



## Minister for Economic Development

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# Economic Development portfolio

## Vote Business, Science and Innovation

Report in relation to selected non-departmental appropriations for the year ended 30 June 2023

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## Foreword

Ministers are responsible for reporting the financial and non-financial performance of non-departmental appropriations to Parliament. This report provides information about the year-end performance results of non-departmental appropriations that have not been included in any other reports to Parliament.

This report provides the 1 July 2022 - 30 June 2023 results of relevant non-departmental appropriations for the Economic Development portfolio within Vote Business, Science and Innovation. The relevant appropriations are:

### Non-Departmental Output Expenses

- *Economic and Regional Development: Auckland Pacific Skills (Multi-Year Appropriation)*
- *Economic and Regional Development: Operation of the Future of Work Forum*
- *Economic Development: Industry Transformation Plans*
- *Economic Development: Pacific Business Trust Procurement Support Service*
- *Economic Development: Supporting Just Transitions*
- *Support the Growth and Development of New Zealand Firms, Sectors and Regions (Multi-Category Appropriation)*

### Non-Departmental Other Expenses

- *Cyclone Gabrielle - Business support for the impacts of Cyclone Gabrielle and January 2023 weather events*
- *Economic and Regional Development: COVID-19 Events Transition Support Payment*
- *Economic Development: Major Events Development Fund 2022-2027 (Multi-Year Appropriation)*
- *Economic Development: New Zealand Screen Production Grant - International 2021-2026 (Multi-Year Appropriation)*
- *Extreme Weather Events - Emergency Flood Support for the Auckland Region*




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Hon Barbara Edmonds

**Minister for Economic Development**

## Statements of Performance

### *Non-Departmental Output Expenses*

## Economic and Regional Development: Auckland Pacific Skills (Multi-Year Appropriation)

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### Scope of Appropriation

This appropriation is limited to establishing and operating the Auckland Pacific Skills Shift programme.

Commences: 01 December 2020

Expires: 30 June 2025

### Intention Statement

This appropriation is intended to achieve supporting Auckland Pacific peoples in low-skilled work to transition into quality employment by providing wrap-around support to impacted Pacific households and programmes to build capability of Pacific communities.

### Assessment of Performance

#### Non-financial

Performance Measure	2021/22 Actual Result	2022/23 Budget Standard	2022/23 Actual Result
Number of progress reports received from implementing partners	4	4	4
Programmes are regularly monitored and evaluated against milestones	Achieved	Achieved	Achieved

#### *Comment*

Alo Vaka (The Auckland Pacific Skills Shift) is a four-year, \$20.97 million programme which promotes the development of fānau- and community-centric approaches to address the impacts of precarious work conditions. It promotes labour market restructuring and greater agency within Pacific communities and households in South and West Auckland to chart out and achieve their economic aspirations.

Key milestones delivered for the year include:

- Delivery of 2,447 microcredentials, with ten microcredential courses developed to complete a suite of 12 developed to support Pacific workers to transition into higher quality employment. The Future Ready: Money Confidence microcredential focused on financial literacy for Pasifika workers won the Impact Award at the Diversity Awards NZ 2022. Over 250 employers have provided in-work microcredential training opportunities for the period.
- 114 Uptempo Pacific 'aiga (families) including 701 people in these 'aiga have been provided targeted holistic economic support through the programme from initiation to date, to improve their economic future and increase their resilience to labour market disruptions.
- Six new reports and case studies were delivered to demonstrate learnings from Alo Vaka and how these could be scaled through policy, commissioning, mental model shifts and existing programme delivery to support agencies in enabling Pacific families to achieve greater employment outcomes.

- Ongoing refinement, testing and promotion of the Great Employer Matrix (GEM) with key government and private sector employers, which provides benchmarks for employers to become better at attracting, retaining, and progressing Pacific workers (expanded to including Māori to increase appeal and uptake). The GEM was included in Auckland Council’s collective agreement for their Public Service Association Pacific staff members and was accepted by the Auckland Council Executive Leadership Team in November 2022.

