



BRIEFING

Fiscal sustainability options for Economic Development portfolio

Date:	27 November 2023	Priority:	High
Security classification:	In Confidence	Tracking number:	2324-0979

Action sought		
	Action sought	Deadline
Hon Melissa Lee Minister for Economic Development	Discuss proposed fiscal sustainability options in the Economic Development portfolio.	4 December 2023

Contact for telephone discussion (if required)			
Name	Position	Telephone	1 st contact
Nic Blakeley	Deputy Secretary, Labour, Science and Enterprise	<small>Privacy of natural persons</small>	✓
Dean Ford	General Manager, Economic Development and Transitions		

The following departments/agencies have been consulted

- Minister's office to complete:
- | | | |
|--|---|------------------------------------|
| <input type="checkbox"/> Noted | <input type="checkbox"/> Approved | <input type="checkbox"/> Declined |
| <input type="checkbox"/> Overtaken by Events | <input type="checkbox"/> Needs change | <input type="checkbox"/> Seen |
| | <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn |

Comments



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Purpose

This briefing sets out reprioritisation options in the Economic Development portfolio to support the Government's fiscal objectives.

Executive summary

In a fiscally constrained context, choices are required to align your Economic Development portfolio spend to meet the Coalition Government's fiscal objectives and deliver against economic priorities. We have identified the following options and choices for fiscal reprioritisation in the Economic Development portfolio:

- Whether to keep or stop the New Zealand Screen Production Rebate – International.
- Confirmation that you wish to conclude work on Industry Transformation Plans.
- Whether to keep, stop, or scale the Just Transitions programme and other initiatives across the Economic Development portfolio.
- Whether you wish to return any savings in full to the Crown or retain some funding to enable delivery against your economic development objectives.

A summary of the total impact of the options (excluding any impact of the NZ Screen Production Rebate - International), in the context of the portfolio baseline, is provided below:

Table 1: Total appropriations and savings

\$ million	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears	FTE
Total Departmental Expenditure	255.953	157.659	129.719	127.257	127.936	165.5
Total Non-Departmental Expenditure	424.284	471.101	459.587	316.024	272.224	
Total Appropriations	680.237	628.760	589.306	443.281	400.160	
Savings Identified (Low Option)	32.499	32.774	25.626	20.941	20.391	

We would welcome a discussion with you about the options presented.

Recommended action

The Ministry of Business, Innovation and Employment recommends that you:

- a **Note** that MBIE has undertaken a fiscal sustainability and efficiency programme to support the Government to achieve its fiscal objectives and ensure value for money in government spend.

Noted

- b **Note** that we have identified choices in how you invest in the Economic Development portfolio in the order of \$112 million of savings across the forecast period (FY23/24–26/27).

Noted

- c **Note** that there are additional options identified in the MBIE ownership fiscal briefing (2324-0917 refers) and these savings will be apportioned to your portfolios.

Noted

- d **Discuss** the contents of this briefing with officials at your initial meeting with MBIE.

Yes / No

Next steps

- e **Agree** to call a meeting as MBIE Ownership Minister for MBIE portfolio Ministers to discuss the reprioritisation options presented in this paper and how best to achieve your respective portfolio priorities as well as overall fiscal objectives.

Agree / Disagree

- f **Note** that we will provide further advice on options you would like to progress, including phasing, costs of change, and risk management.

Noted



Nic Blakeley
Deputy Secretary, Labour, Science and Enterprise
MBIE

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..... / /

Hon Melissa Lee
Minister for Economic Development


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Strategic choices for reprioritisation in the Economic Development Portfolio

1. As Minister for Economic Development, you have two key roles to advance the Government's economic objectives:
 - a. **Cross-portfolio systems coordination:** you can play a vital role helping Ministers and Cabinet to prioritise and coordinate across portfolios to achieve the Government's economic objectives.
 - b. **Economic Development portfolio leadership:** you can contribute to the Government's economic objectives by leading specific initiatives and directing Crown entities within the Economic Development portfolio.
2. In a fiscally constrained context, choices are required to align your Economic Development portfolio spend to achieving the Government's economic objectives. This paper sets out the key choices for where to reprioritise in the Economic Development portfolio.
3. We have reviewed the funding across the Economic Development portfolio with these objectives in mind, and identified key areas where decisions are needed to deliver fiscal savings. Decisions include:
 - a. Whether to keep or stop the New Zealand Screen Production Rebate – International.
 - b. Confirmation that you wish to conclude work on Industry Transformation Plans.
 - c. Whether to keep, stop, or scale the Just Transitions programme and other initiatives across the Economic Development portfolio.
 - d. Whether you wish to return any savings in full to the Crown or retain some funding to enable delivery against your economic development objectives.
4. We recommend you discuss relative priorities for progressing the Coalition Government's commitments across the MBIE portfolios with other Ministers. To that end, we have recommended that you, as the MBIE Ownership Minister, call a meeting of all MBIE portfolio Ministers.

