



BRIEFING

Pacific and Māori Economic Development Work Programmes

Date:	1 December 2023	Priority:	Medium
Security classification:	In Confidence	Tracking number:	2324-1147

Action sought		
	Action sought	Deadline
Hon Melissa Lee Minister for Economic Development	<p>Note the Pacific economic development work programme</p> <p>Note the Māori Innovation Fund is jointly overseen by the Minister for Regional Economic Development and Minister of Māori Development</p> <p>Discuss with officials</p>	4 December 2023

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Kirsty Flannagan	General Manager, Economic Strategy/Tautoru	Privacy of natural persons	✓(Pacific issues)
Shar Amner	General Manager Māori/Te Tumu Houkura		✓(Māori issues)
Privacy of natural persons	Acting Manager, Langa Le Vā/Pacific Policy		

The following departments/agencies have been consulted
Not required.

Minister's office to complete:

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 Withdrawn |

Comments



BRIEFING

Pacific and Māori Economic Development Work Programmes

Date:	1 December 2023	Priority:	Medium
Security classification:	In Confidence	Tracking number:	2324 -1147

Purpose

1. You have requested an A3 summarising the Māori and Pacific work programmes within the Economic Development Portfolio. This briefing and attached A3s responds to that request.

Context

2. In the time available we have focused on funded initiatives you directly control as Minister for Economic Development, which are a number of initiatives in the Pacific space. The existing work programme under Māori-Crown Economic Growth Partnership He Kai Kei Aku Ringa (HKKAR) is diverse and spread over a number of portfolio Ministers. Instead of an A3, we have provided further detail on the breadth of the existing work programme and portfolio responsibilities for it.
3. You have previously received a briefing outlining fiscal sustainability options in the Economic Development portfolio (Briefing 2324-0979). That briefing includes options for cost savings in several areas of the Māori and Pacific work programme. In assessing the potential for savings, we have considered the demonstrated impact of the various programmes, and opportunities for efficiencies and scaling.

Pacific peoples economic prosperity programmes at MBIE

4. As Minister for Economic Development, you oversee the Ministry of Business, Innovation and Employment's (MBIE's) Pacific Economic Development work programme. This programme seeks to enhance economic outcomes for Pacific people, and in so doing, promote national growth and prosperity. MBIE's work programme focuses on three key areas:
 - a. Shaping policy within MBIE and across government to ensure they are effective and evidenced based
 - b. Delivering programmes to lift the skills of businesses and workers in the private sector
 - c. Attracting talented Pacific peoples to the public sector and growing existing talent.
5. MBIE's work recognises that Pacific peoples make a material contribution to New Zealand's economy, particularly in Auckland where Pacific peoples make up 10 percent of the workforce. There is a pressing need to ensure Pacific workers and businesses have the skills, expertise and opportunity to fulfil their potential and maximise their contribution to economic growth and community prosperity.
6. Annex 1 provides further details about the Pacific economy in New Zealand and the rationale for the focus of the Pacific economic development work programme. Annex 2 provides details about the funded initiatives that MBIE leads in this area, and briefly sets out the context for each initiative, its current budget, and its impact including evidence from evaluations.

Māori economic prosperity programmes at MBIE

7. As Minister for Economic Development, you co-lead, with the Minister for Māori Development, the Māori-Crown Economic Growth Partnership, He Kai Kei Aku Ringa, a 10-year strategy initially launched in 2013 and refreshed in 2023. The collaborative framework strategically focuses on achieving positive economic outcomes across government functions for Māori economic prosperity.
8. The previous Government refreshed He Kai Kei Aku Ringa in 2023 and agreed a cross-agency and cross-portfolio Action Plan, which included Industry Transformation Plans (MBIE); Progressive Procurement (MBIE); Māori Trade Opportunities (Ministry of Foreign Affairs and Trade); Māori Employment Action Plan (Ministry of Social Development and MBIE); and the Regional Strategic Partnership Fund (MBIE) amongst other actions.
9. Given your Government's economic priorities, as outlined in the Coalition Agreements, we expect the focus areas and priorities will be different.

The Māori Economic Development Advisory Board

10. The Māori Economic Development Advisory Board (MEDAB) was established in 2013 to provide stewardship advice to the Minister for Economic Development and the Minister for Māori Development in relation to He Kai Kei Aku Ringa. MEDAB members are appointed for three year terms by the Ministers for Economic Development and Māori Economic Development. Ministers, in making MEDAB appointments, have regard to potential appointee's knowledge and experience of Māori economic development and practical experience in enterprise and entrepreneurship.
11. The current members of MEDAB are: Tania Pouwhare (Co-Chair), Chrissie Hape (Co-Chair), Renata Hakiwi, Sacha McMeeking, Shay Wright, Hinerangi Edwards and Di Grennell.

The Māori Innovation Fund

12. The Māori Innovation Fund (MIF) is a fund that supports the vision and objectives of the Māori-Crown Economic Growth Partnership, He Kai Kei Aku Ringa. The MIF is \$1.85 million in 2023/24 and \$1 million per annum in outyears. Its core objective is to strengthen productivity, knowledge and growth thereby unlocking economic outputs. In previous years the MIF has funded work to build a richer picture of the Māori economy, including its diversity, drivers, challenges and opportunities.
13. The MIF sits within Vote Business, Science and Innovation, under the joint governance of the Minister for Regional Economic Development and Minister of Māori Development.
14. We recommend working with the Minister of Māori Development on how you might want to approach and progress Māori economic prosperity including with respect to He Kai Kei Aku Ringa and the role of MEDAB.

