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People & Places

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The contribution of primary sector exports from Timaru and South Canterbury to New Zealand



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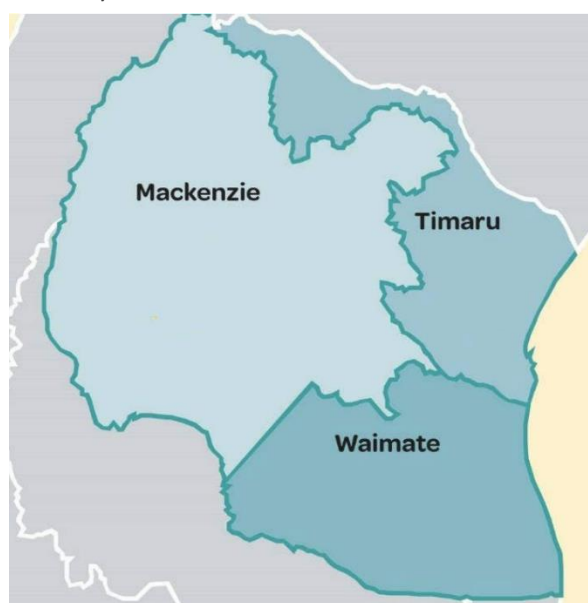
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2. Report overview

The purpose of this report is to highlight the contribution of primary sector exports from Timaru and South Canterbury to the New Zealand economy. These exports are expressed in a manner that is consistent with the Ministry for Primary Industries' (MPI) definition of food and fibre exports¹. The food and fibre sector captures not just the value derived from primary production within agriculture, forestry, and fishing, but very importantly also includes the value chain created by the processing of these outputs into food or fibre products suitable for wholesaling or distribution to the final consumer².

The South Canterbury subregion includes Timaru District, Mackenzie District, and Waimate District.

Figure 1 – Map of South Canterbury



2.1. Key findings

- Food and fibre exports from South Canterbury totalled \$3.9 billion in 2022.
- These exports represented 7.3% of New Zealand's food and fibre exports.
- Given that South Canterbury accounts for just 1.2% of New Zealand's population, the region punches above its weight in terms of its contribution to New Zealand's total food and fibre exports.
- Food and fibre exports have grown rapidly. Over the five years to 2022, the value of food and fibre exports from South Canterbury climbed 82% from an estimated \$2.1 billion in 2017 to \$3.9 billion in 2022.
- It is conservatively estimated that heavy vehicle movements on South Canterbury's state highways contribute \$35 million to the government's road user charge (RUC) revenue.

¹ A lack of regional data on exports in New Zealand means that a modelling approach has been taken to estimate exports for South Canterbury. The modelling has taken New Zealand food and fibre exports by sector from MPI's Situation and Outlook for Primary Industries dataset and apportioned these to South Canterbury using detailed industry employment data for each territorial authority from Statistics New Zealand, as well as evidence from the agricultural census. The implicit assumption is that businesses in South Canterbury's food and fibre sector have a similar propensity to export their outputs as the national economy.

² See: Dalziel, Paul, Caroline Saunders and John Saunders (2018). The New Zealand Food and Fibre Sector: A Situational Analysis. Client report prepared for the Primary Sector Council. Lincoln University.

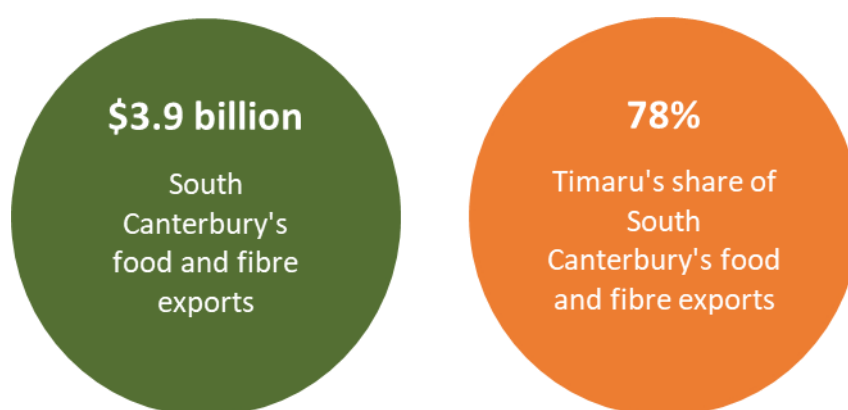
3. Valuing Timaru and South Canterbury's exports

This section values exports of food and fibre products and other exports from Timaru and South Canterbury.

3.1. Current value of food and fibre exports

The total value of food and fibre exports from South Canterbury was estimated to be \$3.9 billion in 2022, with 78% (\$3.0 billion) of these exports being from Timaru District where most of the sub-region's food and fibre processing capacity is located.