Large expenditure items and strategic choices

5. The summary of current Economic Development appropriations in your Briefing for the Incoming Minister (BIM) shows the breadth of initiatives funded by the portfolio. As referenced in our BIM, we see opportunity to strengthen the economy through:
 - a. Strengthening global connectivity by supporting trade and investment
 - b. Strengthening the business environment by driving productivity and trade through capital intensity
 - c. Strengthening the business environment by driving productivity and trade through innovation
 - d. Maximising opportunities from a lower-emissions economy
 - e. Lifting regulatory performance by enabling regulation that boosts productivity and investment.

6. As Minister for Economic Development, you have considerable discretion with respect to the areas you wish to focus on, from broad 'system-level' levers, to direction to the major Crown Entities in the portfolio, to individual discrete work programmes that drive at the opportunities above.
7. In terms of expenditure, the portfolio's biggest levers are funding for New Zealand Trade and Enterprise (NZTE), a Crown Entity, and the international component of the New Zealand Screen Production Rebate (NZSPR), with a number of smaller scale initiatives mainly focused on specific sectors.
8. As the Government's international business development agency, NZTE provides support to help businesses grow internationally. This includes providing capability-building tools and programmes, and offering in-market support and connections for export-oriented businesses. For businesses raising capital, NZTE also provides matchmaking services.
9. Confidential advice to government

10. Should the Government wish to significantly reduce expenditure in the Economic Development portfolio, it faces the strategic choice about the extent to which it:
 - a. Continues to have a significant sector-specific initiative such as the NZSPR
or
 - b. Focuses on a broad-based initiative across multiple sectors, such as the services provided by NZTE.
11. Our work to date on the evidence and impact of the NZSPR suggests that the wider spillover benefits from the Rebate are not as strong as we would wish from such a significant funding initiative.
12. Therefore, if a choice was to be made between these two initiatives, we would advise keeping the NZTE intervention. Note that we think there is significant scope for improvements to the system of business support that Government provides, including Callaghan Innovation.

We recommend focusing work programmes in the portfolio and the wider system

13. We also suggest that there is opportunity beyond immediate fiscal savings for New Zealand to have a more focused micro-economic agenda, and for the Economic Development portfolio to similarly be more focused. This should be done by the Government choosing areas of focus and then directing resourcing and aligning cross-portfolio levers behind these areas of focus.
14. Continuing with a lack of focus within an unaligned system significantly reduces the chance of achieving any meaningful lift in New Zealand's productivity and economic performance. This is consistent with the Productivity Commission's findings that previous attempts to strengthen the economy have been uncoordinated, unfocused, 'sub-therapeutic doses', with

little evidence of impact.¹ Our advice is to reduce the number of smaller scale initiatives across the Economic Development portfolio.

An All-of-MBIE approach to reprioritisation

15. MBIE operates a number of functions that operate across portfolios, as well as working to realise synergies between them. We therefore recommend considering the portfolios as a suite, this enables:
 - a. Consideration of enablement and stewardship functions as part of the whole (which will have proportional savings for each portfolio)
 - b. Opportunities to align and consolidate related functions between portfolios, including Crown Entities
 - c. Enabling trade-offs across functions in order to calibrate/equalise impacts, such as directing policy resource.
16. We therefore recommend that MBIE Ministers meet to consider their portfolios jointly.

Advice on MBIE’s Policy functions is included in a separate briefing

17. MBIE has a multi-category appropriation in each of its Votes, which all cover a range of policy functions to provide flexibility in delivering against government priorities. We are proposing a 10% reduction for the activity as a whole. The current allocation of resourcing reflects existing work programmes. Therefore, we recommend that MBIE Ministers discuss how best to allocate the remaining 90% across portfolios, given the Government’s priorities. Further advice on this matter is covered in the Fiscal Omnibus Briefing.

