



**MINISTRY OF BUSINESS,  
INNOVATION & EMPLOYMENT**  
HĪKINA WHAKATUTUKI

# 2019/20

# Annual Report

Growing New Zealand for All





#### OUR PURPOSE

Grow New Zealand for All.



#### OUR GOALS

Productive and sustainable use of resources across New Zealand.

People are confident to participate in fair and thriving markets.



#### ABOUT US

Over 5,000 Ministry of Business, Innovation and Employment (MBIE) people work across our 8 business groups from our 46 offices within New Zealand and 14 overseas.

In 2019/20 we supported 18 portfolios and were responsible for \$5.5 billion of expenditure.

The Ministry of Business, Innovation and Employment's 2019/20 Annual Report has been designed and prepared in-house and uses stock imagery.

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New Zealand Government

## The Ministry of Business, Innovation and Employment's 2019/20 Annual Report is a review of our financial and non-financial performance against our outcomes, priorities and obligations.

We strive to grow New Zealand for all through economic performance and participation, ultimately improving the lives and living standards of New Zealanders. To do this, our purpose – *Grow New Zealand for All* – is underpinned by our five strategic outcomes:

- › Prosperous and adaptable people, sectors and regions
- › People are skilled and engaged in safe and fulfilling work
- › Informed consumers and businesses interacting with confidence
- › Value is sustainably derived from the natural environment
- › A dynamic business environment fostering innovation and international connections

The purpose of this report is to provide a view of our financial and non-financial performance against those outcomes and the objectives we set at the beginning of the financial year.

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# KUPU WHAKATAKI A TE TUMU WHAKARAE

E tino harikoa ana au ki te tāpae i te Pūrongo Ā-Tau 2019/2020 a Hīkina Whakatutuki.

Nā tō mātou tū hei tari kāwanatanga nui tonu, me tō mātou tū hei kaiwhakawhiwhi mahi nui rawa atu i te rāngai tūmatanui, whakarato ai mātou i ngā ratonga kāwanatanga mātuatua mā te iwi whānui, huri noa i te motu. Ahakoa ko te āwhina i ngā pakihī kia momoho, ko te whakapai ake i te maru i ō tātou paenga, ko te tiaki i ngā kiritaki whakaraerae, ko te āwhina ki te whakawhanake i tētahi rautaki ōhanga ngātahi hei kawe whakamua i te motu rānei, ka noho tonu ko ngā iwi me ngā hapori i te pū o ā mātou mahi. Hei āwhina i a mātou ki te whakarato i tēnei, i whakahiato, i whakauru hoki mātou i a Te Ara Amiorangi, tō mātou Rautaki Whakahaere. Ka whakarite tēnei i tētahi aronga i whai wāhi atu te katoa, e whakamōhio ana i a mātou ki hea mātou arotahi ai ki te whakatutuki i ō mātou putanga me te Whakatipu i a Aotearoa mō te Katoa.

I te tau kua huri, kua karangahia te kāwanatanga ki te whakapakari ake me te arataki i te motu whakaeke i ngā mōrearea matua e toru – te haerenga tonu o te urupare ki ngā whanatuku tangata i Ōtautahi, te pahūtanga o Whakaari, me te urutā COVID-19. Whai muri tata i te whanatuku tangata i te whare kōrana ki Ōtautahi i te 15 o Poutū-te-Rangi 2019, ko Hīkina Whakatutuki tētahi o ngā pokapū kāwanatanga tokowhā ki te āwhina i te Komihana a te Karauna me tō rātou pakirehua ki ngā whanatuku tangata. Huri noa i te tau, tokomaha tonu ā mātou tāngata e tautoko ana i ngā tono a te Komihana, me te whakaemi i te rahi o ngā pārongo. E tūmanako ana mātou ki te taenga mai o ngā whakakitenga i ngā mārama e tū mai nei. E ngākau titikaha ana ahau mō te āheitanga o te rāngai tūmatanui ki te mahi ngātahi ki te whakatinana i ngā tūtohutanga me te ārai i te wā me a nei o te iwi whānui me ngā manuhiri ka tae mai ki te tiro tiro haere i tō tātou motu.

Nō muri i te parekura i te motu o Whakaari, ko te tautoko i ngā hapori me te hoatu tūturutanga ki ngā pakihī iti nei, te mahi matua a Hīkina Whakatutuki. I arotahi mātou ki te hoatu āwhina ki te hunga i whaipānga ki tēnei aituā, me te whakarite oranga ngākau i tēnei wā whakapātari. Tere tonu tā mātou whakatakoto i tētahi mōkihi tautoko pakihī ohorere, hei āwhina wawe i aua pakihī i pā tōraro ki ēnei kaupapa hinapouri, me tā mātou kaha ki te tautoko i te whakaoranga o te rohe.

He kawenga nui tā Hīkina Whakatutuki i te taha o te urupare a te kāwanatanga ki te urutā Covid-19. I arataki, i whai wāhi nui rānei mātou, i ngā ara-mahi e rima i te wā o te urupare, me tā mātou rōhaina i te 500, neke atu, o ā mātou tāngata, ki te tautoko i te katoa o te rōpū Kāwanatanga. Kīhai he 'pukapurei' mō te āhua o tō mātou uruparetanga. I puta tēnei hei tauira pono o te

wairua ratonga, e mahi ngātahi ana ki te whakatakoto mea tautoko hei pupuri i te haumarutanga me te āraitanga o te iwi whānui. Kua whai a Hīkina Whakatutuki i tētahi tūranga kaikini rite ināiane, i a Aotearoa e aro nei ki te mahi whakaoranga me te hiki anō i te ōhanga.

Huri noa i ngā tau 2019/2020, i whakapūmautia e mātou ō mātou uara, tērā e whakarerekē ana i te ahurea o Hīkina Whakatutuki – mai i te āhua arataki ai ō tātou kaiarataki, tae noa ki te āhua mahi ngātahi ai ō tātou kapa. Kua kite mātou i tētahi nekehanga pai i tō mātou ahurea ki Hīkina Whakatutuki, me te tū o ngā uara hei reo kitea noatia ana, me tētahi huarahi hoki ki te mahi tahi pai ake.

E hiahia ana ahau ki te mihi ki a mātou kaimahi puta noa i a Hīkina Whakatutuki, mō te tū e kawe nei tēnā, me tēnā, ahakoa ngā taiao whakataratara, huringa tere hoki, i te nuinga o te wā. Ka whakamihī hoki au ki te hunga kei te mura o te ahi, ngā kanohi o te whakahaere, ki ngā kapa e mahi ana ki muri e whakarite ana kei te whai mātou i ngā pāraha tika me ngā pūnaha, ki i a rātou hoki e waihanga ana, e whakawhanake ana i ngā kaupapahere whai kiko mō ngā hapori e whakaapa ana tātou. Ka nui taku whakahīhī mō ngā mahi whakatutuki ai tātou me te rerenga kētanga ka puta i a tātou mō Aotearoa.

Ko te oranga pai o ngā tāngata o Hīkina Whakatutuki ā-tinana, ā-wairua, tētahi tino mahi matua mō taku Kapa Kaiarataki (SLT). Hoatu ai mātou i te matahuhua o ngā ratonga tautoko oranga mā tō mātou pū toioranga, a Te Puna Ora. Kaha tonu tā tātou mahi ki te whakarite hātepe e noho haumarū ai ā mātou tāngata i te paenga, i te wā e hokihoki mai ana nga Kiwi ki Aotearoa i ro i te Mate Urutā a-Ao, me tā mātou whakarato ratonga ki ō mātou kapa pokapū waea i a rātou e mahi ana me ngā kaiuiui pōkaikaha. Hāngai ai tō mātou puta hei Tino Toa i ngā Tohu Kanorau (Diversity Awards) 2020 mō tō mātou Hōtaka Tupu Tai Internship, ki tō mātou paihere ki te whakapiki i te mana me uara o ā mātou tāngata, me te whakatītina i tētahi toi whenua.

Nā runga i ngā whaiwāhitanga me ngā āhuatanga rerekē kua rongu tātou katoa i te tau kua huri, ka noho pono tonu te koronga a Hīkina Whakatutuki, te Whakatipu i a Aotearoa mō te katoa. I āhei mātou ki te tere urupare, ā-ngaio, ā-aroha, nā runga i ngā mahi a ō mātou tāngata whai pūmanawa, noho ū hoki ki a Hīkina Whakatutuki. Kaha tonu a mātou tāngata ki te whakatinana i te wairua o te ratonga me tā rātou eke panuku ki te āwhina whakarato i tō mātou oati ki ngā tāngata o Aotearoa.

Nāku noa, nā



Carolyn Tremain  
Te Tumu Whakarae mō Hīkina Whakatutuki

## CHIEF EXECUTIVE'S FOREWORD

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It gives me great pleasure to present the Ministry of Business, Innovation and Employment's (MBIE) 2019/20 Annual Report.

As one of New Zealand's largest government departments and public sector employers, we provide essential government services for New Zealanders right across the country. Whether it's helping businesses thrive, improving security at our borders, protecting vulnerable consumers, or helping to develop a more inclusive economic strategy to take the country forward, people and communities are at the heart of what we do. To help us continue to deliver this, we developed and introduced Te Ara Amiorangi, our Organisational Strategy. This provides a shared direction, telling us where we need to focus to achieve our outcomes and Grow New Zealand for All.

In the last year, government has been called upon to step up and lead New Zealand through three major crises – the continued response to the Christchurch attacks, the Whakaari/White Island eruption and the COVID-19 pandemic. Shortly after the Christchurch mosque attacks on 15 March 2019, MBIE became one of six government agencies to assist the Royal Commission with their inquiry into the attacks. Over the last year many of our people have been supporting Commission requests and collating substantial amounts of information. We expect the findings in the coming months. I am confident of the public sector's ability to work together to implement the recommendations and protect the future of New Zealanders and those who visit our shores.

Following the Whakaari White Island disaster, supporting communities and providing certainty for small businesses was a priority for MBIE. Our focus was on providing assistance to those affected by the tragedy and providing relief at a challenging time. We quickly rolled out an emergency business support package to help those businesses immediately impacted by the tragic events, and along with council, continue to support the region's recovery.

MBIE played a critical role in the government's response to the COVID-19 pandemic. We led, or played a significant role, in five workstreams during the response and had over 500 of our people redeployed to support the All of Government team. There was no 'playbook' for how we responded. This has been a true example of the spirit of service as our people worked collaboratively to put in place the support mechanisms to keep New Zealanders safe and protected. MBIE now plays an equally critical role as New Zealand moves into recovery and towards rebuilding the economy.

Over the 2019/20 year, we embedded our values, which are making a difference to MBIE's culture – from the way our leaders lead to how our teams work together. We've seen a positive shift in our culture at MBIE, with the values giving us a common language and a way of working better together.

I want to acknowledge our people right across MBIE for the role they each play, in often challenging and fast-moving environments. Thank you to those on the frontline who are the face of the organisation, those teams who work behind the scenes ensuring we have the right tools and systems in place, and those who shape and develop the policies that make a difference to the communities we serve. I am exceptionally proud of the work we do and the difference we make for New Zealand.

The wellbeing of MBIE people, both physically and mentally, is a key priority for my Senior Leadership Team (SLT). We provide a variety of wellbeing support services through our dedicated wellbeing hub, Te Puna Ora. We've worked hard to put processes in place to keep our people at the border safe as Kiwis return to New Zealand amid the global pandemic, and we provided additional support to our call centre teams as they dealt with stressed callers. Our recognition as Supreme Winners in the 2020 Diversity Awards for our Tupu Tai Internship Programme speaks to our commitment of making our people feel respected and valued, fostering a sense of belonging.

Given the different opportunities and situations we have all experienced over the last year, MBIE's purpose to Grow New Zealand for All, Hīkina Whakatutuki, remains true. We have been able to respond quickly, professionally and with empathy because of the mahi of our talented and committed MBIE people. Our people have continuously embodied the spirit of service and gone above and beyond to help deliver on our promise to New Zealanders.

Nāku noa, nā



**Carolyn Tremain**  
Te Tumu Whakarae mō Hikina Whakaututuki  
Secretary for Business, Innovation and Employment  
Chief Executive, Ministry of Business, Innovation and Employment

# OUR YEAR IN REVIEW – EXECUTIVE SUMMARY

Everything we do at MBIE is about Growing New Zealand for All. We recognise that a strong economy is one in which we use the skills, knowledge and time of our people in conjunction with our natural resources, and financial and physical capital to improve the wellbeing of current and future generations. We worked closely with Treasury to shape and deliver the Government’s Economic Plan which sets out the action needed to transition New Zealand’s economy to one that is productive, sustainable and inclusive.

Our five outcomes outlined in our Statement of Intent show how MBIE aims to support sustainable economic performance and build an economy that improves wellbeing across New Zealand.

The role MBIE played and our response to the COVID-19 pandemic is covered in the COVID-19 section (pages 6 to 8).

With the world continuing to change and evolve at an increasing pace, it is important that **people, sectors and regions are prosperous and adaptable** to continue growing and thriving. The ongoing challenge is to build a more productive, sustainable, inclusive and future-ready economy to improve the wellbeing of New Zealanders.

Our aspirations for New Zealanders are high and we know we can’t get there alone. We recognise that success is built on partnership, including the Māori–Crown partnership that underpins our work. Te Kupenga, the



Photo: Waitangi Treaty Grounds

Māori Economic Development Unit in MBIE, has been enabling strategic pathways to partner with Māori to lift economic prosperity in a productive, sustainable and inclusive way. The Waitangi Tribunal upheld our engagement process of the *Plant Varieties Act 1987* review, commending us for going above and beyond in considering previous recommendations and being Treaty-compliant.

The Provincial Growth Fund (PGF) has attracted significant interest from regional communities, with more than 2,100 applications being received by the Provincial Development Unit (PDU) as of June 2020. These applications have promoted a level of collaboration between business, iwi, local councils and community leaders which has not been seen in recent times. As of June 2020, a total of \$2.63 billion of PGF and Regional Investment Opportunities funding has been committed and \$2.04 billion has been contracted with recipients. Investment has been spread across the country and a range of sectors which play a key role in New Zealand’s long-term economic success.

A great example is a new museum at Waitangi, Te Rau Aroha, which commemorates the contributions of Māori to New Zealand’s military efforts, with \$14.5 million of funding from the PGF. Along with being an important taonga for New Zealand and honouring our history, the museum has had significant flow-on benefits for Northland’s economy.

The PGF’s investment in the Ōpōtiki Harbour Development is expected to produce \$132 million in economic benefits for New Zealand and create approximately 1,850 jobs. In addition, we activated the Temporary Accommodation Service (TAS) in response to flooding caused by heavy rainfall in Southland and helped those affected to find temporary accommodation.

To continue Growing New Zealand for All, it is important **people are skilled and engaged in safe and fulfilling work**. The Construction Accord Transformation Plan launched last year is a tangible plan that ensures industry has the right skills, the right people, and the right internal coordination to lift its productivity and take advantage of future opportunities.

Our work in reforming the employer-assisted temporary work visas ensures the visa process is more streamlined and less complex, replacing six visa categories with one temporary work visa. It's designed to make sure foreign workers are only recruited for genuine shortages, help reduce exploitation, and create better connections between immigration, education and welfare systems.

It is one of our priorities to make sure we have **informed consumers and businesses interacting with confidence**. To that effect, we are proud of the work we've done in 2019/20 in the following areas.

- › A ban on the sale of inclined infant sleep products took effect in December 2019.
- › The New Zealand Electronic Travel Authority was introduced in August 2019 to improve passenger facilitation, strengthen border security and bring New Zealand's border controls in line with international best practice.
- › The Computer Emergency Response Team (CERT NZ) continues to build awareness among everyday New Zealanders and businesses of the importance of cyber security, while offering practical advice and information on ways to achieve this. The organisation's increased engagement with a range of sectors across New Zealand and the wider Pacific region empowers more people to take action to stay secure online.
- › The changes to the *Fair Trading Act 1986* draw a line in the sand about acceptable standards of commercial conduct in New Zealand. Vendors bidding for government business will now have to demonstrate how they contribute to the wellbeing of New Zealanders through broader outcomes that support wider social, economic, cultural and environmental outcomes that go beyond the immediate purchase of goods and services and improve conditions for New Zealand workers and reduce emissions and waste. This is the result of the new edition of the Government Procurement Rules released in 2019.

The natural environment is integral to our economic activity, and it's important to make sure that **we sustainably derive value from it**.

- › Our 10-year Minerals and Petroleum Strategy provides the direction for the sector in the transition to a low-carbon, productive, sustainable and inclusive economy.

- › The Electricity Price Review is supporting the Government's response to the recommendations, including legislation that will improve the regulation of the electricity industry and remove barriers for the uptake of distributed energy technologies.
- › We have reviewed the settings for default KiwiSaver providers to exclude funds that invest in fossil fuels.
- › We are showing global leadership by investing in a science mission that will directly help to fight climate change. MethaneSAT is a cutting-edge climate science mission that will see Kiwi researchers working alongside the world's best climate scientists and aerospace experts, and building important capability in our rapidly growing space sector.

As we recover from the impact of COVID-19 and rebuild New Zealand, our prosperity depends on having a thriving business sector, and our role is to create a **dynamic business environment fostering innovation and international connections**.

- › There are over half a million small businesses in New Zealand, and supporting them is an important step in growing the economy. We amalgamated our small business functions into two main business areas within MBIE to significantly improve our support and enable small businesses to prosper.
- › We've introduced e-invoicing, which ensures businesses are paid faster and more efficiently, thereby helping them prosper and grow.
- › To support successful innovation-based business in New Zealand, we also funded and supported the Edmund Hillary Fellowship with the Global Impact Visa programme, which has seen 20 investments in New Zealand start-ups totalling \$4.3 million and actively assisted New Zealand start-ups to raise a further \$16.5 million of capital from international sources.
- › We enabled early access to the 5G spectrum to allow the telecommunications industry to move forward in their development and deployment of 5G services, giving New Zealand world-class connectivity and providing a platform for exciting new applications that can improve future livelihoods and ways of life.
- › Celebrating women's sport, we embraced the opportunity to co-host the FIFA Women's World Cup 2023 along with Sport New Zealand, New Zealand Football and their Australian counterparts. The joint bid and hosting will accelerate Australia and New Zealand's plans to achieve 50:50 gender participation in sport by 2027 and help us realise the benefits of such events in terms of economic impact, international profile and bringing our communities together.

# MBIE'S COVID-19 response

MBIE was one of the first New Zealand government agencies to face the challenges of COVID-19 given the presence of our offshore visa processing office in Beijing, which needed to be shut down back in January. Since then, we have played an integral leadership role in supporting the Government's 'Response' effort and the 'Recovery' and 'Rebuild' components.

This links to our purpose – *Grow New Zealand for All, Hīkina Whakatutuki*, which guides us in everything we do.

We were responsible for, or played a significant role, in five All of Government (AoG) workstreams:

- › Service Delivery
- › Essential Services
- › Supply Chain and Infrastructure
- › Economic
- › Border.

## Our response in numbers:


**50** papers were produced for Cabinet during the Response phase

**3,284**

calls answered on the Government Helpline Ministry of Social Development overflow

**481,525**

visits to [Employment.govt.nz](https://www.employment.govt.nz) (an increase of 83%)

 Temporary Accommodation Service (TAS) supported

**1,592** registered households, including

**790** households placed into TAS accommodation

**28,000**

email and

**15,000**

phone call queries about essential services

**2,400**

calls to the MBIE-operated Ministry of Foreign Affairs and Trade NZ Consular Division line

**4,100**

queries about wage subsidy and leave support were received

**2,900**

calls to the Wage Subsidy line

**6,700**

calls to the Employment Services contact centre

Over **2.25m** views on [business.govt.nz](https://www.business.govt.nz)

CERT NZ had **826** incidents reported in April 2020 – up from 407 average

**500**

MBIE people were seconded to the all-of-government response

**3,700**

enquires to Price Watch. The products with the most enquires were food products, face masks, sanitiser and cigarettes

The Business Boost tool received **102,934** views in 3 months

**452** requests for COVID-19 related information were responded to, including OIAs and Parliamentary Questions

**3,683** messages to the MBIE corporate social media channels, up by **800%**

Over **600** media enquires received and responded to



## MBIE's immediate response

**Service delivery** – Following key announcements, government agencies were required to triage and manage critical services. MBIE was the lead agency for the AoG workforce workstream which helped agencies define their key services and established criteria for assessing what was a priority in the running of the country in an emergency or alert status.

**Essential services** – MBIE quickly established and supported the **Essential Services** regime for the duration of Alert Level 4, supporting the Director General of Health and government decision-making on 'essential services'.

**Supply Chain and Infrastructure** – Throughout the response effort, MBIE was primarily responsible for maintaining the provision of critical national infrastructure services including energy, water, telecommunications, waste, supermarkets and freight/transport. MBIE also worked closely with a variety of stakeholders and other government agencies to ensure the continued safe and secure delivery of essential goods across New Zealand.

**Economic** – MBIE's economic work programmes were heavily focused on the immediate COVID-19 response and recovery.

**Border** – MBIE managed border restrictions set by the Government by managing the flow of people across the border, including the exemptions regime and supporting evacuation and repatriation flights. Additionally, MBIE supported border compliance operations through the AoG Community Compliance Centre.

In addition to work on the AoG response, MBIE prioritised essential work, and redeployed our people to respond to the pandemic. This included:

### TEMPORARY ACCOMMODATION SERVICE

**Temporary Accommodation Service** – The TAS team sourced accommodation for those who could not self-isolate, including New Zealanders, those returning home and international visitors. TAS also worked closely with the NZ Police and the Ministry of Health to identify suitable accommodation that could be used for quarantine purposes.

**Price Watch** – Due to the shopping restrictions in the alert levels, MBIE established the **Price Watch** service to help understand and monitor alleged price gouging. Over 3,700 email enquiries were received during COVID-19 Alert Levels 3 and 4 (92% of these were received during Alert Level 4). Products with the most enquiries were food products, face masks, sanitiser and cigarettes.

**Contact Centres** – MBIE's contact centres redeployed people to staff help lines relating to the wellbeing, livelihood and security of New Zealanders e.g. the Ministry of Foreign Affairs and Trade line that assisted those who were stranded overseas, the employment line helping employers and employees understand their rights and the government support they can access, the CERT NZ line for those who were vulnerable to cyber-related crime and the Immigration New Zealand line for those returning home or enquiring about the impact on visas.

## MBIE'S ongoing work

MBIE is involved in a number of workstreams focused on the recovery and rebuild phase of the COVID-19 response.

**Managed Isolation and Quarantine** – On 13 July 2020, MBIE took responsibility for managing isolation and quarantine arrangements for travellers returning to New Zealand. Managed isolation and quarantine is an important way to defend New Zealand against the threat of a re-emergence of the virus.



**Support to business** – MBIE is providing support to businesses across New Zealand to help mitigate the impacts of COVID-19 and the lockdown, as well as providing an environment where businesses can bounce back and thrive, in particular:

- › Funding provided for the Tourism Sector Recovery Plan to enable tourism-related businesses to both adapt and survive the impact of the virus.
- › Increasing the scale, intensity and reach of New Zealand Trade and Enterprise's (NZTE) support services for exporters.
- › Funding to Crown Research Institutes to cover shortfalls in commercial revenue due to COVID-19 and support the COVID-19 recovery.
- › Business.govt.nz acted as the government's central resource for small businesses navigating the COVID-19 pandemic. MBIE-developed guidance offered updates and practical tools for New Zealand business owners as they navigated the different Alert Level environments.
- › Cross-agency collaboration with Inland Revenue and the Treasury to develop practical support for businesses affected by COVID-19. This included Wage Subsidy and Leave schemes, Business Finance Guarantee scheme and the Small Business Cashflow Loan scheme.

**Support for employment and training** – MBIE is supporting initiatives that provide redeployment, retraining and upskilling opportunities. These initiatives include:

- › Three job and skills hubs for key construction and infrastructure projects, managed by the PDU.
- › He Poutama Rangatahi funding to accelerate its establishment in urban areas that have the greatest volumes of young people not in education, employment or training.
- › A worker redeployment package.
- › An end-to-end package of regulatory, policy and operational changes to reduce temporary migrant worker exploitation.

**Infrastructure support** – Additional support to New Zealand's infrastructure has been provided through the Infrastructure Industry Reference Group and the PDU. 'Shovel Ready' infrastructure projects have been prioritised and the PDU is supporting over 150 projects in provincial New Zealand. MBIE and the PDU are also supporting a number of projects that focus on renewable and sustainable energy. In addition, the PDU has focused on regional investment opportunities in short to medium-term capital projects that support regional economic development and other infrastructure investments as part of the PGF.

## Impact on MBIE's 2019/20 Financial and Performance Results and 2020/21 Financial Forecast

The COVID-19 pandemic has impacted on MBIE's 2019/20 financial and non-financial performance results in a number of ways.

MBIE incurred additional costs in 2019/20 responding to the immediate impact of COVID-19. These workstreams required additional staff, IT support and other related costs. These additional costs were funded via reprioritisation of funds and from the COVID-19 Response and Recovery Fund (CRRF).

The 2019/20 financial results have also been affected by reduced third party income in comparison to 2018/19, especially the impact of COVID-19 related border restrictions on immigration visa income. The impact on the 2019/20 financial results are discussed in further detail in the Financial Commentary on pages 80 to 86.

Additional workstreams detailed above, focusing on the recovery and rebuild phase of the COVID-19 response were funded by the CRRF. As a result, MBIE's departmental 2020/21 expenses are expected to increase by \$89.031 million compared to 2019/20, and non-departmental expenses to increase by \$1,493.236 million.

Impacts on non-financial performance results include:

- › Inability to report some performance measures as data was unable to be collected, for example, where we were unable to conduct surveys. Three output performance measures were unable to be reported due to data being unavailable.
- › Out of 35 outcome indicators, COVID-19 had an adverse impact on one.
- › Out of 190 output performance measures, 47 did not reach their target due to, or in part due to the impact of COVID-19.

## OUR ORGANISATION

MBIE is a large ministry with an ambitious and rewarding purpose – to Grow New Zealand for All. Everything we do at MBIE is about growing our economy and improving the lives and living standards of New Zealanders.

As a large agency with eight different business groups, we are committed to working towards delivering an integrated approach to both regulation and service delivery that leverages our size and scope.

MBIE’s size, scale and reach means we are well positioned to meet challenges to New Zealand’s wellbeing and growth. This has served us well over the last year, and remains critical going forward.

We are able to make the most of our scope and scale to deliver on significant government priorities with agility and pace.



### Our role

We are leaders, advisors, investors and regulators. We are one of the lead economic agencies and advise on business, sector and regional development. We invest in provincial growth, science and technology, digital communications and new and innovative research. We regulate to protect consumers, workers, businesses and those who arrive on our shores.

We believe that success is built on partnership. We embrace opportunities to collaborate with other government agencies, recognising the spirit of service to the community we share as public servants. We also appreciate the support we receive from a wide range of organisations and individuals outside of government.

We work in partnership with 26 Crown entities providing oversight and support (see page 18).

We work across the breadth of government – from early identification of issues, policy development, regulation, service delivery, and dispute resolution, through to monitoring.

We take our stewardship responsibilities seriously and always provide free and frank advice to government.

We are the functional lead for the government’s property and procurement function. We help government agencies deliver better public services for better value.

### Our statutory and operating framework

During the 2019/20 financial year MBIE was the lead agency in supporting 13 portfolios, and the appropriations we administered in 2019/20 covered 18 portfolios as detailed below. MBIE’s ownership minister, the Minister for Economic Development, is accountable to Parliament to ensure we carry out our functions properly and efficiently. MBIE’s Chief Executive is accountable for the leadership and overall performance of the organisation.

#### MBIE’s Votes and Portfolios – 2019/20

VOTE	PORTFOLIO
Business, Science and Innovation	Broadcasting, Communications and Digital Media
	Commerce and Consumer Affairs
	Economic Development
	Energy and Resources
	Infrastructure
	Māori Development
	Regional Economic Development
	Research, Science and Innovation
	Small Business
	State Services
Building and Construction	Tourism
	Building and Construction
	Greater Christchurch Regeneration
Labour Market	Housing
	ACC
	Employment
	Immigration
	Workplace Relations and Safety

## Senior Leadership Team (SLT)

MBIE's SLT ensures we focus our efforts and resources in the right areas at the right time. It also works to establish systems and processes so MBIE can perform effectively.

### SENIOR LEADERSHIP TEAM

<b>Carolyn Tremain</b>	Chief Executive
<b>Chris Bunny</b>	Deputy Chief Executive Building, Resources & Markets
<b>Suzanne Stew</b>	Deputy Chief Executive Market Services
<b>Greg Patchell</b>	Deputy Chief Executive Immigration
<b>Paul Stocks</b>	Deputy Chief Executive Labour, Science & Enterprise
<b>Robert Pigou</b>	Head of the Provincial Development Unit
<b>Megan Main</b>	Deputy Chief Executive Corporate Governance & Information
<b>Joanne Hughes</b>	Deputy Chief Executive Strategic Policy & Programmes
<b>Stewart McRobie</b>	Chief Financial Officer
<b>Oliver Valins</b>	Head of the Chief Executive's Office



### MBIE's Senior Leadership Team

Back row (left to right): Joanne Hughes; Chris Bunny; Greg Patchell; Stewart McRobie and Megan Main.  
Front row (left to right): Robert Pigou; Suzanne Stew; Carolyn Tremain; Paul Stocks and Oliver Valins.



## Our Organisational Strategy – Te Ara Amiorangi



## Mana Whakaruruhau – MBIE’s governance system

During 2019/20, MBIE’s governance structure included a number of subcommittees and advisory boards designed to support the SLT to strategically govern MBIE and to make effective and informed decisions. During 2019/20 our internal governance boards were as follows:

- › Finance sub-committee
- › Risk and Advisory committee
- › Investment Board
- › Regulatory Governance Board
- › Policy and procedures sub-committee
- › Wellbeing, health, safety and security committee

MBIE’s SLT approved a new governance structure in June 2020, effective from 1 July 2020. The new structure provides the architecture through which we will deliver our Organisational Strategy, Te Ara Amiorangi. It provides a place for us to:

- › determine what the Government and New Zealanders need from us
- › seek assurance that MBIE is on track to deliver our outcomes
- › provide kaitiakitanga, or stewardship, of MBIE.

## Managing risk

Managing risk is an integral part of our business. It helps us to clarify goals and objectives, identify what might stand in the way of their achievement, and to take appropriate actions to mitigate those risks. We are committed to developing and embedding risk management into our culture, governance, business planning and decision-making processes.

Our Risk Management Policy and Framework collectively express the way we manage risk at MBIE. The Risk and Advisory Committee provides independent, objective advice on our Risk Management Framework and insight on risks and how MBIE is responding to these.

Managing risk is the responsibility of everyone at MBIE, and our people are supported in this by our Enterprise Risk and Compliance team. Our Internal Assurance team provides independent assurance to our Chief Executive and the Risk and Advisory Committee that our risks are being managed effectively. They reviewed a number of areas this year and provided real time assurance to our SLT during the COVID-19 lockdown. The role of the Enterprise Risk and Compliance and Internal Assurance during the COVID-19 lockdown was evident in the support they provided to the SLT both in identifying and managing risks.

## Our culture

At MBIE, our way of working and our behaviour is guided by our values, which help create an inclusive culture.

Work continues on embedding our values which provide us with a common language that guides our way of working together. They define how our people will behave towards each other, our customers, the partners we work with, and how we work to serve the people of New Zealand.



Our values are:

- › **Māia – Bold and Brave:** We are curious and strive to be innovative, challenge the status quo and explore new ideas.
- › **Pae Kahurangi – Build Our Future:** We learn from the past to shape the future and listen to lead the way.
- › **Mahi Tahī – Better Together:** We will work more collaboratively, sharing our knowledge, treating each other with respect and connecting with others in the public sector and with our communities.
- › **Pono me te Tika – Own It:** We will take responsibility for our decisions and actions and be accountable to ourselves and to the public we serve.



Photo: People Experience Hub participants

**Spirit of service:** Alongside our values, MBIE’s culture embraces a spirit of service. Spirit of service is about respecting the experience of others, delivering our services to grow New Zealand for all and working together (Mahi Tahī) with other public sector agencies to achieve shared outcomes that make the biggest difference for New Zealanders.

## Our people

Our people are our greatest strength. With over 5,000 people as part of our whānau, we want to make sure MBIE is a great place to work. Our organisational priorities ensure we keep our people safe and well, make them feel a valued part of the team, and nurture their spirit of service. We are committed to developing people and skills.

We are committed to having a positive **health, safety and wellbeing culture** backed by sound practices, policies and procedures. We want everyone to enjoy work and go home safely every day. Our Ora strategy and work programme addresses mental and physical health issues, including bullying and harassment, fatigue, drugs and alcohol misuse, and stress and health monitoring, along with a particular focus on the management of critical risks. Our Te Puna Ora hub provides a range of supporting materials and access to help.

At MBIE we believe an inclusive environment recognises, values and respects the differences of our people, allowing everyone to be the best they can be. We strive to reflect, embrace and nurture the communities we serve and want to provide an environment for our people to be their unique selves, celebrate their differences and leverage diversity.

Further information on our Inclusion and Diversity (I&D) and Wellbeing, Health and Safety (WHS) programmes is provided on the following pages.

Our Career and Pay Progression (CAPP) framework was jointly developed with the Public Service Association and launched in October 2019. CAPP includes a steps-based pay framework that focuses on lifting competency and capability in our workforce. In line with Government expectations, the framework aims to deliver across four key pay outcomes:

- › closing the gap between highest and lowest earners
- › ensuring rates of pay are included in collective agreements
- › moving away from performance-related pay and towards a focus on lifting competency and capability
- › providing a good foundation to support MBIE’s gender pay action plan.

## Inclusion and Diversity

We want MBIE to be a safe and inclusive place to work where people have a strong sense of belonging, are comfortable bringing their whole selves to work, feel safe to raise concerns around non-inclusive behaviour, and are supported in their opportunities for growth.

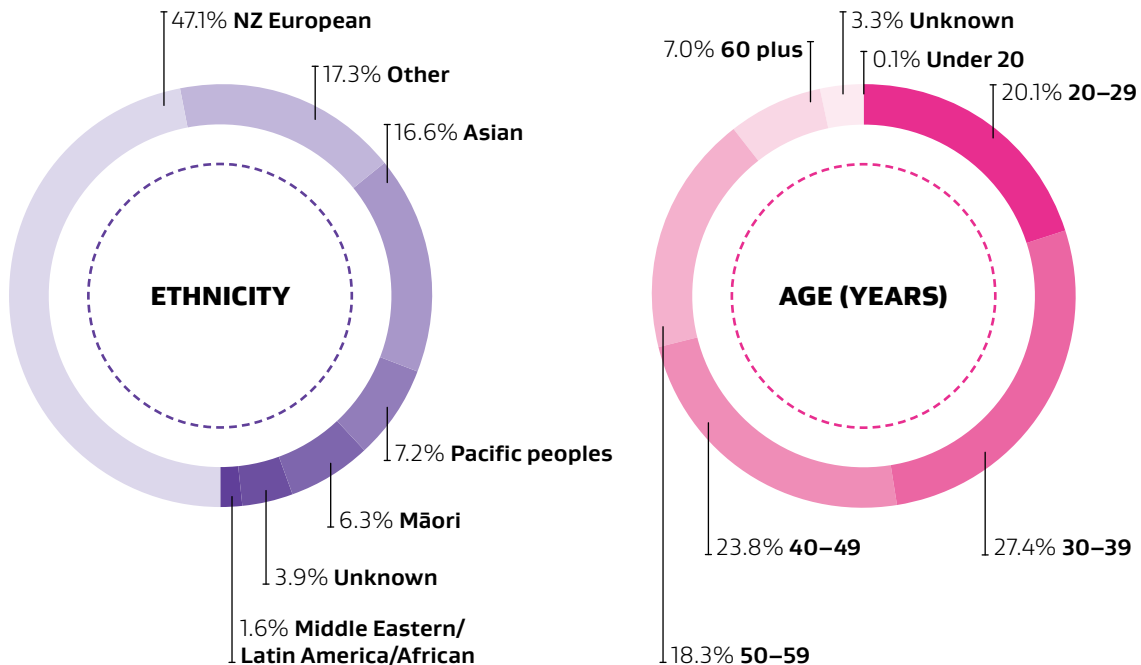
We have refreshed our I&D strategy, and our programme of work is focused on three work programmes – People, Environment and Policies – to lay strong foundations and build an organisation that reflects, embraces and nurtures the communities we serve.

We continue to encourage our employee-led networks to create opportunities for our people to engage, learn and play a role in creating an inclusive and diverse workplace. Our networks include:

- › Ngāi Kahukura, Rainbow Network
- › Women in Leadership
- › Te Aumangea, Mental Health Network.



The ethnicity and age mix of our workforce is as follows.



**Note:** Based on permanent and fixed-term employees as at 30 June 2020. The data excludes employees on leave without pay and parental leave, casual employees and locally engaged staff based offshore.

Our **Gender Pay Action Plan** was finalised in May 2020 and we are working towards closing the gender pay gap in same and like-for-like roles by December 2020. MBIE’s overall gender pay gap has been steadily reducing from 20.2 per cent in June 2016 to 15.6 per cent in June 2019. As at 30 June 2020, the overall gender pay gap stood at 13.8 per cent. Women make up 61.5 per cent of our employees.

We are committed to the Panel Pledge. Last year, MBIE’s Chief Executive, Carolyn Tremain, signed the Panel Pledge, pledging to actively consider diverse voices when asked to participate on panels or at any speaking engagements.

Our refreshed **I&D strategy** and structured work programme builds a more inclusive culture which is driven by our values and has a bicultural lens. This follows last year’s I&D survey results. Our work programme is strongly focused on addressing the five Papa Pounamu priority commitments to:

- › address bias and discrimination
- › strengthen cultural competency
- › build inclusive leadership
- › develop relationships that are responsive to diversity
- › support and engage with employee-led networks.

We have run several People Experience Hubs to understand the experience of our different population groups and identify actions we can take to remove barriers to inclusion.

We are working towards having more accessible and timely information related to I&D on Te Taura (our intranet).

We are developing an MBIE I&D learning programme and internal communications campaign to raise awareness and strengthen cultural competency with Reflect, Embrace and Nurture serving as our guiding principles. Mana Āki is a foundation-level intercultural competence learning programme, developed by MBIE, New Zealand Police and the Department of Internal Affairs with the Open Polytechnic. It was piloted in 2019 and received international recognition at the OECD’s High-Level Policy Forum on Migration and Integration in Paris in January 2020. The programme is being rolled out across MBIE in the second half of 2020 and will be made freely available to the wider public sector. In addition, we have been delivering inclusive leadership sessions at the New People Leader Orientations over the last year.



Our employee-led networks (Rainbow, Mental Health and Women in Leadership) are all sponsored by a senior leader. The networks help our people to connect, create opportunities for our people to engage and learn about topics relating to their network, and allow people to advocate for the needs of their network members.

We are committed to the Accessibility Charter and continue to work towards making sure all our information intended for the public is accessible and that everyone can interact with our services in a way that meets their individual needs. MBIE responded to the changes in the New Zealand Government Web Accessibility Standards through training and education of staff working in the digital channels areas, and our policy and service design guidance makes explicit reference to I&D in co-design with our business groups. In terms of our workforce, our commitment to the Charter is part of our I&D strategy. MBIE is committed to reasonably accommodating the needs of people with disabilities and supporting their health and wellbeing; this is underpinned by our WHS policy and standards.

## Wellbeing, Health and Safety

**Ora** – our Wellbeing Strategy – aims to improve the overall wellbeing and health of our people at MBIE. Balanced and healthy individuals combine to create healthy teams, which lead to healthy organisations that are more productive. Good health in all aspects is central to our overall wellbeing.

Improving the wellbeing of New Zealanders begins with improving the overall wellbeing of our people. Creating a safe, inclusive workplace at MBIE where our people are supported to be the best they can be aligns to our people-centred approach to shaping our culture. This, underpinned with MBIE's values, will help us to deliver on our purpose, to Grow New Zealand for All.

MBIE has made good progress in the last year to raise awareness, increase understanding, provide better support and develop new tools to drive better outcomes from a WHS perspective. Our goal is to lift the bar to new levels.

In 2019, MBIE achieved Secondary Level accreditation as a member of the ACC Employers Programme. We continually look for ways to improve with the aim of achieving Tertiary Level.

Over the last year, MBIE has conducted critical risk reviews around the country. We actively monitor critical risks by collating information from training records, incident reports, smart tools such as iAuditor and GetHomeSafe, and the National Communications Centre. Monthly reports are prepared for all branches of MBIE that have front-facing or field workers, outlining the number and trends of critical risk work activities undertaken. We have also begun tracking causal factors via the Zambion incident reporting tool for all incidents involving critical risk. This will help us identify underlying causes and will ultimately provide vital information regarding the implementation of useful controls.

Over the last year, MBIE carried out the following work towards managing critical risks:

- › **Driving:** This is viewed as MBIE's biggest critical risk. Our efforts have been centred on developing a better understanding of the causal factors behind driving accidents and near misses so we can continue to put appropriate protocols and programmes in place.
- › **Violence and aggression towards our people:** A comprehensive training programme has been established for MBIE people in roles that potentially expose them to threats of violence and aggression. We have started to include specific reporting mechanisms of abusive and threatening telecommunications, such as those that occur in our service centres, with a view to identifying any trends in this risk profile.





- › Our response to COVID-19 has **driven a range of controls being introduced to support our people**. This has included strict daily health check protocols for our border teams, including appropriate use of personal protective equipment and people self-isolating if they show any signs of illness or pose any risk of spreading the virus.
- › Work is also underway to strengthen controls around psychological harm. Regular information has been provided to people regarding the effects of psychological harm and how to minimise and respond to it.

Our workers engage in WHS through a variety of roles and ways. A network of over 280 WHS worker representatives and over 80 WHS manager representatives are trained and supported to champion WHS issues across the country, in addition to trained first aiders and floor wardens. All MBIE people have access to a WHS representative at their site. Site subcommittees meet monthly.



Carolyn Tremain with the MBIE WHS Rep Award winners at the WHS Rep conference in October 2019.

There are three work group subcommittees comprised of representatives from our field, front-facing and office workers. Three WHS representatives from each of these work group subcommittees attend the quarterly meeting of the Health, Safety and Security Steering Committee. The Health, Safety and Security Governance Committee provides strategic direction to the Steering Committee.

Our Te Puna Ora intranet pages provide a wealth of useful practical information for staff on how to manage their wellbeing and where to go for help.

The following incidents, grouped by type, were reported:

TYPE	2019/20	2018/19
Incident reports related to our critical risks	240	224
Events resulting in injury	154	179
Events with no injury or superficial injuries	46	55
Work-related Accident Compensation Corporation (ACC) claims	71	68
Incidents requiring notification to WorkSafe New Zealand under the <i>Health and Safety at Work Act 2015</i>	–	–
Early report pain or discomfort reports	705	457
Near miss	283	285



# GROW NEW ZEALAND

## Hīkina Wh

### ECONOMIC PERFORMANCE

Productive and sustainable use of resources across New Zealand.



### WHAT SUCCESS

Prosperous and adaptable people, sectors, and regions.

People are skilled and engaged in safe and fulfilling work.

Informed consumers and businesses interacting with confidence.

# LAND FOR ALL

## akatutuki

### PARTICIPATION

People are confident to participate in fair and thriving markets.



### LOOKS LIKE

Value is sustainably derived from the natural environment.

A dynamic business environment fostering innovation and international connections.

## Crown entities we partner with

We work in partnership with 26 Crown entities providing oversight and support.





## MBIE OUTCOMES

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Our strategic intentions are underpinned by our purpose and outcomes framework. To pursue these goals, MBIE focuses on five outcome areas. This section of the report provides information on our progress towards these outcomes.

A suite of outcome indicators was developed for our outcome framework and is included in our Statement of Intent 2018–2022. We consider that our outcome framework continues to be valid in the current COVID-19 environment with its focus on economic performance and participation.

COVID-19 restrictions have impacted on performance reporting in two main ways: by reducing our ability to collect performance data and by making it harder to achieve performance targets and desired trends. The following sections contain commentary on this impact by outcome indicator and output performance measure.

Outcome indicators and our output performance measures are different ways of assessing performance and therefore cannot necessarily be looked at together. Our output performance measures assess whether we have achieved specific services or functions that collectively support the overall achievement of our outcomes. These services and functions tend to be under our direct influence and over a shorter time period.

Our outcome indicators represent movement towards our longer-term goals and are trend-based. They need to be viewed over the long term (multi-year) and are not wholly within MBIE's control. However, they provide a view of whether we are moving in the right direction towards the outcomes. All outcome indicators are reported using the most up-to-date data available at the time of analysis.

# OUTCOME ONE: PROSPEROUS AND ADAPTABLE PEOPLE, SECTORS AND REGIONS



SPEND: \$704 million

The world is changing and evolving at an increasing pace, and it is important that people, sectors and regions can adapt to ensure prosperity in our current environment, and as we prepare for an uncertain world.

Our work at MBIE supports the many diverse communities that make up New Zealand and helps regions identify opportunities to improve local economic growth, community wellbeing and contribute to New Zealand's overall prosperity.

Our priorities with this outcome include lifting productivity and generating more fulfilling jobs, lifting the amount and impact of research, development and innovation, and developing key sectors that drive growth at regional and national levels.







Productivity statistics are often analysed across growth cycles. Average annual labour productivity growth of 1.0% in the current cycle (2008 to present) is slightly less than what was experienced in the previous cycle (1.3% from 2000 to 2008).

The Government's wage subsidy scheme continues to be one of the main pillars steadying the economy during COVID-19 and has had the intended effect, with reported layoffs in New Zealand significantly lower than in Australia, despite a larger fall in business revenues in New Zealand.

Although working from home was an involuntary change for many New Zealanders, the sentiment to continue with these arrangements signal a huge change in our work behaviour and a willingness and ability to adapt rapidly to changing circumstances.

While incomes are down due to COVID-19 (with people earning less due to the closure of some workplaces), wellbeing remains high. Statistics show New Zealanders generally feel good about the state of their world, despite the state of the world.

