



Annual Report 2021/22

Growing Aotearoa New Zealand for All



MBIE Karakia

Tāwhia tō mana kia mau, kia māia

Ka huri taku aro ki te pae kahurangi,
kei reira te oranga mōku

Mā mahi tahi, ka ora, ka puāwai

Ā mātau mahi katoa, ka pono, ka tika

Tihei Mauri Ora

Retain and hold fast to your mana, be bold, be brave

We turn our attention to the future,
that's where the opportunities lie

By working together we will flourish and achieve greatness

Taking responsibility to commit to doing things right

Tihei Mauri Ora

The Ministry of Business, Innovation and
Employment's 2021/22 Annual Report
uses a mix of existing and stock imagery.

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Te Kāwanatanga o Aotearoa
New Zealand Government

Contents

2

He Kupu Takamua Nā Te
Tumu Whakarae
Chief Executive's Foreword

9

Te Arotake I Te Tau Nei
Our Year in Review

17

Ngā Putanga
Our Outcomes

39

He Kōrero mō Mātou
About Us

59

Our Performance

119

Our Financial
Statements

195

Ngā ĀpitiHanga
Appendices

Hīkina Whakatutuki | The Ministry of Business, Innovation and Employment's 2021/22 Annual Report is a review of our financial and non-financial performance against our outcomes, priorities and obligations.

Note: Throughout this report, we use 'Aotearoa New Zealand,' 'Aotearoa,' and 'New Zealand.'

HE KUPU TAKAMUA NĀ TE TUMU WHAKARAE

Tēnā koutou katoa,

Hīkina Whakatutuki – the Ministry of Business, Innovation and Employment (MBIE) remains driven by our purpose to Grow Aotearoa New Zealand for All.

Our strategic intentions are set out in our overarching strategy Te Ara Amiorangi – Our Path, Our Direction and over the last year we have continued to make strong progress in delivering on this. We have continued to deliver a range of core services, from ensuring labour standards, to supporting the science system, to setting building standards, to enabling better procurement despite also facing a series of major national and international challenges. From the Omicron variants of COVID-19, to the outbreak of war and violence in Afghanistan and Ukraine, to the effects of climate change, managing the response to these issues has been complex. Our people have once again risen to the challenge and I remain incredibly grateful for the work they have done to deliver for New Zealand.

During the year there was a strong focus on navigating the impacts of global events. The conflict in Afghanistan required us to work with a range of partner agencies to help ensure individuals and families could safely resettle in New Zealand. In response to COVID-19 we continued to support families and businesses, not least through our Managed Isolation and Quarantine (MIQ) facilities, and then, as the year ended, to wind down this network. MIQ played an essential role in keeping Aotearoa New Zealand safe from COVID-19 through a rapidly evolving and uncertain time and I want to once again thank our people and those from across our partner agencies, including iwi, businesses, and non-governmental organisations for their service and support.

MBIE also worked to help firms to harness innovation and productivity. A wide ranging and collaborative kōrero (discussion) began about both the future of the research, science and innovation system and the transformation of the digital technologies industry in this country.

We also continued to invest in our regions and industry sectors, to lift their potential and resilience; to help secure the skills and labour we need, for example, through the 2021 Resident Visa, helping to keep skilled and already settled migrant workers; and initiatives such as designing an income insurance scheme, which aims to better protect workers and the economy through difficult times.

Working with other key agencies, MBIE continued to tackle the challenges posed by climate change. We played a leading role in the development of the Emissions Reduction Plan (ERP) and the draft National Adaptation Plan (NAP). These pieces of work, and our wider climate change work programme, contribute towards the Government's commitment of reducing emissions and working with communities to help them adjust to the effects of a more extreme climate.

Recognising the importance of effective and enduring relationships between Māori and the Crown, we launched a strategy to build our te ao Māori cultural capabilities and awareness, Whāinga Amorangi. This strategy will help us deliver on our partnership responsibilities under Te Tiriti o Waitangi (the Treaty of Waitangi).

This Annual Report touches on the breadth of the work our people undertake and the efforts they make to grow an inclusive, sustainable and prosperous Aotearoa New Zealand for today and for future generations.

I want to acknowledge the extraordinary work of our MBIE people and the contribution they have made to our journey over the past decade, since MBIE first opened its doors. The commitment they have shown has been remarkable.

Tēnā koutou katoa,

E ārahina tonutia ana a Hīkina Whakatutuki (MBIE) e tō mātou whāinga matua kia Whakapakaritia a Aotearoa mō te Katoa.

E hora nei ā mātou whāinga matua i te rautaki whānui o Te Ara Amiorangi, ā, i tēnei tau ka ngana tonu mātou ki te whakatutuki. Kei te haere tonu ā mātou mahi i te huhua o ngā ratonga whai kiko – mai i ngā paerewa mahi ki ngā mahi tautoko i te pūnaha pūtaiao; mai i te whakapūmāutanga o ngā tikanga hanganga, ki te tautoko kia pai ake ngā whiwhinga – me te aha, i runga anō i te whakatūtaki i ētahi wero nui ā-motu, ā, huri noa i te ao. Mai i te Omikorona, ki te pakarutanga mai o ngā pakanga ki Afghanistan me Ukraine, ā, tae noa ki ngā pānga mai o te āhuarangi, he uaua ngā whakahaerenga rapu whakautu ki ēnei take. Kua hikina ake anō te wero e ā mātou kaimahi, ā, e whakahī ana au i ngā mahi i tutuki i a rātou mō Aotearoa nei.

Nā ngā pakanga i Afghanistan i mahi tahi ai mātou me te huhua noa o ngā kōtuinga kia pai ai tā te tangata kotahi me ngā whānau ki te hūnuku mai anō ki Aotearoa. Ko ā mātou whakautu ki te KOWHEORI-19 i tautoko tonu mātou i ngā whānau me ngā pakihi, ahakoa mā roto noa mai i ā mātou Kaupapa Whakahaere Nōhanga Taratahi (MIQ), me te aha, nō te pito tōmuri o te tau mutu ai tēnei kaupapa. He hirahira ngā MIQ kia noho haumarua ai a Aotearoa i roto i ngā whakararu mai o te wā o te KOWHEORI-19, nō konei au tuku ai i aku mihi nui ki te hunga puta noa i te rāngai tūmatanui, ngā Iwi Māori, te rāngai pakihi me ngā pakihi kore Kāwanatanga mō ā rātou āwhinatanga, tautoko hoki.

I āwhina hoki a MBIE i ngā umanga kia noho hāngai ki te auaha me ngā ritenga mahi whai hua. I hua mai te whānui o ngā whakawhitinga kōrero e pā ana ki te rangahau hei ngā rā ki tua, te pūnaha pūtaiao, auaha hoki, me ngā

hurihuringa o te ao hangarau matihiko ki tēnei whenua.

I tuku haumitanga tonu mātou ki ngā rohe me ngā rāngai o te ao mahi ki te hiki i te pūmanawa me te titikaha; he hāpai ake ki te whakaū i ngā pūkenga me te kāhui mahi e whāia ana, hei tauira, mā roto i te 2021 Pane Uruwhenua Kainoho – he hāpai kianoho tangata whenua ai ngā kaimahi manene, ā, kia pūmau te noho mai; tae atu ki ngā kaupapa pēnei i ngā mahi waihanga kaupapa inihua pūtea e whai nei kia pai ake te manaaki i ngā kaimahi me te ao ōhanga i roto i ngā uauatanga o te wā.

I ngā mahinga ngātahi me ētahi atu tari kāwanatanga, i te kaupare tonu a MBIE i ngā wero i puta i ngā take āhuarangi. Ko mātou ngā kaiarataki matua i ngā mahi waihanga i te Emissions Reduction Plan (ERP), arā, te Mahere Whakaheke Tukunga me te National Adaptation Plan (NAP), arā, te Mahere Urutaunga ā-Motu. Ka hāngai ēnei mahi, me ngā hōtaka āhuarangi whānui, ki ngā pūratonga a te Kāwanatanga ki te whakaheke i ngā tukunga, me te hāpai hoki i ngā hāpori ki te whakarerekē i ngā tūāhua o ngā karawhiunga nui o te āhuarangi.

Nā tō mātou mārama ki te hirahira o ngā tūhononga mauroa i waenganui i a ngāi Māori me te Karauna, i whakamānutia he rautaki whakapakari i ō mātou mōhiotanga me ō mātou māramatanga ki te ao Māori, e kīia nei, ko Whāinga Amorangi. Mā tēnei rautaki e taea ai mātou te whakatutuki i ā mātou haepapa kōtuinga i raro i Te Tiriti o Waitangi.

Ka pā te Pūrongo ā-Tau ki te whānui o ngā mahi i kōkiritia e ā mātou kaimahi, me ā rātou mahi kia tipu ake te tāpiritanga, te toitūtanga me te tōnuitanga ki te Aotearoa o ēnei rā, ā, mō ngā whakatipuranga kei te heke mai.

E hiahia ana au te tuku mihi ki te mīharo o ngā mahi a ngā kaimahi ki MBIE me ā rātou takohatanga ki tēnei haerenga i te tekau tau kua huri, mai anō i te wā i whakatuwheratia tuatahitia ngā kuaha o MBIE. Hau tupua ana te ngākau nui kua whakaaturia mai e rātou.




Carolyn Tremain

Te Hēkeretari, Te Tumu Whakarae mō Hīkina Whakatutuki
Secretary for Business, Innovation, & Employment and Chief Executive

Puāwai we grow opportunities

 **1,700+** regional development projects under management, valued at over \$4 billion

 **30,000+** people helped through the joint agency Construction Skills Action Plan*

 **900,000+** total registered New Zealand Business Numbers (NZBN), 1,600+ identifying as Māori businesses


 **63,000+** people granted residence visas

 Afghanistan crisis: visas for over **1,500** Afghan nationals approved

 **340+** marae renovation projects being managed*


Kaihāpai we act as a guardian and protect


 Over **1.7 million** calls covering MIQ, immigration, employment, Tenancy Services, Companies Office, and WorkSafe

 **2,400 tonnes** of flowlines, tubing and related material, totalling **39km** in length, recovered during the Tui Oil field decommissioning*


 **10,000+** reports of cyber incidents

 **18,000+** interventions to support the resolution of employment relations disputes

 Return of almost **230,000** people and nearly **5,000** community cases facilitated through isolation and quarantine services*


 **160,000+** bond lodgements through Tenancy Services, totalling over \$283 million


Auaha we innovate and navigate towards a better future

 **1.8 million** homes and businesses now have access to ultra-fast broadband*

 **\$1.2 billion** invested in research, science, and innovation

 **\$36 million** over three years to Infectious Diseases Research Platform

 **29,700+** trade mark applications

 **95** plant variety rights applications

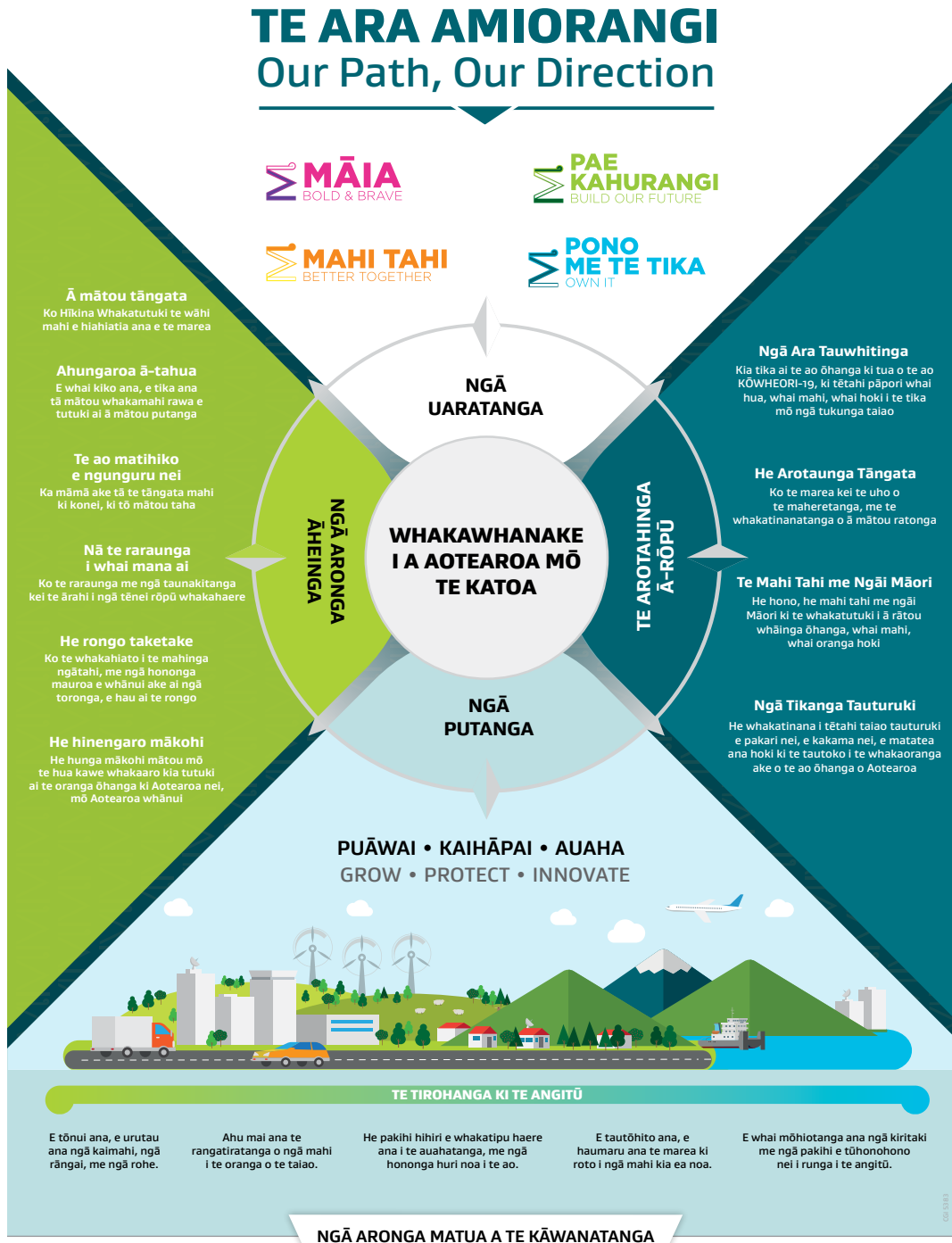
*multi-year and/or multi-agency.

The purpose of Hīkina Whakatutuki, the Ministry of Business, Innovation and Employment is to Grow Aotearoa New Zealand for All.

Our work touches on the daily lives of New Zealanders. We grow opportunities (Puāwai), act as a guardian and protect (Kaihāpai), and innovate and navigate towards a better future (Auaha).

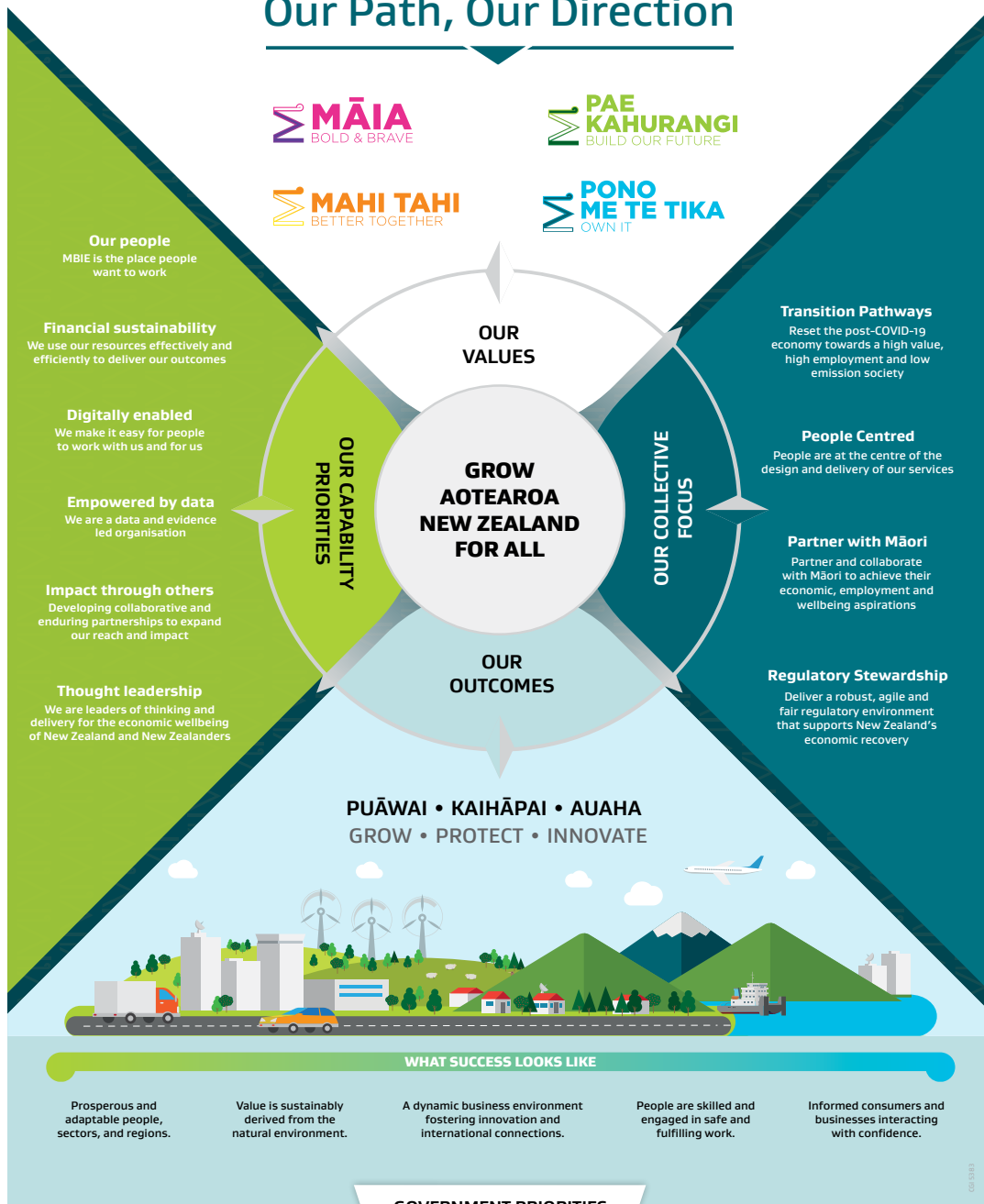
Since 2020, our organisational strategy Te Ara Amiorangi has informed the way we work.

Te Ara refers to a pathway and Amiorangi to a celestial navigation point used by our ancestors. Together they capture our aspirations for the strategy, a tool that helps us successfully navigate for the future and grow Aotearoa New Zealand for all.



TE ARA AMIORANGI

Our Path, Our Direction





TE AROTAKE I TE TAU NEI OUR YEAR IN REVIEW

TE AROTAKE I TE TAU NEI OUR YEAR IN REVIEW

MBIE is a large ministry with broad responsibilities that touch on the daily lives of New Zealanders in many ways.

Hīkina Whakatutuki is our te reo Māori name – ‘hīkina’ meaning uplift and ‘whakatutuki’ meaning to move forward, to make successful. Everything we do at MBIE is about Growing Aotearoa New Zealand for All. We grow opportunities (Puāwai), act as a guardian and protect (Kaihāpai), and innovate and navigate towards a better future (Auaha).

We are leaders of economic strategy. We invest in businesses and regional growth, as well as science and technology. We are forward looking, identifying and responding to opportunities and risks. We are responsible for a range of systems that help our economy to function well.

To highlight the range and breadth of our responsibilities, this section canvasses a selection of themes and initiatives across 2021/22: from our work supporting economic development and transformation across the country, to responsibilities for key parts of the Government’s COVID-19 response, to efforts to mitigate and respond to climate change. Additional initiatives are covered in the Outcome section of this report.

Economic Development and Transformation

Maintaining a robust economic system and preparing for the future are central to our work. This was no different in the 2021/22 financial year, where we advanced a wide range of initiatives, across multiple fronts, to support wider economic development and transformation goals. These include: helping businesses operate in the digital era; generating better outcomes through government procurement; investment that supports vibrant regions and communities; helping industries transform; growing international market access; and assisting people and businesses to understand their rights and navigate issues that often have important life and financial implications.

Operating in a digital era

It is important that small businesses adapt to working in a digital era. The Digital Boost programme, launched in December 2020, focuses on supporting small business owners, urban and rural, to realise the benefits of digitising their business, including making greater use of digital tools and adopting digital processes.

In 2021/22, Digital Boost focused on lifting access to the

platform. This included the launch of the Digital Boost Checkable tool, an AI diagnostic tool that provides businesses with actionable insights to improve their web presence. A Te Reo Māori version of Digital Boost was also launched and language subtitles in Hindi, Simplified Chinese, Tongan and Samoan were introduced increasing diversity options.

As of 30 June 2022, there were nearly 48,000 unique users signed up to the Digital Boost platform. An evaluation report for 2021/22, indicated that 39% of those who engage weekly with the platform report improved revenue. Furthermore, 79% of users said they would recommend Digital Boost to other businesses.

MBIE also runs business.govt.nz, a website that makes it easier for small businesses in New Zealand to understand and comply with government requirements and build their management capability. Business.govt.nz has also been supporting businesses towards a sustainable future with the Climate Action Toolbox. The toolbox shows businesses how to measure and reduce emissions, and create an action plan. The newest tool in the toolbox is the Carbon Calculator, launched in June 2022, by Minister Nash in his capacity as Minister for Small Business. The toolbox is the result of strong collaboration between public and private sector agencies.



Government Procurement

The New Zealand Government spends over \$50 billion each year on goods and services that are essential to the well-being of our country and its people. Economic and environmental pressures and the impact of Covid-19 have highlighted the importance of a procurement system that is responsive, transparent and that can withstand disruptions.

In November 2021, Cabinet approved a set of strategic procurement priority areas and a programme of work led by MBIE. Key elements of this work programme include improving procurement data and its transparency; incentivising collaboration and creating a culture of working together as “one government”; and driving better performance through a range of business-friendly practice improvements.

This programme of work is part of efforts to support wider outcomes, including enabling more Māori businesses to engage in government procurement and supporting the Carbon Neutral Government Programme through optimising agencies’ fleet sizes, transitioning to electric vehicles, and low-carbon construction.

Investment

Across 2021/22, MBIE managed a range of funds to support New Zealand businesses and communities, as well as opening up new opportunities.

The Regional Strategic Partnership Fund of \$200 million aims to grow regional economies. The fund builds on each region’s strengths and works with them in

partnership to develop regionally specific projects. In February 2022, the first investment from the fund was announced, a \$2 million loan and equity stake in Geo40 Limited, to help scale-up its lithium recovery technology at Ohaaki near Taupō.

In some cases, investment is a key tool to respond to events, such as COVID-19. The \$200 million Tourism Communities: Support, Recovery and Re-set Plan, for example, targets communities that have high dependence on international tourism in their local economies, including Queenstown Lakes and Kaikōura. This initiative also supports employee mental health and wellness.

There is also an international dimension, with support to host global events, such as the Women’s Cricket World Cup held in early 2022, as well as contributions to the FIFA Women’s World Cup 2023, to be co-hosted by New Zealand and Australia.

The funds administered by MBIE, provide flexibility of investment to support individual businesses, sectors and infrastructure projects, as well as community-focused initiatives, such as the preservation of historic sites and marae. Further details on funds can be found in Outcome 1.

Transformation

Technology, particularly digital technology, is playing an increasing role in the economic activity and lives of people across the globe. We worked in partnership with industry to develop the draft Digital Technologies Industry Transformation Plan (ITP) 2022–2032, released for public consultation in February 2022. This plan



proposes various initiatives, including developing new ways of fostering tech related skills and talent, and supporting export-oriented sub-sectors, such as software services and interactive media.

MBIE is working on a range of other Industry Transformation Plans, to help our regions and sectors adapt and thrive through global and local shifts, including plans for tourism, advanced manufacturing and construction. Also, the Southland Just Transition Work Plan, launched in February 2022, aims to help the region build its economic, environmental and social resilience beyond the planned closure of the aluminium smelter in December 2024.

Ensuring our research, science and innovation system is connected, adaptable and resilient is also a focus. In October 2021, the Te Ara Paerangi – Future Pathways Green Paper was launched, marking the start of a wide ranging and collaborative kōrero (discussion) about the future of this area. Major themes included broad support for greater prominence of Te Tiriti o Waitangi in research, science and innovation policies and structures, and an interest in moving to research priorities that focus on national challenges and opportunities.

International trade agreements

We work with agencies, such as New Zealand Trade and Enterprise and the Ministry of Foreign Affairs and Trade, to lift international trade. The recently concluded agreements with the European Union and United Kingdom, for example, are modern, high quality agreements that ensure we have favourable access to these markets; a key feature in light of increased global competition. Such agreements typically reflect considerable effort over a number of years, by multiple government agencies.



Keeping people and businesses informed and safe

Ensuring people and businesses understand their rights and obligations, be it about consumer protection, insolvency or dispute resolution, is a core responsibility.

In addition to information now available on-line or in printed form, MBIE also runs over 50 public phone lines through its service centre infrastructure, with over 1.7 million calls received during 2021/22. These covered a range of issues, including immigration, managed isolation and quarantine, tenancy, employment and WorkSafe matters. This mechanism helps people and businesses navigate issues that often have important life and financial implications. In January 2022, due to increasing demand, additional personnel were added to the New Zealand Relay Service, which helps those with speech, hearing and vision disabilities.

Delivering critical services

COVID-19

As New Zealand and the rest of the world felt the effect of COVID-19, MBIE continued to play an integral leadership role in supporting the Government's pandemic response.

A major focus has been on supporting New Zealanders and businesses to reduce the effect of economic disruption and supply chain issues, maintain employment levels and livelihoods, and support a staged reopening of the borders. This work has required multiple adjustments to the assistance and services we provide to people and business navigating the challenge of COVID-19.

Supporting businesses

Recognising the critical importance of ongoing commercial activity to the country's national wellbeing, MBIE worked to ensure businesses could continue operating while borders were closed. This included leveraging the existing Business Connect platform, to activate a business travel register used by businesses when movement restrictions, primarily for Auckland, were in place. More than 100,000 workers, from over 17,000 businesses, were allowed to cross regional boundaries to carry out permitted activities under the health order.

Activate Tāmaki Makaurau, a \$60 million support package, launched in October 2021, was established to support Auckland businesses impacted by Covid-19. Administered by Tātaki Auckland Unlimited in partnership with the region's business support network, more than 12,000 Auckland businesses accessed one-to-one business advice and implementation support.

Mental health and wellbeing support, as a result of the impact of Covid-19, was also offered through the First



Steps programme led by the Auckland Business Chamber. Since November 2021, there were 54,000 visitors to the website and 44,000 resources downloaded.

We provided timely guidance to business owners and their staff about how to check customers' and visitors' My Vaccine Passes and how to operate under the COVID-19 traffic light system. We developed policy and guidance material on workplace vaccination mandates and workplace vaccination requirements, along with developing a vaccination assessment tool.

Securing migrants with the skills we need and reopening the border

The COVID-19 pandemic and border closures disrupted normal migration patterns and created significant challenges for businesses across the nation. To help employers keep settled, skilled and scarce migrant workers who are essential to the economy, the Government introduced a one-off residence visa in September 2021 for migrants, many of whom were already on temporary work visas. Immigration New Zealand received more than 100,000 applications for the 2021 Resident Visa and, by the end of June 2022, had approved over 31,000, granting residency to more than 63,000 people under this pathway.

MBIE also led policy and implementation work on the Immigration Rebalance programme, a series of significant changes ahead of the border reopening. The Rebalance includes a new Green List with streamlined residence pathways, making it easier to attract and hire high-skilled migrants, and Sector Agreements, to transition select sectors away from their reliance on lower-skilled migrant workers.

Delivering managed isolation and quarantine services

The introduction of managed isolation and quarantine (MIQ) services was critical to limiting exposure to and

spread of COVID-19, creating time and space for New Zealand to better prepare. Delivering these services, scaling them up, enhancing them as issues emerged, and scaling them down again, was one of the more challenging aspects of the pandemic. In early 2022, as the situation evolved, the Government announced its intention to decrease the number of MIQ facilities and, in May, decided the last four would close by August 2022.

The standing up and delivery of MIQ services required strong collaboration and constructive engagement across the public and private sectors, and with a number of iwi partner organisations. There were Defence Force personnel, doctors and nurses from our public health system, Police and aviation security workers, as well as hotel employees, tradespeople, and private security.

Overall, these services supported the return of almost 230,000 returnees and cared for nearly 5,000 community cases – at its height, involving 32 facilities.

A focus remains on completion of the Readiness Plan and development of the business case for a national quarantine capability, should we ever face a similar health threat in the future.

Responding to humanitarian crises

The humanitarian crisis in Afghanistan, following the Taliban's takeover of power, prompted a multi-agency response to support an evacuation, mainly of those people who had been employed to support New Zealand's efforts in Afghanistan, plus their immediate family. The Government's intention was to make sure those who were evacuated, can live here permanently and have access to housing support, funded health services and education.

The scale of the humanitarian response makes it one of the largest undertaken, as a country, in recent decades.



Involvement spanned the New Zealand Defence Force, Ministry of Foreign Affairs and Trade, New Zealand Police, and MBIE, amongst others – with our role being to support the immigration and resettlement aspects.

As a result, 1,700 Afghan nationals were approved for visas by the end of June 2022, with many supported to evacuate the country.

In late August 2021, the first group of Immigration New Zealand people left for Dubai, in the United Arab Emirates. The team conducted the initial screening and processed arrivals from Kabul, after which evacuees left on flights bound for Aotearoa New Zealand.

Following a stay in MIQ, visa-holders and their families were helped to settle into their new country, a process that involved evaluating their health, educational, housing and community needs, working closely with the Ministry of Social Development.

The logistics of evacuating a large number of people at such short notice were extremely challenging. The Delta variant of COVID-19 was widespread at the time and this added a further complication to an already difficult operation.

The whole operation involved a rapid, integrated response across a range of agencies and stands as another example of collaborative effort across government to provide critical services when they are needed most.

Tackling climate change

The Government is committed to Aotearoa New Zealand becoming a world leader in climate change action. Working with other key agencies, MBIE is developing policies and solutions – helping the country do its part to address a global challenge.

Reducing emissions, adapting to a changing climate

Understanding where and how we can cut emissions is a key step and we played a central role in developing the first Emissions Reduction Plan for Aotearoa New Zealand, released by the Government in May 2022.

The plan contains a framework of policies, strategies and actions to transition to a low-emissions, climate resilient and high wage economy. We led and contributed to chapters of the plan relating to: energy and industry; building and construction; research, science, innovation and technology; the circular and bioeconomy; and equitable transition. From this work, we are now leading or co-leading the development of many of the underpinning strategies and key actions essential for meeting emissions budgets and targets.

We also provided input to the Government's National Adaptation Plan. It details what the country needs to do to adapt to and minimise the physical effects of climate change. Working closely with other agencies, our efforts are intended to ensure buildings are safe and habitable, including during periods of extreme weather when power and other utilities may be down, and to lift national resilience to the economic and financial effects of a changing climate.



Providing a renewable back-up for dry years

As we adapt to the realities of a changing climate, MBIE is investigating solutions to the ‘dry year problem’. This eventuates when existing hydro-power catchments do not receive enough rainfall or snowmelt, and existing wind and solar cannot make up the remaining demand, resulting in fossil fuels to be burned.

Through the NZ Battery Project we are investigating solutions to boost the electricity system’s capacity to store energy. One option is a pumped hydro scheme at Lake Onslow, Central Otago. Our work not only covers the engineering and geotechnical feasibility of such a scheme, but also weighs up the environmental, cultural, social and commercial considerations. Working with mana whenua, as well as landowners and local communities, to understand the impacts should the scheme go ahead, is a key focus. Other alternatives being explored include hydrogen generation and bioenergy fuels.

Changing how we build

The Building for Climate Change programme aims to reduce greenhouse gas emissions in the construction sector, an important source of emissions. During the year, MBIE developed a new methodology for assessing carbon emissions embodied in new and existing buildings, which can be used at any stage of the design and construction of a building.

We also led the annual process of updating the Building Code, to make sure it keeps pace with modern construction methods. Changes announced in November

2021, mainly concerned with energy efficiency, were among the most significant to the code in more than a decade and should result in warmer, healthier buildings. The revised code details specific minimum insulation requirements for different areas of the country. It also increases window insulation levels nation-wide and doubles the minimum requirements for roof insulation for all new homes and buildings. These new energy efficiency requirements aim to reduce the amount of energy needed to heat new homes by up to 40 per cent.

Creating climate resilient businesses

It is important that our economic sector is also preparing for climate change. To help address this issue, MBIE supported development of the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021. The Act requires around 200 large financial institutions to spell out the effect of climate change on their business and explain how they will manage climate-related risks and opportunities. These institutions will be required to make disclosures starting in 2023. The aim is to make sure the effects of climate change are routinely considered in business, investment, lending and insurance underwriting decisions.





NGĀ PUTANGA OUR OUTCOMES

The five outcomes in our Strategic Intentions 2021–2025 set out our contribution to making Aotearoa New Zealand a better place.

This section explains work MBIE carried out in 2021/22 to contribute towards the achievement of these five outcomes. Outcome indicators and output performance measures are different ways of assessing performance.

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 often reflect the efforts of many actors, including MBIE. They provide a view of whether the indicators are moving in the right direction. All outcome indicators are reported using the most up-to-date data available at the time of analysis. An example of our detailed trend analysis is provided for each outcome, in the format of a graph.

Our output performance measures (reported in the financial section, from page 59) assess whether we have achieved specific services or functions that collectively support the overall achievement of our outcomes.

OUTCOME ONE: PROSPEROUS AND ADAPTABLE PEOPLE, SECTORS AND REGIONS

We oversaw a diverse mix of initiatives to help our people, sectors and regions thrive and adapt to changing national and global environments.

MBIE works across various sectors with regional networks and bodies, and manages several funds that contribute to important initiatives that help our people, sectors and regions thrive.

The Regional Strategic Partnership Fund of \$200 million, is one of a portfolio of funds administered by Kānoa - Regional Economic Development and Investment Unit (RDU). This fund aims to grow regional economies by recognising each region's individual strengths and to work with them in partnership to develop regionally specific projects. In February 2022, the first investment from the fund was announced, a \$2 million loan and equity stake in Geo40 Limited, to help scale-up its lithium recovery technology at Ohaaki near Taupō. Geo40 Limited already exports silica, recovered from the Ohaaki site. The company's silica extraction technology was also supported by government with a \$15 million loan and equity funding from the Provincial Growth Fund in 2019.

Hosting major international events is a great opportunity to profile our country on the international stage. MBIE manages funds for such events, for example, contributing \$2.75 million towards the 2022 International Cricket Council Women's Cricket World Cup, which successfully took place across Aotearoa in March and April 2022. Matches were held in Auckland, Tauranga, Hamilton, Wellington, Christchurch and Dunedin, generating benefits across the country. The fund is also contributing to the FIFA Women's World Cup 2023, which will be co-hosted by New Zealand and Australia.

We continued supporting the communities most affected by the loss of international visitors due to COVID-19, as well as administering support through recovery packages, such as the \$200 million Tourism Communities: Support, Recovery and Re-set Plan. The plan targets five communities that have high dependence on international tourism in their local economies: Queenstown Lakes, Southland (focusing on Te Anau and Fiordland), Kaikōura, Mackenzie District and Westland (focusing on Fox Glacier and Franz Josef). The plan includes three business initiatives available in all five communities, enabling businesses to receive and implement advice on a range of

issues, including employee mental health and wellness.

We developed and implemented the Events Transition Support Payment Scheme, to give assurance to event organisers to host events, and support for regional tourism organisations to develop destination management plans. Also, for the first time, the Tourism Infrastructure Fund supported infrastructure to enable the delivery and management of Matariki events, and seven Matariki linked projects have been awarded a share of \$2.29 million in funding. A further \$600 million from the Provincial Growth Fund, plus funding from the Regional Investment Opportunities Contingency, was focused on investing in smaller community initiatives to help address the effects of COVID-19 on businesses.

The funds we administer often have a strong focus on local and community interests and employment, including the importance of marae and community housing. For example, in February 2022, renovations to Puketawa Marae in Northland were completed by local companies, with 22 people ultimately employed in the work. Significantly, this was Kānoa - RDU's 500th project to be completed and one involving close cooperation with Te Puni Kōkiri. Between the Provincial Growth Fund and the COVID-19 Response, Worker Redeployment Package, over 340 marae from across the country have been able to undertake renovations. As part of the COVID-19 Response and Recovery Fund, we also contributed \$1.9 million towards construction of six housing units for kaumātua at Te Rau Aroha marae in Bluff, which were opened in April 2022. The units have helped Te Rūnaka o Awarua fulfil a long-held wish to have affordable intergenerational housing.

The Provincial Growth Fund, established in 2018, with original funding of \$3 billion, is also administered through Kānoa - RDU. Investments made through this fund range from smaller regional economic development projects to sector and industry development and larger infrastructure projects, with the aim of unlocking opportunities for growth in the regions. By the end of June 2022, the fund had invested in over 1,359 projects across the country since its establishment.



The Provincial Growth Fund is diverse in scope and reach. For example, it provides funding for the preservation and development of historic sites of national importance, such as \$2.3 million for the reconstruction of the Rangiriri Pā trench complex in Waikato. Completed in April 2022, it is one of the most culturally significant sites of the 1860s New Zealand Wars. Similarly, a loan of \$7.5 million helped with the construction of the Ōpuke Thermal Pools and Spa complex in Methven, which was opened in November 2021 and will help to improve the tourism offering for visitors.

Two reports commissioned this year confirmed the Provincial Growth Fund's effectiveness. One, by Allen + Clarke, examined the extent of the fund's benefits to regional communities, Māori and the Government. It classified the fund's various elements as either 'consolidating' or 'effective.' The second, a BERL report commissioned by Gisborne District Council, found the fund had given a strong boost to employment and growth in the region's traditional sectors, such as forestry and farming, and had encouraged the establishment and growth of non-traditional industries, such as medical research and engineering technologies. According to the report, the funding will generate around 1,500 full-time equivalent jobs in the local economy, which is equivalent to about 6.6 per cent of current total employment in the Gisborne region. MBIE is also working on a range of industry transformation plans, aimed to ensure our regions and sectors can adapt and thrive with global and local shifts. As highlighted under the Year in

Review, MBIE worked in partnership with industry to develop the draft Digital Technologies Industry Transformation Plan 2022–2032. Along with tourism and digital technologies, MBIE also leads Industry Transformation Plans for advanced manufacturing and construction and supports other agencies across the agritech, food and beverage, forestry and wood processing, and fisheries sectors.

STORY: Supporting economic and community development in Ōpōtiki

Ōpōtiki is the northern gateway to the East Cape. Located at the mouths of the Waioeka and Ōtara rivers, it boasts a spectacular surf beach and a multicultural town.

Although established as a township for agriculture, manufacturing and wood processing, over time, the loss of key employers has seen this once bustling community experience high levels of unemployment and youth crime. Ōpōtiki residents, community leaders, councils, iwi and industry partners, however, have remained proud and determined to see their region thrive.

Through funds managed by Kānoa – RDU, we explore and invest in opportunities to revitalise regional economies and communities. In the case of Ōpōtiki significant investments in the aquaculture sector are being made, including:

- › \$95.3 million for the Ōpōtiki Harbour development, designed to provide access for larger boats, creating an entrance that is navigable in all conditions. This project supports the development of aquaculture in the region and New Zealand's aquaculture goal to be a \$1 billion industry.
- › \$27.4 million towards an expanded mussel processing factory which has employed 94 new jobs during the first phase of operation with an additional 150 jobs (across farming operations, processing operations and administration) anticipated once fully operational in 2025. This project builds resilience for the New Zealand aquaculture industry and supports Māori aspirations for aquaculture in the Eastern Bay of Plenty region.
- › \$8.8 million for new marine and industrial infrastructure, accelerating the first stage of a marina to provide safe workspace and mooring for mussel boats.

Government support following the outbreak of COVID-19 also provided redeployment opportunities for local people and improvements for the community. This includes upgrading community assets (parks, playgrounds, green spaces and the CBD); significant investment in a new library, with a digital hub; and renovations of three local marae.

These investments have been made to support and complement wider efforts of the community. Improving opportunities for rangatahi has been a focus of Te Whakatohea, Whakaatu Whanaunga Trust, Ōpōtiki District Council and Ōpōtiki College, they have worked together to provide 'work readiness programmes, leadership programmes and one on one mentoring. An 'Iwi lead' construction course on the college grounds is focused on building the skills gap in the trades across the region. Youth unemployment has decreased in Ōpōtiki, with many being employed on the investment projects related to the harbour development and mussel processing factory. A local supermarket manager commented on 'how full' the trolleys of local people had become.

These investments have been all about growing the skills, workforce, infrastructure, and economic potential of Ōpōtiki. Te Rūnanga o Te Whakatōhea have been pivotal in providing strong leadership, along with the Ōpōtiki District Council.

HOW WE MEASURE OUTCOME ONE

PERFORMANCE MEASURE

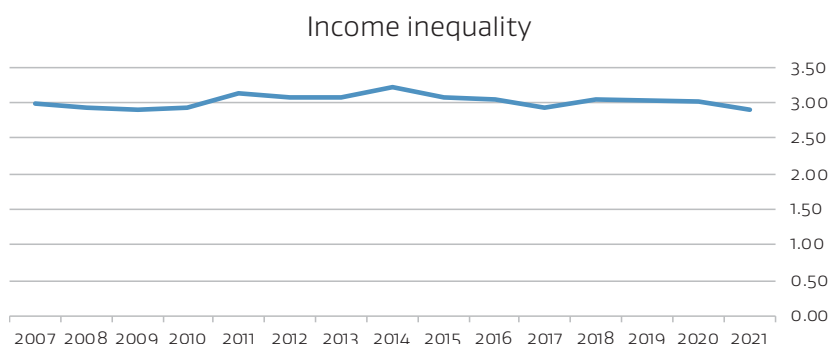
1.1 Decrease income inequality





INDICATOR

Percentile ratio (P80:20) of household income after housing costs for all households¹

COMMENTARY

In the year to June 2021, income for the top 20% of households was 2.9 times greater than that of the lowest 20% (after adjusting for housing costs). The five-year average value of the ratio was 2.99. While this five-year average has fallen slightly in the last few years, it has been stable since 2007. This ratio is a measure of household income inequality. P80:20 is the ratio of the incomes of the top 20% of households to the bottom 20% of households.



PERFORMANCE MEASURE	INDICATOR	TREND ²	COMMENTARY
1.2 Increase household incomes	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) was \$1,653 per week in the year to June 2022. This is a decrease of \$2 compared to 2021, after a fall in 2020 affected by COVID-19. Over the past four years real median incomes have grown on average 0.8% per year. Regions with the highest annual growth rates in total real household median income (from all sources, based on 2012 prices) were Taranaki 15.2%, Wellington 6.4%, Gisborne 4.4%, Northland 0.7% in the year to June 2022. All of the other regions had negative growth rates in the year to June 2022, with Southland having the biggest decline (-4.8%).
1.3 Increase labour productivity	Labour productivity growth	Current  Desired 	Labour productivity growth was 0.7% in the year to March 2021, a decrease from 0.9% in the year to March 2020. The five-year (2016-2021) compound annual growth rate was 0.6%, a decrease from 0.8% in the previous period (2015-2020).

¹ For 2020 and 2021, the five-year average has been calculated from the five most recent data points. This is because there is no data currently available for 2019.

² Throughout the tables in this section, the current trend is reported as 'steady' where there is a change in the numerical value but the change is not significant.

OUTCOME TWO: SKILLED PEOPLE ENGAGED IN SAFE AND FULFILLING WORK

Supporting a responsive labour market where people are protected and can make the best use of their skills.

It is important workers have a sense of security as the job market and economy continue to shift, due to events such as global pandemics and natural disasters, technology advancements, and the move to a low-emissions economy, with changes to the way we do things. The proposed Income Insurance Scheme will better protect workers and the economy in case of loss of employment by supporting workers with 80 per cent of their income for up to seven months, if they lost their job through no fault of their own. This would give people the time and financial security to find a good job that matches their skills, needs and aspirations, or take part in training or rehabilitation for a new, fulfilling career.

Providing opportunities for people to upgrade their skills lets them do better socially and economically – increasing their resilience and ensuring they remain part of their local communities. With this in mind, MBIE is supporting the 15 Regional Skills Leadership Groups across the country to develop regional workforce plans that support the future of work. The leadership groups provide a regional voice on workforce issues that is grounded in local knowledge, experience and insights. They identify and support better ways to meet future skills and workforce needs in their regions, both now and in the future.

Even in the 21st Century, slavery remains a concern. During April and May 2022, MBIE sought feedback on new legislation aimed at addressing concerns about modern slavery and worker exploitation both here and internationally, focusing on freedom, fairness and dignity. The consultation generated over 5,000 submissions. The high level of feedback was partly due to the support of our Modern Slavery Leadership Advisory Group, with experts from across academia, business, unions and civil society, and our extensive engagement with a range of stakeholders, including use of social media and webinars. The legislation will create new responsibilities across the operations and supply chains of all types of organisations operating here. Medium and large organisations will be required to disclose the steps they are taking in response. Large organisations would

have to assure themselves that their supply chains were free of such exploitation.

MBIE also led the development of the Fair Pay Agreements Bill, which was introduced to Parliament in March 2022. Described as the biggest change to labour market policy in 30 years, the Fair Pay Agreements aim to create a bargaining mechanism by setting binding minimum terms and conditions for an occupation or industry. In expectation of the Bill being enacted, MBIE is designing the necessary implementation and monitoring systems, and developing accessible information and educational material to support all relevant groups.



STORY: Construction Skills Action Plan

The construction sector is essential to our national wellbeing. As the country's fourth-largest employer, it makes up approximately 10 per cent of the national workforce, and the homes and buildings it generates provide important spaces for whānau and communities.

The Construction Skills Action Plan was set up in 2018 to address skills and labour shortages in the construction industry. Managed by MBIE, the plan encompassed six initiatives led by MBIE, the Ministry of Social Development (MSD) and Tertiary Education Commission. The plan aimed to get the right people, with the right skills, to meet New Zealand's current and future construction needs.

The Construction Skills Action Plan was completed in October 2021, having greatly exceeded its initial goal of helping around 4,000 people into construction-related education and employment. Collectively, it helped over 30,000 people, more than seven times the initial goal. This included around: 3,500 people who secured construction job placements through MSD's Mana in Mahi programme; 3,500 people into training through MSD's Expanding Skills for Industry programme; and 21,700 people who enrolled in construction-related education and training through the Tertiary Education Commission's Growing Careers and Credentials programme. Each agency will now continue its own initiatives separately.

The Construction Skills Action Plan supported the sector to be in a stronger position for when the COVID-19 pandemic arrived, and while the sector continues to face challenges our efforts to grow the construction workforce continue.