Figure 2 – Author estimates of food and fibre exports in South Canterbury



These food and fibre exports are distributed between the following sub-parts of the sector:

- Most of South Canterbury's food and fibre exports are dairy (\$2.5 billion), followed by meat and wool (\$923 million), and seafood and aquaculture exports (\$227 million).
- Horticulture and processed food item exports contribute \$76 million and \$65 million respectively to the total. These categories include products that span the exports of major food brands such as Barkers, McCains, DB Heineken, and Juice Products.
- Exports of arable crops of grains, grass seeds, and vegetable seeds add a further \$46 million to the South Canterbury total.

Table 1

Food and fibre sector export revenue for Timaru and South Canterbury <i>June 2022 year, \$ million, author estimates from Statistics NZ and MPI data</i>		
	Timaru	South Canterbury
Dairy	\$1,775m	\$2,523m
Meat & wool	\$903m	\$923m
Seafood and aquaculture	\$173m	\$227m
Horticulture	\$76m	\$76m
Processed food and other	\$50m	\$65m
Arable	\$33m	\$46m
Forestry	\$30m	\$34m
Total food and fibre export value	\$3,038m	\$3,894m

3.2. Comparisons against New Zealand

The following table highlights how food and fibre exports from Timaru and South Canterbury sit against total food and fibre exports from New Zealand³.

Table 2

Food and fibre sector export revenue for Timaru and South Canterbury against New Zealand			
<i>June 2022 year, \$ million, author estimates from Statistics NZ and MPI data</i>			
	Timaru	South Canterbury	New Zealand
Dairy	\$1,775m	\$2,523m	\$21,998m
Meat & wool	\$903m	\$923m	\$12,310m
Seafood and aquaculture	\$173m	\$227m	\$1,919m
Horticulture	\$76m	\$76m	\$6,782m
Processed food and other	\$50m	\$65m	\$3,226m
Arable	\$33m	\$46m	\$252m
Forestry	\$30m	\$34m	\$6,578m
Total food and fibre exports	\$3,038m	\$3,894m	\$53,065m

As a proportion of New Zealand's total food and fibre exports, South Canterbury accounts for 7.3% of all food and fibre exports, with the heaviest representation in the following sub-parts of the sector:

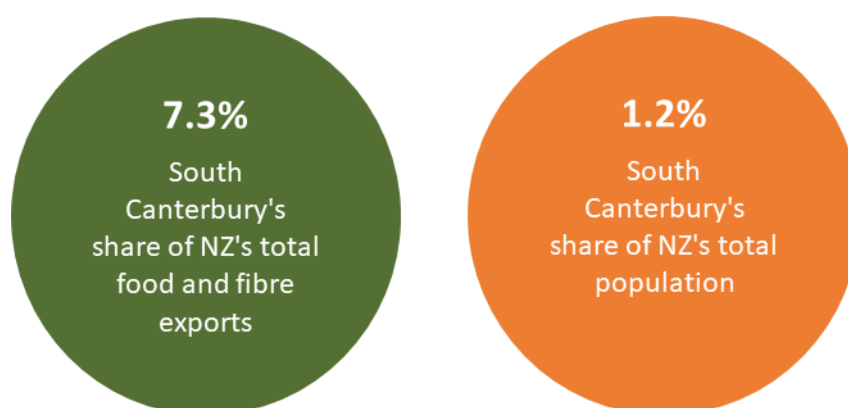
- Arable exports (18% of NZ total).
- Seafood and aquaculture (12%).
- Dairy (11%).
- Meat and wool (7.5%).

Table 3

Timaru and South Canterbury's share of New Zealand food and fibre exports		
<i>June 2022 year, exports as % of NZ total, author estimates from Statistics NZ and MPI data</i>		
	Timaru	South Canterbury
Dairy	8.1%	11.5%
Meat & wool	7.3%	7.5%
Seafood and aquaculture	9.0%	11.8%
Horticulture	1.1%	1.1%
Processed food and other	1.5%	2.0%
Arable	12.9%	18.3%
Forestry	0.5%	0.5%
Total food and fibre export value	5.7%	7.3%

South Canterbury's food and fibre sector punches well above its weight in terms of its contribution to New Zealand's total food and fibre exports, particularly when one considers the region's relatively small population. Of New Zealand's total population of 5.1 million (2022 estimate), just 0.9% (48,500 people) were estimated to live in Timaru, with 1.2% (62,280 people) of New Zealand's population residing across all of South Canterbury.

³ New Zealand food and fibre export values contained in the table match those published by MPI in its Situation and Outlook for Primary Industries (2022) report.