## What we're working towards

PERFORMANCE MEASURE	INDICATOR	TREND	COMMENTARY
<b>Increase household incomes</b>	Total real household median weekly income from all sources, by region	Current  Desired 	Total real household median income (from all sources, based on 2012 prices) in the year to June 2020 was \$1,586 per week, a decrease of \$36 or 2.2% compared to 2019. This decrease comes after nearly a decade of increases. Labour market statistics were collected throughout the June quarter, and so represent the average state of the labour market across all four alert levels. Also, the COVID-19 Wage Subsidy mitigated some of the effects of the lockdown, which can be seen in some of the common indicators.
<b>Increase labour productivity</b>	Labour productivity growth	Current  Desired 	Labour productivity growth was 0.5% in the year to March 2019, down from 0.6% in the previous year. The five-year (2014–2019) compound annual growth rate was 0.8%, down from 0.9% in the previous period (2013–2018).
<b>Decrease income inequality</b>	Percentile ratio (P80:20) of household income after housing costs for all households	Current  Desired 	Income for the top 20% of households was 3.05 times that of the lowest 20% (after adjusting for housing costs) in 2018. This ratio is a measure of household income inequality. The five-year average value was 3.07. While this five-year average has fallen slightly in the last few years, it has been fairly stable since 2011.





## OUTCOME TWO: PEOPLE ARE SKILLED AND ENGAGED IN SAFE AND FULFILLING WORK



SPEND: \$2,077 million

People need work that provides fair pay. But work is more than simply income; it can give people a sense of purpose and allow them to develop skills, experience and social connections.

Skilled people do better socially and economically and are more resilient to change. They also help businesses to drive innovation and productivity, growth and global competitiveness.







Work must be healthy and safe, and provide fair employment conditions, and MBIE has a key role to play in this.















The gender wage gap slipped back a little in the latest employment survey, though remains on a narrowing trend. Recent wage settlements and pay equity decisions will help to alleviate some of the difference.

Unemployment remained steady across the year, which could be viewed as a positive result given the expected impact of COVID-19, although many people worked little or no hours at their jobs during the high alert levels. This result does underscore the apparent resilience in New Zealand's labour market as well as the success of the wage subsidy programme.

Relative to many comparable countries, New Zealand is performing admirably, although it is uncertain whether this will continue once the wage subsidy scheme runs its course.

### What we're working towards

PERFORMANCE MEASURE	INDICATOR	TREND	COMMENTARY
Increase skilled workforce	Qualification attainment rate: Percentage of 25–34-year-olds with New Zealand Qualifications Framework (NZQF) level 4 qualifications or above	Current  Desired 	The qualification attainment rate for young adults (measured by the percentage of 25–34-year-olds with NZQF level 4 qualifications or above) was 57.8% in the quarter to June 2020, 0.95 percentage points lower than in the quarter to June 2019. This decrease comes after a consistent upward trend since 2015. Labour market statistics were collected throughout the June quarter, and so represent the average state of the labour market across all four alert levels. Also, the COVID-19 Wage Subsidy mitigated some of the effects of the lockdown, which can be seen in some of the common indicators.
	Skilled occupation rate	Current  Desired 	The skilled occupation rate is the proportion of people employed in an occupation assessed as 'skilled or higher' by the Australian and New Zealand Standard Classification of Occupations (ANZSCO). In the quarter to June 2020 it was 63.4%, 0.2 percentage points higher than in the quarter to June 2019. This rate has been increasing steadily since 2004. Labour market statistics were collected throughout the June quarter, and so represent the average state of the labour market across all four alert levels. Also, the COVID-19 Wage Subsidy mitigated some of the effects of the lockdown, which can be seen in some of the common indicators.
Increase skill matching of migrants	Proportion of employed principal migrants whose occupations in New Zealand match their skills and NZ-ready qualifications	Current  Desired 	The proportion of employed principal migrants whose occupations in New Zealand match their skills and New Zealand-ready qualifications remained steady compared to the year before. The proportion in the year to December 2019 was 89%, very similar to the result of 88% in the year to December 2018.

PERFORMANCE MEASURE	INDICATOR	TREND	COMMENTARY
<b>Increase employment</b> Split by ethnicity, region	Total employment rate	Current 	The seasonally adjusted employment rate in the quarter to June 2020 was 66.9%, compared to 67.5% in the quarter to June 2019. Despite this small decrease, the employment rate is still near its highest level in over 20 years. Labour market statistics were collected throughout the June quarter, and so represent the average state of the labour market across all four alert levels. Also, the COVID-19 Wage Subsidy mitigated some of the effects of the lockdown, which can be seen in some of the common indicators.
		Desired 	
<b>Reduce underutilisation</b>	Total underutilisation rate	Current 	The seasonally adjusted underutilisation rate in the quarter to June 2020 was 12.0%, an increase compared to the quarter to June 2019, when it was 11.1%. Labour market statistics were collected throughout the June quarter, and so represent the average state of the labour market across all four alert levels. Also, the COVID-19 Wage Subsidy mitigated some of the effects of the lockdown, which can be seen in some of the common indicators.
		Desired 	
<b>Reduce unemployment</b>	Total unemployment rate	Current 	The unemployment rate remained steady. The seasonally adjusted unemployment rate was 4.0% in the quarter to June 2020, the same as in the quarter to June 2019. Labour market statistics were collected throughout the June quarter, and so represent the average state of the labour market across all four alert levels. Also, the COVID-19 Wage Subsidy mitigated some of the effects of the lockdown, which can be seen in some of the common indicators.
		Desired 	
<b>Reduce proportion of people not in employment, education or training (NEET)</b>	NEET rate (15–24 years)	Current 	The seasonally adjusted proportion of youth (aged 15–24 years old) not in employment, education or training (NEET rate) increased to 12.5% in the quarter to June 2020, from a decade low of 10.5% in the quarter to June 2019. Labour market statistics were collected throughout the June quarter, and so represent the average state of the labour market across all four alert levels. Also, the COVID-19 Wage Subsidy mitigated some of the effects of the lockdown, which can be seen in some of the common indicators.
		Desired 	
<b>Increase pay equity</b>	Difference in median hourly earnings for men and women	Current 	The gender pay gap (measured by the percentage difference between men's and women's median hourly earnings) was 9.5% in the year to June 2020. This is similar to 2019 when it was 9.3%. Labour market statistics were collected throughout the June quarter, and so represent the average state of the labour market across all four alert levels. Also, the COVID-19 Wage Subsidy mitigated some of the effects of the lockdown, which can be seen in some of the common indicators.
		Desired 	
<b>Reduce fatal and serious work-related injury</b>	Fatal injury rate (age standardised rate per 100,000 FTE workers)	Current 	The three-year average fatal injury rate (age standardised rate per 100,000 full-time equivalent (FTE) workers) remained at 2.1 for the period 2016–2018 (provisional figures), the same as it was in the previous three-year period (2014–2016).
	Desired 		
	Serious non-fatal injury rate (age standardised rate per 100,000 FTE workers)	Current 	In 2018, the serious non-fatal injury rate (age standardised rate per 100,000 FTE workers) increased to 17.3 from 16.9 in the previous year.
		Desired 	



# OUTCOME THREE: INFORMED CONSUMERS AND BUSINESSES INTERACTING WITH CONFIDENCE



SPEND: \$496 million

By setting rules and defining rights, MBIE allows business to operate effectively while protecting consumers from harm. MBIE supports consumers, tenants, landlords, workers and businesses by providing information and services. We help to set and enforce market rules and regulations across a range of areas, including the building and construction market and telecommunications sector.

This delivers broader benefits such as business confidence; safe, healthy and vibrant communities; and a fair, regulated and well-functioning market allowing participation and trading with confidence and ease.

While consumers are generally trusting and confident when purchasing goods and services in New Zealand, consumer confidence fluctuated throughout the year with worries about employment. Overall there has been widespread support for the actions taken by government in the way it has handled its response to the COVID-19 outbreak.

Business confidence saw significant improvement since the end of Alert Level 4, but sentiment remains below the Global Financial Crisis lows with some sectors (e.g. retail) and regions (e.g. Auckland) remaining pessimistic.

Many of the key metrics from the New Zealand Companies Office suggest business activity was returning to more normal levels prior to the recent resurgence in Auckland.

## What we're working towards

PERFORMANCE MEASURE	INDICATOR	TREND	COMMENTARY
<b>Increase consumer awareness</b>	Percentage of adult consumers who know at least a moderate amount about their rights as a consumer	Current N/A Desired	There is no data update in 2020 for this indicator because the survey is run every two years. The results of the next survey will be reported in MBIE's 2020/21 Annual Report.  In 2018/19 we reported that less than half (46%) of adult consumers feel they know at least a moderate amount about their rights as consumers. This was lower than in 2016, when 51% of consumers said they knew at least a moderate amount.
<b>Increase consumer confidence in business</b>	Percentage of adult consumers who agree that in New Zealand you can generally buy products and services and feel confident that businesses will do the right thing and not try to mislead or cheat you	Current N/A Desired	There is no data update in 2020 for this indicator because the survey is run every two years. The results of the next survey will be reported in MBIE's 2020/21 Annual Report.  In 2018/19 we reported that in 2018, 74% of consumers agreed that New Zealand businesses will do the right thing and not try to mislead or cheat them. This was slightly lower than 75% in 2016.

PERFORMANCE MEASURE	INDICATOR	TREND	COMMENTARY
<b>Improve access to dispute resolution services</b>	Percentage of consumers who agree there is adequate access to services that help to resolve disputes between consumers and business	Current N/A Desired 	There is no data update in 2020 for this indicator because the survey is run every two years. The results of the next survey will be reported in MBIE's 2020/21 Annual Report.  In 2018/19 we reported that in 2018, 44% of consumers agreed that there was adequate access to services that help resolve disputes between consumers and businesses (down from 49% in 2016).
<b>Increase tenancy mediation satisfaction</b>	Percentage of clients satisfied based on their last interaction with the tenancy mediation services	Current  Desired 	The percentage of clients satisfied with the overall quality of tenancy mediation services in the year to June 2020 was 71%, a decrease from 76.3% in 2019. It is highly likely that the June 2020 survey was impacted by the COVID-19 response – the number of potential participants was lower for the quarter to June 2020, and several of the open-text responses specifically mention COVID-19 as having impacted on their mediation experience.
<b>Increase employment mediation customer satisfaction</b>	The percentage of clients satisfied based on their last interaction with the employment mediation services	Current  Desired 	The percentage of clients satisfied with the overall quality of employment mediation services in the quarter to December 2019 was 75%, the same as it was in the quarter to December 2018. Because of the COVID-19 response, the March 2020 survey was delayed and so the results are not comparable with the previous year's and are not being used here.
<b>Improve the business experience when dealing with government</b>	Customer Experience Index (CXI)	Current  Desired 	The Better for Business (B4B) CXI measures the quantity and quality of overall customer experiences for businesses when dealing with government or complying with government requirements. It ranges from 1 (least positive) to 100 (most positive). In the 6 months to December 2019, the CXI decreased to 52 compared to 55 in the 6 months to June 2019 and 57 in the 6 months to June 2018. Because of the COVID-19 response, the sample size during February and March 2020 was too small for reliable results, hence they are not being used.
<b>Improve the experience for applicants applying for visas</b>	The percentage of visa applicants satisfied with their overall experience of applying for a visa	Current  Desired 	In the year to June 2020, 78% of visa applicants were satisfied with their overall experience of applying for an Immigration New Zealand visa. This is a decrease compared to 2019, when the result was 81%.  A total of 9,317 respondents completed the survey – a response rate of 35%. The result has a margin of error of ±1.0%. SurveyMonkey was used to collect results.
<b>Reduce burden of government regulations on institutions</b>	Burden of government regulations on institutions	Current  Desired 	The burden of government regulation index measures how burdensome it is for companies to comply with public administration requirements (1 = extremely burdensome, 7 = not burdensome at all). New Zealand's value on this scale was 4.1 in 2019 (9th in the OECD), slightly lower than its value of 4.4 in 2018 (6th in the OECD).

# OUTCOME FOUR: VALUE IS SUSTAINABLY DERIVED FROM THE NATURAL ENVIRONMENT



SPEND: \$366 million

New Zealand’s natural environment is important to our sense of identity and has great cultural and recreational significance. It also supports much economic activity.

MBIE’s role is to help New Zealand transition to a low-carbon economy while managing the impact on the future of work and workers. It is also our job to work with scientists and innovators to develop technologies that will more efficiently manage natural resources.

Energy intensity, or the amount of energy used to produce each dollar of GDP, continued to improve. However, there is considerable scope for further improvement with New Zealand the sixth most energy-intensive economy in the OECD and an energy intensity 18% higher than the OECD average.

The development of electric vehicles (EVs) is a potential mitigation to greenhouse gas emissions in New Zealand. According to the Ministry of Transport, New Zealand is well placed to benefit from electric vehicles. Utilities companies are increasing infrastructure investment in anticipation of higher adoption of new technologies (and likely requirements for peak-time charging).

One aspect of the lockdown was significantly reduced traffic volumes as people stayed at home, and goods were not transported around the country as much. This led to New Zealand’s greenhouse gas emissions dropping considerably during Alert Level 4.

## What we’re working towards

PERFORMANCE MEASURE	INDICATOR	TREND	COMMENTARY
<b>Reduce net greenhouse gas emissions (using levers that MBIE has available)</b>	Net greenhouse gas emissions	Current Desired	New Zealand’s net greenhouse gas emissions (including land use, land-use change and the forestry sector) were 55,468 kilotons (kt) carbon dioxide equivalent (CO <sub>2</sub> -e) in 2018. This is a small drop since a high of 56,931 kt CO <sub>2</sub> -e in 2017.
<b>Increase sustainability of New Zealand’s energy system</b>	Percentage of total primary energy supply (TPES) coming from renewables	Current Desired	In 2019, the percentage of TPES from renewable energy sources (including hydro, wind, geothermal, solar, woody biomass, biogas and liquid biofuels) was 39%, slightly lower than in the previous year when it was 40%.
<b>Increase efficiency of New Zealand’s energy system</b>	Energy intensity (based on mega joules per dollar of GDP in real 2009/10 prices)	Current Desired	Energy intensity in the year to March 2019 was 2.35 mega joules , down from 2.39 mega joules in the year to March 2018, used per dollar of gross domestic product (GDP) (in real 2009/10 prices), continuing a long downward trend.



# OUTCOME FIVE: A DYNAMIC BUSINESS ENVIRONMENT FOSTERING INNOVATION AND INTERNATIONAL CONNECTIONS



SPEND: \$1,897 million

New Zealand companies need investment and the right connections to be able to imagine more, produce more and achieve more for New Zealand.

The business environment is affected by global economic, social, technological and demographic trends as well as domestic factors such as culture, social norms and more formal influences like regulation. This makes the right connections critical to successful innovations.




Our role is to create a business environment that will encourage innovation. To achieve this, MBIE strives to make it easier for businesses to work with government and reduce barriers for businesses to secure investment opportunities.

New Zealand’s strict lockdown rules in Alert Level 4 meant that it was one of the most closed economies in the world during that time. However, the success of the restrictions on health outcomes means that New Zealand is now one of the least restrictive jurisdictions.

An example of how people were able to adapt is that despite the restrictiveness during Alert Level 4, broadband usage climbed in that time, largely due to the increase in video conferencing.

The ability to work from home (WFH) has increased considerably in recent times with the availability of reliable video-conferencing. Accessibility to high levels of data has also been crucial. By March, at the start of Alert Level 4, 91% of the planned ultra-fast broadband (UFB) build had been completed meaning the sudden surge in WFH and data demand was able to be catered for.



















## What we’re working towards

PERFORMANCE MEASURE	INDICATOR	TREND	COMMENTARY
<b>Increasing the proportion of businesses exporting</b>	Percentage of firms exporting	Current  Desired 	The percentage of firms exporting improved to 25.6% in the year to August 2019, up from 24.0% in 2018.
<b>Increase in firms collaborating internationally for innovation</b>	Percentage of firms collaborating internationally for innovation <sup>1</sup>	Current  Desired 	The percentage of firms collaborating internationally for innovation in 2019 was 4.3%, very similar to the result of 4.2% in 2017 and a small decrease from the decade high of 4.7% in 2015. The 2019 result is close to the 10-year average (from 2009 to 2019) of 4.2%.

<sup>1</sup> This performance measure is not an official statistic. It has been created for research purposes from the Integrated Data Infrastructure (IDI) managed by Stats NZ.

**Note:** The opinions, findings, recommendations and conclusions expressed in this report are those of the author(s), not Stats NZ. Access to the anonymised data used for these measures was provided by Stats NZ in accordance with security and confidentiality provisions of the *Statistics Act 1975*. Only people authorised by the *Statistics Act* are allowed to see data about a particular person, household, business or organisation, and the results in this report have been confidentialised to protect these groups from identification.



PERFORMANCE MEASURE	INDICATOR	TREND	COMMENTARY
<b>Increase in firms reporting innovative activity</b>	Firm innovation rate	Current  Desired 	In the year to August 2019, the total innovation rate was 46%, very similar to the previous result of 47% (year to August 2017). This indicator is a measure of the proportion of businesses that innovate. Innovation includes developing and implementing new products, business processes, and marketing methods.
<b>Increase business research and development expenditure</b>	Business expenditure on research and development as a percentage of GDP	Current  Desired 	Business expenditure on research and development as a percentage of GDP increased from 0.73% in 2018 to 0.79% in 2019.
<b>Increase access to ultra-fast broadband</b>	Percentage of households and businesses able to connect to ultra-fast broadband in New Zealand	Current  Desired 	The percentage of households and businesses able to connect to ultra-fast broadband in New Zealand increased to 82% in the quarter to March 2020, up from 75% in the quarter to March 2019.
<b>Increase business dynamism</b>	Average 5-year growth in employment in new businesses <sup>1</sup>	Current  Desired 	The average five-year employment growth rate for the period 2013–2018 was 28.2%, slightly higher than the growth rate for 2012–2017, which was 27.9%.
<b>Increase capital intensity</b>	Net capital stock per capita	Current  Desired 	Net capital stock per capita (an indicator of New Zealanders' wealth) increased to \$142,886 in the year to March 2019, up 1.5% on the previous year, which is consistent with a five-year compound annual growth rate of 1.1% over the 2014–2019 period.
<b>Increase productive capital investment</b>	Proportion of net capital stock that is not residential	Current  Desired 	The proportion of net capital stock that is not residential buildings (an indicator of productive capital investment) remained at the high level of 56.5% in the year to March 2019, which is about the same as it was the year before (56.4%).
<b>Increase early stage capital investment</b>	Capital investment in early stage companies <sup>2</sup>	Current  Desired 	The capital investment in early stage companies, estimated by PwC's <i>Startup Investment</i> magazine, was \$128.7 million in 2019. This is a 10% increase from \$116.9 million in 2018.
<b>Improve quality of foreign direct investment (FDI)</b>	Potential direct economic impact (pDEI) multiplier: ratio of pDEI to foreign direct investment (FDI) <sup>7</sup>	Current  Desired 	The pDEI multiplier, measured by the ratio of pDEI to FDI, was 3.5 in the year to June 2020. This is a 10% decrease compared to the ratio value of 3.9 in 2019.  pDEI is a tool used by NZTE to estimate the potential benefits to New Zealand from the investment deals that it facilitates.  The pDEI multiplier is a proxy of economic impact to dollar of FDI attracted (FDI quality).
<b>Maintain position in the World Bank Ease of Doing Business Survey</b>	Ease of doing business ranking	Current  Desired 	New Zealand ranked top in the World Bank Ease of Doing Business Survey in 2020 for the fourth consecutive year. The Ease of Doing Business Survey assesses the regulations of 190 different nations for the ease with which business is done.

<sup>2</sup> The methodology for this indicator has been refined since the MBIE Statement of Intent 2018–2022. The refined version directly uses the start-up investment estimated by PwC's *Startup Investment* magazine as proxy for capital investment in early stage companies.



## OUR SERVICES AND FUNCTIONS – OUTPUT MEASURES

### OUTPUT MEASURES AND STATEMENT OF BUDGETED AND ACTUAL EXPENSES AND CAPITAL EXPENDITURE INCURRED

This section of the report includes information on the performance for services delivered through the year that contributed to the achievement of our outcomes. This includes information on some services delivered by Crown entities where they were funded by multi-category appropriations (MCAs)<sup>3</sup>, multi-year appropriations (MYAs) and permanent legislative authorities (PLAs).

Performance information replicates wording as set out in the 2019/20 Main Estimates, Supplementary Estimates and Addition to the Supplementary Estimates across Votes Building and Construction; Business, Science and Innovation; and Labour Market.

The statement of budgeted and actual expenses and capital expenditure incurred reflects the activities of MBIE as set out in the 2019/20 Main Estimates, Supplementary Estimates and Addition to the Supplementary Estimates of Appropriations, for Votes Building and Construction; Business, Science and Innovation; and Labour Market.

<sup>3</sup> Section 15C of the *Public Finance Act 1989* was amended for MCAs. The amendment changes who provides end-of-year performance information if the resources from the MCA are used only by a Crown entity, where they must provide end-of-year performance information (s15C(2)(a)(i)). As a result of this change, the location of reporting information previously reported by MBIE for MCAs used solely by the Commerce Commission, Callaghan Innovation, Financial Markets Authority, and the New Zealand Venture Investment Fund was changed to their annual reports from 2019/20 onwards through the Vote Business, Science and Innovation 2019/20 Supplementary Estimates. Reporting locations are provided in the expenditure sections for each outcome.



# OUTCOME ONE: PROSPEROUS AND ADAPTABLE PEOPLE, SECTORS AND REGIONS



Achieved 28 out of 36 output performance targets

VOTE BUILDING AND CONSTRUCTION		2019/20		2018/19
Appropriation	Performance measures	Target	Actual	Actual
<b>Temporary Accommodation Services MCA</b> This appropriation is intended to achieve coordination and provision of temporary accommodation to people displaced by a civil emergency.	Percentage of users of the service who are satisfied or very satisfied	At least 75%	93% <sup>4</sup>	80%
<b>Readiness, Response and Recovery</b> This category is intended to achieve fulfilment of MBIE's fundamental temporary accommodation responsibilities and roles.	Percentage of users of the service who are satisfied or very satisfied	At least 75%	93% <sup>4</sup>	80%

VOTE BUSINESS, SCIENCE AND INNOVATION		2019/20		2018/19
Appropriation	Performance measures	Target	Actual	Actual
<b>Tourism: Tourism Fund Management</b> This appropriation is intended to achieve efficient and effective management of the investments under Tourism portfolio.	Percentage of contracts assessed against their objectives and critical steps	100%	100% <sup>5</sup>	New measure for 2019/20
	All funds are managed in accordance with processes agreed by Cabinet	Achieved	Achieved	New measure for 2019/20
<b>Economic Development: Business Support Packages</b> This appropriation is intended to achieve business support in Whakatāne District and Westland District.	All support packages are delivered	Achieved	Achieved <sup>6</sup>	New measure for 2019/20
<b>Policy Advice and Related Outputs MCA (Business, Science and Innovation)</b> This appropriation is intended to achieve effective policy advice and support to Ministers, and ensure Crown entities are appropriately monitored.	Average satisfaction of Ministers annually	Average score of 4 out of 5 or better <sup>7</sup>	4.7 <sup>8</sup>	84% <sup>9</sup>

- 4 The result is largely due to the successful performance of the Temporary Accommodation Service (TAS) during the COVID-19 response. Customers surveyed include those placed with the TAS and those who just registered but weren't placed, covering all customer service interactions. A total of 122 respondents completed the TAS customer satisfaction survey – a response rate of 20.4%. The result has a margin of error of ±8%. Survey Monkey was used to collect results.
- 5 Note that this relates to performance reports required to be submitted in 2019/20. A number of contract-holders paid during 2019/20 will submit reports in 2020/21, to be assessed at that point.
- 6 Two business support packages were delivered during 2019/20: one for Whakatāne District following the Whakaari/White Island eruption, and one for Westland District following the declaration of a local State of Emergency in March 2019 due to a severe weather event.
- 7 The performance standard was changed, effective from 2019/20, to reflect the new survey designed by the Department of the Prime Minister and Cabinet (DPMC) to align to the refreshed Policy Quality Framework.
- 8 Result is the average of all Vote Business, Science and Innovation portfolios (Broadcasting, Communications and Digital Media; Commerce and Consumer Affairs; Economic Development; Energy and Resources; Science and Innovation; Small Business), but excludes the Tourism portfolio as there was no survey response received due to COVID-19 disruptions and other priorities.
- 9 The 2018/19 performance standard for this measure was 'At least 70%'. Due to a change in the survey structure for the 2019/20 result (a change from six to 19 survey questions, which also adjusted the content of the questions asked), a comparative result based on the revised scale of 1–5 cannot be provided.

VOTE BUSINESS, SCIENCE AND INNOVATION		2019/20		2018/19
Appropriation	Performance measures	Target	Actual	Actual
<b>Policy Advice – Tourism</b> This category is intended to achieve the provision of high quality policy advice to Ministers.	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	Not reported <sup>10</sup>	74%
	The satisfaction of the Minister of Tourism with the policy advice service, as per the common satisfaction survey	Average score of 4 out of 5 or better <sup>11</sup>	Not reported <sup>12</sup>	89% <sup>13</sup>
<b>Related Services to Ministers – Tourism</b> This category is intended to achieve effective and efficient ministerial services, and to monitor the performance and compliance of Crown entities.	Ministers receive advice on entities' accountability documents within statutory timeframes	100%	100% <sup>14</sup>	100%
	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	86% <sup>15</sup>	97%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	86% <sup>16</sup>	100%
Parliamentary questions	95% or above	97%	100%	
<b>Regional Economic Development: Provincial Growth Fund MCA</b> This appropriation is intended to achieve a lift in the productivity potential of the regions.	Percentage of contracts monitored against their milestones and reporting requirements	100%	100%	100%
	Percentage of applications that are assessed against all relevant criteria	100%	100% <sup>17</sup>	100%
	Number of reports to the Cabinet Economic Development Committee on progressions with the fund per year	3	1 <sup>18</sup>	3 <sup>19</sup>
	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95%	77% <sup>20</sup>	98% <sup>19</sup>
	Ministerial <i>Official Information Act 1982</i> requests	95%	78% <sup>21</sup>	96% <sup>19</sup>
	Parliamentary questions	95%	99%	100% <sup>19</sup>
<b>Operational Support of Regional and Sector Investments</b> This category is intended to support regional economic development through regional sectoral and infrastructure initiatives.	Percentage of contracts monitored against their milestones and reporting requirements	100%	100%	100%
	Percentage of applications that are assessed against all relevant criteria	100%	100% <sup>22</sup>	100%

10 Results by portfolio are not able to be reported in 2019/20. Disruptions from COVID-19 affected the quality assessment process, resulting in low sample sizes that are not statistically robust. However, of the 74 papers that were assessed across the 14 portfolios that MBIE provided policy advice on in 2019/20 (ACC; Broadcasting, Communications and Digital Media; Building and Construction; Commerce and Consumer Affairs; Economic Development; Employment; Energy and Resources; Greater Christchurch Regeneration; Immigration; Regional Economic Development; Research, Science and Innovation; Small Business; Tourism; and Workplace Relations and Safety), the average quality result was 72%.

11 The performance standard was changed, effective from 2019/20, to reflect the new survey designed by the Department of the Prime Minister and Cabinet (DPMC) to align to the refreshed Policy Quality Framework.

12 One survey for the 2019/20 year was sent to the minister but no response was received due to the Minister having other priorities. The usual July to December 2019 survey was not provided to the minister due to COVID-19 disruptions.

13 The 2018/19 performance standard for this measure was 'At least 70%'. Due to a change in the survey structure for the 2019/20 result (a change from six to 19 survey questions, which also adjusted the content of the questions asked), a comparative result based on the revised scale of 1–5 cannot be provided.

14 This relates to advice provided in 2019/20. Changes to legislation through the *COVID-19 Response (Further Management Measures) Legislation Bill (No 2)* enabled extensions for entities' provision of financial year reports, statements, and audits due to the impacts of COVID-19. Advice from MBIE on accountability documents provided from entities in accordance with the extended timeframes will be provided to ministers in 2020/21.

15 Ten out of 69 responses were sent late, primarily due to disruptions to processes over the COVID-19 lockdown.

16 Three out of 22 responses were sent late, primarily due to administrative errors. Two of these were provided the next working day.

17 In response to COVID-19, Cabinet approved reprioritisation of the Provincial Growth Fund. Some new application forms and evaluation criteria were established and applied, as relevant.

18 The second report to the Cabinet Economic Development Committee (DEV) was not finalised and tabled with DEV due to disruptions caused by COVID-19 and the early discussions about the reprioritisation of the Provincial Growth Fund. The third report to DEV was delayed as the Minister for Regional Economic Development's office requested the Provincial Development Unit prepare the report using 30 June 2020 data. The data was not available until mid-July 2020. The report was lodged with DEV on 30 July 2020.

19 This performance measure was reported under the Regional Economic Development: Regional Economic Development Programme appropriation in the 2018/19 Annual Report. This appropriation ended at the end of 2018/19.

20 The volumes for ministerial correspondence have remained high. Factors that have contributed to the delays in completing ministerial correspondence on time include staffing capacity, access to the system over the COVID-19 lockdown, and internal administrative delays.

21 The volumes for ministerial *Official Information Act 1982* requests have remained high. Factors that have contributed to the delays in completing *Official Information Act 1982* requests on time include staffing capacity and access to the system over the COVID-19 lockdown.

22 In response to COVID-19, Cabinet approved reprioritisation of Provincial Growth Fund. Some new application forms and evaluation criteria were established and applied, as relevant.



VOTE BUSINESS, SCIENCE AND INNOVATION		2019/20		2018/19
Appropriation	Performance measures	Target	Actual	Actual
<b>Provincial Growth Fund Investment Management</b> This category is intended to fund the establishment administration and management costs of the Provincial Growth Fund Limited.	The satisfaction of the Provincial Growth Fund Limited Directors with agreed service levels and timeframes, on a scale of 1 to 5	Average score of 3 out of 5 or better	4.7	Not applicable <sup>23</sup>
	All Provincial Growth Fund investments are transferred to Provincial Growth Fund Limited by 30 June 2020	100%	91% <sup>24</sup>	New measure for 2019/20
<b>Supporting Regional and Sector Initiatives</b> This category is intended to support regional economic development by providing operational funding to regional, sectoral and infrastructure initiatives that lift regional productivity potential.	Percentage of contracts monitored against their milestones and reporting requirements	100%	100%	100%
	Percentage of applications that are assessed against all relevant criteria	100%	100% <sup>25</sup>	100%
<b>Provincial Growth Fund Limited Capital Investment</b> This category is intended to fund the Crown's investment in Provincial Growth Fund Limited.	The satisfaction of the Provincial Growth Fund Limited Directors with agreed service levels and timeframes, on a scale of 1 to 5	Average score of 3 out of 5 or better	4.7	Not applicable <sup>23</sup>
	Percentage of contracts monitored against their milestones and reporting requirements	100%	100%	100%
<b>Supporting Capital Projects</b> This category is intended to support regional economic development by providing capital funding for regional, sectoral and infrastructure initiatives that lift regional productivity potential.	Percentage of applications that are assessed against all relevant criteria	100%	100% <sup>25</sup>	100%
	Increased access and use of data	Achieved	Achieved	Achieved
<b>Sector Analysis and Facilitation MCA</b> This appropriation is intended to achieve the generation of more trust and confidence in markets, allow business to assess and develop markets with ease, and increase international trade and investment.	Number of page views and screen views of regional and sector data pages, web-apps and mobile-apps	400,000–450,000	467,904	484,500
<b>Sectoral and Regional Data and Analysis – Economic Development</b> This category is intended to achieve the generation of more trust and confidence in markets, allow business to assess and develop markets with ease, and increase international trade and investment.	Meet Statistics New Zealand's Official Statistics Standards and Protocols for all core Tourism datasets published by the Ministry of Business, Innovation and Employment	Achieved	Achieved	Achieved
	Deliver on agreed tourism data improvement programme	Achieved	Achieved	Achieved
<b>Tourism Data and Analysis – Tourism</b> This category is intended to achieve knowledge and understanding that enables businesses to assess and develop markets with ease and increases international trade and investment.	Increase in the number of new tourism facilities and infrastructure	Achieved	Achieved	Achieved
<b>Tourism Facilities MCA</b> This appropriation is intended to achieve reliable, sustainable and high quality tourism facilities and infrastructure that attract tourists to a region or New Zealand.				

23 This could not be reported in the 2018/19 Annual Report as Provincial Growth Fund Limited was incorporated under the Companies Act 1993 on 3 September 2019. Directors were appointed from 1 August 2019.

24 Three loan recipients had yet to satisfy condition precedents relating to execution of security documentation. Thirty loans had been novated to Provincial Growth Fund Limited by 30 June 2020.

25 In response to COVID-19, Cabinet approved reprioritisation of PGF. Some new application forms and evaluation criteria were established and applied, as relevant.

VOTE BUSINESS, SCIENCE AND INNOVATION		2019/20		2018/19
Appropriation	Performance measures	Target	Actual	Actual
<i>Tourism Growth Partnership</i> This category is intended to achieve the increased provision of facilities, infrastructure and services in the tourism sector.	Percentage of contracts assessed against their objectives and critical steps as per the monitoring plan	100%	100%	100%
<i>National Cycleway Fund – Development and Extension of Ngā Haerenga, the New Zealand Cycle Trail</i> This category is intended to achieve the completion of the Great Rides and the development, enhancement and extension of Ngā Haerenga, the New Zealand Cycle Trail, to New Zealand design standards.	Ngā Haerenga, the New Zealand Cycle Trail continues to expand the network across New Zealand	Increase in kilometres of trail	Achieved <sup>26</sup>	Achieved
	The Great Rides continue to deliver economic and social benefits for New Zealand	Evaluation of Great Rides demonstrates benefits	Achieved <sup>27</sup>	Achieved
<i>Tourism Facilities Development Grants</i> This category is intended to achieve an improvement in the quality and reliability of tourism facilities and services.	Improvements in the quality of existing tourism facilities and infrastructure	Achieved	Achieved <sup>28</sup>	Achieved

## How much we spent

Actual 2018/19 \$000	Our expenditure summary	Actual 2019/20 \$000	Supplementary Estimates 2019/20 \$000	Main Estimates 2019/20 \$000
36,552	Departmental expenses	50,813	54,870	13,314
288,570	Non-departmental expenses	419,260	1,161,308	762,537
	– Departmental capital	–	–	–
11,348	Non-departmental capital	234,092	812,430	500,000
336,470	<b>Total expenditure for outcome</b>	704,165	2,028,608	1,275,851

26 The trail increased by 100.4 kilometres in 2019/20 to a total of 3,169 kilometres.

27 Trail counters and user satisfaction surveys indicate continued increase in usage of trails.

28 There were 42 contracts issued for the 2019/20 financial year. The responsible camping fund provides temporary additional support (eg, portaloos, camping wardens, extra cleaners/cleaners doing more hours, signage) for the peak summer season when the number of campers overloads the current facilities that are normally sufficient during non-peak season.

## Our services and functions – Departmental

Actual 2018/19 \$000	Appropriation name	Location of year-end performance information	Actual 2019/20 \$000	Supplementary Estimates 2019/20 \$000	Main Estimates 2019/20 \$000
	<b>Departmental output expenses</b>				
2,300	Regional Economic Development: Regional Economic Development Programme		–	–	–
–	– Tourism: Tourism Fund Management		305	791	790
2,300	<b>Total departmental output expenditure</b>		305	791	790
	<b>Multi-category expenses and capital expenditure</b>				
1,384	Temporary Accommodation Services MCA		5,739	10,798	1,960
	<i>Departmental output expenses</i>				
982	› Readiness, Response and Recovery		1,744	991	990
	<i>Non-departmental output expenses</i>				
	› Temporary Accommodation Housing Initiatives				
402	– Operations		3,033	8,532	495
	<i>Non-departmental other expenses</i>				
	› Temporary Accommodation Housing Initiatives				
–	– Depreciation		291	475	475
	<i>Non-departmental capital expenditure</i>				
–	› Temporary Accommodation Housing Initiatives – Capital		671	800	–
4,391	<b>Policy Advice and Related Outputs MCA – Vote Business, Science and Innovation</b>		6,818	6,651	4,795
	<i>Departmental output expenses</i>				
3,037	› Policy Advice – Tourism		5,187	4,546	3,398
1,354	› Related Services to Ministers – Tourism		1,631	2,105	1,397
91,614	<b>Regional Economic Development: Provincial Growth Fund MCA</b>		418,077	1,339,659	986,786
	<i>Departmental output expenses</i>				
22,724	› Operational Support of Regional and Sector Investments		35,468	39,758	61
	<i>Non-departmental output expenses</i>				
64	› Provincial Growth Fund Investment Management		1,040	1,186	–
	<i>Non-departmental other expenses</i>				
57,478	› Supporting Regional and Sector Initiatives		178,046	745,985	486,725
	<i>Non-departmental capital expenditure</i>				
–	› Provincial Growth Fund Limited Capital Investment		186,000	443,000	–
11,348	› Supporting Capital Projects		17,523	109,730	500,000
6,155	<b>Sector Analysis and Facilitation MCA</b>		6,478	6,679	6,678
	<i>Departmental output expenses</i>				
1,954	› Sectoral and Regional Data and Analysis – Economic Development		3,528	3,470	3,481
4,201	› Tourism Data and Analysis – Tourism		2,950	3,209	3,197
21,704	<b>Tourism Facilities MCA</b>		18,028	27,862	16,365
	<i>Non-departmental output expenses</i>				
2,862	› Tourism Growth Partnership		175	98	98

Actual 2018/19 \$000	Appropriation name	Location of year-end performance information	Actual 2019/20 \$000	Supplementary Estimates 2019/20 \$000	Main Estimates 2019/20 \$000
<i>Non-departmental other expenses</i>					
2,645	› Maintaining the Quality of the Great Rides	1	1,925	3,000	2,000
7,256	› National Cycleway Fund – Development and Extension of Ngā Haerenga, the New Zealand Cycle Trail		7,635	16,297	5,800
250	› New Zealand Cycle Trail Incorporated Funding	1	200	200	200
8,691	› Tourism Facilities Development Grants		8,093	8,267	8,267
125,248	<b>Total multi-category expenses and capital expenditure</b>		455,140	1,391,649	1,016,584
127,548	<b>Total expenditure</b>		455,445	1,392,440	1,017,374

### Other services – Non-departmental

Actual 2018/19 \$000	Appropriation name	Location of year-end performance information	Actual 2019/20 \$000	Supplementary Estimates 2019/20 \$000	Main Estimates 2019/20 \$000
<b>Non-departmental output expenses</b>					
	– COVID-19 Tourism Response	1	–	1,000	–
	– Economic Development: Administration of Early Stage Capital Market Development	1	217	500	–
60,174	– Economic Development: Assistance with Hosting of the 36th America's Cup – MYA	2	46,200	66,326	59,500
	– Economic Development: Auckland Pacific Skills Shift	2	62	66	–
	– Economic Development: Industry Transformation Plans	2	–	433	–
111,450	– Tourism: Marketing of New Zealand as a Visitor Destination	3	111,450	121,150	111,450
	– Transitional provision of mail services by New Zealand Post – MYA	4	–	100	–
171,624	<b>Total non-departmental output expenses</b>		157,929	189,575	170,950
<b>Non-departmental other expenses</b>					
	– Economic Development: Business Support Packages		2,490	5,000	–
2,000	– Economic Development: Depreciation on Auckland's Queens Wharf	1	2,992	3,000	2,000
	– Economic Development: Future-proofing New Zealand's Manufacturing Sector by Driving Industry 4.0 Uptake and Skills Development	5	210	1,444	1,444
	– Economic Development: Major Events Business Leverage Programme: Rugby World Cup 2019	1	1,500	1,500	1,500
5,953	– Economic Development: Major Events Development Fund 2017–2022 – MYA	2	12,152	10,536	9,500
2,212	– Māori Development: Māori Innovation Fund	1	169	2,500	1,000
	– Regional Economic Development: Fair Value Write Down	1	232	36,000	–
20,208	– Tourism Infrastructure Fund	6	12,564	17,382	17,000
	– Tourism: Tourism Strategic Infrastructure and System Capability	6	3,170	11,808	41,808
	– Worker Redeployment Package	1	18,600	79,900	–
	– Employment – He Poutama Rangatahi	7	4,720	16,529	–
6,925	– Employment – He Poutama Rangatahi/Youth Employment Pathways	7	2,094	2,094	13,275
37,298	<b>Total non-departmental other expenses</b>		60,893	187,693	87,527

Actual 2018/19 \$000	Appropriation name	Location of year-end performance information	Actual 2019/20 \$000	Supplementary Estimates 2019/20 \$000	Main Estimates 2019/20 \$000
<b>Non-departmental capital expenditure</b>					
	– Regional Economic Development Capital Investments	8	–	81,400	–
	– Regional Economic Development Investments	8	1,027	7,500	–
	– Regional Economic Development: Transfer of Investments	8	28,871	170,000	–
	– <b>Total non-departmental capital expenditure</b>		29,898	258,900	–
208,922	<b>Total non-departmental annual and MYA expenses</b>		248,720	636,168	258,477
336,470	<b>Total expenditure for outcome</b>		704,165	2,028,608	1,275,851

**Location of year-end performance information:**

- 1 Exemption granted under section 15(D)(2)(b) of the *Public Finance Act 1989*
- 2 Minister for Economic Development in the Vote Business, Science and Innovation non-departmental appropriations report
- 3 Tourism New Zealand’s annual report
- 4 New Zealand Post’s annual report
- 5 Callaghan Innovation’s annual report
- 6 Minister of Tourism in the Vote Business, Science and Innovation non-departmental appropriations report
- 7 Minister of Employment in the Vote Labour Market non-departmental appropriations report
- 8 Minister of Regional Economic Development in the Vote Business, Science and Innovation non-departmental appropriations report



## Multi-year appropriations

Appropriation name	Actual 2019/20 \$000	Actual 2018/19 \$000
<b>Economic Development: Assistance with Hosting of the 36th America's Cup (2018–2022) – MYA</b>		
Original appropriation	100,000	100,000
Cumulative adjustments	36,500	36,500
Total adjusted appropriation	136,500	136,500
Cumulative actual expenditure 1 July	60,174	–
Current year actual expenditure	46,200	60,174
Cumulative actual expenditure 30 June	106,374	60,174
Appropriation remaining 30 June	30,126	76,326
<b>Economic Development: Major Events Development Fund (2017–2022) – MYA</b>		
Original appropriation	52,000	52,000
Cumulative adjustments	(6,675)	(6,675)
Total adjusted appropriation	45,325	45,325
Cumulative actual expenditure 1 July	14,789	8,836
Current year actual expenditure	12,152	5,953
Cumulative actual expenditure 30 June	26,941	14,789
Appropriation remaining 30 June	18,384	30,536
<b>Transitional Provision of Mail Services by New Zealand Post (2020–2024)</b>		
Original appropriation	130,000	–
Cumulative adjustments	–	–
Total adjusted appropriation	130,000	–
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	–	–
Cumulative actual expenditure 30 June	–	–
Appropriation remaining 30 June	130,000	–

## OUTCOME TWO: PEOPLE ARE SKILLED AND ENGAGED IN SAFE AND FULFILLING WORK



Achieved 15 out of 43 output performance targets

VOTE BUSINESS, SCIENCE AND INNOVATION		2019/20		2018/19
Appropriation	Performance measures	Target	Actual	Actual
<b>Economic Development: Senior Diverse Leaders: Capability Building Pilot</b> This appropriation is intended to ensure that Pacific peoples in New Zealand's public sector workforce are supported to play an active role in the stewardship and delivery of policy and services. Findings from the pilot will inform public sector diversity and inclusion outcomes.	Baseline data analysis of Tiers 1–4 target group cohort trends completed by 31 August 2019	Achieved	Achieved	New measure for 2019/20

VOTE LABOUR MARKET		2019/20		2018/19
Appropriation	Performance measures	Target	Actual	Actual
<b>ACC – Regulatory Services</b> This appropriation is intended to achieve timely advice that manages the Crown's risk and contributes to skilled and safe workplaces, and trusted, competitive and well-functioning markets.	The Accident Insurance Regulator will respond to all complaints and enquiries, including notices of insurers failing to comply with their obligation under the <i>Accident Insurance Act 1998</i> , within five days of receipt	100%	No complaints or enquiries received to date <sup>29</sup>	100%
<b>Employment – Employment Sector Analysis and Facilitation</b> This appropriation is intended to achieve productive and successful people, communities and regions through the provision of labour market information.	Labour market information is provided to the Minister's <sup>30</sup> office within agreed timeframes	100%	100%	100%

<sup>29</sup> This measure is assessed as achieved due to no complaints or enquiries received within the reporting period.

<sup>30</sup> Minister of Employment.

VOTE LABOUR MARKET		2019/20		2018/19
Appropriation	Performance measures	Target	Actual	Actual
<b>Workplace Relations and Safety – Employment Relations Services</b> This appropriation is intended to achieve well-functioning workplaces through services to educate and advise employers and employees of their rights and obligations.	Level of public confidence in Employment Services	Baseline established	Not measured <sup>31</sup>	New measure for 2019/20
	Percentage of investigations into suspected breaches of regulatory standards of employment legislation completed within six months	80%	76% <sup>32</sup>	66%
	Percentage of investigations into suspected breaches of regulatory standards of employment legislation completed within nine months	90%	86% <sup>32</sup>	New measure for 2019/20
	Percentage of investigations that involve a regulatory partner	30%	30%	55%
	The number of interventions, both proactive and reactive, aimed at ensuring minimum compliance with employment standards	At least 2,200	1,325 <sup>33</sup>	1,651
	The percentage of customers satisfied with overall quality and timeliness of mediation services	80%	73% <sup>34</sup>	76%
<b>Workplace Relations and Safety – Shared Services Support</b> This appropriation is intended to achieve the provision of corporate services on behalf of WorkSafe New Zealand, Te Kāhui Whakamana Rua Tekau mā Iwa – Pike River Recovery Agency, the Ministry of Housing and Urban Development and other agencies with which arrangements are made.	Services are provided to the service levels and timeframes agreed with WorkSafe New Zealand	Achieved	Not achieved <sup>35</sup>	Not achieved
<b>Immigration Services MCA</b> This appropriation is intended to achieve flows of people to New Zealand that generate positive economic and social outcomes.	Percentage of visa applicants satisfied with the overall experience of applying for a visa	80%	78% <sup>36</sup>	81%

31 This measure was in the phase of establishing the baseline prior to the COVID-19 emergency. Key research activities that were required to establish the baseline measure were unable to be undertaken in the quarter they were planned for as a result of restricted interactions during Alert Levels 4 and 3. This work was rescheduled for the next quarter, and the baseline is expected to be delivered in September 2020 with a target for the 2020/21 year to be established in the 2020/21 Supplementary Estimates.

