

# Primary sector

## Briefing note for Ruapehu District Council

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## Background

Author(s): Dr Ganesh Nana, Hugh Dixon and Natalia Fareti

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## Primary sector

- The primary sector employed nearly a third of total FTEs in 2014
- The primary sector generated a fifth of total GDP in 2014
- Sheep and beef cattle farming is the largest primary industry, employing 491 FTEs, and generating \$39m in GDP, in 2014
- Sheep farming has moved from being the largest primary industry in 2004 to the fifth largest in 2014
- Together the top five primary industries make up around 84 percent of the primary sector.

The purpose of this briefing note is to provide an overview of the primary sector within the Ruapehu District throughout the last decade. Along with the overview of the primary sector, this briefing note examines the employment, GDP and business unit contribution of the top five primary sector industries within the Ruapehu District.

Table 1 provides a summary of the primary sector within the Ruapehu District from 2004 to 2014. It shows that the primary sector has struggled somewhat throughout the past decade. It is worth noting that despite the falls seen throughout the decade the primary sector has showed some more positive signs in the last few years, with employment rising in 2013, and only a negligible fall in GDP for 2014.

**Table 1 Summary of Primary sector, Ruapehu District, 2003-2014**

Primary Sector	Totals				%pa change		
	2004	2012	2013	2014	2013	2014	2004 to 2014
Employment (FTEs)	1,606	1,232	1,298	1,268	5.4	-2.3	-2.3
GDP (2014\$m)	137	97	95	95	-2.1	-0.2	-3.6
Business Units (number)	837	692	658	641	-4.9	-2.6	-2.6

Source: BERL Regional Database, 2014

The primary sector employed 1,268 full time equivalent (FTE) employees for the year to March 2014. This was a small downturn on the previous year, and was accompanied by a slight decrease in the sector's GDP and also a reduction in business units. This has been the general trend over the last decade with employment, GDP and the number of business units all decreasing; employment by 2.3 percent per annum, GDP by 3.6 percent per annum and business units by 2.6 percent per annum. However, despite these reductions the primary sector remains the biggest contributor across all three indicators in the district.

The fall in both GDP and business units indicates that some businesses have closed and/or left the district rather than amalgamated as it has been accompanied by a fall in employment as well. However, the decrease in GDP from 2013 to 2014 was much smaller than those for employment and business units, which indicates that productivity has also improved over the last year.

Table 2 provides a summary of the total employment, GDP and business units in Ruapehu District across all sectors over the last ten years. What is interesting to note is that while the primary sector followed the same trend as the local economy in terms of decreasing business units in 2014, it experienced the opposite in terms of employment and GDP. Given that the primary sector

constitutes 25 percent of both total employment and GDP in the district, and 36 percent of all business units in 2014, this indicates that there was strong growth in other sectors during this period, particularly in the construction and business services sectors.

Overall the Ruapehu District has been experiencing declines across employment, GDP and the number of business units over the past decade, however growth in employment numbers and GDP over the past year have bucked this trend, which may indicate a possible upturn for the next year or two.

**Table 2 Summary of local economy, Ruapehu District, 2004-2014**

All Sectors	Totals				%pa change		
	2004	2012	2013	2014	2013	2014	2004 to 2014
Employment (FTEs)	6,050	4,972	4,872	5,016	-2.0	3.0	-1.9
GDP (2014\$m)	553	458	455	470	-0.8	3.4	-1.6
Business Units (number)	1,926	1,809	1,766	1,765	-2.4	-0.1	-0.9

Source: BERL Regional Database, 2014

The district employed 5,016 full time equivalent (FTE) employees in 2014, generating \$470m in GDP, and was home to 1,765 business units. The last decade saw the district losing 17 percent of its FTEs, 15 percent of its GDP and 8 percent of its business units. These levels are lower than those of the primary sector which indicates that the primary sector has been experiencing a comparatively stronger downturn than the total economy.

A deeper understanding of the changes within the primary sector will enable more informed and effective decision making, particularly important given the significance of the sector's contribution to the local economy.

Table 3 provides an employment summary of the top five industries within the primary sector over the last ten years. It indicates that the top five primary industries in 2014 recorded a combined fall of 233 FTEs throughout the decade (or the equivalent of a 2 percent per annum decline over the decade).