Further work is being explored through the Construction Sector Accord's Transformation Plan 2022-2025. One of the goals is to create a more skilled and diverse workforce that is future ready. The construction skills strategy and the Diversity Roadmap from the first plan will be the foundation to build an Action Plan and deliver a range of actions through government and industry partnership to grow the capacity and capability of the construction workforce.

HOW WE MEASURE OUTCOME TWO

PERFORMANCE MEASURE

2.1 Reduce proportion of people not in employment, education or training (NEET)³

INDICATOR

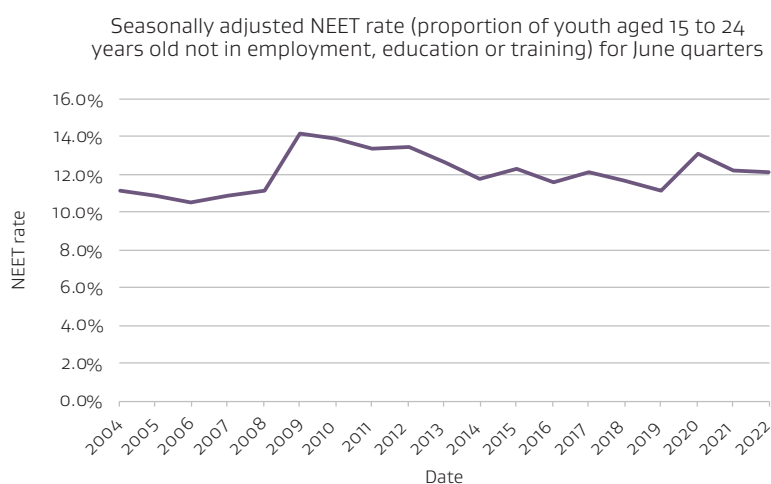
NEET rate (15–24-year-olds)

COMMENTARY

The seasonally adjusted NEET rate (proportion of youth aged 15 to 24 years old not in employment, education or training) decreased to 12.1% in the quarter to June 2022.

This is similar to the quarter to June 2021, when it was 12.2%. From an

increase in NEET rates, that corresponds to the first year of COVID-19, the rate is now more consistent with longer term levels of around 12%.













PERFORMANCE MEASURE	INDICATOR	TREND	COMMENTARY
2.2 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 59.6% in the quarter to June 2022, 0.2 percentage points lower than in the quarter to June 2021. The qualification attainment rate has increased by 6.6 percentage points in the last 10 years.
	Skilled occupation rate	Current Desired	The skilled occupation rate was 65.2% in the quarter to June 2022, 0.6 percentage points higher than in the quarter to June 2021. This rate has been increasing steadily since 2004. The 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).
2.3 Increase skill matching of migrants	Proportion of employed principal migrants whose occupations in New Zealand match their Aotearoa skills and NZ-ready qualifications	Current ⁴ Desired	88.0% of employed skilled principal applicants agreed that their current role in their main job matches their skills and qualifications. This result is a small increase on the 2020 survey result of 87.1%. There has been some volatility in this result in the last 10 years, with fluctuation between 80% and 89%
2.4 Increase employment	Total employment rate	Current ⁵ Desired	The seasonally adjusted employment rate was 68.5% in the quarter to June 2022. This is a small increase from 67.8% in the quarter to June 2021. The seasonally adjusted employment rate for the June quarter has increased by 5.1 percentage points since June 2013

³ Labour market indicators are only reported here at sub-population level where there is a statistically significant difference between the subgroups.

⁴ A total of 5,015 respondents completed the Migrant Survey in 2021/22 and the overall survey response rate was 33%.

⁵ Labour market indicators are only reported here at sub-population level where there is a statistically significant difference between the subgroups.

PERFORMANCE MEASURE	INDICATOR	TREND	COMMENTARY
2.5 Reduce underutilisation	Total underutilisation rate	Current ⁶ 	The seasonally adjusted underutilisation rate was 9.2% in the quarter to June 2022, decreasing from 10.5% in the quarter to June 2021.
		Desired 	
2.6 Reduce unemployment	Total unemployment rate	Current ⁷ 	The seasonally adjusted unemployment rate was 3.3% in the quarter to June 2022. This is a decrease of 0.6 percentage points from June 2021.
		Desired 	
2.7 Increase pay equity	Difference in median hourly earnings for men and women	Current ⁸ 	The gender pay gap (measured by the percentage difference between men's and women's median hourly earnings) was 9.2% in the year to June 2022. This is a small increase of 0.1 percentage points from June 2021. The gender pay gap has remained relatively flat over the last five years.
		Desired 	
2.8 Reduce fatal and serious work-related injury	Fatal injury rate (age standardised rate per 100,000 FTE workers)	Current ⁹ 	The three-year average fatal injury rate (age standardised rate per 100,000 full-time equivalent (FTE) workers) was 2.2 for the period 2018-2020* (provisional figures), somewhat higher than 2.1 in the previous three-year period (2015-2017).
	Desired 		
	Serious non-fatal injury rate (age standardised rate per 100,000 FTE workers)	Current ¹⁰ 	The serious non-fatal injury rate (age standardised rate per 100,000 FTE workers) was 16.5 (provisional figure) in 2020*, decreasing from 18.3 in 2019 but increasing from a low of 14.2 in 2016.
		Desired 	

*At the time of writing, this was the most recent period for which data is available.

6 Labour market indicators are only reported here at sub-population level where there is a statistically significant difference between the subgroups.

7 Labour market indicators are only reported here at sub-population level where there is a statistically significant difference between the subgroups.

8 Labour market indicators are only reported here at sub-population level where there is a statistically significant difference between the subgroups.

9 The latest available data for this indicator is 'provisional'. Statistics New Zealand notes that 'Validated data on fatal injuries is only available up to 2018 to allow for the coroner's verification process for cause of death.'

10 The latest available data for this indicator is 'provisional'. Statistics New Zealand notes that 'Data for 2020 is provisional.'

OUTCOME THREE: INFORMED CONSUMERS AND BUSINESSES INTERACTING WITH CONFIDENCE

Allowing businesses to operate effectively while protecting consumers from harm.

MBIE's efforts to ensure consumers and firms are informed and can interact with confidence span a wide range of areas including cyber incidents, dispute resolution, consumer protection, product recalls, electricity pricing, grocery prices, and supporting people with disabilities to know their rights.

Malicious cyber activity is a major risk to consumers and businesses. In 2021/22, CERT NZ, our national Computer Emergency Response Team, received 10,360 reports of cyber incidents, with phishing attacks, malware, and scams and fraud making up most reported incidents. In late 2021, CERT NZ's incident response team led the response to Log4J, a major software vulnerability that presented a threat to organisations and governments around the world, and Flubot, the largest SMS text scam to reach our shores. CERT NZ is linked into a worldwide network of computer emergency response teams, which can be used to help mitigate threats and respond to incidents. This includes the Pacific where CERT NZ's Pacific programme has expanded.

While most services across the economy work well, there



is sometimes a need to resolve disputes between parties. MBIE established an online portal for people seeking decisions concerning building disputes, which became operational in April 2022. It replaces a slower and less efficient paper-based system. Results so far are positive, indicating the portal makes the application process easier for customers to submit supporting documentation and provide a complete application, reducing the administrative burden for both customers and the team. Refreshed website text also helps customers better understand their dispute resolution options before applying for a determination, which is just one of the resolution options available.

Consumer Protection delivered multiple consumer awareness campaigns to empower consumers with knowledge on fraud/scams, holiday purchasing and consumer rights generally in relation to the Consumer Guarantees Act. The content, tools and guidance provided on a wide range of consumer issues attracted over 850,000 visits to the Consumer Protection website in 2021/22. We also developed projects to improve outcomes for consumers around acquiring a vehicle, an essential item for many and a significant household outlay. For example, in partnership with the Manukau Urban Māori Authority, supported by the Ākina Foundation, we co-funded a pilot scheme to support eligible households in Auckland to lease cars on affordable terms.

Another way we help consumers is through product safety recalls. During 2021/22, we published 80 voluntary consumer product recalls and identified 15 high-risk consumer products. We also launched the www.productsafety.govt.nz website in May 2022, to make sure consumers and businesses have accurate information about product safety requirements and potentially unsafe products that can cause harm or injuries.

To ensure affordable, reliable and fairly priced electricity, we continued to implement recommendations made by the independent Electricity Price Review in 2019. As part of this, the Energy Hardship Expert Panel and Energy Hardship Reference Group were established to reduce energy hardship and protect consumers. We supported

the establishment of the Consumer Advocacy Council to advocate on behalf of small electricity consumers and protect their interests in relation to electricity supply. The council represents the country's approximately 2 million residential and 500,000 small business electricity consumers.

As part of wider efforts to ensure consumers can make informed choices, we provided policy advice on the Government's response to the Commerce Commission's competition study on the retail grocery sector. The Government's response included various measures to improve competition in the sector and help shoppers get a fair deal. We supported the passage of the Commerce (Grocery Sector Covenants) Amendment Act 2022 and completed consultation on how to implement mandatory unit pricing. We also began looking at the costs and benefits of requiring major grocery retailers to divest some of their stores, as well as establishing a mandatory wholesale access regime, a Code of Conduct and dispute resolution mechanism for suppliers and retailers.

In January 2022, due to increasing demand, additional personnel were added to the New Zealand Relay Service. This service, introduced by MBIE in 2021, helps those with

speech, hearing and vision disabilities communicate with businesses, friends and whānau over the phone and to be aware of their rights as consumers. Users who are deaf, hard of hearing, speech-impaired or deaf-blind can log onto the service through its website and are helped by a relay assistant to communicate. A dedicated number for most of the services offered by Te Manatū Whakahiato Ora (Ministry of Social Development) was established as part of the Relay Service, which has reduced the call-waiting time by about 72 per cent.

STORY: Service centre supporting New Zealanders

To help keep people and businesses informed and safe, MBIE runs over 50 public phone lines through its service centre infrastructure.

We often support people through complex situations. The changing COVID-19 environment meant many people needed quick access to accurate information and advice, including businesses, landlords and tenants, New Zealanders abroad, and people around the world who wanted to move, study or work.

We opened new phone lines to make sure we could quickly respond to calls and provide information, support and assurance to those in need of our services. Our service centre kaimahi were supported to quickly learn new information as it came to hand, so they could provide the right information.

During the year, we received 1.1 million calls about immigration and managed isolation and quarantine-related matters. We also received over 600,000 calls regarding tenancy, employment, Companies Office and WorkSafe related matters.

Common questions included COVID-19 wage subsidies and vaccines, foreign nationals seeking to migrate here from COVID-19-affected countries, and, during lockdown: rules for businesses, whether tenants could move out, and about New Zealanders seeking to return home.

At times, the number of calls to the service centre surged, for example, the day the Government announced a new visa for migrants already in the country, we received approximately 6,000 calls.

Despite these challenging times, callers report feeling supported and this reflects our significant efforts to make our services accessible so people find it easy to do the right thing.

HOW WE MEASURE OUTCOME THREE

PERFORMANCE MEASURE

3.1 Increase employment mediation customer satisfaction

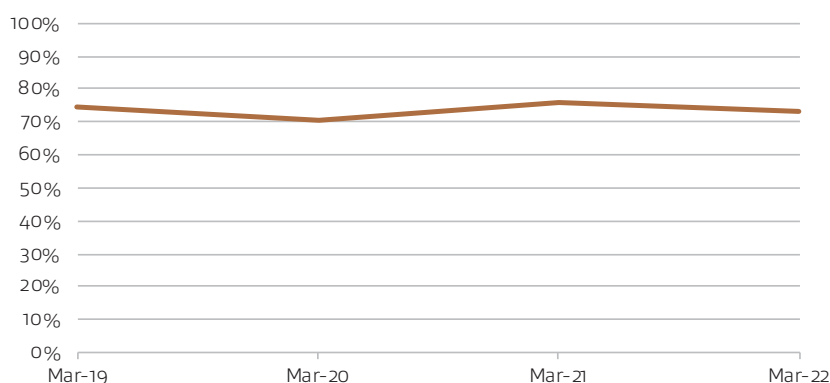
INDICATOR

Percentage of clients satisfied based on their last interaction with the employment mediation services¹¹

COMMENTARY









The percentage of clients satisfied with the overall quality of employment mediation services was 73% in the quarter to March 2022, down from 76% in the quarter to March 2021. This result has varied between 70% and 76% since March 2019. During the last 2 years, satisfaction has been affected by Covid-19 and timeliness of being able to offer a face-to-face service.

% Clients satisfied



PERFORMANCE MEASURE	INDICATOR	TREND	COMMENTARY
3.2 Increase consumer awareness	Percentage of adult consumers who know at least a moderate amount about their rights as a consumer	Current Desired	In 2020/21, we reported that the percentage of adult consumers who felt that they knew at least a moderate amount about their rights as consumers was 45% in 2020. This is very similar to 2018 (46%).
3.3 Increase consumer confidence in business	Percentage of adult consumers who agree that in Aotearoa 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 Desired	In 2020/21, we reported that the percentage of consumers who agreed that in Aotearoa 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 was 74% in 2020*. This result has remained steady since 2018.
3.4 Improve access to dispute resolution services	Percentage of consumers who agree there is adequate access to services that help to resolve disputes between consumers and business	Current Desired	In 2020/21, we reported that just under half (48%) of consumers in 2020* agreed that there was adequate access to services that help resolve disputes between consumers and businesses. This is an increase from 2018 (44%).

¹¹ A total of 513 respondents completed the Employment Mediation Services Client Satisfaction Survey in April 2022 for the mediation services offered in the period January 2022 to March 2022. This reflects a response rate of 11%. This result has a margin of error of $\pm 4\%$. The survey was conducted internally using SurveyMonkey.

PERFORMANCE MEASURE	INDICATOR	TREND	COMMENTARY
3.5 Increase tenancy mediation satisfaction	Percentage of tenancy mediations settled ¹²	Current  Desired 	The percentage of mediations settled was 83% in the year to June 2022, a decrease from 85.26% in June 2021. Since June 2020, there have been impacts from lockdowns on the settlement rates. In particular, the Auckland lockdown period of approximately 100 days impacted on the June 22 result.
3.6 Improve the business experience when dealing with government	Customer Experience Index (CXI)	Current ¹³  Desired 	The MBIE CXI score was 70 in June 2022, an increase from 60 in June 2021. The all-of-government CXI score was 57 in June 2022, unchanged from June 2021, but a small increase from 52 in June 2019. 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)
3.7 Improve the experience for applicants applying for visas	The percentage of visa applicants satisfied with their overall experience of applying for a visa	Current  Desired 	The percentage of visa applicants satisfied with their overall experience of applying for an Immigration New Zealand visa was 71% in the year to June 2022. This is a decrease compared to June 2021, when the result was 76%. Overall satisfaction with the application experience continues to decline due to processing times not meeting customers' expectation and applicants' inability to track their progress. We expect to be able to make more timely decisions on new visa applications as the border opens and more visa products are processed through the enhanced Immigration Online system. The 5-year average for this measure is 77%. In 2022, a total of 5,198 respondents completed the survey – a response rate of 41%. The result has a margin of error of ±1.36%. The survey was conducted by GravitasOPG, an independent external agency.
3.8 Reduce burden of government regulations on institutions	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). Aotearoa's value on this scale was 4.1 in 2021* decreasing from a high of 4.4 in 2019. In 9 out of the last 10 years, the national value has been above 4.0. In 2021, Aotearoa's global rank was 25, decreasing from 19 in 2019 but increasing from 36 in 2016.

*At the time of writing, this was the most recent period for which data is available.

12 The indicator was changed from previous years (percentage of clients satisfied) because the Tenancy Services Dispute Resolution team at MBIE stopped using quarterly surveys with parties engaged with mediation. The key focus in 21/22 for Tenancy Services Dispute Resolution was reviewing the Dispute Resolution Service model which includes their mediation approach and the way they survey customers. The data source used for the old indicator was also used for an Estimates measure. This was removed and replaced with mediation resolution measure from 21/22 and we have used this data source for the new indicator.

13 No data was collected in 2020 because of COVID-19 impacts.

OUTCOME FOUR: VALUE IS SUSTAINABLY DERIVED FROM THE NATURAL ENVIRONMENT

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

Kaitiakitanga (guardianship) and kaihāpai (being a protector) are important to the way MBIE considers its responsibilities, particularly around sustainability.

In February 2022, the Southland Just Transition Work Plan was launched after a comprehensive planning process with the region. This plan aims to help Southland build its economic, environmental and social resilience through and beyond the planned closure of the New Zealand Aluminium Smelter in December 2024. Reflecting the importance of regional leadership, the just transition process is guided by the Southland Enduring Oversight Group, made up of representatives from central and local government, iwi, business, unions and the primary, community and education sectors.

The work plan sets out seven priority work streams: clean energy, aquaculture, land use, business transitions, worker transitions, long-term planning and community capability building. Following the work plan's release during the year, MBIE worked with regional partners to identify priority projects and options for their delivery.

Next year, the focus will be on delivering these projects and supporting regional leadership in the process.

To reduce emissions in the public sector, we collaborated with other agencies on the Carbon Neutral Government Programme. This requires agencies to measure and report on their emissions, set emissions reduction targets and reduce emissions by phasing out coal-fired boilers, optimising fleet size, transitioning to electric vehicles, and using an approved sustainable building rating system for new government owned non-residential buildings. (See page 54 for MBIE's own sustainability reporting.)

On behalf of the Crown, we are also responsible for the decommissioning of the Tui oilfield after Tamarind Taranaki Ltd went into liquidation and receivership. A dedicated team is overseeing the decommissioning, which has involved demobilising a floating production storage and offloading vessel, a process completed in May 2021.





During 2021/22, we awarded contracts for the subsequent phases – removing all subsea infrastructure and plugging and abandoning the oilfield’s eight wells. By the end of June 2022, the subsea infrastructure was largely completed. By then, flowlines, tubing and related material weighing 2,400 tonnes and totalling 39 kilometres in length had been recovered, along with 400 tonnes of other structures.

As highlighted earlier, under the Year in Review, we were also involved in initiatives focused on climate change and the environment, namely:

- › developing a framework of policies, strategies and actions to decarbonise the economy while also making it more productive, sustainable and inclusive through the Emissions Reduction Plan (released in May 2022)
- › developing a whole-of-government approach to responding to climate change, through the National Adaptation Plan (opened for consultation in April 2022)
- › helping make sure the effects of climate change on businesses and how they will manage climate-related risks and opportunities are routinely considered, through development of the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021
- › reducing greenhouse gas emissions in the construction sector and ensuring buildings can cope with the effects of climate change through the Building for Climate Change programme launched in 2020
- › helping people enjoy healthier homes that rely on less energy, through changes to the Building Code.

STORY: Affordable energy for low-income households

In March 2022, approximately \$8 million was allocated to trial renewable energy projects on Māori housing. This was the third round of funding from a broader \$28 million fund established in 2020.

Projects funded so far include installing solar panels on marae to support nearby flats and using geothermal energy to heat homes – all of which will reduce reliance on normal electricity supplies and decrease bills. One project also involved swapping a diesel generator for solar panels on Mayor Island (reserve) to power the island's homes and cabins where the permanent kaitiaki (stewards) live.

A goal is to help make energy more affordable for low-income households, while encouraging greater use of heating for better health and wellbeing. Projects also enhance energy independence and resilience, lower emissions, support Māori energy installation businesses, and upskill those within the iwi and rohe to help manage the projects.

Early reports from completed projects show household energy bills have reduced significantly, especially over summer, with some expecting solar panels to cut energy bills by \$1,000 a year. The projects are making a big difference to people's lives and livelihoods.

For example, after Te Arawa Whānau Ora Charitable Trust installed solar panels on a house for a couple caring for nine children, the couple's monthly power bill decreased from \$300 (most recent, at the time of installation) to just under \$150 (lowest since installation). In addition to this, a \$20 credit for power was sold back to the grid.

Others have said: "Since we had it, it's saved about \$120 a month...I'd probably be really struggling if the solar panels hadn't been put up. So for that last 2–4 months life's been great." "It gives a bit more dollar to put more food on the table, more petrol in the car. This has been a godsend."

HOW WE MEASURE OUTCOME FOUR

PERFORMANCE MEASURE

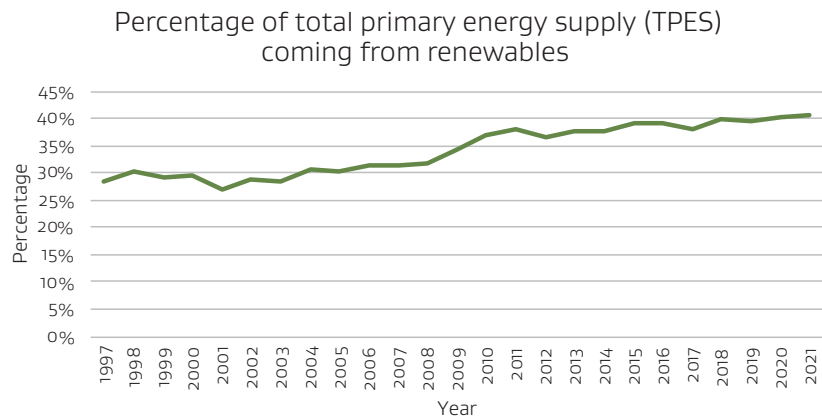
4.1 Increase sustainability of Aotearoa New Zealand’s energy system

INDICATOR

Percentage of total primary energy supply (TPES) coming from renewables

COMMENTARY

The percentage of TPES from renewable energy sources (including hydro, wind, geothermal, solar, woody biomass, biogas and liquid biofuels) was 41% in 2021, slightly up compared to 40% in 2020. This value has followed an increasing trend over the last two decades and remained relatively stable in recent years.



PERFORMANCE MEASURE	INDICATOR	TREND	COMMENTARY
4.2 Reduce net greenhouse gas emissions (using levers that MBIE has available)	Net greenhouse gas emissions ¹	Current Desired	Aotearoa’s net greenhouse gas emissions (including those from land use, land-use change and the forestry sector) was 55.5mt carbon dioxide equivalent (CO ₂ -e) in 2020*. This has decreased since a peak in 2019 (58.6mt), and it is now similar to 2018 (55.8mt). The 2020 5-year average of 55.4mt was very similar to the 2019 5-year average of 55.1mt.
4.3 Increase efficiency of Aotearoa New Zealand’s energy system	Energy intensity (based on mega joules per dollar of GDP in real 2009/10 prices)	Current Desired	Energy intensity was 2.1 mega joules used per dollar of GDP (in real 2009/10 prices) in the year to March 2021, continuing a long downward trend. Since 2012, energy intensity has reduced by 0.45 mega joules used per dollar of GDP.

*At the time of writing, this was the most recent period for which data is available.

¹ There is a level of inherent uncertainty in reporting greenhouse gas emissions. The uncertainty for New Zealand’s inventory, including emissions and removals from the Land Use and Land-Use Change and Forestry sector, in 2020 is ±26.9 per cent. There has been a 10.0 per cent decrease in uncertainty between 2019 and 2020. The scientific knowledge and methodologies to determine emissions factors and the processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards. For more information on New Zealand GHG emissions, including inventory uncertainties, the methodology of data collection and analysis, and assumptions used in the calculation, refer to the source of information for this measure, the Ministry for the Environment – New Zealand’s Greenhouse Gas Inventory.

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

We need a business environment that is dynamic, where businesses are able to respond to new opportunities and resources are allocated to their most productive use. Investment and connections are crucial. We also need to innovate sustainably and be able to quickly adopt new economic thinking.

As highlighted in the Year in Review, key efforts to increase innovation and productivity, focused on: a wide-ranging discussion on the future of Aotearoa New Zealand's science system; digital technologies; and the role we have in international space activity.

Other MBIE efforts to boost innovation and productivity encompass the expansion of ultra-fast broadband, funding of key research initiatives, including te ao Māori perspectives, Māori interests in radio spectrum, and preparing for future pandemics.

In this digital era it is important for people and businesses to have good connectivity. Through efforts under the Ultra-Fast Broadband programme, over 1.8 million homes and businesses now have access to ultra-fast broadband (UFB), with uptake sitting at 70%

across the UFB network. Once the UFB programme is completed at the end of this year 87% of New Zealanders will be able to access UFB. We also saw progress in improving connectivity in rural and remote areas, such as Haast, the country's most remote West Coast town, which was connected to ultra-fast broadband in April 2022.

MBIE is responsible for the Endeavour Fund, the country's largest contestable research fund. Of the over 500 applications received for the 2021 round, 69 were approved for funding, with over \$244 million allocated. These were selected by the Science Board, an independent statutory board, following review by independent experts from Aotearoa New Zealand and overseas. Successful proposals included projects to develop new infant formula ingredients that better



STORY: Advanced unmanned aircraft trials

As part of our work to increase research and attract foreign investment, we continued to support the testing, development and market validation of advanced unmanned aircraft through our Airspace Integration Trials programme.

This programme enables aviation companies to test their technology in safe environments with approval from the Civil Aviation Authority. Aviation technology, particularly for drones, offers considerable financial and technological benefits for the country, in addition to having application in various other sectors.

Our clear skies, low-population density, diverse geography (including that it is surrounded by sea), along with a government and regulatory regime that allows innovation, makes it the ideal place for testing.

In 2021/22, we facilitated the scoping and design of eight trials by four companies, as well as managing relationships between industry partners, stakeholders and government agencies.

The next phase of the programme will see more industry partners begin trials here, increased collaboration within the sector, and testing of the supporting technologies required to enable unmanned aircraft to operate safely and seamlessly alongside other aircraft.

The emerging drone sector has the potential to transform how people, goods, and services are delivered. Autonomous and remotely piloted aircraft offer the potential to support emergency response and improve productivity and safety across the country's primary industries.

The development of advanced aviation technologies also has the potential to advance our global profile as a leader in decarbonisation.

To unlock these benefits, several technical challenges need to be overcome. Investment in the development, testing and certification of emerging technologies will be vital to overcome these challenges and achieve the Government's vision of integration.

mimic breast milk; exploring new pest control management solutions with low environmental impact; technology to wirelessly power vehicles; and gaining a better understanding of wildfires, which are increasing due to climate change.

It is essential that te ao Māori worldviews are integrated into our research pathways. The Manaaki Whenua Landcare Research project, Te Weu o te Kaitiaki Indigenous Regeneration Pathways is a great example of this. With a \$15.95 million contract value over five years, it uses whakapapa frameworks to re-imagine biocultural solutions to restore ecological systems, reconnect people to place, and deliver sustainable economic growth for communities.

In February 2022, we supported Government efforts to conclude a long-term agreement recognising Māori interests in radio spectrum, which will also accelerate Māori participation in the telecommunications sector. This agreement has positive implications for digital enterprises, health care, rural economies and

connectivity, education, broadcasting and the revitalisation of Te Reo Māori.

In September 2021, we launched the Infectious Diseases Research Platform, to boost the national COVID-19 response and our preparedness for other pandemics. Facilitated by the University of Otago and the Institute of Environmental Sciences and Research, this initiative will receive \$36 million over three years to conduct research to support Aotearoa to be in a stronger position to manage a COVID-19 resurgence and any future pandemics.

We even play a prominent role regulating space activity in Aotearoa, and developed advice and policy for the historic launch of the NASA CAPSTONE lunar mission in June 2022. The pathfinding satellite was launched on 28 June by Rocket Lab from the Māhia Peninsula. It will test the orbit for a planned Moon-orbiting outpost to support NASA's Artemis programme, which aims to land the first woman and person of colour on the moon, and to progress towards human exploration of Mars.

HOW WE MEASURE OUTCOME FIVE

PERFORMANCE MEASURE

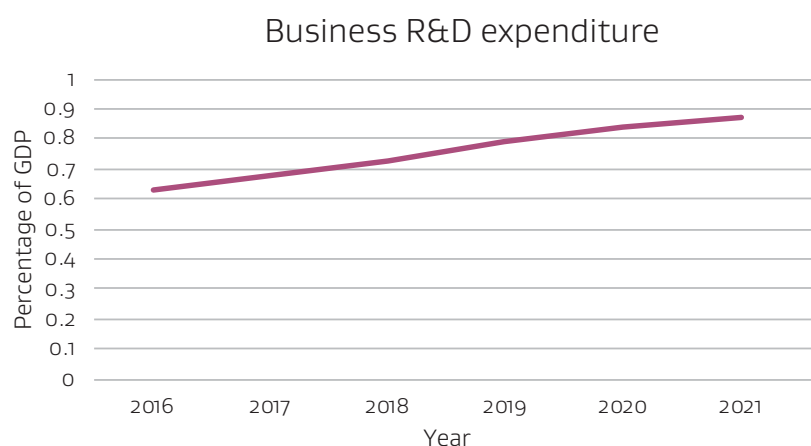
5.1 Increase business research and development expenditure

INDICATOR









Business expenditure on research and development as a percentage of GDP

COMMENTARY

Business expenditure on research and development as a percentage of GDP was 0.87% in 2021, increasing steadily from 0.63% in 2016. The dollar value of this expenditure is around \$2 billion.



PERFORMANCE MEASURE	INDICATOR	TREND	COMMENTARY
5.2 Increasing the proportion of businesses exporting	Percentage of firms exporting	Current Desired	The percentage of firms exporting was 21.5% in the year to August 2021*, continuing a falling trend from 25.6% in the year to August 2019. This value is now the lowest it has been since 2015.
5.3 Increase in firms collaborating internationally for innovation	Percentage of firms collaborating internationally for innovation	Current Desired	The percentage of firms collaborating internationally for innovation in 2021* was 3.4%, lower than 4.3% in 2019 and the lowest it has been since data collection began in 2007.
5.4 Increase in firms reporting innovative activity	Firm innovation rate	Current Desired	In the year to August 2021, the total innovation rate was 46%. This rate has been steady since 2017. This indicator is a measure of the proportion of businesses that innovate. Innovation is broadly defined to include the development or introduction of any new or significantly improved products, processes, and methods.
5.5 Increase business dynamism	Average five-year growth in employment in new businesses	Current Desired	The average five-year employment growth rate for the period 2015-2020* was 29.7%, somewhat higher than the growth rate of 27.5% for the period 2014-2019. This value fell from 2007 until 2012 and it has been steadily increasing since 2013.
5.6 Increase capital intensity	Net capital stock per capita	Current Desired	Net capital stock per capita was \$144,796 in the year to March 2021*, increasing 1.7% on the previous year. This value has been increasing steadily since 1998. The five-year compound annual growth rate was 1.1% for the period 2016-2021. This measure is an indicator of New Zealanders' wealth.

PERFORMANCE MEASURE	INDICATOR	TREND	COMMENTARY
5.7 Increase productive capital investment	Proportion of net capital stock that is not residential	Current  Desired 	<p>The proportion of net capital stock that is not residential buildings remained at the high level of 56.4% in the year to March 2021*, which is about the same as it was the year before (56.6%). This indicator has been rising steadily since 1998.</p> <p>This measure is an indicator of productive capital investment.</p>
5.8 Increase early stage capital investment	Capital investment in early stage companies ¹	Current  Desired 	<p>The capital investment in early stage companies was \$257.5 million in 2021*, an increase of 63% from \$157.6 million in 2020. 2021 was the first year of this investment topping \$200m.</p>
5.9 Improve quality of foreign direct investment (FDI)	Potential direct economic impact (pDEI) multiplier: ratio of pDEI to FDI	Current  Desired 	<p>The pDEI multiplier was 4.0 in the year to June 2022, an increase of 53% from 2.6 in the year to June 2021. This value has been fluctuating between 2.6 and 4.0 since 2018.</p> <p>The pDEI multiplier, measured by the ratio of pDEI to FDI, is a proxy of economic impact to dollar of FDI attracted (FDI quality). It is used by NZTE to estimate the potential benefits to Aotearoa New Zealand from the investment deals that it facilitates.</p>
5.10 Maintain position in the World Bank Ease of Doing Business Survey	Ease of doing business ranking	Current  Desired 	<p>There is no update for this measure in 2021/22 as the World Bank Group is formulating a new approach to assessing the business and investment climate in economies worldwide following the discontinuation of the Doing Business project.</p> <p>In 2019/20 we reported that Aotearoa New Zealand ranked top in the World Bank Ease of Doing Business Survey in 2020 for the fourth consecutive year.</p> <p>The Ease of Doing Business Survey assesses the regulations of 190 different nations for the ease with which business is done.</p>

*At the time of writing, this was the most recent period for which data is available.

¹ 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 the proxy for capital investment in early stage companies.



HE KŌRERO MŌ MĀTOU ABOUT US

HE KŌRERO MŌ MĀTOU ABOUT US

Hīkina Whakatutuki is Te Reo Māori for the Ministry of Business, Innovation and Employment, hīkina meaning uplift and whakatutuki meaning to move forward, to make successful. Our purpose – to grow Aotearoa New Zealand for all – gives expression to our Te Reo Māori name and envisages an inclusive, sustainable and prosperous country for present and future generations.

Our mahi touches on the daily lives of New Zealanders – we grow opportunities (Puāwai), act as a guardian and protect (Kaihāpai), and innovate and navigate towards a better future (Auaha).

To achieve this, we put people at the heart of our mahi. Based on the principles of Te Tiriti o Waitangi, we are committed to upholding authentic partnerships with Māori, and, as an agile public service leader, we use the breadth of our experience to navigate the ever-changing world. We are service providers, policymakers, investors and regulators. We engage with diverse communities, businesses and regions.

We are Aotearoa New Zealand's lead microeconomic agency, formed in 2012 by uniting four agencies: the Department of Building and Housing, Department of Labour, Ministry of Economic Development, and Ministry of Science and Innovation. Over the past 10 years, we have taken on new functions and roles, including the Kānoa – Regional Economic Development and Investment Unit and Managed Isolation and Quarantine.

We are the Functional Lead for government property and procurement and help other government agencies achieve greater public value. We also provide Language Assistance Services; the Government Centre for Dispute Resolution; and leadership across the public service on regulatory stewardship. As an agency, we continue to adapt and change so we can respond to the needs of our country.

Puāwai

To grow opportunities, we:

- › Help communities thrive by investing in regional initiatives.
- › Enable partnerships between businesses, communities and industries.
- › Promote Aotearoa New Zealand on the world stage.
- › Attract talent and investment to our country.
- › Create an enabling environment for Aotearoa New Zealand's businesses and communities to succeed.

Kaihāpai

To be a guardian and to protect, we:

- › Fulfil our Te Tiriti o Waitangi/Treaty of Waitangi responsibilities.
- › Ensure safe and fair settings for consumers and businesses in workplaces, buildings and markets.
- › Manage and provide protection at the border.
- › Support sustainable management of natural resources.
- › Provide guidance to businesses through major economic events.

Auaha

To innovate and navigate, we:

- › invest in research, science and innovation.
- › support mātauranga Māori.
- › enable New Zealanders to participate in the digital age.
- › participate in space research and exploration.
- › work collaboratively to address climate change.
- › explore new ideas and question the status quo.

Our values

Our values guide how we work and interact with one another and with our customers and partners.

Alongside our values, MBIE's culture embraces a spirit of service to the community. The spirit of service is about respecting the experience of others, delivering our services to 'grow Aotearoa New Zealand for all' and working together (mahi tahi) with other public service agencies to achieve shared outcomes that make the biggest difference for New Zealanders.

MAHI TAHI

BETTER TOGETHER

Mā mahi tahi, ka ora, ka puāwai
By working together we will flourish and achieve greatness

- › We collaborate and respect the experiences of others
- › We share our knowledge
- › We connect and partner with our communities

PAE KAHURANGI

BUILD OUR FUTURE

Ka huri taku aro ki te pae kahurangi, kei reira te oranga mōku
We turn our attention to the future, that's where the opportunities lie

- › We learn from the past to shape the future
- › We protect what's precious, our taonga
- › We listen to lead the way

MĀĪA

BOLD & BRAVE

Tāwhia tō mana kia mau, kia māia
Retain and hold fast to your mana, be bold, be brave

- › We challenge the status quo
- › We're curious
- › We explore new ideas

PONO ME TE TIKA

OWN IT

Ā mātou mahi katoa, ka pono, ka tika
Taking responsibility to commit to doing things right

- › We take responsibility and do what we say we will
- › We embrace the differences of others, always
- › We hold ourselves and each other to account

Our organisational strategy

Since 2020, our organisational strategy, Te Ara Amiorangi, has informed the way we work.

Te Ara refers to a pathway and Amiorangi to a celestial navigation point used by ancestors. Together, they capture our aspirations for the strategy as a tool that helps us successfully navigate for the future and grow Aotearoa New Zealand for all.

Our outcomes, which are the foundation of Te Ara Amiorangi, detail our contribution to making Aotearoa New Zealand a better place. They form the framework for this annual report (see pages 17 to 37). Our collective focus areas highlight MBIE’s collective priorities. They guide our thinking, efforts and intentions on what matters, and encourage a more purposeful and collective approach. Our capability priorities identify the environments, skills and resources we need to improve or develop to build and strengthen MBIE, so we can carry out our focus areas and deliver our intended outcomes.



Ministerial portfolios

In 2021/22 we worked with, and supported, ministers and associate ministers across 20 portfolios. We were the lead agency for 13 of these portfolios, provided support to five portfolios (for appropriations within the Votes MBIE administrators), and supported the Minister of Finance on the infrastructure and regulatory management system.

VOTE	PORTFOLIO		
Building and Construction	Lead Agency	Building and Construction	COVID-19 Response*
	Support	Housing	
Business, Science and Innovation	Lead Agency	Commerce and Consumer Affairs Digital Economy and Communications Economic and Regional Development	Energy and Resources Research, Science and Innovation Small Business Tourism
	Support	Māori Development Public Service	Emergency Management Sports and Recreation
Labour Market	Lead Agency	ACC Immigration Workplace Relations and Safety Social Development and Employment (lead for Employment)	

*Led by DPMC, with MBIE providing leadership across its areas of functional responsibility, including managed isolation and quarantine.

MBIE's ownership Minister, the Minister for Economic and Regional Development, is accountable to Parliament to ensure we carry out our functions properly and efficiently. MBIE's Secretary is accountable for the leadership and overall performance of the organisation, as well as representation on a wide range of boards and governance entities, such as the Council for Financial Regulators.

Organisations we monitor

We are responsible for monitoring 12 Crown entities. They are:

- › Callaghan Innovation
- › Commerce Commission
- › Commission for Financial Capability (headed by the Retirement Commissioner)
- › Energy Efficiency and Conservation Authority
- › External Reporting Board
- › Financial Markets Authority
- › New Zealand Electricity Authority
- › New Zealand Tourism Board
- › New Zealand Trade and Enterprise
- › International Accreditation New Zealand
- › Takeovers Panel
- › WorkSafe New Zealand

We are responsible for monitoring seven Crown research institutes. They are:

- › AgResearch Ltd
- › Institute of Environmental Science and Research Ltd
- › Institute of Geological and Nuclear Sciences Ltd
- › Manaaki Whenua – Landcare Research New Zealand Ltd
- › National Institute of Water and Atmospheric Research Ltd
- › New Zealand Forest Research Institute Ltd
- › New Zealand Institute for Plant and Food Research Ltd.

We are also responsible for monitoring one Crown entity company, New Zealand Growth Capital Partners Ltd and two Public Finance Act 1989 Schedule 4A companies, Crown Regional Holdings Ltd and Research and Education Advanced Network New Zealand Ltd.

MBIE supports ministers to make board appointments to Crown entities and other entities, including occupational licensing boards, tribunals, advisory boards, committees and panels, dispute resolution entities, trust boards and industry councils. MBIE provides policy advice to

ministers, including on the appropriations for various entities, such as the Accident Compensation Corporation (ACC) and Crown Infrastructure Partners Ltd. Finally, we undertake limited monitoring of two incorporated societies that are not Crown entities: the Building Research Association of New Zealand and the Heavy Engineering Research Association.

Leadership, governance, systems and risk

Our senior leadership team consists of the Secretary (Chief Executive), ten deputy secretaries, and the Chief Advisor to the Secretary. They are responsible for MBIE's organisational strategy, Te Ara Amiorangi, and the achievement of MBIE's strategic outcomes, including the ongoing stewardship of MBIE, its people, systems and functions.

The Senior Leadership Team champions our values, drives cultural change and ensures we focus our efforts and resources in the right areas at the right time. The team also works to establish systems and processes so MBIE can perform effectively. Over the past year, we have been working through strategic work programmes such as our Digital Blueprint and Empowered by Data Roadmap – focusing on cloud-based technology options, improved security architecture, quality data and analytics, and the modernisation of our services and systems.

Our governance system, Mana Whakaruruhau, ensures proper oversight across our performance and delivery. Mana Whakaruruhau is also the system through which the organisational strategy, Te Ara Amiorangi, is advanced and monitored.

Managing risk is an important part of how we operate, and we integrate effective risk management into our culture, governance arrangements, business planning and decision-making processes. Managing risk is the responsibility of everyone at MBIE, and people are supported to do this by the Enterprise Risk and Compliance branch. An external risk and advisory committee provides independent, objective advice on the framework and insights on risks and how MBIE is responding to these. The Internal Assurance team at MBIE provides independent assurance to our Secretary and the Risk and Advisory Committee that our risks are being managed effectively. A high-priority example of risk mitigation, continuing on from the past financial year, is our cyber security work. This work includes several initiatives that continually review and refine our capability to identify and protect against cyber security threats, detect and mitigate potential intrusions and/or other unauthorised actions.

Our people

At 30 June 2022, we employed 6,015 people, of which 84 were based overseas. We strive to be a place where people want to work, where people are safe, listened to, valued and feel like they belong, where they grow personally and professionally through meaningful work. Our efforts to empower our people and develop their potential have four strands.

Whakamana | Empower

We strive to create a safe, trusting and inclusive environment for our people to thrive. This includes building our Māori cultural confidence and capability to partner with Māori, developing inclusive leadership, and integrating the insights from our people's experience into our people practices.

Whakawhanake | Develop

We strive to develop and make sure our people can grow and deliver for our country. This means ensuring our people have meaningful work and careers and having future-focused leaders who listen to lead the way. It also means having clear and supportive pathways to leadership.

Whakapakari | Evolve

Through people-centred design, data and insights, we aim to improve our systems, processes and tools to make informed decisions and make things easier for our people.

Whakakaha | Enable

We co-design innovative, best-fit solutions with stakeholders and partners. This includes drawing on employment relations work in the public service, to build capability, and implementing guidance on closing the gender and ethnic pay gap.

Māori–Crown relations

Our work supports the Crown in honouring Te Tiriti o Waitangi. Effective and enduring relationships between iwi, other Māori groups and the Crown are critical to enable economic and social development, both for Māori and the wider population. Success is built on partnership and we will continue to partner with Māori to find sustainable solutions to long-standing systemic and cross-cutting issues facing Māori and the country as a whole.

Whāinga Amorangi

Whāinga Amorangi is MBIE's plan to strengthen Māori–Crown relations by building internal capability. The ability to work in partnership with Māori needs to be enduring and consistent. We put people at the heart of our mahi, based on the principles of Te Tiriti o Waitangi, and we are committed to upholding authentic partnerships with Māori.

The overarching goal of this plan is for MBIE's people to be clear on what is changing and why and what the





change will mean to their work. We explain why the plan is important to MBIE and all Crown agencies across the public sector, and how the outcome of this framework aligns to Te Ara Amiorangi and MBIE's strategic direction. Whāinga Amorangi is a living document and will be reviewed regularly to assess and revise based on:

- › what is happening in the MBIE operating environment (internally and externally)
- › new information and guidance from Te Arawhiti (Office for Māori Crown Relations) and Te Kawa Mataaho (Public Service Commission)
- › evaluation of the progress against the core competencies.

Whāinga Amorangi includes four capability areas: Te Reo Māori, Te Tiriti o Waitangi /Aotearoa New Zealand history, Tikanga/Kawa, and Engagement with Māori.

Phase one of the programme is built on leader-led change

and focuses on empowering our people by building individual capability. Phase Two will then support the organisation to shift to becoming an authentic Treaty Partner with Māori.

We recognise our people are at different stages of their journey and will require different levels of support to build their capability in Māori–Crown relations.

Whāinga Amorangi includes many outcomes and initiatives described in Te Ara Reo Rangatira (MBIE's initial strategy to enhance the Māori language), Whāinga Amorangi has since become the overarching Māori language strategy for MBIE. Whāinga Amorangi utilises the capability framework for Te Arawhiti, to increase opportunities in Te Reo Māori alongside Te Tiriti o Waitangi/New Zealand History, Tikanga/Kawa and Engagement with Māori.

Māori language planning

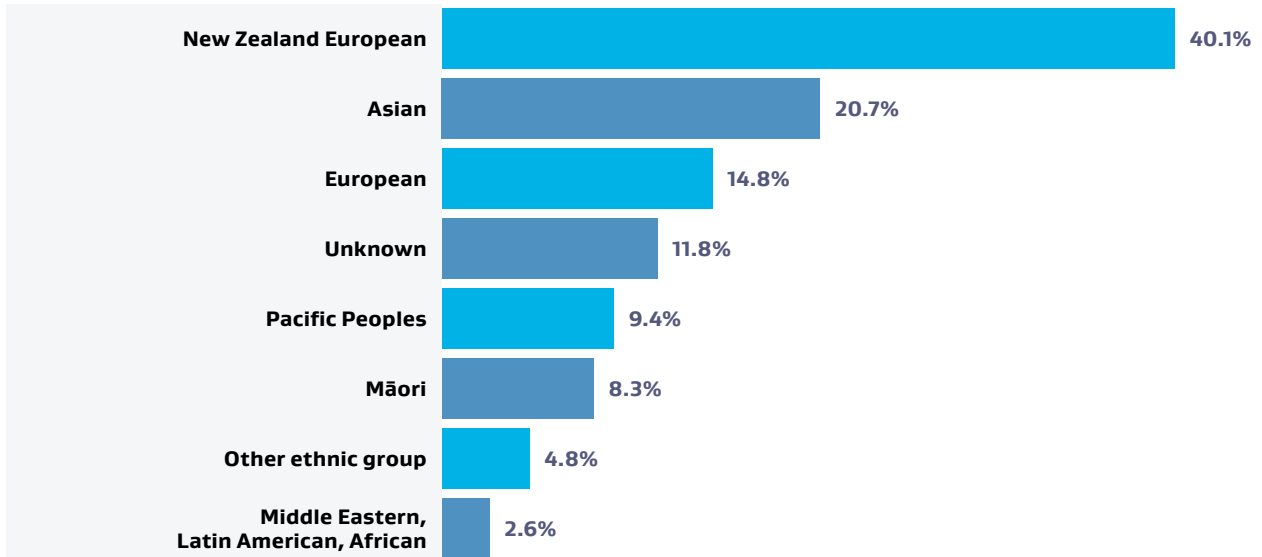
Our Te Reo Māori competency area is supported by Te Ara Reo Rangatira. This strategy sets out MBIE's commitment to support the development and use of Te Reo Māori as a valued and living official language of Aotearoa New Zealand. Te Ara Reo Rangatira is part of our overarching Māori capability strategy Whāinga Amorangi.

Diversity, equity and inclusion

At MBIE, we value our people and strive to reflect, embrace and nurture the communities we serve. Our Inclusion & Diversity strategy, Nō Konei – Belong, focuses on having inclusion at the heart of our mahi, to create a sense of belonging. An inclusive culture is essential if we are to attract and retain diversity at MBIE. A diverse workforce ensures multiple perspectives will be included in policy advice and service design, which will help Grow Aotearoa New Zealand for All.



