

A revolution is coming

By GERALD PIDDOCK

The New Zealand primary sector cannot afford to be complacent as it comes to grips with a new agrarian revolution.

That revolution will be dominated by merging digital, physical and biological technologies that will create solutions that a decade ago would still be in science fiction stories, according to KPMG's global head of agribusiness Ian Proudfoot.

"The primary sector sits at the centre of that disruption," Proudfoot said during a seminar at the Don Rowlands Centre at Karapiro.

It meant New Zealand agribusiness leaders could not let the current positive economic outlook dominate their long-term thinking.

"We are at that point where things that are being done producing food have been done for hundreds and hundreds of years in many cases, so our view is that we are on the verge of a new agrarian revolution.

"There is now the ability for some of that to change." It also created huge opportunities for New Zealand as

a protein-producing country with a high reputation for food quality, he said.

"Don't let the rise in prices cloud your judgement of the hard work that is to come," he said.

He was confident it could be done because people would always need sustenance.

Millennials were one of these groups that would shape the future. They wanted instant access to food which looked and behaved like natural protein.

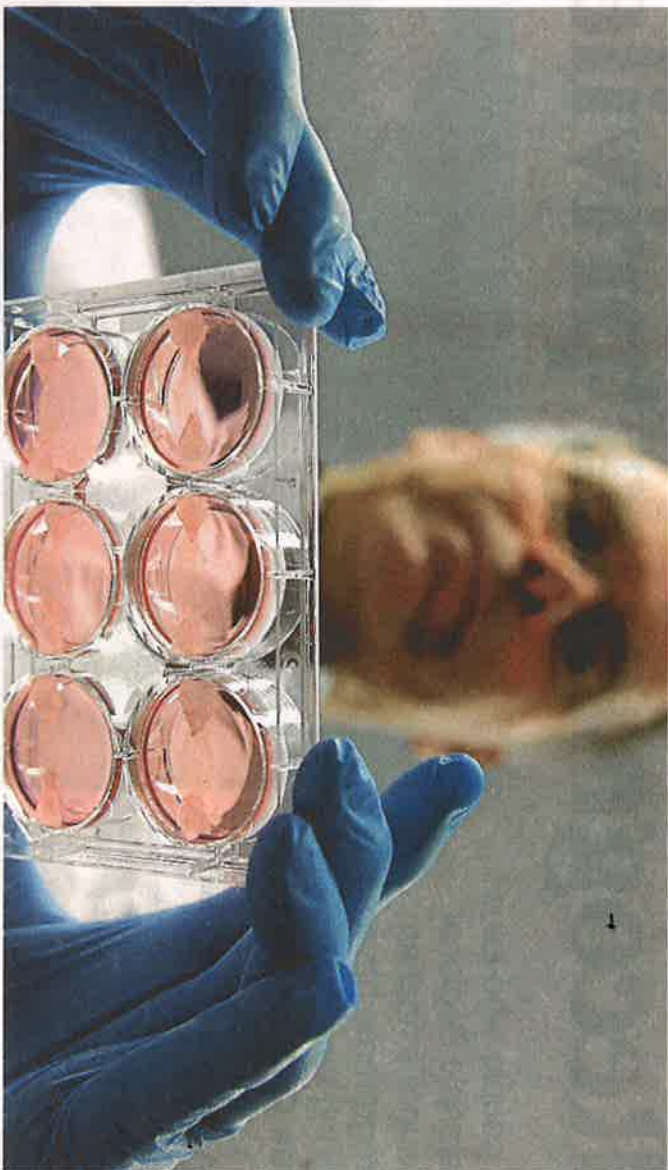
This was already being done with the creation of plant-based products that looked and tasted like animal proteins.

"That is a game changer when you are no longer competing against tofu," Proudfoot said.

The primary sector had to think how it packaged its food for the ageing population, many of whom carried chronic health conditions managed through food.

People would want food tailored made to fit their individual nutritional requirements. It would be a huge opportunity if a New Zealand company could do this first.

More people were also moving to urban centres, at a rate of an extra 1.3 million a week, in search



Meat grown in a laboratory, as seen here in Europe, is part of a coming agrarian revolution.

of a better life.

It meant more time travelling and the average commuting time every day for a person living in one of the top 37 cities in the world was three to four hours a day. Creating a food product people could eat while on the move would create tremendous value.

"That's going to carry on every week until 2050 so that was a huge uplift of people living in our society living in urban areas."

Governments would also be more aggressive in how it taxed food deemed to be harmful. This was being seen already with sugar

taxes in some countries and the New Zealand Labour Party saying it would be on their political agenda.

This would extend to sodium, fats and other additives. New Zealand grew products that when combined, had fat, sodium or sugar, such as chocolate.

"That is going to be an issue for us because our product demand will be impacted."

Cloning and GMOs should not be ignored and post-antibiotic farming presented a huge opportunity for New Zealand if it could certify its products as low-

antibiotic or antibiotic-free.

New Zealand needed to move away from investing in capital fixed assets to investing in people, the relationships they could create, research and development, and innovation.

The \$34 billion generated from the revenue of exported products in 2014-15 was less than 15 per cent of its total value, given that it was processed and sold at retail overseas for \$250-\$293 billion, he said.

That presented a huge opportunity and where New Zealand invested would drive that value.