

# NZ ripped off along value chain?

New Zealand gets only a fraction of the value of its agri-food products and drastic changes are needed to improve this situation. That's the key message from KPMG's latest Agribusiness Agenda, which looks at global consumer trends and what NZ needs to do for maximum return from these exports. **Peter Burke** reports.

NEW ZEALAND'S \$37 billion of agri-food exports in 2015 generated at retail a massive \$250 billion – NZ collecting a mere 15% share of that value, says KPMG's head of global agri Ian Proudfoot.

"The message out of this to NZ is that the products we grow are hugely valuable, but we are not getting a greater share of the value because we have chosen over time not to participate in certain parts of the supply or value chain where people have been able to create more value from our products," Proudfoot

told *Rural News*. "We need to recognise that our relationships with our consumers and our position on the value chain will enable us to capture transformational amounts of new revenue from our products, but this will only happen if we invest money to make that happen."

Proudfoot says farming is changing and will have to change more but there is a risk NZ will be beset by complacency. He points to greater use of technology including robotics. "What has been suc-

cessful in the past will not guarantee success in the future. In fact, it may not even give us a ticket to play in the most high-value markets.

"So we need to think carefully and smartly about how we move forward."

The report looks at a wide range of consumer trends, noting, for example, that consumers who pay a premium for their food want extras, such as the story behind the food. Proudfoot says NZ has worked on connecting the farmers and growers with the people who

eat their food, already a reality because of technology. Discerning customers are looking for artisan and craft options, for example craft beers.

Historically NZ has always produced good food, but in producing large amounts of commodities we have effectively dumbed-down the value. NZ may in future have to walk away from some markets to gain higher-value ones perhaps even produce less of some things.

If NZ produced a lot less milk it would have a lot more money because



KPMG's Ian Proudfoot

of many more options for the use of that milk, he claims.

"We are a small part of the global food system and everything we do is artisan, but at the moment we don't tell an artisan story."

## LIFE, HEALTH AND COCKROACHES

NEW ZEALAND must watch closely the trend towards meeting the changing lifestyles of consumers, in particular commuters, the KPMG report says.

In major cities, commuting can take up to four hours a day and often breakfast and dinner are eaten in transit or away from home, Ian Proudfoot says. But the fact that people are eating 'convenience' food doesn't mean it has to be poor quality food.

People want convenience food that is great tasting, nutritious and healthy, he says.

"So much comes back to health: we need to think of the food sector as being an integral part of our healthcare system and that is quite a challenge – to produce great food with clear health properties."

Proudfoot points to the work Zespri has done to get green kiwifruit internationally recognised as having proven

health benefits. It's the only product we have that meets such standards, "because Zespri 20 years ago... worked out that the brand, science and story were key drivers for creating long-term value for growers. Every sector needs to do that, not just kiwifruit."

Proudfoot believes the old market segments of male and female, young and old, no longer apply and food has to be tailored to the needs of different niche groups and individuals. Food products such as kiwifruit, which can prevent health problems, will be sought after.

The 75-page report canvasses many agri-food related issues associated with changing lifestyles, new technologies and geo-political events. It raises the prospect of tailored, genetically guided nutrition and even offers an insight into future foods such as cockroach yoghurt and cricket flour baking mix.

## STOP VELVETLEAF before it's too late

### FARMERS BEWARE

Velvetleaf is an invasive weed that was found in fodder beet crops this year.

Velvetleaf produces thousands of seeds. If it's not pulled out it will become a huge problem.

If you planted fodder beet seed last season (2015), check your paddocks.



Velvetleaf mature plant