Ethnicity of our workforce

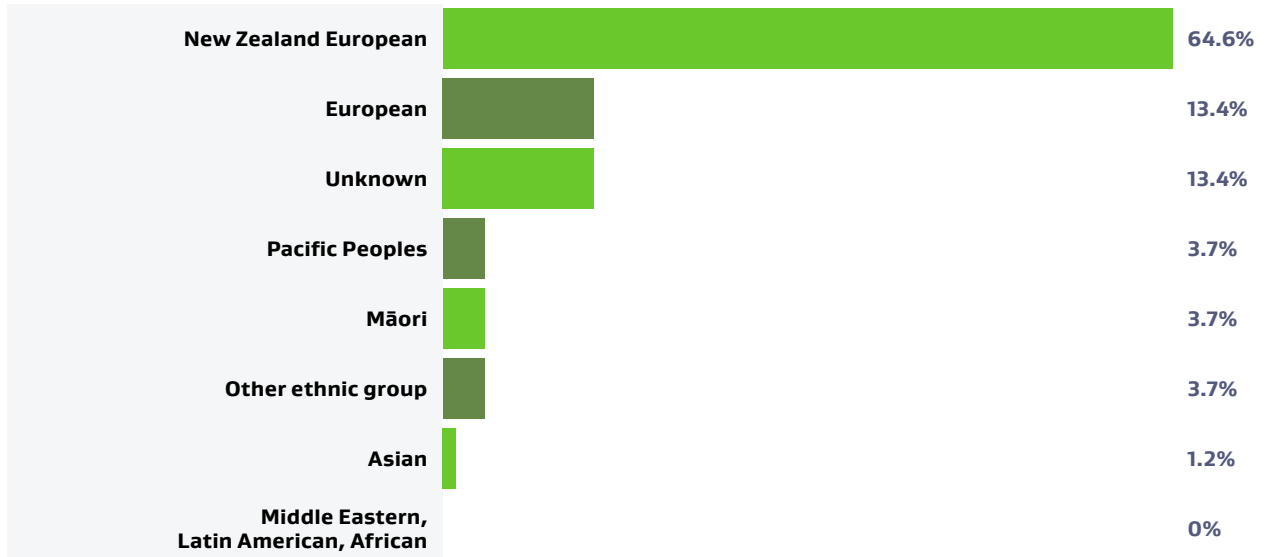


Total exceeds 100 percent because people can declare multiple ethnicities.

Age and gender of our workforce

AGE	FEMALE WĀHINE	MALE TĀNE	ANOTHER GENDER HE IRA KĒ ANŌ	UNDISCLOSED	TOTAL
Under 20	0.1	0.1	0.0	0.0	0.2
20–29	12.7	7.1	0.0	0.7	20.6
30–39	18.0	11.1	0.0	0.4	29.5
40–49	13.9	9.1	0.0	0.2	23.3
50–59	10.1	7.5	0.0	0.1	17.7
60+	3.4	3.6	0.0	0.1	7.0
Unknown	1.1	0.6	0.0	0.0	1.8
TOTAL	59.3%	39.1%	0%	1.5%	100%

Ethnicity of our leadership



Total exceeds 100 percent because people can declare multiple ethnicities.

Age and gender of our leadership

AGE	FEMALE WĀHINE	MALE TĀNE	ANOTHER GENDER HE IRA KĒ ANŌ	UNDISCLOSED	TOTAL
Under 20	0.0	0.0	0.0	0.0	0.0
20–29	0.0	0.0	0.0	0.0	0.0
30–39	7.3	1.2	0.0	0.0	8.5
40–49	30.5	11.0	0.0	1.2	42.7
50–59	14.6	22.0	0.0	0.0	36.6
60+	2.4	6.1	0.0	0.0	8.5
Unknown	1.2	2.4	0.0	0.0	3.7
TOTAL	56.1	42.7	0.0	1.2	100.0

The representation of different ethnicities across all levels at MBIE has increased since 2020/21, aside from the New Zealand European and Unknown categories. In tiers 2-3 leaders, there was a 0.9% per cent increase in the proportion of employees who identify as NZ Māori, a 2.3 per cent increase in the proportion who identified as Pacific Peoples, and a 6.8% increase in the proportion of Wāhine/Female. Across all levels of MBIE, the representation of different gender groups remains within one per cent variation of the 2020/21 numbers. Asian ethnicity is under-represented in tier 2-3 leaders (1.2 per cent) compared to all levels for wider MBIE (20.7 per cent).

To understand the experiences of diverse population groups within MBIE, we have used human-centred design principles through our People Experience hub to engage with our Tangata Whenua, Pasefika, Asian and Rainbow communities. This has supported us to identify actions we can take to work towards a more inclusive and equitable MBIE.

People with disabilities

A very low proportion of employees have declared that they have a disability. Better data on disability in the workforce is a priority for MBIE to help identify and meet the needs of people with disabilities in the workforce.

Diversity, equity and inclusion work programme

MBIE's diversity, equity and inclusion (D,E&I) work programme is shaped by Papa Pounamu and the five priority commitments described below within the public service's wider work programme.

Te āheinga ā-ahurea | Cultural competence

An important focus is to reflect the significance of the Māori–Crown relationship and build our cultural competency and confidence across the broadest range of cultures. We have strengthened our cultural competency through the implementation of various learning programmes, including:

- › Our inter-cultural competence programme, Mana Aki, which aims to build inter-cultural awareness and understanding. This was completed by 601 people during 2021/22, bringing total attendance, since its launch in September 2020, to 2,639.
- › The Wall Walk workshop, which builds awareness of significant events in Aotearoa New Zealand's bi-cultural history. This was attended by 419 people during 2021/22, bringing total participants to 1,040 since its launch in March 2021.
- › Pilot programmes to increase knowledge of Te Reo Māori, tikanga and Te Tiriti (183 people attended during 2021/22).
- › Online learning modules on Te Reo Māori and Te Tiriti, attended by 1,040 people during 2021/22.

Te urupare | te mariu | Addressing bias

Addressing bias towards identity markers, such as ethnicity, gender, sexual orientation or ability, is essential for making sure all people are provided with opportunities during their recruitment, career progression and employment development stages with MBIE. To this end, over 2021/22, we:

- › Carried out and/or developed several learning programmes:
 - Mana Aki inter-cultural competence programme (noted above)
 - Nine foundation-level modules about bias based on gender, ability and sexual orientation and ways to confront it, which 1,834 people engaged with
 - A module on the Rainbow Community, completed by 598 people
 - Two-day workshops on racial equity and unconscious bias, attended by 337 people
- › Encouraged people to add pronouns to email signatures and meeting introductions.
- › Implemented the Mana Whakatōpū programme for wāhine Māori, a unique six-month programme to support self-growth and courageous leadership from a kaupapa Māori world-view embedded in Māori values, tikanga and hauora.
- › Led implementation of a public service programme to accelerate talent and leadership development of senior Pasefika and increase the number of Pasefika leaders in senior leadership roles.





- › Tupu Tai internship programme, which supports a public service that reflects the diverse population of our country and promotes better outcomes for Pāsefika through government policy. MBIE won two awards for Tupu Tai at the 2020 Diversity Awards NZ: the Tomorrow's Workforce Award and the Supreme Award.

Hautūtanga ngākau tuwhera | Inclusive leadership

How we lead across the public service matters. Inclusion and diversity capability across the system depends on strong and inclusive leadership. We worked to ensure this within our organisation by:

- › Implementing targeted programmes to build leadership capability
- › Providing a variety of learning opportunities
- › Arranging for senior leaders to sponsor employee networks and attend learning programmes
- › Focusing on inclusion and diversity at our People Leader Forums, which aim to support leaders to help create a safe, trusting environment where everyone feels a sense of belonging
- › Supporting flexible working arrangements for leaders, as well as mental and physical wellbeing, and health and safety practices.

Te whakawhanaungatanga | Building relationships

Inclusion and belonging depend on having a diverse range of supportive relationships in our workplaces. We draw on these relationships to create positive change. This is shown through how we:

- › Provided strategic governance and oversight, through the Inclusion and Diversity Council, of the inclusion and diversity strategy and recommended changes to policies, processes, initiatives and facilities.
- › Implemented, Tōku Whāinga | My Career, a continuous performance process based on regular check-ins, shared reflection and learning, and respect and care.
- › Began a programme, Kohinga Kōrero | Conversations

That Matter, to help people leaders have more meaningful and effective conversations with their team members.

- › Fostered a culture of celebrating people's achievements through shout-out cards, MBIE awards, branch newsletters and hui.

Ngā tūhononga e kōkiritia ana e ngā kaimahi | Employee-led networks

Having a space to connect with others with shared experiences supports people to bring their unique selves to work. Our employee-led networks help connect people, create opportunities to engage and learn, and advocate for the needs of their network. They support our people to feel they belong at MBIE. We have:

- › Increased the number of employee-led networks, which include:
 - Ngāi Kahukura | Rainbow Network
 - Te Aumangea | Mental Health Network
 - Arahanga Wāhine | Women's Network
 - Te Rau Puāwai | Wāhine Māori Network
 - Pacific Staff Village Network
 - Women of Colour Network
 - Asia International Network
- › Strengthened networks through senior leaders' sponsorship and support for all employee led networks.
- › Held employee-led events and initiatives that celebrate culture, highlight issues and educate others.
- › Provided ongoing support for new and emerging networks, such as the ENABLED disability network and African Community Network.

Our People Experience hub, along with other engagement with our people, have informed our focus areas in D,E&I. At MBIE, this work sees a bottom up employee led networks and a top down (SLT and leadership commitment) approach. Building from the learnings from our People Experience Hub, key initiatives started in the last year include a review of our recruitment and career progression processes to ensure our diverse communities have equitable outcomes. Our D,E&I work programme continues to involve a suite of learning programmes, some of which are specifically designed for our People Leaders.

We continue to promote learning programmes focused on building cultural competence and understanding of racial equity and bias. We also developed the Nō Konei - Belong learning programme in-house with our people which centres on MBIE's diverse voices and introduces wider topics and perspectives on D,E&I.

Feedback from our people has drawn value from the

Mana Aki, Wall Walk, and Courageous Conversation About Race: Beyond Diversity™ learning programmes. In the D,E&I learning evaluation reports published in May 2022, quantitative data shows highly positive responses to the bias workshop focused on equity. 85% of respondents generally agreed or strongly agreed that the course will have a positive impact on their mahi and add value to the work MBIE does for all New Zealanders.

Our people of diversity have experienced these learnings in a way that is validating and honouring of their experiences at MBIE and more broadly. Our people have also indicated that they would like more inclusion and diversity content that is relevant to them and the work they do at MBIE. Overall, these learning programmes have improved MBIE people's capability to interact with people from different cultural backgrounds to their own and to talk about race with others.

Insights from MBIE's People Leadership Engagement Survey and Te Taunaki Public Service Census indicate that the majority of our people feel accepted and valued, and consider MBIE a safe place to work, however, we have a way to go for some groups.

Commitment to Accessibility Charter

We are committed to the Accessibility Charter and continue to ensure our public information is accessible. We conduct accessibility assessments of our websites to make sure they comply with New Zealand Government Web Accessibility Standards.

In terms of our workforce, our commitment to the Charter is part of our inclusion and diversity strategy. MBIE is committed to reasonably accommodating the needs of people with disabilities and supporting their

health and well-being. This is underpinned by our well-being, health and safety policy and standards.

Kia Toipoto: Closing gender, Māori, Pasefika and ethnic pay gaps

Women, who make up 59 per cent of our workforce, were paid 11.8 per cent lower than men (on average) as at 30 June 2022. This is an improvement from June last year, when the gap was 13.2 per cent. In June 2016, it stood at 20.2 per cent. Over the past year, 483 corrections were made to the pay of employees to close unexplained gaps in the same or like-for-like roles. This was a significant initiative in our Gender Pay Action Plan. In late 2021, MBIE worked in partnership with the Public Service Association and sought input from several of MBIE's employee led networks on a recalibrated gender pay and ethnic pay action plan. The plan includes a greater focus on ethnic pay gaps and changes that make sure gains made are sustainable.

Tools to support pay decisions, such as recruitment guidelines, pay restraint guidelines and a gender pay calculator, have been introduced to help us make more informed decisions around pay and gender pay implications. Educating People Leaders is an important part of increasing people's understanding of how bias can affect the gender pay gap. Together, these tools aim to make sure the benefits gained by the initiatives and corrections are sustained. New data collection opportunities available in our payroll system mean we can collect better data on ethnicity for even greater visibility of ethnic pay issues and causal factors. Work is under way to refresh the Gender and Ethnic Pay Action Plan from which further initiatives will be developed.





Skills pledge

MBIE signed up to the Government's Skills Pledge, which commits MBIE to doubling investment in re-skilling and training hours by 2025. This investment includes introducing various face-to-face sessions and eLearning modules. During the year, 63,895 formal learning sessions were completed, comprised of 10,287 places on face-to-face or virtual workshops and 53,608 eLearning modules completions. This equates to 106,892 formal learning hours. Altogether, this is an increase of 56 per cent in learning hours from when MBIE committed to the Skills Pledge, in 2020, and 20.2 per cent more than last year. This shows our commitment to our value Pae Kahurangi (building our future) by investing in our people and organisational capability. Along with this, 33,695 engagements in formal learning sessions occurred in the MIQ group. This equates to around 16,848 formal learning hours, contributing to the up-skilling of people involved in MIQ across the public and private sectors.

The COVID-19 pandemic has affected delivery of in-person learning events, although these have mostly been redesigned as virtual or online learning. People's availability and capacity to engage in learning has been affected by COVID-19, both through wellness and well-being issues as well as high workload volumes. To meet its Skills Pledge commitment by 2025, MBIE requires a 44 per cent increase in learning hours for its people by 30 June 2025. This will be challenging for MBIE. But, work is under way to make sure MBIE uses its entire organisation-wide learning and development funding (central and group budgets) so it gets the most value from its investment in learning and development to lift capability and meet its Skills Pledge commitment.

Panel pledge

We continue to be committed to the Panel Pledge, signed by MBIE's Secretary, Carolyn Tremain, in 2019, to actively encourage diverse voices when considering requests to participate on panels or at any speaking engagements.

Commitment to Equal Employment Opportunities

The above work programmes across Diversity, Equity, and Inclusion, Māori-Crown relations, and Our People outline MBIE's compliance with our commitment to identifying and eliminating all aspects of policies, procedures, and other institutional barriers that cause or perpetuate, or tend to cause or perpetuate, inequality with respect to the employment of a person or group of persons.

Wellbeing, health and safety

In May 2022, we started reviewing our wellbeing, health and safety strategy to make sure it reflects our values and fosters diversity, equity, inclusion and te ao Māori. An online wellbeing hub, Te Puna Ora, offers our people practical information on managing wellbeing, as well as access to support services and other resources. We conducted 24 webinars to help leaders understand their own wellbeing needs, as well as those of their team members. During the year, we also provided training to 102 wellbeing, health and safety representatives, 98 floor wardens and 58 first aiders. MBIE is part of the ACC Accredited Employers Programme. In September 2021, ACC evaluated our performance as secondary ("consolidation of good practice") during its annual Accredited Employer Programme audit. The audit identified the need for us to be more consistent in our relationships with other businesses.

Flexible working arrangements

To manage the disruption of COVID-19, we developed flexible working policies and practices so our people could work remotely during different COVID-19 alert levels. In June 2022, we began designating different work spaces and zones to individuals at our offices in Stout Street, Wellington, and Victoria Street, Auckland. This change was based on the work of a cross-agency group on flexible working practices led by Te Kawa Mataaho (Public Service Commission).

Employee engagement

We work with our people to increase their participation in wellbeing, health and safety-related matters. We have three committees that meet quarterly to carry out this work, one each for field, customer-facing and office staff. A separate work group was also in operation, focusing on the activities of MIQ.



We also offer learning modules about safety and wellbeing to boost engagement, particularly at induction. During the year, 96 per cent of people completed the staff safety and wellbeing module, 96 per cent completed the security module, and 86 per cent of leaders completed the leaders' safety and wellbeing module.

In November 2021, we consulted with our people before introducing our vaccination policy on access to our offices. The policy was introduced in January 2022, although, following further consultation from May 2022, we no longer require vaccine passes for entry to our worksites. Other important controls remain in place, to prevent the spread of COVID-19.

Mental health

The continued disruptions caused by COVID-19 resulted in consistent numbers of people reporting mental health pressures and difficulties; 307 compared with 337 the year before. To counter this trend, we concentrated on providing coping skills to people in business groups most affected by COVID-19.

We also arranged 67 various mental health workshops, attended by approximately 900 people with an average of 13.5 people per workshop. These workshops aim to increase knowledge about mental health and mental

illness, increase confidence in talking to colleagues about these topics, and increase people's ability to promote mental health in the workplace. We also extended the number of counsellors and psychologists available to people because of higher demand for such support. This has resulted in a wider choice of providers and shorter waiting times. Finally, we have been working to make sure a diverse range of counsellors and psychologists is available.

Health monitoring

As part of the Accredited Employer Programme, we partner with a third-party administrator to manage claims handed over from ACC. During the year, MBIE had 55 work-related ACC claims and 49 non-work-related ACC claims, both managed by a third-party administrator. Of these work-related claims, 10 involved lost time, with the average number of days being 20.5. The average number of sick leave days used remained consistent, at 6.2 days per year. No injuries, illnesses or incidents required notification to WorkSafe New Zealand. In partnership with Manatū Hauora (Ministry of Health), we consulted on and delivered robust pre-employment and health monitoring processes for our border workers at ports and MIQ facilities regarding COVID-19 vaccination and testing requirements.

Emergency management

Over the year, MBIE’s Emergency Management and Business Continuity (EMBC) team supported responses to a number of national events, including significant severe weather events and flooding, as well as internal MBIE events, ranging from ICT disruptions, to burst water mains. The Enterprise Incident Management Team (eIMT), coordinated by the EMBC team, managed the COVID-19 Delta and Omicron responses, from August 2021 to April 2022. This was eIMT’s longest continuous response, with a fatigue-management process implemented to maintain readiness.

The EMBC team also successfully designed and delivered an all-of-government strategic readiness exercise for the Women’s Cricket World Cup, to support MBIE’s Major Events team.

Managing critical health and safety risks

During 2021/22, MBIE’s Health, Safety and Security Operations team continued supporting MBIE and the all-of-government COVID-19 response by supporting MIQ to manage its health, safety and security responsibilities through the development of a variety of safe systems of work. This included sourcing uniforms and technical solutions, in the way of radios and body-worn cameras for the MIQ security workforce, as well as a fleet of pool vehicles.

A review of MBIE’s current critical risks was also carried out during the year to:

- › Confirm whether the existing risks were under control
- › Confirm whether further work was needed to make sure the risks were under control
- › Identify new and emerging risks

The review determined that MBIE’s current critical risks have been managed (overall) to as low as reasonably practicable. The review identified three new and emerging risks, which have now been added to the register, and work is well under way to develop safe systems of work to manage these new risks.

The Health, Safety and Security Operations team was also responsible for carrying out a suitable and sufficient risk assessment that would help MBIE’s Senior Leadership Team determine the content of the new Vaccination Policy for MBIE.

To ensure continued improvement of MBIE’s governance of health and safety, the team supported the Senior Leadership Team to restructure its safety governance format to help mature MBIE’s governance of health and safety.

TYPE	2021/22
Total number of wellbeing, health, safety and security events	2072
Wellbeing events	335
Early reported pain and discomfort/harm	716
Near miss	168
Violence and aggression	722
Other events	131
Events resulting in injury	154
Critical risk events	209
Work-related ACC claims (managed by our third-party administrator)	55
Non-work-related ACC claims (managed by our third-party administrator)	49
Incidents requiring notification to WorkSafe New Zealand under the <i>Health and Safety at Work Act 2015</i>	0

Sustainability

MBIE's sustainability framework supports both the Government's commitment to having a carbon-neutral public sector by 2025 and broader cultural, economic, environmental and social outcomes for the country.

The Carbon Neutral Government Programme commitment requires public sector organisations to set gross greenhouse gas emissions reduction targets for 2025 and 2030 that are consistent with limiting the global average temperature increase to 1.5 degrees Celsius above pre-industrial levels.

According to the latest report from the Intergovernmental Panel on Climate Change, to meet this goal, global emissions will have to fall by almost 50 per cent from 2019 levels in the next decade. Reducing our emissions and improving operational efficiency is a priority objective in supporting the transition to a low-emissions economy.



Our science-aligned emissions reduction targets are:

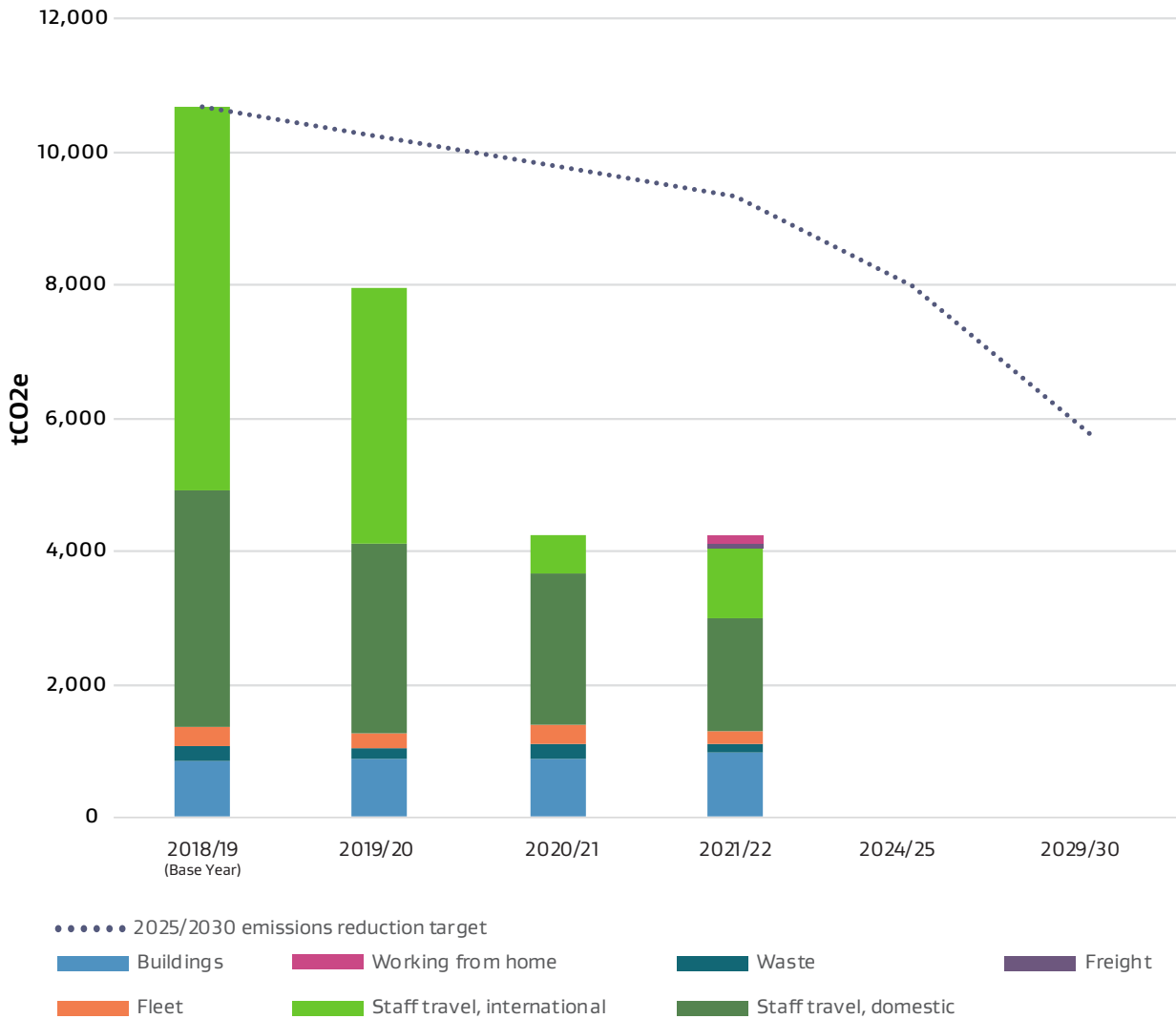
- › 2025 target: reduce gross emissions (all categories) by 25 per cent, compared with base year 2018/19.
- › 2030 target: reduce gross emissions (all categories) by 46 per cent, compared with 2018/19.

During the year, we developed extra emissions reduction targets for staff business travel, fleet emissions, building efficiency and landfill waste, to support the gross emissions reduction targets.

MBIE’s Sustainability framework

	OUR ASPIRATIONS	TARGETS	
CLIMATE CHANGE MITIGATION			
	<p>GHG emissions measurement and reporting Measuring, reporting, and reducing the carbon impacts associated with our business operations</p>	<ul style="list-style-type: none"> › Set 2025 and 2030 gross emissions reduction targets in line with a global emissions pathway that limits warming to no more than 1.5°C › Achieve an absolute reduction in our operational emissions 	<p>Measure, externally certify and report our Scope 1, Scope 2 and material Scope 3 emissions annually</p> <p>Reduce emissions by 25% by 2025 and 46% by 2030</p>
	<p>Emissions reduction: Our Business Travel Staff business travel, particularly air travel, is the most significant contributor to MBIEs operational emissions.</p>	<ul style="list-style-type: none"> › Re-baseline our staff travel requirements to reflect new ways of working › Promote more efficient modes of travel 	<p>Reduce business domestic air travel emissions by 35% by 2025</p> <p>Reduce business international air travel emissions by 35% by 2025</p>
	<p>Emissions reduction: Our Buildings The operation of our buildings is a significant contribution to our emissions. We will minimise energy and resource consumption at our sites.</p>	<ul style="list-style-type: none"> › Reduce operational emissions at our sites › The location and design of future buildings realise opportunities for resilience, active travel/commute and creation of community hubs 	<p>80% of staff office space(m2) have NABERS rating by 2025</p> <p>Improve energy efficiency across our Wellington office buildings by 10% by 2025 (kWh/m2)</p>
	<p>Emissions reduction: Our Fleet Optimisation and electrification of the government fleet is a priority</p>	<ul style="list-style-type: none"> › Improve operational efficiency of our fleet › Eliminate fossil fuels from our vehicle fleet 	<p>100% light vehicle fleet BEV by 2025</p> <p>Reduce fleet emissions by 84% by 2030</p>
	<p>Emissions reduction: Our Waste While waste to landfill is not a significant source of MBIEs operational emissions there is an opportunity for improved practice across all MBIE sites</p>	<ul style="list-style-type: none"> › We rethink waste as a resource › Apply circular economy principles to our purchasing decisions and contracts 	<p>Reduce waste to landfill from our offices by 50% by 2025</p> <p>Increase organic waste diversion from our offices</p>
	<p>Emissions reduction: Our Team We identify emissions associated with our people commuting and working from home and opportunities for decarbonisation</p>	<ul style="list-style-type: none"> › We support flexible working and deliver flexible working environments for our teams › Encourage our teams to decarbonise their commute 	<p>To be developed</p>
TRANSITIONING TO A LOW EMISSIONS ECONOMY			
	<p>Climate change and our operations Ensuring we understand and address the actual and potential effects of climate change on our operations, strategy, and investment.</p>	<ul style="list-style-type: none"> › We identify and understand the physical and transition risks that MBIE as an organisation is exposed to › We develop new opportunities and capabilities that provide resilience and adaptability › We demonstrate public sector leadership in our approach to TCFD-aligned climate change risk assessment and reporting 	<p>Annually publish TCFD aligned climate related risk disclosures from 2022</p>
	<p>Supporting the transition We all play a part in New Zealand's transition to a low emissions economy. We lead by example and provide leadership to business.</p>	<ul style="list-style-type: none"> › Our people have the knowledge, capability and resources available to incorporate sustainability into their decision making › Our people are empowered to innovate and navigate towards a better future 	<p>To be developed (align with Transition Pathways Te Ara Tauwhiro)</p>

Our emissions



In 2021/22, our total (gross) emissions for the year were 4,238.72 tonnes of carbon dioxide equivalent (t CO₂e), which is the same as the previous year and 60 per cent less than our 2018/19 base year.

Most of our emissions come from employee travel (mainly air travel) and energy use across our offices. As for last year, the biggest factors in the decrease against our base year were less international and domestic travel by staff as an ongoing result of COVID-19. We expect travel-associated emissions will increase again in future years but are focused on managing travel demand to achieve our emissions reduction targets. Emissions from landfilled waste fell by 41 per cent, compared with the

previous year, as a result of updated emissions factors for recovery of landfill gases. The increase in building emissions reflects both higher occupancy of the Mangere Refugee Centre, compared with last year, and the inclusion of additional site reporting data for gas consumption. Reporting for this year includes additional emissions sources (emissions associated with our people working from home and freight movements) as required by the Carbon Neutral Government Programme. (Refer to Appendix 8 for emissions by source)

We are a Toitū carbonreduce organisation, which means we are measuring, managing and reducing our emissions according to ISO 14064-1:2018 and Toitū requirements. A

copy of our Toitū carbonreduce certification disclosure can be viewed on the Toitū website.

Reducing our emissions

Our emissions reduction plan identifies specific projects to decarbonise some activities and improve efficiency.

- › Align staff travel budgets and procedures with emissions reduction targets (reduce domestic and international air travel emissions by 35 per cent by 2025).
- › Improve energy efficiency of our office buildings through continuous commissioning, including LED lighting upgrades and systems monitoring.
- › Property consolidation and activity-based working projects reduce operational energy emissions and realise opportunities for increased resilience and community benefits.
- › Improve the operational efficiency of our fleet and transition 100 per cent of light vehicles to electric or plug-in hybrid vehicles by 2025.
- › Improve waste and recycling collection across our sites to increase diversion of organic waste from landfill and reduce landfill waste.

We are committed to ongoing improvements in our emissions reporting and the identification and delivery of emissions reduction initiatives across our business. This is a priority for 2022/23. Our internal staff sustainability network, Kete Taiao, has an increasing membership with over 200 members, and 28 people completed a sustainability learning course to build capability in incorporating sustainability into decision making.



OUR PERFORMANCE 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), multi-year appropriations (MYAs) and permanent legislative authorities (PLAs).

Performance information replicates wording as set out in the 2021/22 Main Estimates, Supplementary Estimates and Addition to the Supplementary Estimates across Votes Building and Construction; Business, Science and Innovation; and Labour Market.

OUTCOME ONE: PROSPEROUS AND ADAPTABLE PEOPLE, SECTORS AND REGIONS



Achieved 42 out of 47 output performance targets

VOTE BUILDING AND CONSTRUCTION		2021/22		2020/21
Appropriation	Performance measures	Target	Actual	Actual
Isolation and Quarantine Management MCA This appropriation is intended to achieve entry of people into New Zealand, while minimising the risk of community transmission of imported cases of COVID-19.	Ratio of transmissions of COVID-19 to the community from MIQ facilities per 10,000 returnees	<1 case of transmission per 10,000 returnees	0.1 cases per 10,000 returnees ¹	0.88 cases per 10,000 returnees
Operational Support This category is intended to achieve operational leadership and departmental support necessary for the efficient, effective and safe delivery of MIQ services.	Debt recovery: Percentage of debt recovered against invoices raised	90%	82% ²	87%
Delivery of Services This category is intended to achieve accommodation and necessary related services, including pastoral care, for people entering New Zealand for the duration of their mandatory isolation and/or quarantine.	Breaches of safety protocols: ratio of absconders per 10,000 returnees	<40 breaches per 10,000 returnees	1.6 breaches per 10,000 returnees	New measure for 2021/22
	Returnee experience: Percentage of returnees/groups agreeing that their needs in relation to safety, pastoral support, fair treatment and respect were met most of the time or better	90%	85% ³	New measure for 2021/22
Temporary Accommodation Services MCA 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%	92% ⁴	93%

1 This measure was originally intended to show that the Managed Isolation and Quarantine (MIQ) system was effective in meeting its main objective of enabling people to enter New Zealand while mitigating the risk of community transmission of imported COVID-19 cases. Data is dependent on the Ministry of Health (MOH) undertaking case investigations (genome sequencing) to identify a case in the community that has resulted from transmission out of a managed isolation facility. While MIQ can accurately report against all cases identified by MOH (as defined in the metric), MIQ is aware that the focus on identifying the source of each individual case varies depending on the wider public health situation, meaning the MOH reporting of cases derived from MIQ transmission may not be complete at times of high community transmission. The last time MOH actively provided MIQ with this data was December 2021, which reflects that high numbers of community transmission have occurred since that date.

2 While MBIE has been active in its debt recovery, it did not reach the 90% performance standard by 30 June 2022. We have increased our resources and partnered with an additional external debt collection agency in an attempt to improve our recovery levels. We are continuing our debt recovery activities with an aim to further increase our recovery in 2022/23. The formula used to calculate the year-end result is (total outstanding debt – total debt not yet due)/(total revenue less credit notes).

3 The returnee experience measure has fallen short of its target, predominantly due to the perception of fairness of the availability and access to MIQ. The leading drivers of this result are: demand, which outweighed supply; the cost of MIQ; technology limitations of the booking system Managed Isolation Allocation System; and restrictive settings for other pathways in through the border, such as emergency allocations. The MIQ Returnee Experience Survey was retired in March 2022. The total sample size is 49,667 with a response rate of 54%. The survey portal was hosted by Cemplicity.

4 Customers surveyed included those placed with the Temporary Accommodation Service (TAS) and those who just registered but were not placed, covering all customer service interactions. Twelve respondents completed the survey (12 from the Napier flooding response) reflecting a response rate of 14%. The result has a margin of error ±26%. Survey Monkey was used to collect results. The sample size is small because many households were yet to exit TAS accommodation (when this survey was sent out), particularly in the Westport response, for which many households still have unknown repair dates. TAS has been exploring ways to improve survey response rates with personalised survey distribution and enhanced follow up.

VOTE BUILDING AND CONSTRUCTION		2021/22		2020/21
Appropriation	Performance measures	Target	Actual	Actual
<i>Readiness, Response and Recovery</i> 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%	92% ⁵	93%
<i>Temporary Accommodation Housing Initiatives – Capital</i> This category is intended to increase housing supply levels in emergency affected areas	Percentage of users of the service who are satisfied or very satisfied	At least 75%	92% ⁵	93%

VOTE BUSINESS, SCIENCE AND INNOVATION		2021/22		2020/21
Appropriation	Performance measures	Target	Actual	Actual
Economic and Regional Development: Economic and Regional Development Fund, Scheme and Grant Management This appropriation is intended to achieve efficient and effective administration of the Events Transition Support Payment Scheme.	The Events Transition Support Payment Scheme is administered in accordance with the Cabinet criteria and other requirements	Achieved	Achieved	New measure for 2021/22
Economic and Regional Development: Operational Support of the Regional Business Partner Network This appropriation is intended to achieve increased business and management capability that improves individual firm and wider business performance.	Number of businesses accessing support to improve individual firms and wider business performance	5,000	5,263	New measure for 2021/22
Economic and Regional Development: Operational support for Grants and Crown Investments This appropriation is intended to achieve the effective management, administration and reporting on infrastructure grants and Crown investments.	Percentage of contracts monitored against their milestones and reporting requirements	100%	100%	New measure for 2021/22
	The number of monthly reports to Crown Infrastructure Partners on Provincial Development Unit-managed infrastructure projects	12	12	11
Economic and Regional Development: Tourism Investment This appropriation is intended to achieve the effective management, administration and reporting on the Strategic Tourism Assets Protection Programme.	Percentage of contracts monitored against their milestones and reporting requirements	100%	100%	100%
Tourism: Tourism Fund Management This appropriation is intended to achieve efficient and effective management of the investments under Tourism portfolio.	All funds are managed in accordance with processes agreed by Cabinet	Achieved	Achieved	Achieved
	Percentage of contracts that have been monitored and performance assessed within agreed timeframes	100%	100%	100%

⁵ Customers surveyed included those placed with the TAS and those who just registered but were not placed, covering all customer service interactions. This sample size is small because many households are yet to exit TAS accommodation (when this survey was sent out), particularly in the Westport response, where many households still have unknown repair dates. TAS has been exploring ways to improve survey response rates with personalised survey distribution and enhanced follow up. A total of 12 respondents completed the survey (12 from the Napier flooding response) reflecting a response rate of 14%. The result has a margin of error ±26%. Survey Monkey was used to collect results.

VOTE BUSINESS, SCIENCE AND INNOVATION		2021/22		2020/21
Appropriation	Performance measures	Target	Actual	Actual
Economic and Regional Development: Provincial Growth Fund MCA This appropriation is intended to achieve a lift in the productivity potential of the regions through the delivery of regional, sectoral and infrastructure initiatives.	Number of reports to the Cabinet Economic Development Committee on progressions with the fund per year	4	4	2
	Percentage of contracts monitored against their milestones and reporting requirements	100%	100%	100%
	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95%	96%	75%
	Ministerial <i>Official Information Act 1982</i> requests	95%	67% ⁶	83%
Parliamentary questions	95%	99%	91%	
Operational Support of Regional and Sector Investments This category is intended to achieve the support regional economic development through regional sectoral and infrastructure initiatives.	Percentage of contracts monitored against their milestones and reporting requirements	100%	100%	100%
Provincial Growth Fund Investment Management This category is intended to achieve the establishment, administration and management of Provincial Growth Fund investments by Crown Regional Holdings Limited	The satisfaction of the Crown Regional Holdings Limited Directors with agreed service levels and timeframes, on a scale of 1 to 5	Average score of 4 out of 5 or better	4.3	New measure for 2021/22
Provincial Growth Fund Investment Management – Crown Regional Holdings Limited This category is intended to achieve the effective delivery and management of Provincial Growth Fund investments by entities, including Crown Regional Holdings Limited (CRHL) and the Provincial Growth Fund (PGFL) and their subsidiaries.	The satisfaction of the Crown Regional Holdings Limited Directors with agreed service levels and timeframes, on a scale of 1 to 5	Average score of 4 out of 5 or better	4.3	New measure for 2021/22
Supporting Regional and Sector Initiatives This category is intended to achieve the support of 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%
Crown Regional Holdings Limited Capital Investment This category is intended to achieve the Crown's investment in entities, including Crown Regional Holdings Ltd (CRHL) and the Provincial Growth Fund Limited (PGFL) and their subsidiaries.	The satisfaction of the Crown Regional Holdings Limited Directors with agreed service levels and timeframes, on a scale of 1 to 5	Average score of 4 out of 5 or better	4.3	New measure for 2021/22
Supporting Capital Projects 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 contracts monitored against their milestones and reporting requirements	100%	100%	New measure for 2021/22

⁶ For the year ending June 2022, Kānoa – Regional Economic Development & Investment Unit was late in responding to two Ministerial OIA requests, out of six received. These were late were a result of human errors, delays in sign out and a low volume of requests. These issues have been addressed with new staffing resource and upskilling of all team members in the OIA space to improve resilience and ensure a repeat of this does not occur.

VOTE BUSINESS, SCIENCE AND INNOVATION		2021/22		2020/21
Appropriation	Performance measures	Target	Actual	Actual
Economic and Regional Development: Regional Strategic Partnership Fund MCA This appropriation is intended to achieve improved regional economic and business development, accelerate Māori economic aspirations and support sector transformations.	Percentage of contracts monitored against their milestones and reporting requirements	100%	100%	New measure for 2021/22
Supporting Regional Strategic Partnerships Initiatives This category is intended to achieve strong regional strategic partnerships within each region, progress regional economic development action plans and identify regional priorities. The category will hold grant funding for regions to invest in identified regional priorities	Percentage of contracts monitored against their milestones and reporting requirements	100%	100%	New measure for 2021/22
Investing into Capital Projects This category is intended to achieve investments in projects to foster productive, resilient, inclusive, sustainable, and Māori-enabling regional economies.	Percentage of contracts monitored against their milestones and reporting requirements	100%	100%	New measure for 2021/22
Investment through Crown-owned companies This category is intended to achieve the holding of the Crown's regional strategic partnership fund investments by Crown Regional Holdings Limited. The purpose of the investments is to improve regional economic and business development, accelerate Māori economic aspirations and support sector transformations	The satisfaction of the Crown Regional Holdings Limited Directors with agreed service levels and timeframes, on a scale of 1 to 5	Average score of 4 out of 5 or better	4.3	New measure for 2021/22
Policy Advice and Related Services to Ministers MCA (Business, Science and Innovation) 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	4.5 ⁷	4.4
Policy Advice and Related Services to Ministers – Tourism This category is intended to achieve the provision of high quality policy advice and support to Ministers and ensure Crown entities are appropriately monitored.	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	73%	67%
	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	4.4	4.0
	Ministers receive advice on entities' accountability documents within statutory timeframes	100%	100%	100%
	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	96%	85%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	90% ⁸	97%
	Parliamentary questions	95% or above	97%	98%

⁷ This is the average result of the surveys returned from Ministers with responsibility for the seven Policy advice areas within Vote Business, Science and Innovation. Please refer to the individual measures for any points of note or variance commentary.

⁸ Nineteen out of 21 items were sent on time.

VOTE BUSINESS, SCIENCE AND INNOVATION		2021/22		2020/21
Appropriation	Performance measures	Target	Actual	Actual
<p>Sector Analysis and Facilitation MCA 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.</p>	Increased access and use of data	Achieved	Achieved ⁹	Not Achieved
<p><i>Sectoral and Regional Data and Analysis – Economic Development</i> 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.</p>	Number of page views and screen views of regional and sector data pages, web-apps and mobile-apps	200,000	249,350 ¹⁰	296,963
<p><i>Tourism Data and Analysis – Tourism</i> 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.</p>	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
<p>Tourism Facilities MCA This appropriation is intended to achieve reliable, sustainable and high quality tourism facilities and infrastructure that attract tourists to a region or New Zealand.</p>	Tourism facilities and infrastructure is improved or maintained	Achieved	Achieved	Achieved
<p><i>Ngā Haerenga, The New Zealand Cycle Trail Fund</i> This category is intended to achieve the success and long-term sustainability of the Ngā Haerenga, the New Zealand Cycle Trail Network.</p>	Funding is distributed to Great Rides for cycle trail priority projects, improvements, repairs or extensions, in line with any investment plan	Achieved	Achieved	New measure for 2021/22
	Funding agreements are monitored and assessed in line with contractual requirements	100%	100%	New measure for 2021/22
<p><i>Tourism Facilities Development Grants</i> This category is intended to achieve an improvement in the quality and reliability of tourism facilities and services.</p>	Tourism facilities and infrastructure is improved or maintained	Achieved	Achieved	Achieved

9 Results from Google Analytics ending July 2022 indicate that we have exceeded our target (200,000 page views) for 2021/22, with actual page views at 249,350. Access and use of regional and tourism data were strong with the Tourism Evidence and Insights Centre (TEIC) launched in July 2021. This additional channel to access data and insights contributed to MBIE exceeding its target. TEIC also exceeded its 30,000 views target for the 2021/22 year.

10 This measure has had variable results since 2020 due to the impact of COVID-19 on tourism and other economic activities including the types of data users are seeking. The target number of page views was reduced from 2020/21, reflecting this variability. However, access and use of regional economic and tourism data was stronger than expected for 2021/22.

VOTE LABOUR MARKET		2021/22		2020/21
Appropriation	Performance measures	Target	Actual	Actual
Employment – Regional Skills Leadership Groups This appropriation is intended to achieve more coordinated skills and workforce planning in regional labour markets to improve regional skill levels, local workforce utilisation and overall labour market outcomes.	Each region publishes at least one report within the year that sets out on-the-ground labour market information that is not currently collected systematically by central government	100% of regions publish a report	100% of regions published a report	100%
	Each Regional Skills Leadership Group produces an annual workforce development plan	100% of regions publish a plan	93% of regions published a report ¹¹	New measure for 2021/22
	Members of Regional Skills Leadership Groups are appointed	Decisions on appointments are made by 30 June 2022	Achieved	Not achieved

¹¹ Fourteen out of 15 Regional Skills Leadership Groups (RSLG) have published their first Regional Workforce Plan. The remaining RSLG has a plan in final draft form that will be published before the end of December 2022.