## Financial

<b>Expenses</b>	<b>2021/22 Actual \$000</b>	<b>2022/23 Estimates \$000</b>	<b>2022/23 Supplementary Estimates \$000</b>	<b>2022/23 Actual \$000</b>
Total Appropriation	3,736	5,500	8,483	5,186

### *Comment*

This Multi-Year Appropriation is underspent by \$3.3million for the year ended 30 June 2023 due to project delays driven by the cascading impacts of COVID-19 as well as budget planning processes for two of three delivery partners.

## Economic and Regional Development: Operation of the Future of Work Forum

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### Scope of Appropriation

This appropriation is limited to supporting social partner's involvement in the Future of Work Tripartite Forum and procuring research to support the forum's work programme.

### Intention Statement

This appropriation is intended to achieve meaningful tripartite dialogue on policy matters related to the future of work in New Zealand; and a better understanding of how work will change in future, and how government policy might best support good work for all. Assessment of Performance.

### Non-financial

Performance Measures	2021/22 Actual Result	2022/23 Budget Standard	2022/23 Actual Result
Quarterly reports delivered on time	-	Achieved	Achieved
All research projects completed	-	Achieved	Achieved

#### Comment

Final reports have been received for both research projects funded via the Future of Work Forum research funding for the 2022/23 year.

### Financial

Expenses	2021/22 Actual \$000	2022/23 Estimates \$000	2022/23 Supplementary Estimates \$000	2022/23 Actual \$000
Total Appropriation	-	700	700	614

#### Comment

This appropriation is under budget by \$86k for the year ended 30 June 2023. This is largely due to an administrative error that will be corrected in the accounts in the future. The actual underspend was \$11k – the remainder of the official underspend was actually invoiced and paid out.

## Economic Development: Industry Transformation Plans

### Scope of Appropriation

This appropriation is limited to the development and implementation of Industry Transformation Plans.

### Intention Statement

This appropriation is intended to achieve the facilitation of Māori and industry partners to participate in the development of industry plans, and to fund the implementation of initiatives from agreed industry plans.

### Assessment of Performance

#### Non-financial

Performance Measure	2021/22 Actual Result	2022/23 Budget Standard	2022/23 Actual Result
Progress the development of Māori and industry partner engagement plans	Achieved	Achieved	Achieved
Progress the implementation of workstreams and initiatives from agreed industry plans	Achieved	Achieved	Achieved
Progress development of a decision-making framework for third-parties to implement Construction Sector Accord initiatives	Achieved	Achieved	Achieved
Progress third-party implementation of Construction Sector Accord initiatives, including through industry and agency partners by 30 June 2024	-	In progress	In progress

#### Comment

This appropriation was closed at the end of Financial Year 2022/23, with remaining funding transferred to the new *Industry Transformation Plans* Multi-Category Appropriation within Vote Business, Science and Innovation. The new appropriation brings together both departmental and non-departmental funding for Industry Transformation Plan within Vote Business, Science, and Innovation to provide greater transparency and effective financial management and reporting.

There was significant progress across ITPs that drew from this appropriation during 2022/23. Key examples include:

- The Construction Sector Accord contributed to MATES in Construction by funding the monitoring and evaluation framework of the MATES programme. MATES in Construction aims to reduce the number of suicides in the construction sector, with workers in construction more than twice as likely to die by suicide than others. Between January 2023 and June 2023, 9056 participants attended MATES General Awareness Training, and 3,496 attended MATES awareness training.
- The Construction Sector Accord has funded Construction Health and Safety NZ (CHASNZ) to deliver a Construction Health, Safety and Wellbeing Strategy; incorporating an agreed vision and implementation plan with explicit actions to be delivered by the Accord and the sector to improve health and safety in construction.

