Manufacturing in New Zealand

**Manufacturing**

- **Contributes to the wealth of all Kiwis**
- A strong manufacturing sector creates demand for local materials and components and high quality technical and management skills.

**R&D spending by manufacturing sectors**

- **Food, beverages**: $2m
- **Computing, communications, scientific equipment**: $2m
- **Wood, paper products**: $2m
- **Metal products**: $2m
- **Machinery, equipment**: $2m
- **Chemical, pharmaceutical, cosmetic**: $2m
- **Plastic, rubber, concrete, ceramics**: $2m
- **Textile, clothing, footwear**: $2m
- **Print & other media**: $2m

**Leading the knowledge economy**

Manufacturing spends the most on research and development. Latest estimates show 57% of R&D expenditure is made by the manufacturing sector.

**Manufacturing’s contribution to NZ’s GDP**

- **Agriculture, forestry, mining**: $7,490
- **Manufacturing**: $12,790
- **Construction, electricity, gas & water supply**: $12,370
- **Wholesale, retail & accommodation**: $9,190
- **Transport & communication services**: $8,650
- **Finance & business services**: $7,610
- **Government & other services**: $4,330

**Export destinations**

- **Australia** - 1st place, buys 45% of our exports
- **United States** - 2nd place, 18% of exports
- **Japan** - 3rd place, 7.3% of exports

**Manufacturing’s contribution to NZ’s GDP**

- **BMS exports earn $12.1b a year, including ETM exports of $8.8b. BMS exports account for 43.5% of the value of all exports, including an ETM component of 31.5% of all exports.**

**Manufacturing’s largest ETM export earners are:**

- **Food, beverages**: $1,669m
- **Computing, communications, scientific equipment**: $1,479m
- **Wood, paper products**: $952m
- **Metal products**: $797m
- **Machinery, equipment**: $696m
- **Chemical, pharmaceutical, cosmetic**: $581m
- **Plastic, rubber, concrete, ceramics**: $544m
- **Textile, clothing, footwear**: $531m

**Leading the knowledge economy**

Manufacturing spends the most on research and development. Latest estimates show 57% of R&D expenditure is made by the manufacturing sector.

**Most of NZ’s research and development is targeted on manufacturing**

- **Agriculture**: 12.9%
- **Mining**: 10.4%
- **Manufacturing**: 92.5%
- **Service sector**: 3.3%
Employing Kiwis

287,800 New Zealanders are employed in manufacturing.

More than 15% of employees are engaged in manufacturing – NZ's second largest industrial sector.

Manufacturing offers full-time work

Manufacturing employees have full-time work - over 90% of those employed in manufacturing work full-time, compared with the 78% average over all industries.

The big employers

The manufacturing sectors employing most people are:

- Food, beverages
- Machinery equipment
- Metal products
- Printing, publishing, recorded media
- Textiles, clothing, footwear
- Other
- Non-metallic mineral products

Employment in the regions

The Auckland region employs most people in manufacturing (98,200), followed by Canterbury (47,200) and Waikato (25,800).

Manufacturing employs a significant proportion in many regions

- Auckland: 38%
- Canterbury: 14%
- Gisborne/Northland: 5%
- Wellington: 5%
- Taranaki: 5%
- Tauranga: 5%
- Nelson/Marlborough: 5%
- Bay of Plenty: 5%
- Otago: 5%
- Auckland: 28%
- Canterbury: 16%
- Gisborne/Hawke's Bay: 12%
- Bay of Plenty: 12%
- Taranaki/Manawatu-Wanganui: 11%
- Nelson/Marlborough/West Coast: 8%
- Tauranga: 4%
- Gisborne/Northland: 4%
- Wellington: 4%
- Nelson/Marlborough/West Coast: 4%
- Auckland: 19%
- Canterbury: 17%
- Auckland: 16%
- Gisborne/Hawke's Bay: 16%

What we do

Manufacturing - jobs for all

- Managers and administrators
- Sales and support staff
- Professional and technical staff
- Trade staff
- Plant and machinery operators
- Other staff

Hours and pay

Total weekly paid hours in manufacturing are 8,908,900 – the highest of any industry. Total weekly gross earnings are $168,723,300 – again, the highest of any industry.

Manufacturing incomes are close to the norm, being similar to those for all industries combined. The most common salary band is $30-$40,000 (manufacturing 20.2%, all industries combined 16.6%), followed by $25-$30,000 (manufacturing 13.8%, all industries combined 10.8%).

Issues for manufacturing

Distance from market

NZ's distance from large centres of population in North America, Europe and North Asia means transport costs greater than those of other exporting nations. So NZ manufacturing companies must be more productive and efficient than their competitors to compensate, making full use of intellectual property and niche marketing.

Growth policies

Given NZ's disadvantage of distance from market, our domestic policies should be framed to aid productivity. NZ's tax, compliance, resource management and labour market policies should be smarter than other nations' so that further burdens are not imposed on the NZ manufacturing sector.

Trends for the future

Adding value the way to go

While progress towards more ETMs (elaborately transformed manufactures) is an important future goal, the basic manufacturing sector still provides a strong export base, with IMS exports worth $12.140 million - 49.3% of the value of all manufactured exports, and 43.5% of all exports. ETMs have grown from around 28% to 35.6% of all manufactured exports in the last decade.