32 The timeliness rate was well maintained and managed during the COVID-19 Alert Level 4 restrictions and the limitations of working from home.

33 The early part of the reporting period saw the target projected to not be met due to a combination of more complex files being encountered and staff availability being at a low level. Staff were then redeployed during the COVID-19 emergency to address 4,487 Wage Subsidy complaints between March and June 2020.

34 The target was not met due to a change in the methodology for calculating the level of satisfaction during the 2018/19 year and the 2019/20 performance standard not being adjusted to reflect the change in calculation. This measure has now been replaced with a new measure – 'Level of public confidence in Employment Services' – and the target is in the process of being established for 2020/21. Monitoring of results during the year also showed that satisfaction levels were lower than usual during the third quarter of the reporting period due to Alert Level 4 restrictions during the COVID-19 emergency. This was attributable to only being able to provide a telephone service in lieu of a full mediation service. Video mediation services are being implemented to enhance service offering to users. A total of 3,234 respondents completed the survey – a response rate of 11%. The survey has a margin of error of ±3%. Survey Monkey was used to collect the survey results.

35 Targets for Service Level Agreements (related to IT and other shared services) with agencies were all met, with the exception of performance measures for the WorkSafe call centre. Standards for percentage of calls answered within 30 seconds, average speed to answer, average handling times, and call abandonment rate were not met in 2019/20, primarily because of the impact of increased overflow calls to the Potential and Serious Harm lines. Overflow calls for these lines (which are otherwise answered by the WorkSafe Response Team) increased from approximately 14 calls per month to 78 calls in October due to the fire at SkyCity in Auckland, and again to approximately 155 calls per month in response to the COVID-19 lockdown from March to the end of May 2020. This created longer wait times on main lines, as advisors prioritised overflow calls due to their urgent nature. As at June 2020 overflow calls were reduced to 61 calls per month, but still higher than the average 14 calls per month. To improve performance, additional staff were trained for the WorkSafe lines in October 2019, which saw a significant improvement in performance attainment from October through to March 2020.

36 Overall satisfaction with the application experience declined from October 2019 as processing times increased significantly. The most common complaints were that applicants did not feel informed about delayed timeframes and were unable to get information on the progress of their application. A total of 9,317 respondents completed the survey – a response rate of 35%. The result has a margin of error of ±1.0%. The survey was conducted by an independent external agency.

VOTE LABOUR MARKET		2019/20		2018/19
Appropriation	Performance measures	Target	Actual	Actual
<b>Assessment and Processing Services</b> This category is intended to achieve quality decisions on visa applications efficiently.	Quality of residence visa decisions: percentage rated as accurate	90%	89.8% <sup>37</sup>	86%
	Quality of temporary visa decisions: percentage rated as accurate	90%	84.6% <sup>38</sup>	87%
	Percentage of low risk visitor and student visa applications decided within 15 days	85%	81% <sup>39</sup>	90%
<b>Integrity and Security of the New Zealand Immigration System</b> This category is intended to maintain the integrity and security of New Zealand's immigration system and processes.	Number of people, liable for deportation, who were deported or departed voluntarily after compliance activity	1,500–2,000	1,488 <sup>40</sup>	1,776
<b>Services for the Attraction of Migrants</b> This category is intended to achieve immigration to New Zealand of persons who match the priorities of New Zealand's immigration strategies.	Average monthly percentage of new registrations entered into the NZ Now database whose occupations match those at skill levels 1–3 under the Australian and New Zealand Standard of Occupations	80%	85%	82%
<b>Settlement and Integration of Refugees and Other Migrants</b> This category is intended to achieve the integration into New Zealand of migrants and refugees who settle permanently in New Zealand.	Percentage of migrants who are satisfied with the settlement services they have accessed	90%	Not measured <sup>41</sup>	95%
	The annual quota of United Nations High Commissioner for Refugees (UNHCR) mandated refugees and their immediate families who travelled to New Zealand is met	Achieved	Not achieved (quota of 1,000; 797 travelled) <sup>42</sup>	Achieved (quota of 1,000; 1,007 travelled)
<b>Policy Advice and Related Outputs MCA (Labour Market)</b> This appropriation is intended to achieve effective policy advice and support to Ministers, and ensure Crown entities are appropriately monitored.	Average satisfaction of Ministers annually	Average score of 4 out of 5 or better <sup>43</sup>	Not reported <sup>44</sup>	90% <sup>45</sup>

37 Office-specific quality management tools have now been rolled out for all offices. These tools should help offices to better understand their particular quality issues, strengthen their internal controls and drive improved quality results. The result is based on the average of quarterly results over the financial year.

38 This measure was not met due to factors such as high staff turnover, growth in some offices and the focus on reducing the on-hand volumes of Essential Skills work visa applications requiring short-term redeployment and training of a number of staff across a short period of time (between July and October 2019). Office-specific quality management tools have now been rolled out for all offices. These tools should help offices to better understand their particular quality issues, strengthen their internal controls and drive improved quality results. The result is based on the average of quarterly results over the fiscal year.

39 This was on track to be achieved up until 31 January 2020, with a year-to-date result of 86.3%. However, the closure of offshore offices due to COVID-19, combined with New Zealand moving into Alert Level 4, resulted in the temporary cessation of visa processing across the visa network, which has impacted this measure and resulted in a lower year-end result.

40 Due to border closures as a result of COVID-19 and reduced international flight operations, only a small number of individuals voluntarily departed or were deported.

41 The survey targets migrants who have accessed settlement services funded by Immigration New Zealand. The survey is not being undertaken this year because of the impacts of the COVID-19 emergency on the survey population. This would likely have affected the numbers responding and distorted the performance results, making it difficult to interpret the findings, especially in relation to previous years. We have not identified any alternative performance information that could substitute the measure.

42 COVID-19 and border closures mean the 2019/20 target for the refugee quota could not be met.

43 The performance standard was changed, effective from 2019/20, to reflect the new survey designed by the DPMC to align to the refreshed Policy Quality Framework.

44 The average result will not be measured due to COVID-19 impacting on survey distribution, other priorities (Employment) and changes of portfolio responsibility (ACC, Immigration and Workplace Relations and Safety).

45 The 2018/19 performance standard for this measure was 'At least 70%'. Due to a change in the survey structure for the 2019/20 result (a change from six to 19 survey questions, which also adjusted the content of the questions asked), a comparative result based on the revised scale of 1–5 cannot be provided.

VOTE LABOUR MARKET		2019/20		2018/19
Appropriation	Performance measures	Target	Actual	Actual
<b>Policy Advice – ACC</b> This category is intended to achieve the provision of high quality policy advice to support Ministerial decision-making on government policy matters relating to the accident compensation system.	The satisfaction of the Minister of Employment <sup>46</sup> with the policy advice service, as per the common satisfaction survey	Average score of 4 out of 5 or better <sup>47</sup>	Not available <sup>48</sup>	95% <sup>49</sup>
	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	Not reported <sup>50</sup>	72%
<b>Policy Advice – Employment</b> This category is intended to achieve the provision of high quality policy advice to support Ministerial decision-making on government policy matters relating to employment.	The satisfaction of the Minister of Employment with the policy advice service, as per the common satisfaction survey	Average score of 4 out of 5 or better <sup>47</sup>	Not reported <sup>51</sup>	78% <sup>49</sup>
	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	Not reported <sup>50</sup>	71%
<b>Policy Advice – Immigration</b> This category is intended to achieve the provision of high quality policy advice to support Ministerial decision-making on government policy matters relating to the immigration system.	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	Not reported <sup>50</sup>	74%
	The satisfaction of the Minister of Immigration with the policy advice service, as per the common satisfaction survey	Average score of 4 out of 5 or better <sup>47</sup>	Not available <sup>48</sup>	96% <sup>49</sup>
<b>Policy Advice – Workplace Relations and Safety</b> This category is intended to achieve the provision of high quality policy advice to support Ministerial decision-making on government policy matters relating to workplace relations and safety, and international labour commitments.	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	Not reported <sup>50</sup>	69%
	The satisfaction of the Minister for Workplace Relations and Safety with the policy advice service, as per the common satisfaction survey	Average score of 4 out of 5 or better <sup>47</sup>	Not available <sup>48</sup>	90% <sup>49</sup>
	Tripartite partners and senior officials are satisfied with the quality of support, and representation, including stakeholder consultation, provided to meet New Zealand's labour-related international commitments	Satisfied	Satisfied	Satisfied
	Meet New Zealand's International Labour Organisation's related commitments through protecting and promoting New Zealand's labour interests, including submitting all required reports and questionnaires within specified timeframes	100% met	100% met	100% met
	Provide support to the Ministry of Foreign Affairs and Trade in negotiation of trade labour agreements as part of all free trade agreements, and implemented in accordance with each agreement	Support provided as requested	Achieved – Support provided as requested	Achieved – Support provided as requested

<sup>46</sup> This measure was intended to relate to services provided to the Minister for ACC. The reference to the Minister of Employment was included in the 2019/20 Supplementary Estimates in error and will be corrected in the equivalent measure of the Vote Labour Market 2020/21 Estimates of Appropriation.

<sup>47</sup> The performance standard was changed, effective from 2019/20, to reflect the new survey designed by the DPMC to align to the refreshed Policy Quality Framework.

<sup>48</sup> Results for this portfolio were not measured due to COVID-19 impacting on priorities/survey distribution for the July to December period and changes of portfolio responsibility following the end of the January to June period meaning no survey could be conducted.

<sup>49</sup> The 2018/19 performance standard for this measure was 'At least 70%'. Due to a change in the survey structure for the 2019/20 result (a change from six to 19 survey questions, which also adjusted the content of the questions asked), a comparative result based on the revised scale of 1–5 cannot be provided.

<sup>50</sup> Results by portfolio are not able to be reported in 2019/20. Disruptions from COVID-19 affected the quality assessment process, resulting in low sample sizes that are not statistically robust. However, of the 74 papers that were assessed across the 14 portfolios that MBIE provided policy advice on in 2019/20 (ACC; Broadcasting, Communications and Digital Media; Building and Construction; Commerce and Consumer Affairs; Economic Development; Employment; Energy and Resources; Greater Christchurch Regeneration; Immigration; Regional Economic Development; Research, Science and Innovation; Small Business; Tourism; and Workplace Relations and Safety), the average quality result was 72%.

<sup>51</sup> Results for this portfolio will not be measured due to COVID-19 impacting on priorities/survey distribution for the July to December period. The January to July survey that reflects the full year was going to be conducted at year-end, but no response was received due to other priorities.



VOTE LABOUR MARKET		2019/20		2018/19
Appropriation	Performance measures	Target	Actual	Actual
<b>Related Services to Ministers – ACC</b> This category is intended to achieve the provision of effective and efficient ministerial services to enable Ministers to discharge their accident compensation portfolio responsibilities.	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	98%	93%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	100%	100%
	Parliamentary questions	95% or above	87% <sup>52</sup>	100%
<b>Related Services to Ministers – Employment</b> This category is intended to achieve the provision of effective and efficient ministerial services to enable Ministers to discharge their employment portfolio responsibilities.	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	100%	100%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	Not reported <sup>53</sup>	100%
	Parliamentary questions	95% or above	77% <sup>54</sup>	100%
<b>Related Services to Ministers – Immigration</b> This category is intended to achieve the provision of effective and efficient ministerial services to enable Ministers to discharge their immigration portfolio responsibilities.	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	81% <sup>55</sup>	99%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	69% <sup>56</sup>	94%
	Parliamentary questions	95% or above	95%	99%
<b>Related Services to Ministers – Workplace Relations and Safety</b> This category is intended to achieve the provision of effective and efficient ministerial services to enable Ministers to discharge their workplace relations and safety portfolio responsibilities, and monitor the performance of Crown entities and statutory bodies.	Ministers receive advice on entities' accountability documents within statutory timeframes	100%	100% <sup>57</sup>	100%
	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	86% <sup>58</sup>	97%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	97%	94%
	Parliamentary questions	95% or above	96%	99%

## How much we spent

Actual 2018/19 \$000	Our expenditure summary	Actual 2019/20 \$000	Supplementary Estimates 2019/20 \$000	Main Estimates 2019/20 \$000
423,295	Departmental expenses	493,089	503,782	446,847
1,567,090	Non-departmental expenses	1,583,266	1,585,241	1,577,222
	– Departmental capital	–	–	–
	– Non-departmental capital	200	1,185	–
1,990,385	<b>Total expenditure for outcome</b>	2,076,555	2,090,208	2,024,069

52 Six out of 45 responses were sent late, primarily due to administrative errors.

53 There were no ministerial *Official Information Act 1982* requests received under the Employment portfolio during the reporting period.

54 Thirteen out of 56 responses were sent late, primarily due to disruptions to processes over the COVID-19 lockdown.

55 Seventy-three out of 376 responses were sent late. The COVID-19 disruptions caused a substantial increase in workload. The number of rapidly changing policy priorities and the limitations of working during lockdown (eg, restricted online access) led to items being sent late.

56 Twenty-eight out of 90 responses were sent late. The COVID-19 disruptions caused a substantial increase in workload. The limitations of working during lockdown (eg, restricted online access) led to items being sent late.

57 This relates to advice provided in 2019/20. Changes to legislation through the *COVID-19 Response (Further Management Measures) Legislation Bill (No 2)* enabled extensions for entities' provision of financial year reports, statements, and audits due to the impacts of COVID-19. Advice from MBIE on accountability documents provided from entities in accordance with the extended timeframes will be provided to ministers in 2020/21.

58 Twenty-seven out of 190 responses were sent late, primarily due to disruptions to processes over the COVID-19 lockdown.

## Our services and functions – Departmental

Actual 2018/19 \$000	Appropriation name	Location of year-end performance information	Actual 2019/20 \$000	Supplementary Estimates 2019/20 \$000	Main Estimates 2019/20 \$000
<b>Departmental output expenses</b>					
	Economic Development: Senior Diverse Leaders: Capability – Building Pilot		330	350	350
81	ACC – Regulatory Services		90	122	140
3,378	Employment – Employment Sector Analysis and Facilitation		4,119	4,146	2,989
38,241	Workplace Relations and Safety – Employment Relations Services		41,659	41,876	39,826
11,007	Workplace Relations and Safety – Shared Services Support		11,240	12,450	12,450
52,707	<b>Total departmental output expenditure</b>		57,438	58,944	55,755
<b>Multi-category expenses and capital expenditure</b>					
350,618	<b>Immigration Services MCA</b>		413,579	421,720	369,508
<i>Departmental output expenses</i>					
253,014	› Assessment and Processing Services		299,249	290,286	246,635
45,154	› Integrity and Security of the New Zealand Immigration System		59,149	71,469	67,130
11,539	› Services for the Attraction of Migrants		11,364	11,248	11,128
40,911	› Settlement and Integration of Refugees and Other Migrants		43,817	48,717	44,615
19,970	<b>Policy Advice and Related Outputs MCA – Vote Labour Market</b>		22,072	23,118	21,584
<i>Departmental output expenses</i>					
1,719	› Policy Advice – ACC		1,745	1,939	1,949
1,869	› Policy Advice – Employment		2,215	2,249	1,943
6,177	› Policy Advice – Immigration		6,728	7,375	5,418
7,555	› Policy Advice – Workplace Relations and Safety		8,471	8,625	8,108
223	› Related Services to Ministers – ACC		255	301	447
764	› Related Services to Ministers – Employment		925	1,010	1,587
950	› Related Services to Ministers – Immigration		826	877	1,392
713	› Related Services to Ministers – Workplace Relations and Safety		907	742	740
370,588	<b>Total multi-category expenses and capital expenditure</b>		435,651	444,838	391,092
423,295	<b>Total expenditure</b>		493,089	503,782	446,847

## Other services – Non-departmental

Actual 2018/19 \$000	Appropriation name	Location of year-end performance information	Actual 2019/20 \$000	Supplementary Estimates 2019/20 \$000	Main Estimates 2019/20 \$000
<b>Non-departmental output expenses</b>					
165,393	ACC – Case Management and Supporting Services	1	182,971	182,971	182,971
16,191	ACC – Case Management and Supporting Services – Treatment Injuries for Non-Earners	1	16,345	16,345	16,345
310,286	ACC – Public Health Acute Services	1	313,767	313,767	313,767

Actual 2018/19 \$000	Appropriation name	Location of year-end performance information	Actual 2019/20 \$000	Supplementary Estimates 2019/20 \$000	Main Estimates 2019/20 \$000
1,822	ACC – Public Health Acute Services – Treatment Injuries for Non-Earners	1	1,883	1,883	1,883
723,117	ACC – Rehabilitation Entitlements and Services	1	711,561	711,561	706,447
159,352	ACC – Rehabilitation Entitlements and Services – Treatment Injuries for Non-Earners	1	157,847	157,847	157,847
7,100	ACC – Sexual Abuse Assessment and Treatment Services	1	7,433	7,433	7,433
869	Workplace Relations and Safety – Health and Safety at Work Levy – Collection Services	2	869	869	869
93,288	Workplace Relations and Safety – Workplace Health and Safety	3	107,021	107,021	105,413
1,477,418	<b>Total non-departmental output expenses</b>		1,499,697	1,499,697	1,492,975
	<b>Benefits or related expenses</b>				
68,304	ACC – Compensation Entitlements	2	62,133	62,133	62,133
15,217	ACC – Compensation Entitlements – Treatment Injuries for Non-Earners	2	14,994	14,994	14,994
83,521	<b>Total benefits or related expenses</b>		77,127	77,127	77,127
	<b>Non-departmental other expenses</b>				
7	Crown Debt Write Offs	2	225	225	125
–	Workplace Relations and Safety – Concession Expense for Loans to WorkSafe New Zealand	2	–	788	–
4,023	Workplace Relations and Safety – Employment Relations Authority Members’ Salaries and Allowances PLA	2	3,939	4,819	4,819
396	Workplace Relations and Safety – Equal Employment Opportunities Trust	2	396	396	396
1,430	Workplace Relations and Safety – International Labour Organization	2	1,585	1,715	1,465
15	Workplace Relations and Safety – New Zealand Industrial Relations Foundation	2	15	15	15
280	Workplace Relations and Safety – Remuneration Authority Members’ Fees, Salaries and Allowances	2	282	459	300
6,151	<b>Total non-departmental other expenses</b>		6,442	8,417	7,120
	<b>Non-departmental capital expenditure</b>				
–	Workplace Relations and Safety – Capital for WorkSafe New Zealand	2	200	1,185	–
–	<b>Total non-departmental capital expenditure</b>		200	1,185	–
1,567,090	<b>Total non-departmental annual and MYA expenses</b>		1,583,466	1,586,426	1,577,222
1,990,385	<b>Total expenditure for outcome</b>		2,076,555	2,090,208	2,024,069

**Location of year-end performance information:**

- 1 ACC’s annual report
- 2 Exemption granted under section 15(D)(2)(b) of the *Public Finance Act 1989*
- 3 WorkSafe New Zealand’s annual report

## OUTCOME THREE: INFORMED CONSUMERS AND BUSINESSES INTERACTING WITH CONFIDENCE



Achieved 35 out of 52 output performance targets

VOTE BUILDING AND CONSTRUCTION		2019/20		2018/19
Appropriation	Performance measures	Target	Actual	Actual
<b>Building Regulation and Control</b> This appropriation is intended to achieve a regulatory system that ensures safe and healthy building practice in the construction sector.	Percentage of users satisfied that information provided on matters relating to building control has met their needs	At least 72% of users surveyed are satisfied	78% <sup>59</sup>	81%
	Percentage of determinations successfully appealed	Less than 2%	0% <sup>60</sup>	0%
	Percentage of determinations subject to clarification due to inadequate coverage of issues	Less than 3%	0% <sup>61</sup>	1.5%
<b>Insurance Claims Resolution</b> This appropriation is intended to achieve faster and cheaper resolution of residential insurance claims resulting from disasters, natural or otherwise.	Percentage of users of the Canterbury Earthquake Insurance mediation service agree or strongly agree that they feel supported on their pathway to resolution	At least 75%	25% <sup>62</sup>	New measure for 2019/20
<b>Occupational Licensing</b> This appropriation is intended to achieve certainty and confidence for the industry and the public that licensed practitioners and workers in the building, construction and electrical sectors are competent and contribute to safe, healthy and affordable homes and buildings.	An internal audit and assurance rating received on the quality and timeliness of administration of licensed building practitioners and electrical workers regimes	Rating of acceptable or better	Acceptable level of compliance	Acceptable level of compliance

59 Visitors to [www.building.govt.nz](http://www.building.govt.nz) can access an online survey that seeks their feedback on information provided. A five-star rating system is used and ratings of four and above are considered as satisfied. During 2019/20, 770 users completed the survey with a 100% response rate.

60 No determinations have been successfully appealed in the financial year. This is out of a total of 53 determinations issued in the same period.

61 There were no determinations subject to clarification due to inadequate coverage of issues.

62 Mediation services provided by MBIE to the Earthquake Insurance Tribunal are a new service, and demand was anticipated to be larger in 2019/20. As such, the sample size is small and not statistically relevant. Four mediations were completed during 2019/20 and three (75%) were successfully settled. Of the surveys sent to parties, only two were completed and returned. The low response rate was a factor in the result standard not being achieved.

This measure relates to only one component of the whole service. Additional performance measures for this appropriation are included in the 2020/21 Main Estimates covering the Greater Christchurch Claims Resolution Service (GCCRS) and the Residential Advisory Service. The GCCRS, which launched in October 2018, gives homeowners access to specialist case managers, engineering advice, wellbeing support, legal expertise and an internal dispute resolution service to help them settle insurance claims related to the Canterbury earthquake sequence. During the 2019/20 financial year, the GCCRS received 1,050 cases and closed 909 cases. The COVID-19 lockdown impacted GCCRS with a lower number of new cases entering the service during that period. Case closure rates were able to be maintained despite the redeployment of staff from GCCRS to other critical functions and limited system access for other staff. Exit surveys have indicated that 86% of homeowners report that they would recommend GCCRS to others and 74% reported their wellbeing has improved as a result of the support provided by GCCRS.

VOTE BUILDING AND CONSTRUCTION		2019/20		2018/19
Appropriation	Performance measures	Target	Actual	Actual
<b>Residential Tenancy and Unit Title Services</b> This appropriation is intended to achieve an environment in which residential tenancy and unit title consumers and businesses are well informed, understand their rights, and meet their regulatory obligations through the provision of information, education, advice, compliance, bond processing and mediation services.	Percentage of customers who are satisfied or very satisfied with overall quality of mediation services	75%	71% <sup>63</sup>	76%
	Percentage of customers who are satisfied or very satisfied with the timeliness of mediation services	70%	65% <sup>63</sup>	
<b>Weathertight Services</b> This appropriation is intended to assist resolution of weathertight homes claims in New Zealand.	The percentage of short assessments (eligibility) completed within 60 working days of being allocated to an assessor	80%	Not reported <sup>64</sup>	100%
	The percentage of long assessments (full, follow-up full, addendum, concise, cost update and supplemental) completed within 120 working days of being allocated to an assessor	80%	Not reported <sup>64</sup>	94%
<b>Policy Advice and Related Outputs MCA (Building and Construction)</b> This appropriation is intended to achieve effective policy advice and support to Ministers.	Average satisfaction of Ministers annually	Average score of 4 out of 5 or better <sup>65</sup>	3.9 <sup>66</sup>	80% <sup>67</sup>
<b>Building and Construction Data Analysis</b> This category is intended to achieve the provision of data and research to help inform the Building and Construction sector in terms of monitoring and input into policy and regulatory advice and evaluation.	Building and construction sector data and research are undertaken to inform policy and regulatory work	Achieved	Achieved	New measure for 2019/20
<b>Policy Advice – Building and Construction<sup>68</sup></b> This category is intended to achieve the provision of high quality policy advice to support Ministerial decision-making on government policy matters relating to building and construction.	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	Not reported <sup>69</sup>	71%
	Building and construction sector data and research are undertaken to inform policy and regulatory work	Achieved	Achieved	New measure for 2019/20
<b>Related Services to Ministers – Building and Construction</b> This category is intended to achieve the provision of effective and efficient ministerial services to enable Ministers to discharge their building and construction, and housing portfolio responsibilities.	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	95%	98%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	100%	98%
	Parliamentary questions	95% or above	99%	99%

63 Survey results for the final quarter of the 2019/20 financial year were impacted by the COVID-19 emergency and Alert Level 3 and 4 restrictions. Mediations took longer to set down in the early weeks of Alert Level 4, and the outcomes that applicants were seeking were limited due to the emergency legislation, eg, restricted reasons for termination. A total of 1,556 respondents completed the survey – a response rate of 12%. The survey has a margin of error of ±2%. Survey Monkey was used to collect the survey results.

64 No eligibility reports were undertaken for the 2019/20 financial year. The *Weathertight Homes Resolution Services Act 2006* gives claimants the option of either an eligibility report (which considers the eligibility of the claim), or a full report (which considers eligibility and provides a full assessment of current and future damage due to weathertight issues). Typically, claimants will only elect to have an eligibility report prepared when there is some doubt about whether or not the claim will be eligible under the *Weathertight Homes Resolution Services Act 2006*. In both cases, reports are initiated by the claimants; if no eligibility reports are requested, none are undertaken.

65 The performance standard was changed, effective from 2019/20, to reflect the new survey designed by the DPMC to align to the refreshed Policy Quality Framework.

66 The annual target was not achieved, primarily due to timeliness of advice provided.

67 The 2018/19 performance standard for this measure was 'At least 70%'. Due to a change in the survey structure for the 2019/20 result (a change from six to 19 survey questions, which also adjusted the content of the questions asked), a comparative result based on the revised scale of 1–5 cannot be provided.

68 The creation of Vote Housing and Urban Development prompted the change from Vote Building and Housing to Vote Building and Construction. This reflects the appropriation's focus more on building and construction with broader urban responsibility moving into the new vote.

69 Results by portfolio are not able to be reported in 2019/20. Disruptions from COVID-19 affected the quality assessment process, resulting in low sample sizes that are not statistically robust. However, of the 74 papers that were assessed across the 14 portfolios that MBIE provided policy advice on in 2019/20 (ACC; Broadcasting, Communications and Digital Media; Building and Construction; Commerce and Consumer Affairs; Economic Development; Employment; Energy and Resources; Greater Christchurch Regeneration; Immigration; Regional Economic Development; Research, Science and Innovation; Small Business; Tourism; and Workplace Relations and Safety), the average quality result was 72%.



VOTE BUSINESS, SCIENCE AND INNOVATION		2019/20		2018/19
Appropriation	Performance measures	Target	Actual	Actual
<b>Commerce and Consumer Affairs: Consumer Information</b> This appropriation is intended to achieve a trading environment in which consumers, including vulnerable consumers, are well informed, adequately protected, trading is fair, and in which there is effective competition.	Increase in visits year-on-year to consumerprotection.govt.nz for access to information and programmes that increase the ability of consumers to transact with confidence	10%	16% <sup>70</sup>	18%
<b>Commerce and Consumer Affairs: Official Assignee Functions</b> This appropriation is intended to achieve increased business confidence through the discharge of the Official Assignee's statutory responsibilities.	Audit rating of acceptable or better, for compliance with statutory and best practice management functions across all insolvency offices	Achieved	Achieved	Achieved
<b>Commerce and Consumer Affairs: Registration and Granting of Intellectual Property Rights</b> This appropriation is intended to achieve the protection of robust intellectual property rights to promote innovation, technology creation, transfer and dissemination, and support economic development.	Percentage of decisions by the Intellectual Property Office and the Plant Variety Rights Office to accept, grant or register intellectual property rights that are upheld	99%	99.9%	100%
<b>Commerce and Consumer Affairs: Registration and Provision of Statutory Information</b> This appropriation is intended to achieve effective and efficient interaction between business and government through the management of registers and provision of access to authoritative information.	Percentage of online company name approvals and consents processed within 35 minutes of receipt during normal business hours	95%	98% <sup>71</sup>	99%
	Availability of the Companies and Personal Property Securities online registers (excludes agreed outages for scheduled maintenance)	99%	100%	100%
	Increase in visits year-on-year to Business.govt.nz for access to information and advice, and to interact or transact with government	10%	80% <sup>72</sup>	18%
<b>Commerce and Consumer Affairs: Standards Development and Approval</b> This appropriation is intended to achieve the development of, and access to, standards in New Zealand that meet the needs of business, regulators and consumers.	Percentage of draft NZ Standards submitted for approval by the Standards Executive meet the statutory criteria as specified in the <i>Standards and Accreditation Act 2015</i>	100%	100%	100%
	Report annually to the Minister on standards, the standards work programme, and current and emerging trends in standards by 30 June	Achieved	Achieved	Achieved
<b>Commerce and Consumer Affairs: Trading Standards</b> This appropriation is intended to achieve a trading environment in which businesses and consumers are well informed, adequately protected, trading is fair, and there is effective competition.	An internal audit and assurance rating received on the quality and timeliness of administration of regulatory compliance, service and operational policy delivery relating to consumer product safety, measurements used for trade and fuel quality monitoring <sup>73</sup>	Rating of acceptable or better	Acceptable level of compliance	Acceptable level of compliance
<b>Communications: Management and Enforcement of the Radiocommunications Act 1989</b> This appropriation is intended to achieve the provision of effective and efficient allocation and licensing of the radio spectrum.	An internal audit and assurance rating received on the quality and timeliness of administration of submitted licensing applications, interference investigations, and license and supplier audits	Rating of acceptable or better	Acceptable level of compliance	Acceptable level of compliance

70 The increase is a result of more consumers seeking government information on consumer rights and the www.consumerprotection.govt.nz website able to provide relevant information and tools.

71 A total of 264,598 approvals and consents were received and processed.

72 As a part of the all-of-government COVID-19 response, the www.business.govt.nz website was used as a primary source of information, resulting in the significant increase in web traffic seen, with over 2.25 million views.

73 Assessment of performance has been expanded with additional functions compared to the performance measure reported in the 2018/19 Annual Report.

VOTE BUSINESS, SCIENCE AND INNOVATION		2019/20		2018/19
Appropriation	Performance measures	Target	Actual	Actual
<b>GST obligation for the Official Assignee</b> This appropriation is intended to achieve that prior year GST obligations on revenue received by the Official Assignee are met.	All GST obligations met	Achieved	Achieved <sup>74</sup>	New measure for 2019/20
<b>Communications: Emergency Telecommunications Services</b> This appropriation is intended to achieve improved telecommunications capabilities for the public to communicate with emergency services	Milestones achieved as per the project plan	Achieved	Achieved <sup>75</sup>	Achieved
<b>Communications: Management of Emergency Telecommunications MCA</b> This appropriation is intended to achieve the continued operation of the Emergency Caller Location Information (ECLI) service, and support the development and implementation of possible international commercialisation opportunities for ECLI technology to potentially generate new revenue streams for New Zealand.	Maintenance and enhancements to New Zealand's emergency location capabilities including through the development of potential new revenue streams	Achieved	Achieved <sup>76</sup>	New measure for 2019/20
<b>Management and Development of Commercialisation</b> This category is intended to achieve the assessment and development of possible international commercialisation opportunities for New Zealand's emergency mobile location technology.	Establish a brand new business unit to support commercialisation by 30 June 2021	Achieved	Not reported <sup>77</sup>	New measure for 2019/20
<b>Management of Telecommunications Capabilities</b> This category is intended to achieve ongoing management and improvements to the telecommunications capabilities of emergency service providers.	Operational service levels and key performance indicators are achieved	Achieved	Achieved <sup>78</sup>	Achieved <sup>79</sup>
<b>Communications: Services for Deaf, Hearing Impaired and Speech Impaired People MCA</b> This appropriation is intended to achieve the removal of barriers to telecommunications services for deaf and hearing impaired people.	Call minutes (across all services) monitored for trends of use	Achieved	Achieved <sup>80</sup>	Achieved

74 Written confirmation has been received from the Inland Revenue Department that there is no longer any GST liability owing by the Official Assignee.

75 Emergency Caller Location Information (ECLI) milestones planned and achieved during the reporting period were:

- › the amendment to the *Telecommunications Information Privacy Code* which came into effect May 2020
- › the completion and sign off of design work for the mobile terminated location requests (June 2020)
- › services developed for integration with the Android Emergency Location Service and Apple Enhanced Emergency Data (June 2020)
- › a Statement of Work completed with mobile network operators in June 2020.

76 The ECLI system was effectively maintained during the year and enhancements have been progressed. Initial work was conducted on developing revenue streams but this is on hold while the ECLI service focuses on delivering project priorities; in particular, the Phase 2 enhancements to the service.

77 Work is underway to consider the long-term entity structure of the ECLI service and will continue into 2021. Work on commercialisation is currently on hold while this assessment takes place and while the ECLI service focuses on delivering project priorities; in particular, the Phase 2 enhancements to the service.

78 Third party vendors and service providers (Datacom and mobile network operators) provide service delivery reports on a monthly basis to demonstrate key indicator measures are achieved for performance, availability and capacity of the service.

79 This result was from the same performance measure for the appropriation Communication: Management of Emergency Telecommunications. The appropriation was converted into an MCA within the year, and the performance measure was assigned to the category Management of Telecommunications Capabilities.

80 MBIE receives monthly supplier reports that measure the service quality of calls (ie, speed of calls answered and captioning accuracy).

VOTE BUSINESS, SCIENCE AND INNOVATION		2019/20		2018/19
Appropriation	Performance measures	Target	Actual	Actual
<b>Policy Advice and Related Outputs MCA (Business, Science and Innovation)</b> <i>Investigative Services – Trade Remedies</i> This category is intended to achieve a fair international trading environment for New Zealand manufacturers through the imposition of anti-dumping and countervailing duties on imported goods, and to allow New Zealand manufacturers time to adjust to competition from surges of imported goods through the imposition of temporary safeguard measures, where an investigation has established that either action is justified.	No successful court challenges or successful World Trade Organisation (WTO) dispute settlement actions related to the <i>Dumping and Countervailing Duties Act 1988</i> or the <i>Trade (Safeguard Measures) Act 2014</i>	Achieved	Not reported <sup>81</sup>	Not achieved
	Timeliness of investigations allowed interested parties to appropriately contribute, and the Minister of Commerce and Consumer Affairs to make final timely determinations	In accordance with statutory timeframes	Achieved	Not achieved
<i>Policy Advice – Commerce and Consumer Affairs</i> This category is intended to achieve the provision of high quality policy advice to Ministers.	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	Not reported <sup>82</sup>	73%
	The satisfaction of the Minister of Commerce and Consumer Affairs with the policy advice service, as per the common satisfaction survey	Average score of 4 out of 5 or better <sup>83</sup>	5	83% <sup>84</sup>
<i>Policy Advice – Communications</i> This category is intended to achieve the provision of high quality policy advice to Ministers.	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	Not reported <sup>82</sup>	73%
	The satisfaction of the Minister of Broadcasting, Communications and Digital Media with the policy advice service, as per the common satisfaction survey	Average score of 4 out of 5 or better <sup>83</sup>	4.9	70% <sup>84</sup>
<i>Policy Advice – Small Business</i> This category is intended to achieve the provision of high quality policy advice to Ministers.	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	Not reported <sup>82</sup>	71%
	The satisfaction of the Minister for Small Business with the policy advice service, as per the common satisfaction survey	Average score of 4 out of 5 or better <sup>83</sup>	4.5	85% <sup>84</sup>
<i>Related Services to Ministers – Commerce and Consumer Affairs</i> This category is intended to achieve effective and efficient ministerial services, and to monitor the performance and compliance of Crown entities and statutory bodies.	Ministers receive advice on entities' accountability documents within statutory timeframes	100%	100% <sup>85</sup>	85%
	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	98%	99%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	100%	100%
Parliamentary questions	95% or above	100%	100%	

81 There are currently two trade remedy judicial review actions in progress. The High Court has not been able to indicate when rulings may be made on these, and as such this result cannot yet be measured in 2019/20.

82 Results by portfolio are not able to be reported in 2019/20. Disruptions from COVID-19 affected the quality assessment process, resulting in low sample sizes that are not statistically robust. However, of the 74 papers that were assessed across the 14 portfolios that MBIE provided policy advice on in 2019/20 (ACC; Broadcasting, Communications and Digital Media; Building and Construction; Commerce and Consumer Affairs; Economic Development; Employment; Energy and Resources; Greater Christchurch Regeneration; Immigration; Regional Economic Development; Research, Science and Innovation; Small Business; Tourism; and Workplace Relations and Safety), the average quality result was 72%.

83 The performance standard was changed, effective from 2019/20, to reflect the new survey designed by the DPMC to align to the refreshed Policy Quality Framework.

84 The 2018/19 performance standard for this measure was 'At least 70%'. Due to a change in the survey structure for the 2019/20 result (a change from six to 19 survey questions, which also adjusted the content of the questions asked), a comparative result based on the revised scale of 1–5 cannot be provided.

85 This relates to advice provided in 2019/20. Changes to legislation through the *COVID-19 Response (Further Management Measures) Legislation Bill (No 2)* enabled extensions for entities' provision of financial year reports, statements, and audits due to the impacts of COVID-19. Advice from MBIE on accountability documents provided from entities in accordance with the extended timeframes will be provided to ministers in 2020/21.

VOTE BUSINESS, SCIENCE AND INNOVATION		2019/20		2018/19
Appropriation	Performance measures	Target	Actual	Actual
<b>Related Services to Ministers – Communications</b> This category is intended to achieve effective and efficient ministerial services, and to monitor the performance and compliance of Crown entities.	Ministers receive advice on entities' accountability documents within statutory timeframes	100%	100% <sup>86</sup>	100%
	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	90% <sup>87</sup>	96%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	95%	97%
	Parliamentary questions	95% or above	83% <sup>88</sup>	99%
<b>Related Services to Ministers – Small Business</b> This category is intended to achieve effective and efficient ministerial services.	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	89% <sup>89</sup>	94%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	75% <sup>90</sup>	90%
	Parliamentary questions	95% or above	92% <sup>91</sup>	96%

VOTE LABOUR MARKET		2019/20		2018/19
Appropriation	Performance measures	Target	Actual	Actual
<b>Immigration – Regulation of Immigration Advisers</b> This appropriation is intended to achieve certainty and confidence for the industry and the public that licensed immigration advisers are competent and professional, and that action is taken against unlicensed advice.	An internal audit and assurance rating received on the quality and timeliness of administration of the <i>Immigration Advisers Licensing Act 2007</i>	Rating of acceptable or better	Acceptable level of compliance	Acceptable level of compliance

86 This relates to advice provided in 2019/20. Changes to legislation through the *COVID-19 Response (Further Management Measures) Legislation Bill (No 2)* enabled extensions for entities' provision of financial year reports, statements, and audits due to the impacts of COVID-19. Advice from MBIE on accountability documents provided from entities in accordance with the extended timeframes will be provided to ministers in 2020/21.

87 Forty out of 399 responses were sent late. The COVID-19 disruptions caused a substantial increase in workload. The number of rapidly changing policy positions and the impact of changes to working conditions caused by lockdown led to items being sent late.

88 Twelve out of 71 responses were sent late. Given the low volume of parliamentary questions and late responses, this portfolio did not meet the target.

89 Twenty-eight out of 263 responses were sent late. The COVID-19 disruptions caused a substantial increase in workload. The number of rapidly changing policy positions and the impact of changes to working conditions caused by lockdown led to items being sent late.

90 Two out of eight responses were sent late. The number of rapidly changing policy positions and the impact of changes to working conditions caused by lockdown led to items being sent late. However, this result was at risk of not achieving the standard before the COVID-19 disruptions.

91 Five out of 59 responses were sent late. The COVID-19 disruptions caused a substantial increase in workload. The number of rapidly changing policy positions and the impact of changes to working conditions caused by lockdown led to items being sent late.