**Table 3 Employment for top 5 primary sector industries, 2004-2014**

Industry	Employment Number FTEs				%pa change
	2004	2012	2013	2014	2004 to 2014
Sheep-Beef Cattle Farming	236	587	513	491	7.6
Shearing Services	323	179	235	214	-4.0
Vegetable Growing (Outdoors)	210	113	145	147	-3.5
Dairy Cattle Farming	85	93	92	117	3.2
Sheep Farming (Specialised)	446	107	171	98	-14.0
<b>Total</b>	<b>1,299</b>	<b>1,080</b>	<b>1,156</b>	<b>1,066</b>	<b>-2.0</b>

Source: BERL Regional Database, 2014

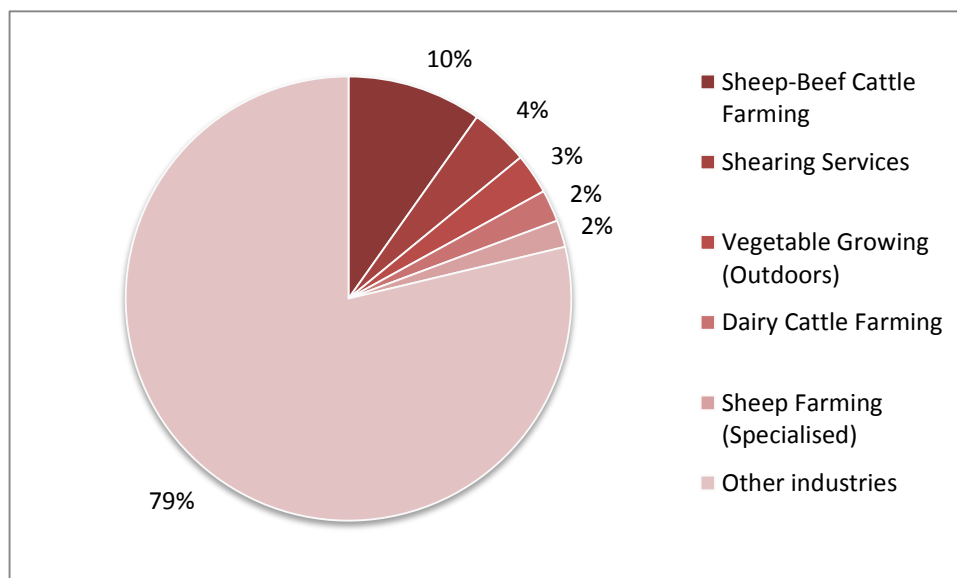
It is important to note that over the last decade there was significant changes in farming, with sheep only farming transforming into sheep-beef cattle farming. At the same time there has likely been mergers occurring within the primary sector, as businesses within the sector look to expand their size in order to benefit more from economies of scale.

A key point to note is that vegetable growing (outdoors) overtook sheep farming (specialised) in terms of employment, to become the third biggest contributor to employment for the primary sector. Sheep farming (specialised) in turn dropped from being the third biggest contributor to primary sector employment in 2013, to fifth in 2014, experiencing a sharp downturn of 42.7 percent over the past year. Sheep-beef cattle farming remains the biggest industry employer within the primary sector, and was the only industry along with dairy cattle farming to have posted positive growth throughout the past decade.

These top five primary sector industries in 2014 contributed 84 percent of total employment in the primary sector, an indication of the heavy dominance of these five industries within the primary sector.

Figure 1 shows the proportion of total employment in the district created by each of these top five industries in 2014. It indicates that the top five industries jointly created 21 percent of all employment in the district. This was down slightly from 2013.

**Figure 1 Share of employment across Ruapehu District, 2014**



The figure also reveals that the largest primary sector employer, the sheep-beef cattle farming industry, had 10 percent of all employment in the district. The shearing services industries had 4 percent while the vegetable growing (outdoors) industry had 3 percent. Lastly the smallest of the top five industries, the dairy cattle farming industry and sheep farming (specialised) had 2 percent of total employment each.

Table 4 provides a ten year GDP summary of the top five primary sector industries in 2014. It indicates that the total amount of GDP created by the top five industries decreased by 2.8 percent per annum throughout the decade. This is greater than the rate of decrease in total GDP in the district across the same period, indicating an overall downturn in the performance of the primary sector.

**Table 4 GDP for top 5 primary sector industries, 2004-2014**

Industry	Value Added or GDP (2014\$m)				%pa change
	2004	2012	2013	2014	2004 to 2014
Sheep-Beef Cattle Farming	20	47	40	39	7.2
Vegetable Growing (Outdoors)	18	9	11	12	-3.9
Shearing Services	24	11	14	11	-7.2
Dairy Cattle Farming	7	7	7	9	2.8
Sheep Farming (Specialised)	37	9	13	8	-14.4
<b>Total</b>	<b>106</b>	<b>83</b>	<b>85</b>	<b>80</b>	<b>-2.8</b>

Source: BERL Regional Database, 2014

Overall these top five industries generated \$80m or 84 percent of total primary sector in 2014.