- Tokona Te Raki (Ngāi Tahu organisation) led the development of the 'Manu Kurutao' framework, which underpins a work integrated training pathway into the tech industry. Stage Two of this tech pathway prototype is underway. The prototype encourages more rangatahi Māori to enter the digital tech sector and in turn enriches Māori inclusion and enterprise.
- New Zealand Trade and Enterprise partnered with NZTech and NZ Story to develop New Zealand's Tech and Innovation Story. The 'See Tomorrow First' campaign focuses on raising global awareness of the success and strengths of New Zealand's tech sector. It is currently active across multiple markets.
- New Zealand Trade and Enterprise also led the Digital Technologies ITP initiative kiwiSaas, a community-building initiative established to connect businesses working in New Zealand's Software-as-a-Service (SaaS) sector. The kiwiSaaS Central platform has grown to more than 2,500 members from over 700 companies. Members can access 'Need to Know' webinars, online peer-to-peer networking, and attend the annual Southern SaaS conference.
- The Agritech ITP funded both New Zealand Trade and Enterprise and Callaghan Innovation to deliver industry innovation and internationalisation activities. These included Early Adopter Events, a Californian market immersion trip, global opportunities, and international promotion. These efforts contribute directly to the aim of growing the agritech sector to \$8 billion by 2030 with a number of commercial opportunities being developed as a direct result.
- The Enabling Māori Framework Fund completed its second pilot investment round for the digital technologies, agritech sectors and SME enterprises (18 partners received funding with the amount varying by initiative). The Fund was established to support a for-Māori-by-Māori approach across the ITPs, focused on building capability and supporting Māori partners to realise their aspirations. The Enabling Māori Framework Fund is completing an outcomes evaluation and process review, as well as a further modest (\$925,000) investment round during 23/24 before scaling to its \$2.5m per year allocation for 24/25 and 25/26.
- Māori engagement in Industry Transformation Plans has strengthened, including formation of an Advanced Manufacturing Māori Industry Action Group and Agritech ITP Māori Advisory Group.
- The work and funding criteria model has been developed for Construction Sector Accord initiatives and is being used to assess and prioritise initiatives. 39 initiatives are currently being progressed under the Construction Sector Transformation Plan 2022-2025.

## Financial

Expenses	2021/22 Actual \$000	2022/23 Estimates \$000	2022/23 Supplementary Estimates \$000	2022/23 Actual \$000
Total Appropriation	7,275	21,923	5,500	5,000

### Comment

This appropriation is under spent by \$500k for the year ended 30 June 2023 and the balance of the funding was moved to ITP Multi-Category Appropriation in 2022/23.



# Economic Development: Pacific Business Trust Procurement Support Service

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## Scope of Appropriation

This appropriation is limited to establishing and operating the Pacific procurement capability programme at the Pacific Business Trust.

## Intention Statement

This appropriation is intended to achieve building the capability of Pacific businesses to effectively bid for contracts in procurement processes to enable them to survive immediate impacts of COVID-19 and support their businesses to grow over the long term.

## Assessment of Performance

### Non-financial

Performance Measure	2021/22 Actual Result	2022/23 Budget Standard	2022/23 Actual Result
Programmes are regularly monitored and evaluated against milestones	Achieved	Achieved	Achieved

### Comment

The Pacific Business Trust Procurement Support Service (PPSS) is a targeted investment and capability-building programme for Pacific businesses participating in procurement processes, delivered by the Pacific Business Trust. The PPSS provides an important and timely platform for Pacific businesses to be able to access targeted support, skills and technology that enables them to participate competitively in procurement processes and take advantage of government investment in COVID-19 recovery projects.

78 Pacific businesses from the construction sector received procurement capability support and development services at the end of FY22/23, with 191 participants from these businesses attending procurement-focused workshops during quarter 2 to quarter 4. All targets for procurement support delivery for the year were exceeded.

The PPSS Annual Monitoring and Evaluation Report 2021-22 by Deloitte Economics showed that while the maturity and readiness of Pacific businesses was lower than forecasted, the programme appeared to be working as designed at this stage with well established businesses responding that they felt they had made significant advances in their capability to successfully participate in procurement processes.