## How much we spent

Actual 2018/19 \$000	Our expenditure summary	Actual 2019/20 \$000	Supplementary Estimates 2019/20 \$000	Main Estimates 2019/20 \$000
232,220	Departmental expenses	249,436	264,194	235,459
310,589	Non-departmental expenses	156,620	266,768	208,188
	– Departmental capital	–	–	–
245,176	Non-departmental capital	90,000	165,665	164,665
787,985	<b>Total expenditure for outcome</b>	496,056	696,627	608,312

## Our services and functions – Departmental

Actual 2018/19 \$000	Appropriation name	Location of year-end performance information	Actual 2019/20 \$000	Supplementary Estimates 2019/20 \$000	Main Estimates 2019/20 \$000
	<b>Departmental output expenses</b>				
	77 Administering the Legacy Social Housing Fund		–	–	–
26,354	Building Regulation and Control		37,479	41,904	27,804
	298 Community Housing Regulatory Authority		–	–	–
	Establishment of the Ministry of Housing and Urban Development		–	–	–
5,880	Greater Christchurch Recovery		–	–	–
	– Insurance Claims Resolution		6,429	8,522	9,263
5,681	KiwiBuild Unit		–	–	–
10,575	Occupational Licensing		10,628	11,647	11,629
1,410	Redevelopment of Surplus Crown Land		–	–	–
486	Residential Advisory Services		–	–	14
34,172	Residential Tenancy and Unit Title Services		41,342	41,402	38,135
	472 Tenant Health and Safety Information – MYA		142	169	–
7,397	Weathertight Services		7,405	7,741	9,051
2,416	Commerce and Consumer Affairs: Consumer Information		2,257	2,268	2,432
18,471	Commerce and Consumer Affairs: Official Assignee Functions		22,678	23,251	17,805
	Commerce and Consumer Affairs: Registration and Granting of Intellectual Property Rights		25,646	26,427	26,318
41,795	Commerce and Consumer Affairs: Registration and Provision of Statutory Information		46,250	47,104	45,300
6,423	Commerce and Consumer Affairs: Standards Development and Approval		6,562	7,369	6,009
4,922	Commerce and Consumer Affairs: Trading Standards		5,008	5,016	4,936
7,374	Communications: Management and Enforcement of the <i>Radiocommunications Act 1989</i>		7,984	9,663	9,611
	Communications: Management of Emergency Telecommunications Services		–	–	134
3,414	Immigration – Regulation of Immigration Advisers		3,781	3,998	3,972
200,682	<b>Total departmental output expenditure</b>		223,591	236,481	212,413



Actual 2018/19 \$000	Appropriation name	Location of year-end performance information	Actual 2019/20 \$000	Supplementary Estimates 2019/20 \$000	Main Estimates 2019/20 \$000
<b>Departmental other expenses</b>					
	– GST Obligation for the Official Assignee		1,870	3,000	–
	– <b>Total departmental other expenses</b>		1,870	3,000	–
<b>Multi-category expenses and capital expenditure</b>					
9,017	<b>Policy Advice and Related Outputs MCA – Vote Building and Construction</b>		2,439	4,245	823
	<i>Departmental output expenses</i>				
	– › Building and Construction Data Analysis		546	560	560
8,966	› Policy Advice – Building and Construction		1,893	3,535	113
51	› Related Services to Ministers – Building and Construction		–	150	150
	<b>Residential Earthquake-Prone Building Financial Assistance Scheme MCA</b>	1	–	–	10,400
	<i>Departmental output expenses</i>				
	› Residential Earthquake-Prone Building Financial Assistance Scheme Set Up and Administration Costs	1	–	–	3,000
	<i>Non-departmental other expenses</i>				
	› Residential Earthquake-Prone Building Financial Assistance Scheme Loan Concessions	1	–	–	2,400
	<i>Non-departmental capital expenditure</i>				
	› Residential Earthquake-Prone Building Financial Assistance Scheme Loan Capital	1	–	–	5,000
	<b>Communications: Management of Emergency Telecommunications MCA</b>		41	133	–
	<i>Departmental output expenses</i>				
	– › Management and Development of Commercialisation		39	120	–
	– › Management of Telecommunications Capabilities		2	13	–
19,187	<b>Commerce and Consumer Affairs: Enforcement of General Market Regulation MCA</b>	2	23,337	23,337	23,337
	<i>Non-departmental output expenses</i>				
8,043	› Enforcement of Competition Regulation	2	8,193	8,193	8,193
11,144	› Enforcement of Consumer Regulation	2	15,144	15,144	15,144
7,111	<b>Commerce Commission Litigation Funds MCA</b>	2	7,588	11,000	11,000
	<i>Non-departmental other expenses</i>				
3,621	› Commerce Commission Externally-Sourced Litigation	2	4,088	7,500	7,500
3,490	› Commerce Commission Internally-Sourced Litigation	2	3,500	3,500	3,500
3,497	<b>Communications: Services for Deaf, Hearing Impaired and Speech Impaired People MCA</b>	1	4,903	5,479	4,684
	<i>Non-departmental output expenses</i>				
1,455	› Administrative Support for Telecommunications Relay Equipment and Services	1	1,671	1,554	1,519
	<i>Non-departmental other expenses</i>				
2,042	› Telecommunications Development Levy Funded Procurement – Deaf Relay Service TSO	1	3,232	3,760	3,000

Actual 2018/19 \$000	Appropriation name	Location of year-end performance information	Actual 2019/20 \$000	Supplementary Estimates 2019/20 \$000	Main Estimates 2019/20 \$000
	<i>Non-departmental capital expenditure</i>				
	– › Acquisition of Textphone Equipment	1	–	165	165
22,521	<b>Policy Advice and Related Outputs MCA – Vote Business, Science and Innovation</b>		21,495	20,335	19,223
	<i>Departmental output expenses</i>				
1,007	› Investigative Services – Trade Remedies		960	572	563
9,555	› Policy Advice – Commerce and Consumer Affairs		10,552	10,461	9,227
7,939	› Policy Advice – Communications		6,099	5,822	5,891
1,684	› Policy Advice – Small Business		1,353	1,245	1,290
2,010	› Related Services to Ministers – Commerce and Consumer Affairs		2,181	1,956	1,953
84	› Related Services to Ministers – Communications		98	62	66
242	› Related Services to Ministers – Small Business		252	217	233
36,000	<b>Services and Advice to Support Well-functioning Financial Markets MCA</b>	3	36,000	36,000	36,000
	<i>Non-departmental output expenses</i>				
6,196	› Performance of Investigation and Enforcement Functions	3	6,196	6,196	6,196
16,072	› Performance of Licensing and Compliance Monitoring Functions	3	16,072	16,072	16,072
13,732	› Performance of Market Analysis and Guidance, Investor Awareness, and Regulatory Engagement Functions	3	13,732	13,732	13,732
97,333	<b>Total multi-category expenses and capital expenditure</b>		95,803	100,529	105,467
298,015	<b>Total expenditure</b>		321,264	340,010	317,880

### Other services – Non-departmental

Actual 2018/19 \$000	Appropriation name	Location of year-end performance information	Actual 2019/20 \$000	Supplementary Estimates 2019/20 \$000	Main Estimates 2019/20 \$000
	<b>Non-departmental output expenses</b>				
2,348	HNZC Housing Support Services		–	–	–
81	KiwiBuild Housing – MYA		–	–	–
4,410	Commerce and Consumer Affairs: Accounting and Assurance Standards Setting	4	4,410	4,410	4,410
1,494	Commerce and Consumer Affairs: Administration of the Takeovers Code	5	1,494	1,494	1,494
1,368	Commerce and Consumer Affairs: Competition Studies	1	1,111	1,632	1,500
–	Commerce and Consumer Affairs: Economic Regulation – Inquiries	1	–	–	1,000
429	Commerce and Consumer Affairs: Enforcement of Dairy Sector Regulation and Auditing of Milk Price Setting	1	626	757	757
–	Commerce and Consumer Affairs: Regulation of Airport Services 2019–2024 – MYA	2	318	800	800
8,622	Commerce and Consumer Affairs: Retirement Commissioner	6	8,622	8,622	8,622

Actual 2018/19 \$000	Appropriation name	Location of year-end performance information	Actual 2019/20 \$000	Supplementary Estimates 2019/20 \$000	Main Estimates 2019/20 \$000
9,352	Communications: Emergency Telecommunications Services		10,541	11,020	7,490
5,689	Communications: Enforcement of Telecommunications Sector Regulation	2	6,022	6,750	7,000
7,493	Economic Regulation of Electricity Line Services 2014–2019 – MYA		–	–	–
1,082	Economic Regulation of Gas Pipeline Services 2014–2019 – MYA		–	–	–
315	Economic Regulation of Specified Airport Services 2014–2019 – MYA		–	–	–
3,200	Enforcement of Telecommunications Sector Fibre and Broadcasting Transmission Service Regulation – MYA	2	4,948	5,000	4,300
45,883	<b>Total non-departmental output expenses</b>		38,092	40,485	37,373
	<b>Benefits or related expenses</b>				
22,421	KiwiSaver HomeStart grant		–	–	–
22,421	<b>Total benefits or related expenses</b>		–	–	–
	<b>Non-departmental other expenses</b>				
290	Housing Assistance		–	–	–
151,862	Housing Infrastructure Fund – Fair Value Write Down – MYA		–	–	–
–	Payments in respect of the Weathertight Services Loan Guarantees PLA	1	–	1,700	1,700
1,950	Remediation of Facades and Parapets of Unreinforced Masonry Buildings in at risk areas		–	–	–
–	Residential Earthquake-Prone Buildings Financial Assistance Scheme: Delivery and Administration of the Loan Scheme for Earthquake-Prone Buildings	1	292	750	–
1,800	Social Housing Provider Development		–	–	–
900	Unwind of Discount Rate Used in the Present Value Calculation of Direct Payments Under the Weathertight Homes Financial Assistance Package	1	700	1,659	1,659
1,636	Commerce and Consumer Affairs: Financial Markets Authority Litigation Fund	3	2,122	6,000	2,000
–	Commerce and Consumer Affairs: Takeovers Panel Litigation Fund	5	–	200	200
16,354	Communications: Telecommunications Development Levy Funded Procurement – Telecommunications Infrastructure Investment – MYA		–	–	–
1,698	Infrastructure: Regional Digital Connectivity Improvements – MYA	7	8,180	21,502	21,500
–	Infrastructure: Telecommunications Development Levy Funded Procurement – Telecommunications Infrastructure Investment – MYA	7	35,406	118,821	66,500
176,490	<b>Total non-departmental other expenses</b>		46,700	150,632	93,559
	<b>Non-departmental capital expenditure</b>				
176	Housing Infrastructure Fund Loans – MYA		–	–	–
–	Residential Earthquake-Prone Buildings Financial Assistance Scheme: Loan Scheme for Earthquake-Prone Buildings – MYA	1	–	1,000	–

Actual 2018/19 \$000	Appropriation name	Location of year-end performance information	Actual 2019/20 \$000	Supplementary Estimates 2019/20 \$000	Main Estimates 2019/20 \$000
245,000	Infrastructure: Broadband Investment – MYA	7	90,000	164,500	159,500
245,176	<b>Total non-departmental capital expenditure</b>		90,000	165,500	159,500
489,970	<b>Total non-departmental annual and MYA expenses</b>		174,792	356,617	290,432
787,985	<b>Total expenditure for outcome</b>		496,056	696,627	608,312

**Location of year-end performance information:**

- 1 Exemption granted under section 15(D)(2)(b) of the *Public Finance Act 1989*
- 2 Commerce Commission's annual report
- 3 Financial Markets Authority's annual report
- 4 External Reporting Board's annual report
- 5 Takeovers Panel's annual report
- 6 Retirement Commissioner's annual report
- 7 Crown Infrastructure Partners' annual report

## Multi-year appropriations

Appropriation name	Actual 2019/20 \$000	Actual 2018/19 \$000
<b>Commerce and Consumer Affairs: Regulation of Airport Services (2019–2024) – MYA</b>		
Original appropriation	2,763	–
Cumulative adjustments	–	–
Total adjusted appropriation	2,763	–
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	318	–
Cumulative actual expenditure 30 June	318	–
Appropriation remaining 30 June	2,445	–
<b>Communications: Telecommunications Development Levy Funded Procurement – Telecommunications Infrastructure Investment (2017–2022) – MYA</b>		
Original appropriation	150,000	150,000
Cumulative adjustments	(123,769)	(71,448)
Total adjusted appropriation	26,231	78,552
Cumulative actual expenditure 1 July	26,231	9,877
Current year actual expenditure	–	16,354
Cumulative actual expenditure 30 June	26,231	26,231
Appropriation remaining 30 June	–	52,321
<b>Economic Regulation of Specified Airport Services (2014–2019) – MYA</b>		
Original appropriation	2,763	2,763
Cumulative adjustments	306	306
Total adjusted appropriation	3,069	3,069
Cumulative actual expenditure 1 July	2,283	1,968
Current year actual expenditure	–	315
Cumulative actual expenditure 30 June	2,283	2,283
Appropriation remaining 30 June	786	786
<b>Economic Regulation of Electricity Line Services (2014–2019) – MYA</b>		
Original appropriation	28,311	28,311
Cumulative adjustments	772	772
Total adjusted appropriation	29,083	29,083
Cumulative actual expenditure 1 July	21,609	14,116
Current year actual expenditure	–	7,493
Cumulative actual expenditure 30 June	21,609	21,609
Appropriation remaining 30 June	7,474	7,474
<b>Economic Regulation of Gas Pipeline Services (2014–2019) – MYA</b>		
Original appropriation	9,684	9,684
Cumulative adjustments	464	464
Total adjusted appropriation	10,148	10,148
Cumulative actual expenditure 1 July	8,165	7,083
Current year actual expenditure	–	1,082
Cumulative actual expenditure 30 June	8,165	8,165
Appropriation remaining 30 June	1,983	1,983



Appropriation name	Actual 2019/20 \$000	Actual 2018/19 \$000
<b>Enforcement of Telecommunications Sector Fibre and Broadcasting Transmission Service Regulation (2019–2022) – MYA</b>		
Original appropriation	12,300	12,300
Cumulative adjustments	–	–
Total adjusted appropriation	12,300	12,300
Cumulative actual expenditure 1 July	3,200	–
Current year actual expenditure	4,948	3,200
Cumulative actual expenditure 30 June	8,148	3,200
Appropriation remaining 30 June	4,152	9,100
<b>Infrastructure: Broadband Investment (2018–2021) – MYA</b>		
Original appropriation	582,500	582,500
Cumulative adjustments	10,000	–
Total adjusted appropriation	592,500	582,500
Cumulative actual expenditure 1 July	345,000	100,000
Current year actual expenditure	90,000	245,000
Cumulative actual expenditure 30 June	435,000	345,000
Appropriation remaining 30 June	157,500	237,500
<b>Infrastructure: Regional Digital Connectivity Improvements (2018–2021) – MYA</b>		
Original appropriation	80,000	80,000
Cumulative adjustments	–	–
Total adjusted appropriation	80,000	80,000
Cumulative actual expenditure 1 July	1,698	–
Current year actual expenditure	8,180	1,698
Cumulative actual expenditure 30 June	9,878	1,698
Appropriation remaining 30 June	70,122	78,302
<b>Infrastructure: Telecommunications Development Levy Funded Procurement – Telecommunications Infrastructure Investment (2019–2022) – MYA</b>		
Original appropriation	101,500	–
Cumulative adjustments	52,321	–
Total adjusted appropriation	153,821	–
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	35,406	–
Cumulative actual expenditure 30 June	35,406	–
Appropriation remaining 30 June	118,415	–
<b>Residential Earthquake-Prone Buildings Financial Assistance Scheme: Loan Scheme for Earthquake-Prone Buildings (2020–2024) – MYA</b>		
Original appropriation	10,000	–
Cumulative adjustments	–	–
Total adjusted appropriation	10,000	–
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	–	–
Cumulative actual expenditure 30 June	–	–
Appropriation remaining 30 June	10,000	–

Appropriation name	Actual 2019/20 \$000	Actual 2018/19 \$000
<b>Tenant Health and Safety Information (2015–2020) – MYA</b>		
Original appropriation	2,740	2,740
Cumulative adjustments	–	–
Total adjusted appropriation	2,740	2,740
Cumulative actual expenditure 1 July	2,571	2,099
Current year actual expenditure	142	472
Cumulative actual expenditure 30 June	2,713	2,571
Appropriation remaining 30 June	27	169

## OUTCOME FOUR: VALUE IS SUSTAINABLY DERIVED FROM THE NATURAL ENVIRONMENT



Achieved 11 out of 12 output performance targets

VOTE BUSINESS, SCIENCE AND INNOVATION		2019/20		2018/19
Appropriation	Performance measures	Target	Actual	Actual
<b>Energy and Resources: Information Services</b> This appropriation is intended to achieve the provision of information and technical advice on energy and resources.	New Zealand's obligations for reporting energy information to international organisations, including the International Energy Agency, Asia Pacific Economic Cooperation and United Nations Framework Convention on Climate Change, are met to an agreed standard	All international requirements are met	All international requirements are met	All international requirements are met
<b>Energy and Resources: Management of the Crown Mineral Estate</b> This appropriation is intended to achieve the efficient allocation and management of Crown-owned petroleum and mineral resources.	80% of mineral applications are granted or declined within 120 working days <sup>92</sup>	Achieved	Achieved <sup>93</sup>	Not achieved 74%
	80% of petroleum applications are granted or declined within 120 working days	Achieved	Achieved <sup>94</sup>	Achieved
	Iwi are consulted with on all applications that are within their rohe <sup>95</sup>	100%	100% <sup>96</sup>	93%
	Energy and Resource Markets statutory consultation requirements are met	Achieved	Achieved <sup>96</sup>	Achieved
<b>Energy and Resources: Oil Field Decommissioning</b> This appropriation is intended to achieve the demobilisation and decommissioning of New Zealand oil fields.	All deliverables are met	Achieved	Achieved <sup>97</sup>	New measure for 2019/20
<b>Policy Advice and Related Outputs MCA (Business, Science and Innovation)</b> <i>Policy Advice – Energy and Resources</i> This category is intended to achieve the provision of high quality policy advice to Ministers.	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	Not reported <sup>98</sup>	70%
	The satisfaction of the Minister of Energy and Resources with the policy advice service, as per the common satisfaction survey	Average score of 4 out of 5 or better <sup>99</sup>	4.9	76% <sup>100</sup>

92 This excludes the time waiting for information from applicants or third parties.

93 There were 166 applications granted out of a total of 207 applications.

94 There were 52 applications granted out of a total of 64 applications.

95 All iwi on Energy and Resources' register identified as an affected party are sent consultation documents. Consultation documents are sent out within 15 working days of Business, Strategy and Planning being assigned an activity or task request in Rapid to contact iwi.

96 There were 752 consultations completed on 70 applications, with 193 iwi/hapū groups consulted.

97 During this reporting period the Tui decommissioning project was in the establishment and initial planning phase. Some resources were appointed to undertake early planning work, including setting up the governance arrangements for the project. The governance group will agree ongoing performance measures for future years.

98 Results by portfolio are not able to be reported in 2019/20. Disruptions from COVID-19 affected the quality assessment process, resulting in low sample sizes that are not statistically robust. However, of the 74 papers that were assessed across the 14 portfolios that MBIE provided policy advice on in 2019/20 (ACC; Broadcasting, Communications and Digital Media; Building and Construction; Commerce and Consumer Affairs; Economic Development; Employment; Energy and Resources; Greater Christchurch Regeneration; Immigration; Regional Economic Development; Research, Science and Innovation; Small Business; Tourism; and Workplace Relations and Safety), the average quality result was 72%.

99 The performance standard was changed, effective from 2019/20, to reflect the new survey designed by the DPMC to align to the refreshed Policy Quality Framework.

100 The 2018/19 performance standard for this measure was 'At least 70%'. Due to a change in the survey structure for the 2019/20 result (a change from six to 19 survey questions, which also adjusted the content of the questions asked), a comparative result based on the revised scale of 1–5 cannot be provided.

VOTE BUSINESS, SCIENCE AND INNOVATION		2019/20		2018/19
Appropriation	Performance measures	Target	Actual	Actual
<i>Related Services to Ministers – Energy and Resources</i> This category is intended to achieve effective and efficient ministerial services, and to monitor the performance and compliance of Crown entities.	Ministers receive advice on entities' accountability documents within statutory timeframes	100%	100% <sup>101</sup>	100%
	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	97%	98%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	95%	100%
	Parliamentary questions	95% or above	99%	98%

## How much we spent

Actual 2018/19 \$000	Our expenditure summary	Actual 2019/20 \$000	Supplementary Estimates 2019/20 \$000	Main Estimates 2019/20 \$000
26,183	Departmental expenses	27,191	27,823	26,633
139,817	Non-departmental expenses	337,568	334,839	172,621
	– Departmental capital	–	–	–
1,747	Non-departmental capital	1,128	2,000	2,000
167,747	<b>Total expenditure for outcome</b>	365,887	364,662	201,254

## Our services and functions – Departmental

Actual 2018/19 \$000	Appropriation name	Actual 2019/20 \$000	Supplementary Estimates 2019/20 \$000	Main Estimates 2019/20 \$000
<b>Departmental output expenses</b>				
2,471	Energy and Resources: Information Services	2,398	2,533	2,510
16,654	Energy and Resources: Management of the Crown Mineral Estate	18,950	19,590	18,704
19,125	<b>Total departmental output expenditure</b>	21,348	22,123	21,214
<b>Multi-category expenses and capital expenditure</b>				
7,058	<b>Policy Advice and Related Outputs MCA – Vote Business, Science and Innovation</b>	5,843	5,700	5,419
<i>Departmental output expenses</i>				
6,438	› Policy Advice – Energy and Resources	5,305	4,912	4,632
620	› Related Services to Ministers – Energy and Resources	538	788	787
7,058	<b>Total multi-category expenses and capital expenditure</b>	5,843	5,700	5,419
26,183	<b>Total expenditure</b>	27,191	27,823	26,633

<sup>101</sup> This relates to advice provided in 2019/20. Changes to legislation through the *COVID-19 Response (Further Management Measures) Legislation Bill (No 2)* enabled extensions for entities' provision of financial year reports, statements, and audits due to the impacts of COVID-19. Advice from MBIE on accountability documents provided from entities in accordance with the extended timeframes will be provided to ministers in 2020/21.

## Other services – Non-departmental

Actual 2018/19 \$000	Appropriation name	Location of year-end performance information	Actual 2019/20 \$000	Supplementary Estimates 2019/20 \$000	Main Estimates 2019/20 \$000
<b>Non-departmental output expenses</b>					
	Commerce and Consumer Affairs: Regulation of Electricity – Lines Services 2019–2024 – MYA	1	6,883	7,200	7,000
	Commerce and Consumer Affairs: Regulation of Gas Pipelines – Services 2019–2024 – MYA	1	1,300	1,500	1,500
70,792	Energy and Resources: Electricity Industry Governance and Market Operations	2	73,597	74,936	74,936
30,584	Energy and Resources: Energy Efficiency and Conservation	3	28,948	28,948	28,948
900	Energy and Resources: Implementation of the Grant Scheme for Warm, Dry Homes – MYA	3	2,880	2,880	1,440
19,835	Energy and Resources: Management of IEA Oil Stocks	4	23,084	23,500	8,000
	Energy and Resources: Managing the Security of – New Zealand’s Electricity Supply 2017–2022 – MYA	2	–	3,600	1,200
	– Energy and Resources: Oil Field Decommissioning Resource Data Acquisition and Management 2015–2018 – MYA	4	151,841	151,841	–
1,342		4	634	866	345
123,453	<b>Total non-departmental output expenses</b>		289,167	295,271	123,369
<b>Non-departmental other expenses</b>					
	– Energy and Resources: Electricity Litigation Fund	2	187	1,000	444
16,187	Energy and Resources: Grant Scheme for Warm, Dry Homes – MYA	3	46,768	37,120	43,560
177	Energy and Resources: International Energy Agency Contribution	5	246	248	248
	– Energy and Resources: National New-Energy Development Centre	4	1,200	1,200	5,000
16,364	<b>Total non-departmental other expenses</b>		48,401	39,568	49,252
<b>Non-departmental capital expenditure</b>					
1,747	Energy and Resources: Crown Energy Efficiency	3	1,128	2,000	2,000
1,747	<b>Total non-departmental capital expenditure</b>		1,128	2,000	2,000
141,564	<b>Total non-departmental annual and MYA expenses</b>		338,696	336,839	174,621
167,747	<b>Total expenditure for outcome</b>		365,887	364,662	201,254

### Location of year-end performance information:

- 1 Commerce Commission’s annual report
- 2 Electricity Authority’s annual report
- 3 Energy Efficiency and Conservation Authority’s annual report
- 4 Minister of Energy and Resources in the Vote Business, Science and Innovation non-departmental appropriations report
- 5 Exemption granted under section 15(D)(2)(b) of the *Public Finance Act 1989*



## Multi-year appropriations

Appropriation name	Actual 2019/20 \$000	Actual 2018/19 \$000
<b>Commerce and Consumer Affairs: Regulation of Electricity Lines Services (2019–2024) – MYA</b>		
Original appropriation	28,311	–
Cumulative adjustments	–	–
Total adjusted appropriation	28,311	–
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	6,883	–
Cumulative actual expenditure 30 June	6,883	–
Appropriation remaining 30 June	21,428	–
<b>Commerce and Consumer Affairs: Regulation of Gas Pipelines Services (2019–2024) – MYA</b>		
Original appropriation	9,684	–
Cumulative adjustments	–	–
Total adjusted appropriation	9,684	–
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	1,300	–
Cumulative actual expenditure 30 June	1,300	–
Appropriation remaining 30 June	8,384	–
<b>Energy and Resources: Grant Scheme for Warm, Dry Homes (2018–2022) – MYA</b>		
Original appropriation	132,240	132,240
Cumulative adjustments	6,103	6,103
Total adjusted appropriation	138,343	138,343
Cumulative actual expenditure 1 July	16,187	–
Current year actual expenditure	46,768	16,187
Cumulative actual expenditure 30 June	62,955	16,187
Appropriation remaining 30 June	75,388	122,156
<b>Energy and Resources: Implementation of the Grant Scheme for Warm, Dry Homes (2018–2022) – MYA</b>		
Original appropriation	10,260	10,260
Cumulative adjustments	–	–
Total adjusted appropriation	10,260	10,260
Cumulative actual expenditure 1 July	900	–
Current year actual expenditure	2,880	900
Cumulative actual expenditure 30 June	3,780	900
Appropriation remaining 30 June	6,480	9,360
<b>Energy and Resources: Management of IEA Oil Stocks (2020–2024) – MYA</b>		
Original appropriation	113,000	–
Cumulative adjustments	–	–
Total adjusted appropriation	113,000	–
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	–	–
Cumulative actual expenditure 30 June	–	–
Appropriation remaining 30 June	113,000	–

Appropriation name	Actual 2019/20 \$000	Actual 2018/19 \$000
<b>Energy and Resources: Managing the Security of New Zealand's Electricity Supply (2017–2022) – MYA</b>		
Original appropriation	6,000	6,000
Cumulative adjustments	–	–
Total adjusted appropriation	6,000	6,000
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	–	–
Cumulative actual expenditure 30 June	–	–
Appropriation remaining 30 June	6,000	6,000
<b>Resource Data Acquisition and Management (2015–2018) – MYA</b>		
Original appropriation	7,700	7,700
Cumulative adjustments	(455)	(455)
Total adjusted appropriation	7,245	7,245
Cumulative actual expenditure 1 July	6,379	5,037
Current year actual expenditure	634	1,342
Cumulative actual expenditure 30 June	7,013	6,379
Appropriation remaining 30 June	232	866

## OUTCOME FIVE: A DYNAMIC BUSINESS ENVIRONMENT FOSTERING INNOVATION AND INTERNATIONAL CONNECTIONS



Achieved 39 out of 47 output performance targets

VOTE BUSINESS, SCIENCE AND INNOVATION		2019/20		2018/19
Appropriation	Performance measures	Target	Actual	Actual
<b>Communications: Cyber Security Services</b> This appropriation is intended to achieve the operation of a New Zealand CERT to enhance New Zealand's cyber security and resilience and help prevent cybercrime.	Percentage of incidents responded to within 4 hours of being received during operating hours (based on the conditions outlined in CERT NZ's operational policies)	90%	98%	99%
	Number of cyber threat landscape reports produced for public consumption	4	3 <sup>102</sup>	4
	Year-on-year increase in consumption of CERT NZ's content and services (measured by web traffic, social media engagement and advisory subscribers)	10%	12% <sup>103</sup>	60%
<b>Communications: Pacific Cyber Security Initiatives</b> This appropriation is intended to achieve the delivery of direct support to Pacific partners and through the Pacific Cybersecurity Operation Network (PaCSO), assist in the development of incident response capacity and cybersecurity awareness in the Pacific region, and to support cybersecurity capacity building in the Pacific, and the 'Pacific Reset.'	All deliverables are met	Achieved	Achieved <sup>104</sup>	New measure for 2019/20
<b>Economic Development: Implementation of Improvements in Public Sector Procurement and Services to Business</b> This appropriation is intended to achieve better public services and encourage business growth.	Business customers experience more coordinated and consistent services (ie, seamless) from government, as measured by year-on-year increases in the cross-agency Business Customer Experience Index (CXI) "seamless" measures, relative to June 2017	CXI seamless measures increase	Not achieved (52 out of 100) <sup>105</sup>	Not achieved (55 out of 100)
	Percentage of participating agencies satisfied or very satisfied	71%	73% <sup>106</sup>	71%

<sup>102</sup> The fourth quarterly report for the period April to June 2020 was deferred due to impacts from the COVID-19 emergency. This will now be aggregated with the first quarterly report (July to September 2020) of the 2020/21 financial year.

<sup>103</sup> This result reflects the increased uptake and consumption of CERT NZ data.

<sup>104</sup> The deliverables met for the 2019/20 financial year include:

- > the establishment of the PaCSO Capacity Building (CB) Working Group
- > CERT NZ convenorship of the CB Working Group
- > bi-monthly working group meetings
- > the development of a 2020 work plan for the CB Working Group.

The PaCSO CB Working Group activities are on track and continue into the 2020/21 as per the work plan.

<sup>105</sup> The overall CXI continued its decline to a score of 52 as at December 2019. This is down from 55 in June 2019, and the baseline of 60 in June 2017.

The seamless measures of Consistency (41) and Coordination (28) are also at their lowest since the baseline. This is due to ongoing regulatory and service-level changes that continue to negatively impact the business experience with government and increase the time it takes for them to remain compliant. The result is based on the December 2019 result. The June 2020 result was not completed due to the deferral of research in light of the COVID-19 emergency. A total of 2,252 respondents completed the survey. The result has a margin of error of ±3.4% at the 95% confidence level.

A combination of online surveys and computer-assisted telephone interviews were used to collect results.

<sup>106</sup> MBIE contacted 3,075 agencies (including schools) and 286 valid responses were received. SurveyMonkey was used to collect results.

VOTE BUSINESS, SCIENCE AND INNOVATION		2019/20		2018/19
Appropriation	Performance measures	Target	Actual	Actual
	Savings target across public sector agencies identified through the Government Procurement Reform agenda for the financial year	\$160m	\$182m	\$186m
	Year-on-year improvement in business feedback about the quality of government procurement practice from the annual government procurement business survey	71%	Not measured <sup>107</sup>	Not achieved
<b>Research, Science and Innovation: Innovative Partnerships</b> This appropriation is intended to achieve the attraction of overseas investment in Research and Development to New Zealand.	Cumulative number of companies attracted; goal of 10 companies by 2020	10	14	9
<b>Research, Science and Innovation: National Research Information System</b> This appropriation is intended to enhance the value of the government's expenditure on research, science and innovation by providing more accessible, accurate and timely information on New Zealand's research investments.	A national research information hub is developed to capture information about research, science and innovation funded research by 30 June 2020	Achieved	Not achieved <sup>108</sup>	New measure 2019/20
<b>State Services: Property Management within the State Sector</b> This appropriation is intended to achieve improved property management practices across government.	The GPG <sup>109</sup> will encourage consistency in government agency property solutions by producing and maintaining system-wide property strategies, standards and tools for use by government agencies	Achieved	Achieved <sup>110</sup>	Not achieved
	The GPG will progress to feasibility stage and/or pilot with a small number of government agencies a Property Capability Index which assesses an agencies property management capability and that highlights development areas for an agency to focus on	Achieved	Achieved <sup>111</sup>	Not achieved
<b>Tourism: International Visitor Conservation and Tourism Levy Collection</b> This appropriation is intended to achieve the prompt payment of transaction fees for the International Visitor Conservation and Tourism Levy.	All bank fees incurred by the collection of the International Visitor Conservation and Tourism Levy are allocated accurately	100%	100% <sup>112</sup>	New measure for 2019/20
<b>Ministry of Business, Innovation and Employment – Capital Expenditure PLA</b> This appropriation is intended to achieve the implementation of the Ministry of Business, Innovation and Employment's capital expenditure plan.	Percentage of Ministry of Business, Innovation and Employment's projects delivered on time, scope and budget	85%	91%	97%

<sup>107</sup> The COVID-19 emergency resulted in the Business Survey for 2020 being postponed until further notice as it was deemed inappropriate to send out a survey during the lockdown period. The reasons for cancelling the survey for 2020 include:

- › the disruptive impact of COVID-19 on businesses
- › the need to allow businesses to focus on adapting to the 'new normal' of the business environment without feeling undue pressure to respond to the survey
- › the quality of the data potentially being impacted by shorter response times and low response rates
- › feedback from Business New Zealand on the timing of the survey.

<sup>108</sup> Issues with information and communications technology (ICT) vendors and the COVID-19 lockdown have had an impact on the delivery of the ICT system. The technology build is expected to be delivered by 1 October 2020.

<sup>109</sup> Government Property Group.

<sup>110</sup> A review of the GPG website was completed in the second quarter of the reporting period, with a number of updates made to the website to reflect the December 2018 Cabinet paper which set out the government expectations for the Government Office Accommodation Programme. In the fourth quarter, the draft Government Workplace strategy was presented to ministers, with direction to progress this to a Cabinet paper in the first quarter of 2020/21. The production and maintenance of guidance and tools is ongoing.

<sup>111</sup> New Zealand Government Procurement and Property is currently developing a property capability assessment tool, but this work has been deprioritised due to the COVID-19 emergency. It is anticipated that this work will be largely completed in the 2020/21 financial year.

<sup>112</sup> Exception-based reporting. No non-compliance reported.

VOTE BUSINESS, SCIENCE AND INNOVATION		2019/20		2018/19
Appropriation	Performance measures	Target	Actual	Actual
<b>Policy Advice and Related Outputs MCA (Business, Science and Innovation)</b> <i>Policy Advice – Economic Development</i> This category is intended to achieve the provision of high quality policy advice to Ministers.	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	Not reported <sup>113</sup>	72%
	The satisfaction of the Minister for Economic Development with the policy advice service, as per the common satisfaction survey	Average score of 4 out of 5 or better <sup>114</sup>	4.3 <sup>115</sup>	Not reported <sup>116</sup>
<i>Policy Advice – Science and Innovation</i> This category is intended to achieve the provision of high quality policy advice to Ministers.	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	Not reported <sup>113</sup>	70%
	The satisfaction of the Minister of Research, Science and Innovation with the policy advice service, as per the common satisfaction survey	Average score of 4 out of 5 or better <sup>114</sup>	4.9 <sup>115</sup>	100% <sup>117</sup>
<i>Related Services to Ministers – Economic Development</i> This category is intended to achieve effective and efficient ministerial services, and to monitor the performance and compliance of Crown entities.	Ministers receive advice on entities' accountability documents within statutory timeframes	100%	100% <sup>118</sup>	100%
	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	98%	96%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	78% <sup>119</sup>	98%
	Parliamentary questions	95% or above	100%	100%
<i>Related Services to Ministers – Science and Innovation</i> This category is intended to achieve effective and efficient ministerial services, and to monitor the performance and compliance of Crown entities	Ministers receive advice on entities' accountability documents within statutory timeframes	100%	100% <sup>118</sup>	100%
	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	98%	99%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	93% <sup>120</sup>	94%
	Parliamentary questions	95% or above	98%	98%
<b>Research, Science and Innovation: Contract Management MCA</b> This appropriation is intended to achieve efficient and effective management of the science and innovation system.	Contracts are monitored through agreed reporting programmes	Achieved	Achieved	Achieved

113 Results by portfolio are not able to be reported in 2019/20. Disruptions from COVID-19 affected the quality assessment process, resulting in low sample sizes that are not statistically robust. However, of the 74 papers that were assessed across the 14 portfolios that MBIE provided policy advice on in 2019/20 (ACC; Broadcasting, Communications and Digital Media; Building and Construction; Commerce and Consumer Affairs; Economic Development; Employment; Energy and Resources; Greater Christchurch Regeneration; Immigration; Regional Economic Development; Research, Science and Innovation; Small Business; Tourism; and Workplace Relations and Safety), the average quality result was 72%.

114 The performance standard was changed, effective from 2019/20, to reflect the new survey designed by the DPMC to align to the refreshed Policy Quality Framework.

115 The result is based on one survey for the 2019/20 year. The usual July to December 2019 survey was not provided to the Minister due to COVID-19 disruptions.

116 Due to the change of portfolio responsibilities in July 2019, the survey was not undertaken for this portfolio.

117 The 2018/19 performance standard for this measure was 'At least 70%'. Due to a change in the survey structure for the 2019/20 result (a change from six to 19 survey questions, which also adjusted the content of the questions asked), a comparative result based on the revised scale of 1–5 cannot be provided.

118 This relates to advice provided in 2019/20. Changes to legislation through the *COVID-19 Response (Further Management Measures) Legislation Bill (No 2)* enabled extensions for entities' provision of financial year reports, statements, and audits due to the impacts of COVID-19. Advice from MBIE on accountability documents provided from entities in accordance with the extended timeframes will be provided to ministers in 2020/21.

119 Nine out of 41 responses were sent late, primarily due to administrative errors. This result was at risk of not achieving the standard before the COVID-19 disruptions.

120 Eight out of 111 responses were sent late, primarily due to disruptions to processes over the COVID-19 lockdown.

VOTE BUSINESS, SCIENCE AND INNOVATION		2019/20		2018/19
Appropriation	Performance measures	Target	Actual	Actual
<p><i>Science and Innovation Contract Management</i></p> <p>This category is intended to achieve the efficient and effective allocation and contracting of research, science and technology grants to maximise their returns to New Zealand.</p>	Contracts are monitored through agreed reporting programmes	Achieved	Achieved	Achieved
<p><i>Research Contract Management</i></p> <p>This category is intended to achieve the efficient and effective allocation and contracting of research, science and technology grants to maximise their returns to New Zealand.</p>	Percentage of contracts that have been monitored and performance assessed within agreed timeframes	100%	100% <sup>121</sup>	100%
<p><b>Research, Science and Innovation: Strategic Science Investment Fund MCA</b></p> <p>This appropriation is intended to achieve the support of longer-term programmes of mission-led science that contribute to New Zealand's economy, environment and well-being, including the infrastructure that enables high-impact science.</p>	Percentage of contracts that have been monitored and performance assessed within agreed timeframes	100%	100% <sup>121</sup>	100%
<p><i>Strategic Science Investment Fund – Infrastructure</i></p> <p>This category is intended to achieve access for researchers to resources and information that require national-scale, nationally coordinated, multi-user financial support.</p>	Percentage of contracts that have been monitored and performance assessed within agreed timeframes	100%	100% <sup>121</sup>	100%
<p><i>Strategic Science Investment Fund – Programmes</i></p> <p>This category is intended to achieve the support of longer-term programmes of mission-led science which contribute to the future of New Zealand's economy, environment and wellbeing.</p>	Percentage of contracts that have been monitored and performance assessed within agreed timeframes	100%	100% <sup>121</sup>	100%
<p><b>Research, Science and Innovation: Talent and Science Promotion MCA</b></p> <p>This appropriation is intended to achieve high-quality engagement between scientists and the public, contributing to the development of talented, skilled individuals and their organisations.</p>	Percentage of contracts that have been monitored and performance assessed within agreed timeframes	100%	100% <sup>121</sup>	100%
<p><i>Fellowships for Excellence</i></p> <p>This category is intended to achieve an improvement in career development opportunities for New Zealand's early to midcareer researchers.</p>	Percentage of contracts that have been monitored and performance assessed within agreed timeframes	100%	100% <sup>121</sup>	100%
<p><i>Science in Society</i></p> <p>This category is intended to achieve the increased engagement by New Zealanders with science and technology.</p>	Percentage of contracts that have been monitored and performance assessed within agreed timeframes	100%	100% <sup>121</sup>	100%
<p><i>Vision Mātauranga Capability Fund</i></p> <p>This category is intended to achieve development of skilled people and organisations undertaking research that supporting the four themes of Vision Mātauranga.</p>	Percentage of contracts that have been monitored and performance assessed within agreed timeframes	95%	95% <sup>121</sup>	95.5%

<sup>121</sup> Note that this relates to performance reports required to be submitted in 2019/20. A number of contract-holders paid over 2019/20 will submit reports in 2020/21, to be assessed at that point.



VOTE BUSINESS, SCIENCE AND INNOVATION		2019/20		2018/19
Appropriation	Performance measures	Target	Actual	Actual
<b>Seed Co-Investment Fund MCA</b> This appropriation is intended to achieve the provision of funds to be co-invested with the private sector for emerging high growth New Zealand companies that require new risk capital for growth.	Number of new investments in companies from the Seed Co-investment Fund	Reaching or exceeding 15	17 <sup>122</sup>	21
<b>Support New Market Opportunities to Grow Firms and Sectors for the Benefit of New Zealand MCA</b> This appropriation is intended to achieve developed and capable businesses that deliver benefits for New Zealand's economy.	Realised Direct Economic Impact ratio for completed International Growth Fund (IGF) projects	4 to 1	9.4:1 <sup>123</sup>	7.6:1
<b>International Growth Fund</b> This category is intended to achieve market development and business capability development activities required for growth of New Zealand firms in international markets.	Number of International Growth Fund grants awarded	80 (demand driven)	118 <sup>123</sup>	107
	Potential Direct Economic Impact ratio for approved International Growth Fund grants	4:1	6.3:1 <sup>123</sup>	5.7:1
<b>Sector Strategies and Facilitation</b> This category is intended to achieve co-fund feasibility studies which are used to develop and present the business case for investment in New Zealand.	Number of Strategic Investment Fund grants awarded	6 (demand driven)	13 <sup>123</sup>	10
<b>Support the Growth and Development of New Zealand Firms, Sectors and Regions MCA</b> This appropriation is intended to achieve significant economic benefits for New Zealand through increasing levels of firm internationalisation.	Annual growth in international revenue for NZTE's Focus700 customers (with annual international revenue of under \$500 million) and the NZ export benchmark	3 percentage points above NZ export benchmark	6.1 percentage points above the NZ export benchmark <sup>123</sup>	3.6 percentage points above the NZ export benchmark
<b>Collaborative Activity and Special Events</b> This category is intended to achieve economic benefits through key sector initiatives and special events	Value of contracts secured through G2G Know-How	\$36m cumulative target for July 2019 to June 2022	\$10.37m between 1 July 2019 and 30 June 2020 <sup>124</sup>	\$23.7m between 1 July 2018 and 30 June 2019
<b>International Business Growth Services</b> This category is intended to achieve increased internationalisation for New Zealand businesses and matching of capital with investment opportunities.	Number of International Growth Outcomes (IGOs) achieved with NZTE involvement	800	1,002 <sup>123</sup>	902
	\$ potential Direct Economic Impact (pDEI) for investment deals	\$2 billion	\$2.6 billion <sup>123</sup>	\$2.5 billion
	Total value of export deals achieved with NZTE involvement	\$1.6 billion	\$2.2 billion <sup>123</sup>	\$2.4 billion
<b>Services to Support the Growth and Development of New Zealand Businesses</b> This category is intended to achieve increased business and management capability that improves individual firm and wider business performance.	Total Net Promoter score for the Regional Partner Business Network	+60	+69 <sup>123</sup>	+72

122 The Aspire NZ Seed Fund approved investments into 17 new companies in the year. Additionally, the fund invested in 34 existing portfolio companies in the year.

123 This result has not been audited. The audited result will be reported in New Zealand Trade and Enterprise's (NZTE) 2019/20 Annual Report.

124 The G2G targets are cumulative over a three-year period, which takes into account the uneven nature of G2G deals and the time required to negotiate deals between governments. The current period from 1 July 2019 to 30 June 2022 has a cumulative target of \$36m, with yearly targets of \$10m, \$12m and \$14m. This result has not been audited. The audited result will be reported in New Zealand Trade and Enterprise's (NZTE) 2019/20 Annual Report.

## How much we spent

Actual 2018/19 \$000	Our expenditure summary	Actual 2019/20 \$000	Supplementary Estimates 2019/20 \$000	Main Estimates 2019/20 \$000
94,637	Departmental expenses	107,927	119,955	101,378
1,434,116	Non-departmental expenses	1,682,368	1,682,700	1,635,140
74,484	Departmental capital	96,675	111,705	81,252
21,152	Non-departmental capital	9,940	41,067	78,060
1,624,389	<b>Total expenditure for outcome</b>	1,896,910	1,955,427	1,895,830

## Our services and functions – Departmental

Actual 2018/19 \$000	Appropriation name	Location of year-end performance information	Actual 2019/20 \$000	Supplementary Estimates 2019/20 \$000	Main Estimates 2019/20 \$000
<b>Departmental output expenses</b>					
6,316	Communications: Cyber Security Services		7,891	8,090	8,075
	– Communications: Pacific Cyber Security Initiatives		27	456	–
24,113	Economic Development: Implementation of Improvements in Public Sector Procurement and Services to Business		32,371	36,778	23,405
4,663	Economic Development: Shared Support Services		1,400	2,000	1,000
7,473	Economic Development: Property Management Services		–	–	–
3,103	Economic Development: Property Management within the State Sector		–	–	–
1,866	Research, Science and Innovation: Innovative Partnerships		2,622	3,015	3,004
2,270	Research, Science and Innovation: National Research Information System		2,506	2,549	1,904
	– State Services: Property Management Services	1	11,084	12,643	11,976
	– State Services: Property Management within the State Sector		3,879	4,012	3,756
	Tourism: International Visitor Conservation and Tourism Levy Collection		1,416	2,184	2,184
49,804	<b>Total departmental output expenditure</b>		63,196	71,727	55,304
<b>Departmental capital</b>					
74,484	Ministry of Business, Innovation and Employment – Capital Expenditure PLA		96,675	111,705	81,252
74,484	<b>Total departmental capital</b>		96,675	111,705	81,252
<b>Multi-category expenses and capital expenditure</b>					
24,828	<b>Policy Advice and Related Outputs MCA – Vote Business, Science and Innovation</b>		25,945	28,790	27,655
<i>Departmental output expenses</i>					
12,921	› Policy Advice – Economic Development		13,330	15,531	14,810
5,121	› Policy Advice – Science and Innovation		6,333	6,470	6,050
4,005	› Related Services to Ministers – Economic Development		3,563	4,079	4,174
2,781	› Related Services to Ministers – Science and Innovation		2,719	2,710	2,621
59,651	<b>Research, Science and Innovation: Callaghan Innovation – Operations MCA</b>	2	81,740	83,544	75,151
<i>Non-departmental output expenses</i>					
32,378	› Building Business Innovation	2	35,358	35,758	32,378

Actual 2018/19 \$000	Appropriation name	Location of year-end performance information	Actual 2019/20 \$000	Supplementary Estimates 2019/20 \$000	Main Estimates 2019/20 \$000
7,750	› Business Research and Development Contract Management	2	7,750	7,750	7,750
19,523	› Research and Development Services and Facilities for Business and Industry	2	38,632	40,036	35,023
30,280	<b>Research, Science and Innovation: Contract Management MCA</b>		29,213	30,111	29,092
	<i>Departmental output expenses</i>				
20,005	› Science and Innovation Contract Management <i>Non-departmental output expenses</i>		18,786	19,438	18,419
10,275	› Research Contract Management		10,427	10,673	10,673
263,100	<b>Research, Science and Innovation: Strategic Science Investment Fund MCA</b>		284,906	288,657	300,014
	<i>Non-departmental output expenses</i>				
55,476	› Strategic Science Investment Fund – Infrastructure		54,149	55,942	70,139
207,624	› Strategic Science Investment Fund – Programmes		230,757	232,715	229,875
25,503	<b>Research, Science and Innovation: Talent and Science Promotion MCA</b>		27,313	30,220	28,370
	<i>Non-departmental output expenses</i>				
10,378	› Fellowships for Excellence		10,466	10,470	12,770
9,706	› Science in Society		10,434	12,999	8,849
4,919	› Vision Mātauranga Capability Fund		5,913	6,251	6,251
	<i>Non-departmental other expenses</i>				
500	› Royal Society of New Zealand	1	500	500	500
2,330	<b>Seed Co-Investment Fund MCA</b>		2,330	2,330	2,330
	<i>Non-departmental output expenses</i>				
2,330	› Investment Fund Management	1	2,330	2,330	2,320
	<i>Non-departmental capital expenditure</i>				
–	› Seed Co-Investment Fund		–	–	10
26,172	<b>Support New Market Opportunities to Grow Firms and Sectors for the Benefit of New Zealand MCA</b>	3	31,287	37,031	31,031
	<i>Non-departmental other expenses</i>				
25,382	› International Growth Fund	3	30,820	35,827	29,827
790	› Sector Strategies and Facilitation	3	467	1,204	1,204
172,192	<b>Support the Growth and Development of New Zealand Firms, Sectors and Regions MCA</b>	3	196,683	210,709	180,287
	<i>Non-departmental output expenses</i>				
6,119	› Collaborative Activity and Special Events	3	6,469	6,969	6,186
150,892	› International Business Growth Services	3	159,559	159,559	158,920
15,181	› Services to Support the Growth and Development of New Zealand Businesses	3	30,655	44,181	15,181
604,056	<b>Total multi-category expenses and capital expenditure</b>		679,417	711,392	673,930
728,344	<b>Total expenditure</b>		839,288	894,824	810,486

## Other services – Non-departmental

Actual 2018/19 \$000	Appropriation name	Location of year-end performance information	Actual 2019/20 \$000	Supplementary Estimates 2019/20 \$000	Main Estimates 2019/20 \$000
<b>Non-departmental output expenses</b>					
4	Management of Crown Properties held under the <i>Housing Act 1955</i>		–	–	–
4,753	Repayable Grants for Start-Ups – MYA		–	–	–
182,940	Research and Development Growth Grants – MYA	2	233,189	109,532	174,186
	Research, Science and Innovation: Antarctica Science Platform – MYA		–	–	3,549
	Research, Science and Innovation: Crown Research Institutes – COVID-19 Response and Recovery	4	45,100	45,100	–
216,576	Research, Science and Innovation: Endeavour Fund	4	217,613	217,613	223,236
100,641	Research, Science and Innovation: Health Research Fund	5	137,489	137,489	117,489
70,545	Research, Science and Innovation: Marsden Fund	4	78,545	78,545	78,545
7,069	Research, Science and Innovation: National Measurement Standards	1	7,632	7,632	7,632
66,246	Research, Science and Innovation: National Science Challenges	4	–	–	–
	Research, Science and Innovation: National Science Challenges – MYA	4	90,290	90,290	99,963
31,793	Research, Science and Innovation: Partnered Research Fund	4	33,901	36,916	39,473
	– Science and Innovation: Repayable Grants for Start-Ups	2	5,879	10,213	16,246
35,720	Targeted Business Research and Development Funding – MYA	2	46,385	60,991	32,500
716,287	<b>Total non-departmental output expenses</b>		896,023	794,321	792,819
<b>Non-departmental other expenses</b>					
1,300	Economic Development: Attracting International Screen Productions	1	1,300	1,300	1,300
1,668	Economic Development: International Subscriptions and Memberships	1	1,562	1,760	1,760
881	Economic Development: Management Development Fund	1	–	–	–
138,530	Economic Development: New Zealand Screen Production Grant – International MYA 2017–2021 – MYA	6	118,978	178,666	171,556
7,204	Research, Science and Innovation: Catalyst Fund	4	16,939	30,609	17,451
9,023	Research, Science and Innovation: Regional Research Institutes	4	12,880	12,880	22,408
158,606	<b>Total non-departmental other expenses</b>		151,659	225,215	214,475
<b>Non-departmental capital expenditure</b>					
	Economic Development: Early Stage Capital Market – Development	1	–	–	40,000
21,152	Research, Science and Innovation: Callaghan Innovation	2	9,940	41,067	38,050
21,152	<b>Total non-departmental capital expenditure</b>		9,940	41,067	78,050
896,045	<b>Total non-departmental annual and MYA expenses</b>		1,057,622	1,060,603	1,085,344
1,624,389	<b>Total expenditure for outcome</b>		1,896,910	1,955,427	1,895,830

**Location of year-end performance information:**

- 1 Exemption granted under section 15(D)(2)(b) of the *Public Finance Act 1989*
- 2 Callaghan Innovation’s annual report
- 3 Reported in both NZTE’s and MBIE’s annual reports
- 4 Minister of Research, Science and Innovation in the Vote Business, Science and Innovation non-departmental appropriations report
- 5 Health Research Council of New Zealand’s annual report
- 6 Minister for Economic Development in the Vote Business, Science and Innovation non-departmental appropriations report

**Multi-year appropriations**

Appropriation name	Actual 2019/20 \$000	Actual 2018/19 \$000
<b>Economic Development: New Zealand Screen Production Grant – International (2017–2021) – MYA</b>		
Original appropriation	323,112	323,112
Cumulative adjustments	281,470	134,970
Total adjusted appropriation	604,582	458,082
Cumulative actual expenditure 1 July	285,916	147,386
Current year actual expenditure	118,978	138,530
Cumulative actual expenditure 30 June	404,894	285,916
Appropriation remaining 30 June	199,688	172,166
<b>Research, Science and Innovation: National Science Challenges (2019–2024) – MYA</b>		
Original appropriation	470,175	–
Cumulative adjustments	(29,700)	–
Total adjusted appropriation	440,475	–
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	90,290	–
Cumulative actual expenditure 30 June	90,290	–
Appropriation remaining 30 June	350,185	–
<b>Repayable Grants for Start-Ups (2017–2019) – MYA</b>		
Original appropriation	27,992	27,992
Cumulative adjustments	5,538	5,538
Total adjusted appropriation	33,530	33,530
Cumulative actual expenditure 1 July	8,973	4,220
Current year actual expenditure	–	4,753
Cumulative actual expenditure 30 June	8,973	8,973
Appropriation remaining 30 June	24,557	24,557

Appropriation name	Actual 2019/20 \$000	Actual 2018/19 \$000
<b>Research and Development Growth Grants (2017–2022) – MYA</b>		
Original appropriation	802,860	802,860
Cumulative adjustments	(24,751)	20,939
Total adjusted appropriation	778,109	823,799
Cumulative actual expenditure 1 July	474,869	291,929
Current year actual expenditure	233,189	182,940
Cumulative actual expenditure 30 June	708,058	474,869
Appropriation remaining 30 June	70,051	348,930
<b>Research, Science and Innovation: Antarctica Science Platform (2019–2024) – MYA</b>		
Original appropriation	36,549	–
Cumulative adjustments	(36,549)	–
Total adjusted appropriation	–	–
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	–	–
Cumulative actual expenditure 30 June	–	–
Appropriation remaining 30 June	–	–
<b>Targeted Business Research and Development Funding (2017–2022) – MYA</b>		
Original appropriation	187,500	187,500
Cumulative adjustments	3,835	3,835
Total adjusted appropriation	191,335	191,335
Cumulative actual expenditure 1 July	83,148	47,428
Current year actual expenditure	46,385	35,720
Cumulative actual expenditure 30 June	129,533	83,148
Appropriation remaining 30 June	61,802	108,187



## Policy Advice and Related Outputs MCA – Vote Business, Science and Innovation

Actual 2018/19 \$000	Appropriation name	Actual 2019/20 \$000	Supplementary Estimates 2019/20 \$000	Main Estimates 2019/20 \$000
<b>Policy Advice and Related Outputs MCA – Vote Business, Science and Innovation</b>				
<i>Departmental output expenses</i>				
3,037	› Policy Advice – Tourism	5,187	4,546	3,398
1,354	› Related Services to Ministers – Tourism	1,631	2,105	1,397
1,007	› Investigative Services – Trade Remedies	960	572	563
9,555	› Policy Advice – Commerce and Consumer Affairs	10,552	10,461	9,227
7,939	› Policy Advice – Communications	6,099	5,822	5,891
1,684	› Policy Advice – Small Business	1,353	1,245	1,290
2,010	› Related Services to Ministers – Commerce and Consumer Affairs	2,181	1,956	1,953
84	› Related Services to Ministers – Communications	98	62	66
242	› Related Services to Ministers – Small Business	252	217	233
6,438	› Policy Advice – Energy and Resources	5,305	4,912	4,632
620	› Related Services to Ministers – Energy and Resources	538	788	787
12,921	› Policy Advice – Economic Development	13,330	15,531	14,810
5,121	› Policy Advice – Science and Innovation	6,333	6,470	6,050
4,005	› Related Services to Ministers – Economic Development	3,563	4,079	4,174
2,781	› Related Services to Ministers – Science and Innovation	2,719	2,710	2,621
<b>58,798</b>	<b>Total Policy Advice and Related Outputs MCA – Vote Business, Science and Innovation</b>	<b>60,101</b>	<b>61,476</b>	<b>57,092</b>

## OUR INVESTMENT AND ASSET PERFORMANCE

MBIE's assets support our ability to successfully deliver our strategic intentions. MBIE manages two major asset portfolios: Information and Communications Technology (ICT), and Property. The asset classes within these portfolios are as follows:

ASSET PORTFOLIO	ASSET CLASSES
Property	Non-residential Buildings
ICT	Computer Hardware and Computer Software

### MBIE asset and investment management system groups

Portfolio management has been adopted across MBIE asset and investment management, with three portfolios in place:

- › Immigration New Zealand (INZ)
- › Market Services/Labour, Science & Enterprise/Building Resources & Markets (MLB)
- › Corporate.

