

October 2024

Hon. Andrew Bayly

Supporting Waikato manufacturers

It has been a real pleasure to meet the numerous manufacturing and engineering businesses in the Waikato since I became New Zealand's first Minister for Manufacturing in November last year.

The hard work was put in during the years before when I held the manufacturing portfolio while in Opposition, and the many conversations I have had with manufacturers have helped me (and continue to help) develop policies that will support this vital sector.



I am also the Minister for Small Business, for Commerce & Consumer Affairs (which means looking after a few small issues like banking and competition in the grocery sector) and for Statistics, where my prime emphasis is on how we use data to support businesses to make better decisions.

Our vision

Our Government has a very clear vision for the future of New Zealand. We want a more dynamic and productive economy, with higher living standards and more opportunities. We want to see public services defined, delivered and evaluated through the lens of social investment. And we want a comprehensive response to climate change.

So how does manufacturing fit into this bright and prosperous future?

Nationally, manufacturing accounts for 10 percent of GDP, employs 230,000 workers, and underpins 60 percent of our exports. It is a key driver of economic growth in New Zealand. A lesser-known fact is that approximately a quarter of all business research and development comes from the manufacturing sector, so it is a key driver of innovation.

The Waikato manufacturing sector is a significant contributor to the region's economy, accounting for 9.7 percent of GDP (in 2022) and providing 11.3 percent of the region's jobs. The sector is diverse, encompassing dairy product manufacturing, meat processing, engineering, and advanced manufacturing. Dairy product manufacturing is particularly prominent.

Manufacturing businesses that succeed are outward focused, high-tech, innovative, entrepreneurial, and hustling on the world stage. These attributes are essential for New Zealand's future economic success.

Our Government has committed to the ambitious target of doubling exports by value in 10 years. Manufacturing businesses, and the things you make, have a huge role to play in this. Many of the businesses I meet are looking to overseas markets for export opportunities. The Waikato region currently provides 13 percent of New Zealand's total exports of goods and services, which is significantly higher than its share of national GDP.

Exporting things is only part of the story, however. We first need to make sure we have the right domestic environment in which to do business.

Since becoming the Minister for Manufacturing, I have heard lots of common themes about the challenges that businesses face: inflation, excessive regulation, supply chain disruptions, skill shortages, and an increasingly uncertain global trading environment.

In general, New Zealand manufacturers are well behind their overseas competitors in uptake of new and advanced technologies. We need to change this. We need to make it easier for you to invest in machinery and equipment, upskill workers, and benefit from world-leading research and development.

One of the first things I did as the new Minister was convene an independent advisory group comprising around 50 people representing different manufacturing sub-groups from different regional areas. I have asked these industry partners to give me four or five things to implement. And when I have done those things, I will go back and ask for four or five more.

Five priorities to focus on

1) Foster talent

We have to ensure that school curriculums put an emphasis on STEM subjects – Science, Engineering, Technology and Maths. We also need to shift people’s perception of what a career in manufacturing looks like. Today’s school leavers will more likely be programming a multi-million-dollar machine than donning overalls and wielding a spanner and grease gun.

We need better training for students coming into the workforce and better training on the job once they are in the workforce.

We also need to make sure our immigration settings are correct, targeting highly skilled rather than low-skilled immigrants.

2) Improve access to capital

We have roughly \$200 billion of lazy money tied up in New Zealand (around half of it in Kiwisaver) but much of it is invested overseas in passive investment funds, deriving no benefit to NZ businesses. In my Commerce portfolio, I am working with Kiwisaver providers to remove barriers and encourage investment in great NZ businesses.

The Government is also responding with urgency to all 14 recommendations made by the Commerce Commission’s final report into bank competition.

Furthermore, I have a bill before Parliament to facilitate open banking as I intend to create an environment where fintechs can compete with existing banks to provide a range of innovative and competitive financial services.

3) Boost innovation and encourage uptake of technology

I have secured funding to triple the annual number of smart manufacturing assessments carried out in a year. These provide independent analysis to your businesses on how to improve productivity.

I am also working with Minister Collins to support the New Zealand Product Accelerator, which connects industry with academia with a view of commercialising academic research and development.

4) Simpler and more efficient access to information

I want to ensure manufacturers access the right kind of information, including business advice and mental health support. To achieve this, I aim to set up a digital portal which will provide access to Government services and information, including data provided by Stats NZ.

5) Reduce regulation

I have recently announced a raft of reforms to the Companies Act which will modernise and simplify company law. These will help ensure our companies are not hamstrung by out-of-date laws and onerous red tape.

We are also working to align NZ and Australian regulations. I have had several productive meetings with my counterparts in Australia about aligning manufacturing standards, so that products manufactured in New Zealand can more easily be exported to Australia.

Conclusion

Manufacturing will be key to building New Zealand's future economy, and as the Minister I will be looking to help your business grow by focusing on future proofing.

In this way, we will help rebuild our economy and craft a better, brighter future which we can all be proud of.

Hon Andrew Bayly is the MP for Port Waikato and the Minister for Commerce & Consumer Affairs, Minister for Small Business & Manufacturing, and Minister for Statistics; for electorate issues, he can be contacted at andrew@baylymp.co.nz or follow him on Facebook @AndrewBaylyMP.

Authorised by Andrew Bayly, MP for Port Waikato, 7 Wesley Street, Pukekohe.