Zealand felt some connection with farming, either through family ties or simple geographic proximity. The rural and urban population was split equally, and farming was the main source of the country's wealth. But in the last few decades the urban population has overtaken the rural population, we've seen multi-generation urban families evolve, and there has been significant increases in immigration.

This growing divide between town and country creates political and policy challenges. At a more practical level, it also means fewer young people now think about farming as a career.

ASB's ambition is to slow that trend, by helping the ASB Farm at MAGS become a world-class teaching facility and experience centre. Together with MAGS, we'll help educate

young people and their communities about the primary sector, the opportunities it holds for them, and the value it creates for our economic and environmental sustainability.

The ASB Farm at MAGS is located in the heart of Auckland, and will demonstrate the innovation, science and environmental best practices used on farms across New Zealand. It will also be the driver for substantially increasing the number of MAGS students studying agriculture from 160.

For more information on ASB Farm at MAGS, including a video of the farm in action with MAGS students, see [www.asb.co.nz/asbfarm](http://www.asb.co.nz/asbfarm).



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