MBIE's INZ and MLB portfolios deliver outcomes aligned with their relevant business group strategic objectives, while the Corporate portfolio exists to manage investment in shared services across MBIE and develop ICT capability to ensure that MBIE continues to meet its legislative obligations.

Other assets have been excluded for reporting due to their lesser significance (criticality) to delivering our core services.

### Property assets

The measures relate to staff-occupied properties and ensure that they are being well managed and heading towards achieving the targets.

MEASURE	INDICATOR	2019/20 TARGET	2019/20 ACTUAL	2018/19 ACTUAL
Office space utilisation per square metre per employee. The square metre per employee is a utilisation measure that helps MBIE to understand how efficiently we are using space by dividing the square metres by the number of employees. Customer-facing space is excluded from this calculation. We also use this figure to help project space for future staff demands.	Utilisation	14.0m <sup>2</sup>	13.8m <sup>2</sup>	13.2m <sup>2</sup>
Staff office space will be above 70% New Building Standard (NBS). It is important that MBIE houses our staff in buildings that have a sufficient seismic rating. A property at 70% of NBS, which is the benchmark we have set, should preserve life, and be largely functional following a large earthquake. An earthquake that would structurally damage a building beyond 70% of NBS would likely affect the surrounding areas of the property, thus creating a red zone and therefore the building may be tenable but unable to be accessed for a period of time.	Condition	100%	95.8% <sup>125</sup>	99%
Staff offices with a building warrant of fitness (BWOFF). A BWOFF demonstrates that the property has compliant mechanical and life safety systems. Depending on the specific item (such as air conditioning), the systems need to be checked either monthly or quarterly, and then again annually by an independently qualified person. Only once all of the annual checks have been completed can a BWOFF be issued.	Functionality	100%	91.4% <sup>126</sup>	95%

<sup>125</sup> Three buildings occupied within the year had seismic ratings that were below the 70% benchmark.

<sup>126</sup> Four properties were going through the renewal process as at 30 June 2020.

## ICT assets

The measures below show that ICT services across MBIE are operationally stable and performing to, or close to, target services levels.

MEASURE <sup>127</sup>	INDICATOR	2019/20 TARGET	2019/20 ACTUAL	2018/19 ACTUAL
System availability across critical business systems. Percentage service availability measured against agreed targets, measured monthly and aggregated to a full year.	Availability	99.90%	99.98%	99.97%
System availability across non-critical business systems. Percentage service availability measured against agreed targets, measured monthly and aggregated to a full year.	Availability	97.50%	99.92% <sup>128</sup>	99.94%
Fault resolution performance for critical systems – Priority 1. Percentage of Priority 1 outage restorations that are within target timeframes. Priority 1 = failure of a core business service, security breach or environmental incident (eg, earthquake).	Condition	100%	93.18% <sup>129</sup>	100%
Fault resolution performance for critical systems – Priority 2. Percentage of Priority 2 outage restorations that are within target timeframes. Priority 2 = partial failure or degradation of a core business service.	Condition	90%	98.38% <sup>129</sup>	98%
ICT system warrant of fitness assessment. 100% of systems are classified as having the expected capability for the position they are in within their asset lifecycle. Systems having the expected capability must be considered to be one of the following: <ul style="list-style-type: none"> <li>› meeting requirements with some limited level of operational enhancements scheduled</li> <li>› have a planned continuous improvement programme in place</li> <li>› have an end of life in line with life expectancy for the system, with a planned replacement.</li> </ul>	Functionality	100%	100% (MLB) 100% (INZ) <sup>130</sup>	100%

The actual results included in the tables have not been audited.

<sup>127</sup> In 2020/21, Corporate ICT will undertake a review of the current asset measures and implement broader condition measures.

<sup>128</sup> Prior to the COVID-19 emergency, MBIE ICT operated a business continuity plan based on best practice of maintaining 25% capability for staff working remotely. Before the lockdown, planning took place to lift capability for staff to work remotely and strengthen monitoring for service continuity. A range of collaboration tools were implemented, remote capacity was significantly increased, mobile data buckets were increased, and a number of proxy servers were strengthened. Significant technical change was completed during this period to support the enhanced capability.

<sup>129</sup> Corporate ICT staff supported MBIE essential staff during the COVID-19 emergency and this impacted on meeting fault resolution timeframes due to competing priorities. A key role of the Corporate ICT staff was to assist businesses providing the necessities of life for everyone in New Zealand by creating an *Essential Workers Hotline* that received over 600 calls and 700 emails.

<sup>130</sup> This measure is reported at the portfolio level due to the difference in the nature and assessment of these assets this measure is not reported as an aggregated result.

# FINANCIAL STATEMENTS

# FINANCIAL COMMENTARY

This section of the annual report provides a commentary on MBIE’s 2019/20 financial results, including the impact of COVID-19, and a view of our forecast financial plans for 2020/21.

This commentary compares financial performance for the year with:

- › The previous financial year, 2018/19
- › The 2019/20 budget set in May 2019 as part of the Government’s Budget. This is referred to as **Main Estimates**
- › The 2020/21 budget set in May 2020 as part of the Government’s Budget. This is referred to as **Forecast**

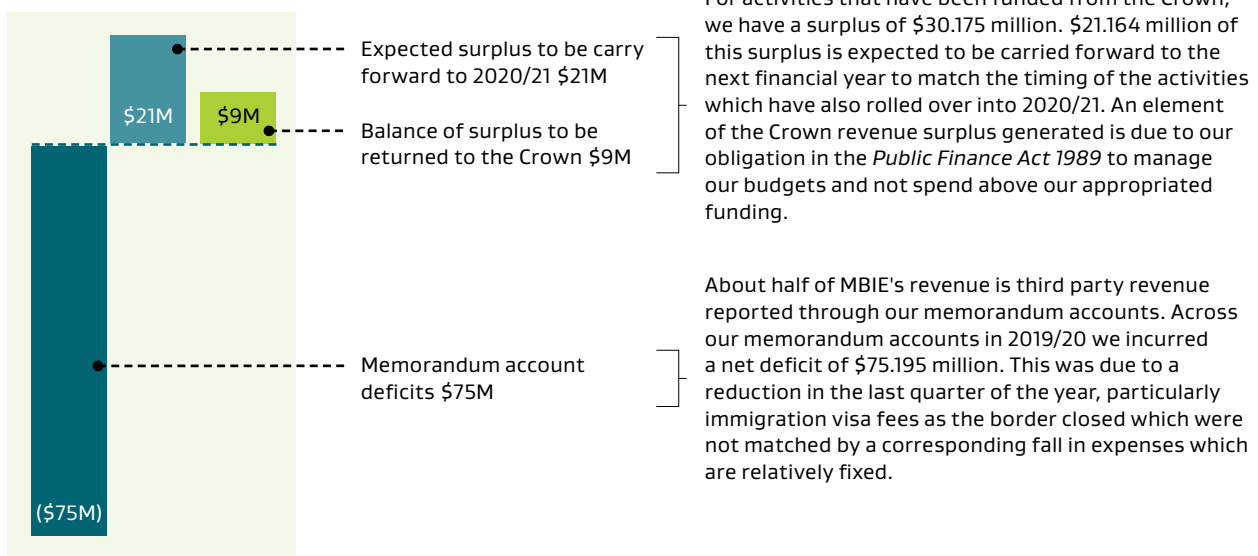
Information is also provided in this commentary on non-departmental operations, where MBIE administer activities on behalf of the Crown.

## 2019/20 DEPARTMENTAL RESULTS

MBIE’s 2019/20 departmental activities are funded through 41 appropriations across 16 ministerial portfolios. In 2019/20 our revenue was \$886.643 million and our expenditure \$930.911 million. Across all our departmental activities we incurred a net deficit of \$44.268 million.

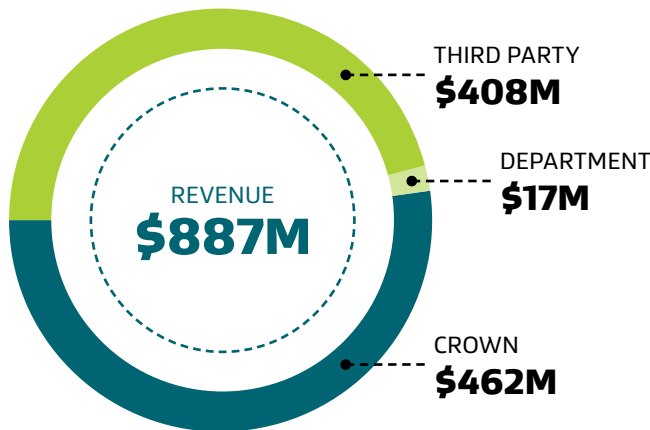
The deficit was largely driven by a significant fall in third party revenue at the end of the year as the border closures resulted in a sudden fall in visa fees. The following table breaks down this deficit by source of funding:

### 2019/20 operating results



Discussion on the impact of COVID-19 on the coming financial year can be found on pages 85 to 86.

**THE MONEY WE RECEIVE TO FUND OUR DEPARTMENTAL OPERATIONS**

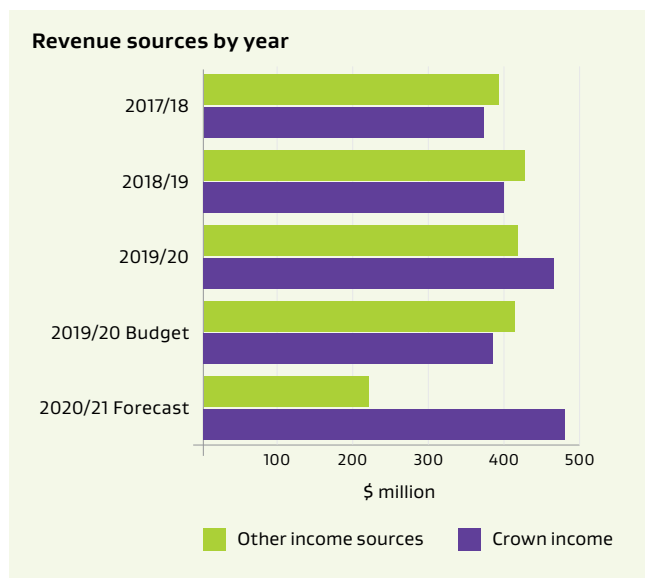


MBIE receives funding to deliver services and functions on behalf of the Government. The majority of our funding comes from the Crown and from fees and levies charged to third parties for our services.

	Actual 2016 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2020 \$000	Unaudited Main Estimates 2020 \$000	Unaudited Forecast 2021 \$000
Crown revenue	302,461	328,998	365,888	404,190	461,548	384,659	476,390
Third party revenue	368,833	370,537	376,501	408,472	408,399	401,845	198,302
Department revenue	7,386	8,148	14,533	25,502	16,696	19,709	27,689
<b>Total revenue</b>	<b>678,680</b>	<b>707,683</b>	<b>756,922</b>	<b>838,164</b>	<b>886,643</b>	<b>806,213</b>	<b>702,381</b>

In 2019/20 our departmental revenue was \$886.643 million, \$48.479 million more than 2018/19 and \$80.430 million higher than the 2019/20 Main Estimates.

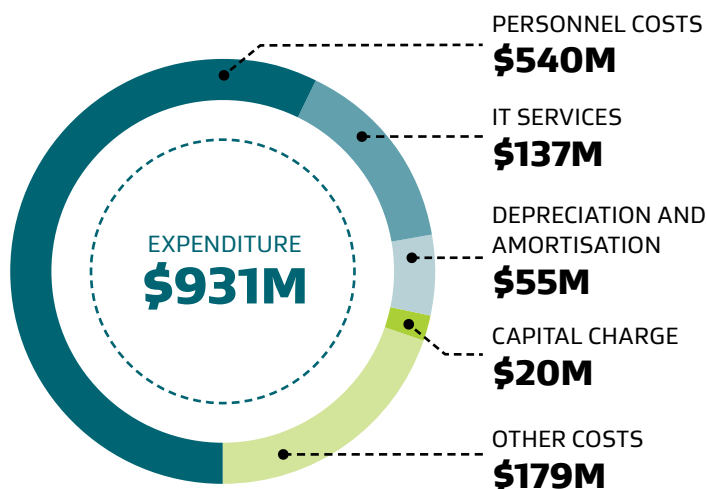
Crown revenue was \$57.358 million more than 2018/19 and \$76.889 million higher than 2019/20 Main Estimates. New funding was provided for a broad range of programmes with the highest proportion going towards the operations of the PDU (\$37.739 million), the new remuneration framework (\$7.000 million) and funding for the Electronic Travel Authority work visa reforms (\$3.649 million).



Third party and department revenue was \$425.095 million in 2019/20, \$8.879 million less than 2018/19 and \$3.541 million higher than the 2019/20 Main Estimates. A significant amount of this revenue relates to visa applications. This reduction from 2018/19 was due to the drop in third party revenue in the last quarter of the year. This decline in revenue is expected to continue with only \$225.991 million of other revenue forecast for 2020/21.



## HOW WE SPENT THE FUNDING WE RECEIVED FOR OUR DEPARTMENTAL OPERATIONS



Over two thirds of our total costs relate to personnel costs and IT services.

	Actual 2016 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2020 \$000	Unaudited Main Estimates 2020 \$000	Unaudited Forecast 2021 \$000
Personnel costs	321,657	399,971	433,634	456,787	540,255	460,731	519,315
IT costs	111,956	94,310	98,222	115,806	136,590	109,649	126,532
Depreciation, amortisation and impairment	32,689	40,541	45,264	50,490	54,822	48,208	57,785
Capital charge	16,122	14,095	12,566	16,580	20,418	20,082	24,748
Other operating costs	136,228	145,631	160,839	174,542	178,826	167,543	201,969
<b>Total expenditure</b>	<b>618,652</b>	<b>694,548</b>	<b>750,525</b>	<b>814,205</b>	<b>930,911</b>	<b>806,213</b>	<b>930,349</b>

In 2019/20 we spent \$930.911 million as a department, \$116.706 million more than 2018/19 and \$124.698 million higher than the 2019/20 Main Estimates. This increase is mainly due to the costs incurred for the additional activities from increased funding as discussed above. Plus as third party revenue has not increased as expected, the fixed cost nature of these activities means that there has not been a corresponding fall in expenditure. While MBIE did incur some additional departmental costs in addressing the impact of COVID-19 (e.g. IT support and related costs to support working from home arrangements during the lockdown) these costs were not significant. MBIE's overall response to COVID-19 is discussed in detail on pages 6 to 8.

## THE MEMORANDUM ACCOUNTS WE ADMINISTER

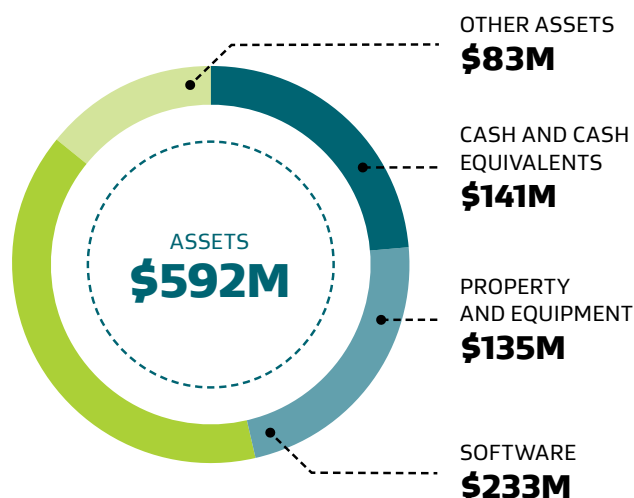
	Actual 2016 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2020 \$000	Unaudited Main Estimates 2020 \$000	Unaudited Forecast 2021 \$000
Immigration visa	(4,697)	(11,709)	(45,724)	(65,123)	(127,137)	(43,432)	(115,490)
Building controls	25,288	32,010	43,015	55,548	56,327	55,841	58,386
Registration and granting of intellectual property rights	22,389	27,510	29,804	31,181	30,060	33,110	31,857
Other memorandum accounts	20,604	34,925	41,623	45,645	32,806	46,193	20,355
<b>Memorandum account balance at 30 June</b>	<b>63,584</b>	<b>82,736</b>	<b>68,718</b>	<b>67,251</b>	<b>(7,944)</b>	<b>91,712</b>	<b>(4,892)</b>

Memorandum accounts record the cumulative surplus or deficit of MBIE services that are intended to be fully cost recovered from third parties through fees, levies or other charges. Memorandum accounts provide transparency around these services, and in the long term, the balance of each memorandum account is expected to trend towards zero.

In 2019/20 MBIE administered 15 (2018/19: 14) memorandum accounts. MBIE introduced the Electronic Travel Authority memorandum account during 2019/20. This programme screens travellers for border and immigration risks while making the border entry as seamless as possible. It is funded by fees paid by international visitors.

The overall memorandum account balance at 30 June 2020 was a \$7.944 million deficit, decreasing by \$75.195 million from the prior year. This decline was mainly due to this year's \$62.014 million (2018/19: \$19.399 million) deficit in the Immigration visa memorandum account reflecting the impact of COVID-19 related border restrictions and fixed costs not correspondingly decreasing.

## THE DEPARTMENTAL ASSETS WE MANAGE TO SUPPORT OUR OPERATIONS



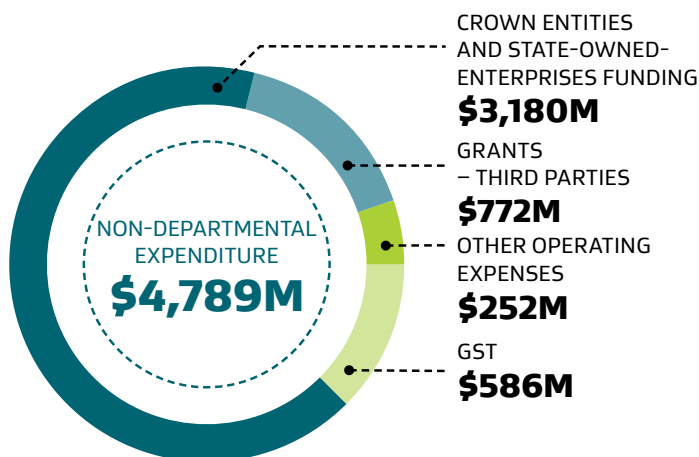
	Actual 2016 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2020 \$000	Unaudited Main Estimates 2020 \$000	Unaudited Forecast 2021 \$000
Cash and cash equivalents	61,362	27,342	97,171	115,285	140,710	51,776	–
Property and equipment	69,668	88,463	96,710	110,977	134,941	134,377	146,063
Software assets	168,466	185,349	203,189	216,880	233,329	229,349	243,137
Other assets	118,627	105,079	106,821	111,480	83,362	127,755	117,277
<b>Total assets</b>	<b>418,123</b>	<b>406,233</b>	<b>503,891</b>	<b>554,622</b>	<b>592,342</b>	<b>543,257</b>	<b>506,477</b>
<b>Capital expenditure</b>	<b>68,334</b>	<b>76,999</b>	<b>71,269</b>	<b>74,484</b>	<b>98,562</b>	<b>81,252</b>	<b>80,027</b>

MBIE manages \$592.342 million of departmental assets. Software assets and property and equipment represent over half of our assets. The software assets are the systems run to support the operation of MBIE and the services provided. Most of the software is developed internally rather than purchased. Our property and equipment are the land, buildings, leasehold improvements, furniture and fittings, vehicles and computer hardware we use in our daily operations. Most of the other assets we control relate to debtors and other receivables due to us.

In 2019/20 our capital expenditure increased by \$24.078 million compared to the prior year and was \$17.310 million higher than the 2019/20 Main Estimates. This increase is largely due to the work carried out in relation to the new leased cross-government office space in Pastoral House, and the development of MBIE's new payroll system. MBIE forecast it will spend \$18.535 million less in 2020/21 than in 2019/20, with the completion of the Pastoral House project.

Cash and cash equivalents and other assets are \$2.693 million lower than the prior year and \$44.541 million higher than the 2019/20 Mains Estimates. The increase from the Main Estimates reflects the cash injection secured to ensure liquidity was maintained despite the fall in cash receipts due to the impact of COVID-19, particularly immigration visa fees. Our 2021 forecast a decrease in cash and cash equivalents balances due to these reduced cash receipts. However, capital injections from the Government have been secured to ensure MBIE is able to meet its obligations as they fall due.

THE NON-DEPARTMENTAL EXPENDITURE WE ADMINISTER ON BEHALF THE CROWN



MBIE administers non-departmental activities on behalf of the Crown via 102 non-departmental appropriations. Funding is distributed to third parties, state-owned enterprises and 26 Crown entities to support their operations and the grants they administer.

	Actual 2016 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2020 \$000	Unaudited Main Estimates 2020 \$000	Unaudited Main Forecast 2021 \$000
Crown entities and state-owned enterprises finding	2,420,151	2,608,988	2,780,254	2,927,341	3,179,681	3,147,923	3,462,997
Grants – third parties	407,886	411,331	471,464	584,986	771,504	1,422,699	775,606
Other expenses	65,457	93,520	96,542	272,182	251,783	473,981	178,948
GST	394,806	422,218	466,018	501,378	586,383	646,896	596,369
<b>Total non-departmental expenditure</b>	<b>3,288,300</b>	<b>3,536,057</b>	<b>3,814,278</b>	<b>4,285,887</b>	<b>4,789,351</b>	<b>5,691,499</b>	<b>5,013,920</b>

Non-departmental revenue for 2019/20 was \$675.409 million, \$141.498 million less than 2018/19, and \$57.720 million higher than the 2019/20 Main Estimates. The higher revenue than the 2019/20 Main Estimates is mainly due to higher than forecast Crown mineral royalties, offset by less than expected Electronic Travel Authority levies due to the COVID-19 related border closure.

Our non-departmental expenditure was \$902.148 million lower than the 2019/20 Main Estimates which is largely attributable to timing differences in the PGF grants we administer. When the Main Estimates were set, the form and timing of PGF grants was unknown. As the fund is making milestone grant payments later than initially forecast, there were fewer payments in the financial year.

The later timing of PGF grants was partially offset by the provision for costs associated with the decommissioning of an oil field (\$151.841 million) and increased costs that were incurred in response to the COVID-19 pandemic including:

- › \$8.037 million for temporary accommodation services provided to those who needed assistance to self-isolate
- › \$11.000 million for addressing the impacts on the tourism sector
- › \$89.350 million for the Worker Redeployment programme
- › \$45.100 million of funding for Crown Research Institutes to cover shortfalls in commercial revenue
- › \$25.000 million to support small and medium sized enterprises.

## UPDATED FORECAST FOR THE PRE-ELECTION ECONOMIC AND FISCAL UPDATE

The Unaudited Main Forecast 2021 was approved on 15 April 2020 by the Chief Executive and incorporated the financial implications of the early decisions made in responding to the COVID-19 pandemic. Since that time, additional workstreams focusing on the recovery and rebuild phase of the COVID-19 response have been funded by the COVID-19 Response and Recovery Fund (CRRF). The Pre-election Economic and Fiscal Update (PREFU) was published by the Treasury on 16 September 2020 and has incorporated these and other decisions with financial implications up to 20 July 2020.

There remains considerable uncertainty in relation to these forecasts, particularly the ongoing impact on MBIE's third party revenue. In addition, the costs associated with operating the Managed Isolation and Quarantine (MIQ) programme have not yet been fully incorporated into MBIE's baselines.

### Departmental

	Unaudited PREFU Forecast 2021 \$000	Unaudited Main Forecast 2021 \$000		Unaudited PREFU Forecast 2021 \$000	Unaudited Main Forecast 2021 \$000
<b>Revenue</b>			<b>Assets</b>		
Crown revenue	570,558	476,390	Cash and cash equivalents	114,548	–
Third party revenue	313,013	198,302	Debtors and other receivables	79,579	117,277
Department revenue	15,233	27,689	Property and equipment and intangible assets	387,664	389,200
<b>Total revenue</b>	<b>898,804</b>	<b>702,381</b>	<b>Total assets</b>	<b>581,791</b>	<b>506,477</b>
<b>Expenditure</b>			<b>Liabilities</b>		
Personnel costs	587,894	519,315	Cash and cash equivalents	–	143,663
Operating costs	349,222	328,501	Creditors and other payables	111,962	78,387
Other costs	82,826	82,533	Employee entitlements	46,310	42,294
<b>Total expenditure</b>	<b>1,019,942</b>	<b>930,349</b>	Provisions	10,717	12,314
<b>Net (deficit)</b>	<b>(121,138)</b>	<b>(227,968)</b>	<b>Total liabilities</b>	<b>168,989</b>	<b>276,658</b>
			<b>Net Assets</b>	<b>412,802</b>	<b>229,819</b>

The recent PREFU forecasts revenue in 2020/21 to be \$196.423 million more than the Main Forecast. This is a result of an increase in Crown funding of \$93.818 million provided in response to the impacts of COVID-19 and a revised impact on estimated third party revenue including the impact of border closures on Immigration Services upward by around \$138 million. In line with the increase in Crown funding, MBIE's departmental 2020/21 expenses are expected to increase by \$89.031 million compared to 2019/20.

The increase in funding, and associated costs mainly come from:

- › \$20.000 million for initial operational support of the MIQ programme
- › \$11.500 million for 15 regional skills leadership groups to facilitate local dialogue to ascertain regional labour market needs, and develop Regional Workforce Plans
- › \$23.700 million for additional policy advice and support to ministers
- › \$9.800 million for employment relation services
- › \$7.300 million for a job and skills hub.

An operating deficit of \$121.138 million was forecast in the PREFU as a result of expected increased third party revenue, primarily for immigration visas and Electronic Travel Authority.

The 2020/21 PREFU forecasts include approved capital injections that have been given to support MBIE's liquidity.

## Non-departmental

	Unaudited PREFU Forecast 2021 \$000	Unaudited Main Forecast 2021 \$000
<b>Non-departmental revenue</b>	582,154	597,844
<b>Non-departmental expenditure</b>		
Grants and operating expenses – Crown entities and state-owned enterprises	3,807,686	3,462,997
Grants – third parties	1,403,853	775,606
Other expenses	323,685	178,948
GST	747,268	596,369
<b>Total non-departmental expenditure</b>	<b>6,282,492</b>	<b>5,013,920</b>

The 2020/21 PREFU forecasts a reduction in non-departmental revenue of \$93.255 million compared to 2019/20, largely attributable to the reduction in International Visitor Conservation and Tourism levies which have declined while the border is closed.

Non-departmental expenses are forecast to increase by \$1,268.572 million in the PREFU. The increase in expenditure for 2020/21 is mainly due to costs responding to COVID-19, including:

- › \$100.000 million for the MIQ programme which was transferred to MBIE in 2020/21
- › \$105.000 million for the Strategic Tourism Assets Protection programme
- › \$300.000 million for delivering the 'Shovel Ready' infrastructure projects
- › \$129.845 million for provision of support to the research and development sector and facilitating the science sector's response to COVID-19, in particular the development of a vaccine strategy
- › \$29.500 million for Regional Skills Leadership Groups and Māori apprenticeship programmes
- › \$40.000 million for NZTE support services for small businesses
- › \$231.908 million for other initiatives responding to COVID-19.

The remaining \$332.319 million relates to additional GST expenditure and other appropriation changes that were not attributable to the COVID-19 response and were primarily the result of transferring underspent funding from 2019/20 into 2020/21.

## STATEMENT OF MANAGEMENT RESPONSIBILITY

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I am responsible, as Chief Executive of the Ministry of Business, Innovation and Employment (MBIE) for:

- › the preparation of MBIE's financial statements, and statements of expenses and capital expenditure, and for the judgements expressed in them
- › having in place a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting
- › ensuring that end-of-year performance information on each appropriation administered by MBIE is provided in accordance with sections 19A to 19C of the *Public Finance Act 1989*, whether or not that information is included in this annual report
- › the accuracy of any end-of-year performance information prepared by MBIE, whether or not that information is included in the annual report.

In my opinion:

- › the financial statements fairly reflect the financial position of MBIE as at 30 June 2020 and its operations for the year ended on that date
- › the forecast financial statements fairly reflect the forecast financial position of MBIE as at 30 June 2021 and its operations for the year ending on that date.



**Carolyn Tremain**

Secretary for Business, Innovation and Employment  
Chief Executive, Ministry of Business, Innovation and Employment  
24 November 2020



# INDEPENDENT AUDITOR'S REPORT

To the readers of the Ministry of Business, Innovation and Employment's annual report for the year ended 30 June 2020

The Auditor-General is the auditor of the Ministry of Business, Innovation and Employment (the Ministry). The Auditor-General has appointed me, Clint Ramoo, using the staff and resources of Audit New Zealand, to carry out, on his behalf, the audit of:

- › the financial statements of the Ministry on pages 91 to 122, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2020, the statement of comprehensive revenue and expense, statement of changes in equity, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- › the performance information prepared by the Ministry for the year ended 30 June 2020 on pages 20 to 29; 32 to 35; 40 to 44; 47 to 52; 61 to 62; and 66 to 70;
- › the statements of expenses and capital expenditure of the Ministry for the year ended 30 June 2020 on pages 35 to 39; 44 to 46; 53 to 60; 62 to 65; 71 to 76; 121 and 138;
- › the schedules of non departmental activities which are managed by the Ministry on behalf of the Crown on pages 124 to 137 and 147 to 148 that comprise:
  - the schedules of assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2020;
  - the schedules of expenses; and revenue for the year ended 30 June 2020;
  - the statement of trust monies for the year ended 30 June 2020; and
  - the notes to the schedules that include accounting policies and other explanatory information.
- › the performance information of the Ministry on pages 20 to 29; 32 to 35; 40 to 44; 47 to 52; 61 to 62; and 66 to 70:
  - presents fairly, in all material respects, for the year ended 30 June 2020:
    - what has been achieved with the appropriation; and
    - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and
  - complies with generally accepted accounting practice in New Zealand.
- › the statements of expenses and capital expenditure of the Ministry on pages 35 to 39; 44 to 46; 53 to 60; 62 to 65; 71 to 76; 121 and 138 are presented fairly, in all material respects, in accordance with the requirements of section 45A of the *Public Finance Act 1989*.
- › the schedules of non departmental activities which are managed by the Ministry on behalf of the Crown on pages 124 to 137 and 147 to 148 present fairly, in all material respects, in accordance with the Treasury Instructions:
  - the assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2020; and
  - expenses; and revenue for the year ended 30 June 2020; and
  - the statement of trust monies for the year ended 30 June 2020.

Our audit was completed on 24 November 2020. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw attention to other matters. In addition, we outline the responsibilities of the Chief Executive and our responsibilities relating to the information to be audited, we comment on other information, and we explain our independence.

## OPINION

In our opinion:

- › the financial statements of the Ministry on pages 91 to 122:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2020; and
    - its financial performance and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

## EMPHASIS OF MATTERS

Without further modifying our opinion, we draw your attention to the following disclosures.

### Uncertainties relating to the decommissioning costs of the Tui Oil Fields

Note 8 on page 134 discloses information about the provision for the cost of decommissioning the Tui Oil Field, including the basis for estimating the cost, the uncertainties in this estimate, and that the cost is very difficult to estimate at this early stage in the process.

### Impact of Covid-19

Note 2 on page 97 and page 8 of the year in review explains the impact of Covid-19 on the financial statements and performance information of the Ministry respectively.

### BASIS FOR OUR OPINION

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### RESPONSIBILITIES OF THE CHIEF EXECUTIVE FOR THE INFORMATION TO BE AUDITED

The Chief Executive is responsible on behalf of the Ministry for preparing:

- › financial statements that present fairly the Ministry's financial position, financial performance, and its cash flows, and that comply with generally accepted accounting practice in New Zealand.
- › performance information that presents fairly what has been achieved with each appropriation, the expenditure incurred as compared with expenditure expected to be incurred, and that complies with generally accepted accounting practice in New Zealand.
- › statements of expenses and capital expenditure of the Ministry, that are presented fairly, in accordance with the requirements of the *Public Finance Act 1989*.
- › schedules of non departmental activities, in accordance with the Treasury Instructions, that present fairly those activities managed by the Ministry on behalf of the Crown.
- › The Chief Executive is responsible for such internal control as is determined is necessary to enable the preparation of the information to be audited that is free from material misstatement, whether due to fraud or error.

In preparing the information to be audited, the Chief Executive is responsible on behalf of the Ministry for assessing the Ministry's ability to continue as a going concern. The Chief Executive is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Ministry, or there is no realistic alternative but to do so.

The Chief Executive's responsibilities arise from the *Public Finance Act 1989*.

### RESPONSIBILITIES OF THE AUDITOR FOR THE INFORMATION TO BE AUDITED

Our objectives are to obtain reasonable assurance about whether the information we audited, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of the information we audited.

For the budget information reported in the information we audited, our procedures were limited to checking that the information agreed to the Ministry's Statement of Intent 2018-2022, the Estimates and Supplementary Estimates of Appropriations 2019/20 and the forecast financial figures included in the Ministry's 2018/19 Annual Report.

We did not evaluate the security and controls over the electronic publication of the information we audited.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- › We identify and assess the risks of material misstatement of the information we audited, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- › We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control.
- › We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive.
- › We evaluate the appropriateness of the reported performance information within the Ministry's framework for reporting its performance.
- › We conclude on the appropriateness of the use of the going concern basis of accounting by the Chief Executive and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt

on the Ministry's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Ministry to cease to continue as a going concern.

- › We evaluate the overall presentation, structure and content of the information we audited, including the disclosures, and whether the information we audited represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Chief Executive regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the *Public Audit Act 2001*.

#### **OTHER INFORMATION**

The Chief Executive is responsible for the other information. The other information comprises the information included on pages 1 to 156 but does not include the information we audited, and our auditor's report thereon.

Our opinion on the information we audited does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the information we audited or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **INDEPENDENCE**

We are independent of the Ministry in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit we have carried out engagements in the areas of assurance over the tender process for the Register of Radio Frequencies Replacement, which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in the Ministry.



**Clint Ramoo**

Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand

**STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE**

For the year ended 30 June 2020

Unaudited Main Estimates 2020 \$000	Unaudited Forecast 2021 \$000		Notes	Actual 2020 \$000	Actual 2019 \$000
<b>Revenue</b>					
384,659	476,390	Crown		461,548	404,190
19,709	27,689	Department		16,696	25,502
401,642	198,170	Other revenue	3	408,311	408,354
203	132	Finance income		88	118
806,213	702,381	Total revenue	3	886,643	838,164
<b>Expenditure</b>					
460,731	519,315	Personnel costs	4	540,255	456,787
166,428	199,391	Other operating expenses	5	179,734	172,237
109,649	126,532	IT costs and technical support		136,590	115,806
48,208	57,785	Depreciation, amortisation and impairment	8, 9	54,822	50,490
20,082	24,748	Capital charge	7	20,418	16,580
1,115	2,578	Restructuring costs		(917)	2,299
–	–	Finance costs		9	6
806,213	930,349	Total expenditure		930,911	814,205
–	(227,968)	<b>Net (deficit)/surplus</b>		(44,268)	23,959
<b>Other comprehensive revenue and expense</b>					
–	–	Gain on revaluation of property and equipment		–	4,193
–	(227,968)	<b>Total comprehensive revenue and expense</b>		(44,268)	28,152

A discussion of major variances against Main Estimates can be found in the relevant notes.

Details on the impact of COVID-19 on the 2020 actual financial results and the unaudited Main Estimates for 2020 can be found in the relevant notes.

The accompanying notes form part of these financial statements.

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

Unaudited Main Estimates 2020 \$000	Unaudited Forecast 2021 \$000		Notes	Actual 2020 \$000	Actual 2019 \$000
<b>Assets</b>					
<b>Current assets</b>					
51,776	–	Cash and cash equivalents	17	140,710	115,285
122,953	108,805	Debtors and other receivables	11	73,006	101,308
4,802	8,472	Prepayments		7,505	7,246
–	–	Foreign exchange contracts	17	9	4
179,531	117,277	<b>Total current assets</b>		221,230	223,843
<b>Non-current assets</b>					
–	–	Debtors and other receivables	11	2,842	2,922
134,377	146,063	Property and equipment	8	134,941	110,977
229,349	243,137	Intangible assets	9	233,329	216,880
363,726	389,200	<b>Total non-current assets</b>		371,112	330,779
543,257	506,477	<b>Total assets</b>		592,342	554,622
<b>Liabilities</b>					
<b>Current liabilities</b>					
–	143,663	Cash and cash equivalents		–	–
36,362	68,942	Creditors and other payables	12	50,830	61,898
25,245	9,445	Unearned income	13	12,206	22,355
–	–	Return of operating surplus	14	30,175	19,088
12,190	9,136	Provisions	15	3,105	8,199
24,029	36,491	Employee entitlements	16	58,818	32,747
160	–	Foreign exchange contracts	17	–	–
97,986	267,677	<b>Total current liabilities</b>		155,134	144,287
<b>Non-current liabilities</b>					
345	–	Creditors and other payables	12	36	80
2,296	3,178	Provisions	15	2,293	2,852
6,689	5,803	Employee entitlements	16	7,259	5,208
9,330	8,981	<b>Total non-current liabilities</b>		9,588	8,140
107,316	276,658	<b>Total liabilities</b>		164,722	152,427
435,941	229,819	<b>Net assets</b>		427,620	402,195
<b>Equity</b>					
334,376	220,665	Taxpayers' funds	18	421,518	320,898
91,712	(4,892)	Memorandum accounts	18	(7,944)	67,251
9,853	14,046	Property revaluation reserves	18	14,046	14,046
435,941	229,819	<b>Total equity</b>		427,620	402,195

A discussion of major variances against Main Estimates can be found in the relevant notes.

Details on the impact of COVID-19 on the 2020 actual financial results and the unaudited Main Estimates for 2020 can be found in the relevant notes.

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 30 June 2020

Unaudited Main Estimates 2020 \$000	Unaudited Forecast 2021 \$000		Notes	Actual 2020 \$000	Actual 2019 \$000
393,131	424,836	<b>Balance at 1 July</b>		402,195	345,264
–	(227,968)	Net (deficit)/surplus		(44,268)	23,959
42,810	32,951	Capital injections	18	99,868	47,867
–	–	Return of operating surplus to the Crown	14	(30,175)	(19,088)
–	–	Gain on revaluation of property		–	4,193
435,941	229,819	<b>Balance at 30 June</b>		427,620	402,195

**STATEMENT OF CASH FLOWS**

For the year ended 30 June 2020

Unaudited Main Estimates 2020 \$000	Unaudited Forecast 2021 \$000		Actual 2020 \$000	Actual 2019 \$000
<b>Cash flows from operating activities</b>				
384,659	476,390	Receipts from the Crown	504,245	404,589
419,150	225,423	Receipts from other revenue	399,543	434,024
(290,240)	(328,486)	Payments to suppliers	(328,744)	(279,798)
(461,115)	(523,042)	Payments to employees	(514,541)	(466,539)
(20,082)	(24,748)	Payments for capital charge	(20,418)	(16,580)
–	(80)	Goods and services tax (net)	1,255	(6,670)
32,372	(174,543)	<b>Net cash flows from operating activities</b>	41,340	69,026
<b>Cash flows from investing activities</b>				
–	–	Receipts from sale of property and equipment	1,315	183
–	132	Interest received from investing activities	88	118
(37,165)	(19,283)	Purchase of property and equipment	(40,319)	(23,804)
(44,087)	(40,744)	Purchase of intangible assets	(58,243)	(50,690)
(81,252)	(59,895)	<b>Net cash flows from investing activities</b>	(97,159)	(74,193)
<b>Cash flows from financing activities</b>				
42,810	32,951	Capital injections	99,868	47,867
(24,209)	–	Return of operating surplus	(19,088)	(23,294)
–	–	Interest paid	(9)	(6)
18,601	32,951	<b>Net cash flows from financing activities</b>	80,771	24,567
(30,279)	(201,487)	Net increase in cash	24,952	19,400
82,055	59,302	Cash at the beginning of the year	115,285	97,171
–	(1,478)	Effect of foreign exchange movements on cash balances	473	(1,286)
51,776	(143,663)	<b>Cash at the end of the year</b>	140,710	115,285

A discussion of major variances against Main Estimates can be found in the relevant notes.

Details on the impact of COVID-19 on the 2020 actual financial results and the unaudited Main Estimates for 2020 can be found in the relevant notes.

The accompanying notes form part of these financial statements.