Fiscal background for Economic Development

18. As identified in the Briefing for the Incoming Minister, you are responsible for 18 appropriations within Vote Business, Science, and Innovation. The total value of these appropriations is outlined in Table 2 below:

Table 2: Current Economic Development Portfolio Baseline, post-October Baseline Update

\$ million	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears	FTEs
Departmental Expenditure	102.036	74.187	70.147	69.285	69.964	165.5
Departmental Capital Expenditure	77.084	70.972	57.972	57.972	57.972	
Departmental Capital Injections	76.833	12.500	1.600	0.000	0.000	
Total – Departmental	255.953	157.659	129.719	127.257	127.936	
Non-Departmental Output Expenses	256.415	215.609	198.726	199.864	199.864	
Non-Departmental Other Expenses	167.869	255.492	260.861	166.160	72.360	
Total Non-Departmental Expenses	424.284	471.101	459.587	316.024	272.224	
Total Appropriations	680.237	628.760	589.306	443.281	400.160	-

¹ New Zealand Productivity Commission (2021), New Zealand firms: Reaching for the Frontier. Final Report.

19. Items of note in the portfolio's forecast spending are:
 - a. The end of time-limited funding provided to NZTE for four years from 2020. To support economic recovery from COVID-19, NZTE was provided an additional \$54m p.a. for four years, of which around \$44m will cease in June 2024.
 - b. Confidential advice to government
 - c. Funding for the Industry Transformation Plans will mostly expire at the end of FY26/27.
20. There are a number of contracts to third parties across your portfolio, including to Crown Entities, industry bodies, consultancies and other providers. If you wish, MBIE can begin work with parties to terminate contracts and negotiate what costs can be recovered. This has the potential to realise further savings than outlined in Table 3 below, but could result in the benefits of the spend-to-date not being realised as well as reputational risk. Note that most MBIE funding agreements include a termination on notice clause.

Opportunities for reprioritisation in Economic Development

21. The following sections provide further details on fiscal options. We have identified the immediate contribution each initiative makes to achieving your economic objectives and made clear where there is opportunity to seek further advice from officials on broader strategic decisions to support your decision-making on specific initiatives if you wish.
22. Table 3 below provides a summary of the \$111.840m in savings over the next four years presented in the following sections.²

² Increasing to high options means an additional \$20.5m of savings over four years, plus \$2.75m p.a. in outyears.

Table 3: Summary of savings proposals in the Economic Development portfolio

\$ million	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears	FTE
Departmental Expenditure						
Stop Just Transitions Programme	1.448	1.190	0.259	0.200	0.200	0.0
Stop Industry Transformation Plans	2.817	2.231	2.215	2.225	2.225	0.0
Scale Development of Circular and Bioeconomy Strategy	0.680	0.300	0.000	0.000	0.000	0.0
NZ Government Procurement efficiencies	0.500	0.500	0.500	0.500	0.500	0.0
Close Government Centre for Dispute Resolution	0.440	0.842	0.842	0.842	0.842	6.5
Evidence and Insights efficiencies	0.263	0.263	0.263	0.263	0.263	2.0
Stop Senior Diverse Leaders: Capability Building Pilot	0.000	0.350	0.350	0.350	0.350	0.0
Tupu Tai Programme efficiencies	0.200	0.200	0.200	0.200	0.200	0.0
Total Fiscal Savings: Departmental Crown Expenditure	6.348	5.876	4.629	4.580	4.580	8.5
Non-Departmental Expenditure						
Stop Just Transitions Programme	0.202	2.347	1.687	1.493	2.193	0.0
Stop Industry Transformation Plans	23.385	17.836	10.285	5.923	5.923	0.0
Scale Major Events Fund (\$5m option)	1.250	1.250	1.250	1.250	0.000	TBC
Scale New Zealand Trade & Enterprise by 2%	0.000	4.250	4.310	4.230	4.230	TBC
Scale Auckland Pacific Skills Shift / Alo Vaka (\$8.25m option)	0.000	0.000	2.750	2.750	2.750	0.0
Scale NZGCP's market development funds by 2%	0.015	0.015	0.015	0.015	0.015	0.0
Stop Future of Work Forum operations	0.300	0.700	0.700	0.700	0.700	0.0
Scale Māori Innovation Fund	1.000	0.500	0.000	0.000	0.000	0.0
Total Fiscal Savings: Non-Departmental Crown Expenditure	26.152	26.898	20.997	16.361	15.811	TBC
Total Fiscal Savings by Financial Year	32.499	32.774	25.626	20.941	20.391	8.5
Total Fiscal Savings	111.840				20.391	