How much we spent

Actual 2020/21 \$000	Our expenditure summary	Actual 2021/22 \$000	Supplementary Estimates 2021/22 \$000	Main Estimates 2021/22 \$000
50,813	Departmental expenses	262,605	311,625	245,042
419,260	Non-departmental expenses	1,292,353	1,646,340	1,569,572
	– Departmental capital	–	–	–
234,092	Non-departmental capital	23,822	380,308	229,032
704,165	Total expenditure for outcome	1,578,780	2,338,273	2,043,646

Our services and functions – Departmental

Actual 2020/21 \$000	Appropriation name	Location of year-end performance information	Actual 2021/22 \$000	Supplementary Estimates 2021/22 \$000	Main Estimates 2021/22 \$000
Departmental outputs					
2,774	Economic and Regional Development: Operational support for Grants and Crown investments – MYA		3,005	3,055	3,700
	– Economic and Regional Development: Economic and Regional Development Fund, Scheme and Grant Management		409	2,000	–
	– Economic and Regional Development: Operational Support of the Regional Business Partner Network		2,217	3,300	3,300
1,579	Economic and Regional Development: Tourism Investment		1,576	2,421	2,400
712	Tourism: Tourism Fund Management		484	793	793
	– Border Support Services – MYA		2,706	6,900	–
1,268	Employment – Administration of the He Poutama Rangatahi Programme		49	85	1,500
10,393	Employment – Regional Skills Leadership Groups		12,412	12,607	11,500
16,726	Total departmental output expenditure		22,858	31,161	23,193
Multi-category expenses and capital expenditure					
781,094	Isolation and Quarantine Management MCA		787,198	853,378	951,312
<i>Departmental output expenses</i>					
125,076	› Operational Support		198,069	233,559	170,118
<i>Non-departmental output expenses</i>					
498,973	› Delivery of Services		563,278	564,799	649,447
<i>Non-departmental other expenses</i>					
	– › Isolation and Quarantine Management MCA – Managed Isolation and Quarantine Loans – Impairment of Debt	1	10,804	24,720	2,400
31,353	› Managed Isolation and Quarantine Loans – Fair Value Write-down	1	–	10,300	32,620
<i>Non-departmental capital expenditure</i>					
125,692	› Managed Isolation and Quarantine Loans	1	15,047	20,000	96,727

Actual 2020/21 \$000	Appropriation name	Location of year-end performance information	Actual 2021/22 \$000	Supplementary Estimates 2021/22 \$000	Main Estimates 2021/22 \$000
3,858	Temporary Accommodation Services MCA	1	10,844	26,339	1,826
	<i>Departmental output expenses</i>				
1,679	› Readiness, Response and Recovery	1	1,947	1,743	993
	<i>Non-departmental output expenses</i>				
1,712	› Temporary Accommodation Housing Initiatives – Operations	1	4,714	5,141	495
	<i>Non-departmental other expenses</i>				
467	› Temporary Accommodation Housing Initiatives – Depreciation	1	308	338	338
	<i>Non-departmental capital expenditure</i>				
–	› Temporary Accommodation Housing Initiatives – Capital		3,875	19,117	–
8,339	Policy Advice and Related Services to Ministers MCA		8,789	8,793	7,193
	<i>Departmental output expenses</i>				
8,339	› Policy Advice and Related Services to Ministers – Tourism		8,789	8,793	7,193
16,000	Project Tāwhaki Expenses MCA		–	–	–
	<i>Non-departmental other expenses</i>				
2,000	› Project Tāwhaki – Grants		–	–	–
	<i>Non-departmental capital expenditure</i>				
14,000	› Project Tāwhaki Land Acquisition – Capital		–	–	–
567,240	Regional Economic Development: Provincial Growth Fund MCA		197,929	364,794	309,312
	<i>Departmental output expenses</i>				
37,468	› Operational Support of Regional and Sector Investments		24,406	29,202	36,878
	<i>Non-departmental output expenses</i>				
981	› Provincial Growth Fund Investment Management		–	–	610
19	› Provincial Growth Fund Investment Management – Crown Regional Holdings Limited		2,200	3,045	2,200
	<i>Non-departmental other expenses</i>				
271,772	› Supporting Regional and Sector Initiatives		171,323	247,228	269,624
	<i>Non-departmental capital expenditure</i>				
–	› Crown Regional Holdings Limited Capital Investment		–	75,319	–
257,000	› Provincial Growth Fund Limited Capital Investment		–	–	–
–	› Supporting Capital Projects		–	10,000	–
–	Economic and Regional Development: Regional Strategic Partnership Fund MCA		–	33,612	66,110
	<i>Non-Departmental Other Expenses</i>				
–	› Supporting Regional Strategic Partnerships Initiatives		–	8,055	33,055
	<i>Non-departmental capital expenditure</i>				
–	› Investing into Capital Projects		–	25,557	33,055
5,639	Sector Analysis and Facilitation MCA		6,536	7,167	6,667
	<i>Departmental output expenses</i>				
3,153	› Sectoral and regional data and analysis – Economic Development		–	3,983	3,483
2,486	› Tourism Data and Analysis – Tourism		6,536	3,184	3,184

Actual 2020/21 \$000	Appropriation name	Location of year-end performance information	Actual 2021/22 \$000	Supplementary Estimates 2021/22 \$000	Main Estimates 2021/22 \$000
14,925	Tourism Facilities MCA		12,826	14,676	13,767
	<i>Non-departmental output expenses</i>				
-	› Tourism Growth Partnership		-	-	2,500
	<i>Non-departmental other expenses</i>				
-	› National Cycleway Fund – Development and Extension of Ngā Haerenga, The New Zealand Cycle Trail		12,826	12,895	-
7,605	› Ngā Haerenga, The New Zealand Cycle Trail Fund		-	-	8,000
7,320	› Tourism Facilities Development Grants		-	1,781	3,267
1,397,095	Total multi-category expenses and capital expenditure		1,024,122	1,308,759	1,356,187
1,413,821	Total expenditure		1,046,980	1,339,920	1,379,380

Our services – Non-departmental

Actual 2020/21 \$000	Appropriation name	Location of year-end performance information	Actual 2021/22 \$000	Supplementary Estimates 2021/22 \$000	Main Estimates 2021/22 \$000
	Non-departmental output expenses				
14,065	COVID-19 tourism response	5	24,985	24,985	-
20,738	Economic Development: Assistance with Hosting of the 36th America's Cup (2018–2022) – MYA	2	1,583	1,688	-
1,035	Economic Development: Auckland Pacific Skills Shift		-	-	-
3,960	Economic Development: Industry Transformation Plans	2	8,249	10,275	16,559
1,875	Economic Development: Pacific Business Trust Procurement Support Service	2	624	1,875	1,875
-	Economic Development: Supporting Just Transitions	2	1,747	2,500	2,500
400	Energy and Resources: Assisting Households in Energy Hardship	1	1,974	2,490	1,650
51,471	Tourism: Marketing New Zealand as a Visitor Destination	7	101,450	101,450	111,950
79,679	Tourism: Marketing of New Zealand as a Visitor Destination		-	-	-
24,612	Tourism: Regional Events Fund		-	-	-
33,328	Transitional provision of mail services by New Zealand Post (2020–2024) – MYA	6	59,315	56,000	69,939
231,163	Total non-departmental output expenses		199,927	201,263	204,473
	Non-departmental other expenses				
-	Economic and Regional Development: COVID-19 Events Transition Support Payment	2	40,850	200,000	-
-	Economic and Regional Development: Reactivating Tāmaki Makaurau Auckland Package	2	25,500	25,500	-
159,436	Economic and Regional Development: Supporting Infrastructure Projects (2020–2025) – MYA	2	174,301	200,000	200,000
-	Economic and Regional Development: Wellington Business Relief Fund	1	200	200	-
1,488	Economic Development: Business Support Packages		-	-	-
992	Economic Development: Depreciation on Auckland's Queens Wharf	1	966	985	730

Actual 2020/21 \$000	Appropriation name	Location of year-end performance information	Actual 2021/22 \$000	Supplementary Estimates 2021/22 \$000	Main Estimates 2021/22 \$000
2,374	Economic Development: Future-proofing New Zealand's Manufacturing Sector by Driving Industry 4.0 Uptake and Skills Development	1	2,131	2,131	2,131
2,242	Economic Development: Major Events Development Fund (2017–2022) – MYA	2	7,486	12,142	10,000
8,579	Economic Development: New Zealand Events Support	1	802	1,121	–
	– Impairment of Debt and Debt Write Offs	1	884	3,335	225
1,551	Māori Development: Māori Innovation Fund	1	284	1,174	1,000
5,852	Economic and Regional Development: Fair Value Write-down – Tourism		–	14,148	10,000
12,248	Tourism Infrastructure Fund	5	11,315	21,032	16,500
500	Tourism: Recovery from COVID-19 (2021–2023) – MYA	5	54,461	51,500	59,000
6,728	Tourism: Tourism Strategic Infrastructure and System Capability	5	2,091	22,957	22,957
50,240	Worker Redeployment Package	2	5,702	10,550	5,000
10,457	Employment – He Poutama Rangatahi		–	–	33,000
262,687	Total non-departmental other expenses		326,973	566,775	360,543
	Non-departmental capital expenditure				
	– Economic and Regional Development: Infrastructure Capital Expenditure Investment – MYA		–	–	8,137
70,000	Economic and Regional Development: Infrastructure Investment Provincial Growth Fund Limited – MYA		–	–	41,057
	– Economic and Regional Development: Investment in Crown-owned Companies for Infrastructure – MYA		–	13,963	–
	– Economic and Regional Development: Investment in Crown-owned Companies for Tourism		–	53,000	–
	– Economic and Regional Development: Investment in Crown-owned Companies for Waste and Resource Recovery Infrastructure (2021–2025) – MYA		–	15,000	–
850	Economic and Regional Development: Tourism Capital Investment	1	4,900	4,900	–
	– Economic and Regional Development: Transfer of investments – Crown-owned companies		–	50,000	–
88,000	Regional Economic Development Capital Investments		–	18,452	–
3,921	Regional Economic Development Investments		–	–	–
60,000	Regional Economic Development: Tourism Investment Provincial Growth Fund Limited		–	–	25,056
4,947	Regional Economic Development: Transfer of investments		–	75,000	25,000
227,718	Total non-departmental capital expenditure		4,900	230,315	99,250
721,568	Total non-departmental annual and MYA expenses		531,800	998,353	664,266
2,135,389	Total expenditure for outcome		1,578,780	2,338,273	2,043,646

Location of year-end performance information

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

Multi-year appropriation

Appropriation name	Actual 2021/22 \$000	Actual 2020/21 \$000
Economic and Regional Development: Infrastructure Capital Expenditure Investment - MYA		
Original appropriation	45,000	45,000
Cumulative adjustments	(45,000)	-
Total adjusted appropriation	-	-
Cumulative actual expenditure 1 July	-	-
Current year actual expenditure	-	36,863
Cumulative actual expenditure 30 June	-	36,863
Appropriation remaining 30 June	-	8,137
Economic and Regional Development: Infrastructure Investment Provincial Growth Fund Limited (2020–2025) – MYA		
Original appropriation	111,057	111,057
Cumulative adjustments	(41,057)	-
Total adjusted appropriation	70,000	111,057
Cumulative actual expenditure 1 July	70,000	-
Current year actual expenditure	-	70,000
Cumulative actual expenditure 30 June	70,000	70,000
Appropriation remaining 30 June	-	41,057
Economic and Regional Development: Investment in Crown-owned Companies for Infrastructure (2021–2025) – MYA		
Original appropriation	5,000	5,000
Cumulative adjustments	18,390	-
Total adjusted appropriation	23,390	5,000
Cumulative actual expenditure 1 July	-	-
Current year actual expenditure	-	-
Cumulative actual expenditure 30 June	-	-
Appropriation remaining 30 June	23,390	5,000
Economic and Regional Development: Investment in Crown-owned Companies for Waste and Resource Recovery Infrastructure (2021–2025) – MYA		
Original appropriation	33,000	33,000
Cumulative adjustments	(18,000)	-
Total adjusted appropriation	15,000	33,000
Cumulative actual expenditure 1 July	-	-
Current year actual expenditure	-	-
Cumulative actual expenditure 30 June	-	-
Appropriation remaining 30 June	15,000	33,000
Economic and Regional Development: Operational support for Grants and Crown investments (2020–2025) – MYA		
Original appropriation	8,000	8,000
Cumulative adjustments	(1,500)	-
Total adjusted appropriation	6,500	8,000
Cumulative actual expenditure 1 July	2,774	-
Current year actual expenditure	3,005	2,774
Cumulative actual expenditure 30 June	5,779	2,774
Appropriation remaining 30 June	721	5,226

Appropriation name	Actual 2021/22 \$000	Actual 2020/21 \$000
Economic and Regional Development: Supporting Infrastructure Projects (2020–2025) – MYA		
Original appropriation	608,339	608,339
Cumulative adjustments	–	–
Total adjusted appropriation	608,339	608,339
Cumulative actual expenditure 1 July	159,436	–
Current year actual expenditure	174,301	159,436
Cumulative actual expenditure 30 June	333,737	159,436
Appropriation remaining 30 June	274,602	448,903
Economic Development: Assistance with Hosting of the 36th America’s Cup (2018– 2022) – MYA		
Original appropriation	100,000	100,000
Cumulative adjustments	28,800	31,500
Total adjusted appropriation	128,800	131,500
Cumulative actual expenditure 1 July	127,112	106,374
Current year actual expenditure	1,583	20,738
Cumulative actual expenditure 30 June	128,695	127,112
Appropriation remaining 30 June	105	4,388
Economic Development: Major Events Development Fund (2017–2022) – MYA		
Original appropriation	52,000	52,000
Cumulative adjustments	(10,675)	(1,675)
Total adjusted appropriation	41,325	50,325
Cumulative actual expenditure 1 July	29,183	26,941
Current year actual expenditure	7,486	2,242
Cumulative actual expenditure 30 June	36,669	29,183
Appropriation remaining 30 June	4,656	21,142
Tourism: Recovery from COVID-19 (2021–2023) – MYA		
Original appropriation	86,000	86,000
Cumulative adjustments	–	–
Total adjusted appropriation	86,000	86,000
Cumulative actual expenditure 1 July	500	–
Current year actual expenditure	54,461	500
Cumulative actual expenditure 30 June	54,961	500
Appropriation remaining 30 June	31,039	85,500
Transitional provision of mail services by New Zealand Post (2020–2024) – MYA		
Original appropriation	130,000	130,000
Cumulative adjustments	–	–
Total adjusted appropriation	130,000	130,000
Cumulative actual expenditure 1 July	33,328	–
Current year actual expenditure	59,315	33,328
Cumulative actual expenditure 30 June	92,643	33,328
Appropriation remaining 30 June	37,357	96,672
Border Support Services – MYA		
Original appropriation	18,100	–
Cumulative adjustments	–	–
Total adjusted appropriation	18,100	–
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	2,706	–
Cumulative actual expenditure 30 June	2,706	–
Appropriation remaining 30 June	15,394	–

OUTCOME TWO: SKILLED PEOPLE ENGAGED IN SAFE AND FULFILLING WORK

62%
ACHIEVED

Achieved 28 out of 45 output performance targets

VOTE BUSINESS, SCIENCE AND INNOVATION		2021/22		2020/21
Appropriation	Performance measures	Target	Actual	Actual
Economic Development: Senior Diverse Leaders: Capability Building Pilot 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.	Number of partnerships for Mana Moana Pacific leadership programme rollout	10	12 ¹²	4
	Number of scholarship participants to be successfully enrolled into and commenced the Public Sector Senior Pacific Leadership Programme	20	23 ¹³	New measure for 2021/22
Economic Development: Shared Services Support This appropriation is intended to achieve the efficient provision of shared corporate services by the Ministry of Business, Innovation and Employment. The shared services include services such as ICT, property, and secondment costs. These are provided to other State Sector organisations, including WorkSafe New Zealand, Te Kāhui Whakamana Rua Tekau mā Iwa – Pike River Recovery Agency, and the Ministry of Housing and Urban Development.	A formal agreement/memorandum of understanding is in place with WorkSafe New Zealand that includes the scope of services to be delivered, including the service levels that apply to each service and each party's responsibilities and obligations in respect of those services	Achieved	Achieved	Achieved

VOTE LABOUR MARKET		2021/22		2020/21
Appropriation	Performance measures	Target	Actual	Actual
ACC – Regulatory Services 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	No complaints or enquiries received to date
Employment – Employment Sector Analysis and Facilitation 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 Responsible Minister ¹⁴ within agreed timeframes	100%	100%	100%

¹² The target number of partnerships for the programme was increased from the prior year (2020/21 target = 4). Interest for partnership from agencies was greater than anticipated due to strong cross-sector interest in supporting the development of Pacific leadership.

¹³ The programme is funded for 20 participants but can accommodate up to 24. Three additional participants were funded by their agencies to participate in the first cohort.

¹⁴ The Minister for Social Development and Employment.

VOTE LABOUR MARKET		2021/22		2020/21
Appropriation	Performance measures	Target	Actual	Actual
Workplace Relations and Safety – Employment Relations Services This appropriation is intended to achieve well-functioning workplaces through services to educate and advise employers and employees of their rights and obligations.	Percentage of investigations into suspected breaches of regulatory standards of employment legislation completed within six months	80%	25% ¹⁵	51%
	Percentage of investigations into suspected breaches of regulatory standards of employment legislation completed within nine months	90%	51% ¹⁵	66%
	Percentage of investigations that involve a regulatory partner	At least 30%	33%	33%
	The number of interventions, both proactive and reactive, aimed at ensuring minimum compliance with employment standards	At least 2,200	2,286	1,546
	The percentage of customers satisfied with overall quality and timeliness of dispute resolution services	At least 80%	73% ¹⁶	76%
Employment – Māori Trades and Training Fund MCA This appropriation is intended to achieve programmes that sustain and improve Māori skills, employment and earnings and, in turn, improve economic and social outcomes for whānau and Māori communities.	Number of people supported onto trades and training pathways by programmes funded through the appropriation.	Not reported ¹⁷	Not reported	140
Immigration Services MCA 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%	71% ¹⁸	76%
Assessment and Processing Services This category is intended to achieve quality decisions on visa applications efficiently.	Quality of residence visa decisions: percentage rated as accurate	90%	87% ¹⁹	87%
	Quality of temporary visa decisions: percentage rated as accurate	90%	89.95% ¹⁹	89.4%
	Percentage of low risk visitor and student visa applications decided within 15 days	85%	37% ²⁰	56%
Integrity and Security of the New Zealand Immigration System 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	492 ²¹	796
Services for the Attraction of Migrants 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 Classification of Occupations	80%	80%	82%

15 The drop in timeliness of completing investigations steadied in early 2021. The continued drop of timeliness is due to the lockdowns restricting inspectors' activities and redeployment of inspectors to COVID-19 response activities and critical services.

16 The decreased score was caused by ongoing COVID-19 restrictions affecting the employment environment, and restrictions on in person service delivery. The total sample size is 1,869 with a response rate of 9%. The result has a margin of error of ±2%. Survey Monkey was used to collect results.

17 Programme management for the Māori Trades and Training Fund was transitioned from the MBIE to the Ministry of Social Development from 1 July 2021, along with staff. However, some payroll and other pending expenses were incurred during the transition period and this appropriation was accordingly retained to cover those expenses (as agreed in a memorandum of understanding, these costs will be reimbursed by Ministry of Social Development). This measure has been retained as part of the structure of the multi-category appropriation, however MBIE will be unable to report performance against it because it no longer manages this programme.

18 Overall satisfaction with the application experience continues to decline due to processing times not meeting customers' expectations and applicants' inability to track their progress. MBIE expects to be able to make more timely decisions on new visa applications as the border opens and more visa products are processed through the enhanced Immigration Online system. Of respondents, 5,198 completed the Immigration New Zealand Customer Experience Survey in 2022, a response rate of 41%. This result has a margin of error of ±1.36%. The survey was conducted by Gravitas OPG, an independent external agency.

19 This result is for the first three quarters of 2021/22 only as the year-end result was not available. The full year result will be restated in MBIE's 2022/23 Annual report.

20 This measure has been affected by the cessation of offshore visa processing for most of 2021/22 due to the border closures.

21 Due to border closures as a result of the COVID-19 pandemic and reduced international flight operations, only 492 individuals voluntarily departed or were deported.

VOTE LABOUR MARKET		2021/22		2020/21
Appropriation	Performance measures	Target	Actual	Actual
Settlement and Integration of Refugees and Other Migrants This category is intended to achieve the integration into New Zealand of migrants and refugees who settle permanently in New Zealand.	Percentage of recent migrants who feel that New Zealand is their home	85%	89% ²²	82%
	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	Achieved (quota of 750; 754 travelled)	Not achieved (quota of 1,500; 263 travelled)
Policy Advice and Related Services to Ministers MCA (Labour Market) 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	4.5 ²³	4.3
Policy Advice and Related Services to Ministers – Accident Compensation This category is intended to achieve the provision of high quality policy advice and support to Ministers.	The satisfaction of the Minister for ACC with the policy advice service, as per the common satisfaction survey	Average score of 4 out of 5 or better	4.4	4.0
	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	75%	73%
	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	98%	100%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	100%	100%
	Parliamentary questions	95% or above	100%	100%
Policy Advice and Related Services to Ministers – Employment This category is intended to achieve the provision of high quality policy advice and support to Ministers.	The satisfaction of the Minister for Social Development and Employment with the policy advice service, as per the common satisfaction survey	Average score of 4 out of 5 or better	4.4	4.0
	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	71%	74%
	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	91%	77%
	Parliamentary questions	95% or above	97%	91%

22 A total of 5,015 respondents completed the Migrant Survey in 2021/22, reflecting a response rate of 33%. The result has a margin of error of $\pm 0.93\%$.

23 This is the average result of the surveys returned from Ministers with responsibility for the four Policy advice areas within Vote Labour Market. Please refer to the individual measures for any points of note or variance commentary.

VOTE LABOUR MARKET		2021/22		2020/21
Appropriation	Performance measures	Target	Actual	Actual
<p><i>Policy Advice and Related Services to Ministers – Immigration</i></p> <p>This category is intended to achieve the provision of high quality policy advice and support to Ministers</p>	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	4.6 ²⁴	4.6
	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	72%	74%
	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	68% ²⁵	75%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	80% ²⁶	87%
	Parliamentary questions	95% or above	87% ²⁷	96%
<p><i>Policy Advice and Related Services to Ministers – Income Insurance</i></p> <p>This category is intended to achieve the provision of high quality policy advice and support to Ministers.</p>	Policy advice is provided to inform Budget decisions and enable Cabinet consideration by 30 June 2022 on whether to implement an income insurance scheme in New Zealand and its design.	Achieved	Achieved	New measure for 2021/22

24 Note that, due to the change of portfolio responsibilities during the year only one survey was able to be undertaken in relation to this area of policy advice. The result shown is based on the feedback from this survey, undertaken in relation to the period July–December 2021 by Hon Faafai.

25 Seven hundred and seventy-seven out of 1,142 items were sent on time. Around three-quarters of the late items were from the first half of the year, reflecting resourcing difficulties.

26 Ninety-four out of 118 items were sent on time. Reasons for delays varied, including resourcing, human error and complexity of responses.

27 Nine hundred and seventy out of 1,113 items were sent on time. Human error and complexity of data requests contributed to delays, however, many of the late items were also in August 2021, at which time processes were disrupted due to the escalation of the COVID-19 alert system to Level 4.

VOTE LABOUR MARKET		2021/22		2020/21
Appropriation	Performance measures	Target	Actual	Actual
<p><i>Policy Advice and Related Services to Ministers – Workplace Relations and Safety</i></p> <p>This category is intended to achieve the provision of high quality policy advice and support to Ministers and ensure Crown entities are appropriately monitored.</p>	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	4.6	4.5
	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	73%	77%
	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	Not completed
	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
	Ministers receive advice on entities' accountability documents within statutory timeframes	100%	100%	100%
	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	91%	88%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	84% ²⁸	87%
	Parliamentary questions	95% or above	99%	98%

²⁸ Thirty-seven out of 44 items were sent on time. The effect of embedding a new ministerial servicing model in 2021/22, and the prioritisation of resources towards direct operational and policy work, alongside a substantial increase in ministerial workload in 2021/22, led to items being sent late and the target being missed.

How much we spent

Actual 2020/21 \$000	Our expenditure summary	Actual 2021/22 \$000	Supplementary Estimates 2021/22 \$000	Main Estimates 2021/22 \$000
541,587	Departmental expenses	570,364	598,776	551,491
1,907,877	Non-departmental expenses	2,059,309	2,063,389	2,067,010
	– Departmental capital	–	–	–
500	Non-departmental capital	14,230	14,230	13,390
2,449,964	Total expenditure for outcome	2,643,903	2,676,395	2,631,891

Our services and functions – Departmental

Actual 2020/21 \$000	Appropriation name	Location of year-end performance information	Actual 2021/22 \$000	Supplementary Estimates 2021/22 \$000	Main Estimates 2021/22 \$000
Departmental outputs					
338	Economic Development: Senior Diverse Leaders: Capability Building Pilot		344	350	350
42,370	Economic Development: Shared Services Support		6,208	13,260	12,200
64	ACC – Regulatory Services		74	122	122
5,286	Employment – Employment Sector Analysis and Facilitation		2,837	4,258	9,798
40,829	Workplace Relations and Safety – Employment Relations Services		47,721	52,578	45,204
88,887	Total departmental output expenditure		57,184	70,568	67,674
Multi-category expenses and capital expenditure					
3,557	Employment Māori Apprenticeship Fund MCA		7	15	20,000
<i>Departmental output expenses</i>					
322	› Employment – Administration of the Māori Apprenticeships Fund		7	10	660
<i>Non-departmental output expenses</i>					
3,235	› Employment – Māori Apprenticeships Programmes		–	5	19,340
430,365	Immigration Services MCA		486,806	500,965	458,344
<i>Departmental output expenses</i>					
313,659	› Assessment and Processing Services		327,316	315,960	309,780
63,277	› Integrity and Security of the New Zealand Immigration System		71,553	80,568	73,968
10,508	› Services for the Attraction of Migrants		10,162	11,078	11,078
42,921	› Settlement and Integration of Refugees and Other Migrants		77,775	93,359	63,518
22,013	Policy Advice and Related Services to Ministers MCA		26,367	27,233	24,813
<i>Departmental output expenses</i>					
1,690	› Policy Advice and Related Services to Ministers – Accident Compensation		1,759	2,250	2,250
3,260	› Policy Advice and Related Services to Ministers – Employment		2,829	4,116	4,116
7,904	› Policy Advice and Related Services to Ministers – Immigration		9,266	8,576	8,576

Actual 2020/21 \$000	Appropriation name	Location of year-end performance information	Actual 2021/22 \$000	Supplementary Estimates 2021/22 \$000	Main Estimates 2021/22 \$000
–	› Policy Advice and Related Services to Ministers – Income Insurance		2,282	2,000	–
9,159	› Policy Advice and Related Services to Ministers – Workplace Relations and Safety		10,231	10,291	9,871
455,935	Total multi-category expenses and capital expenditure		513,180	528,213	503,157
544,822	Total expenditure		570,364	598,781	570,831

Our services – Non-departmental

Actual 2020/21 \$000	Appropriation name	Location of year-end performance information	Actual 2021/22 \$000	Supplementary Estimates 2021/22 \$000	Main Estimates 2021/22 \$000
Non-departmental output expenses					
3,246	Economic and Regional Development: Auckland Pacific Skills (2020–2025) – MYA	3	3,736	6,719	6,477
242,205	ACC – Case Management and Supporting Services	1	260,370	260,370	260,370
19,612	ACC – Case Management and Supporting Services – Treatment Injuries for Non-Earners	1	21,083	21,083	21,083
–	ACC – Establishment of New Income Insurance Scheme	1	10,400	10,400	–
378,185	ACC – Public Health Acute Services	1	406,549	406,549	406,549
2,329	ACC – Public Health Acute Services – Treatment Injuries for Non-Earners	1	2,504	2,504	2,504
835,426	ACC – Rehabilitation Entitlements and Services	1	905,792	905,792	905,792
188,243	ACC – Rehabilitation Entitlements and Services – Treatment Injuries for Non-Earners	1	201,859	201,859	201,859
8,167	ACC – Sexual Abuse Assessment and Treatment Services	1	8,433	8,433	8,433
869	Workplace Relations and Safety – Health and Safety at Work Levy – Collection Services	2	869	869	869
119,804	Workplace Relations and Safety – Workplace Health and Safety	4	131,980	131,980	128,447
1,798,086	Total non-departmental output expenses		1,953,575	1,956,558	1,942,383
Benefits or related expenses					
73,071	ACC – Compensation Entitlements	2	78,551	78,551	78,551
17,922	ACC – Compensation Entitlements – Treatment Injuries for Non-Earners	2	19,266	19,266	19,266
90,993	Total benefits or related expenses		97,817	97,817	97,817

Actual 2020/21 \$000	Appropriation name	Location of year-end performance information	Actual 2021/22 \$000	Supplementary Estimates 2021/22 \$000	Main Estimates 2021/22 \$000
Non-departmental other expenses					
6,456	Workplace Relations and Safety – Concession Expense for Loans to WorkSafe New Zealand		–	–	–
2,357	Workplace Relations and Safety – COVID-19 Workplace Response Contestable Fund		–	–	–
4,249	Workplace Relations and Safety – Employment Relations Authority Members' Salaries and Allowances PLA	2	5,230	5,699	4,904
396	Workplace Relations and Safety – Equal Employment Opportunities Trust	2	396	396	396
1,822	Workplace Relations and Safety – International Labour Organisation	2	1,772	1,855	1,855
15	Workplace Relations and Safety – New Zealand Industrial Relations Foundation	2	15	15	15
268	Workplace Relations and Safety – Remuneration Authority Members' Fees, Salaries and Allowances	2	254	300	300
–	Workplace Relations and Safety – Support for Fair Pay Agreements and Screen Industry bargaining	2	250	744	–
15,563	Total non-departmental other expenses		7,917	9,009	7,470
Non-departmental capital expenditure					
500	Workplace Relations and Safety – Capital for WorkSafe New Zealand	2	14,230	14,230	13,390
500	Total non-departmental capital expenditure		14,230	14,230	13,390
1,905,142	Total non-departmental annual and MYA expenses		2,073,539	2,077,614	2,061,060
2,449,964	Total expenditure for outcome		2,643,903	2,676,395	2,631,891

Location of year-end performance information

1. ACC's annual report
2. Exemption granted under section 15D(2)(b) of the *Public Finance Act 1989*
3. Minister for Economic and Regional Development in the Vote Business, Science and Innovation non-departmental appropriations report
4. WorkSafe New Zealand's annual report

Multi-year appropriation

Appropriation name	Actual 2021/22 \$000	Actual 2020/21 \$000
Economic and Regional Development: Auckland Pacific Skills (2020–2025) – MYA		
Original appropriation	20,965	20,965
Cumulative adjustments	–	–
Total adjusted appropriation	20,965	20,965
Cumulative actual expenditure 1 July	3,246	–
Current year actual expenditure	3,736	3,246
Cumulative actual expenditure 30 June	6,982	3,246
Appropriation remaining 30 June	13,983	17,719

OUTCOME 3: INFORMED CONSUMERS AND BUSINESSES INTERACTING WITH CONFIDENCE



Achieved 52 out of 64 output performance targets

VOTE BUILDING AND CONSTRUCTION		2021/22		2020/21
Appropriation	Performance measures	Target	Actual	Actual
Insurance Claims Resolution 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 Greater Christchurch Claims Resolution Service (GCCRS) that would recommend GCCRS to others	At least 75%	93% ²⁹	94%
Occupational Licensing 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 ³⁰	Acceptable level of compliance
Residential Tenancy and Unit Title Services 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.	Number of interventions undertaken dealing with the breaches of the <i>Residential Tenancies Act 1986</i>	2,500	2,461	2,047
	Percentage of dispute resolution mediations settled	85%	83%	New measure for 2021
Weathertight Services This appropriation is intended to assist resolution of weathertight homes claims in New Zealand.	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%	67% ³¹	90%
Building Policy, Regulation and Advice MCA This appropriation is intended to achieve a regulatory system that ensures safe and healthy building practice in the construction sector, and effective policy advice and support to Ministers.	Average satisfaction of Ministers annually	Average score of 4 out of 5 or better	4.8 ³²	4.8

29 The total sample size is 201 with a response rate of 30%. The result has a margin of error of ±6%. An online survey with an option to respond anonymously was used to collect results.

30 An internal auditor from the Occupational Regulation Quality Committee conducts the internal audit. A rating system of 1-5 is used for this measure (1 = unacceptable level of compliance; 5 = high level of compliance).

31 Because Weathertight Services is now in its 'sunset' phase, the overall number of long assessments undertaken is few and likely to be more complex than in previous years. Six reports were completed for the 2021/22 financial year. Two reports took longer than 120 working days, of which, one report took 121 working days (in part, due to COVID-19 delays).

32 The Minister for Building & Construction was not in a position to complete the ministerial satisfaction survey for the period 1 January 2022 to 30 June 2022, given they took responsibility of the portfolio in late June 2022.

VOTE BUILDING AND CONSTRUCTION		2021/22		2020/21
Appropriation	Performance measures	Target	Actual	Actual
Building Regulation and Control This appropriation is intended to achieve a regulatory system that ensures safe and healthy building practice in the construction sector.	Percentage of determinations subject to clarification due to inadequate coverage of issues	Less than 3%	0%	0%
	Percentage of determinations successfully appealed	Less than 2%	0%	0%
	Percentage of users satisfied that information provided on matters relating to Building Control has met their needs	At least 72% of users surveyed	78% ³³	82%
Executive functions and building system support This category is intended to achieve effective stewardship and regulation of the building system through the performance of executive functions, and provision of external support to statutory bodies where necessary to ensure they perform their functions effectively.	External support provided to ensure the effective performance of statutory bodies meets timeframes and standards agreed with the Minister for Building and Construction	Achieved	Achieved	Achieved
	Investigation and enforcement activities are undertaken and completed according to agreed timeframes and standards	Achieved	Achieved	Achieved
Policy Advice and Related Services to Ministers – Building and Construction This category is intended to achieve the provision of high quality policy advice and support to Ministers.	Building and Construction sector data and research are undertaken to inform policy and regulatory work	Achieved	Achieved	Achieved
	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	98%	90%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	96%	100%
	Parliamentary questions	95% or above	96%	96%
Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	73%	71%	

VOTE BUSINESS, SCIENCE AND INNOVATION		2021/22		2020/21
Appropriation	Performance measures	Target	Actual	Actual
Commerce and Consumer Affairs: Administration of the COVID-19 Consumer Travel Reimbursement Scheme This appropriation is intended to achieve the effective and efficient processing of claims and disbursement of funds to travel businesses on the refunds and credits secured on behalf of New Zealand consumers.	Percentage of verified claims and disbursements of funds to travel businesses allocated accurately	100%	100%	100%
	Percentage of verified claims and disbursements processed within 10 working days	100%	97%	92%
Commerce and Consumer Affairs: Consumer Advocacy Council for Small Electricity Consumers This appropriation is intended to achieve the provision of evidence-based advocacy on policy and regulatory consultations, and in decision-making processes, on behalf of small business and residential electricity consumers.	Establish evidence baseline to inform advocacy	Achieved	Achieved	New measure for 2021/22

³³ An online five-star rating module was used to collect results. This survey is optional for users accessing the website, with a total of 805 respondents during the 2021/22 period.

VOTE BUSINESS, SCIENCE AND INNOVATION		2021/22		2020/21
Appropriation	Performance measures	Target	Actual	Actual
<p>Commerce and Consumer Affairs: Consumer Information</p> <p>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.</p>	Develop three consumer information programmes	3	4	3
<p>Commerce and Consumer Affairs: Official Assignee Functions</p> <p>This appropriation is intended to achieve increased business and consumer confidence through the discharge of the Official Assignee's statutory responsibilities.</p>	Audit rating of acceptable or better, for compliance with statutory and best practice management functions across all Insolvency Offices	Acceptable or better	High level of compliance ³⁴	High level of compliance
<p>Commerce and Consumer Affairs: Registration and Granting of Intellectual Property Rights</p> <p>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.</p>	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%	99.9%
<p>Commerce and Consumer Affairs: Registration and Provision of Statutory Information</p> <p>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.</p>	Percentage of online company name approvals and consents processed within 35 minutes of receipt during normal business hours	95%	98%	98%
	Availability of the Companies and Personal Property Securities online registers (excludes agreed outages for scheduled maintenance)	99%	99.8%	99.7%
	Maintain 80% (or above) satisfaction with the services, tools and support business.govt.nz provides to small businesses.	80% or more	75% ³⁵	New measure 2021/22
<p>Commerce and Consumer Affairs: Standards Development and Approval</p> <p>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.</p>	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	Not Achieved ³⁶	Achieved
<p>Commerce and Consumer Affairs: Trading Standards</p> <p>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.</p>	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	Rating of acceptable or better	Acceptable level of compliance ³⁷	Acceptable level of compliance

34 Two senior staff members from the Insolvency and Trustee Service office conducts the internal audit on a six-monthly period (March and September). Each part of the programme is given a rating between 1-5 (1 = an excellent level of compliance; 5 = the office does not comply).

35 The lower rating was due to COVID-19 restrictions, which affected small businesses. Content quality, tools and resources were still produced to a high standard and were easily accessed. The total sample size is 12,626 with a response rate of 100%. Satisfaction ratings are provided by users directly through the website.

36 This was delayed by one month to allow the annual report to capture performance, activity and financial information for the full year, and because of COVID-19 and other ill health absences affecting the resourcing available to work on this report while completing year-end activities.

37 An internal auditor from the Trading Standards Quality Management Committee conducts the internal audit. The auditors conduct audits on operational areas they are not directly responsible for. A rating system of 1-4 is used for this measure (1= unacceptable level of compliance; 4 = high level of compliance).

VOTE BUSINESS, SCIENCE AND INNOVATION		2021/22		2020/21
Appropriation	Performance measures	Target	Actual	Actual
<p>Communications: Management and Enforcement of the Radiocommunications Act 1989</p> <p>This appropriation is intended to achieve the provision of effective and efficient allocation and licensing of the radio spectrum and covers all commercial regulatory and non-commercial activities.</p>	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 ³⁸	Acceptable level of compliance
<p>Communications: Management of Emergency Telecommunications Services MCA</p> <p>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.</p>	Operation and maintenance of location capabilities for emergency call services	Achieved	Achieved	New measure 2020/21
<p><i>Management and Development of Commercialisation</i></p> <p>This category is intended to achieve the assessment and development of possible international commercialisation opportunities for New Zealand's emergency mobile location technology.</p>	Project milestones delivered on time	Achieved	Achieved ³⁹	New measure 2021/22
<p><i>Management of Telecommunications Capabilities</i></p> <p>This category is intended to achieve ongoing management of telecommunications location capabilities for emergency call services</p>	Operational service levels and key performance indicators are achieved	Achieved	Achieved	Achieved
<p>Communications: Services for Deaf, Hearing-Impaired and Speech-Impaired People MCA</p> <p>This appropriation is intended to achieve the removal of barriers to telecommunications services for deaf and hearing impaired people.</p>	Call minutes (across all services) monitored for trends of use	Achieved	Achieved	Achieved
<p><i>Telecommunications Development Levy Funded Procurement – Deaf Relay Service TSO</i></p> <p>This category is intended to achieve the purchase of deaf relay services for deaf, hearing-impaired, and speech-impaired people.</p>	Minimum service level agreement met or exceeded for the full year	Achieved	Achieved ⁴⁰	New measure 2021/22

³⁸ Performance reports are audited by managers on a monthly basis. Three reports linked to Register Radio Frequency are audited where the combined rating is then used to calculate the overall result. A rating system of 0%-100% is used for this measure (0% = unacceptable level of compliance; 100% = high level of compliance).

³⁹ There was one milestone planned for this category for 2021/22. This involved confirming the feasibility of continued operation of the ECLI service which resulted in the creation of the 'Regulation of Telecommunication Services 2022-2025' appropriation.

⁴⁰ The service level agreement with Concentrix was exceeded for 21/22 across production and website; mobile app and operations. Call minutes delivered for Video Interpreting Services were significantly above contracted minutes and call minutes delivered for Text Relay services were in line with forecast.

VOTE BUSINESS, SCIENCE AND INNOVATION		2021/22		2020/21
Appropriation	Performance measures	Target	Actual	Actual
Policy Advice and Related Services to Ministers MCA (Business, Science and Innovation) <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	Achieved	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	Achieved
<i>Policy Advice and Related Services to Ministers – Commerce and Consumer Affairs</i> This category is intended to achieve the provision of high quality policy advice and support to Ministers and ensure Crown entities are appropriately monitored.	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	74%	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	4.5	4.0
	Ministers receive advice on entities' accountability documents within statutory timeframes	100%	100%	100%
	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	96%	97%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	95%	100%
	Parliamentary questions	95% or above	100%	98%
<i>Policy Advice and Related Services to Ministers – Digital Economy and Communications</i> This category is intended to achieve the provision of high quality policy advice and support to Ministers and ensure Crown entities are appropriately monitored.	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	75%	72%
	The satisfaction of the Minister for the Digital Economy and Communications with the policy advice service, as per the common satisfaction survey	Average score of 4 out of 5 or better	4.0	4.0
	Ministers receive advice on entities' accountability documents within statutory timeframes	100%	100%	100%
	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	97%	76%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	88% ⁴¹	83%
	Parliamentary questions	95% or above	92%	89%

⁴¹ Twenty-three out of 26 items were responded to on time. The effect of embedding a new ministerial servicing model in 2021/22, and the prioritisation of resources towards direct operational and policy work alongside a substantial increase in the ministerial workload in 2021/22, led to items being sent late and the target being missed.

VOTE BUSINESS, SCIENCE AND INNOVATION		2021/22		2020/21
Appropriation	Performance measures	Target	Actual	Actual
Policy Advice and Related Services to Ministers – Small Business This category is intended to achieve the provision of high quality policy advice and support to Ministers.	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	70%	68%
	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	4.9	4.8
	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	97%	89%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	100%	100%
Parliamentary questions	95% or above	80% ⁴²	91%	
Small Business: Business and Wellbeing Support MCA This appropriation is intended to achieve the provision wellbeing support services for businesses in the Auckland region who were impacted by COVID-19.	Number of businesses that accessed funding through the First Steps programme	125	380 ⁴³	New measure for 2021/22
	Number of businesses registered for provision of advisory and implementation services through the Activate Tāmaki Makaurau programme.	12,000	12,847	New measure for 2021/22
	Number of Māori and Pasifika businesses that have registered for business advisory and implementation services through the Activate Tāmaki Makaurau programme.	2,200	2,918 ⁴⁴	New measure for 2021/22
Delivery of business and wellbeing support services This category is intended to achieve the effective design, establishment and monitoring of the Activate Tamaki Makaurau programme (including First Steps).	Contractual obligations are met, Governance structures are upheld and regular reporting milestones are met.	Achieved	Achieved ⁴⁵	New measure for 2021/22
Wellbeing Support for businesses This category is intended to achieve effective delivery of business advisory and wellbeing support services to small businesses in the Auckland region.	Number of times mental health and well-being resources have been downloaded	18,000	44,000 ⁴⁶	New measure for 201/22
	Number of businesses who accessed 'First Steps' website	35,000	54,000 ⁴⁶	New measure for 2021/22
Small Business: Digital Enablement of Small Business MCA This appropriation is intended to achieve digital acceleration of New Zealand small businesses by facilitating the provision of and access to digital business skills training, advisory services, support, and tools.	Percentage of small business very satisfied or satisfied using Digital Boost services	Greater than or equal to 75%	80%	79%

42 The prioritisation of resources towards direct operational and policy work, alongside a substantial increase in the ministerial workload in 2021/22, led to items being sent late and the target being missed.

43 The year-end result has exceeded the initial performance standard due to growth and demand from businesses.

44 The year-end result has exceeded the initial performance standard due to effective communication channels generating demand.

45 The work for the year involved:

› Activate Tamaki Makaurau was delivered between October 2021 and 31 August 2022 and was designed to deliver health and wellbeing support to business and their staff impacted by covid restrictions. Services and support were delivered through Business Community Platform resources, front line support, helplines, marketing, in which time all contractual milestones were met as per the programme's objectives.

› The initiative's steering group delivered six programme reports, culminating in a Project Close Report, released in September 2022.

46 The year-end result has far exceeded the initial performance standard due to demand for this resource.

VOTE BUSINESS, SCIENCE AND INNOVATION		2021/22		2020/21
Appropriation	Performance measures	Target	Actual	Actual
<i>Small Business: Digital Enablement Programme Design, and Management</i> This category is intended to achieve the effective design, establishment and monitoring of the Digital Enablement Programme.	Successful procurement, administration and management for delivering the Digital Boost Programme (third-party contracts)	Achieved	Achieved ⁴⁷	Achieved
<i>Small Business: Digital Enablement Small Business and Provider Funding and Services</i> This category is intended to achieve effective delivery of Digital Enablement services using third-party provider.	The number of businesses signing up to the Digital Boost Skills Training	60,000	8,925 ⁴⁸	Achieved (34,342 small business trainees registered)
	The number of small businesses receiving Digital Business Advisory support and/or developing Digital Business Action Plans by June 2023	10,000	4,300 as at 30 June 2022	New Measure for 2021/22

VOTE LABOUR MARKET		2021/22		2020/21
Appropriation	Performance measures	Target	Actual	Actual
Immigration – Regulation of Immigration Advisers 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 ⁴⁹	Acceptable level of compliance

47 Key deliverables were within schedule and budget allocation and they included the following:

- › continuation of the Educate platform,
- › procurement and establishment of the Checkable tool, and
- › establishment of the Digital Facilitation Scheme.

48 The annual number of new registrations for 2021/22 was 8,925. There have been 47,961 registered business trainees since the establishment of the Digital Boost Skills Training program. This is a more accurate reflection of the actual progress made towards the performance target, with the intent to capture:

- › the number of business trainees - as it has been determined that small business trainees are more reflective of the programme. Small business trainees are made up of small business owners, sole traders/partnerships, small business employees and those who are thinking of starting a business (this was supposed to be amended in the 2021/22 supplementary estimates process), and
- › a cumulative registration total of all business trainees registered since the establishment of the Digital Boost Skills Training platform. The measure will be updated in 2022/23 Vote Business, Science and Innovation Supplementary Estimates to clarify that small business trainees are measured and the performance target figure will be annualised.

49 An internal auditor from the Occupational Regulation Quality Committee conducts the internal audit. A rating system of 1-4 is used for this measure (1= unacceptable level of compliance; 4 = high level of compliance).