**RECONCILIATION OF NET SURPLUS TO NET CASH FLOWS FROM OPERATING ACTIVITIES**

For the year ended 30 June 2020

	Actual 2020 \$000	Actual 2019 \$000
<b>Net (deficit)/surplus</b>	(44,268)	23,959
<b>Add/(less) non-cash items</b>		
Depreciation, amortisation and impairment	54,822	50,490
<b>Total non-cash items</b>	54,822	50,490
<b>Add/(less) non-operating activities</b>		
Net interest received	(79)	(112)
Net other (gains)/losses	(478)	1,318
Net loss on sale of property and equipment	2,012	56
<b>Total non-operating activities</b>	1,455	1,262
<b>Add/(less) movements in working capital</b>		
(Increase)/decrease in prepayments	(259)	583
Decrease/(increase) in debtors and receivables	28,382	(5,274)
(Decrease)/increase in creditors and payables	(11,112)	(322)
(Decrease)/increase in unearned income	(10,149)	5,899
(Decrease)/increase in provisions	(5,653)	(14,284)
Increase in current employee entitlements	28,122	6,713
<b>Total movements in working capital</b>	29,331	(6,685)
<b>Net cash flows from operating activities</b>	41,340	69,026

**STATEMENT OF COMMITMENTS**

As at 30 June 2020

	Actual 2020 \$000	Actual 2019 \$000
<b>Capital commitments</b>		
Buildings	936	138
Software	4,223	8,471
Total capital commitments	5,159	8,609
<b>Non-cancellable operating lease commitments</b>		
Not later than one year	45,436	37,795
Later than one year and not later than five years	114,515	85,071
Later than five years	84,216	40,892
Total non-cancellable operating lease commitments	244,167	163,758
<b>Total commitments</b>	249,326	172,367

The accompanying notes form part of these financial statements.

## CAPITAL COMMITMENTS

### Buildings

MBIE is updating facilities at the Mangere Refugee Resettlement Centre. Building commitments as at 30 June 2020 relate to the work that should be completed in the 2020/21 financial year.

### Software

MBIE has a number of software projects to upgrade, enhance and replace existing systems to improve the efficiency and effectiveness of current and future operations. These are expected to be completed in the 2020/21 financial year.

## NON-CANCELLABLE OPERATING LEASE COMMITMENTS

MBIE's non-cancellable operating leases have varying terms, escalation clauses, and renewal rights. There are no restrictions placed on MBIE by any of its leasing arrangements. The amounts disclosed as future commitments are based on current lease payments. Operating lease commitments have increased substantially due to the new lease for Pastoral House.

The total minimum future sub-lease payments expected to be received under non-cancellable sub-leases at balance date is \$55.778 million (2019: \$26.558 million). The increase is due to the lease of part of Pastoral House.

## STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

As at 30 June 2020

	Actual 2020 \$000	Actual 2019 \$000
Legal proceedings and disputes	740	3,770
Other contingent liabilities	200	200
<b>Total quantifiable contingent liabilities</b>	<b>940</b>	<b>3,970</b>

### QUANTIFIABLE CONTINGENT LIABILITIES

#### Legal proceedings and disputes

Legal proceedings and disputes represent amounts claimed by plaintiffs in relation to the performance of MBIE's statutory roles and associated estimated legal costs. In addition, this includes contingent liabilities relating to various employment matters. Contingent liabilities relating to employment matters are assessed by taking into account the merits of each case, known risk factors and previous payments made in similar matters.

#### Other contingent liabilities

Other contingent liabilities represent obligations for the State Coal Reserve Land, prior to the transfer to Land Information New Zealand in 2011, for site mitigation that if not addressed by mine owners, will be sought from MBIE by Land Information New Zealand.

### UNQUANTIFIABLE CONTINGENT LIABILITIES

MBIE has given indemnities in relation to the Canterbury Earthquake Building Performance Technical Investigation. These indemnities cover the consultants carrying out the investigations and the members of the expert panel, including one member representing each consultant. The indemnities cover costs from claims by third parties against the contractors or their staff in relation to the reports produced, as well as media releases made by the expert panel chair. There is no stated limit on the amount of each indemnity. The indemnities only apply where the contractor has complied with all obligations under the contract. These unquantifiable contingent liabilities are substantially unchanged from the year ended 30 June 2019.

### CONTINGENT ASSETS

MBIE has no contingent assets as at 30 June 2020 (2019: nil).

## WHO WE ARE

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MBIE is the Government's lead business-facing public sector agency, and our purpose is to Grow New Zealand for All. We are a public benefit entity as our primary objective is to provide goods and services for the New Zealand community rather than for a financial return.

This section provides information on the legislation governing MBIE's operations as well as the concepts, rules and procedures that underlie the preparation and presentation of the financial statements.

### NOTE 1: REPORTING ENTITY

The Ministry of Business, Innovation and Employment (MBIE) is a New Zealand government department as defined by section 2 of the *Public Finance Act 1989* and is domiciled and operates in New Zealand. The legislation governing MBIE's operations includes the *Public Finance Act 1989*. The ultimate parent of MBIE is the New Zealand Crown.

MBIE's primary objective is to provide services to the public. MBIE does not operate to make a financial return and is a public benefit entity (PBE) for financial reporting purposes. The financial statements cover all activities of MBIE as set out in the 2019/20 Main and Supplementary Estimates of Appropriations, for Votes Building and Construction; Business, Science and Innovation; and Labour Market.

In addition, MBIE has reported the Crown activities and trust monies that it administers.

The financial statements of MBIE are for the year ended 30 June 2020. They were authorised for issue by the Chief Executive of MBIE on 24 November 2020.

### NOTE 2: BASIS OF PREPARATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the year.

#### Statement of compliance

The financial statements have been prepared in accordance with the requirements of the *Public Finance Act 1989*, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP) and the Treasury Instructions.

The financial statements of MBIE have been prepared in accordance with Tier 1 PBE accounting standards.

#### Measurement base

The financial statements have been prepared on a historical cost basis modified by the revaluation of land and buildings and prepared on an accrual basis unless otherwise specified.

#### Functional and presentation currency

The financial statements are presented in New Zealand dollars, and all values are rounded to the nearest thousand dollars (\$000). The functional currency of MBIE is New Zealand dollars.

#### Changes in accounting policies

There have been no changes in accounting policies during the financial year.

#### Significant accounting policies

The following significant accounting policies have been applied. Where an accounting policy is specific to one note, the policy is described in the note to which it relates and marked with a symbol **P**.

#### Administration and use arrangements

Administration and use arrangements enable a government department to incur expenses against an appropriation administered by another government department. MBIE has entered into a number of these arrangements as both a user and an administrator.

Under these arrangements, the user department records expenditure with corresponding revenue reimbursed by the administering department. The administering department then records the expenditure in the Statement of Comprehensive Revenue and Expense, as well as reporting the expenditure against appropriation.

#### Commitments

Expenses yet to be incurred on non-cancellable contracts that have been entered into at balance date are disclosed as commitments.

Cancellable contracts that have penalty or exit costs are included in the Statement of Commitments at the lower of the remaining contractual commitment or the value of the penalty or exit costs.

## **NOTE 2: BASIS OF PREPARATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **Contingent liabilities and contingent assets**

Contingent liabilities and contingent assets are reported at the point at which the contingency is evident or when a present liability is unable to be measured with sufficient reliability to be recorded in the financial statements.

Contingent liabilities are not disclosed if the possibility of an outflow of resources embodying economic benefits or service potential is considered remote.

### **Foreign currency transactions**

Foreign currency transactions, including those for which foreign exchange forward contracts are held, are translated to New Zealand dollars at the rate applicable on the day of settlement.

Monetary assets and liabilities denominated in foreign currencies at balance date are translated to New Zealand dollars at the foreign exchange rate at balance date.

Foreign exchange gains or losses arising from the settlements of such transactions and from the translation of foreign currency monetary assets and liabilities are recognised in net surplus or deficit.

### **Goods and services tax (GST)**

All items in the financial statements, except for receivables and payables, are stated exclusive of GST, including appropriation statements and commitments and contingencies. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

### **Income tax**

Government departments are exempt from income tax as public authorities, and no income tax has been provided for.

### **Cost accounting policies**

MBIE has determined the cost of outputs using the cost allocation system outlined below.

Input costs can be classified as direct and indirect.

Direct costs are those that are directly linked to the production of an output; for example, the cost of staff working in a business unit that can be directly linked to the outputs. Direct costs are charged directly to outputs.

Indirect costs are incurred in the operation of MBIE as a whole and are not able to be linked directly to a specific output. They are charged to outputs based on cost drivers and related activity or usage information.

To ensure that corporate costs are allocated as accurately as possible, MBIE has adopted a three-tier corporate allocation methodology:

- › directly attributable – if a particular group uses a corporate resource such as dedicated people or software licence agreements, the costs will be directly charged to the relevant business group and spread according to the business group's assessment of usage across outputs
- › controllable allocated – costs that can be allocated on a cost driver basis in accordance with usage
- › uncontrollable allocated – costs that are not impacted directly by individual business group activity but tend to be MBIE-wide costs. Examples of these are various types of insurance and the costs of annual audit. These costs are allocated based on various cost drivers which reflect the type of cost.

### **Critical accounting estimates, assumptions and judgements in applying accounting policies**

In preparing these financial statements, critical accounting estimates, assumptions and judgements have been made concerning the future and may differ from the subsequent actual results. Critical accounting estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Where critical accounting estimates, assumptions and judgements are specific to one note, they are disclosed in the note to which they relate.

#### **COVID-19**

The following critical judgements and assumptions have been made as a result of the COVID-19 pandemic:

- › The carrying value of property and equipment and intangible assets has been assessed in light of the impact of COVID-19 on market values. This assessment has not identified any material impairments on the carrying value of property and equipment and intangible assets.
- › Debtors and other receivables, and expected credit losses have been reassessed to reflect the impact of COVID-19 on the recoverability of debt.
- › Capital injections have and will be secured to ensure obligations are met as they fall due. MBIE will therefore continue to operate on a going concern basis.

## NOTE 2: BASIS OF PREPARATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Budget and forecast figures

#### BASIS FOR THE BUDGET AND FORECAST FIGURES

The 2020 budget figures (Main Estimates) are for the year ended 30 June 2020 and were published in the 2018/19 annual report. They are consistent with MBIE's best estimate financial forecast information submitted to the Treasury for the Budget Economic and Fiscal Update (BEFU) 2019.

The 2021 forecast figures (Main Estimates) are for the year ending 30 June 2021, which are consistent with the best estimate financial forecast information submitted to the Treasury for BEFU 2020.

The budget and forecast figures are unaudited and have been prepared using the accounting policies adopted in preparing these financial statements.

#### SIGNIFICANT ASSUMPTIONS USED IN PREPARING THE UNAUDITED FORECAST FINANCIAL STATEMENTS

- › The forecast financial statements have been prepared as required by the *Public Finance Act 1989* to communicate forecast financial information for accountability purposes and comply with Public Benefit Entities Financial Reporting Standard (PBEFRS) 42 *Prospective Financial Information*.
- › The forecast figures reflect MBIE's activities and are based on a number of assumptions on what may occur during the 2020/21 year. The forecast figures have been compiled on the basis of the current economic environment, existing government policies and ministerial expectations at the time the Main Estimates were finalised.

The main assumptions were as follows:

- › MBIE's other revenue has been forecast to be significantly reduced reflecting the expected reduction in third party revenue, particularly in relation to immigration visa revenue, and related cash receipts.
- › Cash and cash equivalents balances reflect the expected fall in third party receipts as noted above.
- › MBIE's activities and output expectations will be focusing on the Government's priorities and COVID-19 response and recovery initiatives.
- › Personnel costs were based on current wages and salary costs, adjusted for anticipated remuneration changes.
- › Operating costs were based on historical experience and other factors that are believed to be reasonable in the circumstances and MBIE's best estimate of future costs that will be incurred.

Factors that could lead to material differences between the forecast financial statements and actual financial statements for the period ending 30 June 2021 include changes to the baseline budget through transfers of funding across financial years, technical adjustments or new initiatives, including those related to the COVID-19 Response and Recovery Fund.

The forecast financial statements were prepared prior to capital injections being secured. With this funding, we no longer expect the cash at the end of 2021 to be in deficit.

#### AUTHORISATION STATEMENT

The forecast financial statements were approved for issue by the Chief Executive on 15 April 2020. The Chief Executive is responsible for the forecast financial statements, including the appropriateness of assumptions underlying them and all other required disclosures.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual financial results achieved for the period covered are likely to vary from the information presented, and the variations may be material.

## HOW WE WERE FUNDED

Our activities are funded mainly by revenue from the Crown and other revenue received from third parties. Crown revenue is received from the Government and is classified as a non-exchange transaction. It consists of amounts appropriated for the year. Other revenue consists mainly of fees and levies paid by third parties. We collect fees in exchange for the services we provide to the community; for example, the issue of immigration visas or the provision of online systems via the Companies Office website to make it easier for businesses to manage and update their records. Levies are collected without a direct exchange of services; for example, a building levy is paid on successful building consent application for a project exceeding a specified threshold.

### NOTE 3: REVENUE

#### **P Revenue – Exchange transactions**

##### **Fees**

Revenue from fees is recognised as income in the period when the service was provided.

##### **Visa application fees**

Revenue from visa application fees is recognised to the extent that the application has been processed by MBIE at balance date. Application fees received in advance are recognised as unearned income in the Statement of Financial Position.

##### **Shared service recoveries**

Shared service recoveries are recognised in the accounting period in which the service is provided, by reference to the completion of specific transactions, assessed on the basis of actual services provided as a proportion of the total services to be provided.

#### **Revenue – Non-exchange transactions**

##### **Revenue from the Crown**

Revenue from the Crown is treated as a non-exchange transaction. The amount of revenue recognised takes into account any amendments to appropriations approved in the *Appropriation (Supplementary Estimates) Act* for the year and certain other unconditional funding adjustments formally approved prior to balance date.

There are no conditions attached to the funding from the Crown. However, MBIE can incur expenses only within the scope and limits of its appropriations.

The fair value of Revenue Crown has been determined to be equivalent to the funding entitlement.

##### **Levies**

Revenue from the collection of levies is a non-exchange transaction as the payment of these levies does not entitle the payer to a direct benefit from the Crown. The revenue recognition point is when the obligation to pay a levy has been incurred, and this is guided by multiple Acts that MBIE administers.

##### **Other revenue – Residential Tenancies Trust Account**

MBIE administers a trust account for tenancy bonds under the *Residential Tenancies Act 1986*. Any interest earned by the Residential Tenancies Trust Account (RTTA) is passed on to MBIE to cover costs.

**NOTE 3: REVENUE (CONTINUED)**

**Other revenue**

		Actual 2020 \$000	Actual 2019 \$000
<b>Other revenue associated with a memorandum account</b>			
<b>Memorandum account</b>	<b>Revenue</b>		
Immigration visa	Immigration fees	204,157	226,263
	Other revenue	23	90
<b>Total immigration visa</b>		204,180	226,353
Building controls	Building levies	37,946	38,594
Registration and provision of statutory information	Personal property securities register fees	8,519	9,003
	Companies annual return fees	10,249	10,400
	Companies incorporation fees	6,007	6,242
	Other revenue and fees	3,852	3,729
<b>Total registration and provision of statutory information</b>		28,627	29,374
Registration and granting of intellectual property rights	Trademark fees	12,921	15,343
	Patent fees	7,399	5,777
	Intellectual Property Office NZ fees	3,790	2,405
	Other fees	331	361
<b>Total registration and granting of intellectual property rights</b>		24,441	23,886
Government procurement reform agenda	Government procurement reform income	19,920	20,339
	Other revenue	1,232	545
<b>Total government procurement reform agenda</b>		21,152	20,884
Electronic Travel Authority	Immigration fees	14,333	–
Management and enforcement of the <i>Radiocommunications Act 1989</i>	Radio apparatus licence fees	3,988	3,897
	Right to transmit radio waves fees	2,278	1,966
<b>Total management and enforcement of the <i>Radiocommunications Act 1989</i></b>		6,266	5,863
Standards New Zealand	Sale of standards	5,312	5,731
Management of the Crown mineral estate	Mineral permit fees	3,547	3,668
	Petroleum permit fees	1,554	1,868
<b>Total management of the Crown mineral estate</b>		5,101	5,536
Occupational licensing – building practitioners	Licensed building practitioners levies and fees	6,286	5,525
Occupational licensing – electrical workers	Electrical workers fees	5,919	5,099
Motor vehicle traders (MVT) register	MVT registration fees	1,310	1,161
Motor vehicle traders (MVT) information programme	MVT registration fees	1	207
<i>Unit Titles Act 2010</i>	Unit titles application fees	149	127
National multi-use approvals	National multi-use approval fees	182	150
<b>Total other revenue associated with a memorandum account</b>		361,205	368,490
<b>Other revenue not associated with a memorandum account</b>			
	Revenue from Residential Tenancies Trust Account	21,619	21,573
	Shared services recovery	9,603	9,252
	Other fees	10,476	6,689
	Other revenue	5,408	2,350
<b>Total other revenue not associated with a memorandum account</b>		47,106	39,864
<b>Total other revenue</b>		408,311	408,354
Total other revenue from exchange transactions		334,976	337,144
Total other revenue from non-exchange transactions		73,335	71,210
<b>Total other revenue</b>		408,311	408,354



**NOTE 3: REVENUE (CONTINUED)****Explanation of major variances against Main Estimates**

Total revenue is \$80.430 million higher than the Main Estimates (2019/20 Actual: \$886.643 million; Main Estimates: \$806.213 million):

- › Revenue from the Crown is \$76.889 million higher than the Main Estimates (2019/20 Actual: \$461.548 million; Main Estimates: \$384.659 million) mainly due to the approval of \$39.900 million after the Estimates were produced for the PDU's operations which administer the PGF, and the approval of an additional \$16.900 million for Immigration New Zealand.

- › Other Revenue is \$6.669 million higher than the Main Estimates (2019/20 Actual: \$408.311 million; Main Estimates: \$401.642 million) mainly due the recovery of costs relating to public sector procurement and an increase in building regulation and control revenue. This is offset by decreased immigration visa revenue as a result of the impact of COVID-19 related border restrictions.

Main Estimates for the 2019/20 year are disclosed in the Statement of Comprehensive Revenue and Expense on page 91.

## THE COSTS WE INCUR TO ACHIEVE OUR GOALS

Our activities are funded through appropriations, which are funds set aside by the Government for a specific purpose. Our largest areas of spend are on personnel, IT and technical support, and various professional services.

### NOTE 4: PERSONNEL COSTS

P

#### Employee benefits

Employee entitlements to salaries and wages, bonuses, annual leave, long service leave, retiring leave and other similar benefits are recognised as an expense when they accrue to employees.

Obligations for contributions to the State Sector Retirement Savings Scheme, KiwiSaver and the Government Superannuation Fund are recognised as an expense as they fall due.

#### Termination benefits

Termination benefits are recognised as an expense only when there is a demonstrable commitment to either terminate employment prior to the normal employment date or to provide such benefits as a result of a position becoming redundant.

Termination benefits settled within 12 months are reported at the amount expected to be paid.

	Actual 2020 \$000	Actual 2019 \$000
Salaries and wages	450,212	370,531
Contractors	52,082	62,698
Employer contributions to defined contribution schemes	13,115	11,741
Training and professional development	6,154	6,318
Other personnel	18,692	5,499
<b>Total personnel costs</b>	<b>540,255</b>	<b>456,787</b>

i

#### Explanation of major variances against Main Estimates

Personnel costs are \$79.524 million higher than the Main Estimates (2019/20 Actual: \$540.255 million; Main Estimates: \$460.731 million) as a result of an increase in MBIE's baseline to deliver existing and additional outputs.

This increase reflects the continued funding of the PDU's operations, funding of additional activities in

public sector procurement and costs associated with MBIE's response to COVID-19.

Main Estimates for the 2019/20 year are disclosed in the Statement of Comprehensive Revenue and Expense on page 91.

**NOTE 5: OTHER OPERATING EXPENSES****P Other operating expenses**

Other operating expenses are recognised when goods and services are received.

**Operating leases**

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset.

Payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives for accommodation are recognised evenly over the term of the lease as a reduction in rental expense. The unexpired portion of an operating lease is shown in the Statement of Commitments.

	Actual 2020 \$000	Actual 2019 \$000
Professional services	48,975	55,079
Rental and operating lease costs	44,541	41,376
Other operating costs	26,515	16,157
Consulting services	18,122	13,790
Travel – domestic and overseas	15,179	18,768
Property maintenance and operation costs	13,770	13,743
Supplies and services	9,260	11,115
Loss on disposal of property and equipment	2,012	60
Provision for impairment of debtors and other receivables	522	54
Net foreign exchange losses	47	1,318
<b>Auditor's remuneration</b>		
Audit fees – MBIE's financial statements	772	757
Audit fees – other services	4	6
Audit fees – Residential Tenancies Trust Account financial statements	15	14
<b>Total other operating expenses</b>	<b>179,734</b>	<b>172,237</b>

**i Explanation of major variances against Main Estimates**

Other operating expenses are \$13.306 million higher than the Main Estimates (2019/20 Actual: \$179.734 million; Main Estimates: \$166.428 million) and reflect the increased costs associated with the increase in MBIE's baseline funded by the Crown and third parties.

This baseline funding increase reflects the continued funding of the PDU's operations, and funding of additional activities in public sector procurement.

Main Estimates for the 2019/20 year are disclosed in the Statement of Comprehensive Revenue and Expense on page 91.

## NOTE 6: CONTRACTORS AND CONSULTANTS

MBIE uses contractors and consultants to provide backfill for vacant positions or cover short-term demand, where specialist skills or independent external advice are needed (such as for specific programmes or projects), and in periods of peak demand.

A contractor is a person who is not considered an employee, providing backfill or extra capacity in a role

that exists within MBIE or acts as an additional resource for a time-limited piece of work.

A consultant is a person or firm who is not considered a contractor or employee, engaged to perform a piece of work with a clearly defined scope and provide expertise, in a particular field, not readily available from within MBIE.

	Notes	Actual 2020 \$000	Actual 2019 \$000
<b>Operating expense</b>			
Contractors		25,860	38,823
Contractors working on ICT projects		26,222	23,875
Total operating expense – contractors	4	52,082	62,698
Consulting services	5	18,122	13,790
<b>Total operating expense – contractors and consultants</b>		<b>70,204</b>	<b>76,488</b>
<b>Capital expense</b>			
Contractors and consulting services capitalised to assets	8	38,695	22,240
<b>Total capital expense – contractors and consultants</b>		<b>38,695</b>	<b>22,240</b>
<b>Total contractors and consultants</b>		<b>108,899</b>	<b>98,728</b>

Contractors and consulting services capitalised to assets are \$16.455 million higher than in 2019 mainly due to the Pastoral House project, which incurred \$13.879 million of contractors and consultants costs in 2020 (2019: \$1.371 million).

## NOTE 7: CAPITAL CHARGE

MBIE pays a capital charge to the Crown on its taxpayers' funds at 31 December and 30 June each financial year. The capital charge rate for the year ended 30 June 2020 was 6 per cent (2019: 6 per cent). The capital charge is recognised as an expense in the financial year to which it relates.

## LONG-TERM ASSETS THAT SUPPORT OUR OPERATIONS

In order to efficiently carry out our operations, we invest in physical assets and intangible assets. Assets of a similar nature are grouped into categories. These assets are used for more than one year. Their cost is spread over the asset's useful life, which is the expected period that the asset is available for use.

### NOTE 8: PROPERTY AND EQUIPMENT

**P** Property and equipment consist of land, buildings, equipment, leasehold improvements, furniture and fittings, computer hardware and motor vehicles.

#### Measurement

Land is measured at fair value, and buildings are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

#### Additions

Items of property and equipment are recognised at cost if it is probable that future economic benefits or service potential will flow to MBIE. Where an item of property and equipment is acquired at no cost (or for a nominal amount), it is recognised at its fair value on the date of acquisition.

Costs incurred subsequent to the initial recognition of an item of property and equipment are only recognised where it can be demonstrated that there has been an increase in the future economic benefits or service potential that will flow to MBIE. Costs relating to the servicing or maintenance of items of property and equipment are recognised in net surplus or deficit when incurred.

Work in progress is recognised at cost less impairment losses.

#### Depreciation

Depreciation is charged on a straight-line basis, at rates that will write off the cost (or valuation) of the assets to their estimated residual value over their useful lives. Land and work in progress are not depreciated. The useful lives of major categories of property and equipment have been estimated as follows.

<i>Asset class</i>	<i>Useful life</i>
Buildings	30–50 years
Computer hardware	3–6 years
Furniture and fittings	3–7 years
Leasehold improvements (shorter of lease period or estimated useful life)	2–12 years
Motor vehicles	4–6 years
Equipment	3–10 years

#### Revaluation

Land and buildings are revalued at least once every three years, by an independent registered valuer, to ensure that their carrying amount does not differ materially from their fair value. In the intervening years, carrying values of revalued assets are assessed annually to ensure that they do not differ materially from fair value. If there is a material difference, then the off-cycle asset classes are revalued. The net revaluation results are included in other comprehensive revenue and expense and a property revaluation reserve in equity for that class of asset. However, if this would result in the reserve being exhausted, then it is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously recognised, and then recognised in other comprehensive revenue and expense.

The useful life of an asset is reassessed following revaluation.

#### Impairment

Property and equipment is reviewed for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impaired asset's carrying amount is written down to its recoverable amount, which is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is recognised immediately in the surplus or deficit.

#### Disposals

Gains and losses on disposal of an item of property and equipment represent the difference between disposal proceeds, if any, and the carrying value of the asset at the time of disposal and are recognised in net surplus or deficit.

If a previously revalued asset is disposed of, the relevant amount held in the asset revaluation reserve is transferred to taxpayers' funds.

#### Work in progress (WIP)

WIP is capital expenditure for assets that are not in use or completed at balance date. During the year, items are transferred from WIP into asset classes as completed.

**NOTE 8: PROPERTY AND EQUIPMENT (CONTINUED)**

	Land \$000	Building \$000	Equipment \$000	Leasehold improvements \$000	Furniture & fittings \$000	Computer hardware \$000	Motor vehicles \$000	WIP \$000	Total \$000
<b>Year ended 30 June 2019</b>									
Cost	9,878	22,514	7,263	54,472	15,329	37,489	2,645	11,236	160,826
Accumulated depreciation	–	(1,621)	(4,745)	(25,731)	(5,651)	(24,833)	(1,535)	–	(64,116)
<b>Opening net book value</b>	<b>9,878</b>	<b>20,893</b>	<b>2,518</b>	<b>28,741</b>	<b>9,678</b>	<b>12,656</b>	<b>1,110</b>	<b>11,236</b>	<b>96,710</b>
Additions	–	487	26	1,282	873	–	2	21,139	23,809
Transfers from WIP	–	7,935	419	170	118	2,657	–	(11,299)	–
Revaluation	1,136	653	–	–	–	–	–	–	1,789
Disposals	–	–	(204)	(939)	–	(15,515)	(683)	(2)	(17,343)
Depreciation	–	(783)	(589)	(4,997)	(2,728)	(4,218)	(292)	–	(13,607)
Depreciation released on disposals	–	–	206	871	(1)	15,520	619	–	17,215
Accumulated depreciation reversed on revaluation	–	2,404	–	–	–	–	–	–	2,404
<b>Closing net book value</b>	<b>11,014</b>	<b>31,589</b>	<b>2,376</b>	<b>25,128</b>	<b>7,940</b>	<b>11,100</b>	<b>756</b>	<b>21,074</b>	<b>110,977</b>
Cost	11,014	31,589	7,504	54,985	16,320	24,631	1,964	21,074	169,081
Accumulated depreciation	–	–	(5,128)	(29,857)	(8,380)	(13,531)	(1,208)	–	(58,104)
<b>Closing net book value</b>	<b>11,014</b>	<b>31,589</b>	<b>2,376</b>	<b>25,128</b>	<b>7,940</b>	<b>11,100</b>	<b>756</b>	<b>21,074</b>	<b>110,977</b>
<b>Year ended 30 June 2020</b>									
Additions	–	–	239	3,028	–	421	54	36,577	40,319
Transfers from WIP	–	803	1,344	4,344	4,486	9,305	–	(20,282)	–
Disposals	–	–	(329)	(2,911)	(132)	(2,350)	(111)	–	(5,833)
Depreciation	–	(1,169)	(699)	(5,412)	(3,349)	(4,229)	(175)	–	(15,033)
Depreciation released on disposals	–	–	329	2,493	107	1,471	111	–	4,511
<b>Closing net book value</b>	<b>11,014</b>	<b>31,223</b>	<b>3,260</b>	<b>26,670</b>	<b>9,052</b>	<b>15,718</b>	<b>635</b>	<b>37,369</b>	<b>134,941</b>
Cost	11,014	32,392	8,758	59,446	20,674	32,007	1,907	37,369	203,567
Accumulated depreciation	–	(1,169)	(5,498)	(32,776)	(11,622)	(16,289)	(1,272)	–	(68,626)
<b>Closing net book value</b>	<b>11,014</b>	<b>31,223</b>	<b>3,260</b>	<b>26,670</b>	<b>9,052</b>	<b>15,718</b>	<b>635</b>	<b>37,369</b>	<b>134,941</b>

The carrying amount of property and equipment has been reviewed to assess whether the COVID-19 pandemic has impacted their recoverable amount.

- › MBIE holds two land and building assets which were revalued during the 2018/19 financial year, the Mangere Refugee Centre in Auckland and a residential property in Suva, Fiji. The Mangere property is valued at depreciated replacement cost due to the nature of the building. The depreciated replacement cost value tends to be lower than that of the open market value. There would need to be a significant fall in market value to impair the current carrying value, which to date has not been experienced.

The Fijian property is valued at market value. A significant fall in market values would need to be experienced to materially impair the carrying value of this asset.

The most recent valuation of land and buildings was performed by two independent registered valuers:

Kane Sweetman of Colliers International as at 30 June 2019, and Ramesh Behari of Fairview Valuations as at 15 April 2019.

- › Other property and equipment book values represent costs less accumulated depreciation, and as such we do not consider that any downward movement in market value has impaired the carrying value of these assets.

In conclusion, the assessment has not identified any material impairment to property and equipment carrying values.

There are no other restrictions over the title of MBIE's property and equipment, nor are they pledged as security for liabilities.

Included in WIP are \$13.879 million of capitalised contractors and consultants costs in relation to the Pastoral House project.

**NOTE 9: INTANGIBLE ASSETS****P Measurement**

Intangible assets are measured at cost, less accumulated amortisation and any impairment losses.

**Additions**

Purchased computer software is capitalised on the basis of the costs incurred to acquire and bring the software into use. Internally generated intangible assets are recognised at the cost associated with bringing the asset into use, including the cost of all materials used in construction, employee costs and an appropriate proportion of overheads. Costs relating to the maintenance of intangible assets are recognised in net surplus or deficit when incurred.

**Amortisation**

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. The amortisation charge for each year is recognised in net surplus or deficit.

The useful lives of major classes of intangible assets have been estimated as follows.

<i>Asset class</i>	<i>Useful life</i>
Purchased computer software	3–8 years
Internally generated computer software	4–10 years

**Impairment**

Intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised as an expense if the carrying amount exceeds the recoverable service amount. The recoverable service amount is the higher of the fair value less costs to sell and value in use.

	Actual 2020				Actual 2019			
	Purchased \$000	Internally generated \$000	WIP \$000	Total \$000	Purchased \$000	Internally generated \$000	WIP \$000	Total \$000
Cost	94,337	206,902	51,647	352,886	80,816	190,746	31,545	303,107
Accumulated depreciation and impairment	(64,311)	(70,490)	(1,205)	(136,006)	(52,842)	(47,076)	–	(99,918)
<b>Opening net book value</b>	30,026	136,412	50,442	216,880	27,974	143,670	31,545	203,189
Additions	8,000	11,322	38,921	58,243	7,722	16,137	26,816	50,675
Transfers from WIP	700	17,952	(18,652)	–	6,695	19	(6,714)	–
Disposals	(1,021)	(4,634)	–	(5,655)	(896)	–	–	(896)
Impairment	–	–	(1,886)	(1,886)	–	–	(1,205)	–
Amortisation	(10,920)	(26,983)	–	(37,903)	(12,264)	(23,414)	–	(35,678)
Amortisation released on disposals	952	2,698	–	3,650	795	–	–	795
<b>Closing net book value</b>	27,737	136,767	68,825	233,329	30,026	136,412	50,442	216,880
Cost	102,016	231,542	71,916	405,474	94,337	206,902	51,647	352,886
Accumulated depreciation and impairment	(74,279)	(94,775)	(3,091)	(172,145)	(64,311)	(70,490)	(1,205)	(136,006)
<b>Closing net book value</b>	27,737	136,767	68,825	233,329	30,026	136,412	50,442	216,880

The carrying amount of intangible assets has been reviewed to assess whether the COVID-19 pandemic has impacted their recoverable amount. This assessment has not identified any material impairment to the carrying values of purchased or internally generated computer software.

MBIE develops and maintains internally generated software, which is classified as an asset under construction and capitalised at the in-service date.

There are no restrictions over the title of MBIE's intangible assets, nor are any intangible assets pledged as security for liabilities.

Included in internally generated intangible assets are \$24.816 million of capitalised contractors and consultants costs (2019: \$22.240 million) (refer to Note 6).



**NOTE 10: FINANCE LEASES**

P

A lease is classified as a finance lease if it transfers substantially all the risks and rewards of ownership of an asset to MBIE, even if actual ownership is not transferred.

At the commencement of a lease term, finance leases are recognised as assets and liabilities in the Statement of Financial Position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether MBIE will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term or its useful life.

There are no restrictions placed on MBIE by any of the finance leasing arrangements.

Finance lease liabilities are effectively secured, as the rights to the leased assets revert to the lessor in the event of default in payment.

**Critical accounting estimates, assumptions and judgements in applying accounting policies**

Determining whether a lease agreement is a finance lease or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to MBIE. Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not a renewal option is included in the lease terms,

and determination of an appropriate discount rate to calculate the present value of the minimum lease payments.

Classification as a finance lease means the asset is recognised in the Statement of Financial Position as a property, plant or equipment item, whereas with an operating lease no such asset is recognised.

MBIE has exercised its judgement on the appropriate classification of equipment leases and determined that one of these arrangements for the provision of

telecommunication services includes an embedded finance lease. The leased items are included within the net carrying amount of computer hardware.

**Total minimum lease payments payable**

	Actual 2020 \$000	Actual 2019 \$000
Not later than one year	70	59
Later than one year and not later than five years	37	84
<b>Total</b>	<b>107</b>	<b>143</b>

**Present value of minimum lease payments**

	Actual 2020 \$000	Actual 2019 \$000
Present value of minimum lease payments		
Not later than one year	65	51
Later than one year and not later than five years	36	80
<b>Total</b>	<b>101</b>	<b>131</b>

## OTHER ASSETS AND LIABILITIES

Other assets and liabilities disclosed in this section are those that are used and recorded in the course of our day-to-day operations. These include the balance of money due to MBIE for goods or services provided to the public and our obligation to settle balances owing to our suppliers and the Crown.

### NOTE 11: DEBTORS AND OTHER RECEIVABLES

#### P Debtors and other receivables

Debtors and other receivables are non-derivative financial assets, which are measured at amortised cost and initially recorded at their face value. Debtors and other receivables are subsequently revalued to face value less any allowance for expected future credit losses when there is objective evidence that the asset is impaired.

Impairment relating to expected future credit losses occurs when there is evidence that MBIE will not be able to collect the full amount due. The amount of the impairment is the difference between the carrying amount and the present value of the amount expected to be collected.

	Actual 2020 \$000	Actual 2019 \$000
<b>Current</b>		
Residential Tenancies Trust Account revenue receivable	41,531	34,843
Trade debtors and other receivables	14,079	10,557
Less provision for impairment	(560)	(307)
Accrued receivables from exchange transactions	11,040	6,387
Debtor Crown	3,700	46,407
Accrued receivables from non-exchange transactions	3,216	3,421
<b>Total current debtors and receivables</b>	<b>73,006</b>	<b>101,308</b>
<b>Non-current</b>		
Bonds provided for offshore property leases	2,842	2,922
<b>Total non-current debtor and other receivables</b>	<b>2,842</b>	<b>2,922</b>
<b>Total debtors and other receivables</b>	<b>75,848</b>	<b>104,230</b>
Total debtors and other receivables from exchange transactions	27,401	19,559
Total debtors and other receivables from non-exchange transactions	48,447	84,671
<b>Total debtors and other receivables</b>	<b>75,848</b>	<b>104,230</b>

The carrying value of debtors and other receivables approximates their fair value.

Debtors and other receivables have been reviewed to assess whether the COVID-19 pandemic has impacted their value, including the ability of debtors to repay their debts in the current economic environment. The provision for impairment has been re-assessed and reflects any impact of COVID-19.

The non-current portion of debtors and other receivables relates to bonds given to property owners to secure offshore rental accommodation and offices.

All debtors and other receivables greater than 30 days

in age are considered to be past due. At 30 June 2020, \$4.368 million of debtors and other receivables were past due (2019: \$3.406 million).

The provision for impairment of debtors and other receivables consists of specific individual impairment provisions, based on a review of overdue receivables.

The collective provision for impairment of \$0.560 million (2019: \$0.307 million) has been calculated based on an analysis of past collection history, the current COVID-19 economic environment and debt write-offs.

MBIE does not hold the collateral for debts greater than 90 days.

**NOTE 11: DEBTORS AND OTHER RECEIVABLES (CONTINUED)**

**i Explanation of major variances against Main Estimates**

Debtors and other receivables are \$47.105 million lower than the Main Estimates (2019/20 Actual: \$75.848 million; Main Estimates: \$122.953 million) mainly due to the drawdown of funding from the Crown for the delivery of its operations. This was drawn down to increase MBIE’s liquidity which had been impacted by the COVID-19 pandemic.

This decrease is partially offset by an increase in RTTA interest receivable.

Main Estimates for the 2019/20 financial year are disclosed in the Statement of Financial Position on page 92.

**NOTE 12: CREDITORS AND OTHER PAYABLES**

**P** Short-term creditors and other payables are recorded at face value.

	Notes	Actual 2020 \$000	Actual 2019 \$000
<b>Current</b>			
Accrued expenses		39,147	41,605
Trade creditors		8,617	18,496
GST payable		3,001	1,746
Finance leases payable	10	65	51
<b>Total current creditors and other payables</b>		<b>50,830</b>	<b>61,898</b>
<b>Non-current</b>			
Finance leases payable	10	36	80
<b>Total non-current creditors and other payables</b>		<b>36</b>	<b>80</b>
<b>Total creditors and other payables</b>		<b>50,866</b>	<b>61,978</b>

Creditors and other payables are non-interest bearing. The carrying value of creditors and other payables approximates their fair value.

**i Explanation of major variances against Main Estimates**

Creditors and other payables are \$14.159 million higher than the Main Estimates (2019/20 Actual: \$50.866 million; Main Estimates: \$36.707 million) mainly due to increased expenses in 2019/20 as a result of an increased appropriation baseline, of which a large

portion was accrued as at 30 June.

Main Estimates for the 2019/20 financial year are disclosed in the Statement of Financial Position on page 92.

**NOTE 13: UNEARNED INCOME**

**P** Unearned income relates to cash received in advance of the period in which it will be recognised as revenue.

	Actual 2020 \$000	Actual 2019 \$000
Immigration visa and other application processing	8,497	18,569
Radio operations fees	3,709	3,403
Other revenue	–	383
<b>Total unearned income</b>	<b>12,206</b>	<b>22,355</b>

Immigration visa and other application processing fees are recognised progressively, upon the completion of each visa processing phase.

invoiced at the beginning of the period to which they relate and are recognised as unearned income where fees are paid for periods after 30 June 2020.

Radio operations fees relate to annual licence fees

**i** **Explanation of major variances against Main Estimates**

Unearned income is \$13.039 million lower than the Main Estimates (2019/20 Actual: \$12.206 million; Main Estimates: \$25.245 million) mainly due to a decrease in deferred revenue for visa applications, which relates to visa processing work yet to be completed.

This is a result of an update to the revenue recognition methodology to better reflect when revenue is earned. This has meant that a greater proportion of revenue is recognised earlier in the process of assessing visa applications.

Main Estimates for the 2019/20 financial year are disclosed in the Statement of Financial Position on page 92.

**NOTE 14: RETURN OF OPERATING SURPLUS**

**P** MBIE's obligation to return a portion of its operating surplus in accordance with the *Public Finance Act 1989* is recognised at face value as it is required to be paid by 31 October of each year, per Treasury Instructions.

	Notes	Actual 2020 \$000	Actual 2019 \$000
<b>Net (deficit)/surplus</b>		(44,268)	23,959
<i>Add back:</i>			
Net operating deficit in memorandum accounts	18	75,195	1,467
Unrealised net foreign exchange (losses)/gains		(752)	962
Retention of surplus		–	(7,300)
<b>Return of operating surplus to the Crown</b>		<b>30,175</b>	<b>19,088</b>

## NOTE 15: PROVISIONS

### P Provisions

MBIE recognises a provision when there is a present obligation, either legal or constructive, as the result of a past event and it is probable that an outflow of resources will be required to settle the obligation but the timing or the amount of obligation is uncertain.

Where the effect of the time value of money is material, provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the liability.

### Restructuring provision

MBIE recognises provisions for restructuring when an approved, detailed, formal plan for a restructure has either been announced publicly to those affected or when implementation has already commenced.

### Onerous contracts provision

MBIE recognises a provision for an onerous contract when the expected benefits or service potential to be derived from a contract are lower than the unavoidable costs associated with meeting the obligations of the contract. Such a provision is measured at the lower of the expected cost of terminating the contract and the net expected cost of continuing with the contract.

	2020			2019		
	Current \$000	Non- current \$000	Total \$000	Current \$000	Non- current \$000	Total \$000
Payroll remediation	1,364	–	1,364	2,395	–	2,395
Lease make-good	521	2,253	2,774	598	2,833	3,431
Restructuring	999	–	999	3,715	–	3,715
Other provisions	117	–	117	245	–	245
ACC partnership programme	104	40	144	113	19	132
Onerous lease	–	–	–	1,133	–	1,133
<b>Total provisions</b>	<b>3,105</b>	<b>2,293</b>	<b>5,398</b>	<b>8,199</b>	<b>2,852</b>	<b>11,051</b>

Movements for each of the class of provisions are as follows.

	Payroll Remediation \$000	Lease Make-Good \$000	Restructuring \$000	Other Provisions \$000	ACC Partnership Programme \$000	Onerous Lease \$000	Total \$000
<b>Balance at 1 July 2018</b>	11,989	4,100	8,740	388	118	–	25,335
Additional provisions made	606	–	3,204	275	14	2,372	6,471
Provision utilised during the year	(2,892)	(178)	(7,324)	(418)	–	(1,239)	(12,051)
Reversal of previous provision	(7,308)	(491)	(905)	–	–	–	(8,704)
<b>Balance at 30 June 2019</b>	<b>2,395</b>	<b>3,431</b>	<b>3,715</b>	<b>245</b>	<b>132</b>	<b>1,133</b>	<b>11,051</b>
Additional provisions made	–	–	678	143	12	480	1,313
Provision utilised during the year	(1,031)	(338)	(2,176)	–	–	(1,613)	(5,158)
Reversal of previous provision	–	(319)	(1,218)	(271)	–	–	(1,808)
<b>Balance at 30 June 2020</b>	<b>1,364</b>	<b>2,774</b>	<b>999</b>	<b>117</b>	<b>144</b>	<b>–</b>	<b>5,398</b>

**NOTE 15: PROVISIONS (CONTINUED)****Payroll remediation project**

In November 2018 all affected current MBIE employees received remediation payments under the *Holidays Act 2013* for the period between August 2008 and June 2018. Affected former MBIE employees have been paid out where they have been contacted, verified and for whom the required documentation has been received.

The provision at 30 June 2020 represents MBIE's best estimate of the remaining remediation costs to be paid out.

**Lease make-good**

MBIE is required, at the expiry of its leases, to make good any damage caused and remove any fixtures or fittings installed by it. In many cases MBIE has the option to renew these leases, which may change the timing of the expected cash outflows to make good the premises.

**Restructuring**

The restructuring provision arises from internal restructuring programmes. The restructuring provision relates to the expected redundancies resulting from reductions in the number of offshore immigration offices and other change programmes within MBIE. Management expects this to happen in the next 12 months.

**Onerous lease**

The provision for onerous lease arose from a non-cancellable lease where the unavoidable costs of meeting the lease contract exceeded the economic benefits to be received from it.

The lease is onerous due to the closing of the offshore immigration processing office. The lease ended on 19 June 2020 and the provision is no longer required.

**i Explanation of major variances against Main Estimates**

Provisions are \$9.088 million below the Main Estimates (2019/20 Actual: \$5.398 million; Main Estimates: \$14.486 million) mainly due to restructuring provisions not being required with staff redeployed or appointed to other positions,

payroll remediation costs paid and the onerous lease provision no longer required.

Main Estimates for the 2019/20 financial year are disclosed in the Statement of Financial Position on page 92.

**NOTE 16: EMPLOYEE ENTITLEMENTS**

**P** Sick leave, annual leave, vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

**Current employee entitlements**

Current employee entitlements are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date; annual leave earned but not yet taken at balance date; retiring and long service leave entitlements expected to be settled within 12 months; sick leave; and performance payments.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that MBIE anticipates it will be used by staff to cover those future absences.

A liability for performance payments is recognised where MBIE has a contractual obligation or where there is a past practice that has created a constructive obligation.

**Non-current employee entitlements**

Non-current employee entitlements, such as long service leave and retiring leave, are calculated on an actuarial basis. The calculations are based on:

- › likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlements information
- › the present value of the estimated future cash flows.

**Termination benefits**

Termination benefits are recognised in the surplus or deficit only when there is a demonstrable commitment to either terminate employment prior to normal employment date or to provide such benefits as a result of a position becoming redundant. Termination benefits settled within 12 months are reported at the amount expected to be paid.

**NOTE 16: EMPLOYEE ENTITLEMENTS (CONTINUED)**

	2020			2019		
	Current \$000	Non- Current \$000	Total \$000	Current \$000	Non- Current \$000	Total \$000
Annual leave	31,147	–	31,147	21,558	–	21,558
Accrued salary	24,772	–	24,772	8,799	–	8,799
Long service leave	1,382	3,557	4,939	1,112	2,440	3,552
Retirement leave	1,157	3,702	4,859	943	2,768	3,711
Sick leave	360	–	360	335	–	335
<b>Total employee entitlements</b>	<b>58,818</b>	<b>7,259</b>	<b>66,077</b>	<b>32,747</b>	<b>5,208</b>	<b>37,955</b>

**i Explanation of major variances against Main Estimates**

Employee entitlements are \$35.359 million higher than the Main Estimates (2019/20 Actual: \$66.077 million; Main Estimates: \$30.718 million) mainly due to higher than expected annual leave provision and accrued salary. Annual leave entitlements are higher than Main Estimates mainly due to employees not taking leave during the COVID-19 pandemic and cancelling leave booked for the rest of the financial year.