Sector-level initiatives

23. The key strategic choice for sector-specific initiatives is which industries you wish to provide focused support for to drive toward your economic objectives, and how other system-level horizontal levers (such as the support that NZTE provides) reinforce those decisions.
24. Currently, funding for sectors through the Economic Development portfolio is directed to the screen, agritech and major events sectors to deliver across multiple economic objectives. Note that the advanced manufacturing sector was also previously included in the portfolio's responsibilities. There is opportunity to take a considered approach to deciding which industries the Government provides specific support to as well as when and why this may be warranted over the use of horizontal levers. We can provide advice on this for you if desired.

New Zealand Screen Production Rebate – International

25. The NZSPR is the second-biggest financial lever in the Economic Development portfolio. Decisions on this appropriation could:
 - a. Save some portion of \$460m, dependent on registration levels with the New Zealand Film Commission, to end of FY25/26, plus \$50m p.a. from FY26/27 onwards if you decide to close the Rebate; or

b.

Confidential advice to government

26. Government currently spends around \$150–180m a year on rebates for screen productions that are internationally-focused and produced in New Zealand through the NZSPR. Expenditure through the NZSPR has averaged around \$150m p.a. over its lifetime (noting \$180m has been committed this financial year). The rebate is on-demand and uncapped.

27. Free and frank opinions

Industry Transformation Plans

30. The National and ACT Party Coalition Agreement identifies Industry Transformation Plans (ITPs) for immediate closure. In the Economic Development portfolio, this includes management of the cross-ITP Programme, the Enabling Māori Fund, and the Agritech ITP (jointly led with the Minister of Agriculture). It has also historically included the Advanced Manufacturing ITP. Closing these parts of the programme would result in savings of:
- a. \$66.92m over the forecast period; and
 - b. \$8.15m baselined outyear funding from FY27/28 onwards allocated to the Horticulture Technology Catalyst.
31. MBIE Ministers³ in the Science, Innovation and Technology, Tourism and Hospitality, and Building and Construction portfolios also lead ITPs, alongside the Ministers of Agriculture, Forestry, and Oceans and Fisheries supported by the Ministry for Primary Industries. We recommend a conversation with these colleagues to confirm a consistent approach to the immediate closure of the ITP Programme, and can provide briefing material to support this if required.
32. We also recommend consultation with the Minister for Small Business and Manufacturing regarding the return of \$22.26m funding for the Advanced Manufacturing ITP, which is included in the Economic Development portfolio total above. Note also that around 3.5 FTE

³ Note that the multi-category appropriation for ITPs also includes funding for activities in Construction Sector Transformation Plan and Tourism ITPs, and that related figures for these ITPs have been included in the relevant portfolios. As the responsible Minister for the appropriation, you will formally make the decisions related to it and we recommend you consult with colleagues in the Building and Construction, Tourism and Hospitality, and Small Business and Manufacturing portfolios before doing so.

of general policy staff currently working on the ITP's implementation and are included in the Economic Development portfolio's policy function figures.

33. Once you have confirmed your decision to close the programme, we will communicate this with Steering Groups and industry implementation groups.
34. Should you wish to retain a focus on agritech in your economic development portfolio, we recommend you meet with the ITP's Steering Group to discuss their priorities and solutions prior to making funding decisions. We can brief you on membership of the Steering Group and how the sector's priorities align with your economic objectives, as well as opportunities for reprioritisation, if desired.
35. While MBIE manages the funding of the ITPs, delivery is often through contracted third parties (including Crown Entities, industry groups, and private sector) on the advice of Steering Groups. Should you wish us to do so, MBIE can enter negotiations with contracted parties and explore what costs may be able to be recovered through early termination. Note that most MBIE funding agreements include a termination on notice clause.

