#### **The New Zealand Tech Sector – Key Metrics**

2019 Update





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#### 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.

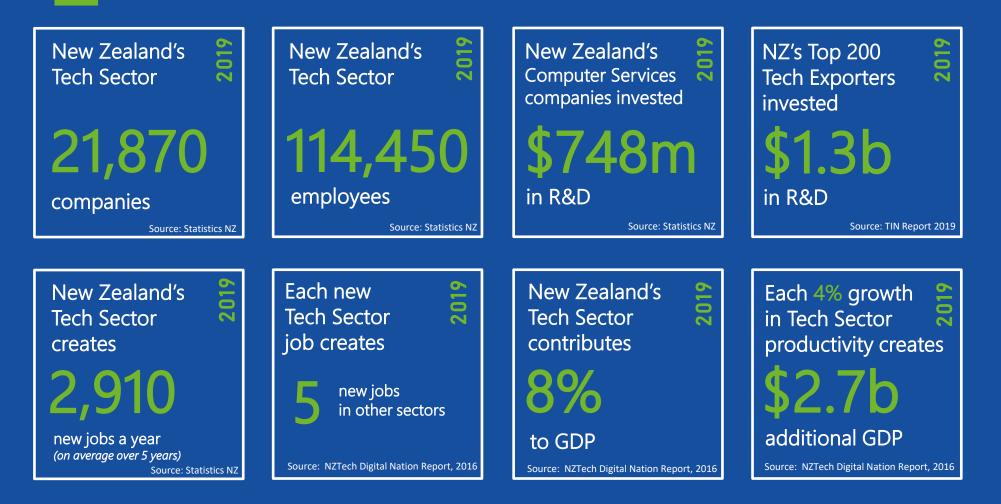
The study defined and sized the broader technology sector, the jobs it creates, the export earnings it contributes and the positive role that technology plays in other parts of the economy and society as a whole.

This summary document provides updated key metrics for the New Zealand Tech Sector for 2019. It is complemented 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 // economic impact



