

The New Zealand Tech Sector – Key Metrics

2018 Update

Creating a prosperous
New Zealand underpinned
by technology.



DIGITAL NATION NEW ZEALAND

*From Tech Sector
to Digital Nation*

INTRODUCTION
*Towards a
Digital Nation*



Introduction

With the rapidly changing pace of technology, most people are unaware of the exponential impact many technologies are having throughout society.

As the voice of the technology ecosystem, in 2016 NZTech set about finding out just how important technology is for New Zealand. Without an answer there is serious risk that as a country we will miss opportunities for both economic growth and social improvement.

While growth in tech exports will continue to be significant for New Zealand's economy, the social and economic gains that technology can enable are so vast that we believe more focus should be placed on the importance of technology for New Zealand.

Access the full report for free at:
www.nztech.org.nz/resources/reports

The 2016 study was titled “Digital Nation New Zealand, from tech sector to digital nation”. The aim of this research was to deepen understanding and discussions about the benefits technology brings and the role that it could play in redefining the New Zealand we live in.

The study defined and sized the broader technology sector in 2015, the jobs it creates, the export earnings it contributes AND the positive role that technology plays in other parts of the economy and society as a whole.

This summary document provides updated key metrics for the New Zealand Tech Sector for the 2016 and 2017 calendar year periods. It is complimented with information from other studies to provide a single source of key metrics about the New Zealand Tech Sector.



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The Tech Sector

New Zealand has

20,940

Tech sector firms in 2017

Employing

108,210

People (6% of the workforce)

The tech sector contributed

\$15.8B

to GDP in 2016
up 5.6% from 2015

The top 200 exporters sold

\$7.8B

internationally in 2017
up 6.8% from 2016

#techsector – firms

2016

20,319
Firms

Source: MBIE from Statistics NZ

2017

20,940
Firms

Source: MBIE from Statistics NZ



3%

The increase of 621 tech firms in 2017 was primarily seen in ICT with 468 new computer system design firms launched to reach 11,556 ICT firms in total.

2016

105,380
Employees

Source: MBIE from Statistics NZ

2017

108,210
Employees

Source: MBIE from Statistics NZ



3%

The tech sector created 2,830 new jobs in New Zealand in 2017, up 3% on 2016. These new jobs were evenly split across ICT and high tech manufacturing.

#techsector – GDP

2015

THE TECH SECTOR
contributed

\$14.9b*
to GDP

Source: MBIE from Statistics NZ

*NOTE

The Digital Nation Report published in 2016 quotes the 2015 GDP as \$16.2 billion. Using the same ANZSIC codes in 2018 we now have a smaller GDP reported. It is assumed by MBIE that this is the result of data revision processes.

2016

THE TECH SECTOR
contributed

\$15.8b
to GDP

Source: MBIE from Statistics NZ

THE TECH SECTOR
accounts for

6%
of GDP

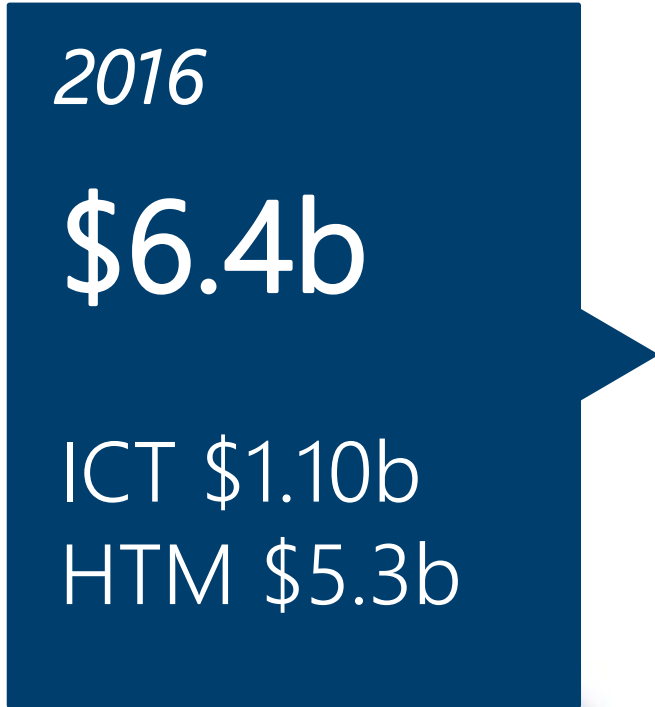


5.6%

The tech sector's contribution to GDP grew by \$842 million in 2017 with the majority (71%) of the growth coming from ICT.

The tech sector accounts for 6% of New Zealand's GDP.

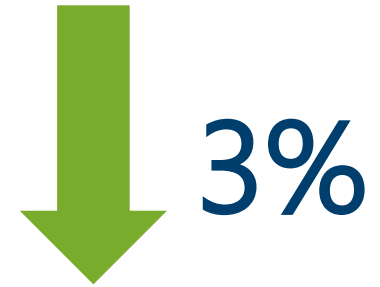
#techsector – exports



Source: MBIE from Statistics NZ



Source: MBIE from Statistics NZ



The reduction in high tech manufacturing exports stems from manufacturing being shifted offshore e.g. F&P Healthcare to Mexico. The ICT sector showed strong export growth of 12%.

