Dairy’s economic contribution
2020 update

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Dairy GDP
Dairy directly adds $10.2b to the NZ economy

Industry value added, NZD billions, March years

- Dairy farming
- Dairy processing

Source: StatsNZ, Sense Partners
Value added of selected export-focused industries, $billions, 2020

Source: StatsNZ, Sense Partners
Dairy makes a significant GDP contribution across regional New Zealand

Source: StatsNZ, Sense Partners
Dairy workers and wages
Dairy employs 50,000 people directly

Dairy sector employment

Dairy farming  Dairy processing

Employment has held steady at around 50,000 jobs for the past 4 years, from a peak of 53,000 in 2015

Source: StatsNZ, Sense Partners
On-farm jobs are growing through additional employees; self-employed numbers are relatively steady.

*Dairy farming: workers paid wages/salary vs self-employment*

Source: StatsNZ, Sense Partners
Jobs growth in dairy has significantly outpaced the wider economy over the past 19 years.
Dairy directly generates $3.4b in wages

Dairy total earnings

- Dairy farming
- Dairy processing

Billions

<table>
<thead>
<tr>
<th>Year</th>
<th>Dairy farming</th>
<th>Dairy processing</th>
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<tr>
<td>2019</td>
<td>$9.5</td>
<td>$9.5</td>
</tr>
</tbody>
</table>

2000-2019:
- Dairy Farming: $1.6B
- Dairy Processing: $1.8B
Stable job numbers but paying better

Dairy sector median wages

Source: StatsNZ, Sense Partners
Dairy on-farm and processing jobs pay well...

**Median wage across comparable industries**

- **Dairy farming**: $52,700
- **Other crop growing**: $50,440
- **Deer farming**: $49,020
- **Agriculture**: $48,360
- **Grain, sheep, and beef cattle farming**: $47,990
- **Fruit and tree nut growing**: $44,530
- **Poultry farming**: $43,230
- **Mushroom and vegetable growing**: $41,740
- **Nursery and floriculture production**: $40,140
- **Dairy processing**: $79,471
- **Food product manufacturing**: $55,760
- **Meat and meat product manufacturing**: $55,190
- **Grain mill and cereal product manufacturing**: $54,720
- **Fruit and vegetable processing**: $54,370
- **Seafood processing**: $48,870
- **Bakery product, sugar, and confectionery...**: $39,390

Source: StatsNZ, Sense Partners
Median wages dairy and other industries

Source: StatsNZ, Sense Partners
...and have been growing faster than others

**Average annual wage growth by industry 2000-2019**

Source: StatsNZ, Sense Partners
Pumping wages into rural New Zealand

Total dairy earnings by TA

Source: StatsNZ, Sense Partners
Ten largest dairy jobs TAs and Council areas

**Jobs by TA**

<table>
<thead>
<tr>
<th>Council Area</th>
<th>Jobs</th>
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<tbody>
<tr>
<td>South Taranaki District</td>
<td>3,939</td>
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<tr>
<td>Southland District</td>
<td>3,857</td>
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<tr>
<td>Matamata-Piako District</td>
<td>2,882</td>
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<tr>
<td>Auckland</td>
<td>2,538</td>
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<tr>
<td>Selwyn District</td>
<td>2,509</td>
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<td>Ashburton District</td>
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<td>Waipa District</td>
<td>1,996</td>
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<tr>
<td>Waikato District</td>
<td>1,664</td>
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<tr>
<td>Timaru District</td>
<td>1,662</td>
</tr>
<tr>
<td>South Waikato District</td>
<td>1,550</td>
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</table>

**Jobs by Regional Council**

<table>
<thead>
<tr>
<th>Region</th>
<th>Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waikato Region</td>
<td>13,132</td>
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<tr>
<td>Canterbury Region</td>
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<tr>
<td>Taranaki Region</td>
<td>4,936</td>
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<tr>
<td>Southland Region</td>
<td>4,649</td>
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<tr>
<td>Manawatu-Wanganui...</td>
<td>3,621</td>
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<tr>
<td>Otago Region</td>
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<td>Auckland Region</td>
<td>2,538</td>
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<tr>
<td>Northland Region</td>
<td>2,473</td>
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<tr>
<td>Bay of Plenty Region</td>
<td>2,223</td>
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<tr>
<td>West Coast Region</td>
<td>1,507</td>
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</tbody>
</table>

*Source: StatsNZ, Sense Partners*
Dairy accounts for up to a 1/3 of all jobs in some Districts