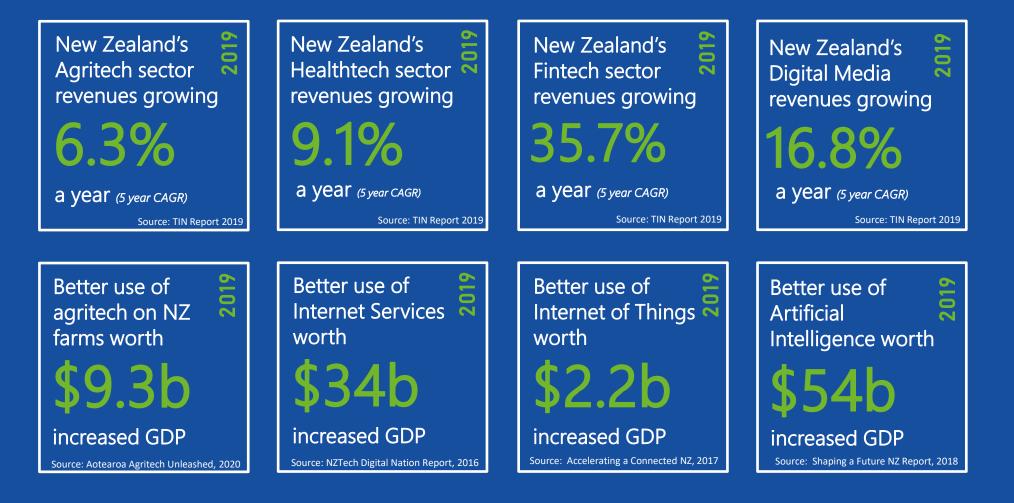
## The Tech Sector // exports



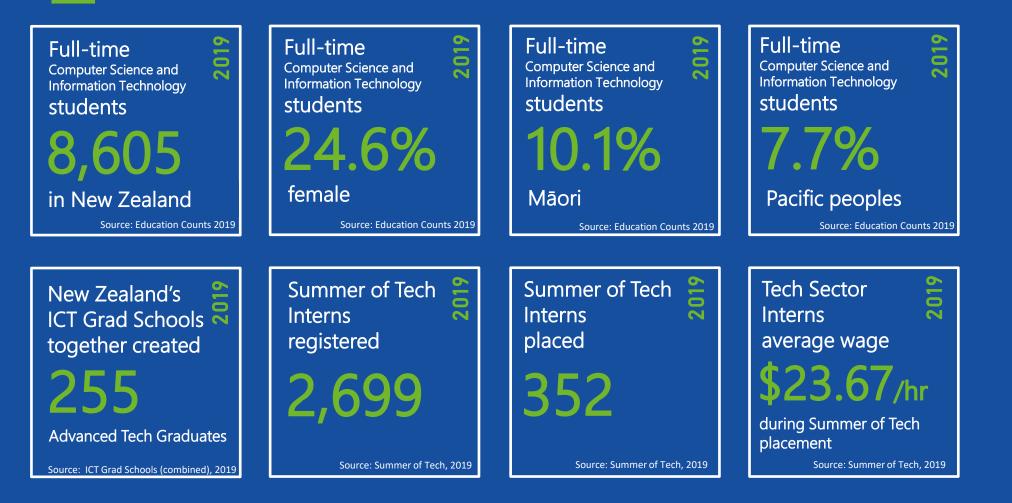
## The Tech Sector // employment



## The Tech Sector // opportunities



## The Tech Sector // education



### *#techsector – firms*

### 2019

### **21,870** Firms

Source: Statistics NZ, 2020

## 3%

The tech sector created 555 new companies in New Zealand in 2019, up 3% from 2018.

**80%** of the new tech companies created in 2019 were ICT firms, predominantly computer system and design companies.

There were 420 new software development and IT services firms created in 2019.

NZTech

555

Companies

New

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### *#techsector – jobs*

### 2019

### **114,450** Employees

**2,148** New Jobs



The tech sector created 2,148 new jobs in New Zealand in 2019, up 2.1% from 2018.

**60%** of these new jobs were created by computer system and design companies such as Xero and Datacom.

ICT companies have been creating 2,000 new jobs a year on average for the past 10 years.

Source: Statistics NZ, 2020



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#### *#techsector – exports*

### 2019

# **\$7.4 b** Exports

\$374m

New

**Exports** 

Source: Statistics NZ, 2020



## 5%

The tech sector exported \$7.4 billion of good and services from New Zealand in 2019, up 5.4% from 2018.

**71%** of these exports were created by high tech manufacturing companies, such as Fisher & Paykel Healthcare

However high tech manufacturing exports have been declining 1% a year for the past 5 years whereas **ICT exports are growing at a 15% CAGR.** 

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### *#techsector – top 200 tech exporters – revenues*

### 2019

Source: TIN Report, 2019

### **\$12.1 b** Revenues

**\$1.1 b** Annual Growth



## 10.2%

The revenues of the largest 200 tech exporters reached \$12.1 billion in 2019, creating over \$1 billion, or 10.2% growth from 2018.

The revenues of ICT firms in the top 200 grew at a rate of **15.9%.** High tech manufacturers revenues grew **7%** and biotech firms **6%**.

Fintech was the fastest growing part of the tech sector with revenue growth of **26.9%** or \$241 million of new revenues in 2019.

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### *#techsector – top 200 tech exporters – offshore sales*

### 2019

### **\$8.7 b** Revenues

**\$882**m

Annual

Growth

Source: TIN Report, 2019



## 11.3%

The international sales of New Zealand's top 200 tech exporters grew 11.3% to \$8.7 billion, bringing in an additional \$882 million in sales in 2019.

The top 200 tech exporters often have offshore offices and factories, that don't appear in the export numbers. For example, Fisher and Paykel Healthcare manufacture some of their product in Mexico and ship directly to the United States of America. While this is not considered exporting, it is still great business as the profits flow back to New Zealand.