Major Events Fund

36. The Major Events Fund (MEF) is a \$50m multi-year appropriation for five years to FY26/27. In Budget 2023, this was increased by \$16.65m (\$3.3m p.a.). There is \$9.1m that is not committed or subject to an application in train. The applications currently in train relate to four events, three of which have Government letters of support for the bidding phase. If these were halted, there is a potential \$20.4m available for savings.
37. Evidence for the benefits of MEF investment is mixed depending on the specific events. Events tend to return modest economic benefits, although they can bring social and/or cultural benefit, though this can be difficult to quantify.
38. Overall, the MEF aims to fund a mix of:
 - a. International one-off events e.g. World Choir Games 2024, Commercial information [REDACTED]
 - b. Recurring anchor events that are regionally and seasonally spread e.g. Crankworx, SailGP, ITM Supersprints.
 - c. Homegrown events e.g. NZ Winter Games, Commercial information [REDACTED].
 - d. Creative and Cultural Incubator – Seeding to grow new homegrown events (\$5m over MYA).
39. Mega events (roughly one every five years) are funded separately via a Cabinet decision, such as the FIFA Women's World Cup 2023 (~\$60m).
40. There are currently 22 events that are contracted for 2024 (with one current application under consideration) and 15 events contracted in 2025. There are eight active events in the prospecting pipeline in various stages of feasibility/application through to 2027.
41. We suggest returning \$5m of the MEF for savings, which leaves \$15.4m for investment into events over the next four years. More funds could be returned (potentially up to \$20m), which would leave less funds for investment. Further advice can be provided on such options if desired.

42. Further savings from the MEF through exiting existing contracts is not recommended. This is explicitly allowed for under the MEF contract when 'there is a significant change of government policy or priorities such that the Investment is no longer available'. However, to do so would have a significant reputational impact.

Business-level initiatives

43. There are two key strategic choices in the Economic Development portfolio for business-level initiatives. The first is whether the Government wishes to conduct work on achieving greater coordination and coherence across the business support system (including NZTE and Callaghan Innovation). This could achieve better scale and impact, and enable businesses to navigate Government support more easily. We would welcome a discussion with you about considering this as part of a longer-term programme of work.
44. The second is how you wish to use NZTE within this system to support New Zealand to again become an export powerhouse, with opportunity to ensure it is delivering efficiently and effectively toward increasing the number and revenue of exporting firms.
45. We are able to provide further advice on these strategic choices if desired.

New Zealand Trade and Enterprise

46. From FY24/25, NZTE's total funding will be around \$212m p.a., which represents a drop of around \$14m p.a. from the previous four years. This is because:
- a. In 2020, NZTE was allocated an additional time-limited \$54m p.a. for four years to support economic recovery from COVID-19.
 - b. This additional \$54m p.a. expires at the end of June 2024, but NZTE will receive an additional \$9.9m p.a. over its pre-2020 baseline, leaving an overall reduction of \$44m.
 - c. Of NZTE's time-limited \$54m p.a. funding, \$30m was allocated to supplement the International Growth Fund (IGF), which co-funds international expansion for customers. From July 2024, the IGF will reduce by \$30m, bringing NZTE's reduction in funding to \$14m p.a.
47. To give effect to the conclusion of the time-limited COVID-19 funding, NZTE is undergoing an organisational change process. To deliver the \$14m p.a. reduction, key changes include:
- a. A reduction of 70 roles, which is about 10% of NZTE's total workforce.
 - b. Going forward, NZTE plans to intensively support around 1,000 Focus customers. With the 2020 funding, NZTE doubled the number of export customers in its intensively supported Focus portfolio from 700 to 1,400. There will be lower cost support options for the more than 5,000 export customers outside of the Focus portfolio.
 - c. Several services initiated during the pandemic (such as freight advisory service, digital commerce assistance, and international food and beverage branding) will either be retired, delivered through digital channels, offered through private providers, partially funded by cost recovery, or funded from elsewhere.
 - d. NZTE will consolidate its global resourcing to ensure that its capacity is where exporters need it to be, **International relations**

48. While cost savings could be made from NZTE in a number of ways, we note that the Government has identified strengthening international connections as a key priority, with a target to double the value of exports in ten years. If savings are required, 2% or around \$4.2m a year of savings could be sought from NZTE's new baselines from FY24/25 to ensure consistency across Crown Entities.
49. MBIE has recently completed a review of internalisation support, with a particular focus on NZTE's services. This review found that limitations in NZTE's business-level data constrained MBIE's ability to assess the effectiveness of NZTE's support. NZTE has been directed to improve its data and insights collection and performance measurement. This includes working with Stats NZ to incorporate robust business support data in the Longitudinal Business Database.