How much we spent

Actual 2020/21 \$000	Our expenditure summary	Actual 2021/22 \$000	Supplementary Estimates 2021/22 \$000	Main Estimates 2021/22 \$000
244,572	Departmental expenses	272,337	321,754	299,649
276,722	Non-departmental expenses	251,377	302,638	241,860
	– Departmental capital	–	–	–
71,550	Non-departmental capital	79,700	256,965	7,165
592,844	Total expenditure for outcome	603,414	881,357	548,674

Our services and functions – Departmental

Actual 2020/21 \$000	Appropriation name	Location of year-end performance information	Actual 2021/22 \$000	Supplementary Estimates 2021/22 \$000	Main Estimates 2021/22 \$000
Departmental outputs					
7,228	Insurance Claims Resolution		7,162	8,140	6,166
8,752	Occupational Licensing		14,225	17,137	11,687
36,074	Residential Tenancy and Unit Title Services		39,799	44,958	43,958
5,586	Weathertight Services		4,417	5,102	7,652
283	Commerce and Consumer Affairs: Administration of the COVID-19 Consumer Travel Reimbursement Scheme		45	132	–
2	Commerce and Consumer Affairs: Consumer Advocacy Council for Small Electricity Consumers		993	1,600	1,600
2,305	Commerce and Consumer Affairs: Consumer Information		1,916	2,375	2,375
22,077	Commerce and Consumer Affairs: Official Assignee Functions		23,155	26,962	26,033
27,346	Commerce and Consumer Affairs: Registration and Granting of Intellectual Property Rights		30,366	32,231	32,031
42,192	Commerce and Consumer Affairs: Registration and Provision of Statutory Information		44,890	50,648	44,333
7,667	Commerce and Consumer Affairs: Standards Development and Approval		6,804	7,407	6,256
4,724	Commerce and Consumer Affairs: Trading Standards		5,764	7,012	7,012
7,304	Communications: Management and Enforcement of the <i>Radiocommunications Act 1989</i>		7,560	14,705	14,705
3,029	Immigration – Regulation of Immigration Advisers		2,991	4,020	4,020
174,569	Total departmental output expenditure		190,087	222,429	207,828

Actual 2020/21 \$000	Appropriation name	Location of year-end performance information	Actual 2021/22 \$000	Supplementary Estimates 2021/22 \$000	Main Estimates 2021/22 \$000
Multi-category expenses and capital expenditure					
44,019	Building Policy, Regulation and Advice MCA		49,940	56,736	53,713
	<i>Departmental output expenses</i>				
40,411	› Building Regulation and Control		41,711	46,904	46,904
18	› Executive Functions and Building System Support		40	171	100
3,590	› Policy Advice and Related Services to Ministers – Building and Construction		8,182	9,651	6,709
	<i>Non-departmental output expenses</i>				
–	› Supporting the performance of statutory boards		7	10	–
29,461	Commerce and Consumer Affairs: Enforcement of General Market Regulation MCA		35,703	36,203	34,953
	<i>Non-departmental output expenses</i>				
10,493	› Enforcement of Competition Regulation	1	12,039	12,039	12,039
18,484	› Enforcement of Consumer Regulation	1	19,084	19,084	19,084
484	› Liquid Fuels Monitoring and Enforcement	3	3,330	3,830	3,830
	› Commerce and Consumer Affairs: Retail Payment Systems Administration and Enforcement	1	1,250	1,250	–
7,370	Commerce Commission Litigation Funds MCA		7,411	13,708	13,708
	<i>Non-departmental other expenses</i>				
2,994	› Commerce Commission Externally-Sourced Litigation	1	2,594	8,500	10,208
4,376	› Commerce Commission Internally-Sourced Litigation	1	4,817	5,208	3,500
7,073	Communications: Management of Emergency Telecommunications Services MCA		9,809	19,484	17,613
	<i>Departmental output expenses</i>				
–	› Management and Development of Commercialisation		–	10	10
7,073	› Management of Telecommunications Capabilities		9,809	19,474	17,603
8,721	Communications: Services for Deaf, Hearing Impaired and Speech Impaired People MCA		4,750	5,884	5,584
	<i>Non-departmental output expenses</i>				
1,494	› Administrative Support for Telecommunications Relay Equipment and Services	3	81	139	1,519
	<i>Non-departmental other expenses</i>				
7,227	› Telecommunications Development Levy Funded Procurement –Deaf Relay Service TSO	3	4,669	5,580	3,900
	<i>Non-departmental capital expenditure</i>				
–	› Acquisition of Relay Equipment		–	165	165

Actual 2020/21 \$000	Appropriation name	Location of year-end performance information	Actual 2021/22 \$000	Supplementary Estimates 2021/22 \$000	Main Estimates 2021/22 \$000
	– Emergency Management: Services for Hazards Management MCA		4,100	4,100	–
	<i>Non-departmental output expenses</i>				
	– › Services for Hazards Management	7	1,900	1,900	–
	<i>Non-departmental capital expenditure</i>				
	– › Capital to Support Services for Hazards Management	3	2,200	2,200	–
18,391	Policy Advice and Related Services to Ministers MCA		21,561	21,395	19,495
	<i>Departmental output expenses</i>				
840	› Investigative Services – Trade Remedies		796	575	575
	– › Policy Advice – Commerce and Consumer Affairs		–	–	–
	– › Policy Advice – Communications		–	–	–
	– › Policy Advice – Small Business		–	–	–
11,625	› Policy Advice and Related Services to Ministers – Commerce and Consumer Affairs	5	11,632	12,435	12,435
4,569	› Policy Advice and Related Services to Ministers – Communications	5	6,888	5,913	5,013
1,357	› Policy Advice and Related Services to Ministers – Small Business	5	2,245	2,472	1,472
48,500	Services and Advice to Support Well-functioning Financial Markets MCA		53,500	53,500	53,500
	<i>Non-departmental output expenses</i>				
10,282	› Performance of Investigation and Enforcement Functions		11,342	11,342	11,342
19,060	› Performance of Licensing and Compliance Monitoring Functions		21,025	21,025	21,025
19,158	› Performance of Market Analysis and Guidance, Investor Awareness, and Regulatory Engagement Functions		21,133	21,133	21,133
11,684	Small Business: Digital Enablement of Small Business MCA		16,069	23,816	22,000
	<i>Departmental output expenses</i>				
520	› Small Business: Digital Enablement Programme Design, and Management		947	1,000	1,000
	<i>Non-departmental output expenses</i>				
11,164	› Small Business: Digital Enablement Small Business and Provider Funding and Services		15,122	22,816	21,000
	– Small Business: Business and Wellbeing Support MCA		4,187	8,000	–
	<i>Departmental output expenses</i>				
	– › Delivery of business and wellbeing support services		–	720	–
	<i>Non-departmental output expenses</i>				
	– › Wellbeing Support for businesses		4,187	7,280	–
175,219	Total multi-category expenses and capital expenditure		207,030	242,826	220,566
349,788	Total expenditure		397,117	465,255	428,394

Our Services – Non-departmental

Actual 2020/21 \$000	Appropriation name	Location of year-end performance information	Actual 2021/22 \$000	Supplementary Estimates 2021/22 \$000	Main Estimates 2021/22 \$000
Non-departmental output expenses					
5,510	Commerce and Consumer Affairs: Accounting and Assurance Standards Setting	4	8,581	8,581	8,581
1,494	Commerce and Consumer Affairs: Administration of the Takeovers Code	10	1,494	1,494	1,494
2,580	Commerce and Consumer Affairs: Competition Studies	3	2,686	3,133	2,580
30,030	Commerce and Consumer Affairs: COVID-19 Consumer Travel Reimbursement Scheme	8	4,079	17,170	–
	– Commerce and Consumer Affairs: Economic Regulation Inquiries		–	1,000	–
628	Commerce and Consumer Affairs: Enforcement of Dairy Sector Regulation and Auditing of Milk Price Setting	3	602	757	757
341	Commerce and Consumer Affairs: Regulation of Airport Services (2019–2024) – MYA	1	366	600	475
8,622	Commerce and Consumer Affairs: Retirement Commissioner	9	8,622	8,622	8,622
	– Commerce and Consumer Affairs: Review of Commerce Act Input Methodologies for Economic Regulation for the Period 2021–2024 – MYA	1	417	500	2,082
	– Communications: Addressing Māori Interests in Radio Spectrum (M100)		–	3,305	3,305
1,792	Communications: Emergency Telecommunications Services		–	–	1,064
5,403	Communications: Enforcement of Telecommunications Sector Regulation	1	7,888	9,118	9,118
4,790	Enforcement of Telecommunications Sector Fibre and Broadcasting Transmission Service Regulation (2019–2022) – MYA	1	5,264	5,721	6,018
61,190	Total non-departmental output expenses		39,999	60,001	44,096
Non-departmental other expenses					
	– Payments in respect of the Weathertight Services Loan Guarantees PLA		–	1,500	1,500
545	Residential Earthquake-Prone Buildings Financial Assistance Scheme: Delivery and Administration of the Loan Scheme for Earthquake-Prone Buildings	3	338	1,537	1,125
	– Residential Earthquake-Prone Buildings Financial Assistance Scheme: Fair Value Write-down (2020–2024) – MYA		–	–	2,400
100	Unwind of Discount Rate Used in the Present Value Calculation of Direct Payments Under the Weathertight Homes Financial Assistance Package	3	110	1,659	1,659
4,027	Commerce and Consumer Affairs: Financial Markets Authority Litigation Fund	5	2,000	9,851	5,000
200	Commerce and Consumer Affairs: Takeovers Panel Litigation Fund		–	200	200
78	Energy and Resources: Fair Value Write-down on Loans and Investments	3	597	1,000	500
38,130	Infrastructure: Regional Digital Connectivity Improvements (2018–2021) – MYA	2	32,992	32,992	56,800

Actual 2020/21 \$000	Appropriation name	Location of year-end performance information	Actual 2021/22 \$000	Supplementary Estimates 2021/22 \$000	Main Estimates 2021/22 \$000
67,236	Infrastructure: Telecommunications Development Levy Funded Procurement – Telecommunications Infrastructure Investment (2019–2022) – MYA	2	52,761	52,762	–
110,316	Total non-departmental other expenses		88,798	101,501	69,184
	Non-departmental capital expenditure				
	– Residential Earthquake-Prone Buildings Financial Assistance Scheme: Loan Scheme for Earthquake-Prone Buildings (2020–2024) – MYA		–	–	7,000
	– Communications: Radio Spectrum Management Rights – Capital		–	165,600	–
70,000	Infrastructure: Broadband Investment (2018–2021) – MYA	2	77,500	87,500	–
1,550	Investment in the Financial Markets Authority	3	–	1,500	–
71,550	Total non-departmental capital expenditure		77,500	254,600	7,000
243,056	Total non-departmental annual and MYA expenses		206,297	416,102	120,280
592,844	Total expenditure for outcome		603,414	881,357	548,674

Location of year-end performance information

1. Commerce Commission annual report
2. Crown Infrastructure Partners' annual report
3. Exemption granted under section 15D(2)(b) of the *Public Finance Act 1989*
4. External Reporting Board's annual report
5. Financial Markets Authority's annual report
6. Minister for Digital Economy and Communications in the Vote Business, Science and Innovation non-departmental appropriations report
7. Minister for Emergency Management in the Vote Business, Science and Innovation Non-Departmental Appropriations Report
8. Minister of Commerce and Consumer Affairs in the Vote Business, Science and Innovation non-departmental appropriations report
9. Retirement Commissioner's annual report
10. Takeovers Panel's annual report

Multi-year appropriation

Appropriation name	Actual 2021/22 \$000	Actual 2020/21 \$000
Commerce and Consumer Affairs: Regulation of Airport Services (2019–2024) – MYA		
Original appropriation	2,763	2,763
Cumulative adjustments	–	–
Total adjusted appropriation	2,763	2,763
Cumulative actual expenditure 1 July	659	318
Current year actual expenditure	366	341
Cumulative actual expenditure 30 June	1,025	659
Appropriation remaining 30 June	1,738	2,104
Enforcement of Telecommunications Sector Fibre and Broadcasting Transmission Service Regulation (2019–2022) – MYA		
Original appropriation	12,300	12,300
Cumulative adjustments	6,359	6,359
Total adjusted appropriation	18,659	18,659
Cumulative actual expenditure 1 July	12,938	8,148
Current year actual expenditure	5,264	4,790
Cumulative actual expenditure 30 June	18,202	12,938
Appropriation remaining 30 June	457	5,721
Infrastructure: Broadband Investment (2018–2021) – MYA		
Original appropriation		582,500
Cumulative adjustments		10,000
Total adjusted appropriation	–	592,500
Cumulative actual expenditure 1 July		435,000
Current year actual expenditure		70,000
Cumulative actual expenditure 30 June	–	505,000
Appropriation remaining 30 June	–	87,500
Infrastructure: Regional Digital Connectivity Improvements (2018–2021) – MYA		
Original appropriation		80,000
Cumulative adjustments	–	–
Total adjusted appropriation	–	80,000
Cumulative actual expenditure 1 July		9,878
Current year actual expenditure		38,130
Cumulative actual expenditure 30 June	–	48,008
Appropriation remaining 30 June	–	31,992
Infrastructure: Telecommunications Development Levy Funded Procurement – Telecommunications Infrastructure Investment (2019–2022) – MYA		
Original appropriation	101,500	101,500
Cumulative adjustments	53,904	52,321
Total adjusted appropriation	155,404	153,821
Cumulative actual expenditure 1 July	102,642	35,406
Current year actual expenditure	52,761	67,236
Cumulative actual expenditure 30 June	155,403	102,642
Appropriation remaining 30 June	1	51,179

Appropriation name	Actual 2021/22 \$000	Actual 2020/21 \$000
Residential Earthquake-Prone Buildings Financial Assistance Scheme: Fair Value Write-down (2020–2024) – MYA		
Original appropriation	4,800	4,800
Cumulative adjustments	1,300	–
Total adjusted appropriation	6,100	4,800
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	–	–
Cumulative actual expenditure 30 June	–	–
Appropriation remaining 30 June	6,100	4,800
Residential Earthquake-Prone Buildings Financial Assistance Scheme: Loan Scheme for Earthquake-Prone Buildings (2020–2024) – MYA		
Original appropriation	10,000	10,000
Cumulative adjustments	–	–
Total adjusted appropriation	10,000	10,000
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	–	–
Cumulative actual expenditure 30 June	–	–
Appropriation remaining 30 June	10,000	10,000
Tenant Health and Safety Information (2015–2020) – MYA		
Original appropriation		
Cumulative adjustments		
Total adjusted appropriation	–	–
Cumulative actual expenditure 1 July		
Current year actual expenditure	–	–
Cumulative actual expenditure 30 June	–	–
Appropriation remaining 30 June	–	–

OUTCOME 4: VALUE IS SUSTAINABLY DERIVED FROM THE NATURAL ENVIRONMENT



Achieved 14 out of 21 output performance targets

VOTE BUSINESS, SCIENCE AND INNOVATION		2021/22		2020/21
Appropriation	Performance measures	Target	Actual	Actual
Energy and Resources: Information Services 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
	Statistical releases are free from significant errors	100%	100%	100%
	Statistical releases are published on the advertised date	100%	100%	100%
Energy and Resources: Management of the Crown Mineral Estate This appropriation is intended to achieve the efficient allocation and management of Crown-owned petroleum and mineral resources.	Percentage of mineral applications are granted or declined within 120 working days	80%	52% ⁵⁰	62%
	Percentage of petroleum applications are granted or declined within 120 working days	80%	62% ⁵¹	58%
	Iwi are consulted with on all applications that are within their rohe	100%	100%	100%
	Energy and Resource Markets statutory consultation requirements are met	Achieved	Achieved	Achieved
Energy and Resources: Supporting Decommissioning of Oil Fields This appropriation is intended to achieve the efficient management of planning, compliance, demobilisation and decommissioning activities	Number of Tui project Steering Group meetings over the financial year	6	8 ⁵²	6
Energy and Resources: Renewable Energy in Public and Māori Housing This appropriation is intended to achieve lower energy costs and the decarbonisation of public and Māori housing infrastructure.	Percentage of projects funded that are selected in accordance with scheme assessment and evaluation criteria	100%	100%	100%
Operational Support This category is intended to achieve the improvement of energy affordability through the operational deployment of renewable energy solutions on public housing.	Percentage of projects funded that comply with scheme assessment criteria	100%	100%	100%
	Percentage of projects funded that comply with evaluation plan	100%	Not measured ⁵³	Baseline to be established

⁵⁰ In 2021/22, the Ministry continued to manage a significant minerals application queue. This is primarily due to what has now been a sustained surge in the price of gold post the COVID-19 lockdown. The volume of applications on hand, combined with a significant number of applications with insufficient supporting information, has resulted in lengthy timeframes for assessment. Timeliness of decision-making in relation to applications has also been affected by increased attention being given to Treaty of Waitangi and *Climate Change Response Act 2002* (section 5ZN) considerations.

⁵¹ Timeliness of decision-making in relation to petroleum applications has primarily been affected by the increased attention being given to Treaty of Waitangi and *Climate Change Response Act 2002* (section 5ZN) considerations.

⁵² Eight steering group meetings were held during the year, which was two above the target of six. The additional meetings were justified as best practice to keep the steering group adequately informed during a busy operational year.

⁵³ Twenty-six projects have been funded as of 30 June 2022. Although they have started, the evaluation fieldwork has just commenced and the system monitoring data was not available from the funded projects at the time of reporting for 30 June 2022.

VOTE BUSINESS, SCIENCE AND INNOVATION		2021/22		2020/21
Appropriation	Performance measures	Target	Actual	Actual
Provision of Funding for Purchase of Renewable Energy Solutions This category is intended to achieve the improvement of energy affordability through the provision of grants to non-government Māori organisations and communities to deploy renewable energy solutions on Māori Housing.	Percentage of projects funded that comply with scheme assessment criteria	100%	100%	100%
	Percentage of projects funded that comply with evaluation plan	100%	Not measured ⁵⁴	Baseline to be established
Equity Investments This category is intended to achieve the improvement of energy affordability through the procurement of renewable energy capital assets on government owned housing.	Percentage of projects funded that comply with scheme assessment criteria	100%	100%	Not assessed
	Percentage of projects funded that comply with evaluation plan	100%	Not measured ⁵⁴	Not assessed
Policy Advice and Related Services to Ministers MCA (Business, Science and Innovation) Policy Advice and Related Services to Ministers – Energy and Resources This category is intended to achieve the provision of high quality policy advice and support to Ministers and ensure Crown entities are appropriately monitored.	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	74%	74%
	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	4.6	4.8
	Ministers receive advice on entities' accountability documents within statutory timeframes	100%	100%	100%
	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	94%	74%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	94% ⁵⁵	86%
	Parliamentary questions	95% or above	96%	98%

54 Twenty-six projects have been funded as of 30 June 2022. Although they have started, the evaluation fieldwork has just commenced and the system monitoring data was not available from the funded projects at the time of reporting for 30 June 2022.

55 Forty-nine out of 52 items were on time. The prioritisation of resources towards direct operational and policy work, alongside a substantial increase in the ministerial workload in 2021/22, led to items being sent late and the target being missed.

How much we spent

Actual 2020/21 \$000	Our expenditure summary	Actual 2021/22 \$000	Supplementary Estimates 2021/22 \$000	Main Estimates 2021/22 \$000
28,466	Departmental expenses	30,987	39,509	35,086
417,243	Non-departmental expenses	244,679	356,344	424,767
	– Departmental capital	–	–	–
2,431	Non-departmental capital	6,342	20,409	4,460
448,140	Total expenditure for outcome	282,008	416,262	464,313

Our services and functions – Departmental

Actual 2020/21 \$000	Appropriation name	Location of year-end performance information	Actual 2021/22 \$000	Supplementary Estimates 2021/22 \$000	Main Estimates 2021/22 \$000
Departmental outputs					
2,564	Energy and Resources: Information Services		2,531	2,957	2,689
19,089	Energy and Resources: Management of the Crown Mineral Estate		15,560	19,173	19,173
70	Energy and Resources: Supporting Decommissioning of Oil Fields (2021–2025) – MYA		1,493	3,912	3,077
21,723	Total departmental output expenditure		19,584	26,042	24,939
Multi-category expenses and capital expenditure					
1,002	Energy and Resources: Renewable Energy in Public and Māori Housing MCA		3,903	6,817	5,700
<i>Non-departmental output expenses</i>					
76	> Operational Support		8	461	390
926	> Provision of Funding for Purchase of Renewable Energy Solutions		3,895	2,693	2,850
<i>Non-departmental capital expenditure</i>					
–	> Equity Investments		–	3,663	2,460
6,743	Policy Advice and Related Services to Ministers MCA		11,403	13,467	10,147
<i>Departmental output expenses</i>					
6,743	> Policy Advice and Related Services to Ministers – Energy and Resources		11,403	13,467	10,147
7,745	Total multi-category expenses and capital expenditure		15,306	20,284	15,847
29,468	Total expenditure		34,890	46,326	40,786

Our services – Non-departmental

Actual 2020/21 \$000	Appropriation name	Location of year-end performance information	Actual 2021/22 \$000	Supplementary Estimates 2021/22 \$000	Main Estimates 2021/22 \$000
Non-departmental output expenses					
5,792	Commerce and Consumer Affairs: Regulation of Electricity Lines Services (2019–2024) – MYA	1	6,135	8,541	8,541
1,081	Commerce and Consumer Affairs: Regulation of Gas Pipelines Services (2019–2024) – MYA	1	3,660	3,717	3,517
507	Energy and Resources: Advice on Viable Energy Storage Projects (2020–2025) – MYA	5	13,847	39,567	63,298
76,487	Energy and Resources: Electricity Industry Governance and Market Operations	2	77,372	82,674	78,157
31,517	Energy and Resources: Energy Efficiency and Conservation	3	48,399	50,770	51,770
500	Energy and Resources: Energy Solutions for Public and Māori Housing		–	–	–
4,867	Energy and Resources: Implementation of the Grant Scheme for Warm, Dry Homes (2018–2022) – MYA	3	5,826	5,677	5,272
10,659	Energy and Resources: Management of IEA Oil Stocks (2020–2024) – MYA	5	3,459	15,000	29,000
	– Energy and Resources: Managing the Security of New Zealand’s Electricity Supply (2017–2022) – MYA		–	6,000	1,200
	– Energy and Resources: Meeting Crown Obligations (2021–2025) – MYA		–	–	–
175,410	Energy and Resources: Oil Field Decommissioning		–	20,223	–
306,820	Total non-departmental output expenses		158,698	232,169	240,755
Non-departmental other expenses					
218	Energy and Resources: Accelerating Energy Efficiency and Fuel Switching in Industry (2021–2025) – MYA	3	10,667	33,982	19,600
1,144	Energy and Resources: Electricity Litigation Fund	2	132	2,000	444
99,439	Energy and Resources: Grant Scheme for Warm, Dry Homes (2018–2022) – MYA	3	62,316	75,991	72,480
220	Energy and Resources: International Energy Agency Contribution	4	163	248	248
8,400	Energy and Resources: National New-Energy Development Centre	5	4,400	4,400	88,000
	– Energy and Resources: National New-Energy Development Centre (2022–2026) – MYA	5	4,400	4,400	–
109,421	Total non-departmental other expenses		82,078	121,021	180,772
Non-departmental capital expenditure					
1,427	Energy and Resources: Crown Energy Efficiency	3	3,086	3,500	2,000

Outcome four: Value is sustainably derived from the natural environment

Actual 2020/21 \$000	Appropriation name	Location of year-end performance information	Actual 2021/22 \$000	Supplementary Estimates 2021/22 \$000	Main Estimates 2021/22 \$000
1,004	Energy and Resources: Crown Energy Efficiency – Capital Injection	4	3,256	13,246	–
2,431	Total non-departmental capital expenditure		6,342	16,746	2,000
418,672	Total non-departmental annual and MYA expenses		247,118	369,936	423,527
448,140	Total expenditure for outcome		282,008	416,262	464,313

Location of year-end performance information

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

Multi-year appropriation

Appropriation name	Actual 2021/22 \$000	Actual 2020/21 \$000
Commerce and Consumer Affairs: Regulation of Electricity Lines Services (2019–2024) – MYA		
Original appropriation	28,311	28,311
Cumulative adjustments	10,254	10,254
Total adjusted appropriation	38,565	38,565
Cumulative actual expenditure 1 July	12,675	6,883
Current year actual expenditure	6,135	5,792
Cumulative actual expenditure 30 June	18,810	12,675
Appropriation remaining 30 June	19,755	25,890
Commerce and Consumer Affairs: Regulation of Gas Pipelines Services (2019–2024) – MYA		
Original appropriation	9,684	9,684
Cumulative adjustments	3,337	3,337
Total adjusted appropriation	13,021	13,021
Cumulative actual expenditure 1 July	2,381	1,300
Current year actual expenditure	3,660	1,081
Cumulative actual expenditure 30 June	6,041	2,381
Appropriation remaining 30 June	6,980	10,640
Energy and Resources: Accelerating Energy Efficiency and Fuel Switching in Industry (2021–2025) – MYA		
Original appropriation	69,000	69,000
Cumulative adjustments	25,000	–
Total adjusted appropriation	94,000	69,000
Cumulative actual expenditure 1 July	218	–
Current year actual expenditure	10,667	218
Cumulative actual expenditure 30 June	10,885	218
Appropriation remaining 30 June	83,115	68,782

Appropriation name	Actual 2021/22 \$000	Actual 2020/21 \$000
Energy and Resources: Advice on Viable Energy Storage Projects (2020–2025) – MYA		
Original appropriation	93,085	93,085
Cumulative adjustments	(433)	–
Total adjusted appropriation	92,652	93,085
Cumulative actual expenditure 1 July	507	–
Current year actual expenditure	13,847	507
Cumulative actual expenditure 30 June	14,354	507
Appropriation remaining 30 June	78,298	92,578
Energy and Resources: Grant Scheme for Warm, Dry Homes (2018–2022) – MYA		
Original appropriation	132,240	132,240
Cumulative adjustments	173,505	173,505
Total adjusted appropriation	305,745	305,745
Cumulative actual expenditure 1 July	162,394	62,955
Current year actual expenditure	62,316	99,439
Cumulative actual expenditure 30 June	224,710	162,394
Appropriation remaining 30 June	81,035	143,351
Energy and Resources: Implementation of the Grant Scheme for Warm, Dry Homes (2018–2022) – MYA		
Original appropriation	10,260	10,260
Cumulative adjustments	9,134	9,134
Total adjusted appropriation	19,394	19,394
Cumulative actual expenditure 1 July	8,647	3,780
Current year actual expenditure	5,826	4,867
Cumulative actual expenditure 30 June	14,473	8,647
Appropriation remaining 30 June	4,921	10,747
Energy and Resources: Management of IEA Oil Stocks (2020–2024) – MYA		
Original appropriation	113,000	113,000
Cumulative adjustments	416	416
Total adjusted appropriation	113,416	113,416
Cumulative actual expenditure 1 July	10,659	–
Current year actual expenditure	3,459	10,659
Cumulative actual expenditure 30 June	14,118	10,659
Appropriation remaining 30 June	99,298	102,757
Energy and Resources: Managing the Security of New Zealand's Electricity Supply (2017–2022) – MYA		
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
Energy and Resources: Meeting Crown Obligations (2021–2025) – MYA		
Original appropriation	84,344	84,344

Appropriation name	Actual 2021/22 \$000	Actual 2020/21 \$000
Cumulative adjustments	-	-
Total adjusted appropriation	84,344	84,344
Cumulative actual expenditure 1 July	-	-
Current year actual expenditure	-	-
Cumulative actual expenditure 30 June	-	-
Appropriation remaining 30 June	84,344	84,344
Energy and Resources: Supporting Decommissioning of Oil Fields (2021–2025) – MYA		
Original appropriation	9,804	9,804
Cumulative adjustments	-	-
Total adjusted appropriation	9,804	9,804
Cumulative actual expenditure 1 July	70	-
Current year actual expenditure	1,493	70
Cumulative actual expenditure 30 June	1,563	70
Appropriation remaining 30 June	8,241	9,734
Resource Data Acquisition and Management (2015–2018) – MYA		
Original appropriation		
Cumulative adjustments		
Total adjusted appropriation	-	-
Cumulative actual expenditure 1 July		
Current year actual expenditure	-	
Cumulative actual expenditure 30 June	-	-
Appropriation remaining 30 June	-	-

OUTCOME 5: A DYNAMIC BUSINESS ENVIRONMENT FOSTERING INNOVATION AND INTERNATIONAL CONNECTIONS



Achieved 29 out of 42 output performance targets

VOTE BUSINESS, SCIENCE AND INNOVATION		2021/22		2020/21
Appropriation	Performance measures	Target	Actual	Actual
Communications: Cyber Security Services 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%	99.4% ⁵⁶	100%
	Number of cyber threat landscape reports produced for public consumption	4	4	4
	Year-on-year increase in consumption of CERT NZ's content and services (measured by web traffic, social media engagement and advisory subscribers)	15%	39% ⁵⁷	28%
Communications: Pacific Cyber Security Initiatives 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 ⁵⁸	Achieved

⁵⁶ The year-end result has exceeded the initial performance standard due to the automatic nature of the system.

⁵⁷ The year-end result has exceeded the initial performance standard likely due to greater public awareness of CERT NZ from major advisory releases.

⁵⁸ A monthly progress report and forward work plan cover the delivery of the CERT NZ Support to Pacific Island Countries Memorandum of Understanding for FY2021-2022.

VOTE BUSINESS, SCIENCE AND INNOVATION		2021/22		2020/21
Appropriation	Performance measures	Target	Actual	Actual
Economic Development: Implementation of Improvements in Public Sector Procurement and Services to Business 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 (result stable 57 out of 100)	Seamless measures increase (57 out of 100)
	Percentage of participating agencies satisfied or very satisfied	70%	70% ⁵⁹	71%
	Percentage of tenders from mandated Government agencies seeking public value (including broader outcomes) through their procurement activity on GETS	At least 75%	29% ⁶⁰	New measure for 2021/22
	Savings target across public sector agencies identified through the Government Procurement Reform agenda for the financial year	\$175m	\$200m ⁶¹	\$166m
	Support an increase in government procurement capability through learning and training activities	Achieved	Achieved ⁶²	Achieved
	Annual improvement in satisfaction rating for the quality of government procurement practice from the annual government procurement business survey	3 out of 5	Not measured ⁶³	New measure 2021/22
Public Service: Property Management within the State Sector This appropriation is intended to achieve improved property management practices across government.	Percentage of mandated agency property transactions approved by Government Property Group (GPG) in accordance with the Government's expectations	100%	100%	New measure 2021/22
	Annual improvement in mandated agency satisfaction rating of GPG performance	5 percentage points	0 percentage points ⁶⁴	New measure 2021/22
Research, Science and Innovation: Innovative Partnerships This appropriation is intended to achieve the attraction of overseas investment in Research and Development to New Zealand.	Percentage of annual pipeline opportunities assessed within six months	100%	100%	100%
Research, Science and Innovation: National Research Information System 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.	Reporting tools are developed and additional funding agencies are on-boarded by September 2022	Achieved	Not achieved ⁶⁵	Not achieved

59 The total sample size is 3,852 with a response rate of 37%. The result has a margin of error of ±5%. Survey Monkey was used to collect results.

60 The data collected is likely to be misrepresentative due to a data collection issue. MBIE is in the process of making the changes to address this at the point of collection, however, the data cannot be retrospectively amended.

61 There were larger savings recorded against air travel, recruitment, energy and gas, and a new office supplier contract.

62 There is a suite of wānanga (training opportunities) for Government staff involved in the Procurement and Management of Social Services. The workshops and training sessions delivered during the year includes:
 › Demystifying Procurement: 30 workshops
 › Social Services Procurement: 631 participants registered on Hikina (the online learning portal).

63 The annual business survey was not undertaken in 2021/22, and is under review as part of the reset of government procurement work programme on the 10th of November 2021. A refreshed survey is expected to be released later in 2022.

64 The weighted average for 2021/22 year-ending is 3.0 and this was measured against data collected for the 2020/21 year where the result was also 3.0. This provides us with a 0 percentage point improvement year-on-year.

65 Development of the New Zealand Research Information System information technology solution has been more complex than anticipated and is likely to be completed by March 2023. Onboarding of additional funding agencies is progressing and will allow some reporting to be produced ahead of the completion of the information technology system.

VOTE BUSINESS, SCIENCE AND INNOVATION		2021/22		2020/21
Appropriation	Performance measures	Target	Actual	Actual
Tourism: International Visitor Conservation and Tourism Levy Collection 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%	100%
Ministry of Business, Innovation and Employment – Capital Expenditure PLA 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%	88%	90%
Research, Science and Innovation: In-year payments loans This appropriation is intended to achieve the increase in the value of the Research and Development Tax Incentive to recipients by allowing their entitlement to be paid in the same year as the Research and Development expenditure is incurred.	The Research and Development Tax Incentive In-Year Payments Loans programme has been successfully established following a procurement process.	Achieved	Not achieved ⁶⁶	New measure for 2021/22
Economic Development: Development of Early Stage Capital Markets MCA This appropriation is intended to achieve market development services for the private sector for early stage capital markets investing in emerging high growth New Zealand companies	Number of new investments in companies from the Aspire NZ Seed Fund	Reaching or exceeding 15	11 ⁶⁷	14
	Industry development initiatives undertaken in conjunction with NZPCA and AANZ	4	5	New measure for 2021/22
Policy Advice and Related Services to Ministers MCA (Business, Science and Innovation) <i>Policy Advice and Related Services to Ministers – Economic Development</i> This category is intended to achieve the provision of high quality policy advice and support to Ministers and ensure Crown entities are appropriately monitored.	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	73%	72%
	The satisfaction of the Minister for Economic and Regional Development with the policy advice service, as per the common satisfaction survey	Average score of 4 out of 5 or better	4.6	4.3
	Ministers receive advice on entities’ accountability documents within statutory timeframes	100%	100%	100%
	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	86% ⁶⁸	87%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	98%	63%
	Parliamentary questions	95% or above	93%	93%

66 All relevant ministers have approved the detailed design of in year payments, and the Minister of Finance has approved the loans under the public interest test of the *Public Finance Act 1989*. The procurement process is currently live, remaining uncertainty is in the negotiation and contracting process. MBIE anticipates successful establishment of this programme by December 2022.

67 Information from New Zealand Growth Capital Partners notes that the target was not met because of four main drivers: the number of new deals declined for all market participants but the round sizes increased (fewer but more substantial rounds); Aspire was actively targeting underinvested markets and reducing its focus on Software as a Service rounds if sufficient capital was already available, meaning a temporary slowdown occurred in investments in the new, higher priority sectors; staff capacity constraints; and timing of investments considered in rounds.

68 The effect of embedding a new ministerial servicing model in 2021/22, and the prioritisation of resources towards direct operational and policy work, alongside a substantial increase in the Ministerial workload in the 2021/22 financial year, led to items being sent late and the target being missed.

VOTE BUSINESS, SCIENCE AND INNOVATION		2021/22		2020/21
Appropriation	Performance measures	Target	Actual	Actual
<p><i>Policy Advice and Related Services to Ministers – Research, Science and Innovation</i></p> <p>This category is intended to achieve the provision of high quality policy advice and support to Ministers and ensure Crown entities are appropriately monitored.</p>	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	71%	74%
	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	4.3 ⁶⁹	4.8
	Ministers receive advice on entities' accountability documents within statutory timeframes	100%	100%	100%
	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	84% ⁷⁰	84%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	55% ⁷¹	77%
	Parliamentary questions	95% or above	87% ⁷²	95%
<p>Research, Science and Innovation: Contract Management MCA</p> <p>This appropriation is intended to achieve efficient and effective management of the science and innovation system.</p>	Contracts are monitored through agreed reporting programmes	Achieved	Achieved	Achieved
<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%	100%
<p>Research, Science and Innovation: Strategic Science Investment Fund MCA</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%	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%	100%

69 Due to changes in portfolio responsibilities, this result is the combined scores from the survey responses from both the Minister and Associate Minister of Research, Science and Innovation for June to December 2021 and the new Minister of Research, Science and Innovation January to June 2022.

70 Thirty-seven out of 44 items were sent on time. The effect of embedding a new ministerial servicing model in 2021/22, and the prioritisation of resources towards direct operational and policy work, alongside a substantial increase in the ministerial workload in 2021/22, led to items being sent late and the target being missed.

71 Eighteen out of 33 items were sent on time. The effect of embedding a new ministerial servicing model in 2021/22 and the prioritisation of resources towards direct operational and policy work, alongside a substantial increase in the ministerial workload in 2021/22, led to items being sent late and the target being missed.

72 One hundred and thirty-seven of 157 items were sent on time. The prioritisation of resources towards direct operational and policy work, alongside a substantial increase in the ministerial workload in 2021/22, led to items being sent late and the target being missed.

VOTE BUSINESS, SCIENCE AND INNOVATION		2021/22		2020/21
Appropriation	Performance measures	Target	Actual	Actual
<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%	100%
<p><i>Strategic Science Investment Fund – Capital for 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%	New measure for 2021/22
<p>Research, Science and Innovation: Talent and Science Promotion MCA</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%	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%	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%	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%	96%	100%

How much we spent

Actual 2020/21 \$000	Our expenditure summary	Actual 2021/22 \$000	Supplementary Estimates 2021/22 \$000	Main Estimates 2021/22 \$000
115,732	Departmental expenses	123,383	154,935	148,282
2,004,153	Non-departmental expenses	1,578,101	1,762,166	1,756,473
78,205	Departmental capital	77,658	72,662	83,470
150,802	Non-departmental capital	40,535	108,526	32,968
2,348,892	Total expenditure for outcome	1,819,677	2,098,289	2,021,193

Our services and functions – Departmental

Actual 2020/21 \$000	Appropriation name	Location of year-end performance information	Actual 2021/22 \$000	Supplementary Estimates 2021/22 \$000	Main Estimates 2021/22 \$000
Departmental outputs					
8,103	Communications: Cyber Security Services		7,769	8,672	8,123
	– Communications: Pacific Cyber Security Initiatives		–	–	–
217	Communications: Pacific Cyber Security Initiatives (2020–2025) – MYA		624	876	783
33,464	Economic Development: Implementation of Improvements in Public Sector Procurement and Services to Business		37,592	43,031	41,681
2,790	Research, Science and Innovation: Innovative Partnerships		2,969	4,526	3,026
1,648	Research, Science and Innovation: National Research Information System		1,258	1,876	1,628
17,043	Public Service: Property Management Services	3	15,396	22,221	22,221
5,023	Public Service: Property Management within the State Sector		5,630	8,721	7,221
75	Tourism: International Visitor Conservation and Tourism Levy Collection		161	665	665
68,363	Total departmental output expenditure		71,399	90,588	85,348
Departmental capital					
78,205	Ministry of Business, Innovation and Employment – Capital Expenditure PLA		77,658	72,662	83,470
78,205	Total departmental capital		77,658	72,662	83,470
Multi-category expenses and capital expenditure					
23,600	Energy and Resources: Investment in Infrastructure Projects MCA	2	16,932	77,129	26,511
<i>Non-departmental output expenses</i>					
250	› Operational Support of Infrastructure Investments	3	500	500	–
<i>Non-departmental other expenses</i>					
–	› Capital Infrastructure Investments – Fair Value Write-down	3	16,000	22,000	–
23,350	› Grants to Support Infrastructure Investments	2	432	27,148	24,011
<i>Non-departmental capital expenditure</i>					
–	› Loans and Equity Investments to Support Infrastructure Investments		–	27,481	2,500

Actual 2020/21 \$000	Appropriation name	Location of year-end performance information	Actual 2021/22 \$000	Supplementary Estimates 2021/22 \$000	Main Estimates 2021/22 \$000
30,078	Policy Advice and Related Services to Ministers MCA		34,372	44,892	44,079
	<i>Departmental output expenses</i>				
-	› Policy Advice – Economic Development		-	-	-
-	› Policy Advice – Science and Innovation		-	-	-
21,507	› Policy Advice and Related Services to Ministers – Economic Development		21,763	33,918	35,405
8,571	› Policy Advice and Related Services to Ministers – Research, Science and Innovation		12,609	10,974	8,674
-	› Related Services to Ministers – Economic Development		-	-	-
-	› Related Services to Ministers – Science and Innovation		-	-	-
318,571	Research, Science and Innovation: Callaghan Innovation – Operations MCA		80,186	80,186	79,823
	<i>Non-departmental output expenses</i>				
38,061	› Building Business Innovation	1	35,318	35,318	34,955
7,750	› Business Research and Development Contract Management	1	7,750	7,750	7,750
-	› R&D Short-term Loan Scheme Subsequent Impairment of Loans		-	-	-
37,260	› Research and Development Services and Facilities for Business and Industry	1	37,118	37,118	37,118
	<i>Non-departmental other expenses</i>				
88,656	› R&D Short-term Loan Scheme initial Fair Value Write-down		-	-	-
	<i>Non-departmental capital expenditure</i>				
146,844	› Short-term Research and Development Loan Scheme		-	-	-
28,150	Research, Science and Innovation: Contract Management MCA		28,222	30,128	29,528
	<i>Departmental output expenses</i>				
17,291	› Science and Innovation Contract Management		17,612	19,455	18,855
	<i>Non-departmental output expenses</i>				
10,859	› Research Contract Management		10,610	10,673	10,673
345,699	Research, Science and Innovation: Strategic Science Investment Fund MCA		322,070	329,209	340,545
	<i>Non-departmental output expenses</i>				
64,257	› Strategic Science Investment Fund – Infrastructure		59,317	63,270	72,668
281,442	› Strategic Science Investment Fund – Programmes		262,253	265,439	266,877
	<i>Non-departmental capital expenditure</i>				
-	› Strategic Science Investment Fund – Capital for Infrastructure		500	500	1,000
34,909	Research, Science and Innovation: Talent and Science Promotion MCA		27,737	31,601	29,401

Actual 2020/21 \$000	Appropriation name	Location of year-end performance information	Actual 2021/22 \$000	Supplementary Estimates 2021/22 \$000	Main Estimates 2021/22 \$000
	<i>Non-departmental output expenses</i>				
19,978	› Fellowships for Excellence		10,548	10,570	10,570
8,987	› Science in Society		10,430	14,049	12,349
5,444	› Vision Mātauranga Capability Fund		5,759	5,982	5,982
	<i>Non-departmental other expenses</i>				
–	› Expanding the Impact of Vision Mātauranga – Talent and Navigation		500	500	–
500	› Royal Society of New Zealand	3	500	500	500
750	Economic Development: Development of Early Stage Capital Markets MCA		750	750	750
	<i>Non-departmental output expenses</i>				
750	› Investment Fund Management	3	750	740	740
	<i>Non-departmental capital expenditure</i>				
–	› Aspire NZ Seed Fund		–	10	10
56,102	Support New Market Opportunities to Grow Firms and Sectors for the Benefit of New Zealand MCA		59,490	67,231	61,231
	<i>Non-departmental other expenses</i>				
54,898	› International Growth Fund	7	58,763	66,027	60,027
1,204	› Sector Strategies and Facilitation	7	727	1,204	1,204
266,619	Support the Growth and Development of New Zealand Firms, Sectors and Regions MCA	7	251,358	253,632	201,055
	<i>Non-departmental output expenses</i>				
6,469	› Collaborative Activity and Special Events	7	6,086	6,086	4,420
181,743	› International Business Growth Services	7	182,104	182,104	181,454
78,407	› Services to Support the Growth and Development of New Zealand Businesses	7	63,168	65,442	15,181
1,104,478	Total multi-category expenses and capital expenditure		821,117	914,758	812,923
1,251,046	Total expenditure		970,174	1,078,008	981,741

Our services – Non-departmental

Actual 2020/21 \$000	Appropriation name	Location of year-end performance information	Actual 2021/22 \$000	Supplementary Estimates 2021/22 \$000	Main Estimates 2021/22 \$000
Non-departmental output expenses					
127,501	Research and Development Growth Grants (2017–2022) – MYA		–	1,211	172,586
45,100	Research, Science and Innovation: Crown Research Institutes – COVID-19 Response and Recovery		–	–	–
	– Research, Science and Innovation: Embedding International Talent in the New Zealand Innovation Ecosystem	3	250	250	–
236,403	Research, Science and Innovation: Endeavour Fund	5	224,769	227,148	242,712
130,021	Research, Science and Innovation: Health Research Fund	5	106,987	107,489	117,489
78,545	Research, Science and Innovation: Marsden Fund	5	78,545	78,545	78,545
8,118	Research, Science and Innovation: National Measurement Standards	1	8,567	8,567	8,118
96,769	Research, Science and Innovation: National Science Challenges (2019–2024) – MYA	5	97,062	97,063	114,744
28,265	Research, Science and Innovation: Partnered Research Fund	5	28,867	32,114	33,390
13,959	Research, Science and Innovation: Repayable Grants for Start-Ups	1	16,297	25,596	20,746
	– Research, Science and Innovation: Transitional Support to Research and Development Performing Businesses		–	9,500	–
41,261	Targeted Business Research and Development Funding (2017–2022) – MYA	1	52,000	114,345	32,500
70,972	Tourism: Strategic Tourism Assets Protection Programme	6	14,773	15,575	–
876,914	Total non-departmental output expenses		628,117	717,403	820,830
Non-departmental other expenses					
1,300	Economic Development: Attracting International Screen Productions	3	1,300	1,300	1,300
1,541	Economic Development: International Subscriptions and Memberships	3	1,617	1,760	1,760
169,834	Economic Development: New Zealand Screen Production Grant – International MYA (2017–2021) – MYA		–	–	140,000
	– Economic Development: New Zealand Screen Production Grant – International MYA (2021–2026) – MYA	4	140,440	146,730	–
34,776	Research, Science and Innovation: Catalyst Fund	5	27,870	31,976	34,751
	– Research, Science and Innovation: Innovative Partnerships Strategic Facilitation Fund	5	1,602	4,500	–
	– Research, Science and Innovation: In-year payments fair value write-down and impairment – MYA		–	6,355	–
9,523	Research, Science and Innovation: Regional Research Institutes	5	8,522	8,522	11,353
	– Sport and Recreation: 2023 FIFA Women’s World Cup – MYA		–	21,200	–
216,974	Total non-departmental other expenses		181,351	222,343	189,164

Actual 2020/21 \$000	Appropriation name	Location of year-end performance information	Actual 2021/22 \$000	Supplementary Estimates 2021/22 \$000	Main Estimates 2021/22 \$000
Non-departmental capital expenditure					
3,958	Research, Science and Innovation: Callaghan Innovation	1	25,035	25,035	29,458
	– Research, Science and Innovation: COVID-19: AgResearch Lincoln Facility Development – MYA	5	15,000	15,000	–
	– Research, Science and Innovation: In-year payments loans – MYA		–	40,500	–
3,958	Total non-departmental capital expenditure		40,035	80,535	29,458
1,097,846	Total non-departmental annual and MYA expenses		849,503	1,020,281	1,039,452
2,348,892	Total expenditure for outcome		1,819,677	2,098,289	2,021,193

Location of year-end performance information

1. Callaghan Innovation Annual report
2. Energy Efficiency and Conservation Authority's annual report
3. Exemption granted under section 15D(2)(b) of the *Public Finance Act 1989*
4. Minister for Economic and Regional Development in the Vote Business, Science and Innovation non-departmental appropriations report
5. Minister of Research, Science and Innovation in the Vote Business, Science and Innovation non-departmental appropriations report
6. Minister of Tourism in the Vote Business, Science and Innovation non-departmental appropriations report
7. New Zealand Trade and Enterprise's (NZTE) Annual Report

Multi-year appropriation

Appropriation name	Actual 2021/22 \$000	Actual 2020/21 \$000
Communications: Pacific Cyber Security Initiatives (2020–2025) – MYA		
Original appropriation	604	604
Cumulative adjustments	1,289	429
Total adjusted appropriation	1,893	1,033
Cumulative actual expenditure 1 July	217	–
Current year actual expenditure	624	217
Cumulative actual expenditure 30 June	841	217
Appropriation remaining 30 June	1,052	816
Economic and Regional Development: 2023 FIFA Women's World Cup (2020–2024) – MYA		
Original appropriation	24,600	24,600
Cumulative adjustments	(24,600)	–
Total adjusted appropriation	–	24,600
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	–	–
Cumulative actual expenditure 30 June	–	–
Appropriation remaining 30 June	–	24,600
Economic Development: New Zealand Screen Production Grant – International MYA (2017–2021) – MYA		

Appropriation name	Actual 2021/22 \$000	Actual 2020/21 \$000
Original appropriation		323,122
Cumulative adjustments		291,770
Total adjusted appropriation	–	614,892
Cumulative actual expenditure 1 July		404,894
Current year actual expenditure		169,834
Cumulative actual expenditure 30 June	–	574,728
Appropriation remaining 30 June	–	40,164
Economic Development: New Zealand Screen Production Grant – International MYA (2021–2026) – MYA		
Original appropriation	391,930	–
Cumulative adjustments	–	
Total adjusted appropriation	391,930	–
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	140,440	–
Cumulative actual expenditure 30 June	140,440	–
Appropriation remaining 30 June	251,490	–
Research and Development Growth Grants (2017–2022) – MYA		
Original appropriation	802,860	802,860
Cumulative adjustments	(85,751)	(59,751)
Total adjusted appropriation	717,109	743,109
Cumulative actual expenditure 1 July	715,898	588,397
Current year actual expenditure	–	127,501
Cumulative actual expenditure 30 June	715,898	715,898
Appropriation remaining 30 June	1,211	27,211
Research, Science and Innovation: National Science Challenges (2019–2024) – MYA		
Original appropriation	470,175	470,175
Cumulative adjustments	(47,674)	(29,700)
Total adjusted appropriation	422,501	440,475
Cumulative actual expenditure 1 July	187,059	90,290
Current year actual expenditure	97,062	96,769
Cumulative actual expenditure 30 June	284,121	187,059
Appropriation remaining 30 June	138,380	253,416
Targeted Business Research and Development Funding (2017–2022) – MYA		
Original appropriation	187,500	187,500
Cumulative adjustments	74,835	38,835
Total adjusted appropriation	262,335	226,335
Cumulative actual expenditure 1 July	147,990	106,729 ⁷³
Current year actual expenditure	52,000	41,261
Cumulative actual expenditure 30 June	199,990	147,990
Appropriation remaining 30 June	62,345	78,345

73 A restatement to the 2020/21 Cumulative actual expenditure 1 July of \$129.533 million has been made to reflect a presentation error in the 2018/19 financial year for the same line, which should have been disclosed as zero, instead of \$22.804 million.

