

Manufactured goods - how they are defined:

Processed commodities - limited processing, little or no differentiation (e.g. wood chips, milk powder)

Manufactured commodities - some processing, little differentiation (e.g. tanned leather, refined petroleum)

Elaborately transformed manufactures (ETMs) - high value-added (e.g. pharmaceuticals, electronics)

Basic manufacturing sector (BMS) products - all products transformed in any way; includes both manufactured commodities and elaborately transformed manufactures (ETMs).

all data are 2003 statistics

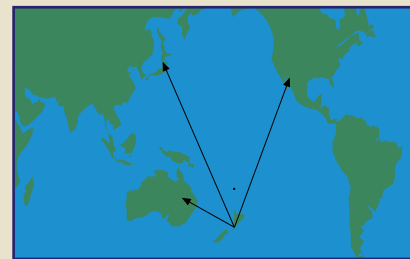
NZ exports are high value

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.

Export destinations - Australia our biggest market

NZ's most important ETM markets are:

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

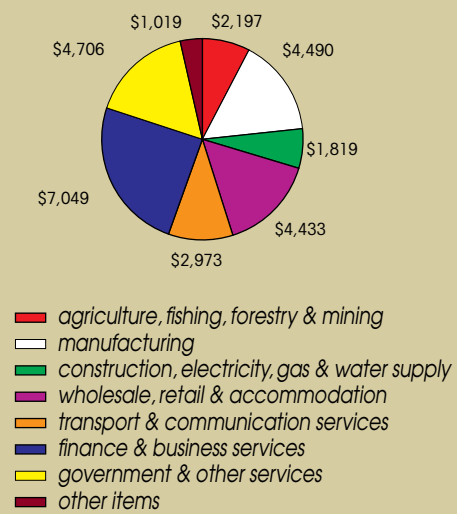


Manufacturing and a strong economy

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.

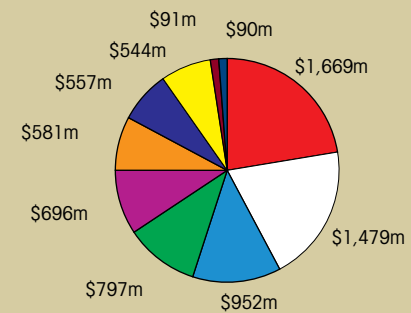
Manufacturing's contribution to NZ's GDP



Manufacturing in New Zealand

Kiwi products earn dollars in export markets

NZ's largest ETM export earners are:



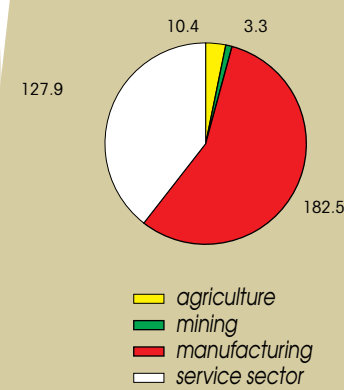
- food, beverages
- computing, communications, scientific
- wood, paper products
- metal products
- machinery, equipment
- chemical, pharmaceutical, cosmetic
- plastic, rubber, concrete, ceramics
- textile, clothing, footwear
- print & other media
- furniture

Leading the knowledge economy

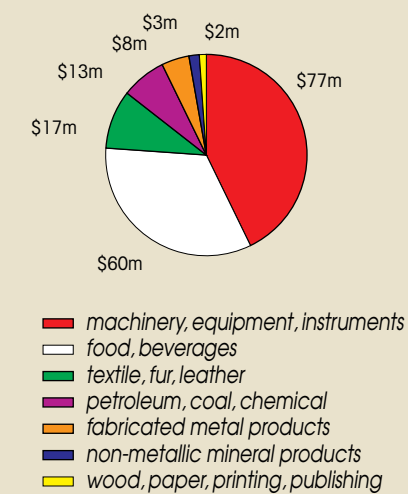
Manufacturing spends the most on research and development

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



R&D spending by manufacturing sectors



Employing Kiwis

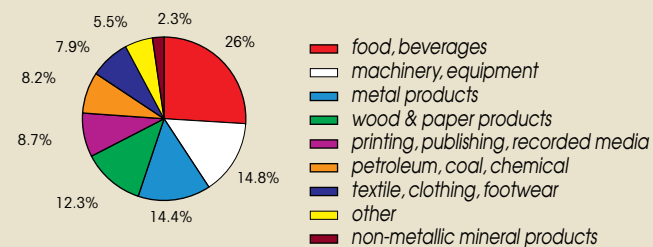
287,800 New Zealanders are employed in manufacturing. More than 15% of employees are engaged in manufacturing – NZ's second largest industrial sector.

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.

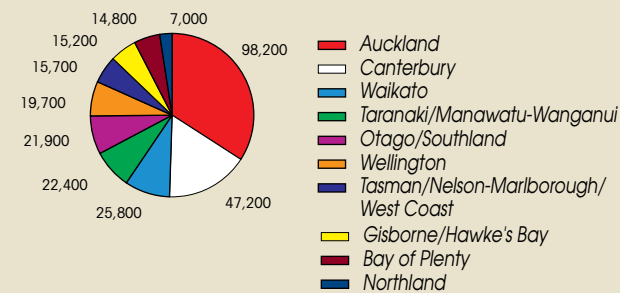
The big employers

The manufacturing sectors employing most people are:



Employment in the regions

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

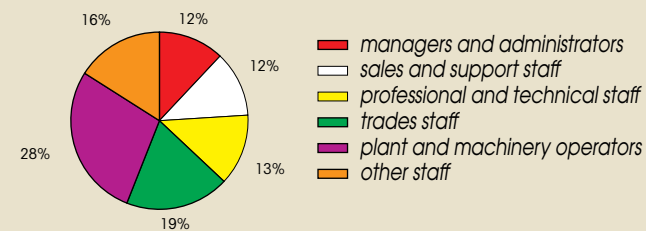


Manufacturing employs a significant proportion in many regions

Tasman/Nelson/Marlborough/West Coast	19.7%
Gisborne/Hawke's Bay	18%
Auckland	17%
Canterbury	16.8%

What we do

Manufacturing - jobs for all



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 BMS 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.

Manufacturing in New Zealand

Manufacturing in NZ is supported by:

Business|NZ

