

Food and Fibre sector insights

Primary industries workforce constraints highlight a growing need to focus on the future.

- As with many sectors across Aotearoa, food and fibre are experiencing major labour shortages due to the ongoing effects of the global pandemic. In addition, a decrease in the number of people studying towards a qualification in the sector, alongside changing expectations of the younger workforce are adding to the pressure
- For food and fibre sector organisations to thrive and access talent, they need to find a way to embrace these changing expectations by planning, developing and executing innovative new strategies
- With a reduced workforce but a need for increased productivity, solutions must also focus on improving value per worker, which is a fundamental shift in how the sector operates

Like many sectors across Aotearoa, our food and fibre sector is experiencing significant disruption and labour shortages. Closed borders, due to the ongoing COVID-19 pandemic, have limited access to historic migrant worker pools, ranging from backpackers to highly skilled specialists. In addition, disruption from increased regulation and consumer demands, means the capacity and capability of workers to support and meet industry growth aspirations, has been severely limited.

Before the pandemic the Ministry for Primary Industries predicted an additional 50,000 workers were needed by 2025 to meet workforce demand. In 2012, 44% of the roles required tertiary qualifications. By 2025, that is expected to increase to 62%.¹ Conversely, data from the Tertiary Education Commission shows a dramatic 77% decrease in the number of students working toward tertiary qualifications in agriculture and horticulture since 2012.²

To maintain and increase productivity in the face of these shortages, trade-offs are being made between the quantity and quality of products. For example, once-a-day milking is becoming more common in the dairy sector to accommodate a more flexible workforce, meaning some reduction in the amount of milk being produced by those operations. In horticulture, crops with higher earning potential are being prioritised, potentially leading to a reduction in the diversity of produce.



In 2022 DairyNZ reported a shortfall of 4,000-6,000 dairy workers.



The NZ meat processing industry is estimated to be short of 2,000 workers.



There is an estimated shortfall of 13,000 workers in horticulture for 2021.



Seafood NZ estimated a shortfall of 1,500 FTEs in 2021.



In 2020 a New Zealand Veterinary Association survey found a shortage of 120 vets.



Rural Contractors New Zealand reported a 250-300 person shortage in late 2021.



A 2020 survey of Forestry and Wood Processing businesses found that 78% of respondents thought they were likely to have labour shortages in 2022 and beyond.

¹Ministry for Primary Industries, Food and Fibre Skills Action Plan, 2019

²Tertiary Education Commission, Enrollments in Horticulture and Agriculture Qualifications, 2020

Setting up for success

The pandemic has resulted in challenges that are forcing food and fibre leaders to reconsider existing business models and plan for a transition to new ways of working.

With the silver bullet of automation still a long way off for many sectors, augmenting solutions such as moveable fruit-picking platforms and geo-fencing collars for cattle are helping to support a more diverse workforce, easing the strain on existing workers.

However, attracting talent to the sector in the first place remains a challenge. Young people are increasingly seeking knowledge-based jobs in urban centres, desiring high-levels of flexibility that are incongruent with many of the vacancies in the food and fibre sector.

For primary sector organisations to thrive and access talent, they need to find a way to embrace these changing expectations by planning, developing and executing innovative new strategies.

What does the future of work in the food and fibre sector look like?

Industry and government have been scrambling to find solutions to support their farmers, growers, and processors. Websites, job boards, social media campaigns, TV advertisements, taster courses, school programs, and scholarships have all increased in number and ingenuity, reflecting the desperation of the sector. While these activities are all necessary, the core challenge is ensuring that food and fibre industries have long-term plans and business models that attract, retain, and qualify their workforce to meet their production goals in a sustained way.

A focus on improving value per worker, rather than hiring more workers, is a fundamental shift in how the sector operates. Industry and government needs to be clear on how they can effectively support this transition, reviewing their own models and ways of working to ensure they are fit for purpose.