Policy Advice and Related Services to Ministers MCA – Vote Business, Science and Innovation

Actual 2020/21 \$000	APPROPRIATION NAME	Actual 2021/22 \$000	Supplementary Estimates 2021/22 \$000	Main Estimates 2021/22 \$000
	Policy Advice and Related Services to Ministers MCA – Vote Business, Science and Innovation			
	Departmental output expenses			
840	› Investigative Services – Trade Remedies	796	575	575
–	› Policy Advice – Commerce and Consumer Affairs	–	–	–
–	› Policy Advice – Communications	–	–	–
–	› Policy Advice – Economic Development	–	–	–
–	› Policy Advice – Energy and Resources	–	–	–
–	› Policy Advice – Science and Innovation	–	–	–
–	› Policy Advice – Small Business	–	–	–
–	› Policy Advice – Tourism	–	–	–
11,625	› Policy Advice and Related Services to Ministers – Commerce and Consumer Affairs	11,632	12,435	12,292
4,569	› Policy Advice and Related Services to Ministers – Communications	6,888	5,913	5,015
21,507	› Policy Advice and Related Services to Ministers – Economic Development	21,763	33,918	21,047
6,743	› Policy Advice and Related Services to Ministers – Energy and Resources	11,403	13,467	5,832
8,571	› Policy Advice and Related Services to Ministers – Research, Science and Innovation	12,609	10,974	9,375
1,357	› Policy Advice and Related Services to Ministers – Small Business	2,245	2,472	1,472
8,339	› Policy Advice and Related Services to Ministers – Tourism	8,789	8,793	4,578
–	› Related Services to Ministers – Commerce and Consumer Affairs	–	–	–
–	› Related Services to Ministers – Communications	–	–	–
–	› Related Services to Ministers – Economic Development	–	–	–
–	› Related Services to Ministers – Energy and Resources	–	–	–
–	› Related Services to Ministers – Science and Innovation	–	–	–
–	› Related Services to Ministers – Small Business	–	–	–
–	› Related Services to Ministers – Tourism	–	–	–
63,551	Total Policy Advice and Related Services to Ministers MCA – Vote Business, Science and Innovation	76,125	88,547	60,186

Asset performance indicators for MBIE

MBIE’s assets support our ability to deliver successfully against our strategic intentions. MBIE manages two major asset portfolios: Information and Communications Technology (ICT), and Property.

Asset portfolio	Asset classes within MBIE’s portfolio
Property	Non-residential Buildings
ICT	Computer Hardware and Computer Software

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

- › Immigration New Zealand;
- › Te Whakatairanga Service Delivery/Labour, Science and Enterprise/Building Resources and Markets; and
- › Corporate.

MBIE’s Immigration New Zealand and Te Whakatairanga Service Delivery/Labour, Science and Enterprise/Building, Resources and Markets 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 asset performance measures

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

Measure	Indicator	2021/22 Target	2021/22 Actual	2020/21 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	14.0 m ²	12,055 m ² ⁷⁴	14.5 m ²
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 tenantable but unable to be accessed for a period of time.	Condition	100%	81% ⁷⁵	80%
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%	87% ⁷⁶	98%

74 Target range is between 12m² and 16m² per FTE.

75 Three buildings occupied with NBS Rating under 70%. Negotiation underway to move to new premises in Whangarei and Marlborough. Awaiting confirmation on NBS rating from four landlords. They are smaller sites with mostly hub/space share agreements.

76 Two sites were occupied as of June 2022 – with expired BWOFF – MBIE has now exited these sites and have moved to new premises. Remaining sites with outstanding BWOFF certificates are smaller sites with mostly hub/space share agreements. Requests have been sent for updated BWOFF Certificates.

ICT asset performance measures

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

Measure	Indicator	2021/22 Target	2021/22 Actual	2020/21 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%	99.94%
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%	99.99%	99.98%
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%	100%	96.88%
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%	100%	96.1%
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:	Functionality	100%	100% ⁷⁷	100%
<ul style="list-style-type: none"> › meeting requirements with some limited level of operational enhancements scheduled › have planned continuous improvement programme in place › have an end of life in line with life expectancy for the system, with a planned replacement. 				

77 100% (Te Whakatairanga Service Delivery/Labour, Science and Enterprise/ Building, Resources and Markets). 100% (Immigration New Zealand).



OUR FINANCIAL STATEMENTS

FINANCIAL COMMENTARY

This section of the annual report provides a commentary on MBIE’s 2021/22 financial results and a view of our forecast financial plans for 2022/23.

This commentary compares financial performance for the year with:

- › the previous financial year, 2020/21
- › the 2021/22 budget set in May 2021 as part of the Government’s Budget. This is referred to as **Unaudited Budget**
- › the 2022/23 budget set in May 2022 as part of the Government’s Budget. This is referred to as **Unaudited Forecast**

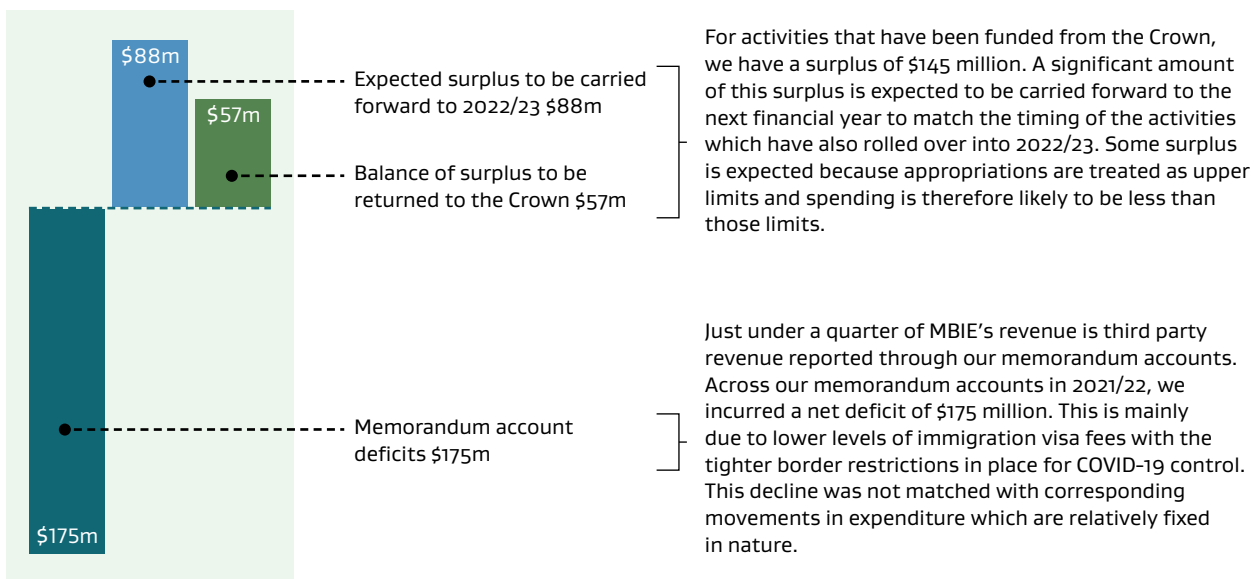
Information is also provided in this commentary on non-departmental operations, where MBIE administer activities on behalf of the Crown.

2021/22 DEPARTMENTAL RESULTS

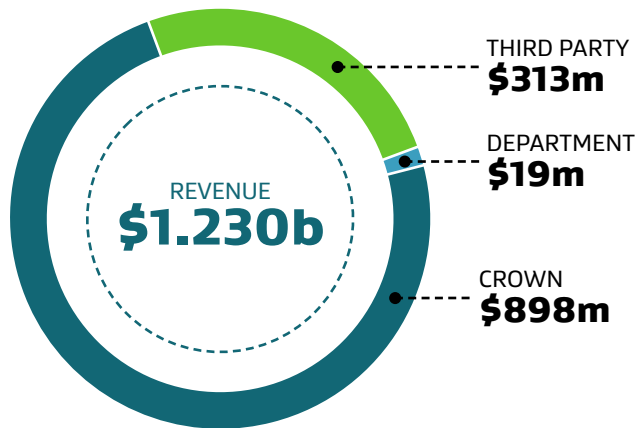
MBIE’s 2021/22 departmental activities are funded through 52 appropriations across 3 votes. In 2021/22 our revenue was \$1,230 million and our expenditure \$1,261 million. Across all our departmental activities we have incurred a net deficit of \$31 million (2021: \$61 million).

Crown revenue has increased from the prior year, largely due to funding the on-going COVID-19 and future pandemic response, namely the future of MIQ and the resettlement of Afghan nationals. Third party revenue has slowly started to increase in the financial year, aligning with the staged re-opening of the New Zealand border from February 2022 onwards, and is expected to grow with borders fully re-opening to the rest of the world, contributing to the improvement in MBIE’s prior year net deficit.

2021/22 operating results



THE MONEY WE RECEIVE TO FUND OUR DEPARTMENTAL OPERATIONS

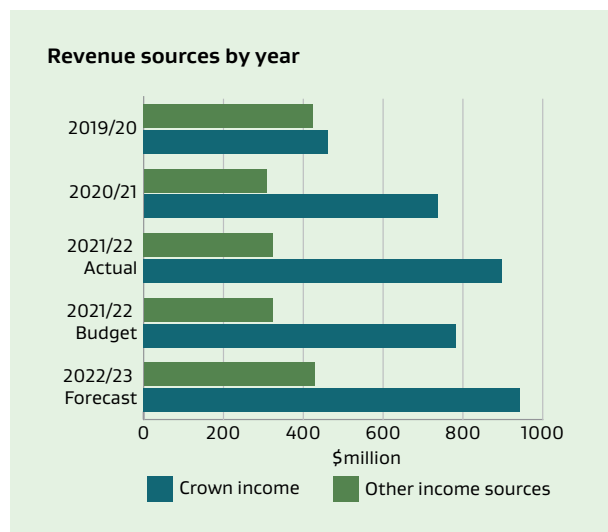


MBIE receives funding to deliver services and functions on behalf of the Government. The majority of our funding comes from the Crown and from fees and levies charged to third parties for our services.

	Actual 2018 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2022 \$000	Unaudited Budget 2022 \$000	Unaudited Forecasts 2023 \$000
Crown revenue	365,888	404,190	461,548	735,937	897,618	782,869	942,720
Third party revenue	376,501	408,472	408,399	287,965	313,538	292,598	404,366
Department revenue	14,533	25,502	16,696	19,959	18,807	30,659	23,793
Total revenue	756,922	838,164	886,643	1,043,861	1,229,963	1,106,126	1,370,879

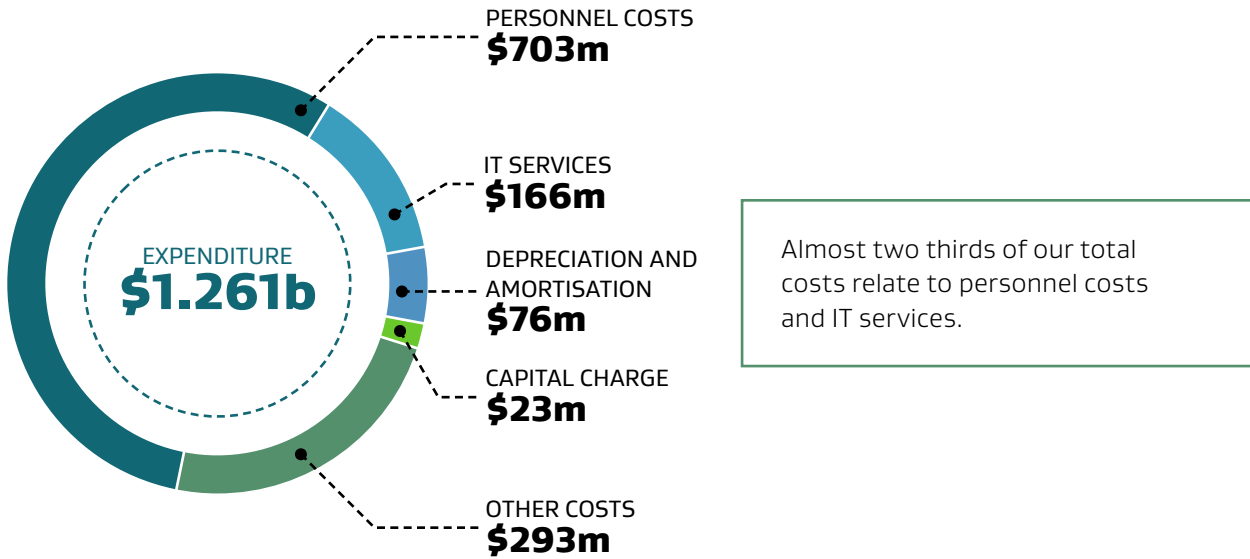
In 2021/22 our departmental revenue was \$186 million more than 2020/21 and \$124 million higher than the 2021/22 Budget.

Crown revenue was \$162 million more than 2020/21 and \$115 million higher than 2021/22 Budget. New funding was provided, and existing funding moved from MBIE’s non-departmental operations to support the quarantine and isolation arrangements and to determine the future of New Zealand’s response to the on-going COVID-19 as well as potential future pandemics. Additional funding was also provided to the settlement and integration of refugees and other migrants, the fair pay agreement system, as well as additional funding for policy advice and related services.



Third party and department revenue was \$24 million more than 2020/21 and \$8 million higher than the 2021/22 Budget. The increase from 2020/21 was due to the uptake in immigration services as a result of the staged re-opening of the New Zealand border from February 2022 onwards, and is expected to grow with borders fully re-opening to the rest of the world.

HOW WE SPENT THE FUNDING WE RECEIVED FOR OUR DEPARTMENTAL OPERATIONS



	Actual 2018 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2022 \$000	Unaudited Budget 2022 \$000	Unaudited Forecasts 2023 \$000
Personnel costs	433,634	456,787	540,255	590,455	703,127	776,908	724,752
IT costs	98,222	115,806	136,590	142,902	166,243	184,218	192,253
Depreciation, amortisation and impairment	45,264	50,490	54,822	86,116	75,720	65,052	53,215
Capital charge	12,566	16,580	20,418	23,258	23,216	20,373	26,478
Other operating costs	160,839	174,542	178,826	262,222	292,726	234,118	328,795
Total expenditure	750,525	814,205	930,911	1,104,953	1,261,032	1,280,669	1,325,493

In 2021/22 we spent \$1,261 million as a department, \$156 million more than 2020/21 and \$20 million lower than the 2021/22 Budget. This is mainly due to the costs related to MIQ operational support, including personnel and security costs.

Depreciation, amortisation, and impairment is \$10 million less than 2020/21 at \$76 million, due to the change in the accounting policy for Software-as-a-Service ("SaaS") arrangements resulting from the implementation of agenda decisions issued by the International Financial Reporting Interpretations Committee clarifying its interpretation of how current accounting standards apply. The change in the accounting policy was applied retrospectively, effectively reducing the amount of intangible assets subject to amortisation in 2021/22.

THE MEMORANDUM ACCOUNTS WE ADMINISTER

	Actual 2018 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2022 \$000	Unaudited Budget 2022 \$000	Unaudited Forecasts 2023 \$000
Immigration visa	(45,724)	(65,123)	(127,137)	(79,226)	(182,823)	(210,083)	(271,993)
Building controls	43,015	55,548	56,327	57,019	66,184	49,647	58,901
Registration and granting of intellectual property rights	29,804	31,181	30,060	28,762	26,510	19,212	15,272
Other memorandum accounts	41,623	45,645	32,806	36,800	25,450	(1,437)	(10,111)
Memorandum account balance at 30 June	68,718	67,251	(7,944)	43,355	(64,679)	(142,661)	(207,931)

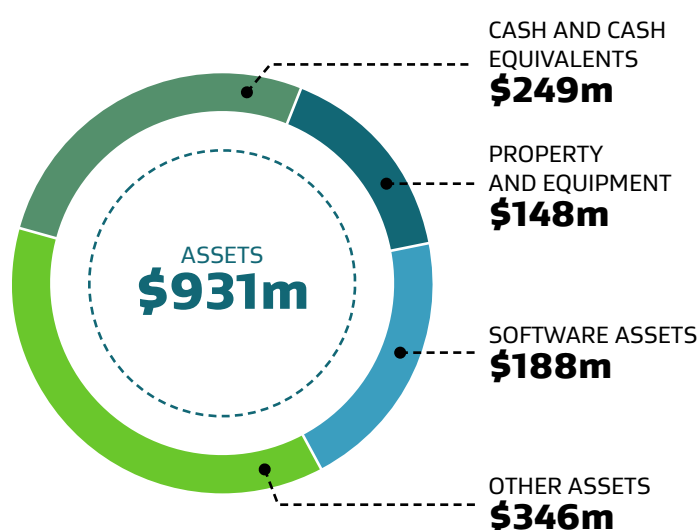
Memorandum accounts record the cumulative surplus or deficit of MBIE services that are intended to be fully cost recovered from third parties through fees, levies or other charges. Memorandum accounts provide transparency around these services, and in the long term, the balance of each memorandum account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

In 2021/22 MBIE administered 14 (2020/21: 14) memorandum accounts.

The overall memorandum account balance at 30 June 2022 was a \$65 million deficit, decreasing by \$108 million from the prior year. The year's deficit was mainly due to the \$168 million (2020/21: \$172 million) deficit in the immigration visa memorandum account reflecting the impact of COVID-19 related border restrictions on revenue. However, with the staged re-opening of the New Zealand border from February 2022 onwards, revenue is expected to grow.

The overall deficit includes \$67 million of capital injections to the immigration-related memorandum accounts to bring the account balances back to pre-COVID-19 levels as at 29 February 2020.

THE DEPARTMENTAL ASSETS WE MANAGE TO SUPPORT OUR OPERATIONS



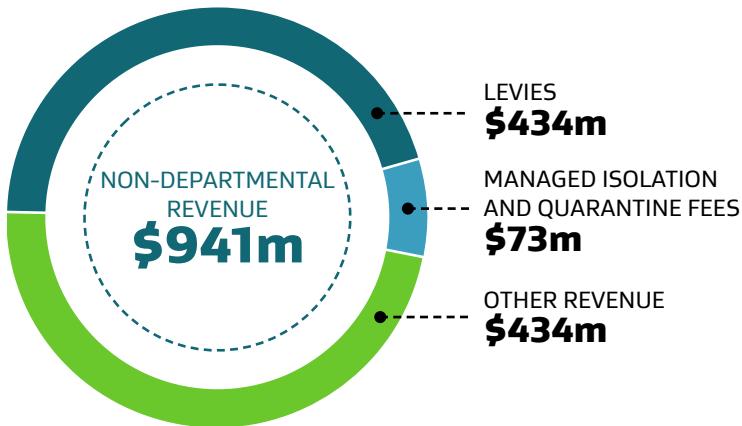
	Actual 2018 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2022 \$000	Unaudited Budget 2022 \$000	Unaudited Forecast 2023 \$000
Cash and cash equivalents	97,171	115,285	140,710	178,512	249,284	107,762	120,596
Property and equipment	96,710	110,977	134,941	139,475	147,396	171,969	147,154
Software assets	203,189	216,880	233,329	191,603	188,191	246,002	107,005
Other assets	106,821	111,480	83,362	237,287	345,769	100,031	387,287
Total assets	503,891	554,622	592,342	746,877	930,640	625,764	762,042
Capital expenditure	71,269	74,484	98,562	78,206	77,658	81,252	72,978

MBIE manages \$931 million of departmental assets. Software assets and property and equipment represent almost half of our assets. Software assets are the systems used 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 2021/22 our software assets decreased by \$34 million compared to 2020/21 and was \$58 million lower than the 2021/22 Budget due to the change in the accounting policy for Software-as-a-Service ("SaaS") arrangements. Please refer to note 2 and 9 of the departmental financial statements for additional details.

Cash and cash equivalents are \$71 million higher than the prior year and \$142 million higher than the 2021/22 Budget due to the timing of returning unused cash back to the Crown. This is reflected in the increase in other assets which is mainly due to Crown funding not yet drawn down. Due to holding sufficient cash, reductions in discretionary expenditure and timing of expenditure, less funds have been required to be drawn down.

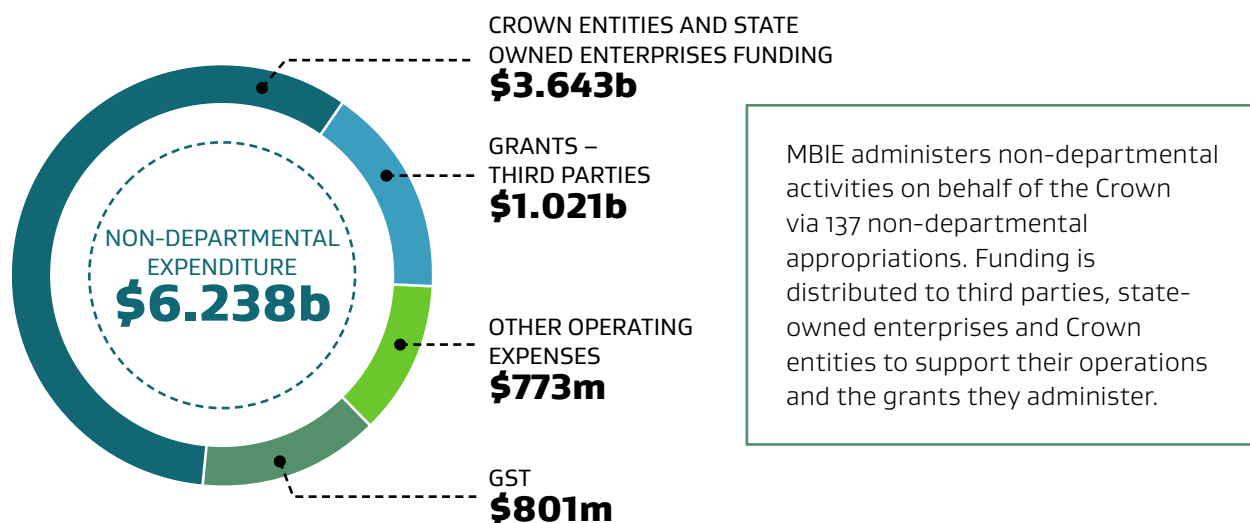
THE NON-DEPARTMENTAL REVENUE WE RECEIVED ON BEHALF OF THE CROWN



	Actual 2018 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2022 \$000	Unaudited Budget 2022 \$000	Unaudited Forecast 2023 \$000
Levies	332,316	459,719	374,444	348,155	434,069	418,507	451,937
Managed Isolation and Quarantine Fees	-	-	-	123,812	72,658	68,511	-
Other revenue	331,801	357,188	300,965	273,435	434,016	334,091	252,603
Total non-departmental revenue	664,117	816,907	675,409	745,402	940,743	821,109	704,540

Non-departmental revenue for 2021/22 was \$195 million more than 2020/21 and \$120 million higher than the 2021/22 Budget. Levies are higher compared to 2020/21 due to increased Health and Safety at work levies and Immigration and Migrant levies. Other revenue is higher than both 2020/21 and the 2021/22 Budget mainly due to large one-off receipts of Criminal proceeds (recovery) during 2021/22.

THE NON-DEPARTMENTAL EXPENDITURE WE ADMINISTER ON BEHALF OF THE CROWN



	Actual 2018 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2022 \$000	Unaudited Budget 2022 \$000	Unaudited Forecast 2023 \$000
Grants and operating expenses – Crown entities and state-owned enterprises	2,780,254	2,927,341	3,179,681	3,814,852	3,642,609	3,612,951	3,825,364
Grants – third parties	471,464	584,986	771,504	1,302,717	1,021,509	1,529,382	1,143,911
Other operating expenses	96,542	272,182	251,783	811,928	772,552	1,118,217	389,647
GST	466,018	501,378	586,383	822,527	800,909	596,369	723,454
Total non-departmental expenditure	3,814,278	4,285,887	4,789,351	6,752,024	6,237,579	6,856,919	6,082,376

Our non-departmental expenditure was \$514 million lower than 2020/21 and \$619m lower than the 2021/22 Budget, which is largely due to expenditure related to recognising the costs for the decommissioning of the Tui oil field as a provision in 2020/21 which was offset by increased expenditure for the delivery of MIQ.

The drop in grant expenditure is due to one-off funding in 2020/21 for COVID-19 related appropriations in the tourism sector, research and supporting regional sectors.

STATEMENT OF MANAGEMENT RESPONSIBILITY

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 annual report fairly reflects the operations, progress, and the organisational health and capability of MBIE;
- › the financial statements fairly reflect the financial position of MBIE as at 30 June 2022 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 2023 and its operations for the year ending on that date, and;
- › the financial statements in appendix 1 fairly reflect the financial position of the Residential Tenancies Trust Account as at 30 June 2022 and its operations for the year ended on that date.



Carolyn Tremain

Te Tumu Whakarae mō Hīkina Whakatutuki

Secretary for Business, Innovation & Employment and
Chief Executive

30 September 2022

INDEPENDENT AUDITOR'S REPORT

To the readers of the Ministry of Business, Innovation and Employment's annual report for the year ended 30 June 2022

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 130 to 167, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2022, 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 2022 on pages 17 to 37; 59 to 65; 73 to 77; 82 to 88; 96 to 97; and 103 to 107;
- › the statements of expenses and capital expenditure of the Ministry for the year ended 30 June 2022 on pages 66 to 72; 78 to 81; 89 to 95; 98 to 102; 108 to 114 and 192;
- › the schedules of non- departmental activities which are managed by the Ministry on behalf of the Crown on pages 168 to 191 and 203 to 204 that comprise:
 - the schedules of assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2022;
 - the schedules of expenses; and revenue for the year ended 30 June 2022;
 - the statement of trust monies for the year ended 30 June 2022; and
 - the notes to the schedules that include accounting policies and other explanatory information.
- › the performance information of the Ministry on pages 17 to 37; 59 to 65; 73 to 77; 82 to 88; 96 to 97; and 103 to 107;
 - presents fairly, in all material respects, for the year ended 30 June 2022:
 - 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 66 to 72; 78 to 81; 89 to 95; 98 to 102; 108 to 114 and 192 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 168 to 191 and 203 to 204 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 2022; and
 - expenses; and revenue for the year ended 30 June 2022; and
 - the statement of trust monies for the year ended 30 June 2022.

Our audit was completed on 30 September 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw your attention to inherent uncertainties in the measurement of greenhouse gas emissions. 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 130 to 167:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2022; 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 MATTER - INHERENT UNCERTAINTIES IN THE MEASUREMENT OF GREENHOUSE GAS EMISSIONS

The Ministry has chosen to include a measure on greenhouse gas (GHG) emissions in its performance information. Without modifying our opinion and considering the public interest in climate change related information, we draw attention to footnote 1 on page 33 of the Ngā Putanga our Outcomes section of the annual report, which outlines the uncertainty in the reported GHG emissions. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emission factors and processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards.

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 2021/22 and the forecast financial figures included in the Ministry's 2020/21 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 16; 38 to 58; 115 to 126; 193 to 202; 205 to 217, 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 probity services in respect of the Tui Decommissioning procurement process, which is compatible with those independence requirements.

Other than the audit and this engagement, 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 2022

Actual 2021 \$000		Notes	Actual 2022 \$000	Unaudited Budget 2022 \$000	Unaudited Forecast 2023 \$000
Revenue					
735,937	Crown		897,618	782,869	942,720
287,939	Other revenue	3	313,515	292,540	404,313
19,959	Department		18,807	30,659	23,793
26	Finance income		23	58	53
1,043,861	Total revenue		1,229,963	1,106,126	1,370,879
Expenditure					
590,455	Personnel costs	4	703,127	776,908	724,752
253,363	Other operating expenses	5	286,138	234,118	327,272
142,902	IT costs and technical support		166,243	184,218	192,253
86,116	Depreciation, amortisation and impairment	8, 9	75,720	65,052	53,215
23,258	Capital charge	7	23,216	20,373	26,478
8,857	Restructuring costs		6,588	–	1,521
2	Finance costs		–	–	2
1,104,953	Total expenditure		1,261,032	1,280,669	1,325,493
(61,092)	Net (deficit)/surplus		(31,069)	(174,543)	45,386
Other comprehensive revenue and expense					
6,903	Gain on revaluation of property and equipment		5,893	–	–
(54,189)	Total comprehensive revenue and expense		(25,176)	(174,543)	45,386

Explanations of major variances against Budget can be found in the relevant notes.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

Actual 2021 \$000		Notes	Actual 2022 \$000	Unaudited Budget 2022 \$000	Unaudited Forecast 2023 \$000
Assets					
Current assets					
178,512	Cash and cash equivalents	16	249,284	107,762	120,596
227,276	Debtors and other receivables	10	334,906	91,854	379,273
8,014	Prepayments		7,658	8,168	8,014
	– Non-current assets held for sale	8	1,514	–	–
	– Foreign exchange contracts	16	–	9	–
413,802	Total current assets		593,362	207,793	507,883
Non-current assets					
1,997	Debtors and other receivables	10	1,691	–	–
139,475	Property and equipment	8	147,396	171,969	147,154
191,603	Intangible assets	9	188,191	246,002	107,005
333,075	Total non-current assets		337,278	417,971	254,159
746,877	Total assets		930,640	625,764	762,042
Liabilities					
Current liabilities					
57,518	Creditors and other payables	11	78,355	59,706	57,518
17,587	Unearned income	12	83,890	16,554	17,587
131,152	Return of operating surplus	13	144,881	28,000	129,576
12,128	Provisions	14	41,494	4,211	12,128
74,330	Employee entitlements	15	77,760	94,768	74,330
292,715	Total current liabilities		426,380	203,239	291,139
Non-current liabilities					
2,719	Provisions	14	2,670	3,110	2,719
5,967	Employee entitlements	15	5,700	11,888	5,967
8,686	Total non-current liabilities		8,370	14,998	8,686
301,401	Total liabilities		434,750	218,237	299,825
445,476	Net assets		495,890	407,527	462,217
Equity					
381,172	Taxpayers' funds	17	533,727	536,142	441,268
43,355	Memorandum accounts	17	(64,679)	(142,661)	–
20,949	Property revaluation reserves	17	26,842	14,046	20,949
445,476	Total equity		495,890	407,527	462,217

Explanations of major variances against Budget can be found in the relevant notes.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

Actual 2021 \$000		Notes	Actual 2022 \$000	Unaudited Budget 2022 \$000	Unaudited Forecast 2023 \$000
406,835	Balance at 1 July		445,476	508,536	491,656
(61,092)	Net (deficit)/surplus		(31,069)	(174,543)	45,386
223,982	Capital injections	17	220,496	101,534	54,751
(131,152)	Return of operating surplus to the Crown	13	(144,881)	(28,000)	(129,576)
6,903	Gain on revaluation of property		5,893	–	–
–	– Capital withdrawal		(25)	–	–
445,476	Balance at 30 June		495,890	407,527	462,217

STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

Actual 2021 \$000			Actual 2022 \$000	Unaudited Budget 2022 \$000	Unaudited Forecast 2023 \$000
Cash flows from operating activities					
576,917	Receipts from the Crown		784,315	782,869	912,720
317,798	Receipts from other revenue		404,626	350,682	427,676
(384,337)	Payments to suppliers		(428,314)	(414,956)	(517,595)
(582,019)	Payments to employees		(678,709)	(774,309)	(725,874)
(23,258)	Payments for capital charge		(23,216)	(20,373)	(26,478)
4,681	Goods and services tax (net)		(414)	137	–
(90,218)	Net cash flows from operating activities		58,288	(75,950)	70,449
Cash flows from investing activities					
80	Receipts from sale of property and equipment		50	–	–
26	Interest received from investing activities		23	58	53
(16,416)	Purchase of property and equipment		(25,104)	(38,566)	(22,978)
(47,928)	Purchase of intangible assets		(52,520)	(44,904)	(50,000)
(64,238)	Net cash flows from investing activities		(77,551)	(83,412)	(72,925)
Cash flows from financing activities					
223,982	Capital injections		220,496	101,534	54,751
(30,175)	Return of operating surplus		(131,152)	(19,000)	(58,532)
(2)	Interest paid		–	–	–
193,805	Net cash flows from financing activities		89,344	82,534	(3,781)
39,349	Net increase/(decrease) in cash and cash equivalents		70,081	(76,828)	(6,257)
140,710	Cash and cash equivalents at the beginning of the year		178,512	184,591	128,754
(1,547)	Effect of foreign exchange movements on cash balances		691	(1)	(1,901)
178,512	Cash and cash equivalents at the end of the year		249,284	107,762	120,596

Explanations of major variances against Budget can be found in the relevant notes.

RECONCILIATION OF NET SURPLUS TO NET CASH FLOWS FROM OPERATING ACTIVITIES

For the year ended 30 June 2022

Actual 2021 \$000		Actual 2022 \$000
(61,092)	Net surplus	(31,069)
	Add/(less) non-cash items	
86,116	Depreciation, amortisation and impairment	75,720
–	– Other non-cash items	(891)
86,116	Total non-cash items	74,829
	Add/(less) non-operating activities	
(24)	Net interest received	(23)
1,556	Net other (gains)/losses	(691)
1,458	Net loss on sale of property and equipment	2,590
2,990	Total non-operating activities	1,876
	Add/(less) movements in working capital	
(509)	(Increase)/decrease in prepayments	356
(153,425)	(Increase)/decrease in debtors and receivables	(107,324)
6,652	Increase/(decrease) in creditors and payables	20,837
5,381	Increase/(decrease) in unearned income	66,303
9,449	Increase/(decrease) in provisions	29,317
14,220	Increase in employee entitlements	3,163
(118,232)	Total movements in working capital	12,652
(90,218)	Net cash flows from operating activities	58,288

STATEMENT OF COMMITMENTS

As at 30 June 2022

Actual 2021 \$000		Actual 2022 \$000
	Capital commitments	
15,213	Software	16,459
15,213	Total capital commitments	16,459
	Operating leases as lessee	
	The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:	
43,302	Not later than one year	46,685
135,451	Later than one year and not later than five years	124,192
55,363	Later than five years	71,966
234,116	Total non-cancellable operating lease commitments	242,843
249,329	Total commitments	259,302

The accompanying notes form part of these financial statements.

CAPITAL COMMITMENTS

Capital commitments are the aggregate amount of capital expenditure contracted for the acquisition of property, and equipment and intangible assets that have not been paid for or not recognised as a liability at balance date.

Cancellable capital commitments that have penalty or exit costs explicit in the agreement on exercising that option to cancel are included in the Statement of Commitments at the lower of the remaining contractual commitment and the value of those penalty or exit costs (that is, the minimum future payments).

NON-CANCELLABLE OPERATING LEASE COMMITMENTS

MBIE leases property, plant, and equipment in the normal course of its business. The majority of these leases are for premises and photocopiers, which have a non-cancellable leasing periods.

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.

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

The total of minimum future sub-lease payments for the duration of the main leases expected to be received under non-cancellable sub-leases at balance date is \$75.429 million (2021: \$79.570 million).

STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

As at 30 June 2022

Actual 2021 \$000		Actual 2022 \$000
	Quantifiable contingent liabilities	
485	Legal proceedings and disputes	375
200	Other contingent liabilities	200
685	Total quantifiable contingent liabilities	575

CONTINGENT LIABILITIES

Contingent liabilities 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.

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

Canterbury earthquake – consultants' indemnity

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 consultants 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 consultant has complied with all obligations under the contract. These unquantifiable contingent liabilities are substantially unchanged from the year ended 30 June 2021.

Other indemnities

There are three other indemnities granted by MBIE with regard to misuse of vendor products. At this time there are no pending claims.

Other legal prosecutions against MBIE and/or the Official Assignee

Three individuals have advised that they intend to commence proceedings against MBIE and/or the Official Assignee. MBIE has no information on the timing or quantum of these claims.

CONTINGENT ASSETS

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. MBIE has no contingent assets as at 30 June 2022 (2021: nil).

WHO WE ARE

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 5 of the *Public Service Act 2020*. The relevant legislation governing the Ministry's operations includes the *Public Finance Act 1989*, *Public Service Act 2020*, and the *Public Accountability Act 1998*. MBIE's ultimate parent is the New Zealand Crown.

MBIE's primary objective is to provide services to the New Zealand 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 2021/22 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 in the non-departmental statements and schedules on pages 168 to 190.

MBIE has designated itself as a public benefit entity (PBE) for the purposes of complying with generally accepted accounting practice (GAAP).

The financial statements of MBIE are for the year ended 30 June 2022. They were authorised for issue by the Chief Executive of MBIE on 30 September 2022.

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 Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS).

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.

Presentation currency and rounding

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 the New Zealand dollar.

Changes in accounting policies

Software-as-a-Service ("SaaS") arrangements

During the year ended 30 June 2022, MBIE revised its accounting policy in relation to configuration and customisation costs incurred in implementing SaaS cloud computing arrangements, in which application software is accessed on an as-needed basis over the internet or via a dedicated line. The change in accounting policy resulted from the implementation of agenda decisions issued by the IFRS Interpretations Committee clarifying its interpretation of how current accounting standards apply to these types of arrangements.

SaaS arrangements are service contracts providing MBIE with the right to access a cloud provider's application software over the contract period.

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

Costs incurred to configure or customise, and the ongoing fees to obtain access to, the cloud provider's

application software, are recognised as operating expenses when the services are received. The change has been applied retrospectively for the comparative numbers for the year ended 30 June 2021. The impact on the financial statements was as follows:

	Published 30 June 2021 \$000	Adjustments \$000	Restated 30 June 2021 \$000
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE			
Depreciation, amortisation and impairment	90,361	(4,245)	86,116
Other operating expenses	239,501	13,862	253,363
Total expenditure	1,095,336	9,617	1,104,953
Net surplus/(deficit)	(51,475)	(9,617)	(61,092)
Total comprehensive revenue and expense	(44,572)	(9,617)	(54,189)
STATEMENT OF FINANCIAL POSITION			
Intangible assets	222,005	(30,402)	191,603
Total non-current assets	363,477	(30,402)	333,075
Total assets	777,279	(30,402)	746,877
Net assets	475,878	(30,402)	445,476
Taxpayers' funds	411,574	(30,402)	381,172
Total equity	475,878	(30,402)	445,476
STATEMENT OF CHANGES IN EQUITY			
Balance at 1 July	427,620	(20,785)	406,835
Net surplus/(deficit)	(51,475)	(9,617)	(61,092)
Balance at 30 June	475,878	(30,402)	445,476
STATEMENT OF CASH FLOWS			
Cash flows from operating activities			
Payments to suppliers	(370,475)	(13,862)	(384,337)
Net cash flows from operating activities	(76,356)	(13,862)	(90,218)
Cash flows from investing activities			
Purchase of intangible assets	(61,790)	13,862	(47,928)
Net cash flows from investing activities	(78,100)	13,862	(64,238)

Standards issued and not yet effective and not early adopted

Standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to MBIE are:

PBE IPSAS 41 Financial instruments

PBE IPSAS 41 replaces PBE IFRS 9 Financial Instruments and is effective for the year ending 30 June 2023, with earlier adoption permitted. MBIE has assessed that there will be little change as a result of adopting the new standard as the requirements are similar to those contained in PBE IFRS 9. MBIE does not intend to early adopt the standard.

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements and is effective for the year ending 30 June 2023, with early adoption permitted. MBIE has not yet determined how application of PBE FRS 48 will affect its statement of service performance. It does not plan to adopt the standard early.

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).

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

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 commitments or the value of the penalty or exit costs.

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, Inland Revenue is included as part of receivables or payables in the Statement of Financial Position.

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

Commitments and contingencies are disclosed exclusive of GST.

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.

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.

In 2021/22 MBIE has adopted a new allocation methodology to allocate corporate costs. The overall principal remains the same, but the driver basis has changed to ensure a model that is more transparent whilst still being as accurate as possible.

The method of allocating costs is:

- › Directly Charged – costs that are incurred for a specific purpose and can be directly attributed to specific business groups will be directly charged to that business group and allocated to the appropriate branches and appropriation outputs within that business group.
- › Allocated based on a cost driver – these are costs that are incurred as a result of consumption but cannot be directly charged to specific business groups. These costs are generally provided across MBIE. At a high level the model allocates property and centralised corporate delivery costs based on FTE, headcount, and appropriation.

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

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.

COMPARATIVES

When the presentation or classification of items in the financial statements are amended or accounting policies are changed, comparative figures are restated to ensure consistency with the current period, unless it is impractical to do so. The presentation of some information has changed from the previous period, with prior period balances re-classified to be comparable with current year figures.

BUDGET AND FORECAST FIGURES

Basis for the budget and forecast figures

The 2022 Budget are the Main Estimates figures for the year ended 30 June 2022 and were published in the 2020/21 Annual Report (Unaudited Forecast 2022). They are consistent with MBIE's best estimate financial forecast information submitted to the Treasury for the Budget Economic and Fiscal Update (BEFU) for the year ended 2021/22.

The 2023 forecast figures (Forecast) are for the year ending 30 June 2023, which are consistent with the best estimate financial forecast information submitted to the Treasury for the Budget Economic and Fiscal Update for the year ending 2022/23.

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

Although MBIE regularly updates its forecasts, updated forecast financial statements for the year ending 30 June 2023 will not be published.

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 (PBE FRS) 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 2022/23 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 Budget was finalised.

The main assumptions were as follows:

- › MBIE's activities and output expectations will be focusing on the Government's priorities.
- › 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 2022 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.

Authorisation statement

The forecast financial statements were approved for issue by the Chief Executive on 11 April 2022. 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.

Immigration visa fees

Revenue from immigration visa 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 – other government departments and Crown Entities

Shared service recoveries, largely relating to corporate costs reimbursed by other government departments and Crown entities, are recognised in the accounting period in which the service is provided. It is assessed on the completion of specific transactions, which is based on the proportion of actual services provided over the total services due.

Revenue – Non-exchange transactions

Revenue from the Crown

Revenue from the Crown is treated as a non-exchange transaction, and is measured based on MBIE's funding entitlement for the reporting period. The funding entitlement is established by Parliament when it passes the Appropriation Acts for the financial year. 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, amount and time 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.

Although there are restrictions on how levy funding may be spent, there are no conditions attached to the levies that could readily give rise to obligations to return levies to levy payers.

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 onto MBIE to cover costs.

NOTE 3: REVENUE (CONTINUED)

Actual 2021 \$000		Actual 2022 \$000
	Other revenue associated with a memorandum account	
	Memorandum account revenue	
95,297	Immigration fees	115,445
25	Other revenue	27
95,322	Total immigration visa	115,472
38,691	Building levies	48,404
1,982	Other revenue	2,180
40,673	Total building controls	50,584
10,901	Companies annual return fees	11,121
9,095	Personal property securities register fees	8,593
8,153	Companies incorporation fees	7,478
4,466	Other revenue and fees	3,465
32,615	Total registration and provision of statutory information	30,657
12,860	Patent fees	13,684
9,006	Trademark fees	9,544
3,748	Intellectual Property Office NZ fees	4,464
312	Other fees	329
25,926	Total registration and granting of intellectual property rights	28,021
19,740	Government procurement reform income	23,450
468	Other revenue	533
20,208	Total government procurement reform agenda	23,983
6,767	Licensed building practitioners levies and fees	6,242
6,767	Total occupational licensing – building practitioners	6,242
4,160	Radio apparatus licence fees	4,284
2,379	Right to transmit radio waves fees	2,654
6,539	Total management and enforcement of the Radiocommunications Act 1989	6,938
5,959	Sale of standards	5,648
5,959	Total Standards New Zealand	5,648
5,593	Electrical workers fees	4,947
5,593	Total occupational licensing – electrical workers	4,947
3,642	Mineral permit fees	3,572
1,266	Petroleum permit fees	686
4,908	Total management of the Crown mineral estate	4,258
1,293	MVT registration fees	1,264
1,293	Total Motor Vehicle Traders (MVT) register	1,264
468	Immigration fees	1,150
468	Total Electronic Travel Authority	1,150
216	Unit titles application fees	142
216	Total Unit Titles Act 2010	142
179	National multi-use approvals	99
179	Total National multi-use approvals	99
246,666	Total third party revenue associated with a memorandum account	279,405

Actual 2021 \$000		Actual 2022 \$000
Other revenue not associated with a memorandum account		
18,694	Revenue from Residential Tenancies Trust Account	15,909
8,923	Shared services recovery	5,605
9,221	Other fees	9,635
4,435	Other revenue	2,961
41,273	Total other revenue not associated with a memorandum account	34,110
287,939	Total other revenue	313,515
227,448*	Total other revenue from exchange transactions	246,101
60,491*	Total other revenue from non-exchange transactions	67,414
287,939	Total other revenue	313,515

* A restatement to the 2020/21 actual has been made to reflect a presentation error in the 2020/21 financial year.

i Explanation of major variances against Budget

Revenue from the Crown is \$114.749 million higher than the Budget (Budget: \$782.869 million) mainly due to additional funding to support the quarantine and isolation arrangements and to determine the future of New Zealand's response to the on-going COVID-19 pandemic.

Additional funding was also provided to the settlement and integration of refugees and other migrants, the fair pay agreement system, as well as additional funding for policy advice and related services.

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 accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

Termination benefits

Termination benefits are recognised as an expense 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.

Actual 2021 \$000		Actual 2022 \$000
505,819	Salaries and wages	585,374
47,073	Contractors	65,968
15,030	Employer contributions to defined contribution schemes	17,270
6,233	Training and professional development	8,166
16,300	Other personnel	26,349
590,455	Total personnel costs	703,127

i

Explanation of major variances against Budget

Personnel costs are \$73.781 million lower than the Budget (Budget: \$776.908 million) due to a lower than expected full-time equivalent employees as a result of decommissioning MIQ facilities and the associated staffing level.

This was not anticipated when the Budget was produced.

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 2021 \$000		Actual 2022 \$000
67,777	Property maintenance and operation costs	85,024
58,296	Professional services	67,296
51,006	Rental and operating lease costs	48,844
30,648	Other operating costs	32,759
21,812	Consulting services	29,418
11,212	Supplies and services	10,519
7,716	Travel – domestic and overseas	8,668
1,458	Loss on disposal of property and equipment	1,681
1,768	Net foreign exchange losses	1,072
864	Provision for impairment of debtors and other receivables	(30)
	Auditor's remuneration	
787	Audit fees – MBIE's financial statements	855
3	Audit fees – other services	10
16	Audit fees – Residential Tenancies Trust Account's financial statements	22
253,363	Total other operating expenses	286,138

i Explanation of major variances against Budget

Other operating expenses are \$52.020 million higher than the Budget (Budget: \$234.118 million) due to additional funding and associated costs for the

on-going COVID-19 and future pandemic response, namely the future of MIQ as well as the resettlement of Afghan nationals.

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.

Actual 2021 \$000		Notes	Actual 2022 \$000
Operating expense			
29,516	Contractors		41,242
17,557	Contractors working on ICT projects		24,726
47,073	Total operating expense – contractors	4	65,968
21,812	Consulting services	5	29,418
68,885	Total operating expense – contractors and consultants		95,386
Capital expense			
21,452	Contractors and consulting services capitalised to assets		13,690
21,452	Total capital expense – contractors and consultants		13,690
90,337	Total contractors and consultants		109,076

Contractors and consulting services capitalised to assets are \$7.762 million lower than in 2021 mainly due to a number of projects delayed into the 2022/23 financial year, caused by COVID-19 and resourcing difficulties, along with the change in accounting policy in relation to SaaS, which has caused the nature of the spend to change to operating rather than capital in nature.

