

Meeting Summary Discussion Points

Apologies: Marian Tredinnick, Nelson Thelning, Gary Altenburg, John Down, Ravi Sanyal.

Key Points:

- Update on Callaghan Innovation transition R&D services to MBIE and transition of deep science groups to Public Research Offices (pros)
- Manufacturing Productivity Advisory Group (MPEG) and Advanced Manufacturing Aotearoa (AMA) initiatives
- Future Makers campaign launch to change perceptions of manufacturing
- Business Canterbury sponsorships with Concentrate and Endeavour Software
- Export market challenges and opportunities, particularly regarding US tariffs
- South Mac show and Make New Zealand Industry conference upcoming

Discussion Items:

1. Business Environment and Callaghan Innovation Changes

The meeting began with an update on recent business visits and the current economic climate. Most manufacturers are cautiously optimistic, with John noting a "three-speed market" consisting of (i) financially stressed businesses, (ii) those who have trimmed costs, staff & operations and are getting on with it, and (iii) a group that is "absolutely bolting along" in niche markets.

Highlighted the transition of Callaghan Innovation, with R&D services (R&D Tax Incentive, R&D grants, Student grants, Incubator and start-up programmes) being moved to MBI and deep science groups being moved to Public Research Offices by 26 June. Dieter raised concerns about potential loss of scientists during this transition, particularly as the advanced technology pro hasn't been established yet. Despite these changes, student grants and other programmes continue to operate, with participants confirming they're still accessing these services.

2. Business Canterbury Initiatives and Sponsorships

Business Canterbury has secured two new sponsors (and looking for more) to support manufacturing initiatives and compliment Industry 4.0 & Productivity focuses. Welcome and thank you to:

- Concentrate (CRM specialists) with Owen Scott
- Endeavour Software (ERP, Cloud, Managed Services and dashboard reporting) with Tim Riley

These sponsorships help offset costs for industry events, with recent successful examples including:

- An Industry 4.0 workshop and factory tour at Argus Group
- CRM/ERP systems event with 42 manufacturers attending
- Revenue growth workshop focused on integrating HubSpot with existing systems

Highlighted aerospace & defence industry activities / opportunities Business Canterbury team have delivered, with the aim of bringing new alternative work into the Canterbury manufacturing sector. Currently Rocket Lab actively seeking new suppliers across NZ & Australia. Their procurement manager, Roland Auret (formerly of Contour Engineering), is visiting factories across the city to expand their supplier base.

3. Economic and Policy Updates from Tate

Tate provides an update on the government budget, noting the tight operating allowance of \$1.3 billion compared to \$6 billion under the previous government. He discusses several policy areas affecting manufacturers:

Health and Safety reforms:

- Carve-outs for small and low-risk businesses
- Refocus from managing all risks to critical risks only
- Clarification of responsibilities between directors and management
- Greater reliance on codes of practice rather than regulations

Fringe Benefit Tax changes:

- Focus on making compliance easier
- Vehicle FBT to be based on permitted use rather than availability
- Clearer rates for discounting work vehicles

Procurement reforms:

- Greater accountability for government-funded organisations
- Advocacy for specific weighting for local businesses
- Concerns about over-subcontracting to large international companies

4. Export Market Challenges and Opportunities

Dan discusses the significant impact of recent US tariffs on exporters:

- 10% tariff on exports to the US
- 25% tariff on automotive parts affecting Christchurch manufacturers
- Challenges for businesses using Chinese manufacturing for parts of their production

Despite these challenges, Dan identifies opportunities:

- New Zealand's position as a "neutral, friendly country" with high-quality goods
- Strong dairy and red meat prices
- Growing demand for advanced manufacturing
- Increasing global defence spending (up 10%)
- Opportunities in markets like Canada under CPTPP

Hamilton Jet shares specific challenges they face with tariffs, including the administrative burden of updating 6,000 individual parts with correct harmonised tariff codes and country of origin information.

5. Manufacturing Productivity Advisory Group and Future Makers Campaign

Overview of the Manufacturing Productivity Advisory Group (MPEG) set up by Min Andrew Bayley and now overseen by Min Chris Penk and its delivery arm, Advanced Manufacturing Aotearoa (AMA). MPEG has identified four key focus areas:

- Perceptions of Manufacturing
- Talent Development
- Innovation
- Investment

The 1st project coming out of MPAG and delivered by AMA is the "Future Makers" campaign <https://thefuturemakers.co.nz/> aimed at changing perceptions of manufacturing. This campaign provides videos (featuring our very own Rob Carroll (Hamjet) and Iain MacMillan (ENZTEC) and resources for manufacturers to share their stories and promote the manufacturing industry through various social media channels. Rob emphasises the value of individual stories from real people in manufacturing to change perceptions.

A 2nd project emerging is based around Papanui High School students creating videos with local manufacturing content for kiosks that will travel to school careers events.

Outcomes from Meeting:

- All Advisory Group members should familiarise themselves with and promote “The Future Makers” campaign through their business networks
- Promote the South Mac show on 28-29 May through your business networks
- Note a potential meeting with Barbara Edmonds (Labour Party spokesperson for finance) and Megan Woods (Spokesperson for Manufacturing & Industry, Energy & Resources and Associate Finance) on 11 June
- Post-budget lunch with Finance Minister, Hon Nicola Willis, scheduled for 30 May at Addington Raceway & Events Centre.

Additional Notes:

- Roland Sommer announces he is leaving Argus after 15 years with TE + Argus, having completed his key tasks.
- Dieter highlighted the Make New Zealand Industry conference (within SouthMACH 2025 event) will focus on improving staff engagement levels rather than technical aspects.
- Hamilton Jet will be displaying their HD1000 water jet (weighing 9.5 tonnes) at the SouthMACH 2025 show.
- **Next Manufacturing Advisory Group Meeting 26th June.**