Figure 2 shows the share of GDP across the district in 2014. It indicates that in total, the top five primary industries generated 17 percent of total GDP in the district, down from 22 percent in 2013. Almost half of this was generated by the sheep-beef cattle farming industry; however this industry saw a decrease of 3 percent from 2013. Comparing Figure 2 below to Figure 1, we can see that the proportion of GDP generated and share of employment amongst the top five primary industries are fairly similar.

**Figure 2 Share of GDP across Ruapehu District, 2014**

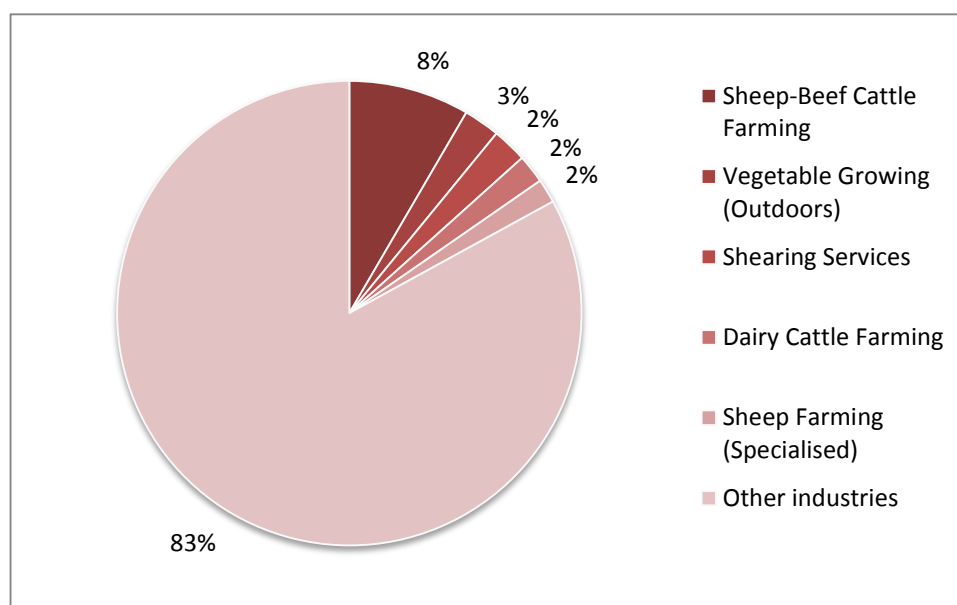


Table 5 provides a ten year summary of the number of business units across the top five primary sector industries in 2014. Forestry and other agriculture and fishing support services round out the top five primary industries in terms of the number of business units, with vegetable growing (outdoors) and dairy cattle farming dropping out of the top 5.

**Table 5 Business units for top 5 primary sector industries, 2004-2014**

Industry	Business Units (number)				%pa change
	2004	2012	2013	2014	2004 to 2014
Sheep-Beef Cattle Farming	128	325	257	246	6.8
Sheep Farming (Specialised)	284	79	118	106	-9.4
Beef Cattle Farming (Specialised)	127	70	58	64	-6.6
Forestry	84	55	56	54	-4.3
Other Agriculture and Fishing Support Services	45	40	41	39	-1.4
<b>Total</b>	<b>668</b>	<b>569</b>	<b>530</b>	<b>509</b>	<b>-2.7</b>

Source: BERL Regional Database, 2014

The number of business units associated with the top five industries fell from 668 in 2004 to 509 in 2014. This represents a fall of 24 percent throughout the decade or the equivalent of 2.7 percent per annum. While sheep-beef cattle farming had fewer business units than in 2013, it posted positive growth per annum over the last decade, as with GDP and employment. The industry grew by 118 business units throughout the decade (or 6.8 percent per annum).

However the strongest change in absolute terms occurred in the sheep farming (specialised) industry which lost 178 business units over the decade. The increase in beef cattle farming (specialised) business units lends traction to the indication that a number of business units converted from sheep-beef cattle farming to sheep-beef cattle farming and beef-cattle farming (specialised) within the last year.

Figure 3 shows the composition of business units across the district in 2014. It indicates that in total, the top five industries contained 29 percent of the total number of business units in the district. Sheep-beef cattle farming and sheep farming (specialised) combined, constituted 69 percent of this.

**Figure 3 Share of business units across Ruapehu District, 2014**