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 2022 was 5 per cent (2021: 5 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 consists 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, and the cost of the item can be measured reliably. 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 and is not depreciated.

Capitalisation

A de minimis of \$5,000 applies for capitalisation below which individual items are expensed on purchase. Grouped assets are capitalised if their total acquisition cost is greater than \$5,000.

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.

Asset class

Asset class	Useful life
Buildings	30–60 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

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each balance date.

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.

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.

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

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.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to its recoverable amount. For revalued assets, the impairment loss is recognised in other comprehensive revenue and expense and decreases the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in surplus or deficit.

For assets not carried at revalued amount, the total impairment loss is recognised in surplus or deficit.

The reversal of an impairment loss on a revalued asset is recognised in other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in surplus or deficit, a reversal of an impairment loss is also recognised in surplus or deficit.

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
Year ended 30 June 2021									
Cost or gross carrying value	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)
Opening net book value	11,014	31,223	3,260	26,670	9,052	15,718	635	37,369	134,941
Additions	–	1,359	267	5,357	2,274	7,156	–	3	16,416
Transfers from WIP	–	2,716	142	20,867	4,349	5,981	1	(34,056)	–
Revaluation	4,400	126	–	–	–	–	–	–	4,526
Disposals	–	–	(253)	(5,230)	(516)	(7,655)	(142)	–	(13,796)
Depreciation	–	(1,244)	(800)	(5,349)	(4,487)	(5,967)	(165)	–	(18,012)
Depreciation released on disposals	–	–	234	4,746	458	7,485	100	–	13,023
Accumulated depreciation reversed on revaluation	–	2,377	–	–	–	–	–	–	2,377
Closing net book value	15,414	36,557	2,850	47,061	11,130	22,718	429	3,316	139,475
Cost or gross carrying value	15,414	36,593	8,914	80,440	26,781	37,489	1,766	3,316	210,713
Accumulated depreciation	–	(36)	(6,064)	(33,379)	(15,651)	(14,771)	(1,337)	–	(71,238)
Closing net book value	15,414	36,557	2,850	47,061	11,130	22,718	429	3,316	139,475
Year ended 30 June 2022									
Additions	–	–	568	161	312	5,533	12	18,517	25,103
Transfers from WIP	–	–	–	120	26	372	–	(518)	–
Revaluation	(149)	5,356	–	–	–	–	–	–	5,207
Disposals	–	–	(325)	(1,783)	(638)	(155)	(148)	(330)	(3,379)
Transfers to assets for sale	(865)	(649)	–	–	–	–	–	–	(1,514)
Impairment	–	–	–	(1,605)	–	–	–	(917)	(2,522)
Depreciation	–	(650)	(552)	(5,057)	(3,825)	(8,324)	(151)	–	(18,559)
Depreciation released on disposals	–	–	325	1,779	512	155	128	–	2,899
Accumulated depreciation reversed on revaluation	–	686	–	–	–	–	–	–	686
Closing net book value	14,400	41,300	2,866	40,676	7,517	20,299	270	20,068	147,396
Cost or gross carrying value	14,400	41,300	9,157	78,938	26,481	43,239	1630	20,985	236,130
Accumulated depreciation	–	–	(6,291)	(38,262)	(18,964)	(22,940)	(1,360)	(917)	(88,734)
Closing net book value	14,400	41,300	2,866	40,676	7,517	20,299	270	20,068	147,396

MBIE holds two land and building assets, the Māngere Refugee Resettlement Centre in Auckland and a residential property in Suva, Fiji.

The most recent valuation of the Māngere Refugee Resettlement Centre was performed by Registered Valuers Kane Sweetman and Jacqueline Frost of CVAS (NZ) Limited trading as Colliers, with an effective date of 30 June 2022.

The Māngere 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. The economic useful life of the property has been updated from the original project life of 30 years to the valuation estimate of 55–60 years.

Non-Current Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction and the sale is highly probable. Assets are initially recorded as held for sale when:

- › identified as surplus to MBIE requirements and the property is actively marketed for sale at a price that is reasonable in relation to its current fair value.

Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in net surplus or deficit. Any increases in fair value (less costs to sell) are recognised in net surplus or deficit up to the level of any impairment losses that have been previously recognised.

Non-current assets held for sale are not depreciated or amortised while they are classified as held for sale. Non-current assets held for sale comprise only one property, the property in Suva, Fiji. The accumulated revaluation reserve balance associated with non-current assets held for sale at 30 June 2022 is \$0.569 million comprising of land \$0.136 million and buildings \$0.433 million (2021: nil).

Non-current assets held for sale are recognised as current assets as their value is expected, in most instances, to be realised in the 12-month period after balance date.

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

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.

Costs of software updates or upgrades are capitalised only when they increase the usefulness or value of the software.

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.

Staff training costs are recognised as an expense when incurred.

Costs relating to the maintenance of intangible assets are recognised in net surplus or deficit when incurred.

Costs associated with development and maintenance of MBIE's website are recognised as an expense 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.

Asset class	Useful life
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. For capital work in progress, MBIE review four times a year to identify any impairment of the carrying value its assets. If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to its recoverable amount. For revalued assets, the impairment loss is recognised in other comprehensive revenue and expense and decreases the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in surplus or deficit.

The reversal of an impairment loss on a revalued asset is recognised in other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in surplus or deficit, a reversal of an impairment loss is also recognised in surplus or deficit.

NOTE 9: INTANGIBLE ASSETS (CONTINUED)

	Actual 2022				Actual 2021*			
	Purchased \$000	Internally generated \$000	WIP \$000	Total \$000	Purchased \$000	Internally generated \$000	WIP \$000	Total \$000
Cost	126,466	251,212	50,358	428,036	102,016	228,847	52,881	383,744
Accumulated amortisation and impairment	(84,109)	(147,854)	(4,470)	(236,433)	(74,279)	(93,830)	(3,091)	(171,200)
Opening net book value	42,357	103,358	45,888	191,603	27,737	135,017	49,790	212,544
Additions	1,031	1,918	49,612	52,561	8,146	1,232	38,550	47,928
Transfers from WIP	9,076	2,120	(11,196)	-	18,776	22,297	(41,073)	-
Disposals	(6,613)	(1,644)	(1,334)	(9,591)	(2,472)	(1,164)	-	(3,636)
Impairment	-	-	(3,007)	(3,007)	-	-	(1,379)	(1,379)
Amortisation	(14,474)	(37,158)	-	(51,632)	(12,190)	(54,535)	-	(66,725)
Amortisation released on disposals	6,613	1,644	-	8,257	2,360	511	-	2,871
Closing net book value	37,990	70,238	79,963	188,191	42,357	103,358	45,888	191,603
Cost	129,960	253,606	87,440	471,006	126,466	251,212	50,358	428,036
Accumulated amortisation and impairment	(91,970)	(183,368)	(7,477)	(282,815)	(84,109)	(147,854)	(4,470)	(236,433)
Closing net book value	37,990	70,238	79,963	188,191	42,357	103,358	45,888	191,603

* Due to the accounting policy change in relation to SaaS arrangements, the Actual 2021 comparatives have been restated and its impact on MBIE's financial statements can be found in Note 2.

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

In accordance with PBE IPSAS 31 Intangible Assets, management have reviewed the useful lives of intangible assets and have also reviewed the carrying amount of intangible assets for impairment. The following adjustments were made:

- › \$3.030 million impairment of the risk analytics platform (RAP) capital expenditure held in WIP that is no longer viable or compatible with the introduction of the advanced digital employer led processing and targeting programme (ADEPT) system
- › \$0.893 million impairment of the occupational licensing platform (OLP) capital expenditure held in WIP that is no longer viable due to changes in the technology platform and development approach.

Due to the accounting policy change to the SaaS arrangements mentioned in "Changes in accounting policy" on pages 136 to 137 of this report, the total retrospective adjustment to the total value of the intangible assets as at 30 June 2021 was a reduction of \$30.402 million.

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 \$13.826 million of capitalised contractors and consultants costs (2021: \$21.733 million) (refer to Note 6).

OTHER ASSETS AND LIABILITIES

Other assets and liabilities disclosed in this section are those that are used and recorded as part of 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 10: 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 the amount due.

Debtors and other receivables are subsequently revalued to the amount due less any allowance for credit losses. MBIE applies the simplified expected credit loss model of recognising lifetime expected credit losses for debtors and other receivables.

In measuring expected credit losses, debtors and other receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

Debtors and other receivables are written off when there are no reasonable expectations of recovery. Indicators that there are no reasonable expectations of recovery include the debtor being in liquidation or the receivable being more than one year overdue.

Actual 2021 \$000		Actual 2022 \$000
	Current	
162,730	Debtor Crown	276,034
36,338	Residential Tenancies Trust Account revenue receivable	26,617
17,431	Trade debtors and other receivables	19,104
(1,325)	Less allowance for credit losses	(1,071)
8,544	Accrued receivables from exchange transactions	14,222
3,558	Accrued receivables from non-exchange transactions	–
227,276	Total current debtors and receivables	334,906
	Non-current	
1,997	Bonds provided for offshore property leases	1,691
1,997	Total non-current debtor and other receivables	1,691
229,273	Total debtors and other receivables	336,597
26,647	Total debtors and other receivables from exchange transactions	33,946
202,626	Total debtors and other receivables from non-exchange transactions	302,651
229,273	Total debtors and other receivables	336,597

The expected credit loss rates for receivables at 30 June 2022 and 30 June 2021 are based on the payment profile of revenue on credit over the prior two years at the measurement date and the corresponding historical credit losses experienced for that period.

The historical loss rates are adjusted for current and forward-looking macroeconomic factors that might affect the recoverability of receivables. Given the short period of credit risk exposure, the effect of macroeconomic factors is not considered significant.

NOTE 10: DEBTORS AND OTHER RECEIVABLES (CONTINUED)

Movements in the allowance for credit losses are as follows:

Actual 2021 \$000	Actual 2022 \$000
560 Opening balance as at 1 July	1325
864 Additional provisions made during the year	443
(99) Provision reversed during the year	(473)
– Provisions utilised during the year	(224)
1,325 Closing balance as at 30 June	1,071

The allowance for credit losses at 30 June 2022 and 30 June 2021 was determined as follows:

30 June 2022	Receivables days past due				Total
	Current	More than 30 days	More than 60 days	More than 90 days	
Gross carrying amount (\$000)	334,494	424	536	2,214	337,668
Lifetime expected credit loss (\$000)	(119)	(17)	(21)	(914)	(1,071)
Net carrying amount (\$000)	334,375	407	515	1,300	336,597
Expected credit loss rate	0.04%	4%	4%	41%	

30 June 2021	Receivables days past due				Total
	Current	More than 30 days	More than 60 days	More than 90 days	
Gross carrying amount (\$000)	224,971	576	767	4,284	230,598
Lifetime expected credit loss (\$000)	(80)	(23)	(31)	(1,191)	(1,325)
Net carrying amount (\$000)	224,891	553	736	3,093	229,273
Expected credit loss rate	0.04%	4%	4%	28%	

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

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 date. At 30 June 2022, \$3.174 million of debtors and other receivables were past due date (2021: \$5.627 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 \$1.071 million (2021: \$1.325 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.



Explanation of major variances against Budget

Debtors and other receivables are \$244.743 million higher than the Budget (Budget: \$91.854 million) mainly due to Crown funding not yet drawn down.

Due to holding sufficient cash, reductions in discretionary expenditure and timing of expenditure, less funds have been required to be drawn down than initially budgeted as part of the COVID-19 response for 2021/22.

NOTE 11: CREDITORS AND OTHER PAYABLES

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

Actual 2021 \$000	Notes	Actual 2022 \$000
Current		
33,259	Accrued expenses	54,460
16,552	Trade creditors	16,627
7,682	GST payable	7,268
25	Finance leases payable	–
57,518	Total current creditors and other payables	78,355
Non-current		
–	Total non-current creditors and other payables	–
57,518	Total creditors and other payables	78,355

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 Budget**

Creditors and other payables are \$18.649 million higher than the Budget (Budget: \$59.706 million) driven by an increase of costs at year end relating to

our investment into ICT infrastructure by moving to software as a service which had not been actioned when the Budget was produced.

NOTE 12: UNEARNED INCOME

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

Actual 2021 \$000		Actual 2022 \$000
13,167	Immigration visa and other application processing	74,813
4,079	Radio operations fees	4,217
341	Other revenue	4,860
17,587	Total unearned income	83,890

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

Radio operations fees relate to annual licence fees 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 2022.

i Explanation of major variances against Budget

Unearned income is \$67.336 million higher than the Budget (Budget: \$16.554 million) mainly due to an increase in deferred revenue for visa applications,

relating to a one-off Residents Visa 2021 policy decision which was not known at the time of budgeting.

NOTE 13: 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.

Actual 2021 \$000		Notes	Actual 2022 \$000
(51,475)*	Net (deficit)/surplus		(31,069)
	<i>Add back:</i>		
181,486	Net operating deficit in memorandum accounts	17	174,878
1,141	Unrealised net foreign exchange gains/(losses)		1,072
–	Retention of surplus		–
131,152	Return of operating surplus to the Crown		144,881

* Net (deficit)/surplus for the year ended 30 June 2021 has been restated due to a change in accounting policy related to Software-as-a-Service ("SaaS") arrangements. However, the calculation for the return of operating surplus has not been changed. Refer to Note 2.

NOTE 14: 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.

Provisions are not recognised for net deficits from future operating activities.

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.

	Actual 2022			Actual 2021		
	Current \$000	Non-Current \$000	Total \$000	Current \$000	Non-Current \$000	Total \$000
Payroll remediation	817	-	817	817	-	817
Lease make-good	440	2,627	3,067	274	2,679	2,953
Restructuring	6,603	-	6,603	7,448	-	7,448
Other provisions	30,843	-	30,843	1,261	-	1,261
ACC partnership programme	119	43	162	106	40	146
Onerous lease	2,672	-	2,672	2,222	-	2,222
Total provisions	41,494	2,670	44,164	12,128	2,719	14,847

	Payroll Remediation \$000	Lease Make-Good \$000	Onerous lease \$000	Restructuring \$000	ACC partnership programme \$000	Other provisions \$000	Total \$000
Balance at 1 July 2020	1,364	2,774	-	999	144	117	5,398
Additional provisions made	-	179	2,637	8,857	2	1,144	12,819
Provision utilised during the year	(547)	-	(415)	(2,270)	-	-	(3,232)
Reversal of previous provision	-	-	-	(138)	-	-	(138)
Other movement	-	-	-	-	-	-	-
Balance at 30 June 2021	817	2,953	2,222	7,448	146	1,261	14,847
Additional provisions made	-	169	6,441	6,588	16	30,286	43,500
Provision utilised during the year	-	(52)	(5,978)	(7,433)	-	(704)	(14,167)
Reversal of previous provision	-	(3)	(13)	-	-	-	(16)
Other movement	-	-	-	-	-	-	-
Balance at 30 June 2022	817	3,067	2,672	6,603	162	30,843	44,164

NOTE 14: PROVISIONS (CONTINUED)

Payroll remediation project

The payroll remediation project to correct historical Holidays Act payroll issues has now been completed. The remaining provision at 30 June 2022 represents MBIE's best estimate of the remaining remediation costs to be paid out. This now only relates to former employees where they have not yet been contacted, verified and for whom the required documentation has been received. MBIE continues to try to contact these former employees.

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.

Onerous lease

The provision for onerous lease arises from non-cancellable leases where the unavoidable costs of meeting the lease contracts exceed the economic benefits being received.

The lease is onerous due to the site closure of the offshore Immigration Visa Processing office in Beijing. The lease contract expires in February 2023 and the onerous lease provision will be fully released by then.

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.

Other provisions

Other provisions include provision for early termination fee, cost for reducing usage of the network service and other pending disputes under review.

i Explanation of major variances against Budget

Provisions are \$36.843 million above the Budget (Budget: \$7.321 million) mainly due to additional provisions for pending disputes under review.

NOTE 15: 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 15: EMPLOYEE ENTITLEMENTS (CONTINUED)

	Actual 2022			Actual 2021		
	Current \$000	Non-current \$000	Total \$000	Current \$000	Non-current \$000	Total \$000
Accrued salary	26,878	–	26,878	36,510	–	36,510
Annual leave	47,380	–	47,380	34,577	–	34,577
Long service leave	1,709	3,814	5,523	1,428	3,564	4,992
Retirement leave	1,156	1,886	3,042	1,226	2,403	3,629
Sick leave	637	–	637	589	–	589
Total employee entitlements	77,760	5,700	83,460	74,330	5,967	80,297

i Explanation of major variances against Budget

Employee entitlements are \$23.196 million lower than budget (Budget: \$106.656 million) mainly due to the budget containing employee entitlements that did not materialise as expected during the period.

An independent actuarial valuation was undertaken by Linda Caradus of Melville Jessup Weaver as at 30 June 2022 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 1.7 per cent on 1 July 2022.

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 \$0.297 million lower and \$0.325 million higher respectively (2021: \$0.372 million lower and \$0.414 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 \$0.375 million higher and \$0.349 million lower respectively (2021: \$0.456 million higher and \$0.417 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 16: 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.

NOTE 16: FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**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.

FAIR VALUE HIERARCHY

For those instruments recognised at fair value in the Statement of financial position, fair values are determined according to the following hierarchy:

1. Quoted market price (level 1)- financial instruments with quoted prices for identical instruments in active markets.
2. Valuation technique using observable inputs (level 2)- financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
3. Valuation techniques with significant non-observable inputs (level 3)- financial instruments valued using models where one or more significant inputs is not observable.

MBIE's departmental financial assets and liabilities as at 30 June 2022 and 2021 were valued at fair value using observable inputs (level 2). There are no quoted market prices (level 1) for these instruments.

There were no transfers between the different levels of the fair value hierarchy.

MBIE's activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk. MBIE has 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.

Market risk**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.

SENSITIVITY ANALYSIS

Impact of a 5 per cent movement, both up and down, in the New Zealand dollar against other currencies held by MBIE in its foreign currency account with all other variables held constant at 30 June 2022 is not material for MBIE's net surplus (2021: not material).

Fair value 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.

NOTE 16: FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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 2022 was \$2.950 million (2021: \$2.740 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.

Although cash and cash equivalents as at 30 June 2022 are subject to the expected credit loss requirements of

PBE IFRS 9, no loss allowance has been recognised because the estimated loss allowance for credit losses is trivial.

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 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. Therefore, additional capital injections together with expected cash drawdowns from the Treasury are in place to ensure MBIE maintains its target level of available cash to meet liquidity requirements.

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

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

Actual 2021 \$000		Notes	Actual 2022 \$000
Financial Assets measured at amortised cost			
169,744	New Zealand held cash		239,929
8,768	Foreign currencies		9,355
178,512	Cash and cash equivalents		249,284
229,273	Debtors and other receivables	10	336,597
Financial Assets measured at fair value through surplus or deficit			
407,785	Total financial assets		585,881
Financial liabilities measured at amortised cost			
57,518	Creditors and other payables	11	78,355
57,518	Total financial liabilities		78,355

NOTE 16: FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The following table analyses MBIE's financial liabilities, excluding derivatives, that will be settled, based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

2022	Carrying amount (\$000)	Total contractual cash flows (\$000)	Up to 1 year	1 to 5 years	Over 5 years
Creditors and other payables	78,355	78,355	78,355	–	–
Total	78,355	78,355	78,355	–	–

2021	Carrying amount (\$000)	Total contractual cash flows (\$000)	Up to 1 year	1 to 5 years	Over 5 years
Creditors and other payables	57,518	57,518	57,518	–	–
Total	57,518	57,518	57,518	–	–

MBIE has no outstanding foreign exchange forward contracts as at 30 June 2022 (2021: NIL).

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 17: 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.

Property 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

Actual 2021 \$000	NOTES	Actual 2022 \$000
400,733	Balance at 1 July	381,172
(61,092)	Net (deficit)/surplus	(31,069)
223,982	Capital injections	220,496
(232,785)	Other transfers to memorandum accounts	(66,844)
	– Transfer of (asset)/liability to Ministry of Social Development	(25)
181,486	Transfer of net memorandum account accumulated deficits for the year	174,878
(131,152)	Return of operating surplus to the Crown	13 (144,881)
381,172	Balance at 30 June	533,727

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).

Property revaluation reserves

Actual 2021 \$000		Actual 2022 \$000
Revaluation reserves:		
14,046	Balance at 1 July	20,949
6,903	Revaluation reserve movement	5,893
20,949	Balance at 30 June	26,842
Actual 2021 \$000		Actual 2022 \$000
Property revaluation reserves consist of:		
15,296	Land revaluation reserve	15,147
5,653	Buildings revaluation reserve	11,695
20,949	Total property revaluation reserves	26,842

NOTE 17: EQUITY (CONTINUED)

	Balance at 1 July \$000	Other revenue \$000	Departmental revenue and financial income \$000	Expenses \$000	Surplus/ (deficit) for the year \$000	Other Adjustment / Capital contribution \$000	Balance at 30 June \$000
Year ended 30 June 2021							
Building controls	56,327	40,673	128	(40,109)	692	–	57,019
Registration and granting of intellectual property rights	30,060	25,926	38	(27,262)	(1,298)	–	28,762
Government procurement reform agenda	16,702	20,208	727	(17,121)	3,814	(1,266)	19,250
Registration and provision of statutory information	11,302	32,615	12	(34,063)	(1,436)	–	9,866
Management and enforcement of the <i>Radiocommunications Act 1989</i>	9,233	6,539	–	(7,171)	(632)	–	8,601
Occupational licensing – building practitioners	1,384	6,767	3	(4,233)	2,537	–	3,921
Occupational licensing – electrical workers	2,133	5,593	–	(3,957)	1,636	–	3,769
Standards New Zealand	1,365	5,959	178	(7,657)	(1,520)	–	(155)
<i>Unit Titles Act 2010</i>	(173)	216	–	(258)	(42)	–	(215)
Motor Vehicle Traders Register	(491)	1,293	–	(1,691)	(398)	–	(889)
National multi-use approvals	(1,649)	179	–	(302)	(123)	–	(1,772)
Electronic travel authority*	(5,427)	468	–	(11,185)	(10,717)	13,950	(2,194)
Management of the Crown mineral estate	(1,573)	4,908	–	(6,717)	(1,809)	–	(3,382)
Immigration visa*	(127,137)	95,322	1,252	(268,764)	(172,190)	220,101	(79,226)
Closing balance	(7,944)	246,666	2,338	(430,490)	(181,486)	232,785	43,355
Year ended 30 June 2022							
Building controls	57,019	50,584	–	(41,419)	9,165	–	66,184
Registration and granting of intellectual property rights	28,762	28,021	–	(30,273)	(2,252)	–	26,510
Government procurement reform agenda	19,250	23,983	1,031	(19,333)	5,681	–	24,931
Registration and provision of statutory information	9,866	30,657	49	(33,398)	(2,692)	–	7,174
Management and enforcement of the <i>Radiocommunications Act 1989</i>	8,601	6,938	–	(7,138)	(200)	–	8,401
Occupational licensing – building practitioners	3,921	6,242	11	(6,036)	217	–	4,138
Occupational licensing – electrical workers	3,769	4,947	–	(7,554)	(2,607)	–	1,162
Standards New Zealand	(155)	5,648	40	(6,804)	(1,116)	–	(1,271)
<i>Unit Titles Act 2010</i>	(215)	142	–	(290)	(148)	–	(363)
Motor Vehicle Traders Register	(889)	1,264	–	(1,742)	(478)	–	(1,367)
National multi-use approvals	(1,772)	99	–	(292)	(193)	–	(1,965)
Electronic travel authority*	(2,194)	1,150	–	(13,643)	(12,493)	2,194	(12,493)
Management of the Crown mineral estate	(3,382)	4,258	–	(3,773)	485	–	(2,897)
Immigration visa*	(79,226)	115,472	151	(283,870)	(168,247)	64,650	(182,823)
Closing balance	43,355	279,405	1,282	(455,565)	(174,878)	66,844	(64,679)

*Other Adjustment/Capital contribution includes capital injections of \$66.844 million.

NOTE 17: EQUITY (CONTINUED)**Action taken to address surpluses/(deficits)****Building controls (surplus)**

Unexpectedly high consenting volumes in the sector during 2021/22 increased levy collected despite Covid-19 lockdowns resulting in growth in the memorandum account balance. To help manage the balance, a building levy rate review is underway in 2022/23. In addition, with expanding work programmes within the existing scope of the levy and consenting volume forecast to reduce, the memorandum account surplus is expected to reduce going forward.

Registration and granting of intellectual property rights (surplus)

A fee review for Trademarks and patents was approved by Cabinet in March 2019 and implemented in February 2020. The fees were set below cost recovery in order to reduce the memo account surplus by approximately \$6m per year to around \$10m in June 2024. Since this fee review volumes and revenue have been much higher than expected (annual growth of 6% in June 2021 and 8% forecast for June 2022). As a result the memo account has not reduced as quickly as expected but is still expected to reduce to around \$10m by the end of the 2023/24 financial year. Additionally, the demand for IPONZ services continue to grow and we intend to increase the size of the workforce over the next 12 months in order to meet this demand. The resulting increase in expenditure will reduce the memorandum account balance to around \$0 by June 2025. We also intend to start a fees review process in 2022/23.

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. A significant procurement transformation programme to deliver on government priorities commenced in 2021/22; while this expenditure did not eventuate as forecast, it will require significant investment in 2022/23 and out years. This programme of work includes better use of technology across the procurement system, greater visibility of spend and working across the system to deliver broader outcomes.

Registration and provision of statutory information (surplus)

The memorandum account continues to decrease reflecting the additional expenditure for the NZBN register, for which there is no offsetting levy yet in place. It is forecast that the memorandum account will reach a nil balance by 2023/24. Due to new legislation being considered which impacts the cost recovery model of fee setting, the introduction of revised fees and new levies, following public consultation will not be in place until 2023/24.

Management and enforcement of the Radiocommunications Act 1989 (surplus)

The new fees that took effect on 1 October 2017 are now having an impact on the memorandum account balance with a desired reduction in the surplus. It is forecast that the memorandum account will reach a nil balance by 2025/26 financial year. An internal review of the memorandum account balance has commenced, and it is anticipated that a fees review will be conducted in 2024/25.

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

New fees were put in place in January 2019 with the aim to address the trending deficits in both memorandum accounts. The memorandum accounts are currently in surplus and trending down. In 2021/22 the new licencing system has partially gone live and will reduce the surpluses in both memorandum account. Work will commence in 2022/23 on reviewing the fees for implementation of news fees in 2023/24.

Standards New Zealand (deficit)

Standards New Zealand implemented its pricing review in 2021/22 which reset pricing across all its products and services, taking into account its cost structure and the introduction of new products/services over a 10-year horizon. Though the memorandum account will remain in deficit for a number of years, the trend will be towards a nil balance in seven to ten years.

Motor Vehicle Traders Register (deficit)

The level of fees includes recovering the deficit over a five-year period. It is forecast that the memorandum account will reach a nil balance in 2026/27.

National multi-use approvals (deficit)

The Minister for Building and Construction agreed to discuss a review of funding options in March 2021, including a possible fee review to address the growing deficit. Due to competing priorities, it was decided to delay this process until the 2021/22 financial year. The fees review process has been further delayed with timeframes currently unknown.

NOTE 17: EQUITY (CONTINUED)

Management of Crown mineral estate (deficit)

The memorandum account deficit increased in the 2021/22 financial year 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). The *Crown Minerals Act 1991* is currently under review, and the outcome of the review and impacts of the revised legislation will inform next steps to address the deficit.

Electronic travel authority (deficit) and Immigration visa (deficit)

In the 2021/22 financial year, revenue for both of the immigration memorandum accounts continued to be considerably lower than pre-COVID 19 levels due to tight border restrictions, although there is an increase in Immigration Visa revenue from FY21 due to revenues collected from Resident Visa 2021 category. Immigration New Zealand continued to invest in new technology, with some major visa products now being processed on the ADEPT system (e.g. Resident Visa 2021) and it is expected that more visa products will be migrated in the coming year.

In April 2022, Cabinet agreed to write-off both Visa and Electronic Travel Authority memorandum account deficit that accrued up to June 2022. Pre-Covid 19 deficit has been written off in 2021/22, with the remainder to be written off in 2022/23.

Immigration New Zealand has completed Phase 1 of the Future Funding Review programme which implemented the recent interim fees and levy review (effective from 1 August 2022) and three clear workstreams for Phase 2, to continue helping Immigration New Zealand return to a financially sustainable position.

Unit Titles Act 2010 (deficit)

Amendments to the Unit Titles Act will reduce the fees for unit titles dispute resolution applications. It is anticipated that application volumes will increase accordingly; however, despite the increase in volumes of applications, the decreased fee revenue will lead to an increase in the memorandum account deficit. A small amount of funding for unit titles dispute resolution was received in Budget 2022 which may go some way to addressing the deficit.

NOTE 18: 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. 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.

During the financial year, there was a \$0.025 million transfer of existing furniture and soft fit-out at the leased properties used by Jobs and Skills Hubs to the Ministry of Social Development after a decision by the Minister of Social Development and Employment to move the Skills & Employment Programmes from MBIE to MSD from July 2021.

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.

MBIE's capital is its equity, which comprises taxpayers' funds, memorandum accounts, and property revaluation reserves. Equity is represented by net assets. MBIE manages its revenues, expenses, assets, liabilities, and general financial dealings prudently.

MBIE's equity is largely managed as a by-product of managing revenue, expenses, assets, liabilities, and compliance with the government budget processes, Treasury Instructions, and the *Public Finance Act 1989*.

Actual 2021 \$000	Statement of departmental capital injections	Actual 2022 \$000	Unaudited Budget 2022 \$000
Vote Business, Science and Innovation			
223,982	MBIE – capital injection	220,496	101,534
	– Transfer to Ministry of Social Development	(25)	–

NOTE 19: 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. Further, 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 Stuart Nash, Hon Grant Robertson, Hon Dr Megan Woods, Hon Chris Hipkins, Hon Carmel Sepuloni, Hon Andrew Little, Hon Peeni Henare, Hon Willie Jackson, Hon Michael Wood, Hon Dr David Clark, Hon Ayesha Verrall, Hon Priyanca Radhakrishnan and Hon Phil Twyford – have certified that there have been no related party transactions for the year ended 30 June 2022 (2021: nil).

Actual 2021 \$000	Key management personnel compensation	Actual 2022 \$000
Leadership Team, including the Chief Executive		
4,224	Remuneration	4,752
11	Full-time equivalent staff	12

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 PLA, and not paid by MBIE.

NOTE 20: EVENTS AFTER THE BALANCE DATE

The Managed Isolation and Quarantine Facilities were de-designated by 30 June 2022, however there were continued contractual and employment relation obligations through to 31 August 2022 with funding appropriated for the 2022/23 year. Subsequent to the network being decommissioned, there are some ongoing functions supporting Official Information Act requests, Ombudsmen enquiries, complaints, waivers and debt management. Additional work is being carried out related to readiness planning, in case MIQ is required to be rapidly re-established, and development of a business case investigating the establishment of a National Quarantine Capability. The associated residual costs of MIQ in the 2022/23 year will be finalised following the completion of MBIE's audited 2021/22 Financial Statements. There have been no other material events subsequent to balance date.

NON-DEPARTMENTAL SCHEDULES

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 and 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, expenses, 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 2022

Actual 2021 \$000		Notes	Actual 2022 \$000	Unaudited Budget 2022 \$000
Non-departmental revenue				
348,155	Levies	3	434,069	418,507
174,662	Crown mineral royalties		202,728	143,295
17,664	Criminal proceeds (recovery)		132,014	20,000
123,812	Managed isolation and quarantine fees		72,658	68,511
40,569	Sale of radio spectrum		40,711	35,767
23,442	Tax revenue		26,162	29,660
10,387	Other revenue		22,082	104,276
4,790	Crown entities return of funding		8,087	–
1,921	Interest unwind – loans		2,232	1,093
745,402	Total non-departmental revenue		940,743	821,109

Explanation of major variances against Budget can be found in the relevant notes.

SCHEDULE OF NON-DEPARTMENTAL EXPENDITURE

For the year ended 30 June 2022

Actual 2021 \$000		Notes	Actual 2022 \$000	Unaudited Budget 2022 \$000
Non-departmental expenditure				
3,473,809	Vote Business, Science and Innovation		2,790,687	3,191,034
1,915,088	Vote Labour Market		2,055,573	2,156,723
533,150	Vote Building and Construction		579,559	693,484
822,527	GST input expense		800,909	815,581
940	Doubtful debts		12,263	2,625
7,747	Provision for Weathertight Services		11,475	–
(1,237)	Other		(12,887)	(2,528)
6,752,024	Total non-departmental expenditure		6,237,579	6,856,919

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 2022.

The accompanying notes form part of these non-departmental schedules.

SCHEDULE OF NON-DEPARTMENTAL ASSETS

As at 30 June 2022

Actual 2021 \$000		Notes	Actual 2022 \$000	Unaudited Budget 2022 \$000
Non-departmental assets				
Current assets				
538,918	Cash and cash equivalents	9	900,268	517,112
312,780	Debtors and other receivables	4, 9	417,641	294,207
60,131	Loans	9	8,469	4,983
1,542	Prepayments		1,975	3,339
	– Assets held for sale		–	297
	– Foreign exchange contracts	9	233	–
913,371	Total current assets		1,328,586	819,938
Non-current assets				
60,500	Loans	9	60,523	238,651
14,000	Investment in joint venture	10	14,000	–
6,164	Property and equipment	5	9,290	19,068
80,664	Total non-current assets		83,813	257,719
994,035	Total non-departmental assets		1,412,399	1,077,657

Explanation of major variances against Budget can be found in the relevant notes. In addition, MBIE monitors Crown entities and the Crown's investment in those entities is consolidated in the Financial Statements of the Government on a line-by-line basis. The investment in those entities is not included in this schedule.

SCHEDULE OF NON-DEPARTMENTAL LIABILITIES

As at 30 June 2022

Actual 2021 \$000		Notes	Actual 2022 \$000	Unaudited Budget 2022 \$000
Non-departmental liabilities				
Current liabilities				
328,513	Provisions	8	558,383	360,574
285,488	Creditors and other payables	6, 9	192,467	317,291
38,511	Unearned income	7	36,057	–
628	Employee entitlements		823	539
30	Foreign exchange contracts	9	–	–
653,170	Total current liabilities		787,730	678,404
Non-current liabilities				
374,549	Unearned income	7	355,288	312,217
257,339	Provisions	8	69,224	80,215
	– Derivative liabilities		–	494
631,888	Total non-current liabilities		424,512	392,926
1,285,058	Total non-departmental liabilities		1,212,242	1,071,330

Explanation of major variances against Budget can be found in the relevant notes.

SCHEDULE OF NON-DEPARTMENTAL COMMITMENTS

As at 30 June 2022

Actual 2021 \$000		Actual 2022 \$000
	Capital commitments	
36,970	Loans	18,180
14,523	Investments	20,284
51,493	Total capital commitments	38,464
	Non-cancellable operating lease commitments	
136,199	Not later than one year	7,392
136,199	Total non-cancellable operating lease commitments	7,392
187,692	Total commitments	45,856

CAPITAL COMMITMENTS

Capital commitments are the aggregate amount of capital expenditure contracted for but not recognised as paid or provided for at balance date.

Cancellable capital commitments that have penalty or exit costs explicit in the agreement on exercising that option to cancel are included in the Statement of Commitments at the lower of the remaining contractual commitment and the value of those penalty or exit costs (that is, the minimum future payments).

Loans

MBIE on behalf of the Crown has one WorkSafe New Zealand loan commitment of \$18.180 million (2021: 13 loan commitments relating to the Inbound Tourism Operators totalling \$5.400 million and one WorkSafe New Zealand loan commitment of \$31.570 million).

Investments

MBIE on behalf of the Crown, and the Energy Efficiency & Conservation Authority have entered tripartite agreements with 16 Crown Entities in 2022 (2021: eight Crown Entities) for projects funded from the State Sector Decarbonisation Fund. Capital funding for these projects is being released on completion of milestones and as at 30 June 2022 \$20.284 million of funding was committed but not paid under these agreements (2021: \$14.523 million).

NON-CANCELLABLE OPERATING LEASE COMMITMENTS

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

The non-cancellable operating lease commitments of \$7.392 million represent the final contracted payments to the remaining three MIQ facilities until they were closed down on 31 August 2022 (2021: \$136.199 million reflects the value of the non-cancellable periods in the agreements).

SCHEDULE OF NON-DEPARTMENTAL CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at 30 June 2022

Actual 2021 \$000	Actual 2022 \$000
Quantifiable contingent assets	
– Criminal proceeds (recovery)	7,131
– Total quantifiable contingent assets	7,131
Quantifiable contingent liabilities	
343 Guarantees and indemnities	386
343 Total quantifiable contingent liabilities	386

CONTINGENT LIABILITIES

Contingent liabilities 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.

Quantifiable contingent liabilities

New Zealand's contribution to the Universal Postal Union

The Crown would be obliged to pay in the event that New Zealand Post does not agree to pay the annual membership contribution (Swiss Francs 230,000) to the Universal Postal Union.

Unquantifiable contingent liabilities

Rehabilitation of mineral mining sites

Funding or partial 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.

Indemnity under section 63 of the *Corporations Act 1989*

There is an unquantifiable indemnity under section 63 of the *Corporations Act 1989* for whether the exercise of investigating powers, unless in the exercise of investing powers, the power has been exercised in bad faith.

Claim against the Crown for breach of fiduciary duty

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.

Petroleum licence and permit holders

When licence/permit holders decommission their assets at the end of life of licences and permits, significant decommissioning costs will be incurred.

The refund against licence and permit holders can be considered as a contingent liability. Contingent liabilities cannot be quantified because the amounts are not able to be measured with sufficient reliability as at 30 June 2022.

Possible claim for damage to roads

Geotechnical investigation works have been procured by the Crown to support a feasibility study into energy storage options during New Zealand's dry years. The contractor completing the works has been instructed to continue throughout winter. This has had an impact on the roads used to access the sites, which are more adversely affected by usage by heavy machinery during winter months. If damage continues to be caused some remediation costs may be sought.

Grounded New Zealand citizens and residents trying to enter New Zealand

New Zealand citizens or residents are taking action where they perceive they have been excluded from entering New Zealand as a result of COVID-19 related border settings.

CONTINGENT ASSETS

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

Criminal proceeds (recovery)

Under the Criminal Proceeds (Recovery) Act 2009, the Court has the power to order seizure of property that has been derived directly or indirectly from criminal activity. The Official Assignee on behalf of the Crown works with other departments and crown agencies by providing expertise for efficient and effective asset seizure, management, and disposal.

Quantifiable contingent assets

An estimated net asset value of \$7.131 million has been identified as contingent assets for the 2021/22 year (2021: nil). They are from all the assets linked with forfeiture orders issued by the Court, still within the expiry of the specified period of appeal at 30 June 2022.

Unquantifiable contingent assets

The Criminal Proceeds (Recovery) Act 2009 directs the Official Assignee to take into custody and control assets that are ordered to be restrained by the Court. The restrained property value forms part of the unquantifiable contingent asset at 30 June 2022 as the property under restraint by the Court has a high probability of transferring to the Crown, but cannot be reliably quantified.

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 2022. 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 the accounting policies of the consolidated Financial Statements of the Government, Treasury Instructions, and Treasury Circulars.

Measurement and recognition rules applied in the preparation of these non-departmental schedules are consistent with NZ GAAP and PBE IPSAS.

Accounting standards issued and not yet effective

The standard issued but not yet effective, that has not been adopted early is PBE IPSAS 41 Financial instruments. The External Reporting Board issued PBE IPSAS 41 Financial instruments in March 2019. This standard supersedes PBE IFRS 9 Financial instruments. It is effective for reporting periods beginning on or after 1 January 2022. MBIE does not intend to early adopt PBE IPSAS 41. When this standard is adopted, MBIE does not expect any significant changes as the requirements are similar to PBE IFRS 9.

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
- › Change 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 awarded if the grant application meets the specified criteria. They are recognised as an expense when the application has been received. MBIE's non-discretionary grants have no substantive conditions (i.e. use for restricted purposes or repay).

For discretionary grants MBIE has no obligation to award a grant on receipt of an application. For discretionary grants without substantive conditions, the total committed funding is recognised as an 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.

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 the Government.

Budget figures

The 2022 Budget are the Main Estimates figures for the year ended 30 June 2022 and are consistent with MBIE's best estimate financial forecast information submitted to the Treasury for the Budget Economic and Fiscal Update 2021 for this year.

NOTE 3: 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.

Criminal proceeds (recovery)

The Official Assignee on behalf the Crown is responsible for administering the forfeiture of property under the *Criminal Proceeds (Recovery) Act 2009*. Under the Act, the Court has the power to order seizure of property that has been derived directly or indirectly from criminal activity. When the forfeited assets are sold or disposed of by the Official Assignee the resulting funds, after recovery of the expenses, are distributed to approved other parties. Any surplus funds are transferred to the Crown account via Criminal Proceeds (recovery) Trust Account.

Criminal proceeds (recovery) revenue is recognised as an accounting accrual for the estimated net asset value linked with forfeiture orders issued by the Court, following the expiry of the specified period of appeal.

Managed Isolation and Quarantine fees

MIQ facilities were set up in response to the COVID-19 pandemic. From 9 April 2020, all air arrivals were required to stay in MIQ for 14 days with very limited exceptions. The MIQ fees regime came into force in August 2020 with charges prescribed by *COVID-19 Public Health Response (Managed Isolation and Quarantine Charges) Regulations 2020*. MIQ facilities were all closed by 30 June 2022 so no further revenue is expected to be raised after this point.

Interest unwind – loans

At the point of recognition, concessionary loans are discounted to fair value, predominantly to reflect the time value of money. As concessionary loans become closer to being repaid, their present value increase. This increase in value is recognised as interest unwind. The interest unwind has been calculated using the discount rate at the start of the year.

Levies

Actual 2021 \$000		Actual 2022 \$000
Levies		
128,094	Health and safety at work levy	149,372
81,252	Electricity Authority levy	81,221
19,779	Immigration and migrant levies	75,563
48,296	Energy safety levy	46,195
38,701	Financial Markets Authority levy	41,648
5,150	Levy on electricity line business	10,858
10,083	Telecommunications development levy	10,315
5,403	Telecommunications regulation levy	5,423
3,970	External Reporting Board levy	4,006
2,692	International visitor levy	3,327
1,700	Levy on natural gas services	3,068
2,560	Major hazards facilities levy	2,496
475	Levy on regulated airports	577
348,155	Total levies revenue	434,069



Explanation of major variances against Budget

Total non-departmental revenue is \$119.634 million higher than Budget (Budget: \$821.109 million), comprising of a large ad-hoc receipt of Criminal proceeds (recovery) and higher Crown mineral

royalties revenue as the market recovered faster from the effects of the pandemic than initially budgeted for. These increases were partially offset with lower than anticipated other revenue for the year.

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 2021 \$000		Actual 2022 \$000
Debtors and other receivables from exchange transactions		
84,075	Other receivables	193,940
(2,308)	Less allowance for credit losses	(13,686)
81,767	Net debtors and other receivables from exchange transactions	180,254
Debtors and other receivables from non-exchange transactions		
230,095	Fine, levy and penalties receivables	236,610
21,644	Overclaimed income-related rent subsidy	21,094
(20,726)	Less allowance for credit losses	(20,317)
231,013	Net debtors and other receivables from non-exchange transactions	237,387
312,780	Total debtors and other receivables	417,641

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

As at 30 June 2022, debtors and other receivables of \$360.640 million were not past due (2021: \$311.239 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 and debt write-offs.

The collective provision for impairment of \$34.003 million (2021: \$23.034 million) and the increase in provision for impairment of \$11.377 million (2021: \$0.940 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 2021 \$000		Actual 2022 \$000
23,121	Balance at 1 July	23,034
940	Increase in the provision made during the year	11,377
(1,027)	Provision reversed during the year	(408)
23,034	Balance at 30 June	34,003

NOTE 4: DEBTORS AND OTHER RECEIVABLES (CONTINUED)

The allowance for credit losses is determined as follows:

30 June 2022

	Receivables days past due				Total
	Not due	More than 30 days	More than 60 days	More than 90 days	
Gross carrying amount of other receivables (\$000)	413,738	4,200	3,063	9,549	430,550
Lifetime expected credit loss (\$000)	(1,485)	(2,373)	(2,510)	(7,318)	(13,686)
Net carrying amount of other receivables (\$000)	412,253	1,827	553	2,231	416,864
Expected credit loss rate	0.36%	57%	82%	77%	
Gross carrying amount of overclaimed income-related rent subsidy (\$000)	-	-	-	21,094	21,094
Lifetime expected credit loss (\$000)	-	-	-	(20,317)	(20,317)
Net carrying amount of overclaimed income-related rent subsidy (\$000)	-	-	-	777	777
Expected credit loss rate	0%	0%	0%	96%	

30 June 2021

	Receivables days past due				Total
	Current	More than 30 days	More than 60 days	More than 90 days	
Gross carrying amount of other receivables (\$000)	311,239	10	132	2,789	314,170
Lifetime expected credit loss (\$000)	(27)	(4)	(53)	(2,224)	(2,308)
Net carrying amount of other receivables (\$000)	311,212	6	79	565	311,862
Expected credit loss rate	0.01%	40%	40%	80%	
Gross carrying amount of overclaimed income-related rent subsidy (\$000)	-	-	-	21,644	21,644
Lifetime expected credit loss (\$000)	-	-	-	(20,726)	(20,726)
Net carrying amount of overclaimed income-related rent subsidy (\$000)	-	-	-	918	918
Expected credit loss rate	0%	0%	0%	96%	

i Explanation of major variances against Budget

Non-departmental debtors and other receivables is \$123.434 million higher than the Budget (Budget: \$294.207 million) largely due to increased accruals

to revenue streams such as Criminal proceeds (recovery) and Crown mineral royalties which were not anticipated when the budget was produced.

NOTE 5: PROPERTY AND EQUIPMENT

P Property and equipment consist of buildings, temporary accommodation, textphone equipment and infrastructure assets.

Measurement

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, and the cost of the item can be measured reliably. 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 and is not depreciated.

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. 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
Auckland Queen's Wharf	10 years
Textphone equipment	4 years

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each balance date.

Revaluation

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. A revaluation change is recognised against the revaluation reserve. Where that results in a debit balance in the revaluation reserve, the balance is recognised in surplus or deficit.

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. If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to its recoverable amount.