Figure 3 – Author estimates of South Canterbury's food and fibre exports, and population as % of NZ total

3.3. Comparing food and fibre exports against other exports

Food and fibre exports comprise the majority of all exports from South Canterbury. It is estimated that other exports, including machinery, equipment and other manufactured exports, totalled about \$110 million in 2022, which was equivalent to just 2.8% of all exports from South Canterbury

Table 4

Food and fibre sector export revenue against other exports for Timaru and South Canterbury <i>June 2022 year, \$ million, author estimates from Statistics NZ and MPI data</i>		
	Timaru	South Canterbury
Food and fibre sector exports	\$3,038m	\$3,894m
Other exports	\$103m	\$110m
Total exports	\$3,141m	\$4,004m
<i>Food and fibre exports as % of total</i>	<i>96.7%</i>	<i>97.2%</i>

3.4. Food and fibre growth trends

Food and fibre exports have grown rapidly. Over the five years to 2022, the value of food and fibre exports from South Canterbury climbed 82% from an estimated \$2.1 billion in 2017 to \$3.9 billion in 2022.

By comparison, other exports from South Canterbury (including machinery, equipment and other manufactured goods) grew by just 5.0% from \$105 million to \$110m over the same period.

Table 5

Growth in food and fibre sector export revenue for Timaru and South Canterbury <i>June 2022 compared to June 2017 year, \$ million, author estimates from Statistics NZ and MPI data</i>						
	Timaru			South Canterbury		
	2017	2022	% change	2017	2022	% change
Total food and fibre exports	\$1,772m	\$3,038m	71.4%	\$2,138m	\$3,894m	82.1%
Other exports	\$101m	\$103m	2.1%	\$105m	\$110m	5.0%
Total exports	\$1,873m	\$3,141m	67.7%	\$2,243m	\$4,004m	78.5%

4. Role of transport in supporting primary exports

Food and fibre exports play an important role within the transport industry in South Canterbury.

4.1. Shipping from Primeport Timaru

Statistics New Zealand data shows that \$1.1 billion of exports in 2021 listed Primeport Timaru as their final New Zealand port before shipment overseas⁴. Exports from Primeport Timaru were virtually all food and fibre related, with 99% of the value of exports from the port being food and fibre products.

Figure 4 – Value of exports leaving Primeport Timaru, Statistics New Zealand

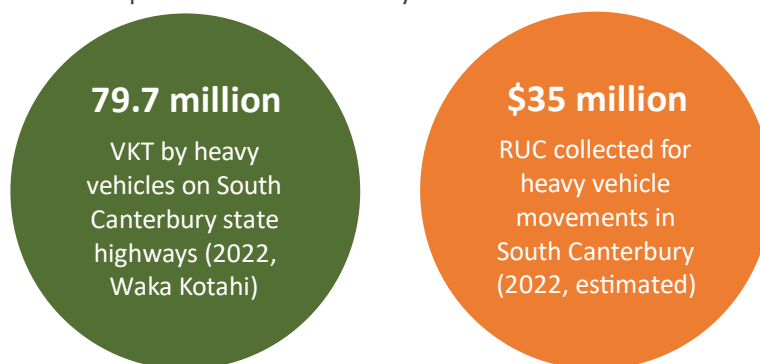


4.2. Road transportation

Road transportation plays a crucial role in moving outputs from farms to processors, as well as transporting final products for local distribution or subsequent export from airports and seaports⁵.

Calculations using Waka Kotahi data, based on odometer readings at certificate of fitness assessments, shows there were 79.7 million vehicle kilometres travelled (VKT) by heavy vehicles on state highways in South Canterbury in 2022, which is equivalent to about 3.2% of all heavy VKT nationally on state highways. RUC generated for the government by South Canterbury's heavy VKT share is likely to be in the order of \$35 million in 2022 (out of \$1.1 billion of heavy RUC collected nationally)⁶.

Figure 5 – Heavy vehicle transport in South Canterbury and author estimates of RUC from this movement



⁴ On top of this estimate, there are also some goods which are moved from Timaru to other New Zealand ports (eg. Tauranga) using coastal shipping, and so are ultimately listed as using another port for export. The Statistics New Zealand data on goods exported directly from Primeport Timaru is equivalent to approximately 28% of South Canterbury's exports estimated in this report.

⁵ Road transportation is also complemented by rail. Due to data availability, we don't discuss rail in this report.

⁶ This RUC revenue estimate is likely to be conservative because Waka Kotahi's estimates of VKT are based on the address which vehicles are registered to and so there will also be a high share of movements on South Canterbury's roads by vehicles registered in other regions. Data from Fonterra shows that its fleet based at Clandeboye alone accounted for 15.0 million VKT in South Canterbury during the year ended July 2022.



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