

The red meat industry's contribution to New Zealand's economic and social wellbeing

Introduction

New Zealand's red meat industry, comprising sheep and beef production and meat and co-products processing and exporting, is a cornerstone of this country's prosperity.

The COVID-19 global pandemic has reinforced the importance of safe and healthy food production as one of the essentials for wellbeing. Red meat exports are underpinning the New Zealand economy's recovery and generated \$3.1 billion (sheepmeat and beef only, excludes venison, wool and co-products) in revenue during the first four months of 2020.

As New Zealand re-builds its economy, the country will continue to depend on export returns from high-value sustainably-produced food exports. The red meat industry is a world leader in responsible animal welfare and environmental farming practices and value-add and innovative food production.

The red meat industry has commissioned independent research to quantify its impact on New Zealanders' social and economic wellbeing through economic value and employment and this is available at www.beeflambnz.com/contributionreports2020 and www.mia.co.nz/publications

Independent research key findings

The red meat industry, including both livestock production, processing and exporting, accounts for:

- Over 92,000 New Zealand (full-time equivalent) jobs, 4.7 percent of total national employment.
- Nearly \$12 billion in industry value added.¹
- The red meat industry's exports account for 16.2 percent of New Zealand's total exports.
- Around \$4.6 billion in household income, including direct and flow-on effects.²

Its contribution is even more pronounced in some regions:

- In Otago and Southland combined, the red meat industry makes up about 12 percent of the regional economy and employment.
- In Taranaki and Manawatu/Whanganui combined, the red meat industry makes up almost 10 percent of the regional economy and employment.

The sector also employs a relatively high percentage of Māori workers – approximately 38 percent of processing workers identify as Māori.

Export value

The economic contributions of the red meat industry include the value of its exports, and the flow on benefits across New Zealand from the jobs and families it supports, and provision of nutritious food to New Zealanders. These exports amount to around \$9.3 billion in the September 2019 year (including sheepmeat, beef, and co-products, with raw wool adding another \$533 million). The industry is export-oriented, with 88 percent of beef and veal production and almost 95 percent of lamb and mutton being exported.

The red meat industry's exports are crucially important to the broader New Zealand economy, helping the nation grow because they lift revenue, increase jobs, raise the standards of living and increase foreign currency reserves – allowing New Zealand to pay for imports the nation needs. This is especially important given the need to generate future reserves to make up for increased government expenditure and borrowing resulting from COVID-19.

92,000
New Zealand jobs



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\$4.6b
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4.7%
of total national
employment



10%
Taranaki, Manawatu/
Whanganui regional
economy & employment



12%
Otago & Southland
regional economy &
employment



National contribution

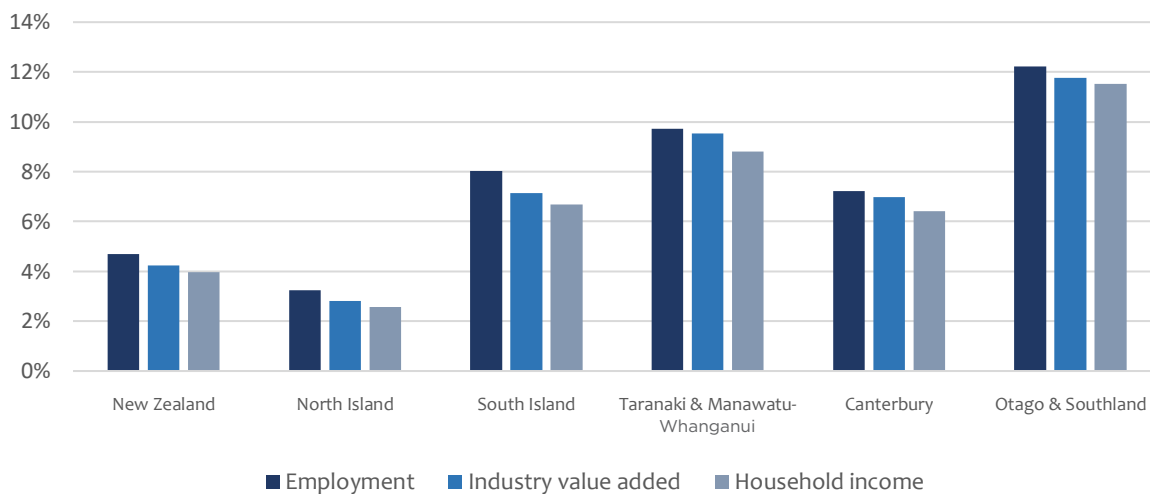
Economic contribution of the red meat industry, New Zealand, 2017-18

	Employment	Industry value added	Household income
	FTE	NZ\$ million	NZ\$ million
Direct contribution	35,702	3,775	1,477
Flow-on contribution	56,719	8,197	3,124
Total contribution	92,421	11,973	4,601
As % of New Zealand	4.7%	4.2%	4.0%

Source: SGH estimates using B+LNZ data, aggregated private data from processors and SNZ data

Regional contribution

Contribution of the red meat industry in total (including flow-on effects) to the relevant regional economy, 2017-18



Social contribution

The red meat industry is a major contributor to social wellbeing in New Zealand. Without the red meat industry, the country would face a cut of almost \$12 billion in contribution to GDP, a doubling of the unemployment rate, and a substantial fall in net central Government revenue from the loss of personal and corporate taxation revenue, plus increased expenditure on social welfare and health) of up to \$1.6 billion.

This would be more pronounced in regional communities with some regions estimated to experience unemployment rates of 50 percent of the labour force or more, and a fall in individual personal income by almost 30 percent.

As a result, rural New Zealand would experience a significant decline in population and some smaller communities would become unsustainable both socially and economically.

About the research

This independent economic impact assessment was conducted by SG Heilbron Economic & Policy Consulting, drawing on public data and aggregated private data (for example meat industry employment data). The full report is available at www.beeflambnz.com/contributionreports2020 and www.mia.co.nz/publications



¹ Industry value added is the total value of goods and services produced by an industry, after deducting the cost of goods and services used in the process of production. It is the main component of GDP.

² Direct contributions are the employment, value added and household income generated directly by the production of red meat. Flow-on impacts are the ripple effects upstream in the economy from purchases made by the sector, by suppliers to the sector and expenditure by employees of the sector (and the subsequent upstream employees of suppliers).



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