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	Auckland Queen's Wharf \$000	Textphone equipment \$000	Buildings \$000	WIP \$000	Total \$000
Year ended 30 June 2021						
Cost	1,211	20,000	1,734	5,594	1,700	30,239
Accumulated depreciation	(678)	(20,000)	(1,734)	(992)	–	(23,404)
Opening net book value	533	–	–	4,602	1,700	6,835
Additions	–	–	–	–	343	343
Transfers from WIP	705	–	–	–	(705)	–
Revaluation	–	–	–	(466)	–	(466)
Disposals	(406)	–	(1,620)	–	–	(2,026)
Transfer to Crown Entity	–	–	–	–	(1,031)	(1,031)
Depreciation	(467)	–	–	(992)	–	(1,459)
Depreciation released on disposals	364	–	1,620	–	–	1,984
Accumulated depreciation reversed on revaluation	–	–	–	1,984	–	1,984
Closing net book value	729	–	–	5,128	307	6,164
Year ended 30 June 2022						
Cost	1,510	20,000	114	5,128	307	27,059
Accumulated depreciation	(781)	(20,000)	(114)	–	–	(20,895)
Opening net book value	729	–	–	5,128	307	6,164
Additions	–	–	–	–	3,875	3,875
Transfers from WIP	–	–	–	–	–	–
Revaluation	–	–	–	(441)	–	(441)
Disposals	–	–	–	–	–	–
Transfer to Crown Entity	–	–	–	–	–	–
Depreciation	(308)	–	–	(966)	–	(1,274)
Depreciation released on disposals	–	–	–	–	–	–
Accumulated depreciation reversed on revaluation	–	–	–	966	–	966
Closing net book value	421	–	–	4,687	4,182	9,290
Cost	1,510	20,000	114	4,687	4,182	30,493
Accumulated depreciation	(1,089)	(20,000)	(114)	–	–	(21,203)
Closing net book value	421	–	–	4,687	4,182	9,290

The most recent valuation of the non-residential building was performed by an independent registered valuer, Lionel Musson of Beca Projects NZ Limited, with an effective date of 30 June 2022.

The valuation was completed in accordance with *PBE IPSAS 17 Property, Plant and Equipment*. The depreciated replacement cost approach was used because it is deemed to be appropriate for specialised assets seldom traded on an open market.

NOTE 6: CREDITORS AND OTHER PAYABLES

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

Actual 2021 \$000	Actual 2022 \$000
229,763 Accrued expenses	128,847
30,192 Grant payable	35,735
17,824 Trade creditors	22,569
7,709 GST payable	5,316
285,488 Total creditors and other payables	192,467

Creditors and other payables are non-interest bearing.

i Explanation of major variances against Budget

Creditors and other payables are \$124.824 million lower than the Budget (Budget: \$317.291 million) mainly due to the closure of the R&D growth grants scheme and no corresponding payable at year end which had been included in the Budget. Additionally

MIQ costs were expected to be included at year end however due to the decommission of MIQ the accrued costs at year end were significantly lower than budgeted.

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 2021 \$000	Actual 2022 \$000
38,511 Radio spectrum sales – current	36,057
374,549 Radio spectrum sales – non-current	355,288
413,060 Total unearned income	391,345

Under the *Radio communications 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 re-offered for sale.

i Explanation of major variances against Budget

Unearned income is \$79.128 million above the Budget (Budget: \$312.217 million) due to additional radio

spectrum rights issued in the previous financial year which was not factored in the Budget at the time.

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 remaining cost to remediate leaky homes for claims repaired through the FAP scheme
- › the present value of future cash flows that 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.

Oil field decommissioning

The Tui oil field decommissioning provision has been based on a contracted price and assessment of the oil field's technical reports and adjusted by personnel in the decommissioning team with experience in the oil and gas industry. The model used to estimate cost uses the best estimates, exchange rates at 30 June 2022, and applies a risk margin for individual items based on previous experience and the team's knowledge of the oil and gas industry. There are multiple uncertainties and sensitivities that will affect the actual cost of decommissioning. These uncertainties include:

- › fluctuations in the cost of key elements of the decommissioning
- › market factors, including global availability of providers
- › weather delays
- › delays due to COVID-19
- › inflation and foreign exchange movements
- › technical issues.

Key Assumptions

- › Assumptions regarding the type of equipment used have been made for costing. The actual type of equipment used will influence costs.
- › A risk margin has been applied to line items individually, based on the level of uncertainty expected.

Timing of expenditure

At 30 June 2022 costs related to planning, operations and the demobilisation phase of the project have been incurred.

The majority of remaining costs to be incurred are expected to occur in the 2022/23 financial year, assuming notified windows for the next phases of work are met. Costs expected in the 2023/24 financial year are related to project closure.

The timing of expenditure is dependent on multiple uncertainties, including supplier availability as the drilling/ intervention equipment required for the work are currently outside New Zealand.

Fair value write-down on concessionary loans

The most critical assumption for determining the fair value is the default rate of the loans.

NOTE 8: PROVISIONS (CONTINUED)

Actual 2021 \$000		Actual 2022 \$000
Current		
246,095	New Zealand Screen Production Grant	298,806
56,896	Oil field decommissioning	230,554
25,522	Weathertight Services FAP	27,172
–	– Make-good provision	1,851
328,513	Total current provisions	558,383
Non-current		
52,949	Weathertight Services FAP	47,182
11,510	Fair value write-down on concessionary loans	18,015
192,880	Oil field decommissioning	4,027
257,339	Total non-current provisions	69,224
585,852	Total provisions	627,607

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 (or 75) 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 23 July 2011, and closed to new applications on 25 July 2016. Homeowners who were already working towards repairing through the FAP at this date can continue to do so.

Key assumptions

There is still considerable uncertainty surrounding the estimate of the Government's likely remaining 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 repairs 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 \$75.500 million higher and \$73.200 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 \$69.800 million higher and \$79.700 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 \$66.700 million higher and \$80.400 million lower respectively.

NOTE 8: PROVISIONS (CONTINUED)

New Zealand Screen Production Grant

The New Zealand Screen Production Grant is a scheme that incentivises the attraction of screen productions to New Zealand. Examples of productions receiving payment include the Avatar sequels, Sweet Tooth television series and The Power Ranger series.

Under the scheme, productions may receive a payment of up to 20 per cent on their New Zealand based expenditure for international production depending on the types of activity they undertake. The grants are non-discretionary, applicants cannot be refused if they meet the criteria, and the scheme is uncapped.

The productions that 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 and timing of payments are estimated in advance.

Actual expenditure is sensitive both to the number and size of qualifying productions. The provision is MBIE's best assessment of projects that will qualify for a payment 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.

Oil field decommissioning

The Tui oil field decommissioning provision was created to cover the estimated costs of decommissioning the Tui 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 contract pricing and adjusted by technical experts, and represents the best estimate of the decommissioning cost. The model used to estimate cost uses a risk margin to reflect uncertainties, risks and sensitivities of the decommissioning. The following uncertainties were considered.

- › Fluctuations in the cost of key elements of the decommissioning, especially the cost of offshore oil rig hire. Rates fluctuate with demand and movements in markets.
- › Market factors, including global availability of providers, which could impact timing of completion.

- › Weather delays – bad weather delays are days where weather conditions prevent work continuing. Costs relating to retaining crew and vessels are still incurred during bad weather delays. The duration of bad weather and associated costs is unknown.
- › COVID-19 delays such as lock downs, outbreaks and the ability for vessels and crews to enter New Zealand.
- › Inflation and foreign exchange movements, as the industry operates largely in US dollars.
- › Technical issues of equipment used and relating to the wells.

Fair value write-down on concessionary loans

Concessionary loans are designated at fair value through surplus or deficit under *PBE IFRS 9 Financial Instruments*. The difference between the amount of the concessionary loan and the fair value on initial recognition is recognised as an expense. The fair value write-down is recognised on the date the loan commitment is irrevocable. The provision at 30 June 2022 is for fair value write-down of the Inbound Tourist Operator, WorkSafe New Zealand and Hiringa Refuelling New Zealand Limited concessionary loan commitments that are un-drawn (refer note 9).

NOTE 8: PROVISIONS (CONTINUED)

	Weather-tight Services FAP \$000	New Zealand Screen Production Grant \$000	Oil field decommissioning \$000	Fair value write-down on concessionary loans \$000	Make-good provision \$000	Total \$000
Balance at 1 July 2020	93,737	182,976	151,665	–	–	428,378
Additional provisions made	7,860	169,835	175,410	11,510	–	364,615
Provision utilised during the year	(23,026)	(106,716)	(77,299)	–	–	(207,041)
Reversal of provision	(100)	–	–	–	–	(100)
Balance at 30 June 2021	78,471	246,095	249,776	11,510	–	585,852
Additional provisions made	11,585	155,173	–	9,243	1,851	177,852
Provision utilised during the year	(15,702)	(87,728)	(42,939)	(2,738)	–	(149,107)
Reversal of provision	–	(14,734)	–	–	–	(14,734)
Effect of foreign exchange rate fluctuation	–	–	27,744	–	–	27,744
Balance at 30 June 2022	74,354	298,806	234,581	18,015	1,851	627,607

i Explanation of major variances against Budget

Provisions are \$186.818 million above the Budget (\$440.789 million); due to Budget having lower forecast for New Zealand Screen Production Grant

provision due to the demand driven nature of grants and the information available at the time of Budget preparation.

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 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 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.

CONCESSIONARY LOANS

Concessionary loans are loans granted at below market terms. MBIE firstly assesses whether the substance of the transaction is a loan, a grant, an equity contribution, or a combination thereof. If MBIE has determined that the transaction is a loan, it assesses whether the transaction price represents the fair value of the loan on initial recognition. Fair value is determined by discounting all future cash receipts using a market related rate of interest for a similar loan and concession write-down on initial recognition is recognised in the Schedule of Non-Departmental Expenditure.

Concessionary loans are designated at fair value through surplus or deficit under PBE IFRS 9 Financial Instruments. The difference between the amount of the loan and the fair value on initial recognition is recognised as an expense. The initial fair value is lower than the amount of the initial loan for a number of reasons including that:

- › repayments may not be required for a number of years
- › the time value of money will erode the value of future payments because there is no interest charged in the first year
- › the interest rate charged is lower than the market interest rates for loans to small-to-medium businesses
- › borrowers may default on their obligations.

At the end of the year, predictive models are used to compare the carrying value to the fair value of the loan portfolio and the difference will be recognised in the Schedule of Non-Departmental Revenue or Schedule of Non-Departmental Expenditure.

NOTE 9: FINANCIAL INSTRUMENTS (CONTINUED)

The value of financial assets and financial liabilities in each of the financial instrument categories are as follows:

Actual 2021 \$000		Actual 2022 \$000
Financial assets measured at amortised cost		
538,918	Cash and cash equivalents	900,268
312,780	Debtors and other receivables	417,641
Financial assets measured at fair value through surplus or deficit		
120,631	Concessionary loans (refer following table)	68,992
–	– Foreign exchange contracts	233
972,329	Total financial assets	1,387,134
Financial liabilities measured at amortised cost		
285,488	Creditors and other payables	192,467
Financial assets measured at fair value through surplus or deficit		
30	Foreign exchange contracts	–
285,518	Total financial liabilities	192,467

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in non-departmental schedules.

Actual 2021 \$000		Actual 2022 \$000
Valuation technique: Level 2 – observable inputs		
Financial assets/ (liabilities)		
(30)	Forward foreign exchange contracts (net)	233

The following table analyses MBIE's financial liabilities, excluding derivatives, that will be settled, based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying amount (\$000)	Total contractual cash flows (\$000)	Total		
			Up to 1 year	1 to 5 years	Over 5 years
2022					
Creditors and other payables	192,467	192,467	192,467	–	–
Total	192,467	192,467	192,467	–	–
	Carrying amount (\$000)	Total contractual cash flows (\$000)	Up to 1 year	1 to 5 years	Over 5 years
2021					
Creditors and other payables	285,488	285,488	285,488	–	–
Total	285,488	285,488	285,488	–	–

NOTE 9: FINANCIAL INSTRUMENTS (CONTINUED)

The following table analyses MBIE's forward foreign exchange contract derivatives into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

2022	Derivative financial instruments net carrying amount (\$000)	Total contractual cash flows (\$000)	Up to 1 year	1 to 5 years	Over 5 years
Gross settled forward foreign exchange contracts (net liability)	-	-	-	-	-
Total	-	-	-	-	-

2021	Derivative financial instruments net carrying amount (\$000)	Total contractual cash flows (\$000)	Up to 1 year	1 to 5 years	Over 5 years
Gross settled forward foreign exchange contracts (net liability)	30	30	30	-	-
Total	30	30	30	-	-

Concessionary loans

Crown Energy Efficiency loans

The Crown Energy Efficiency loan scheme began in 1989 to provide interest-free loans to public sector organisations for energy efficiency and renewable energy projects.

The loan must be repaid in five years or less.

Loans are interest free for a maximum term of five years. Repayments are not required before five years, but the loan can be voluntarily repaid before then.

Inbound Tourist Operator (ITO) loans

In response to the impact of the COVID-19 pandemic, the Government agreed to provide loans to inbound tourist operators, so that ITOs are prepared to help rebuild visitation when international travel resumes.

Loans are subordinated (if applicable) and unsecured. Loans are interest free if they are paid back within two years. Otherwise, the interest rate will be 3 per cent per annum for a maximum term of five years. Draw down and principal repayments are determined by the borrower.

Given the continuing impact of COVID-19 on the tourism sector, as well as uncertainty around timeframes for the border re-opening and international travel, we expect that the concession on initial recognition on the loans will be up to 93.6 per cent on the nominal value of the loans. These loans will be closely monitored by Kānoa for the commercial viability and debt serviceability of ITOs.

As the ITO loans have no pre-conditions for drawdowns, a fair value write-down on the undrawn portion of these loans is recognised when a contract is signed, which is the date MBIE becomes a party to the irrevocable commitment in accordance with PBE IFRS 9.

The availability for requesting ITO loan drawdowns ended on 30th June and the final loan drawdown balance was \$5.750m (actual value) as of 30th June 2022. The loans will be monitored closely and unwinding of the concession recognised upfront will be processed in the future financial years, if necessary.

Managed Isolation and Quarantine loans

MIQ facilities were set up in response to the COVID-19 pandemic for arrivals from 9 April 2020. The MIQ fees regime came into force on 11 August 2020 requiring payment from liable returnees. By 30 June 2022 all MIQ facilities were closed.

Fees charged for stays up to 20 August 2021 had a payment term of 90 days, therefore under the *Public Finance Act 1989*, the fees receivable were considered lending. From 20 August 2021 payment terms were reduced to 30 days, so were no longer considered lending.

As no interest is charged on fees considered a loan, it is considered interest-free lending for accounting purposes.

NOTE 9: FINANCIAL INSTRUMENTS (CONTINUED)**Research and development loan scheme**

The research and development (R&D) loan scheme was set up to assist businesses performing R&D that were impacted by COVID-19. Loans of up to \$400,000 would be given to maintain R&D programmes and secure the highly skilled jobs associated with these programmes. The scheme was announced in May 2020, with the first loans issued in September 2020, and subsequently closed to applications on 31 March 2021 after the funds available had been fully allocated.

Loans were interest free if they are paid back within a year. Otherwise, the interest rate will be three per cent per annum for a maximum term of 10 years. Repayments are not required for the first three years. Monthly repayment instalments of principal and interest will be calculated to spread the amount of required repayments over the repayment period.

WorkSafe New Zealand loans

An interest-free loan was approved as part of Budget 2019 to allow WorkSafe New Zealand to increase its capacity to improve the health and safety outcomes

of workers in New Zealand. The loan agreement was finalised in May 2021, with drawdown from the loan facility to be made from 2021 to the 2025 financial year.

The loan is interest-free to the value of \$31.570 million, with the first annual repayment due 30 June 2024, and the final repayment due on 30 June 2029.

An undrawn loan commitment of \$18.180 million is recognised in the Statement of Non-Departmental Commitments.

Hiringa Refuelling New Zealand Limited loan

Hiringa Refuelling New Zealand Limited was provided a loan up to a maximum of fifteen years via the Covid Recovery Respond Fund to build green hydrogen production and refuelling network across New Zealand (Project) focused on the heavy transport sector.

The first four stations will provide coverage for the key heavy freight routes in the North Island. Interest rates are lower than the market rate, and no repayments are required before fifteen years, but the loan can be voluntarily repaid before then.

The table below shows the fair value movement during the year, by loan type.

	Crown Energy Efficiency \$000	ITO \$000	MIQ \$000	R&D \$000	WorkSafe \$000	Hiringa Refuelling \$000	Total \$000
Year ended 30 June 2022							
Opening fair value	3,464	52	58,927	58,188	–	–	120,631
New lending	3,500	4,900	15,047	–	13,390	6,757	43,594
Reversal of prior year accrual for lending	–	–	(23,206)	–	–	–	(23,206)
Fair value write-down	(597)	–	–	–	(2,738)	(6,757)	(10,092)
Repayments	(1,728)	–	(55,024)	(9,621)	–	–	(66,373)
Interest unwind	182	–	2,049	–	–	–	2,231
Fair value adjustment	–	–	2,207	–	–	–	2,207
Closing fair value	4,821	4,952	–	48,567	10,652	–	68,992
<i>Consists of:</i>							
Current	1,669	–	–	6,800	–	–	8,469
Non-current	3,152	4,952	–	41,767	10,652	–	60,523
Fair value loans at 30 June 2022	4,821	4,952	–	48,567	10,652	–	68,992

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.

NOTE 9: FINANCIAL INSTRUMENTS (CONTINUED)

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 2022 is not material.

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 & Poor's credit rating of AA-), a registered bank, and enters into foreign exchange forward contracts with the Treasury (Standard & 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.

The notional principal amount of outstanding foreign exchange contracts are as follows:

	Actual 2022 \$000		Actual 2021 \$000	
	Foreign Currency	NZD	Foreign Currency	NZD
US dollar	1,552	2,478	975	1,392

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.

Although cash and cash equivalents as at 30 June 2022 are subject to the expected credit loss requirements of PBE IFRS9, no loss allowance has been recognised because the estimated loss allowance for credit losses is trivial.

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, on behalf of the Crown, has no significant exposure to interest-bearing financial instruments and therefore does not experience interest rate risk.

Liquidity risk

Liquidity risk is the risk that MBIE, on behalf of the Crown, will encounter difficulty raising liquid funds to meet its commitments as they fall due. In meeting its liquidity requirements, MBIE, on behalf of the Crown, closely monitors its forecast cash requirements and maintains a target level of available cash to meet liquidity requirements.

MBIE, on behalf of the Crown, expects to settle all of its financial liabilities in a timely manner.

NOTE 10: INVESTMENT IN JOINT VENTURE

Kaitōrete Limited (Te Taumutu Rūnanga and Wairewa Rūnanga) and the Crown entered into a joint venture to take on Project Tāwhaki. The goals of the project are to rejuvenate the environment, honour deep cultural and historical links and build sustainable economic opportunities.

Project Tāwhaki will see the purchase of a 1,000 ha property on the Kaitōrete Spit to:

- › protect and rejuvenate the Kaitōrete environment, an area of significant cultural importance to the Rūnanga and home to numerous threatened and locally endemic plant, invertebrate, bird, and reptile species with internationally recognised ecological value.
- › develop aerospace activities and R&D facilities that have the potential to generate significant and sustainable economic opportunities through job creation, capital investment and adjacent sectors serving the aerospace economy.

NOTE 11: EVENTS AFTER THE BALANCE DATE

The Managed Isolation and Quarantine Facilities were de-designated by 30 June 2022, however there were continued contractual and employment relation obligations through to 31 August 2022 with funding appropriated for the 2022/23 year. Subsequent to the network being decommissioned, there are some ongoing functions supporting Official Information Act requests, Ombudsmen enquiries, complaints, waivers and debt management. Additional work is being carried out related to readiness planning, in case MIQ is required to be rapidly re-established, and development of a business case investigating the establishment of a National Quarantine Capability. The associated residual costs of MIQ in the 2022/23 year will be finalised following the completion of MBIE's audited 2021/22 Financial Statements. There have been no other material events subsequent to balance date.

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 2022.

	Actual 2022 \$000	Appropriation Voted 2022 \$000	Unappropriated 2022 \$000
VOTE BUSINESS, SCIENCE AND INNOVATION			
Non-departmental other expenses			
Infrastructure: Regional Digital Connectivity Improvements MYA	32,992	–	32,992
Non-departmental capital expenditure			
Infrastructure: Broadband Investment MYA	77,500	–	77,500

Infrastructure: Regional Digital Connectivity Improvements MYA and Infrastructure: Broadband Investment MYA

In 2020/21, the Ministry of Business, Innovation and Employment sought the joint approval of the Minister for Infrastructure and the Associate Minister of Finance to extend the period of two multi-year appropriations (above), from 30 June 2021 to 30 June 2022.

To extend the period of a multi-year appropriation, approval should be sought from Cabinet or Joint Ministers, and then this extension must be enacted in a clause in the Supplementary Estimates Bill, that then becomes the legislated authority.

The extending of these appropriations was approved by Joint Ministers for the March Baseline Update but not included in the Supplementary Estimates Bill 2021 by the Treasury and therefore was not enacted into legislation. This means the extension for both multi-year appropriations, was never legislated and the expiry date remained 30 June 2021.

As the administrative error of the Treasury's was not identified until mid-2022, the Ministry of Business, Innovation and Employment has incurred expenditure against both expired appropriations in the current financial year.



APPENDIX

APPENDIX 1: RESIDENTIAL TENANCIES TRUST ACCOUNT	196
APPENDIX 2: STATEMENT OF TRUST MONIES.....	203
APPENDIX 3: EMPLOYEE INFORMATION	205
APPENDIX 4: IMMIGRATION AND MIGRANT LEVIES	206
APPENDIX 5: BUILDING ADVISORY PANEL	208
APPENDIX 6: INTERNATIONAL VISITOR CONSERVATION AND TOURISM LEVY	209
APPENDIX 7: OTHER DISCLOSURES	210
APPENDIX 8: SUSTAINABILITY.....	211

APPENDIX 1: RESIDENTIAL TENANCIES TRUST ACCOUNT

INDEPENDENT AUDITOR'S REPORT

To the readers of the Residential Tenancies Trust Account's financial statements for the year ended 30 June 2022

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 198 to 202, that comprise the statement of financial position as at 30 June 2022, 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 198 to 202:

- › present fairly, in all material respects:
 - its financial position as at 30 June 2022; 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 30 September 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. 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.

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 195 and 203 to 217 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 2022

Actual 2021 \$000		Actual 2022 \$000
Revenue		
18,694	Interest earned from bank deposits	15,909
Expenditure		
18,694	Interest to MBIE	15,909
	– Net surplus	–
	– Other comprehensive revenue and expenses	–
	– Total comprehensive revenue and expenses	–

STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

Actual 2021 \$000		Notes	Actual 2022 \$000
Current assets			
12,233	Cash and cash equivalents	3	11,041
204,500	Investments	4	161,500
34,127	Interest receivable	3	25,687
140	Other current assets		70
251,000	Total current assets		198,298
Non-current assets			
470,500	Investments	4	560,000
470,500	Total non-current assets		560,000
721,500	Total assets		758,298
Current liabilities			
36,338	Interest payable to MBIE		26,617
65	Other current liabilities		75
36,403	Total current liabilities		26,692
36,403	Total liabilities		26,692
685,097	Net assets		731,606
Bondholders' funds			
633,696	Opening balance		685,097
51,401	Net increase		46,509
685,097	Total bondholders' funds		731,606

RECONCILIATION OF MOVEMENTS IN BONDHOLDERS' FUNDS

For the year ended 30 June 2022

Actual 2021 \$000		Actual 2022 \$000
633,696	Bondholders' funds at 1 July	685,097
299,764	Bonds lodged	291,198
(244,926)	Bonds refunded	(242,115)
(3,437)	Unclaimed bonds paid to the Treasury	(2,574)
685,097	Bondholders' funds at 30 June	731,606

STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

Actual 2021 \$000		Actual 2022 \$000
	Cash flows from operating activities	
24,462	Interest received	24,347
(23,888)	Interest payments to MBIE	(25,628)
574	Net cash flows from operating activities	(1,281)
	Cash flows from investing activities	
220,000	Proceeds from maturity of investments	204,500
(271,000)	Purchase of investments	(251,000)
(51,000)	Net cash flows from investing activities	(46,500)
	Cash flows from financing activities	
299,764	Lodgement bonds	291,198
(248,362)	Refund of bonds	(244,689)
(47)	Provision for incorrect forfeiture	80
51,355	Net cash flows from financing activities	46,589
929	Net increase in cash held	(1,192)
11,304	Cash at the beginning of the year	12,233
12,233	Cash at the end of the year	11,041

RECONCILIATION OF OPERATING SURPLUS TO NET CASH FLOWS FROM OPERATING ACTIVITIES

Actual 2021 \$000		Actual 2022 \$000
-	Net surplus	-
	Add/(less) movements in working capital	
5,767	Decrease/(increase) in interest receivable	8,440
(5,193)	Increase/(decrease) in interest payable	(9,721)
574	Net cash flows from operating activities	(1,281)

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 2022 and were authorised for issue by the Chief Executive of MBIE on 30 September 2022.

NOTE 2: BASIS OF PREPARATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**Basis of preparation****Statement of compliance**

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 the 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.

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. Residential Tenancies 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 that 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 2021 \$000		Actual 2022 \$000
12,233	Cash held	11,041
34,127	Interest receivable	25,687
675,000	Investments	721,500
721,360	Total financial assets	758,228

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. Residential Tenancies 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.

The accompanying notes form part of these financial statements.

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 2022.

Actual 2021 \$000		Actual 2022 \$000
Current		
92,500	ANZ	15,000
22,000	ASB	14,000
27,000	BNZ	89,000
8,000	Kiwibank	7,000
55,000	Westpac	36,500
204,500	Total current	161,500
Non-current		
43,000	ANZ	143,500
48,000	ASB	34,000
240,500	BNZ	151,500
35,000	Kiwibank	83,000
104,000	Westpac	148,000
470,500	Total non-current	560,000
675,000	Total investments by counterparty	721,500
Weighted average interest rates:		
1.91%	Short-term deposits	2.43%
3.48%	Long-term deposits	2.76%

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 2022 (2021: 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 2022 were as follows.

	Opening Balance 1 July 2021 \$000	Capital Increase \$000	Distributions Made \$000	Receipts \$000	Expenditure \$000	Closing Balance 30 June 2022 \$000
Coal and Minerals Deposits Trust Account	464	1	(1)	–	–	464
Employment Relations Service Trust Account	690	1,680	(708)	11	–	1,673
New Zealand Immigration Trust Account	276	–	(80)	2	–	198
Official Assignee's Office Trust Account	15,051	17,778	(9,156)	80	(9,295)	14,458
Patent Cooperation Treaty Fees Trust Account	88	1,051	(1,047)	–	–	92
Petroleum Deposits Trust Account	81	1	–	–	–	82
Criminal Proceeds (Recovery) Trust Account	207,842	23,529	(109,954)	1,053	(7,306)	115,164
Residential Tenancies Trust Account	685,097	291,198	(244,689)	15,909	(15,909)	731,606
Residential Tenancies Trust Penalties Account	45	45	(46)	–	–	44
Weathertight Financial Assistance Package Trust Account	–	2,778	(2,778)	–	–	–
East Coast Plugging and Abandonment Trust	–	984	–	–	–	984

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 RTTA, prepared on an accrual accounting basis in conformity with generally accepted accounting practice, is provided in Appendix 1.

Residential Tenancies Trust Penalties Account

In 2020/21 a new trust account, the Residential Tenancies Tribunal Penalties Trust Account, was established. The purpose of this trust account is to collect tribunal costs and penalties from landlords and direct the payment to tenants under the *Residential Tenancies Act 1986*.

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 homeowners.

East Coast Plugging and Abandonment Trust

A new trust account, the East Coast Plugging and Abandonment Trust, has been established to hold a third-party contribution to plugging and abandonment costs, for exploration wells drilled under two petroleum exploration permits. The funds may be used to meet any legal, accounting or other costs associated with holding, distribution, or be transferred to a third party to help fulfil the purpose.

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 2022. 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. Casuals, contractors and employees on leave without pay as at 30 June 2022 are not included in the table.

Salary bands above \$300,000 have been combined to protect the privacy of those employees.

Age Bracket	Under 30				30–39			40–49			Over 50			Unknown			Total
	D	F	M	U	F	M	U	F	M	U	F	M	U	F	M	U	
Salary band																	
\$40,000–\$49,999	–	73	26	2	46	16	1	15	4	–	9	1	–	12	2	–	207
\$50,000–\$59,999	–	242	154	17	168	87	3	97	51	2	101	58	–	17	7	–	1,004
\$60,000–\$69,999	–	165	75	5	159	71	2	129	45	2	97	38	–	9	5	–	802
\$70,000–\$79,999	1	165	91	12	152	68	4	66	29	1	76	34	–	10	4	–	713
\$80,000–\$89,999	1	67	48	5	107	78	5	72	39	–	77	45	2	8	4	–	558
\$90,000–\$99,999	–	47	32	1	83	69	–	56	42	1	61	53	–	7	1	–	453
\$100,000–\$109,999	–	33	33	–	66	42	2	45	27	–	23	36	1	2	3	–	313
\$110,000–\$119,999	–	27	19	1	78	60	1	55	55	–	57	65	2	5	1	–	426
\$120,000–\$129,999	–	11	7	–	59	48	1	47	41	3	49	53	–	3	2	–	324
\$130,000–\$139,999	–	5	8	–	32	41	–	46	37	3	35	24	–	2	4	–	237
\$140,000–\$149,999	–	5	5	1	42	31	2	44	37	1	35	41	–	6	1	–	251
\$150,000–\$159,999	–	–	1	–	20	20	–	34	24	–	27	25	–	3	4	–	158
\$160,000–\$169,999	–	1	–	–	21	8	–	30	35	–	39	38	–	2	1	1	176
\$170,000–\$179,999	–	–	–	–	9	9	–	23	18	1	10	15	–	–	–	–	85
\$180,000–\$189,999	–	–	–	–	4	2	1	10	11	1	12	17	2	–	–	–	60
\$190,000–\$199,999	–	1	–	–	3	–	1	5	13	–	2	8	–	–	2	–	35
\$200,000–\$209,999	–	–	–	–	3	–	–	7	7	–	7	12	–	–	–	–	36
\$210,000–\$219,999	–	–	–	–	2	–	–	4	3	–	1	3	–	2	–	–	15
\$220,000–\$229,999	–	–	–	–	–	–	–	2	2	–	–	2	–	–	–	–	6
\$230,000–\$239,999	–	–	–	–	–	–	–	1	2	–	2	3	–	1	1	–	10
\$240,000–\$249,999	–	–	–	–	1	–	–	7	3	–	1	1	–	–	–	–	13
\$250,000–\$259,999	–	–	–	–	–	–	1	4	3	–	–	5	–	–	–	–	13
\$260,000–\$269,999	–	–	–	–	–	–	–	4	1	–	1	2	–	–	–	–	8
\$270,000–\$279,999	–	–	–	–	–	–	–	–	1	–	–	5	–	–	–	–	6
\$280,000–\$289,999	–	–	–	–	–	–	–	–	1	–	1	3	–	–	–	–	5
\$290,000–\$299,999	–	–	–	–	–	–	–	–	1	–	1	1	–	–	–	–	3
\$300,000–\$399,999	–	–	–	–	–	–	–	1	2	–	1	3	–	–	1	–	8
Over \$400,000	–	–	–	–	–	–	–	–	–	–	2	4	–	–	–	–	6
Total	2	842	499	44	1,055	650	24	804	534	15	727	595	7	89	43	1	5,931

D = Gender Diverse; F = Female; M = Male; U = Undisclosed

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 Immigration Levy and the Migration Levy, and how it has been applied. The following tables detail the allocation of the levies and summarise the amounts collected.

ALLOCATION OF IMMIGRATION LEVY

Vote	Programme	Actual 2020 \$000	Actual 2021 \$000	Actual 2022 \$000	Forecast 2023 \$000
Labour Market	Immigration Research Programme, including evaluation	2,200	2,200	2,200	2,200
Labour Market	Settlement services	863	863	863	894
Labour Market	Border security	11,210	10,870	10,870	10,870
Labour Market	Immigration compliance	8,671	8,331	8,468	19,182
Labour Market	Marketing and attraction	6,840	6,840	6,840	7,670
Labour Market	Global Impact Visas	330	–	–	–
Education	English for Speakers of Other Languages (ESOL) for adults (home and community based)	426	426	426	–
Education	ESOL in the compulsory school sector	2,460	2,460	–	–
Labour Market	Regional skills matching and job assistance services	1,227	1,227	1,227	–
Labour Market	Multi-lingual settlement information programmes	650	650	454	–
Labour Market	National-level support for organisations that facilitate migrant participation in host communities	100	100	–	–
Education	Migrant futures – Work Connect Programme	1,613	1,613	1,613	–
Education	Pacific Work Connect Programme	–	–	564	–
Education	Bilingual support workers	514	514	514	–
Labour Market	Welcoming Communities	900	1,985	2,135	1,645
Labour Market	Immigration data and intelligence capability	–	–	–	8,271
Labour Market	Provision of the infrastructure and systems to support immigration processing	–	–	–	49,990
Labour Market	Immigration risk management and verification	–	–	–	9,451
	Total Immigration Levy allocation	38,004	38,079	36,174	110,173

SUMMARY OF IMMIGRATION LEVY

	Actual 2020 \$000	Actual 2021 \$000	Actual 2022 \$000	Forecast 2023 \$000
Balance at 1 July	(7,203)	(11,064)	(30,594)	7,542
Revenue	34,143	18,549	74,310	59,045
Allocations	(38,004)	(38,079)	(36,174)	(110,173)
Balance at 30 June	(11,064)	(30,594)	7,542	(43,586)

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 and provision of the infrastructure and systems to support immigration

processing. 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 LEVY

Vote	Programme	Actual 2020 \$000	Actual 2021 \$000	Actual 2022 \$000	Forecast 2023 \$000
Labour Market	Welcoming Communities Pilot	835	–	–	–
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	308	–
Education	Investigating effectiveness of ESOL programmes in schools	–	100	100	–
Total Migrant Levy allocation		1,400	712	408	–

SUMMARY OF MIGRANT LEVY

	Actual 2020 \$000	Actual 2021 \$000	Actual 2022 \$000	Forecast 2023 \$000
Balance at 1 July	3,624	2,229	1,517	1,109
Revenue	5	–	–	–
Allocations	(1,400)	(712)	(408)	–
Balance at 30 June	2,229	1,517	1,109	1,109

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 focusses on strategic issues facing the built environment and the construction sector. It also provides guidance, advice, and direction on ways MBIE can support the sector to be innovative and high performing. The BAP panel members are:

- › 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 met four times in the 2021/22 financial year. It has provided advice on key MBIE work programmes, including Building System Legislative Reform, Building for Climate Change, and the Building Code. It has provided advice on the review of the building consent system and how MBIE can support the sector through system-wide legislative programmes underway including the *Resource Management Act 1991* and Three Waters Reform Programme. It has also encouraged MBIE to bring a te ao Māori perspective to its work and for Māori representation on the BAP.

Membership terms of BAP members have now concluded and MBIE will begin the appointment process for new members of the BAP in 2022/23.

In the 2021/22 year, the following payments were made to BAP members.

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.

Building Advisory Panel Member	Actual Meeting Fees (incl. GST) \$000	Actual Other Expenses (incl. GST) \$000
Dean Kimpton – Chair	6,075	810
Graham Burke	2,700	–
Dr Troy Coyle	2,565	856
Steve Evans	10,013	–
Sally Grey	3,780	665
Adrienne Miller	2,700	1,105
Janine Stewart	5,130	–
Dr Jeroen van der Heijden	3,240	–
Total BAP fees and other expenses for 2021/22	36,203	3,436

APPENDIX 6: INTERNATIONAL VISITOR CONSERVATION AND TOURISM LEVY

This notional account tracks the balance of the International Visitor Conservation and Tourism Levy collected under part 3 of the *Immigration (Visa, Entry Permission, and Related Matters) Amendment Regulations 2019*. The account records International Visitor Conservation and Tourism Levy revenue collected by the Crown, offset by expenditure within MBIE and the

Department of Conservation on designated and approved programmes and projects.

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 2021 \$000	Actual 2022 \$000
Balance at 1 July	48,320	37,743
Revenue	2,692	3,314
<i>Expenditure:</i>		
MBIE	7,514	2,708
Department of Conservation	5,755	6,331
Total expenditure	13,269	9,039
Net surplus	(10,577)	(5,725)
Balance at 30 June	37,743	32,018

APPENDIX 7: OTHER DISCLOSURES

Immigration Act 2009

Under the *Immigration Act 2009*, some immigration officers have powers to enter and search employers' premises for any specified person or specified employee who are not entitled to work in New Zealand or are in breach of their visa (section 277A(3)(a) or (b)). Section 277C of the *Immigration Act 2009* requires every annual report to report any instances where these powers were used. During this reporting period, there were no instances where interactions with employers at their premises required the exercise of these powers (as interactions proceeded with consent).

Victims' Rights Act 2002

The main service that MBIE provides to registered victims of crime is the opportunity to provide comment on the possible deportation of the offender(s). MBIE has not received any complaints from victims during the reporting year.

Children's Act 2014

MBIE, as required by the *Children's Act 2014*, published its Child Protection Policy (2020) on the MBIE website. This policy has particular operational relevance at Te Āhuru Mōwai o Aotearoa (Refugee and Migrant Services), and the border. As part of implementation, MBIE has operationalised the policy, including the responsibility to assess the inclusion of a child protection policy requirement in contracts and funding agreements, and commenced piloting online mandatory training modules for all employees working directly with children and young people. MBIE actively monitors and reports to the senior leadership of MBIE on compliance with the policy.

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 Lake Manapōuri and Lake Te Anau. Meridian Energy is required to advise MBIE, acting for the Minister of Energy and Resources, of any departures. There were no departures requiring disclosure for the 2021/22 financial year.

Enhancing Identity Verification and Border Processes Legislation Act 2017

MBIE (Immigration) has an arrangement with New Zealand Police to access information pursuant to Part 7 of the *Privacy Act 2020*. MBIE accesses identity information held by New Zealand Police 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*; has obtained a visa in a false identity; is liable for deportation or turnaround; or is unlawfully in New Zealand.

APPENDIX 8: SUSTAINABILITY

TOTAL EMISSIONS BY EMISSIONS SOURCE

Activity (emissions source)	2018/2019	2019/2020	2020/2021	2021/2022
Scope 1	408.68	350.54	400.54	389.38
Natural gas (reticulated)	138.57	132.82	108.99	200.45
Transport fuel (fleet)	270.11	217.72	291.55	188.93
Scope 2	656.86	673.44	706.33	691.06
Purchased electricity	656.86	673.44	706.33	691.06
Scope 3	9,606.49	6,921.37	3,130.87	3,158.28
# Freight	0	0	0	46.63
Staff travel – domestic	3,547.34	2,834.69	2,261.76	1,694.59
Staff travel – international	5,770.6	3,842.13	577.44	1,059.64
Transmission and distribution losses	65.99	69.77	67.01	74.67
Waste	222.56	174.78	224.66	131.66
# Wastewater services	0	0	0	16.42
# Water supply	0	0	0	1.13
# Working from home	0	0	0	133.54
Total gross emissions (t CO₂e)	10,672.03	7,945.35	4,237.74	4,238.72
Change in gross emissions (all sources) since base year		-26%	-60%	-60%
Change in gross emissions (all sources) from previous financial year		-26%	-47%	0%

Notes:

The greenhouse gas emissions measurement (emissions data and calculations) has been independently verified against ISO 14064-1:2018 by Toitū Envirocare (Enviro-Mark Solutions Limited). These emissions results align with the Ministry for the Environment's 2022 Measuring

Emissions Guidance, which uses the 100-year global warming potentials in the Intergovernmental Panel on Climate Change Fourth Assessment Report (AR4).

The 2021/22 emissions inventory includes emissions sources required by the Carbon Neutral Government Programme that were not included in previous inventories (these are marked with #).

EMISSIONS INTENSITY BY FINANCIAL YEAR

	2018/2019	2019/2020	2020/2021	2021/2022
Full-time equivalent (FTE)	5,022	5,555	5,795	6,015
Expenditure (\$m)	814	931	1,095	1,261
Total gross emissions per FTE (t CO ₂ e)	2.13	1.43	0.73	0.70
Total gross emissions per million dollars of expenditure (t CO ₂ e)	13.11	8.53	3.87	3.36

EMISSIONS REDUCTIONS INITIATIVES AND THEIR IMPLEMENTATION

	Initiative	Delivery
Emissions reduction: Our Business Travel	Include flight emissions in DCE international travel approval form	May-2022
	Update MBIE travel policy	2022
	Booking system enhancements (FCM travel) – low emissions selector tools	For 2022/23 reporting year
	2022/23 travel budgets (\$) align to 2020/21	2023
	Set travel emissions budgets	
Emissions reduction: Our Buildings	Data review – gas use across MBIE lease portfolio	2023
	SmartPower Monitoring and Targeting reporting	2016
	Targeted NABERS assessments (asset management)	Ongoing
	Stout Street – Continuous Commissioning project	TBC
	LED lighting upgrade project	
	Herriot Drive, Porirua – Commissioning project	2023
	Property consolidation – Auckland	
	Property consolidation – Wellington	Dec-2023
Emissions reduction: Our Fleet	Hutt Hub Development - Calculate (life cycle assessment) embodied carbon avoided through reuse of building structure	
	Establish fleet project team	June-2022
	Remove under-utilised vehicles from fleet	2022
	Determine modern fleet requirements	2022
Emissions reduction: Our Waste	Replace fleet vehicles with BEV (phased roll-out, including charging infrastructure)	From 2022
	Update all waste bin signage and communications - Avoid contamination of recycling - Increase diversion of organics from landfill	July-2022
	Promote circular economy and behaviour change	Winter-2022
Emissions reduction: Our Team	Partner with Will & Able (recycling, container return)	May-2022
	Staff commute survey	Spring 2022
Climate change and our operations	SLT risk	Dec-2021
	Climate-related disclosures 2022	Oct-2022
Supporting the transition	<i>Aotearoa Sustainability Academy – Sustainability Fundamentals</i> Proof of Concept participants	Jun-2022
	Integrate sustainability capability building with Te Ao Māori worldview knowledge learning outcomes of Whāinga Amorangi	
	Roll out and monitor impacts of a sustainability capability development programme for MBIE people	2023
	Establish an enterprise approach to integrated reporting	2024

Owner	Investment	Emissions reduction	POLICY REFERENCE
		Measuring & reporting	
Procurement		Behaviour change	
NZGP		Behaviour change	
Budget holders	(saving)	- 2011t CO ₂ e (2022/23 estimate; against 2018/19 base year)	
		Measuring & reporting	
Property			
Property		Energy (kWh/m ²) -3.3% on previous year	
Property			CNGP requirement
Property	\$787,200 (5.46 year payback period)	-25.79t CO ₂ e pa	
Property	\$32,198 (1.8 year payback period)	-16t CO ₂ e pa	
Property		TBC	Emissions Reduction Plan
Property	(saving)	-20t CO ₂ e pa (electricity only)	Emissions Reduction Plan
Property	\$5000	TBC (avoided embodied carbon)	GPG Regional Hub Programme Building for climate change
Workplace			
Workplace	(saving)	-43t CO ₂ e pa (from 2019 base year data)	
Workplace	\$5m (year 1)	-60 tCO ₂ e year 1 -150t CO ₂ e pa at 2025	CNGP requirement/NZGP initiative
Facilities		Small reduction in CO ₂ e (waste to landfill)	NZ Waste Strategy
Kete Taiao		Behaviour change	NZ Waste Strategy
Facilities		Nominal (diversion from landfill)	Circular economy; Broader outcomes
Sustainability	\$0	Measuring & reporting	Emissions Reduction Plan
SLT/Strategic Planning Committee		Measuring & reporting	External Reporting Board climate standards
	\$48,000	Leadership	
Sustainability (with L&D)	\$0	Capability (28 staff participating in POC)	
		Capability	
Learning & Development	TBC	Capability	
		Measuring & reporting	Integrated Reporting Framework

ACRONYMS

ACC	Accident Compensation Corporation	MOH	Ministry of Health
ADEPT	Advanced Digital Employer-led Processing and Targeting	MSD	Ministry of Social Development
ANZSCO	Australian and New Zealand Standard Classification of Occupations	MYA	multi-year appropriation
BAP	Building Advisory Panel	MVT	Motor Vehicle Trader
BEFU	Budget Economic and Fiscal Update	NABERS	National Australian Built Environment Rating System
BEV	battery electric vehicle	NAP	National Adaptation Plan
BWOF	building warrant of fitness	NBS	New Building Standard
CERT	Computer Emergency Response Team	NEET	not in employment, education or training
CNGP	Carbon Neutral Government Programme	NZBN	New Zealand Business Network
CRHL	Crown Regional Holdings Limited	NZ GAAP	New Zealand generally accepted accounting practice
CXI	Customer Experience Index	NZPCA	New Zealand Private Capital Association
D,E&I	diversity, equity and inclusion	NZQF	New Zealand Qualifications Framework
DPMC	Department of the Prime Minister and Cabinet	NZTE	New Zealand Trade and Enterprise
EECA	Energy Efficiency and Conservation Authority	OLP	occupational licensing platform
ECLI	Emergency Caller Location Information	OIA	Official Information Act
eIMT	Enterprise Incident Management Team	PaCSON	Pacific Cyber Security Operation Network
EMBC	Emergency Management and Business Continuity	PBE	public benefit entity
ERP	Emissions Reduction Plan	PBE FRS	Public Benefit Entity Financial Reporting Standard
ESOL	English for speakers of other languages	PBE IPSAS	Public Benefit Entity International Public Sector Accounting Standard
FAP	Financial Assistance Package	pDEI	potential direct economic impact
FDI	foreign direct investment	PGFL	Provincial Growth Fund Limited
FTE	full-time equivalent	PLA	permanent legislative authority
GCCRS	Greater Christchurch Claims Resolution Service	R&D	Research and development
GDP	gross domestic product	RAP	risk analytics platform
GETS	Government Electronic Tender Service	RSLG	Regional Skills Leadership Group
GHG	greenhouse gas	RTTA	Residential Tenancies Trust Account
GPG	Government Property Group	SaaS	Software-as-a-Service
GST	goods and services tax	SLT	Senior Leadership Team
ICT	information and communications technology	TAS	Temporary Accommodation Service
IEA	International Energy Agency	TCFD	Task Force on Climate-Related Financial Disclosures
IPONZ	Intellectual Property Office of New Zealand	t CO ₂ e	tonnes of carbon dioxide equivalent
ITO	Inbound Tourist Operator	TEIC	Tourism Evidence and Insights Centre
ITP	Industry Transformation Plans	TPES	total primary energy supply
LED	light-emitting diode	TSO	telecommunications service obligations
MBIE	Ministry of Business, Innovation and Employment	UFB	ultra-fast broadband
MCA	multi-category appropriation	UNHCR	United Nations High Commissioner for Refugees
MIQ	Managed Isolation and Quarantine	WHS	wellbeing, health and safety
		WIP	work in progress
		WTO	World Trade Organisation

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**
HĪKINA WHAKATUTUKI

Te Kāwanatanga o Aotearoa
New Zealand Government

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