The PPSS Mid-Year Report for 1 July – 31 December 2022 showed that support through the PPSS contributed to 21 successful contracts/bids from Pacific businesses, and an increase in the total revenue across these businesses from \$54.5 million to \$79.7 million (based on a survey of 20 Pacific businesses during the six-month period). Relationships with key industry partners have been vital to the success of the PPSS, providing further opportunities for learning, partnership consortiums for bids and sub-contracting opportunities.

**Financial**

<b>Expenses</b>	<b>2021/22 Actual \$000</b>	<b>2022/23 Estimates \$000</b>	<b>2022/23 Supplementary Estimates \$000</b>	<b>2022/23 Actual \$000</b>
Total Appropriation	624	1,250	2,501	2,352

*Comment*

This appropriation is underspent by \$149k for the year ended 30 June 2023 due to the cascading effects of COVID-19 restrictions, the maturity of the construction industry, challenges in recruitment to support the programme, and the delay of launching the Professional Services workstream to quarter 1 2023/24.

## Economic Development: Supporting Just Transitions

### Scope of Appropriation

This appropriation is limited to the provision of advice, funding and investment in regional and programme initiatives that will contribute to a just transition and accelerate its progress.

### Intention Statement

This appropriation is intended to achieve supported and empowered communities that understand, plan and manage the economic transitions they face so that change happens in a way that is equitable and long-term well-being increases.

### Assessment of Performance

#### Non-financial

Performance Measure	2021/22 Actual Result	2022/23 Budget Standard	2022/23 Actual Result
Support Southland to further develop their regional development plans and identify opportunities following the closure of New Zealand Aluminium Smelters Limited	Achieved	Achieved	Achieved
Support Taranaki to complete the Taranaki just transition planning process and progress its implementation	Achieved	Achieved	Achieved
Increase local just transition planning capacity and capability and accelerate initiatives identified by the community	Achieved	Achieved	Achieved

#### Comment

The Southland Just Transition Enduring Oversight Group prioritised regional initiatives that will support them to meet their just transition goal of building the economic, social and environmental resilience of Southland. These initiatives have been allocated government funding to the amount of \$108 million. This includes one successful Budget 23 initiative aimed at developing New Zealand's green hydrogen industry. This aims to move just transition regions to low emissions and high wage industries, and support social, cultural and environmental benefits in just transition regions.

Ngā iwi o Taranaki have received two-years' funding to build iwi capability and capacity in relation to renewable energy opportunities in the region. A key output will be a Taranaki iwi renewable energy strategy. The Pungao Whakahau/Renewable Energy Working Group has been established (representing the eight Taranaki iwi) to oversee this strategy. A project manager has been employed to lead the strategy work.

Officials have been working with Venture Taranaki to commission research into how changes in the oil and gas industry have affected the local workforce and how the oil and gas workforce might transition into renewable energy opportunities. This research was provided to Ministry of Business, Innovation & Employment (MBIE) in June.

Government has invested in bolstering the region’s capacity and capability to plan for, and implement, change. It has also supported the eight iwi in the region to develop their capability and participate in the just transition process.

MBIE has also contracted with MOTU to produce a Just Transition Guide to help communities to run their own transitions process - the Just Transition Guide is freely downloadable from the MBIE website from 12 July 2023.

### Financial

<b>Expenses</b>	<b>2021/22 Actual \$000</b>	<b>2022/23 Estimates \$000</b>	<b>2022/23 Supplementary Estimates \$000</b>	<b>2022/23 Actual \$000</b>
Total Appropriation	2,500	2,500	3,253	3,234

### Comment

This appropriation is underspent by \$19k for the year ended 30 June 2023 due to several minor underspends across the output streams.

## Support the Growth and Development of New Zealand Firms, Sectors and Regions (Multi-Category Appropriation)

### Category - Services to Support the Growth and Development of New Zealand Businesses

#### Scope of Category

This category is limited to building and enhancing business and management capability through providing access to effective assessment, advice, training, mentoring and information.

#### Intention Statement

This category is intended to achieve increased business and management capability that improves individual firm and wider business performance.