Just Transitions Programme

50. While led out of the Energy and Resources Portfolio in the previous administration, the Just Transitions programme is funded from an Economic Development appropriation. The previous administration used a just transition approach to identify ways to coordinate and align regional activity in order to extract New Zealand from intractable economic situations over the medium-long term, including in Southland, Taranaki and Tairāwhiti. We are able to brief you further on this approach and other options if desired.
51. You have a choice if you wish to close the Just Transitions programme to recover cost savings, or retain it to continue its work. Closing the programme would result in the following savings:
 - a. \$8.83m over four years; and
 - b. \$2.7m p.a. in outyears.
 - c. Confidential advice to government
52. The immediate key strategic issue with regard to the Just Transitions programme is the extent to which the Government is concerned by the dominance of the Tiwai smelter on the Southland economy and its impacts on the wholesale electricity markets, as well as the appetite for intensive support to reduce significant risks within regional economies.
53. We recommend consulting with the Minister for Energy on decisions regarding the Just Transitions programme, and can provide briefing material to support this conversation. Once decisions on the Just Transitions programme have been confirmed, we will communicate this with the Southland Enduring Oversight Group, and other key stakeholders (mainly in Taranaki and Tairāwhiti).

Other opportunities for savings

54. There are a number of savings that MBIE has assessed can be made across the portfolio without notable implications, which provide savings of \$11.9m across four years. These savings are outlined below, with each total savings amount expressed over the four-year forecast period:
 - a. NZ Government Procurement efficiencies (\$2.0m)

- b. Close Government Centre for Dispute Resolution (\$3.0m)
- c. Evidence and Insights efficiencies (\$1.1m)
- d. Stop Senior Diverse Leaders: Capability Building Pilot (\$1.1m)
- e. Tupu Tai programme efficiencies (\$0.8m)
- f. Stop Future of Work operations (\$2.4m)
- g. Scale Māori Innovation Fund (\$1.5m).

55. Outlined below are three further areas across the portfolio where savings can be made. These three areas have implications and options that we recommend you consider.

Circular and Bioeconomy Strategy

56. Reducing work on developing the Circular and Bioeconomy Strategy would save \$0.98m across FY23/24 and FY24/25). This approach would cease work on developing a strategy but continue to deliver underlying research to inform future policy work. The underlying research has been investigating the economic opportunity of developing various bioeconomy sectors, providing market opportunity analysis that could be used in a variety of applications.

57. Note that this work relates to an action under the Emissions Reduction Plan to meet New Zealand's climate obligations and was funded through the Climate Emergency Response Fund. **Legal professional privilege**

Nonetheless, we recommend consulting the Minister for Climate Change before taking a final decision on this programme.

Auckland Pacific Skills Shift / Alo Vaka

58. The Auckland Pacific Skills Shift is a programme to support 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 the capability of Pacific communities.

59. There is opportunity to reduce contract value by 50 per cent once the current contract lapses after FY24/25 (\$2.75m from FY25/26 ongoing). If the programme is cancelled entirely, an additional \$2.75m savings p.a. from FY25/26 is available.

New Zealand Growth Capital Partners (NZGCP)

60. NZGCP's operations are overall funded through proceeds from their investments. However, an Economic Development portfolio appropriation of \$0.75m p.a. funds NZGCP to do market development. A scaling of 2 per cent, consistent with the scaling of other Crown Entities, would see a minimal saving of \$0.015m p.a. If you wish to scale this activity, we can provide further advice. We are also working with NZGCP to ensure that they are assessing their own operations for optimal value for money in the current fiscal conditions.

Reprioritisation options in stewardship and enablement functions

61. MBIE has considered a wide range of options for reprioritisation. This includes stewardship (such as economic strategy), enablement functions (such as human resources and finance) and shared services (such as call centre services).

62. The financial impact of these options on the Economic Development portfolio will depend on the scale of changes progressed, and the relative change in sizes of each portfolio (for example, property costs are allocated as a share based on head count in each location). Further savings will likely emerge based on decisions Ministers take in portfolios. MBIE will provide final advice on re-sizing its enablement functions and financial implications by portfolio.

Next steps

Progressing options

63. We will provide you with further advice on areas you indicate you would like to reprioritise. This advice will include how fast savings can be realised, any costs associated, and further information on the likely impacts of those changes.
64. We also expect to receive advice from Treasury shortly about the process for submissions for the Fiscal Sustainability Payment, and/or Budget processes. We will take direction from Ministers on which of the potential reprioritisation options in this briefing should be included in those submissions.