There is no doubting how vital agribusiness is to Australia’s future growth and prosperity, but it is an industry with immense challenges. The changing economy, environmental issues, international demand fluctuations and sector disruption among them.

In recognition of this, KPMG hosted a series of roundtable events in each major capital city across Australia, attended by over 65 agribusiness leaders, senior government officials and representatives of peak industry bodies.

Themed “the Impact of Global Trends and Innovation in Australian Agriculture Business,” countless issues and ideas were shared, with the goal to improve productivity and profitability in the industry.

Discussion was led by KPMG’s Global Agribusiness Leader, Ian Proudfoot, with some of the most important insights shared in this paper.
Key insights: KPMG’s Global Agribusiness Leader, Ian Proudfoot

Accelerating into a disruptive future

Disruption is occurring across countless sectors – with agriculture no exception. Ian Proudfoot said Silicon Valley entrepreneurs have discovered the immense potential to make changes in agribusiness, and “they love it.”

Proudfoot said the ASDA and Jamie Oliver Food Revolution is a prime example of a shakeup. Oliver is backing a British program called Beautiful on the Inside, which takes to market second-grade fruit and vegetables that would otherwise not be sold or consumed. The result is that the farmer who supplies the goods gets a new source of revenue, the supermarkets benefit from an increase in stock, and consumers who couldn’t afford fresh food now have greater choices due to the lower cost.

“It’s not going to be the big ideas and big players that are going to change the world. It will be the smaller and mid-sized entities that will drive the disruption,” said Proudfoot.

Innovation

Coupled with disruption is innovation, and Proudfoot presented a number of examples to demonstrate how this looks in agribusiness. Here are some key ideas.

**Fairlife Dairy**
This company is taking the sugar and lactose out of milk to add protein, turning a staple daily product into a high protein sports beverage, Proudfoot explained. They can charge more than the price of standard milk. Coca Cola has purchased a stake in the company, and is to launch the product across the US.

**Philly Cow Share**
Drawing on a crowdsourcing model, this company pre-sells a percentage of a cow via an online store. The company then raises the cow, and once grown, slaughters the animal. The consumer then receives their pre-purchased portion of the cow. Proudfoot said the idea is to provide the farmers with an upfront cash flow opportunity, to cover grazing, slaughter and profit. It is a complete transformation of the traditional cattle business into a more innovative and engaged business.

**Nemo’s Garden**
Divers have developed technology to grow and produce plants under the sea, so the whole concept of a farm could change in the future.

**Planet Labs**
This technology can take continual satellite imagery of the world. The data collected can be used to determine how people can structure their agriculture business, make decisions and provide farmers with real time data rather than making plans by intuition.

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**KPMG Global Agribusiness Leader, Ian Proudfoot**
The Australian Government

The Australian Government has identified the strategic importance of agriculture where many countries have failed to do so, Proudfoot said. He said the Agriculture Competitiveness Whitepaper is a bold step, as strategy and vision is important to navigate the challenges of the sector. He said it is vital to be able to outline what the investment threshold will look like, and the expectations for new investment partners to ensure the right people are on board.

“The breadth and speed of disruption is unprecedented. Close to $9 billion of venture capital funds invested in last 10 years was into start-up and disruptive agriculture.”

KPMG Global Agribusiness Leader, Ian Proudfoot

“Impossible” foods

The future of food won’t be the same, with “impossible” foods made a reality, Proudfoot proposed. Thanks to new ways of thinking about and approaching food, items such as plant-based cheeseburgers, which have a smaller environmental impact than meat-based burgers, and plant-based eggs to address concerns about the welfare of hens, will prevail.

Other initiatives include:

Green Sense Farms: These vertical farms can be placed in New York buildings, to bring fresh produce right to local residents.

WellIntel: This comprises sensors that go into water wells to help inform farmers when making irrigation decisions and to plan water use.

Safe Traces: This technology addresses integrity issues in foods through chemical tainting. Chemical tainting in foods is chemically detectable, has no odour and no taste, but is inherent in the product. This traceability means the product that reaches the consumer is the same product that leaves the factory.

Five key trends driving agriculture change according to Ian Proudfoot

1. Accessibility
This will comprise food-on-demand services, and a closure of grocery markets in 20-25 years when consumers will source directly from the grower/supplier.

2. Boundaries
The industry needs to think cross-border, however a risk with this is counterfeiting. For example, the counterfeiting of the New Zealand Kiwi fruit brand and Manuka Honey has been an issue in Asia.

3. Communities
Increasingly segmented consumers, defined by gender, age, religion and wealth will want customised products.

4. Perfect food
Produce created with a perfect nutritional balance and zero wastage. For example, an apple without a core.

5. Environment
The sector will do the right thing by the environment and communities because it is the right thing to do, not because it is legislated.
More emerging food trends

Insect protein will be increasingly used in foods in the next 10 years, Proudfoot said, with crickets being ground and used as a flour replacement. He expects the over 65 age bracket to increase their requirement for premium food, while genetically modified foods will boom. Food will be a driver of wellness, with a shift from sugar and fats, and more money will be invested in wellbeing for preventative measures.

“We are geared towards the average farmer or average consumer, but the reality is the average does not exist.”

KPMG Global Agribusiness Leader, Ian Proudfoot

Brand value matters

A key way to create value in a brand is to tell a compelling story to your consumer. These critical investments make the difference:

1. People
2. Brand experience
3. Innovation
4. Consumer connection
Need to know

Key questions raised across Melbourne, Sydney and Brisbane events

We do genetic modification in Australia, but we haven’t had that conversation with our consumers. Should we do it?

There are 180 million hectares of genetically modified (GM) crop farming in the world, while the US has just approved genetically modified salmon for consumption. In Australia and New Zealand, the production of a small amount of GM foods focuses on high value products. Consumers are getting more comfortable with GM food, but a small niche of premium consumers are looking for natural products and are willing to pay more. GM food is something that we should all keep an eye on.

What is the future of food and 3D printing?

3D printing means food can be printed to directly match individual nutrition needs. This will create two opportunities for agribusiness:

1. There will be an increased premium for natural food.
2. Food products will be needed as inputs into the 3D printing process.

Everyone wants fresh and ‘100%’ labelling. With the shift to products grown out of cultures or synthesised foods, how do we address the customer expectation of products not being ‘fresh’?

The ability to produce beef, synthesising not just muscle but fat, which is still a natural product grown from cells of real meat. Synthesised food needs to build a value proposition and story to get buy-in from consumers.

New Zealand is known for its premium beef products as do Australia. How can we differentiate ourselves against other countries that are also known for our premium produce?

In New Zealand there is a danger in identifying with a premium product as a national identity, such as “100 percent pure” produce. It is a dangerous position, as it’s not always true and difficult to prove. Certain Australian businesses can tell a better story by creating an interface between themselves and the consumer that is highly valuable. The Australian Government’s tourism campaign focusing on a region for example or restaurants that creates a story or “poetry” about the restaurant, not the menu.

With the shift in mindset towards prevention over cure when it comes to access to healthy and sustainable food every day, do you think government policy will evolve to actually foster innovation to achieve this goal?

Government’s are considering steps to manage the healthcare cost of the community. Some governments are putting constraints on the size of fast food meals, or are defining the number of calories in each serving. The regulator response will be tax-based, for example increasing the cost of certain products.
What will the top five challenges be to the agribusiness industry over the next 3 years?

This question was put to attendees at the roundtable events. Their responses are noted in the infographic below.
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