#### Assessment of Performance

##### Non-financial

Performance Measure	2021/22 Actual Result	2022/23 Budget Standard	2022/23 Actual Result
Total Net Promoter Score for the Regional Partner Business Network	+60	+60	+72

##### Comment

Further measures for this appropriation are reported in New Zealand Trade and Enterprise's 2022/23 Annual Report.

##### Financial

Expenses	2021/22 Actual \$000	2022/23 Estimates \$000	2022/23 Supplementary Estimates \$000	2022/23 Actual \$000
Total Category	13,167	13,872	13,872	12,892

##### Comment

This category is underspent by \$980k for the year ended 30 June 2023 due to many North Island businesses being impacted by significant weather events during the financial year and therefore not being in a position to commit time to undertake training as they were focusing on recovery of their businesses. There was also lack of funds available to co-fund training costs with business priorities and spend limited and focused on other areas within their business.

## Non-Departmental Other Expenses

### Cyclone Gabrielle - Business support for the impacts of Cyclone Gabrielle and January 2023 weather events

#### Scope of Appropriation

This appropriation is limited to providing support for businesses impacted by Cyclone Gabrielle and the January 2023 weather events.

#### Intention Statement

This appropriation is intended to achieve the provision of interim support for businesses affected by the impacts of Cyclone Gabrielle and other recent weather events.

#### Assessment of Performance

##### Non-Financial

Performance Measures	2021/22 Actual Result	2022/23 Budget Standard	2022/23 Actual Result
A signed funding agreement between MBIE and the Local Delivery Partners	-	Achieved	Achieved
Tranche One payments are made within 3 working days of receipt of a valid invoice from the Local Delivery Partners	-	Achieved	Achieved
Tranche Two payments are made within 3 working days of receipt of a valid invoice from the Local Delivery Partners	-	Achieved	Achieved

##### Comment

We have signed contracts and variations with all the Local Delivery Partners (LDPs) for the Cyclone Gabrielle funding. Tranche 1 and Tranche 2 payments were processed based on the contracts and funding requests from LDPs.

##### Financial

Expenses	2021/22 Actual \$000	2022/23 Estimates \$000	2022/23 Supplementary Estimates \$000	2022/23 Actual \$000
Total Appropriation	-	-	75,000	64,946

##### Comment

This appropriation is underspent by \$10 million for the year ended on 30 June 2023. The appropriation was set up to provide for interim business and primary sector support for the impacts of Cyclone Gabrielle and other recent weather events not covered by the Auckland Package. However, the number of businesses requested and were eligible for the support was less than expected. Ministers have approved an in-principle expense transfer (IPET) for the underspent to 2023/24.

## Economic and Regional Development: COVID-19 Events Transition Support Payment

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### Scope of Appropriation

This appropriation is limited to providing payment to eligible firms to support meeting unrecoverable costs for events that are prohibited from happening due to changes in public health restrictions.

### Intention Statement

This appropriation is intended to achieve provision of support to events that are unable to proceed due to changes in public health measures.

### Assessment of Performance

#### Non-Financial

Performance Measures	2021/22 Actual Result	2022/23 Budget Standard	2022/23 Actual Result
Payments for claims are made in accordance with Cabinet criteria and other requirements	Achieved	Achieved	Achieved

#### Comment

Scheme has closed. PwC conducted three assurance reviews over the lifetime of the Events Transition Support Payment (ETSP), and no substantive issues were found. Underspend will be returned to the Crown. One outstanding ETSP claim is being assessed.

#### Financial

Expenses	2021/22 Actual \$000	2022/23 Estimates \$000	2022/23 Supplementary Estimates \$000	2022/23 Actual \$000
Total Appropriation	100,000	-	22,000	3,749

#### Comment

This appropriation is underspent by \$18.3 million for the year ended 30 June 2023. This appropriation was set up to manage the COVID-19 Events Transition Support Payment scheme, in case a significant sustained disruption to the event sector occurred due to COVID-19 lockdown restrictions. However, the scheme was finished in January 2023 with an expected underspend. One outstanding ETSP claim is being assessed.