Accrued salary is higher due to increased surcharge and interest costs in relation to overseas taxation and due to the last payroll for the year paid earlier than forecast in the Main Estimates. This has resulted in more unpaid days than expected and more salary due to employees.

Main Estimates for the 2019/20 financial year are disclosed in the Statement of Financial Position on page 92.

An independent actuarial valuation was undertaken by Linda Caradus of Melville Jessup Weaver as at 30 June 2020 to estimate the present value of retirement leave and long service leave. The key assumptions used in determining the present values were:

- › term-specific discount rates derived from yields on Treasury Bills and Government Bonds
- › a salary growth rate of 3.5 per cent per annum.

**Sensitivity analysis**

If the discount rate were to increase or decrease by 1 per cent more than MBIE’s estimates, with all other factors held constant, the carrying amount of the liability would be \$0.616 million lower and \$0.725 million higher respectively (2019: \$0.360 million lower and \$0.407 million higher).

If the salary growth rate were to increase or decrease by 1 per cent more than MBIE’s estimates, with all other factors held constant, the carrying amount of the liability would be \$0.755 million higher and \$0.656 million lower respectively (2019: \$0.398 million higher and \$0.360 million lower).

The current liability represents the amount due for potential settlement within the next 12 months.



## FINANCIAL RISK MANAGEMENT

We are exposed to various financial risks. This section discusses how financial risks can affect our financial position and net surplus or deficit and how we manage risks in order to minimise risk exposure.

### NOTE 17: FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### **P** Classification of financial instruments

Financial instruments are initially recognised at fair value and subsequently measured at amortised cost or at fair value either through surplus or deficit, or through comprehensive revenue and expense. This classification is made by reference to the purpose and nature of the financial instrument or group of financial instruments.

#### **Non-derivative financial assets and liabilities**

Financial assets are subsequently measured at amortised cost if they are held for the purpose of collecting contractual cash flows and those cash flows are solely related to payments of principal and interest. Interest, impairment losses and foreign exchange gains and losses are recognised in the Statement of Comprehensive Revenue and Expense.

Non-derivative financial liabilities are subsequently measured at amortised cost.

#### **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are measured at amortised

cost and include cash on hand, deposits held on call with banks, and other short-term highly liquid investments with original maturities of three months or less. Balances denominated in foreign currencies are translated to New Zealand dollars at the foreign exchange rate at balance date. MBIE is only permitted to spend its cash and cash equivalents within the scope and limits of its appropriations.

#### **ALLOWANCES FOR EXPECTED LOSSES**

An expected credit loss model is used to recognise and calculate impairment losses for financial assets subsequently measured at amortised cost with the simplified approach to providing credit losses being applied to trade and other receivables.

MBIE has adopted the simplified approach to impairment provision for trade and other receivables. The provision is recognised at an amount equal to lifetime expected credit losses. The allowance for doubtful debts on individually significant trade and other receivables is determined on an individual basis, and those deemed to be not individually significant are assessed on a portfolio basis.

#### **P** Derivative financial assets and liabilities

Derivative financial instruments are used to manage the exposure to foreign exchange risk arising from MBIE's operational activities. MBIE does not hold or issue derivative financial instruments for trading purposes. MBIE has not adopted hedge accounting.

Derivative financial instruments are recognised and subsequently measured at fair value. Movements in the fair value are recognised as gains or losses in the Statement of Comprehensive Revenue and Expense. When the fair value of the derivative is positive, it is treated as an asset, and when the fair value is negative, it is treated as a liability. Fair values are obtained from quoted market prices in active markets. Derivative financial instruments are not used for hedging.

## NOTE 17: FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### Market risk

MBIE has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

MBIE's largest direct foreign exchange exposure arises from the offshore branch and agency network that provides immigration services. Application fees are collected in more than 20 currencies through this network. The offshore branch network incurs local expenses, providing a natural hedge for the branch revenue. MBIE's convention is for branches to retain buffers in foreign currency accounts up to the value of an average month's expenditure.

Under MBIE's foreign exchange management policy, MBIE returns excess funds to New Zealand and converts them to New Zealand dollars.

Application fees are set by regulation in New Zealand dollars. Foreign currency equivalent fees are set by MBIE to reflect the New Zealand amount. Foreign currency transaction exposure is also mitigated to some extent by the ability of MBIE to initiate updates of foreign currency fees to bring them into line with prevailing market conditions.

### Interest rate risk

Interest rate risk is the risk that the fair value of, or cash flows from, a financial instrument will fluctuate due to changes in market interest rates. MBIE has no significant exposure to interest-bearing financial instruments and therefore does not experience interest rate risk.

### Credit risk

Credit risk is the risk that a third party will default on its obligations to MBIE, resulting in a loss. In the ordinary course of MBIE's business, it is exposed to credit risk in association with financial assets held. MBIE is not exposed to significant concentrations of credit risk. MBIE is potentially exposed to credit risk for undrawn credit card facilities equal to the undrawn balance. The credit card facilities limit as at 30 June 2020 was \$5.640 million (2019: \$5.640 million).

MBIE uses Westpac as its main bank, which has a Standard & Poor's credit rating of AA-, and MBIE enters into foreign exchange contracts with the Treasury, which has a Standard & Poor's credit rating of AA.

MBIE's maximum credit exposure is the carrying value of its financial assets. MBIE does not hold collateral as security against its financial assets.

### Liquidity risk

Liquidity risk is the risk that MBIE will encounter difficulty raising liquid funds to meet its commitments as they fall due. In meeting its liquidity requirements, MBIE closely monitors its forecast cash requirements. This has been a specific area of focus as cash receipts have significantly reduced due to the impact of the COVID-19 pandemic on third party revenue. For example, the border restrictions have reduced the amount of cash receipts from immigration visas and other applications. Access to capital injections from the Crown will ensure MBIE maintains its target level of available cash to meet liquidity requirements.

MBIE expects to settle all of its financial obligations in a timely manner.

**NOTE 17: FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

The carrying amounts of financial assets and financial liabilities in each financial instrument category are as follows.

	Notes	Actual 2020 \$000	Actual 2019 \$000
<b>Financial assets measured at amortised cost</b>			
Cash and cash equivalents		140,710	115,285
Debtors and other receivables	11	75,848	104,230
<b>Financial assets measured at fair value through surplus or deficit</b>			
Foreign exchange contracts		9	4
<b>Total financial assets</b>		<b>216,567</b>	<b>219,519</b>
<b>Financial liabilities measured at amortised cost</b>			
Creditors and other payables	12	50,866	61,978
<b>Total financial liabilities</b>		<b>50,866</b>	<b>61,978</b>

The notional principal amounts of outstanding foreign exchange forward contracts are as follows.

	Actual 2020 \$000		Actual 2019 \$000	
	Foreign Currency	NZD	Foreign Currency	NZD
Australian dollar	363	389	177	302

**Sensitivity analysis**

The impact of a 5 per cent movement, both up and down, in the New Zealand dollar against various other currencies held by MBIE in its foreign currency account with all other variables held constant at 30 June 2020 is not material for MBIE's net surplus (2019: not material).

## OTHER DISCLOSURES

This section provides further information on MBIE's equity and how our capital is managed.

A number of our services are not funded by the Crown but by third party users of those services. The revenue we receive for services and the costs we incur to provide them will not necessarily agree in each financial year. We therefore use memorandum accounts to record accumulated surpluses or deficits. Over the long term, memorandum account balances are expected to trend towards zero. Memorandum accounts provide transparency around outputs for which costs are fully recovered by fees, levies and other charges from third parties.

### NOTE 18: EQUITY

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#### Equity

Equity is the Crown's investment in MBIE and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified as taxpayers' funds, memorandum accounts and revaluation reserves.

#### Revaluation reserves

Revaluation reserves relate to the revaluation of land and buildings to their fair value.

#### Memorandum accounts

Memorandum accounts reflect the cumulative surplus or deficit of those departmental services that are intended to be fully cost recovered from third parties through fees, levies or charges. The balance of each memorandum account is expected to trend towards zero over time.

### Taxpayers' funds

	Notes	Actual 2020 \$000	Actual 2019 \$000
Balance at 1 July		320,898	266,693
Net (deficit)/surplus		(44,268)	23,959
Capital injections		99,868	47,867
Transfer of net memorandum account accumulated deficits for the year		75,195	1,467
Return of operating surplus to the Crown	14	(30,175)	(19,088)
<b>Balance at 30 June</b>		<b>421,518</b>	<b>320,898</b>

Note: MBIE pays a capital charge to the Crown on its taxpayers' funds at 31 December and 30 June each financial year (refer to Note 7).

### Revaluation reserves

	Actual 2020 \$000	Actual 2019 \$000
Balance at 1 July	14,046	9,853
Revaluation reserve movement	–	4,193
<b>Balance at 30 June</b>	<b>14,046</b>	<b>14,046</b>

**NOTE 18: EQUITY (CONTINUED)**

<b>Memorandum accounts</b>	<b>Balance at 1 July \$000</b>	<b>Other revenue \$000</b>	<b>Departmental revenue and finance income \$000</b>	<b>Expenses \$000</b>	<b>Surplus/(deficit) for the year \$000</b>	<b>Capital contribution \$000</b>	<b>Balance at 30 June \$000</b>
<b>Year ended 30 June 2019</b>							
Building controls	43,015	38,594	–	(26,061)	12,533	–	55,548
Registration and granting of intellectual property rights	29,804	23,886	58	(22,567)	1,377	–	31,181
Registration and provision of statutory information	19,243	29,374	96	(30,696)	(1,226)	–	18,017
Government procurement reform agenda	7,964	20,884	613	(14,935)	6,562	–	14,526
Management and enforcement of the <i>Radiocommunications Act 1989</i>	12,130	5,863	8	(7,230)	(1,359)	–	10,771
Standards New Zealand	3,218	5,731	29	(6,420)	(660)	–	2,558
Occupational licensing – electrical workers	1,133	5,099	–	(5,022)	77	–	1,210
Motor vehicle traders information programme	445	207	–	(154)	53	–	498
Occupational licensing – building practitioners	124	5,525	22	(5,211)	336	–	460
Motor Vehicle Traders Register	683	1,161	–	(1,859)	(698)	–	(15)
<i>Unit Titles Act 2010</i>	4	127	–	(232)	(105)	–	(101)
Management of the Crown mineral estate	(1,884)	5,536	–	(4,375)	1,161	–	(723)
National multi-use approvals	(1,437)	150	–	(269)	(119)	–	(1,556)
Immigration visa	(45,724)	226,353	244	(245,996)	(19,399)	–	(65,123)
<b>Closing balance</b>	<b>68,718</b>	<b>368,490</b>	<b>1,070</b>	<b>(371,027)</b>	<b>(1,467)</b>	<b>–</b>	<b>67,251</b>
<b>Year ended 30 June 2020</b>							
Building controls	55,548	37,946	38	(37,205)	779	–	56,327
Registration and granting of intellectual property rights	31,181	24,441	–	(25,562)	(1,121)	–	30,060
Government procurement reform agenda	14,526	21,152	589	(19,565)	2,176	–	16,702
Registration and provision of statutory information	18,017	28,627	119	(35,461)	(6,715)	–	11,302
Management and enforcement of the <i>Radiocommunications Act 1989</i>	10,771	6,266	–	(7,804)	(1,538)	–	9,233
Occupational licensing – electrical workers	1,210	5,919	–	(4,996)	923	–	2,133
Occupational licensing – building practitioners	460	6,286	11	(5,373)	924	–	1,384
Standards New Zealand	2,558	5,312	56	(6,561)	(1,193)	–	1,365
Motor vehicle traders information programme	498	1	(1)	–	–	(498)	–
<i>Unit Titles Act 2010</i>	(101)	149	–	(221)	(72)	–	(173)
Motor Vehicle Traders Register	(15)	1,310	1	(2,285)	(974)	498	(491)
Management of the Crown mineral estate	(723)	5,101	–	(5,951)	(850)	–	(1,573)
National multi-use approvals	(1,556)	182	–	(275)	(93)	–	(1,649)
Electronic Travel Authority	–	14,333	–	(19,760)	(5,427)	–	(5,427)
Immigration visa	(65,123)	204,180	118	(266,312)	(62,014)	–	(127,137)
<b>Closing balance</b>	<b>67,251</b>	<b>361,205</b>	<b>931</b>	<b>(437,331)</b>	<b>(75,195)</b>	<b>–</b>	<b>(7,944)</b>

## NOTE 18: EQUITY (CONTINUED)

### Action taken to address surpluses/(deficits)

#### Building controls (surplus)

Although the memorandum account balance increased for 2019/20, the planned reduction to the levy rate took effect on 1 July 2020 and is the primary measure for reducing the memorandum account. The continued focus on the expanded work programmes within the existing scope of the levy and the impact of COVID-19 on construction activity will further reduce the memorandum account balance going forward.

#### Registration and granting of intellectual property rights (surplus)

The fee review for trademarks and patents was approved by Cabinet in March 2019. Due to a delay in updating the new fees, they were implemented in February 2020. The fee review resulted in a reduction in trademark fees and an increase in patent fees. This, combined with an approval of additional expenditure, is expected to reduce the memorandum account balance to around \$10 million by the end of the 2022/23 financial year with the balance trending to nil in the 2024/25 financial year. The balance has reduced more slowly than expected due to lower than expected staffing costs due to difficulty in recruiting, and some project delays due to COVID-19.

#### Government procurement reform agenda (surplus)

The administration fee is continually reviewed for appropriateness and to ensure it meets the costs of delivering and managing all-of-government contracts and procurement capability development for government. Although the memorandum account balance increased for the 2019/20 financial year, the forecast is trending the balance towards zero in the 2024/25 financial year. This is due to a forecast decrease in revenue due to the impact of COVID-19 and the planned increase in expenditure to deliver broader outcomes and increased public value through procurement, while responding to the increased needs resulting from the COVID-19 pandemic.

#### Registration and provision of statutory information (surplus)

New reduced fees which took effect on 1 July 2017 as well as additional expenditure for annual New Zealand Business Number costs from the 2019/20 financial year were expected to reduce the memorandum account balance to near zero during the 2023/24 financial year. However, changes in the economic conditions due to COVID-19 have resulted in a reduction in revenue of 2.5 per cent (in the last quarter of the year) from last year, and a further reduction of 4 per cent is expected during the 2020/21 financial year. The lower forecast revenue is expected to result in the balance reducing to \$1.0 million during the 2021/22 financial year. A fee review is planned for the 2020/21 financial year with expected implementation in the 2022/23 financial year.

#### Management and enforcement of the Radiocommunications Act 1989 (surplus)

The new fees which took effect on 1 October 2017 are now having an impact on the memorandum account balance with a desired reduction in the surplus. An internal review of the memorandum account balance is set to commence to determine if another fee review is required.

#### Occupational licensing – electrical workers (surplus) and Occupational licensing – building practitioners (surplus)

The memorandum account is currently in surplus and trending up as expected from the last fees review. New fees were put into place in January 2019 with the anticipation of a fee review every three years. In the 2019/20 financial year, COVID-19 has reduced operating expenditure, and the baseline allows for future ICT expenditure.

#### Standards New Zealand (surplus)

The memorandum account has been used to fund business transformation projects, which has steadily reduced the surplus over time. As a cost recovery appropriation, inflationary cost pressures on operations are starting to materialise. A fee review will be considered when market conditions are appropriate since Standards New Zealand has not had a wholesale fee review since its operations were merged with MBIE.

#### Motor vehicle traders information programme (nil)

This memorandum account was merged with the Motor Vehicle Traders Register memorandum account during the year. The surplus balance was transferred and this memorandum account is now inactive.

#### Motor Vehicle Traders Register (deficit)

The motor vehicle traders information programme memorandum account (previously in surplus) was merged with the Motor Vehicle Traders Register during the year. The balance of the account is now in deficit as a result of high volumes of legal and enforcement expenditure. A fee review is to be considered in the 2020/21 financial year.

#### Management of Crown mineral estate (deficit)

The memorandum account deficit has increased in the 2019/20 financial year as expected, due to additional costs to maintain the supporting ICT infrastructure and expected revenue reduction as a result of the 'no new mines' policy (announced in 2018). A fee review is planned following the outcome of the *Crown Minerals Act 1991* review, to help address the deficit.

**NOTE 18: EQUITY (CONTINUED)****National multi-use approvals (deficit)**

A briefing was issued to the Minister in February 2020 to outline funding options available to address the growing deficit. The Minister has agreed to review the funding options in March 2021, including a possible fee review.

**Electronic Travel Authority (deficit) and immigration visa (deficit)**

The Electronic Travel Authority memorandum account was set up on 1 October 2019. It is anticipated that revenue for both of the immigration memorandum accounts (Electronic Travel Authority and immigration visa) will be considerably lower than normal in the 2020/21 financial year. The number of international

travellers is expected to be low due to the tight border restrictions in place for COVID-19 control. To slow down the increase in deficits, Immigration New Zealand will be maintaining tight controls on expenditure.

However, due to the relatively fixed nature of much of Immigration New Zealand's expenditure, any material cost savings will be limited in the short term. Immigration New Zealand has reviewed discretionary spend, and options for redeploying employees are being actively pursued to reduce personnel costs in the short term. In addition, a fee and levy review will commence in 2020/21. However, due to the uncertainty surrounding likely future travel volumes, setting new fees is likely to be a challenge.

**NOTE 19: CAPITAL MANAGEMENT**

The objective of managing MBIE's equity is to ensure that MBIE achieves its goals and objectives efficiently, while remaining a going concern. Where MBIE identifies that it does not have sufficient resources to achieve this objective, a capital injection is sought. Reduced cash receipts from third party service users as a result of the COVID-19 pandemic required an additional capital injection in 2019/20 of \$50.000 million. Capital injections

have and will be secured to ensure obligations are met as they fall due. MBIE will therefore continue to operate on a going concern basis.

As general government policy, with the exception of the balances retained in memorandum accounts and unrealised foreign exchange gains less losses, MBIE is not permitted to retain any operating surplus.

	Actual 2020 \$000	Actual 2019 \$000	Unaudited Main Estimates 2020 \$000
<b>Statement of departmental capital injections</b>			
<b>Vote Business, Science and Innovation</b>			
MBIE – capital injection	99,868	47,867	42,810



**NOTE 20: RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL**

All related party transactions have been entered into on an arm’s-length basis.

MBIE is a wholly owned entity of the Crown.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect MBIE would have adopted in dealing with the party at arm’s-length in the same circumstances. Transactions with other government agencies are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

The Treasury has advised that the responsible ministers – Hon Phil Twyford, Hon Kelvin Davis, Hon Kris Faafoi, Hon Willie Jackson, Hon Shane Jones, Hon Iain Lees-Galloway, Hon Stuart Nash, Hon Jenny Salesa, Hon Dr Megan Woods, Hon Chris Hipkins and Hon David Parker have certified that there have been no related party transactions for the year ended 30 June 2020 (2019: nil).

**Related party transactions involving key management personnel or their close family members**

There are no related party transactions involving key management personnel or their close family members.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

	Actual 2020 \$000	Actual 2019 \$000
<b>Key management personnel compensation</b>		
<b>Leadership Team, including the Chief Executive</b>		
Remuneration	3,851	3,791
Full-time equivalent staff	10	11

The above key management personnel disclosure excludes the ministers’ remuneration. The remuneration of ministers and other benefits are set by the Remuneration Authority under the *Members of*

*Parliament (Remuneration of Services) Act 2013* and are paid under Permanent Legislative Authority (PLA), and not paid by MBIE.

**NOTE 21: EVENTS AFTER BALANCE DATE**

From 11.59pm on 13 July 2020 the Chief Executive of MBIE assumed responsibility for the operationalisation of the Managed Isolation and Quarantine (MIQ) system from the Ministry of Health.

This represents a significant addition to MBIE’s operations, and we have stood up a new business unit to oversee the system. The new unit includes staff transferred from the Ministry of Health.

The unit is tasked to oversee the managed isolation and quarantine of people coming into New Zealand as well as New Zealanders who are required to be isolated and quarantined.

As these events are indicative of conditions that arose after balance date, this is a non-adjusting event, and we have not adjusted the financial statements. An estimate of the financial impact cannot be reliably made at the time of publication, but it is likely to result in a significant increase in MBIE’s operations.

## NON-DEPARTMENTAL SCHEDULES

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### **Why we include non-departmental schedules**

MBIE administers non-departmental activities on behalf of the Crown. As such, MBIE is responsible for the effective and efficient administration of contracts or payments for non-departmental activities or of non-departmental revenue or receipts. *The Public Finance Act 1989* makes the Chief Executive of MBIE accountable for the financial management of non-departmental activities.

We include the non-departmental schedules in our annual report to provide information on the financial extent of these activities.

### **What are non-departmental schedules**

The non-departmental schedules are prepared in accordance with Treasury Instructions and disclose non-departmental activities in the form of six separate schedules for revenue, expenditure, assets, liabilities, commitments and contingencies.

The non-departmental schedules do not, and are not intended to, constitute a set of financial statements and therefore do not include elements that would be expected to be found in financial statements such as details of the surplus/(deficit) or a balance sheet.

### **What principles are applied**

The measurement and recognition rules applied to the non-departmental schedules are consistent with NZ GAAP.

## SCHEDULE OF NON-DEPARTMENTAL REVENUE

For the year ended 30 June 2020

Unaudited Main Estimates 2020 \$000		Notes	Actual 2020 \$000	Actual 2019 \$000
<b>Non-departmental revenue</b>				
341,777	Levies	3	374,444	459,719
143,295	Crown mineral royalties		196,889	258,625
35,767	Sale of radio spectrum		36,807	36,286
29,660	Tax revenue		23,029	26,367
20,000	Criminal proceeds (recovery)		15,349	15,122
	– Dividend revenue		13,680	–
47,190	Other revenue		13,630	18,977
	– Crown entities return of funding		1,581	1,811
617,689	<b>Total non-departmental revenue</b>		<b>675,409</b>	<b>816,907</b>

A discussion of major variances against Main Estimates can be found in the relevant notes.

Details on the impact of COVID-19 on the 2020 actual financial results and the unaudited Main Estimates for 2020 can be found in the relevant notes.

## SCHEDULE OF NON-DEPARTMENTAL EXPENDITURE

For the year ended 30 June 2020

Unaudited Main Estimates 2020 \$000			Actual 2020 \$000	Actual 2019 \$000
<b>Non-departmental expenditure</b>				
3,448,077	Vote Business, Science and Innovation		2,584,686	1,984,109
1,590,372	Vote Labour Market		1,589,855	1,574,008
646,896	GST expense		586,383	501,378
	– Provision for Weathertight Services		26,368	45,491
6,729	Vote Building and Construction		4,316	182,058
125	Doubtful debts		1,313	185
(700)	Other		(3,570)	(1,342)
5,691,499	<b>Total non-departmental expenditure</b>		<b>4,789,351</b>	<b>4,285,887</b>

A discussion of major variances against Main Estimates can be found in the relevant notes.

Details on the impact of COVID-19 on the 2020 actual financial results and the unaudited Main Estimates for 2020 can be found in the relevant notes.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2020.

The accompanying notes form part of these non-departmental schedules.

**SCHEDULE OF NON-DEPARTMENTAL ASSETS**

As at 30 June 2020

Unaudited Main Estimates 2020 \$000		Notes	Actual 2020 \$000	Actual 2019 \$000
<b>Non-departmental assets</b>				
<b>Current assets</b>				
330,302	Cash and cash equivalents	9	538,285	366,106
129,673	Debtors and other receivables	4, 9	243,013	312,068
22,476	Assets held for sale		297	297
8,587	Prepayments		2,761	1,254
629	Foreign exchange contracts	9	–	140
1,674	Loans	9	1,527	1,670
493,341	<b>Total current assets</b>		<b>785,883</b>	<b>681,535</b>
<b>Non-current assets</b>				
39,613	Property and equipment	5	6,835	8,417
378,857	Loans	9	2,593	9,922
418,470	<b>Total non-current assets</b>		<b>9,428</b>	<b>18,339</b>
911,811	<b>Total non-departmental assets</b>		<b>795,311</b>	<b>699,874</b>

A discussion of major variances against Main Estimates can be found in the relevant notes.

Details on the impact of COVID-19 on the 2020 actual financial results and the unaudited Main Estimates for 2021 can be found in the relevant notes.

**SCHEDULE OF NON-DEPARTMENTAL LIABILITIES**

As at 30 June 2020

Unaudited Main Estimates 2020 \$000		Notes	Actual 2020 \$000	Actual 2019 \$000
<b>Non-departmental liabilities</b>				
<b>Current liabilities</b>				
249,530	Creditors and other payables	6, 9	208,671	234,512
229,415	Provisions	8	229,017	241,034
40,693	Unearned income	7	37,199	36,957
295	Employee entitlements		446	272
–	Foreign exchange contracts	9	409	–
519,933	<b>Total current liabilities</b>		<b>475,742</b>	<b>512,775</b>
<b>Non-current liabilities</b>				
359,248	Unearned income	7	289,737	326,264
51,830	Provisions	8	199,361	53,590
411,078	<b>Total non-current liabilities</b>		<b>489,098</b>	<b>379,854</b>
931,011	<b>Total non-departmental liabilities</b>		<b>964,840</b>	<b>892,629</b>

A discussion of major variances against Main Estimates can be found in the relevant notes.

Details on the impact of COVID-19 on the 2020 actual financial results and the unaudited Main Estimates for 2021 can be found in the relevant notes.

The accompanying notes form part of these non-departmental schedules.

## SCHEDULE OF NON-DEPARTMENTAL CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at 30 June 2020

	Actual 2020 \$000	Actual 2019 \$000
<b>Quantifiable contingent liabilities</b>		
Guarantees and indemnities	516	333
<b>Total quantifiable contingent liabilities</b>	<b>516</b>	<b>333</b>

### Quantifiable contingent liabilities

In the event that New Zealand Post does not agree to pay the annual membership contribution (Swiss Francs 217,630) to the Universal Postal Union, then the Crown would be obliged to pay.

### Unquantifiable contingent liabilities

Funding or part-funding of rehabilitation of mine sites that were subject to mining licences under the *Mining Act 1971* or the *Coal Mines Act 1979* is also a contingent liability. Although this is primarily the responsibility of local authorities, there are limited circumstances where there may be a residual liability for the Crown.

There is an unquantifiable indemnity under section 63 of the *Corporations Act 1989*.

There is a historical claim for breaches of fiduciary duties and for a constructive trust. A decision on the allocation of any potential liability rests with Cabinet. Both the extent of the potential liability and the proportion MBIE would be responsible for are unknown.

### Contingent assets

MBIE on behalf of the Crown has no non-departmental contingent assets (2019: nil).

## SCHEDULE OF NON-DEPARTMENTAL COMMITMENTS

As at 30 June 2020

MBIE on behalf of the Crown has four non-departmental loan commitments relating to the Provincial Growth Fund totalling \$32.142 million (2019: two loan commitments totalling \$1.761 million).

**NOTE 1: REPORTING ENTITY**

The non-departmental schedules present financial information on public funds managed by MBIE on behalf of the Crown.

The non-departmental balances are consolidated into the Financial Statements of the Government for the year ended 30 June 2020. For a full understanding of the Crown's financial position, results of operations and cash flows for the year, reference should be made to the Financial Statements of the Government.

**NOTE 2: BASIS OF PREPARATION AND ACCOUNTING POLICIES****Basis of preparation**

The non-departmental schedules have been prepared in accordance with Crown accounting policies, Treasury Instructions, and Treasury Circulars.

Measurement and recognition rules applied in the preparation of these non-departmental schedules are consistent with New Zealand generally accepted accounting practice (Tier 1 Public Sector Benefit Entity Accounting Standards) as appropriate for public benefit entities.

**Significant accounting policies**

The following significant accounting policies have been applied. Where an accounting policy is specific to one note, the policy is described in the note to which it relates.

Certain non-departmental accounting policies are substantially the same as those disclosed in the departmental financial statements. The following accounting policies can be found in Note 2 to the departmental financial statements:

- › Functional and presentation currency
- › Changes in accounting policies
- › Foreign currency transactions
- › Contingent liabilities and contingent assets
- › Critical accounting estimates, assumptions and judgements in applying accounting policies

Additionally, where an accounting policy that is disclosed in a specific note is substantially the same as that disclosed in the departmental financial statements, reference is provided as to where that accounting policy can be found in the departmental financial statements.

**Grant expenditure**

Non-discretionary grants are those grants awarded if the grant application meets the specified criteria for the grant. They are recognised as expense when the application has been received.

Discretionary grants are those grants where MBIE has no obligation to award a grant on receipt of a grant application. For discretionary grants without substantive conditions, the total committed funding is recognised as expense when the grant is approved and the approval has been communicated to an applicant.

Discretionary grants with substantive conditions are recognised as an expense at the earlier of the grant payment date or when the grant conditions have been satisfied.

**Commitments**

Expenses yet to be incurred on non-cancellable contracts that have been entered into at balance date are disclosed as commitments to the extent that there are equally unperformed obligations. These are measured at the lower of remaining contractual commitments and the value of penalty or exit costs.

**Goods and services tax (GST)**

All items in the non-departmental schedules are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. In accordance with Treasury Instructions, GST is returned on revenue received on behalf of the Crown, where applicable. However, an input tax deduction is not claimed on non-departmental expenditure. Instead, the amount of GST applicable to non-departmental expenditure is recognised as a separate expense and eliminated against GST revenue on consolidation of the Financial Statements of Government.

**COVID-19**

The following judgements and assumptions have been made as a result of the COVID-19 pandemic.

- › The carrying value of property and equipment has been assessed in light of the impact of COVID-19 on market values. This assessment has not identified any impairments on the carrying value of property and equipment.
- › Debtors and other receivables, and expected credit losses have been reassessed to reflect the impact of COVID-19 on the recoverability of debt.

**Budget figures**

The 2020 budget figures (Main Estimates) are for the year ended 30 June 2020 and are consistent with MBIE's best estimate financial forecast information submitted to the Treasury for the Budget Economic and Fiscal Update (BEFU) 2019 for this year.

### NOTE 3: LEVIES REVENUE

#### P Revenue – Non-exchange transactions

##### Levies

Revenue from the collection of levies is a non-exchange transaction because the payment of these levies does not entitle the payer to a direct benefit from the Crown. The revenue recognition point is when the obligation to pay a levy has been incurred.

##### Fees

Revenue from fees is recognised as income in the period when the service was provided.

	Actual 2020 \$000	Actual 2019 \$000
<b>Levies</b>		
Health and Safety at Work levy	98,814	226,197
Electricity Authority levy	74,371	74,010
International Visitor Conservation and Tourism Levy	57,163	–
Energy safety levy	45,198	28,899
Immigration and migrant levies	35,366	31,471
Financial Markets Authority levy	25,448	25,407
Telecommunications regulation levy	13,661	7,480
Telecommunications development levy	10,000	49,890
Levy on electricity line business	6,643	8,152
External Reporting Board levy	3,648	3,696
Major hazards facilities levy	2,645	2,649
Levy on natural gas services	1,179	1,167
Levy on regulated airports	308	701
<b>Total levies revenue</b>	<b>374,444</b>	<b>459,719</b>

#### i Explanation of major variances against Main Estimates

Total non-departmental revenue is \$57.720 million higher than the Main Estimates (2019/20 Actual: \$675.409 million; Main Estimates: \$617.689 million) due to higher than expected Crown Mineral Royalties that were received.

Main Estimates for the 2019/20 financial year are disclosed in the Schedule of Non-Departmental Revenue on page 124.



**NOTE 4: DEBTORS AND OTHER RECEIVABLES****P Debtors and other receivables**

Debtors and other receivables are non-derivative financial assets measured at amortised cost and initially recorded at their face value. Debtors and other receivables are subsequently revalued to face value less any allowance for expected future credit losses when there is objective evidence that the asset is impaired.

Impairment relating to expected future credit losses occurs when there is evidence that the full amount due is not collectable. The amount of the impairment is the difference between the carrying amount and the present value of the amount expected to be collected.

	Actual 2020 \$000	Actual 2019 \$000
<b>Receivables from exchange transactions</b>		
Other receivables	86,099	67,492
Less provision for impairment	(1,369)	(283)
Net receivables from exchange transactions	84,730	67,209
<b>Receivables from non-exchange transactions</b>		
Fine, levy and penalties receivables	157,278	243,736
Overclaimed income-related rent subsidy	22,757	22,890
Less provision for impairment	(21,752)	(21,767)
Net receivables from non-exchange transactions	158,283	244,859
<b>Total debtors and other receivables</b>	<b>243,013</b>	<b>312,068</b>

The carrying value of debtors and other receivables approximates their fair value.

Debtors and other receivables have been reviewed to assess whether the COVID-19 pandemic has impacted their value, including the ability of debtors to repay their debts in the current economic environment. The provision for impairments has been re-assessed and reflects any impact of COVID-19.

As at 30 June 2020, debtors and other receivables of \$238.433 million were not past due (2019: \$309.092 million). Debtors and other receivables greater than 30 days in age are considered to be past due but not impaired. The provision for impairment of debtors and

other receivables consists of specific individual impairment provisions based on a review of overdue receivables, and a collective impairment provision based on an analysis of past collection history, the current COVID-19 economic environment and debt write-offs.

The collective provision for impairment of \$21.752 million (2019: \$21.767 million) and the increase in provision for impairment of \$1.088 million (2019: \$0.210 million) have been calculated based on expected credit losses.

MBIE does not hold the collateral for debts greater than 90 days.

Movements in the provision for impairment of receivables are as follows.

	Actual 2020 \$000	Actual 2019 \$000
<b>Balance at 1 July</b>	22,050	22,117
Increase in the provision made during the year	1,088	210
Provision reversed during the year	(17)	(277)
<b>Balance at 30 June</b>	<b>23,121</b>	<b>22,050</b>

**i Explanation of major variances against Main Estimates**

Non-departmental debtors and other receivables is \$113.340 million higher than the Main Estimates (2019/20 Actual: \$243.013 million; Main Estimates: \$129.673 million) and is largely due to the one-off accounting adjustment to the Health and Safety at Work Levy in 2018/19.

The 2019/20 Main Estimates were set in April 2019, before the 2018/19 results were finalised.

Main Estimates for the 2019/20 financial year are disclosed in the Schedule of Non-Departmental Assets on page 125.

**NOTE 5: PROPERTY AND EQUIPMENT**

**P** Property and equipment consist of land, buildings, temporary accommodation, textphone equipment and infrastructure assets.

**Measurement**

Land is measured at fair value, and buildings are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

**Additions**

Items of property and equipment are recognised at cost if it is probable that future economic benefits or service potential will flow to MBIE. Where an item of property and equipment is acquired at no cost (or for a nominal amount), it is recognised at its fair value on the date of acquisition.

Costs incurred subsequent to the initial recognition of an item of property and equipment are only recognised where it can be demonstrated that there has been an increase in the inflow of future economic benefits or service potential. Costs relating to the servicing or maintenance of items of property and equipment are recognised in the Schedule of Non-Departmental Expenditure when incurred.

Work in progress is recognised at cost less impairment losses.

**Depreciation**

Depreciation is charged on a straight-line basis, at rates that will write off the cost (or valuation) of the assets to their estimated residual value over their useful lives. Land is not depreciated. The useful lives of major categories of property and equipment have been estimated as follows.

<i>Asset class</i>	<i>Useful life</i>
Buildings	50 years
Temporary accommodation	2–4 years
Infrastructure assets	10 years
Textphone equipment	4 years

**Revaluation**

Land and buildings are revalued by an independent registered valuer at least once every three years, to ensure that their carrying amount does not differ materially from their fair value. The net revaluation results are included in the Schedule of Non-Departmental Revenue or the Schedule of Non-Departmental Expenditure and a property revaluation reserve in equity. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the Schedule of Non-Departmental Expenditure. For assets not carried at a revalued amount, the total impairment loss is recognised in the Schedule of Non-Departmental Expenditure.

**Impairment**

Property and equipment are reviewed for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impaired asset's carrying amount is written down to its recoverable amount, which is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is recognised immediately in the Schedule of Non-Departmental Expenditure.

**Disposals**

Gains and losses on disposal of an item of property and equipment represent the difference between disposal proceeds, if any, and the carrying value of the asset at the time of disposal and are recognised in the Schedule of Non-Departmental Revenue or the Schedule of Non-Departmental Expenditure.

If a previously revalued asset is disposed of, the relevant amount held in the asset revaluation reserve is transferred to taxpayers' funds.

**NOTE 5: PROPERTY AND EQUIPMENT (CONTINUED)**

	Temporary Accommodation \$000	Infrastructure Assets \$000	Textphone Equipment \$000	Buildings \$000	Work In Progress \$000	Total \$000
<b>Year ended 30 June 2019</b>						
Cost	872	20,000	1,734	9,800	268	32,674
Accumulated depreciation	(127)	(16,000)	(1,734)	(9,800)	–	(27,661)
<b>Opening net book value</b>	745	4,000	–	–	268	5,013
Additions	115	–	–	–	–	115
Transfers from WIP	224	–	–	–	(224)	–
Revaluation	–	–	–	(4,206)	–	(4,206)
Other transfers	–	–	–	–	(44)	(44)
Depreciation	(261)	(2,000)	–	–	–	(2,261)
Accumulated depreciation reversed on revaluation	–	–	–	9,800	–	9,800
<b>Closing net book value</b>	823	2,000	–	5,594	–	8,417
<b>Year ended 30 June 2020</b>						
Cost	1,211	20,000	1,734	5,594	–	28,539
Accumulated depreciation	(388)	(18,000)	(1,734)	–	–	(20,122)
<b>Opening net book value</b>	823	2,000	–	5,594	–	8,417
Additions	–	–	–	–	1,700	1,700
Depreciation	(290)	(2,000)	–	(992)	–	(3,282)
<b>Closing net book value</b>	533	–	–	4,602	1,700	6,835
Cost	1,211	20,000	1,734	5,594	1,700	30,239
Accumulated depreciation	(678)	(20,000)	(1,734)	(992)	–	(23,404)
<b>Closing net book value</b>	533	–	–	4,602	1,700	6,835

The carrying amount of property and equipment has been reviewed to assess whether the COVID-19 pandemic has impacted their recoverable amount. This assessment has not identified any material impairment to property and equipment carrying values.

The most recent valuation of buildings was performed by independent registered valuer Lionel Musson of Beca Projects NZ Limited, with an effective date of 30 June 2019.

No valuation was carried out in the 2019/20 financial year.

## NOTE 6: CREDITORS AND OTHER PAYABLES

**P** Short-term creditors and other payables are recorded at face value.

	Actual 2020 \$000	Actual 2019 \$000
Accrued expenses	177,463	114,451
Grant payable	22,468	116,161
Trade creditors	5,899	1,133
GST payable	2,841	2,767
<b>Total creditors and other payables</b>	<b>208,671</b>	<b>234,512</b>

Creditors and other payables are non-interest bearing. The carrying value of creditors and other payables approximates their fair value.

### **i** Explanation of major variances against Main Estimates

Creditors and other payables are \$40.859 million lower than the Main Estimates (2019/20 Actual: \$208.671 million; Main Estimates: \$249.530 million) mainly due to a number of grants which were expected to be accrued for being no longer required due to the timing of expenditure.

Main Estimates for the 2019/20 financial year are disclosed in the Schedule of Non-Departmental Liabilities on page 125.

## NOTE 7: UNEARNED INCOME

**P** Unearned income relates to cash received in advance of the period in which it will be recognised as revenue.

	Actual 2020 \$000	Actual 2019 \$000
Radio spectrum sales – current	37,199	36,957
Radio spectrum sales – non-current	289,737	326,264
<b>Total unearned income</b>	<b>326,936</b>	<b>363,221</b>

Under the *Radiocommunications Act 1989*, sales of management rights over portions of the radio spectrum occur from time to time. The rights extend for varying periods and carry implementation requirements.

Once these requirements have been fulfilled, the holder retains the rights through to the end of the specific term, after which they revert to the Crown and may be reoffered for sale.

### **i** Explanation of major variances against Main Estimates

Unearned income is \$73.005 million below the Main Estimates (2019/20 Actual: \$326.936 million; Main Estimates: \$399.941 million) due to a slower than expected unwind of the sale of radio spectrum liability, which will be carried forward to 2020/21.

Main Estimates for the 2019/20 financial year are disclosed in the Schedule of Non-Departmental Liabilities on page 125.

**NOTE 8: PROVISIONS**

**P** MBIE recognises a provision when there is a present obligation, either legal or constructive, as the result of a past event and it is probable that an outflow of resources will be required to settle the obligation but the timing or the amount of obligation is uncertain.

Where the effect of the time value of money is material, provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the liability.

**Critical accounting estimates, assumptions and judgements**

The estimates, assumptions and judgements that may have a significant risk of causing a material adjustment to the carrying amounts of provisions within the next financial year are disclosed below.

**Provision for Weathertight Services Financial Assistance Package (FAP)**

The provision relating to Weathertight Services is calculated based on three critical assumptions:

- › an estimate of the cost to remediate leaky homes for claims made as part of the FAP scheme
- › the present value of future cash flows, which is estimated using a discount rate
- › the discontinuance transition rate of applicants who cease progressing their claim.

**New Zealand Screen Production Grant provision**

Actual expenditure is sensitive both to the number and size of qualifying productions. The approximate amount of the grants and timing of payments are estimated in advance.

**Tui oil field decommissioning**

The Tui oil field decommissioning provision has been based on an assessment of the oil field's technical reports. The model used to estimate cost uses a conservative risk factor to reflect the uncertainties, risks and sensitivities of the decommissioning. These uncertainties include:

- › fluctuations in the cost of key elements of the decommissioning
- › impact of a shortened planning period
- › technology changes
- › inflation.

	Actual 2020 \$000	Actual 2019 \$000
<b>Current</b>		
New Zealand Screen Production Grant	182,976	200,866
Weathertight Services FAP	27,417	40,168
Oil field decommissioning	18,624	–
<b>Total current provisions</b>	<b>229,017</b>	<b>241,034</b>
<b>Non-current</b>		
Weathertight Services FAP	66,320	53,590
Oil field decommissioning	133,041	–
<b>Total non-current provisions</b>	<b>199,361</b>	<b>53,590</b>
<b>Total provisions</b>	<b>428,378</b>	<b>294,624</b>

## NOTE 8: PROVISIONS (CONTINUED)

### Weathertight Services FAP provision

The Weathertight Services FAP provision represents the Government's obligation to contribute 25 per cent of agreed repair costs to eligible owners of leaky homes under the Weathertight Services FAP.

#### Description of Weathertight Services FAP

The package offers qualifying homeowners a share of the agreed actual repair cost of repairing leaky homes. The Government and the territorial authority (if the territorial authority is participating in the FAP) each pay 25 per cent of the agreed repair cost and the homeowner pays the remaining 50 per cent.

Under the FAP, the homeowner agrees not to sue contributing territorial authorities and the Government, although homeowners can still pursue other liable parties such as builders, developers or manufacturers of defective products. The scheme became available to homeowners on 29 July 2011, and eligible homeowners were required to lodge claims with MBIE prior to 29 July 2016. The 10-year limitation on lodging a weathertight claim means that over time the forecast eligible claims will reduce.

#### Key assumptions

There is still considerable uncertainty surrounding the estimate of the Government's likely contribution. There are three critical assumptions: the remediation cost estimate, the discount rate, and the discontinuance transition rate (the rate at which applicants cease to progress their application).

#### Uncertainties

There are several reasons why the estimates are subject to a high level of uncertainty.

- › The ultimate costs of leaky buildings claims are inherently uncertain.
- › The financial projection model is a simplification of the complex reality of the actual claims processes, and to the extent that hidden or un-modelled relationships are present, the model will be unreliable.
- › Past experience may not be a good guide as to what will happen in the future.
- › The data on which the analysis is based, and from which the assumptions are derived, is limited.

#### Sensitivity analysis

If the remediation cost estimate were to increase/decrease by 10 per cent compared to MBIE's estimates, with all other factors held constant, the estimate would be \$2.900 million higher and \$2.000 million lower respectively.

If the discount rate were to increase/decrease by 2 per cent compared to MBIE's estimates, with all other factors held constant, the estimate would be \$2.900 million higher and \$7.400 million lower respectively.

If the discontinuance transition rate were to double/halve compared to MBIE's estimates, with all other factors held constant, the estimate would be \$13.500 million higher and \$7.400 million lower respectively.

### New Zealand Screen Production Grant

The New Zealand Screen Production Grant scheme provides grants for high profile film productions, such as the *Avatar* sequels and *Mulan*.

Under the scheme, productions may receive a grant equivalent to 20 per cent of their New Zealand based expenditure for international production and 40 per cent for domestic production. The grants are non-discretionary, applicants cannot be refused if they meet the criteria, and the scheme is uncapped.

The productions that will make claims under the scheme typically signal their intention to apply to the New Zealand Film Commission, as administrator of the scheme, in advance of any application. The approximate amount of the grants and timing of payments are estimated in advance.

Actual expenditure is very sensitive both to the number and size of qualifying productions. The provision is MBIE's best assessment of projects that will qualify for a grant rebate and the expenditure patterns of the individual productions. It is only once applications have been received and verified that the exact expenditure can be confirmed.

### Tui oil field decommissioning

The Tui oil field decommissioning provision was created to cover the estimated costs of decommissioning the Tui offshore oil field by the Crown following the liquidation of its operator. The operator had insufficient assets to cover the decommissioning costs associated with its responsibilities as the oil field permit holder.

The Crown has an obligation to appropriately decommission the oil field to avoid harm to the marine environment.

The provision has been based on decommissioning modelling by technical experts and represents the estimate of the decommissioning cost. It is very difficult to estimate these costs given the nature of the decommissioning process and the early stage the process is at. The model used to estimate cost uses a conservative risk factor to reflect uncertainties, risks and sensitivities of the decommissioning and was originally prepared in 2015 and updated subsequently. The following uncertainties were considered.

