

# Manufacturing makes big gains

Performance index points to a broad-based recovery across all industry types

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A strong and broad-based recovery in manufacturing is under way, according to a leading index.

The BNZ-Business New Zealand performance of manufacturing index (PMM) rose 2.2 points last month to 58.9, its highest level since December 2004. It has only been higher three times during the eight years this gauge of manufacturing activity has been available.

Manufacturers are reporting expansion not only in production and new orders, but in employment and inventories — evidence of confidence in the sustainability of the improvement. BNZ economist Doug Steel said that a year ago all but one industry sector (food, beverage and tobacco manufac-

“THERE IS CLEARLY A STRENGTHENING, AND BROADENING, RECOVERY GOING ON IN THE MANUFACTURING SECTOR.”  
Doug Steel, BNZ economist

turing) were deep in contraction territory as firms battled weak demand at home and in their export markets.

“Nowadays, while there is still variation across industries, not one is below the breakeven 50 line.”

The recovery is also broad-based by region and by size. Large firms, with more than 100 employees, are growing at the fastest rate while micro firms, with up to 10 employees, are growing the most slowly.

“These indicators are still averages. Not

BY CHRISTOPHER ADAMS

## FIRMS TURN THINGS AROUND AFTER TOUGH YEAR

Manufacturers are feeling positive about the sector's outlook after passing through the doldrums of 2009.

Les Kendall, chief executive of Auckland-based air-conditioning and ventilation equipment maker Temperzone, said the firm had relatively flat year-on-year turnover for much of 2009.

“Given the global turmoil at the time we were pretty proud of that,” he said. But by late last year sales began to pick up.

“This year we're back on our growth path... we're on target for a healthy increase in turnover. We have a decade-long average of about 10 per cent per year sales growth and I think we'll be back to that this year,” he said.

Temperzone — which was founded in 1959 and had a revenue of \$142 million in 2008/09 — exports 75 per cent of its products, mostly to Australia. It also exports across Asia and the Pacific.

Staff numbers at the firm's Auckland operation reached a low of 314 in August last year, Kendall said.

He said between August 2009 and this month the Auckland site took on 59 new staff — the majority of which were employed during March, April and May this year.

Temperzone now has 373 staff at its Auckland plant — 24 more than it had prior to the global financial crisis.

“I'm feeling very positive about this year,” he said. “We've got a lot of work in front of us.”

Steve Morrison, managing director of plastic bottle manufacturer LinkPlas, said the firm's sales and turnover “tightened up” about 18 months ago, forcing profitability down



POSITIVE: Steve Morrison, of LinkPlas, says his firm is over the worst of the recession.

But like Temperzone, he said LinkPlas' orders began to pick up in late last year. April 2010 turned out to be the best month for sales since the company was established 12 years ago, Morrison said.

LinkPlas' management was now evaluating whether or not to begin hiring staff.

“We're reasonably stretched now,” he said. “We're up from [manufacturing] five to six [days a week].”

Christchurch-based radio technology manufacturer Tait Radio Communications managed to get through the recession relatively unscathed.

Tait spokesperson Gareth Richards said the company had record revenue in 2009, but orders were continuing to grow this year.

“We've had a good February and March — strong months. We've got

growth in March and April,”