

Quarterly Canterbury Business Survey

Manufacturing Sector Report

May 2025 | In field: 13 May - 13 June

Manufacturing Sector Report Introduction

John Hamilton

Manufacturing Business Advisor, Business Canterbury

In the last quarterly survey, we highlighted that green shoots were appearing across New Zealand's economy, however the markets recovery was very uneven across New Zealand, and that there was a clear three-speed economy with our large manufacturing sector; (i) a group of businesses are thriving in their niche markets and experiencing strong demand, (ii) a group of businesses that have made deep operational cuts and are cautiously optimistic, expecting improvements later in the year, and (iii) a group of businesses under significant financial strain, relying on reserves or external funding while they wait for the market to rebound.

This quarter, we are seeing more of the same uneven market recovery across New Zealand, particularly in our manufacturing community. In the background, we have seen record exports from New Zealand. In March 2025, New Zealand's goods exports were valued at \$7.6 billion, a 19% increase compared to March 2024, with a trade surplus of \$970m recorded. In April 2025, goods exports reached a record \$7.8 billion, a 25% increase from April 2024, with a trade surplus of \$1.4 billion. The increase in exports was driven by strong global demand for New Zealand's primary products, particularly milk powder, butter, cheese, meat, and fruit. Looking deeper into these figures, we note that New Zealand's red meat exports during March achieved record values for any month, with sales worth \$1.26 billion. Values increased by 34% compared to March 2024, with volumes for sheep meat and beef rising by 10%. New Zealand's red meat sector continued its strong performance in April with overall exports worth \$1.21 billion, according to the Meat Industry Association. That's a 34% year-over-year increase, with growth in nearly all major markets. The United States was the largest market, followed by China, the European Union, Japan and the United Kingdom. These latest export figures reflected the continued strong demand for red meat globally.

We are all watching and waiting to see how the benefits of New Zealand's record primary products exports flow through to the wider manufacturing community, along with the benefits from the companies trading strongly in their niche markets. This has not yet translated into widespread employment or significant investment in capital plant and equipment across the manufacturing sector. The highly uncertain global marketplace, characterised by tariffs and trade wars, as well as increased global political tensions, combined with rising domestic input prices (particularly energy), has tempered growth expectations for many New Zealand manufacturing companies.

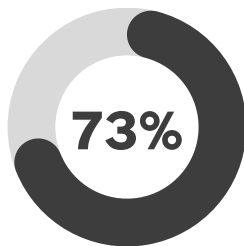
While these observations align with the latest drop of confidence in the latest PMI survey and our own Business Canterbury Quarterly survey results, it also has to be highlighted that our Manufacturing Snapshot within our latest quarterly survey show; 71% of manufacturers surveyed are confident in their ability to deal with disruption, 65% expect the Canterbury economy to be stronger in 12 months, 63% expect to hire new staff within the next 12 months and 60% expect to invest in property, plant & equipment within the next 12 months. It will be interesting to see how the recent Investment Boost scheme, which provides a 20% depreciation on the purchase of new assets made after May 22nd, and the recent expansion of the Green List, adding 10 new trade occupations from August 22nd, will stimulate the wider manufacturing sector.

If you're a Canterbury manufacturer and would like to talk through upcoming challenges or opportunities in front of you, reach out if you would like to connect with me. If you are not yet a Manufacturing Member with Business Canterbury, now's a great time to get started. From tailored advice to valuable networks, we're here to back your business and help you make things happen. [Find out more](#) and join us.

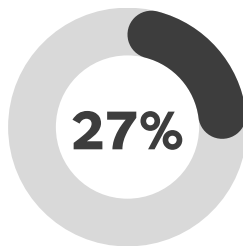
Manufacturing Snapshot



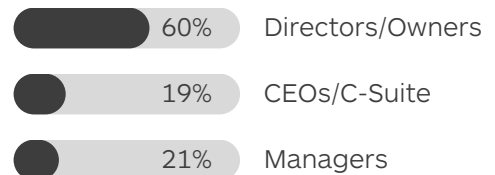
Respondents



SMEs



Large Businesses



Top issues

1. Productivity and growth
2. Consumer confidence and demand
3. Cashflow
4. International trade and geopolitical risks
5. Inflation and interest rates

65%

Expect the Canterbury economy to be stronger in 12 months.

58%

Expect stronger financial performance over the next 12 months.

63%

Expect to hire new staff within the next 12 months.