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### *#techsector – economic impact*

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

Worth \$2.7b for every 4% growth

Source: NZIER 2016



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### *#techsector – firms by region*

		Percent of				Percent of	
	High Tech	High Tech		Percent of	Total	Total	New
	Manufacturing	Manufacturing	ICT	ICT	Tech Sector	Tech Sector	Tech Firms
	Firms	Firms	Firms	Firms	Firms	Firms	Created in 2019
Northland	257	2.9%	161	1.2%	419	1.9%	11
Auckland	3,452	39.3%	6,255	47.8%	9,707	44.4%	255
Waikato	829	9.4%	569	4.3%	1,398	6.4%	28
Bay of Plenty	594	6.8%	419	3.2%	1,013	4.6%	-3
Gisborne	28	0.3%	28	0.2%	57	0.3%	-6
Hawke's Bay	306	3.5%	187	1.4%	492	2.3%	17
Taranaki	221	2.5%	116	0.9%	337	1.5%	6
Manawatu-Wanganui	388	4.4%	204	1.6%	591	2.7%	3
Wellington	617	7.0%	3,559	27.2%	4,176	19.1%	195
Tasman	99	1.1%	74	0.6%	173	0.8%	3
Nelson	141	1.6%	113	0.9%	255	1.2%	3
Marlborough	130	1.5%	40	0.3%	170	0.8%	-11
West Coast	59	0.7%	14	0.1%	74	0.3%	0
Canterbury	1,160	13.2%	1,021	7.8%	2,181	10.0%	40
Otago	331	3.8%	283	2.2%	614	2.8%	8
Southland	170	1.9%	45	0.3%	215	1.0%	6
	8,782		13,088		21,870		555

Source: Geographic units/Employment by region and industry 2000-19, Statistics NZ, 2020



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### *#techsector – employment by region*

		Percent of				Percent of	
	High Tech	High Tech		Percent of	Total	Total	New
	Manufacturing	Manufacturing	ICT	ICT	Tech Sector	Tech Sector	Tech Jobs
	Employment	Employment	Employment	Employment	Employment	Employment	Created in 2019
Northland	1,007	1.6%	172	0.3%	1,180	1.0%	27
Auckland	31,788	49.1%	27,167	54.6%	58,954	51.5%	1,145
Waikato	5,324	8.2%	1,757	3.5%	7,081	6.2%	208
Bay of Plenty	3,415	5.3%	623	1.3%	4,037	3.5%	93
Gisborne	202	0.3%	46	0.1%	248	0.2%	-8
Hawke's Bay	1,105	1.7%	478	1.0%	1,583	1.4%	112
Taranaki	1,456	2.3%	279	0.6%	1,735	1.5%	3
Manawatu-Wanganui	2,218	3.4%	385	0.8%	2,603	2.3%	-32
Wellington	3,771	5.8%	12,051	24.2%	15,822	13.8%	436
Tasman	275	0.4%	65	0.1%	340	0.3%	21
Nelson	842	1.3%	238	0.5%	1,080	0.9%	8
Marlborough	431	0.7%	45	0.1%	476	0.4%	-1
West Coast	165	0.3%	13	0.0%	178	0.2%	23
Canterbury	10,393	16.1%	5,526	11.1%	15,919	13.9%	101
Otago	1,619	2.5%	799	1.6%	2,418	2.1%	21
Southland	674	1.0%	122	0.2%	796	0.7%	-7
	64,684		49,766		114,450		2,148

Source: Geographic units/Employment by region and industry 2000-19, Statistics NZ, 2020



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#### *#techsector – definitions*

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

			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
	C181 C245 C246 C249		

manufacturing

Tech Sub-Sectors

ICT

ANZSIC Code

J580

M700

C239

Categories

Telecommunications services

Computer systems design

Source: Adapted from OECD and MBIE sector reports

Source: adapted from MBIE Sector Reports

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Examples

Chorus

Spark, Vodafone, 2Degrees, M2,

Datacom, Xero, IBM, Microsoft, Orion Health, Fronde, GeoOp,