- › Fluctuations in the cost of key elements of the decommissioning, especially the cost of offshore oil rig hire. Daily rates of rig hire have tended to be in the range of US\$0.200 million to US\$0.300 million. Rates fluctuate with demand and movements in markets.

**NOTE 8: PROVISIONS (CONTINUED)**

- › The impact of a shortened planning period and the gap between production ceasing and decommissioning creates more uncertainty over the decommissioning requirements and cost. A longer planning period and investigations when production ceases provide more certainty over the project and its related cost.
- › There may be an opportunity to employ new and developing technologies, but for the purposes of a robust cost estimate it has been considered prudent to only consider industry standard procedures.
- › Inflation fluctuations may affect costs.

Actual expenditure will be sensitive to fluctuations therefore Probabilistic modelling was applied which produced a range of estimates. These estimates were categorised into probabilities corresponding to the likelihood that actual decommissioning costs will not exceed each estimate. The Ministry has recorded an estimate of \$151.841 million for the provision, which has a likelihood of being correct 75% of the time. Industry standard is to use estimates with Probabilistic scores between 60% to 75% for projects with elevated uncertainties and risk. Had the lower risk factor been applied, the estimate is likely to be correct 50% of the time and with estimated decommissioning costs of \$134.208 million. Conversely, the most conservative factor in the range, is likely to be correct 90% of the time with an estimated decommissioning cost of \$168.783 million.

The following table details the breakdown of the estimated cost of the main phases of the project by probabilistic score provided in the modelling.

Project phase	Probabilistic score		
	50% \$'000	75% \$'000	90% \$'000
Planning	9,752	10,633	11,428
Demobilisation	8,523	9,651	10,797
Decommissioning	114,424	129,838	144,668
Project close out	1,509	1,719	1,890
<b>Total</b>	<b>134,208</b>	<b>151,841</b>	<b>168,783</b>

Movements in the provision are as follows.

	Weathertight Services FAP \$000	New Zealand Screen Production Grant \$000	Oil field decommissioning \$000	Make-good provision \$000	Total \$000
<b>Balance at 1 July 2018</b>	84,136	165,616	–	941	250,693
Additional provisions made	45,491	144,001	–	–	189,492
Provision utilised during the year	(36,769)	(103,281)	–	–	(140,050)
Reversal of provision	–	(5,470)	–	(941)	(6,411)
Unwind of discount rate and effect of the changes in discount rate	900	–	–	–	900
<b>Balance at 30 June 2019</b>	<b>93,758</b>	<b>200,866</b>	<b>–</b>	<b>–</b>	<b>294,624</b>

The following table details the breakdown of the estimated days of the main phases of the project by probabilistic score provided in the modelling.

Project phase	Probabilistic score		
	50% Days	75% Days	90% Days
Planning	261	284	305
Demobilisation	42	47	53
Decommissioning	216	275	307
Project close out	40	46	50
<b>Total</b>	<b>559</b>	<b>652</b>	<b>715</b>

The Ministry is currently at the planning stage of the decommissioning. The most significant portion of costs relate to the demobilisation and decommissioning phases of the project. The costs for these phases will become more apparent once the front end planning has finished. The Ministry will move into the final stage of its decommissioning planning once the demobilisation of the FPSO vessel has taken place and a contract has been awarded for the broader decommissioning work. The earliest that the demobilisation of the vessel can take place is April 2021 due to the EPA requirements and a preference to perform the works during the in the summer months.

On 22 October 2020 BW Offshore, owner and operator of the FPSO Umuroa to be used in the decommissioning, was placed into voluntary liquidation. MBIE continues to plan and prepare for the decommissioning of the Tui oil field and this work will continue regardless of the liquidation. The financial implications of the liquidation are currently uncertain.



**NOTE 8: PROVISIONS (CONTINUED)**

Additional provisions made	26,375	128,617	151,841	–	306,833
Provision utilised during the year	(27,096)	(136,867)	(176)	–	(164,139)
Reversal of provision	–	(9,640)	–	–	(9,640)
Unwind of discount rate and effect of the changes in discount rate	700	–	–	–	700
<b>Balance at 30 June 2020</b>	<b>93,737</b>	<b>182,976</b>	<b>151,665</b>	<b>–</b>	<b>428,378</b>

**i Explanation of major variances against Main Estimates**

Provisions are \$147.133 million above the Main Estimates (2019/20 Actual: \$428.378 million; Main Estimates: \$281.245 million) due to the new oil field decommissioning provision.

This provision has been created to cover the estimated costs of decommissioning an offshore oil field by the Crown.

Main Estimates for the 2019/20 financial year are disclosed in the Schedule of Non-Departmental Liabilities on page 125.

**NOTE 9: FINANCIAL INSTRUMENTS**

**P Classification of financial instruments**

Financial instruments are initially recognised at fair value and subsequently measured at amortised cost or at fair value either through surplus or deficit, or through non-departmental revenue or non-departmental expenditure. This classification is made by reference to the purpose and nature of the financial instrument or group of financial instruments.

**Non-derivative financial assets and liabilities**

Financial assets are subsequently measured at amortised cost if they are held for the purpose of collecting contractual cash flows and those cash flows are solely related to payments of principal and interest. Interest, impairment losses and foreign exchange gains and losses are recognised in non-departmental revenue or non-departmental expenditure.

Non-derivative financial liabilities are subsequently measured at amortised cost.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are measured at amortised cost and include cash on hand, deposits held on call with banks, and other short-term highly liquid investments with original maturities of three months or less. Balances denominated in foreign currencies are translated to New Zealand dollars at the foreign exchange rate at balance date. MBIE is only permitted to spend its cash and cash equivalents within the scope and limits of its appropriations.

**ALLOWANCES FOR EXPECTED LOSSES**

An expected credit loss model is used to recognise and calculate impairment losses for financial assets subsequently measured at amortised cost with the simplified approach to providing credit losses being applied to trade and other receivables.

MBIE has adopted the simplified approach to impairment provision for trade and other receivables. The provision is recognised at an amount equal to lifetime expected credit losses. The allowance for doubtful debts on individually significant trade and other receivables is determined on an individual basis, and those deemed to be not individually significant are assessed on a portfolio basis.

**NOTE 9: FINANCIAL INSTRUMENTS (CONTINUED)**

The carrying amounts of financial assets and financial liabilities in each of the financial instrument categories are as follows.

	Actual 2020 \$000	Actual 2019 \$000
<b>Financial assets measured at amortised cost</b>		
Cash and cash equivalents	538,285	366,106
Debtors and other receivables	243,013	312,068
Loans	4,120	11,592
<b>Financial assets measured at fair value through surplus or deficit</b>		
Foreign exchange contracts	–	140
<b>Total financial assets</b>	785,418	689,906
<b>Financial liabilities measured at amortised cost</b>		
Creditors and other payables	208,671	234,512
<b>Financial liabilities measured at fair value through surplus or deficit</b>		
Foreign exchange contracts	409	–
<b>Total financial liabilities</b>	209,080	234,512

MBIE's activities expose it to a variety of financial instrument risks, including market risk, currency risk, credit risk and liquidity risk. MBIE has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

**Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises from contracts for the supply of future goods and services that are denominated in a foreign currency. MBIE, on behalf of the Crown, purchases capital expenditure and goods and services internationally and is exposed to currency risk arising from various currency exposures, primarily with respect to the US dollar, the Australian dollar and the euro.

**Sensitivity analysis**

The impact of a 5 per cent movement, both up and down, in the New Zealand dollar against various other currencies held by MBIE in its foreign currency account with all other variables held constant at 30 June 2020 is not material.

The notional principal amount of outstanding foreign exchange contracts is as follows.

	Actual 2020 \$000		Actual 2019 \$000	
	Foreign Currency	NZD	Foreign Currency	NZD
US dollar	5,372	8,356	7,803	11,582

**Contractual maturity analysis of financial liabilities**

Non-departmental financial liabilities consist solely of creditors and other payables. At balance date, the remaining periods to the contractual maturity dates were less than three months for all creditors and other payables. The amounts, disclosed above, are the contractual undiscounted cash flows.

**Credit risk**

Credit risk is the risk that a third party will default on its obligation to MBIE, causing MBIE to incur a loss.

In the normal course of its business, credit risk arises from debtors and other receivables, deposits with banks, and foreign exchange contracts.

MBIE generally deposits funds with Westpac (Standard and Poor's credit rating of AA-), a registered bank, and enters into foreign exchange forward contracts with the Treasury (Standard and Poor's credit rating of AA). These entities have high credit ratings. For its other financial instruments, MBIE does not have significant concentrations of credit risk.

MBIE's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents, debtors and other receivables, and foreign exchange contracts.

# STATEMENT OF EXPENSES AND CAPITAL EXPENDITURE INCURRED WITHOUT, OR IN EXCESS OF, APPROPRIATION OR OTHER AUTHORITY

The table below contains expenses incurred without, or in excess of, appropriation for the year ended 30 June 2020.

	Actual 2020 \$000	Appropriation Voted 2020 \$000	Unappropriated 2020 \$000
<b>VOTE BUSINESS, SCIENCE AND INNOVATION</b>			
<b>Non-departmental output expenses</b>			
Energy and Resources: Oil Field Decommissioning	151,841	151,841	151,841
Science and Innovation: Repayable Grants for Start-Ups	5,879	10,213	669
Tourism: Marketing of New Zealand as a Visitor Destination	2,043	–	2,043
<b>VOTE BUILDING AND CONSTRUCTION</b>			
<b>Multi-category appropriation</b>			
Policy Advice and Related Outputs MCA	2,439	4,245	558

## Energy and Resources: Oil Field Decommissioning

The permit holder for the Tui oil field went into receivership in December 2019. The Crown has a constructive obligation (inferred through actions), to appropriately decommission the oil field to avoid harm to the marine environment.

The expense should be recognised at the time the obligation is formed (whether legal or constructive), and the obligation trigger was 6 December 2019, when the voluntary administrator terminated the contract with the operator. The appropriation was approved in February 2020 via Cabinet, therefore expenditure was incurred without appropriation due to timing.

## Science and Innovation: Repayable Grants for Start-Ups

The sequencing of making changes to the Science and Innovation: Repayable Grants for Start-Ups appropriation was not in the correct order. MBIE sought to incorporate a fiscally neutral adjustment into a multi-agency paper to Cabinet led by the Treasury. Approval for the fiscally neutral adjustment was made before the in-principle expense transfer was actioned.

As a result, the funding was removed from the appropriation that was needed to authorise spending in the appropriation.

## Tourism: Marketing of New Zealand as a Visitor Destination

The Ministry funds Tourism NZ (TNZ) through the Tourism: Marketing of New Zealand as a Visitor Destination appropriation. Soon after New Zealand international borders were closed as a response to COVID-19, TNZ commenced the domestic campaign “Do Something New, New Zealand”. TNZ used funding received from the Tourism: Marketing of New Zealand as a Visitor Destination for the operational pivot to domestic tourism, however the scope of the appropriation is limited to the promotion of New Zealand as a visitor destination in key overseas markets. These activities were endorsed by Cabinet, however they were outside the scope of the original appropriation.

## Policy Advice and Related Outputs MCA

An in-principle expense transfer of up to \$1.300 million from the 2018/19 financial year to the 2019/20 financial year was sought for the Policy Advice and Related Outputs MCA under Vote Building and Construction. Early confirmation of the transfer was not sought, and the expense transfer was confirmed and authorised on 19 November 2019 through the October Baseline Update process. At this point, MBIE had incurred \$1.383 million of expenditure; \$0.558 million of this was in excess of the authority in place already.

# APPENDIX 1: RESIDENTIAL TENANCIES TRUST ACCOUNT

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# INDEPENDENT AUDITOR'S REPORT

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To the readers of the Residential Tenancies Trust Account's financial statements for the year ended 30 June 2020

The Auditor-General is the auditor of the Residential Tenancies Trust Account (the Trust Account). The Auditor-General has appointed me, Clint Ramoo, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Trust Account on his behalf.

## OPINION

We have audited the financial statements of the Trust Account on pages 142 to 146, that comprise the statement of financial position as at 30 June 2020, the statement of comprehensive revenue and expense, statement of movements in bondholders fund and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion, the financial statements of the Trust Account on pages 142 to 146:

- › present fairly, in all material respects:
  - its financial position as at 30 June 2020; and
  - its financial performance and cash flows for the year then ended; and
- › comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards with disclosure concessions.

Our audit was completed on 9 October 2020. This is the date at which our opinion is expressed.

The basis for our opinion is explained below and we draw attention to the impact of COVID-19 on the Trust Account. In addition, we outline the responsibilities of the Chief Executive of the Ministry of Business, Innovation and Employment, and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

## EMPHASIS OF MATTER – IMPACT OF COVID-19

Without modifying our opinion, we draw your attention to the disclosures about the impact of COVID-19 on the Trust Account as set out in note 2 on page 144 and note 4 on page 146 to the financial statements.

## BASIS FOR OUR OPINION

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## RESPONSIBILITIES OF THE CHIEF EXECUTIVE OF THE MINISTRY OF BUSINESS, INNOVATION AND EMPLOYMENT FOR THE FINANCIAL STATEMENTS

The Chief Executive of the Ministry of Business, Innovation and Employment is responsible on behalf of the Trust Account for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Chief Executive of the Ministry of Business, Innovation and Employment is responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive of the Ministry of Business, Innovation and Employment is responsible on behalf of the Trust Account for assessing the Trust Account's ability to continue as a going concern. The Chief Executive of the Ministry of Business, Innovation and Employment is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Chief Executive of the Ministry of Business, Innovation and Employment intend to wind up the Trust Account or to cease operations, or have no realistic alternative but to do so.

## RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- › We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- › We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust Account's internal control.
- › We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive of the Ministry of Business, Innovation and Employment.
- › We conclude on the appropriateness of the use of the going concern basis of accounting by the Chief Executive of the Ministry of Business, Innovation and Employment and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust Account's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust Account to cease to continue as a going concern.
- › We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Chief Executive of the Ministry of Business, Innovation and Employment regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

## OTHER INFORMATION

The Chief Executive of the Ministry of Business, Innovation and Employment is responsible for the other information. The other information comprises the information included on pages 1 to 156 but does not include the financial statements, and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## INDEPENDENCE

We are independent of the Trust Account in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Trust Account.



**Clint Ramoo**

Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand

**STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE**

For the year ended 30 June 2020

	Actual 2020 \$000	Actual 2019 \$000
<b>Revenue</b>		
Interest earned from bank deposits	21,619	21,573
<b>Expenditure</b>		
Interest to MBIE	21,619	21,573
<b>Net surplus</b>	-	-
Other comprehensive revenue and expenses	-	-
<b>Total comprehensive revenue and expenses</b>	-	-

**STATEMENT OF FINANCIAL POSITION**

As at 30 June 2020

	Notes	Actual 2020 \$000	Actual 2019 \$000
<b>Current assets</b>			
Cash and cash equivalents		11,304	13,120
Investments	4	220,000	144,000
Interest receivable		39,894	32,995
Other current assets		154	63
<b>Total current assets</b>		271,352	190,178
<b>Non-current assets</b>			
Investments	4	404,000	432,500
<b>Total non-current assets</b>		404,000	432,500
<b>Total assets</b>		675,352	622,678
<b>Current liabilities</b>			
Interest payable to MBIE		41,531	34,843
Other current liabilities		125	145
<b>Total current liabilities</b>		41,656	34,988
<b>Total liabilities</b>		41,656	34,988
<b>Net assets</b>		633,696	587,690
<b>Bondholders' funds</b>			
Opening balance		587,690	545,950
Net increase		46,006	41,740
<b>Total bondholders' funds</b>		633,696	587,690

**RECONCILIATION OF MOVEMENTS IN BONDHOLDERS' FUNDS**

For the year ended 30 June 2020

	Actual 2020 \$000	Actual 2019 \$000
<b>Bondholders' funds at 1 July</b>	587,690	545,950
Bonds lodged	257,604	255,782
Bonds refunded	(208,385)	(210,822)
Unclaimed bonds paid to the Treasury	(3,213)	(3,220)
<b>Bondholders' funds at 30 June</b>	633,696	587,690

**STATEMENT OF CASH FLOWS**

For the year ended 30 June 2020

	Actual 2020 \$000	Actual 2019 \$000
<b>Cash flows from operating activities</b>		
Interest received	14,720	14,183
Interest payments to MBIE	(14,931)	(13,704)
<b>Net cash flows from operating activities</b>	(211)	479
<b>Cash flows from investing activities</b>		
Proceeds from maturity of investments	154,000	145,500
Purchase of investments	(201,500)	(186,000)
<b>Net cash flows from investing activities</b>	(47,500)	(40,500)
<b>Cash flows from financing activities</b>		
Lodgement bonds	257,604	255,767
Refund of bonds	(211,598)	(214,027)
Provision for forfeits to Crown	(111)	(45)
<b>Net cash flows from financing activities</b>	45,895	41,695
Net (decrease)/increase in cash held	(1,816)	1,674
Cash at the beginning of the year	13,120	11,446
<b>Cash at the end of the year</b>	11,304	13,120

**RECONCILIATION OF OPERATING SURPLUS TO NET CASH FLOWS FROM OPERATING ACTIVITIES**

	Actual 2020 \$000	Actual 2019 \$000
<b>Net surplus</b>	-	-
<b>Add/(less) movements in working capital</b>		
(Increase)/decrease in interest receivable	(6,899)	(7,066)
Increase/(decrease) in interest payable	6,688	7,545
<b>Net cash flows from operating activities</b>	(211)	479

The accompanying notes form part of these financial statements.



## NOTE 1: REPORTING ENTITY

The Ministry of Business, Innovation and Employment (MBIE) was established and commenced operations on 1 July 2012, and manages the Residential Tenancies Trust Account (RTTA) pursuant to the *Public Finance Act 1989* and the *Residential Tenancies Act 1986*.

The financial statements of the RTTA are for the year ended 30 June 2020 and were authorised for issue by the Chief Executive of MBIE on 9 October 2020.

## NOTE 2: BASIS OF PREPARATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

The financial statements of the RTTA have been prepared in accordance with the requirements of the *Residential Tenancies Act 1986* and the *Public Finance Act 1989*, which include the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statements have been prepared in accordance with, and comply with, Tier 2 PBE accounting standards on the basis that expenditure exceeds \$2 million, but is less than \$30 million with Reduced Disclosure Regime concessions applied.

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the year.

### Measurement base

The financial statements have been prepared on a historical cost basis.

### Functional and presentation currency

The financial statements are presented in New Zealand dollars, and all values are rounded to the nearest thousand dollars (\$000). The functional currency of the RTTA is New Zealand dollars.

### Comparative amounts

Certain amounts in the comparative information have been reclassified to ensure consistency with the current year's presentation.

### Changes in accounting policies

There have been no changes in accounting policies. All policies have been applied on a basis consistent with the previous year.

### Significant accounting policies

The following significant accounting policies have been applied consistently to all periods presented in these financial statements. Where an accounting policy is specific to a note, the policy is described in the note to which it relates.

### Revenue – exchange transactions

The RTTA derives revenue from interest on investments. Interest on investments is accrued on a monthly basis.

### Taxation

The RTTA is exempt from income tax in terms of the *Income Tax Act 2007*.

### COVID-19

MBIE has assessed the impact of the COVID-19 pandemic on receivables and investments and found there is no material impairment on their value.

MBIE monitors RTTA's cash flow to ensure there is sufficient liquidity to cover daily requirements. Investment decisions are made with a view of holding sufficient funds on call to meet short-term requirements.

## NOTE 3: FINANCIAL INSTRUMENTS

P

### Financial instruments

The RTTA is party to financial instruments as part of its normal operations. These financial instruments include accounts payable and receivable, cash and cash equivalents and investments. Revenue and expenditure in relation to all financial instruments is recognised in the Statement of Comprehensive Revenue and Expense.

All financial instruments are shown at estimated fair value except for those items covered by a separate accounting policy.

### Cash

Cash is defined as coins, notes and demand deposits in the RTTA bank accounts and other deposits held on call or with maturities less than three months.

### Receivables

Receivables are stated at estimated realisable value.

The accompanying notes form part of these financial statements.

**NOTE 3: FINANCIAL INSTRUMENTS (CONTINUED)****Credit risk**

Financial instruments that are potentially subject to credit risk principally consist of cash and cash equivalents, accounts receivable and investments. There are no major concentrations of credit risk for accounts receivable.

Credit risk is the risk that a third party will default on its obligations. The Trust invests the bond fund in line with the requirements of section 68 of the *Public Finance Act 1989* and Parts I and II of the *Trust Trustee Act 1956* by dealing with banks of high credit standing (Standard &

Poor's short-term rating of A-1 and long-term rating of A- or A), and only invests with any New Zealand bank or any bank outside New Zealand which has been approved by the Minister for the purpose.

Individual investment counterparties must carry a long term credit rating and must be within individual issuer limits.

The maximum exposures to credit risk at balance date were as follows.

	Actual 2020 \$000	Actual 2019 \$000
Cash held	11,304	13,120
Accounts receivable	39,894	32,734
Investments	624,000	576,500
<b>Total financial assets</b>	<b>675,198</b>	<b>622,354</b>

**Currency risk**

Currency risk is the risk that the value of debtors and creditors due in foreign currency will fluctuate because of changes in foreign exchange rates.

The RTTA has no currency risk, given that any financial instruments it deals with are denominated in New Zealand dollars.

**Interest rate risk**

Interest rate risk is the risk that the return on the funds invested will fluctuate due to changes in market interest rates. The Trust's cash management policy accepts some degree of forgoing interest rate optimisation in order to have accessible funds for liquidity.

**Fair value**

The fair value of all financial instruments is equivalent to the carrying amount disclosed in the Statement of Financial Position.

#### NOTE 4: INVESTMENTS

**P** Investments are not generally traded and are held to maturity. Investments in bank deposits are initially measured at fair value plus transaction costs (if any). After initial recognition, investments in bank deposits are measured at amortised cost using the effective interest rate, less any provision for impairment. As investments are held with New Zealand banks, it has been determined that the COVID-19 pandemic has not affected the carrying value of these investments.

Investments are undertaken in line with MBIE’s investment policy. Investments were held with the following counterparties as at 30 June 2020.

	Actual 2020 \$000	Actual 2019 \$000
<b>Current</b>		
ANZ	101,500	35,500
ASB	8,000	18,000
BNZ	12,000	31,000
Kiwi	27,000	15,000
Westpac	71,500	44,500
Total current	220,000	144,000
<b>Non-current</b>		
ANZ	92,500	163,000
ASB	42,000	32,000
BNZ	163,000	109,000
Kiwi	15,000	35,000
Westpac	91,500	93,500
Total non-current	404,000	432,500
<b>Total investments by counterparty</b>	<b>624,000</b>	<b>576,500</b>
<b>Weighted average interest rates:</b>		
Short-term deposits	3.13%	3.59%
Long-term deposits	3.60%	3.75%

#### NOTE 5: CAPITAL MANAGEMENT

The RTTA’s capital is its bondholders’ funds.

#### NOTE 6: AUDIT FEES

Audit fees are paid by MBIE (refer to Note 5 in MBIE’s departmental financial statements).

#### NOTE 7: COMMITMENTS AND CONTINGENT LIABILITIES

There were no commitments or contingent liabilities as at 30 June 2020 (2019: nil).

#### NOTE 8: EVENTS AFTER THE BALANCE DATE

No events have occurred between the balance date and date of signing these financial statements that materially affect the financial statements.

## APPENDIX 2: STATEMENT OF TRUST MONIES

MBIE operates trust accounts as an agent under section 66 of the *Public Finance Act 1989*. They are not consolidated in MBIE's own financial statements. In addition to funds held in trust accounts operated by MBIE, the Official Assignee holds a significant number and value of assets in relation to the administration of bankruptcies, liquidations and assets restrained or forfeited under criminal proceeds legislation.

Movements in these accounts during the year ended 30 June 2020 were as follows.

	Opening Balance 1 July 2019 \$000	Capital increase \$000	Distributions made \$000	Receipts \$000	Expenditure \$000	Closing Balance 30 June 2020 \$000
Coal and Minerals Deposits Trust Account	316	148	–	–	–	464
Employment Relations Service Trust Account	735	499	(509)	7	–	732
New Zealand Immigration Trust Account	469	7	(105)	4	–	375
Official Assignee's Office Trust Account	22,476	22,630	(19,767)	259	(11,369)	14,229
Patent Cooperation Treaty Fees Trust Account	105	761	(762)	1	–	105
Petroleum Deposits Trust Account	80	–	–	–	–	80
Criminal Proceeds (Recovery) Trust Account	166,611	37,952	(15,439)	2,969	(7,921)	184,172
Residential Tenancies Trust Account	587,690	257,604	(211,598)	21,619	(21,619)	633,696
Weathertight Financial Assistance Package Trust Account	–	9,495	(9,495)	–	–	–

### Coal and Minerals Deposits Trust Account

This trust account was established in its present form following the introduction of the *Crown Minerals Act 1991*. Pursuant to the *Mining Act 1971*, the *Coal Mines Act 1979* or the *Crown Minerals Act 1991*, all existing mining and exploration licences are required to lodge a bond with MBIE. These bonds are returned with interest once the licence has expired, cancelled or declined, provided that all licence conditions have been complied with.

### Employment Relations Service Trust Account

This trust account was established in September 1988 for monies received by labour inspectors on behalf of workers.

### New Zealand Immigration Trust Account

This trust account was established in 1999 for bonds paid by visitors with a higher risk profile.

### Official Assignee's Office Trust Account

This trust account was established to hold monies for individuals or companies subject to bankruptcy or liquidation proceedings. All financial matters of declared bankrupts and companies in liquidation are handled by the Official Assignee's Office. All distributions and settlements are processed through this account. This trust combines the No Asset Procedure Account, Summary Instalment Order Account and Official Assignee Account.

### Patent Cooperation Treaty Fees Trust Account

This trust account was established in December 1992 to collect and distribute fees under the Patent Cooperation Treaty Rules. The fees are collected from International Patent Authorities and remitted to the World Intellectual Property Organization, which administers the Treaty.

### Petroleum Deposits Trust Account

This trust account was established in the 1970s for deposits pursuant to sections 8, 16 and 47(h) of the *Petroleum Act 1937*. Applicants are required to lodge bonds for all petroleum prospecting and mining licences issued under the Act. These bonds are returned with interest once the licence has ended, provided that all conditions of the licence have been met.

### **Criminal Proceeds (Recovery) Trust Account**

This trust account has been established to manage the financial arrangements of restraining and forfeiture orders made by the courts under the *Criminal Proceeds (Recovery) Act 2009*. Under the Act, courts have the power to order seizure of assets of individuals and companies that have been derived directly or indirectly from criminal offending, and place the assets into the custody and control of the Official Assignee. These assets can then be ordered to be sold or disposed of by the Official Assignee and the resulting monies transferred to other approved parties and the Crown.

### **Residential Tenancies Trust Account**

This trust account was established to hold bonds lodged under the *Residential Tenancies Act 1986*. A full set of audited financial statements for the Residential Tenancies Trust Account, prepared on an accrual accounting basis in conformity with generally accepted accounting practice, is provided in Appendix 1.

### **Weathertight Financial Assistance Package Trust Account**

This trust account is used to temporarily hold the building consent authorities' 25 per cent share of repair costs claimed by eligible owners of leaky homes under the Government's Weathertight Services FAP, once approved, but prior to payment to the eligible home owners.

## APPENDIX 3: EMPLOYEE INFORMATION

The table below presents information on the gender, age and remuneration banding (in \$10,000 bands) of all permanent and fixed-term staff employed under New Zealand terms and conditions at 30 June 2020. The allocation of a remuneration band is based on an employee's base salary only (and is not FTE adjusted); it does not include allowances or employer superannuation contributions.

Salary bands above \$400,000 have been combined to protect the privacy of those employees.

Age Bracket	Under 30			30–39			40–49			Over 50		Unknown			Total
	F	M	U	F	M	U	F	M	U	F	M	F	M	U	
<b>Salary band</b>															
\$40,000–\$49,999	102	45	1	92	31	–	50	15	–	49	10	13	3	1	412
\$50,000–\$59,999	242	114	–	203	80	–	122	40	1	113	39	16	6	–	976
\$60,000–\$69,999	119	84	–	80	48	–	64	30	–	68	26	10	4	–	533
\$70,000–\$79,999	89	51	1	130	76	–	85	51	–	111	57	13	5	1	670
\$80,000–\$89,999	24	11	–	53	38	–	39	26	–	42	32	6	–	–	271
\$90,000–\$99,999	27	20	–	79	68	–	56	38	–	47	53	8	3	–	399
\$100,000–\$109,999	12	9	–	50	42	–	44	36	–	44	47	6	4	–	294
\$110,000–\$119,999	4	5	–	35	33	–	42	34	–	49	54	7	5	–	268
\$120,000–\$129,999	3	2	–	37	27	–	49	31	1	26	22	8	4	–	210
\$130,000–\$139,999	–	–	–	17	20	1	36	25	–	26	31	2	5	–	163
\$140,000–\$149,999	–	–	–	9	11	–	24	21	–	24	29	4	2	–	124
\$150,000–\$159,999	1	–	–	10	5	–	23	14	–	26	25	5	1	–	110
\$160,000–\$169,999	–	–	–	9	3	–	15	23	–	16	15	–	2	–	83
\$170,000–\$179,999	–	–	–	8	3	–	15	17	–	14	20	1	1	–	79
\$180,000–\$189,999	–	–	–	1	2	–	7	8	–	9	12	2	–	–	41
\$190,000–\$199,999	1	–	–	–	–	–	11	7	–	7	9	1	4	–	40
\$200,000–\$209,999	–	–	–	1	–	–	6	6	–	3	9	1	1	–	27
\$210,000–\$219,999	–	–	–	–	1	–	2	–	–	1	5	1	–	–	10
\$220,000–\$229,999	–	–	–	–	–	–	6	–	–	2	1	–	–	–	9
\$230,000–\$239,999	–	–	–	2	–	–	1	1	–	1	3	–	–	–	8
\$240,000–\$249,999	–	–	–	–	–	–	2	2	–	1	1	–	–	–	6
\$250,000–\$259,999	–	–	–	–	1	–	4	1	–	–	2	–	–	–	8
\$260,000–\$269,999	–	–	–	–	–	–	1	1	–	1	3	–	–	–	6
\$270,000–\$279,999	–	–	–	–	–	–	–	–	–	–	3	–	–	–	3
\$280,000–\$289,999	–	–	–	–	–	–	1	–	–	1	4	–	–	–	6
\$290,000–\$299,999	–	–	–	–	–	–	–	1	–	1	–	–	–	–	2
\$300,000–\$399,999	–	–	–	–	–	–	1	1	–	3	3	–	1	–	9
Over \$400,000	–	–	–	–	–	–	1	–	–	–	4	–	–	–	5
<b>Total</b>	<b>624</b>	<b>341</b>	<b>2</b>	<b>816</b>	<b>489</b>	<b>1</b>	<b>707</b>	<b>429</b>	<b>2</b>	<b>685</b>	<b>519</b>	<b>104</b>	<b>51</b>	<b>2</b>	<b>4,772</b>

F = female; M = male; U = undeclared

## APPENDIX 4: IMMIGRATION AND MIGRANT LEVIES

Under the *Immigration Act 2009*, a report must be provided in respect of the financial year outlining the total amount collected through the levy and how it has been applied. The following tables detail the allocation of the levies and summarise the amounts collected.

### ALLOCATION OF IMMIGRATION LEVIES

Vote	Programme	Actual 2018 \$000	Actual 2019 \$000	Actual 2020 \$000	Forecast 2021 \$000
Labour Market	Immigration Research Programme, including evaluation	2,200	2,200	2,200	2,200
Labour Market	Settlement services	–	863	863	863
Labour Market	Border security	4,625	10,966	11,210	10,870
Labour Market	Immigration compliance	4,998	8,451	8,671	8,331
Labour Market	Marketing and attraction	6,768	6,840	6,840	6,840
Labour Market	Global Impact Visas	854	792	330	–
Education	English for Speakers of Other Languages (ESOL) for adults (home and community based)	426	426	426	426
Education	ESOL in the compulsory school sector	2,460	2,460	2,460	2,460
Labour Market	Regional skills matching and job assistance services	1,227	1,227	1,227	1,227
Labour Market	Multi-lingual settlement information programmes	650	650	650	650
Labour Market	National level support for organisations that facilitate migrant participation in host communities	100	100	100	100
Education	Migrant Futures – Work Connect Programme	1,613	1,613	1,613	1,613
Education	Bilingual support workers	514	514	514	514
Labour Market	Welcoming Communities	–	–	900	1,985
<b>Total Immigration Levy allocation</b>		<b>26,435</b>	<b>37,102</b>	<b>38,004</b>	<b>38,078</b>

### SUMMARY OF IMMIGRATION LEVY

	Actual 2018 \$000	Actual 2019 \$000	Actual 2020 \$000	Forecast 2021 \$000
Balance at 1 July	825	(532)	(7,203)	(11,064)
Revenue	25,078	30,431	34,143	24,605
Allocations	(26,435)	(37,102)	(38,004)	(38,078)
<b>Balance at 30 June</b>	<b>(532)</b>	<b>(7,203)</b>	<b>(11,064)</b>	<b>(24,537)</b>

The Immigration Levy replaced the Migrant Levy in December 2015.

The Immigration Levy funds migrant settlement and migration research. It also contributes to Immigration New Zealand functions, including border, compliance, marketing and attraction functions.

It is charged to principal applicants on temporary (including visitor, student and work) and residence (including skilled migrant, family and some international/humanitarian) visa applications. Levy rates are differentiated based on the immigration functions each broad visa category generates the need for or benefits from.

**ALLOCATION OF MIGRANT LEVIES**

Vote	Programme	Actual 2018 \$000	Actual 2019 \$000	Actual 2020 \$000	Forecast 2021 \$000
Justice	Tackling Casual Racism	300	–	–	–
Labour Market	Language Assistance Project	848	862	–	–
Police	District Safety Patrols	301	292	–	–
Labour Market	Welcoming Communities Pilot	500	500	835	–
Health	Stocktake of Migrant Health Info	48	–	–	–
Labour Market	Settlement Services	767	–	–	–
Labour Market	Cross-Government Cultural Capability	–	600	–	–
Internal Affairs	Language Line	–	–	215	–
Social Development	National Consultation with Migrant Youth	–	–	70	–
Justice	Research on the drivers of migrants' experience of discrimination	–	–	170	–
Education	Information about the New Zealand education system for recent migrants	–	–	30	–
Tertiary Education	Pacific Work Connect pilot programme	–	–	80	304
Education	Teacher aide support for ESOL virtual classroom	–	–	–	308
Education	Investigating effectiveness of ESOL programmes in schools	–	–	–	100
<b>Total Migrant Levy allocation</b>		<b>2,764</b>	<b>2,254</b>	<b>1,400</b>	<b>712</b>

**SUMMARY OF MIGRANT LEVY**

	Actual 2018 \$000	Actual 2019 \$000	Actual 2020 \$000	Forecast 2021 \$000
Balance at 1 July	8,454	5,864	3,624	2,229
Revenue	174	14	5	–
Allocations	(2,764)	(2,254)	(1,400)	(712)
<b>Balance at 30 June</b>	<b>5,864</b>	<b>3,624</b>	<b>2,229</b>	<b>1,517</b>

Residual amounts of Migrant Levy revenue were received in 2019/20 (while visa applications made under the Migrant Levy continued to be processed), and funds are held in a tagged account.

These funds are used to fund innovative one-off and small-scale settlement initiatives and enable an evidence base to be built to inform potential longer-term funding allocations.



## APPENDIX 5: BUILDING ADVISORY PANEL

The Building Advisory Panel (BAP) is a statutory body that provides independent advice to the Chief Executive of MBIE. The BAP is focused on strategic issues facing the construction sector and provides guidance, advice and direction on the ways MBIE can support an innovative and high-performing sector. The BAP members from July 2019 to March 2020 were:

- › Dr Helen Anderson (Chair)
- › Richard Aitken
- › Connal Townsend
- › David Kelly
- › Pamela Bell
- › Geoff Hunt
- › Peter Fehl
- › Steve Evans
- › Janine Stewart

There was a change in BAP membership during the 2019/20 financial year. The terms of BAP members expired in March 2020. A new BAP was appointed after MBIE ran a recruitment process from February to June 2020, and in June 2020 the following members were appointed for a two-year term:

- › Dean Kimpton (Chair)
- › Steve Evans
- › Janine Stewart
- › Dr Jeroen van der Heijden
- › Adrienne Miller
- › Dr Troy Coyle
- › Graham Burke
- › Sally Grey

### Meetings and advice

The BAP has met three times in the 2019/20 financial year, and members took part in a number of related meetings and workshops. The BAP meetings have focused on challenging and enhancing proposed improvements. The last meeting for the BAP was held on 6 December 2019. The BAP has not met in 2020 as a result of COVID-19 disruptions.

The BAP has provided advice on some key MBIE work programmes such as the Building System Legislative Reform Programme, the Building for Climate Change Programme, and the Building Code Delivery Framework. The BAP also provided feedback on the development of the Construction Sector Transformation Plan and the Building System Regulatory Strategy.

### Remuneration

The BAP is a statutory board for the purposes of the *Fees and Travelling Allowances Act 1951*. The following fees payable to the BAP members were determined in line with the Cabinet Fees Framework:

- › Chairperson: \$810 per day, or an hourly pro-rata rate as required.
- › Panel members: \$540 per day, or an hourly pro-rata rate as required.

In the 2019/20 year, the following payments were made to BAP members.

	Actual Meeting Fees (incl. GST)	Actual Other Expenses (incl. GST)
<b>Panel Member</b>		
Helen Anderson – Chair	2,142	–
Richard Aitken	540	611
Dean Kimpton	3,851	1,316
Pamela Bell	3,775	–
Connal Townsend	3,234	2,054
Peter Fehl	3,703	1,949
Geoff Hunt	–	–
<b>Total BAP fees and other expenses for 2019/20</b>	<b>17,245</b>	<b>5,930</b>

## APPENDIX 6: INTERNATIONAL VISITOR CONSERVATION AND TOURISM LEVY

This notional account tracks the balance of the International Visitor Conservation and Tourism Levy (IVL) collected under part 3 of *Immigration (Visa, Entry Permission, and Related Matters) Amendment Regulations 2019*. The account records IVL revenue collected by the Crown, offset by expenditure incurred by MBIE and the Department of Conservation on designated and approved programmes and projects. The 2019/20

financial year is the first year of reporting this notional account following the introduction of this legislation.

The levy is set at \$35 per person who applies for a temporary entry class visa, other than at an immigration control area or a port; or requests a traveller Electronic Travel Authority as a condition of a temporary entry class visa waiver.

	Actual 2020 \$000
<b>Balance at 1 July 2019</b>	–
Revenue	57,163
Expenditure:	
MBIE	4,890
Department of Conservation	3,953
<b>Total expenditure</b>	<b>8,843</b>
	<b>Actual 2020 \$000</b>
Net surplus	48,320
<b>Balance at 30 June 2020</b>	<b>48,320</b>

## APPENDIX 7: OTHER DISCLOSURES

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### **Immigration Act 2009**

Changes to the *Immigration Act 2009* have meant that from May 2016, immigration officers have certain powers to search employers' premises for named employees who are not entitled to work in New Zealand or are in

breach of their visas. There have been no instances this year where immigration officers have needed to exercise these new provisions.

### **Victims' Rights Act 2002**

The main service that MBIE provides to victims of crime is the provision of information about the deportation of offenders and about proposals to suspend or cancel

deportation liability. MBIE has not received any complaints from victims during the reporting year.

### **Children's Act 2014**

MBIE is required by the *Children's Act 2014* (the Act) to implement and publish a Child Protection Policy, if children's services are provided, containing provisions for the identification and reporting of child abuse and neglect. MBIE's Child Protection Policy is published on the MBIE website. This policy (August 2020) has particular operational relevance to services provided

under MIQ and the Mangere Refugee Resettlement Centre. The Policy is in the process of being operationalised with relevant MBIE business functions reviewing or developing and implementing their standard operating procedures and guidelines, and contracts and funding arrangements are being assessed to comply with the Act.

### **Departures from operating guidelines for levels of Lakes Manapōuri and Te Anau**

MBIE must include in its annual report, under section 4A(3) of the *Manapouri – Te Anau Development Act 1963*, any departures from the operating guidelines for the levels of Lakes Manapōuri and Te Anau. Meridian Energy

advised the following departures took place due to an extraordinary amount of rain in the catchment of the Waiau River.

#### **Lake Te Anau – level at 0000-hrs**

- |                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                    |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>(a) On 2 December 2019 exceeded the maximum duration above 203.6 m</li> <li>(b) On 12 December 2019 exceeded the maximum duration above 204.3 m</li> <li>(c) On 14 December 2019 exceeded the maximum duration above 204.2 m</li> </ul> | <ul style="list-style-type: none"> <li>(d) On 19 December 2019 exceeded the maximum duration above 203.9 m</li> <li>(e) On 19 December 2019 exceeded the maximum duration above 203.3 m</li> </ul> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

#### **Lake Manapōuri – level at 0000-hrs**

- |                                                                                                                                                                                                  |                                                                                                                       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>(a) On 8 December 2019 exceeded the maximum duration above 180.4 m</li> <li>(b) On 8 December 2019 exceeded the maximum duration above 180.5 m</li> </ul> | <ul style="list-style-type: none"> <li>(c) On 14 December 2019 exceeded the maximum duration above 180.1 m</li> </ul> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|

### **Enhancing Identity Verification and Border Processes Legislation Act 2017**

MBIE (Immigration) has an arrangement with New Zealand Police under part 10A of the *Privacy Act 1993* under which MBIE can request information to verify the identity of a person where there is good cause to suspect the person may have committed an offence

against the *Immigration Act 2009* or has obtained a visa in a false identity, or where the person is liable for deportation or turnaround, or is unlawfully in New Zealand.

## ABBREVIATIONS

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ACC	Accident Compensation Corporation
ANZSCO	Australian and New Zealand Standard Classification of Occupations
B4B	Better for Business
BAP	Building Advisory Panel
BEFU	Budget Economic and Fiscal Update
BWOF	building warrant of fitness
CAPP	Career and Pay Progression
CERT	Computer Emergency Response Team
CRRF	COVID-19 Response and Recovery Fund
CXI	Customer Experience Index
DEV	Cabinet Economic Development Committee
DPMC	Department of the Prime Minister and Cabinet
ECLI	Emergency Caller Location Information
ESOL	English for speakers of other languages
ETA	Electronic Travel Authority
FAP	Financial Assistance Package
FDI	foreign direct investment
FTE	full-time equivalent
GCCRS	Greater Christchurch Claims Resolution Service
GDP	gross domestic product
GPG	Government Property Group
G-REG	Government Regulatory Practice Initiative
GST	goods and services tax
HNZC	Housing New Zealand Corporation
I&D	inclusion and diversity
ICT	information and communications technology
IDI	Integrated Data Infrastructure
IEA	International Energy Agency
INZ	Immigration New Zealand
IRD	Inland Revenue Department
IVL	International Visitor Conservation and Tourism Levy
MBIE	Ministry of Business, Innovation and Employment
MCA	multi-category appropriation
MIQ	Managed Isolation and Quarantine
MLB	Market Services/Labour, Science & Enterprise/Building Resources & Markets
MYA	multi-year appropriation
MVT	Motor Vehicle Trader
NBS	New Building Standard
NEET	not in employment, education or training
NZ GAAP	New Zealand generally accepted accounting practice
NZQF	New Zealand Qualifications Framework

## **ABBREVIATIONS**

NZTE	New Zealand Trade and Enterprise
OECD	Organisation for Economic Co-operation and Development
PaCSON	Pacific Cyber Security Operation Network
PBE	public benefit entity
PBE FRS	Public Benefit Entity Financial Reporting Standard
pDEI	potential direct economic impact
PDU	Provincial Development Unit
PGF	Provincial Growth Fund
PLA	permanent legislative authority
PPE	personal protective equipment
RTTA	Residential Tenancies Trust Account
SLT	Senior Leadership Team
TAS	Temporary Accommodation Service
TPES	total primary energy supply
TSO	telecommunications service obligations
VPN	virtual private network
WHS	wellbeing, health and safety
WIP	work in progress
WTO	World Trade Organization

## GLOSSARY OF TERMS

### **Outcome**

The outcome describes what we are trying to achieve and what this looks like.

### **Intermediate outcome**

The intermediate outcome describes the outcome in more detail.

### **Gross domestic product (GDP)**

The total value of goods produced and services provided in a country during one year.

### **Departmental expenses**

Expenses incurred by MBIE in delivering services and functions on behalf of the government.

Expenses incurred by entities other than MBIE in delivering services and functions on behalf of the government.

### **Types of expenses:**

#### ***Output***

A term for goods, services or functions purchased by the government. Outputs include policy advice, administration of contracts, and the provision of specific services.

#### ***Other expense***

A term for operating expenses that are not outputs, such as interest expenses and grants.

### **Appropriation**

An appropriation is a sum of money allocated for a particular use and includes a description of what is being purchased, why it is being purchased and how performance will be assessed. It authorises Ministers to consume public resources, and ensures that Parliament knows how money will be spent and that government is held accountable for the spending.

### **Types of appropriations**

#### ***Annual appropriation***

This is the most common type of appropriation and is limited to one financial year, consistent with the annual Budget cycle.

#### ***MCA – multi-category appropriation***

Multi-category appropriations consist of two or more categories of spending within a single appropriation that contribute to the same overarching purpose.

#### ***MYA – multi-year appropriation***

Multi-year appropriations allow expenses or capital expenditure to be incurred during a specified period of no more than five financial years. MYAs are generally used where uncertainties or dependencies are likely to affect when costs are incurred (eg, milestone payments for a multi-year project).

#### ***PLA – permanent legislative authority***

Permanent appropriations are authorised by legislation other than an Appropriation Act and continue in effect for an indefinite period. Generally, the authorising legislation will impose limits on the scope of the appropriation and not its amount.

### **Main Estimates**

The Main Estimates are the Government's approved set of appropriations for a year. They are approved and published before the start of the financial year to which they relate.

### **Supplementary Estimates**

The Supplementary Estimates are the Government's approved changes to appropriations within a financial year and supersede the information in the Main Estimates for that year.



**MINISTRY OF BUSINESS,  
INNOVATION & EMPLOYMENT**  
HĀKINA WHAKATUTUKI

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