54%

Think the Government is managing the economy better than 12 months ago

60%

Expect to invest in property, plant, and equipment within the next 12 months.

71%

Are confident in their ability to deal with disruption.

What is going well for your business right now?

Respondents in Manufacturing have said:

Productivity and Performance

- Productivity
- the business is just ticking over
- Lots of work currently
- We are just going ok
- Productivity is improving and the pipeline of work is building up again
- Very little. This is the toughest it's been since Covid.

Sales and Customer Demand

- Steady requests for pricing
- There is still a demand for good quality products which is what we pride ourselves on.
- Good demand
- Customers are starting to reorder in similar patterns to a couple of years ago
- Sales via web and directly
- Building consent numbers increasing

Markets and Diversification

- Diversification
- We have a variety of customers and that has allowed us to stay busy with small jobs as well as pick up some new customers
- Entry into new market segment
- Aerospace industry
- Export to Europe and South East Asia
- Export focus. We have a strong international sales pipeline.

Innovation, Planning and Strategy

- Tech and innovation / exports
- We have improved our manufacturing costs, created a 5 year plan and trying to implement it
- Pending launch of medical device products
- Adopting an approach to expense capital items in the same year would help business's reinvest and upgrade for automation and higher productivity.

External Conditions and Market Alignment

- market changes aligning with what we are doing
- Exchange rates are helpful for exporting
- Improved sales to exporting OEMs
- The \$NZ has kept the Primary sector confident and buoyant but it has made exports a lot more expensive.

People and Culture

- A team of people that are very happy to have a job
- Good staff culture, work seems to be flowing in
- Stable workforce
- Changing culture

Supply Chain and Cost Management

- Supply chain cost stability

What do you think is going well for the local economy?

Respondents in Manufacturing have said:

Population Growth and Migration

- Influx of new residents and the start of project investments
- Canterbury is attracting more businesses and more people
- Houses are getting built and people are still coming
- It's not the Auckland rat race!

Housing and Infrastructure

- broader construction pipeline with Stadium coming on line, more stable housing prices than other main centers
- Housing Holding up well
- There is a pipeline of big piece of needed infrastructure work being funded again

Tourism and Rebuild

- Tourism
- Rebuild and Tourism
- Positive feel after many years of earthquake rebuild. a network of farmers markets and things like the Riverside market

Agriculture and Rural Sector

- a focus on selling our agricultural products to new markets as we are a agricultural based area and what we produce is high quality we need to leverage that
- Rural sector performance
- The flow on effects of a strong dairy sector
- Canterbury has benefited from being closely aligned with the agricultural and Primary Sectors which have all enjoyed the benefit from positive trade outcomes resulting from our declining NZ\$. The government should focus on reducing regulations and compliance costs, insist that local governments make operating expenditure cuts and undertake real operating expenditure cuts at the central government level. This will reduce the tax and rate burden on everyone. The government is correct in adopting a strategy of growing the economy in order to grow the income to pay down debt....but this cannot be solely achieved in this manner without reducing expenditure also.
- Hard to say some sectors are coping others are in trouble which in turn affects retail. Need the Rural economy to start spending.

Business Confidence and Growth

- Business Growth and Optimism / Tourism Recovery
- Sale enquires
- Export focus. Self reliance - we can't rely on central government to invest in our region or in supporting business growth.
- A feeling that the worst is behind us
- Canterbury seems to be a lot more resilient than other parts of the country. House prices are still affordable
- It's just ok
- Not sure
- no change

What do you think is going well for the local economy?

Respondents in Manufacturing have said:

Innovation, Tech and Industry

- innovation, attractive job market, affordable
- Investment in high tech
- Hi tech manufacturing, innovation

Policy and Government Commentary

- The Christchurch area is trying to look after the region and trying to ignore the useless current government
- Can't specify in the 'other' tab above, but it would be nice to see the government focus on getting the health system back to basics, and get some competence in there. Same for infrastructure.
- If the government went a lot harder at 'soft regulation' which is not explicitly delays caused by law, regulation, or even process, but by competence or lack thereof, it would be helpful. Complacency in government organisations who are underperforming is holding NZ back.

Macroeconomic Factors

- Commodity prices lifting.
- Inflation under control

City and Lifestyle Appeal

- Vibrant inner city, that's improving; but mood still dulled compared to Australia. Still get the feeling that anyone wanting to grow is looking to go, first.

Neutral or Uncertain Comments

- It's a bit stagment really