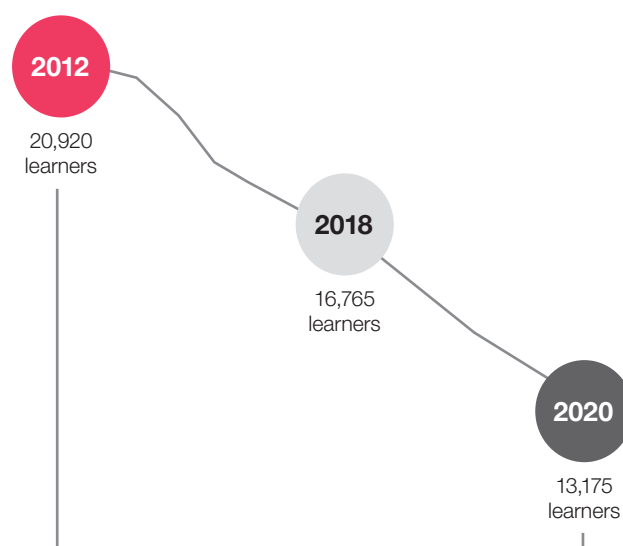
There are some solutions that government, industry bodies, and employers can look at now:

- **The right talent mix to drive value.** Rather than focusing on alleviating short-term constraints, sustained success will require organisations to reimagine the potential of their workforce by considering everything from societal changes to workplace expectations. While big thinking is essential, any new strategy must also take into account the regulatory realities that

define the food and fibre sector. Putting together an effective strategy requires evidence and data, including sector trends, demographic trends, seasonal trends, as well as a strong understanding of the current workforce, emerging workforce skills and the changing ways food and fibre industries will need to harness potential.

- **The great resignation.** COVID-19 halted increasingly high attrition across the world's developed labour markets. Workers are now 'playing catch-up', with research showing 39% of New Zealanders are currently looking for their next role.⁴ Employees are looking for an employer value proposition (EVP) that aligns with how they want to work. For the food and fibre sector, attrition is combined with reportedly high-levels of absenteeism, specifically in essential workers. Some attrition may be the result of significant wage increases across the industry, resulting in employees 'shopping around'. Ensuring that the EVP meets the needs of the current workforce will increase retention.
- **One size fits none.** The demands of workers from their employers vary considerably depending on their demographic. In New Zealand the demographic status quo of the past 100 years is beginning to change. In 2033, it's projected that there will be an additional 90,000 workers aged 65+ in the labour force, meaning 9% of the 2033 labour force will be 65 or older.⁵ The New Zealand population is becoming more diverse, and it's reasonably fair to predict that 50% of New Zealanders will identify as Māori, Pasifika, Asian, Middle Eastern, African or Latin American, by 2050.⁶ The majority of this non-Pakeha population will be younger. Planning attraction, retention, and upskilling strategies for each demographic in your current and future workforce is essential.

Number of learners in agriculture and horticulture (Education Counts, Tertiary Education Commission)



³ OECD, *Employment by job tenure intervals - average tenure, 2020*

⁴ Employment Hero, *Survey of New Zealand Workers, 2021*

⁵ Statistics NZ - New Zealand Population Data, 2021

⁶ Prof. Rawiri Taonui - Massey University, *The Future is Brown, 2016*



- **Upskilling for shared prosperity.** The succession of tacit knowledge through generations has boded well for the sector until recently, but the DIY attitude of the past is increasingly being challenged by the requirements of a modern, sustainable production system. The reform of vocational education and training is promising for the food and fibre sector, with a stronger focus on

effective leadership, management, and supervision skills to increase productivity and ensure that organisations are structured to maximise and incentivise available capability. Employers have an uphill battle to increase the proportion of staff who have qualifications, given the decreasing trends to gain qualifications in agriculture and horticulture.

How can we help?

At PwC, we bring together skilled practitioners across disciplines that can help you plan for the future. Working as one, our food and fibre sector specialists, organisational strategists and data and analytics experts can help you think about your workforce and workplace or sector strategy to build trust and deliver sustained outcomes for your business, organisation or market. Our key areas of focus include:

- Business model planning
- Workforce strategy
- Employee value proposition
- Workforce analytics
- Data and analytics
- Workforce planning

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