Food and Fibre

A priority sector for Manawatū

The Food and Fibre sector continues to play an essential role in our economy, and for Manawatū, it is a priority sector.

Our ambition is to utilise the potential of the sector to help the Manawatū region become recognised as one of the top three agrifood hubs in the world.

The Food and Fibre sector provides 7.4 per cent of the region's filled jobs. However, the sector is a much larger part of the Manawatū District's economy, making up almost one-quarter of jobs (24%).

REGION

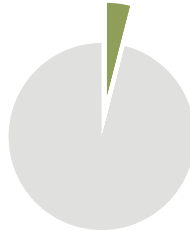
$468m
7.4% of jobs

7.1% of region's GDP

MANAWATŪ

$289m
24% of jobs

22.4% of GDP



PALMERSTON NORTH

$179m
3.7% of jobs

3.4% of GDP

VALUE AND WHERE OUR PEOPLE WORK

Subsector	GDP ($000,000)	Employees (total: 4,858)	Labour productivity (average: $96,274)
Horticulture	22	376	$57,181
Dairy	119	829	$144,029
Beef/sheep and other lifestock farming:	92	957	$96,447
Forestry and Logging	41	97	$424,742
Agriculture and Forestry Support Services (inc. vets)	58	705	$82,553
Agrifood Processing and Manufacturing	115	1,600	$71,938
Fibre Processing and Manufacturing	20	294	$68,027

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Our differences

The Food and Fibre sector is an integral part of our economy, with the GDP contribution of the sector growing 0.7% annually (higher than the national average) over the last ten years to $468 million in 2020. Although employment growth in the sector has been relatively static, there is significant potential to leverage the District's relative strengths and improve the contribution the sector makes to the regional economy.

Food and Fibre jobs have declined in Palmerston North. However, more people with degree-level qualifications in education, management and commerce, health and engineering and related technologies are being employed in the sector.

With global trends set to transform the Food and Fibre sector in the coming years, we may see more traditional occupations such as farm managers declining. In contrast, other sub-sectors which require degree-level qualifications, such as agritech, evolve.

Drivers of Change

Several trends will significantly influence the Food and Fibre sector over the coming years:

Long-tail impacts of COVID-19: From the disruption to supply chains for wood/logs to changes in demand for pulp and paper products, labour market shortages, supply chain disruptions and food security, and the increased importance of online shopping - the Food and Fibre sector continues to feel the impact of the COVID-19 pandemic.

Climate change, sustainability and social impact: The changing climate and an increasing sense of social responsibility are putting increasing pressure on food producers – from more frequent and extreme weather events and new government legislation aimed at mitigating the effects of climate change to an increase in demand for more sustainable business practice and ethically produced products.

Technological advances: New technology will change the way the entire Food and Fibre sector operates, including an increase in vertical farming and hydroponics, the use of drones to check on forests, crops and livestock health, internet-enabled sensors to track products through the supply chain, increased automation of food production processes, increased use of gene editing, 3D printing of food, and the evolution of track and trace systems.

New business models: Globally, the Food and Fibre sector is facing significant changes from new business models, technologies and processes that are reinventing production and consumption, including changes to production processes, relocated and replicated farming environments, and reinvented food production techniques. In the future, we may also expect to see producers and workers from other fields like biotechnology or other digital sectors coming together to innovate new technology.

Sector opportunities

The forecast decline in traditional employment roles including farmers, farm managers and skilled animal and horticulture workers is likely to be offset by an increase in knowledge-intensive occupations such as design, engineering and science professionals, specialist managers, business, HR and marketing professionals. We can anticipate a shift in the sector's employment balance from traditional farm management and production to agritech and agrifood processing.

There are a lot of drawcards for people wanting to move to the region for work. We are home to Massey University, New Zealand's number one agricultural university and critical research organisations, including Fonterra, Plant and Food Research and FoodHQ. At the same time, agritech investors like Sprout enable a growing agritech sector.

Sector challenges

Finding skilled staff

Finding skilled staff is an ongoing challenge, with many people lacking technical skills or experience. The number of rangatahi enrolling in agriculture, environmental or related studies qualifications has also decreased from 5% to 3%, leaving a more significant gap for employers to fill.

With a lack of local talent, New Zealand's Food and Fibre sectors began to rely on overseas recruitment. However, with the COVID-19 pandemic border closures coupled with the current migration settings, the hunt to find skilled staff become more difficult.

The affordability and availability of housing is a growing concern, impacting staff retention rates. However, this has influenced many businesses to adopt innovative approaches, focusing on looking after staff and creating a strong internal culture.

To solve these issues, we are now seeing industries like horticulture moving towards automation.

Changing consumer preferences

Consumer preferences will continue to change. Producers need to consider their processes, supply chains and business models to retain their market share and presence. Consumers are increasingly linking food to health, and there is more demand for high-value artisan foods and healthy convenience foods. There is also greater awareness of environmental and ethical issues associated with the food supply chain.

Volume to value

The Food and Fibre industry is facing increasing opportunities to shift from 'volume to value'. Making this transition and moving Aotearoa up the global value chain will require more innovative technology. A skilled workforce and new and expanded business models will allow New Zealand businesses to retain leading market positions. Ag-tech will also be an essential enabler of positive change, with government initiatives already promoting and supporting industry to make this shift.

Sustainability

The consumption of carbon-intensive goods and services is shifting towards lower emission goods and services. The Government is increasingly focused on implementing the Climate Change Commission's recommendations around transitioning to a low emissions economy. The Food and Fibre industry needs to be conscious of and prepared for future market and regulatory trends.

CEDA's focus

The Food and Fibre sector is critical to the Manawatū economy. To ensure it continues to thrive, we need to be adaptable – responding to new opportunities and emerging trends and focusing on the things that can make the most significant difference in our region. From regenerative farming, local provenance and traceability to the growing demand for alternative proteins - we are committed to the future of Food and Fibre and to helping Manawatū become recognised as one of the top three agri-food hubs in the world.

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Our three key actions:

Addressing skills and talent shortages: We will continue to progress the implementation of the Manawatū Talent and Skills Framework, with a particular focus on career pathways, education to employment transition and the development and attraction of ag-tech workers into the Food and Fibre sector.

Maximising the value and impact: To fully capture the benefits of our Food and Fibre ecosystem, we will work with established organisations and partners, including the region's research, development and innovation capabilities.

Embracing drivers of change and encouraging the adoption of new technologies: We will grow awareness of key drivers, trends and technology.

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