## Economic Development: Major Events Development Fund 2022-2027 (Multi-Year Appropriation)

### Scope of Appropriation

This appropriation is limited to support for major events that provide economic, social, cultural and international profiling benefits to New Zealand.

Commences: 01 July 2022

Expires: 30 June 2027

### Intention Statement

This appropriation is intended to achieve the funding of major events that provide benefits to New Zealand.

### Assessment of Performance

#### Non-financial

Performance Measures	2021/22 Actual Result	2022/23 Budget Standard	2022/23 Actual Result
Percentage of events new to the Major Events Fund that align to the Statement of Investment Priority	-	At least 75%	80%

#### Comment

Four out of five event properties that received Major Events Fund investment approval aligned with the Statement of Investment Priority. These included the 2023 Weightlifting Masters World Cup; Festival of Weightlifting 2024; Winter Games New Zealand 2023-2027; British Irish Lions Women's Tour 2027 and the World School Sevens 2023-2025. One investment was made in an event that aligned with non-SIP (wider benefit) criteria – Hockey Masters World Cup 2024.

#### Financial

Expenses	2021/22 Actual \$000	2022/23 Estimates \$000	2022/23 Supplementary Estimates \$000	2022/23 Actual \$000
Total Appropriation	-	6,700	14,686	6,226

#### Comment

This Multi-Year Appropriation (MYA) is underspent by \$8.5 million for the year ended 30 June 2023. This relates to timing of commitments to approved events and the delivery and milestones of those events. As an MYA this underspend will be evened out over the lifetime of the appropriation.



## Economic Development: New Zealand Screen Production Grant - International 2021-2026 (Multi-Year Appropriation)

### Scope of Appropriation

This appropriation is limited to providing grant assistance to screen productions that are internationally focused and produced in New Zealand.

Commences: 01 July 2021

Expires: 30 June 2026

### Intention Statement

The appropriation is intended to achieve economic and industry benefits to New Zealand, including employment and skill development opportunities by incentivising screen productions that would not otherwise have been made in New Zealand.

### Assessment of Performance

#### Non-Financial

Performance Measures	2021/22 Actual Result	2022/23 Budget Standard	2022/23 Actual Result
Number of international screen productions submitting new registrations for the New Zealand Screen Production Grant	31	10	32

#### Comment

Broken down as: 7 live-action shoots and 25 PDV productions.

#### Financial

Expenses	2021/22 Actual \$000	2022/23 Estimates \$000	2022/23 Supplementary Estimates \$000	2022/23 Actual \$000
Total Appropriation	140,440	51,056	57,346	178,053

#### Comment

This Multi-Year Appropriation (MYA) is overspent by \$120.7 million for the year ended 30 June 2023.

Current overspend to budget relates to a lower forecast budget for 2022/23 and the grant scheme being uncapped. The spend is under the overall MYA and there is a contingency fund available of \$477 million to draw from which is expected to be completed in early 2023/24.

## Extreme Weather Events - Emergency Flood Support for the Auckland Region

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### Scope of Appropriation

This appropriation is limited to providing emergency support for flood-hit businesses in the Auckland region.

### Intention Statement

This appropriation is intended to achieve support for short term recovery for businesses in the Auckland region who were impacted by floods.

### Assessment of Performance

#### Non-Financial

Performance Measures	2021/22 Actual Result	2022/23 Budget Standard	2022/23 Actual Result
Auckland Business Chamber provides MBIE with regular accountability reporting and publishes a list of grants for transparency	-	Achieved	Achieved

#### Financial

Expenses	2021/22 Actual \$000	2022/23 Estimates \$000	2022/23 Supplementary Estimates \$000	2022/23 Actual \$000
Total Appropriation	-	-	5,000	4,396

#### Comment

This appropriation is underspent by \$604k for the year ended 30 June 2023 due to lower than anticipated demand for the mental wellbeing support delivered through the existing First steps programme for one-to-one support counselling services.