#techsector – top 200 exporters international revenues

2016

\$7.3b

sold
internationally
by the top
200 exporters

Source: TIN100 Report, 2017

2017

\$7.8b

sold
internationally
by the top
200 exporters

Source: TIN100 Report, 2018



6.8%

Economically, not every sale made offshore is an export. As tech firms grow they often set up offshore offices or make acquisitions. Only sales from NZ offices count as exports.

So while their “exports” might not have grown last year we can see that huge international growth is coming from the NZ tech sector as it scales globally.

#techsector – top 200 exporters revenues

2016

The revenues
of the top 200
exporters

\$10.0b

Source: TIN100 Report, 2017

2017

The revenues
of the top 200
exporters

\$11.1b

Source: TIN100Report, 2018



11%

The largest tech exporters not only grew their businesses globally, they also had strong overall revenue growth.

Each **4%** growth
in Tech Sector productivity
Creates **1%** growth
across the Economy

Worth
\$2.7b
for every
4% growth

Source: NZIER 2016

#techsector – estimated employment by region

Region	Regional high-tech manufacturing sector employment		Regional ICT sector employment		Regional combined tech sector employment	
	Counts of people employed	% of total counts of employed	Counts of people employed	% of total counts of employed	Counts of people employed	% of total counts of employed
Northland	854	1.4	551	0.9	1,406	2.3
Auckland	21,128	2.8	31,037	4.1	52,165	6.9
Waikato	4,418	2.3	2,813	1.5	7,230	3.8
Bay of Plenty	2,808	2.2	1,483	1.2	4,292	3.4
Gisborne	165	0.7	220	1	389	1.7
Hawke's Bay	973	1.2	741	0.9	1,713	2.1
Taranaki	1,454	2.6	621	1.1	2,075	3.7
Manawatu-Wanganui	1,676	1.6	830	0.8	2,506	2.4
Wellington	2,353	0.9	12,343	4.7	14,696	5.6
Tasman/Nelson	591	1.2	542	1.1	1,132	2.3
Marlborough	528	2.2	375	1.5	904	3.7
West Coast	198	1.2	54	0.3	252	1.5
Canterbury	9,413	3	6,819	2.2	16,232	5.2
Otago	1,087	1	996	0.9	2,083	1.9
Southland	667	1.2	474	0.9	1,141	2.1
New Zealand	48,313	2.2	59,897	2.7	108,210	4.9

Source: NZTech 2017 (estimated from 2016 proportions)



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#techsector – definitions

	[Med] High Tech Manufacturing	High Tech Manufacturing	Knowledge Intensive Services
The New Zealand Tech Sector	Chemical and chemical product manufacturing eg. Nuplex, Zelam, Arotec Motor vehicle and parts manufacturing eg. Designline Machinery and equipment manufacturing eg. Glidepath, Scott Technology, Compac Sort, Wellington Drive, F&P Appliances Adhesive manufacturing	Aircraft manufacturing eg. Pacific Aerospace Pharmaceutical and medicinal manufacturing eg. PharmaZen, Argenta Medical and surgical equipment manufacturing eg. F&P Healthcare Photographic and optical equipment manufacturing	Not Included: Professional, scientific and technical services; Rental and hiring services; Employment and admin services; Postal and courier services; Financial and insurance services, Internet publishing and other information services
	Electrical cable and wire manufacturing eg. General Cable Superconductor Wholesaling of ICT goods eg. Duo, Ingram Micro	Communication equipment manufacturing eg. Tait Communications Computer and electrical equipment manufacturing eg. ERoad DynamicControls Other electronic equipment manufacturing eg. Rakon Other professional and scientific equipment manufacturing eg. AD Instruments	Telecommunications services eg. Spark, Vodafone, M2, Chorus Computer system design services eg. Datacom, Xero, IBM, Microsoft, Orion Software Publishing eg. Pingar Internet service providers, web search portals and data processing services eg. Revera Now

Source: Adapted from OECD and MBIE sector reports

Tech Sub-Sectors	ANZSIC Code	Categories	Examples
ICT	J580	Telecommunications services	Spark, Vodafone, 2Degrees, M2, Chorus
	M700	Computer systems design	Datacom, Xero, IBM, Microsoft, Orion Health, Fronde, GeoOp, Wynyard, PartsTrader, Serko
	J542	Software publishing	Pingar
	J591	Internet service providers & web search portals	Now, Inspire.net
	J592	Data processing services	Revera, Gentrack
	F349	Wholesaling of ICT goods	Ingram Micro, Duo
High-tech Manufacturing	C242	Computer & electronic equipment manufacturing	ERoad, Novel Ways, Smartrak, Dynamic Controls
	C2422	Communication equipment manufacturing	Tait Communications
	C2429	Other electronic equipment manufacturing	Rakon
	C241	Professional & scientific equipment manufacturing	AuCom, F&P Healthcare, AD Instruments, Atrak
	C243	Electrical equipment manufacturing	Wellington Drive
	C239	Aircraft manufacturing & repair	Pacific Aerospace
	C184	Pharmaceutical & medicinal product manufacturing	PharmaZen, Argenta
	C244	Domestic appliance manufacturing	F&P Appliances
	C181	Basic chemical & chemical product manufacturing	Nuplex, Zelam, Arotec Diagnostics, Skinfood
	C245 C246 C249	Specialised machinery & equipment manufacturing	Glidepath, Scott Technology, Compac Sort, Skope
C231 C239	Motor vehicle & other transport manufacturing	Designline, Hamilton Jet	

Source: adapted from MBIE Sector Reports