IN THE MATTER	of the Resource Management Act 1991
AND	
IN THE MATTER	of Proposed Plan Change 18 of the Far North District Plan
AND	
IN THE MATTER	of Proposed Plan Change 131 of the Whangarei District Plan

JOINT HEARING OF SUBMISSIONS BY COMMISSIONERS OF THE FAR NORTH AND WHANGAREI DISTRICT COUNCILS

EVIDENCE OF JON MANHIRE ON BEHALF OF SOIL & HEALTH ASSOCIATION OF NEW ZEALAND INCORPORATED AND 14 OTHER SUBMITTERS

DATED: 31 May 2016

QUALIFICATIONS AND EXPERIENCE

1. My name is Jon Manhire, I am the Managing Director of The AgriBusiness Group Ltd a research and consultancy company for the primary sector, with activities in both New Zealand and overseas. I am currently the programme leader of the Agricultural Research Group on Sustainability (ARGOS) a research partnership established between The AgriBusiness Group, Lincoln University, University of Otago and other partners. ARGOS has undertaken research into different farming systems, market demands for sustainability attributes as well as the development of tools and resources to enable these markets to be serviced. Projects include ARGOS 1 and 2 (2003-2012 which received overs $10m in funding support; and the current NZ Sustainability Dashboard project (6 year project) which has a budget of over $12m).

2. I hold the qualifications of BSc and DipHort Sci. I have 30 years' experience undertaking consultancy and research into market demands for sustainability attributes and facilitating company and industry responses.

3. I have previously been commissioned by a government agency (MAF Policy 2010) to provide an analysis of the possible market and regulatory responses and impacts to the adventitious presence of GMO in products and production systems in New Zealand.

4. I was involved in the establishment of the Organic Product Exporters of NZ (OPENZ), and was its Executive Director from 1995 until 2004. I am also Chair of the Lincoln University Biological Husbandry Unit Trust. I have facilitated the biennial survey of New Zealand`s organic exports since 1996 and report on the most recent 2016 report.

CODE OF CONDUCT

5. I confirm that the topics and opinions addressed in this statement are within my area of expertise except where I state that I have relied on the evidence of other persons. I have not omitted to consider materials or facts known to me that might alter or detract from the opinions I have expressed.

NEW ZEALAND ORGANIC SECTOR AND MARKET TRENDS

6. In this statement, I will provide an overview of statistics about the scale and value of organic production in New Zealand and our export markets.

7. The 2016 New Zealand Organic Market Report was the latest in a series of reports quantifying and describing the New Zealand organic sector. Information reported was obtained from a census of organic product exporters, information from organic certifiers as well as surveys of the domestic market. It also includes case studies on some groups within the organic sector and other recent developments. The report was commissioned by the peak organic sector organisation – Organics Aotearoa New Zealand Inc (OANZ).

8. The domestic market for organics is growing - an estimate of $217 million for the value of the domestic market for certified organic products is based on organic grocery sales through supermarkets of $167m, fruit and vegetable sales of $25m, and sales through speciality organic shops of $25m. Organic grocery sales through supermarkets have increased by 127% since 2012 and two out of three New Zealanders are buying organics at least some of the time.

9. Organic exports from New Zealand are growing in value and were estimated to be between $240m and $250m in value in 2015 – an increase of over 11% since 2012.

   - Fresh fruit and vegetables are still the most important product category by value, accounting for more than $108m (45%) of total exports.

   - Pastoral products continue to be the second-largest export category. The value of organic pastoral exports has grown 45% since 2009.

   - Processed foods and ingredients have declined 15% since 2012.

   - Organic wine exports continue to grow rapidly.

   - Organic honey exports have continued to significantly decline in value while the value of the “Other” category (e.g. seafood, nonedible seeds, cosmetics and cleaning products) has declined by 21% in value since 2012.

10. Organic export markets are expanding with Europe, North America and Australia continuing to be the sector's primary export destinations, together comprising 66% of all exports. There has been significant growth in the value of exports to Asia, with exports to China rising from 3% to 10% of total exports. Conversely, those to Japan decreased from 10% in 2012 to 6% in 2015.

11. Organic sector in New Zealand. In 2015, the New Zealand market for organic food, including that both exported and consumed domestically, was estimated at $457m - $467m. This compares with an estimated $350m in 2012 – a 30% increase.

12. Organic vineyards/horticulture are growing steadily in New Zealand The land area under organic horticulture continues to grow, with a 128% increase since 2012 from 11,188 hectares to 25,476 hectares. However, the number of organic horticulture operations declined by 5% over this period, which suggests that the organic horticultural operations are getting bigger. Key horticultural crops are grapes, apples and kiwifruit.

13. Organic livestock production is decreasing in area but growing in value. The land area under organic livestock production was 42,837 ha in 2015 – a 55% decline since 2012. Over the same period, there was a 15% decline in certified organic livestock operators.

14. This suggests the loss of some larger, more extensive properties from organic certification, with the average size of organic pastoral farms decreasing from 346 ha in 2012 to 192 ha in 2015. The increased value of production from organic pastoral farms since 2012 also supports this. Furthermore, there may have been a shift to mixed farming classification by some livestock operators, which showed a 91% increase from 2012 from 3,043 ha in 2012 to 5,821 ha in 2015.

15. The number of certified organic enterprises has decreased in New Zealand In 2015 there were 997 licensees and 1,500 licensed certified organic operations in New Zealand – a decrease of 18% and 15% respectively since 2012. However, it still is an overall 16% and 24% increase since 2007.

16. Certified organic land area has recently declined in New Zealand The total land area under organic certification in 2015 was 74,134 ha. This represents a 30.5% decline from the 106,753 ha under certification in 2012.

17. In addition, the number of operations under conversion to full organic status has declined from 232 in 2012 to 104 in 2015. However, from 2007 to 2015 the total land area under certification has increased by 16%.

18. The global appetite for organics is growing. In 2014 the global market for organic food was estimated at $US80 billion. This compares with $US59 billion in 2010 and US$17.9 billion in 2000. It reflects a 346% growth in organic sales since 2000 at an annual growth rate of approximately 25%. The largest markets in 2014 were the USA (US$35.9 billion), Germany (US$10.5 billion) and France (US$6.8 billion). The demand for organic food in China is also increasing, with estimated organic retail sales worth US$4 billion in 2014.

19. The organic global land area is growing. In 2014 there were an estimated 43.7m ha of organic agricultural land worldwide, an increase from the 37m ha reported in 2010. This is approximately .99% of total agricultural land with another 37.6m ha of non- agricultural organic land certified for wild collection.

Conclusion

20. From my overview of statistics, I conclude that:

- With some exceptions, the growth in New Zealand organic production is very strong;

- Exports of organic produce has also undergone rapid growth and these exports make a significant contribution to the New Zealand economy;

- The New Zealand growth in organics reflects a global trend and the rapid growth in global markets points to a major export opportunity for New Zealand organic produce.

Dated: 31 May 2016

Jon Manhire