Dairy as a % of total employment by TA

- Waimate District: 34%
- South Taranaki District: 29%
- Otorohanga District: 24%
- Southland District: 22%
- Westland District: 17%
- Matamata-Piako District: 17%
- South Waikato District: 16%
- Clutha District: 13%
- Tararua District: 13%
- Ashburton District: 13%

Source: StatsNZ, Sense Partners
Jobs growth by District: dairy and total, 2000-19

-4%  -5%  -7%  0%  1%  2%  3%  4%  5%  6%  7%  8%  9%

-2%  -1%  0%  1%  2%  3%  4%  5%  6%  7%  8%  9%

-1%  0%  1%  2%  3%  4%  5%  6%  7%  8%  9%

0%  1%  2%  3%  4%  5%  6%  7%  8%  9%

*these TAs had 0 dairy employees in 2000 and more than 1 in 2019. They have been indicated as 0% for consistency.
Dairy exports
Dairy generates almost $20b of exports...

Top merchandise trade exports in year to June 2020

- Dairy: $19.7B
- Meat: $8.3B
- Wood: $4.3B
- Fruit and nuts: $3.7B
- Wine: $1.9B
- Seafood: $1.7B
- Engines, boilers and machinery: $1.4B
- Aluminium and articles thereof: $1.1B
- Optical, measuring, or medical instruments: $1.0B
- Mineral fuels, mineral oils and related: $0.7B

Source: StatsNZ, Sense Partners
...accounting for a third of goods export revenue

Dairy exports as share of total merchandise exports, June years

Source: StatsNZ, Sense Partners
Exports have grown from $2.2b in 1989 to $20b now

Value of dairy exports, June years

Source: StatsNZ, Sense Partners
Covering a range of products

Share of dairy exports by product category, year to June 2020

- Whole milk powder, 38%
- Butter and spreads, 17%
- Cheese and curd, 11%
- Skim milk powder
- Casein and caseinates, 5%
- Milk and cream; not concentrated, 5%
- Infant formula
- Skim milk powder
- Casein and caseinates
- Milk and cream; not concentrated
- Whey
- Food preparations n.e.c. in heading 1901
- Milk albumin
- Buttermilk, curdled milk and cream, yoghurt, kefir, fermented or acidified milk or cream
- Other milk powders
- Ice cream

Total: $19.7B

Source: StatsNZ, Sense Partners
Dairy exports have grown at over 7% p.a. since 1989

Average growth in merchandise exports 1989-2020

- Wine: 17.3%
- Optical, measuring, or medical instruments and…: 9.7%
- Dairy: 7.1%
- Wood: 7.0%
- Fruit and nuts: 5.5%
- Engines, boilers and machinery: 4.6%
- Mineral fuels, mineral oils and related products: 4.5%
- Total: 4.4%
- Meat: 3.9%
- Seafood: 2.4%
- Aluminium and articles thereof: 0.7%

Source: StatsNZ, Sense Partners
Export growth has been driven by more than herd numbers

Exports per cow

- Nominal exports per cow
- Real exports per cow (09/10 prices)

$3,595
Dairy accounted for almost 25c of every export dollar New Zealand generated in the past year.
Dairy’s contribution to total exports of goods and services has risen in Covid-hit 2020
Dairy support of other industries
Dairy farmers spend $14.7b on inputs

Input expenditure dairy farming in 2020

- Return to land, labour, capital; $7,330 M
- Support services to agriculture; $1,065 M
- Other; $2,706 M
- Agricultural and forestry equipment; $245 M
- Electricity; $253 M
- Pharmaceutical products; $330 M
- Animal and vegetable oils and fats; $354 M
- Financial intermediation services; $433 M
- Forage products, fibres, sugar crops, other; $476 M
- Wholesale margin; $555 M
- Fertilisers and pesticides; $915 M
- Financial intermediation services
- Pharmaceutical products
- Animal and vegetable oils and fats
- Financial intermediation services
- Forage products, fibres, sugar crops, other
- Wholesale margin
- Fertilisers and pesticides

Source: StatsNZ, Sense Partners
Dairy processors buy more than just milk with their $26.1b of purchases

Source: StatsNZ, Sense Partners

Input expenditure dairy manufacturing in 2020

- Raw milk: $18,351 M
- Road transport freight services: $772 M
- Packaging products of plastics: $439 M
- Semi-manufactures of plastics: $263 M
- Equipment hire services: $249 M
- Electricity: $244 M
- Storage and warehousing services: $203 M
- Wholesale margin: $200 M
- Management consultancy: $182 M
- Other: $2,331 M
- Return to land, labour, capital: $2,840 M

(Wages, salaries, drawings, operating surplus)