Recommended action

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

- a **Note** the attached A3s covering information on the Pacific economy in New Zealand (Annex 1) and MBIE's Pacific Economic Development funded initiatives (Annex 2)
Noted
- b **Note** you co-lead the Māori-Crown Economic Growth Partnership, He Kai Kei Aku Ringa, with the Minister for Māori Development.
Noted

c **Note** the Māori Innovation Fund is jointly overseen by the Minister for Regional Economic Development and the Minister of Māori Development.

Noted

d **Discuss** your economic development priorities and preferences for the Pacific economic development programmes with MBIE officials.

Agree / Disagree



Kirsty Flannagan
General Manager Economic Strategy/Tautoru
Te Waka Pūtahitanga, MBIE

1/ 12 / 2023

Hon Melissa Lee
Minister of Economic Development

..... / /

Annex 1: Summary of the Pacific economy in New Zealand

Annex 2: MBIE's Pacific Economic Development funded initiatives

ANNEX 2: MBIE'S PACIFIC ECONOMIC DEVELOPMENT PROGRAMMES

PROGRAMMES ON PRODUCTIVITY RELATED OPPORTUNITIES IN BUSINESS & SKILLS DEVELOPMENT

1. AUCKLAND PACIFIC SKILLS SHIFT

- **Purpose:** Investing in workplace progression and skills acquisition to support Pacific workers into higher paid, higher skilled work and more productive businesses. Includes a mix of in-work training, brokering and wrap-around support.
- **Impact:** Over 3,600 microcredentials delivered to people within 283 employers to upskill Pacific workers for better quality employment opportunities; 187 Pacific individuals secured better opportunities in their workplace through engagement in the programme.
- **Evaluation:** (Evaluation in progress). Initial findings suggest a positive impact on labour productivity from in-work training. Wrap-around support and brokering have been identified as important elements in supporting workplace progression. Longer-term outcomes from this programme will take a while to eventuate.
- **Fiscal:** Funded \$5.5 million per annum; contracted to December 2024. Savings of \$2.75 million from 2025/26 offered in Fiscal Sustainability briefing.

Pacific peoples share of employment in Auckland

Pacific Employment: 103,028
Total Employment: 949,891
Pacific share of total employment: 10.8%

An increasing share over time...

2000 – 8.0%

2022 – 10.8%



2. PACIFIC PROCUREMENT SUPPORT SERVICE (\$1.25 million; contracted to December 2024)

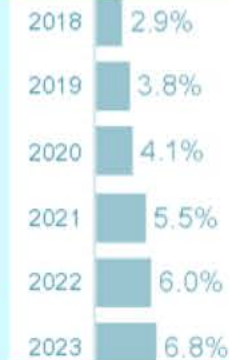
- **Purpose:** Investing in the procurement capability of Pacific businesses, particularly skills to bid for contracts (primary focus on construction and professional services industries) so that Pacific businesses can be more productive.
- **Impact:** 21 successful contracts won by Pacific businesses and an increase in the total revenue across these businesses from \$54.5 million to \$79.7 million (2022/23).
- **Evaluation:** Clients indicated the Pacific Procurement Support Service had been instrumental in developing their capabilities (2023).
- **Fiscal:** Funded \$1.25 million per annum; contracted to December 2024.

PROGRAMMES TO ATTRACT AND GROW TALENT IN THE PUBLIC SERVICE

3. TUPU TAI PASIFIKA PUBLIC SECTOR INTERNSHIP PROGRAMME

- **Purpose:** Attracting public sector talent through summer internships by offering Pacific tertiary students' experience and insights in working in the public sector.
- **Impact:** 213 interns placed across 28 public sector agencies since 2015; 14 of 17 interns in their final year of study were employed with the public service (2022/23); an increase in Pacific peoples in policy workforce (1.3% in 2015/16 to 6.7% in 2022/23).
- **Evaluation:** Evaluation undertaken in May 2022 confirmed value of programme for building talent and attracting Pacific students the public sector. The programme was the Supreme Winner at the 2020 Diversity Awards.
- **Fiscal:** Funded \$0.65 million per annum. Savings of \$0.20 million from 2023/24 offered in Fiscal Sustainability Briefing

Proportion of Pacific policy analysts in the public sector (aged 25 – 34)



4. SENIOR DIVERSE LEADERS PROGRAMME

- **Purpose:** Building public sector leadership capability through increased Pacific representation in Tier 1-3 roles.
- **Impact:** Forty-seven graduates from two cohorts; inspiring professional growth and learning.
- **Evaluation:** (Evaluation in progress and due March 2024). Initial findings suggest participants find the programme supports their leadership development. Impact beyond this is harder to quantify. Some evaluation comments suggest that the programme may not align with the needs of all Pacific leaders (and their agencies) aspiring to senior leadership roles.
- **Fiscal:** Funded \$0.35 million per annum, contracted to June 2024. Savings of \$0.35 million from 2024/25 offered in Fiscal Sustainability briefing.

OPTIONS FOR PACIFIC ECONOMIC DEVELOPMENT PROGRAMMES

Possible options include a mix of continuing, re-focusing, scaling or exiting the programmes. We can provide more information on these. Some of these options may require further discussion with your colleagues, including the Minister for Pacific Peoples and the Minister for Social Development and Employment.

ANNEX 1: SUMMARY OF THE PACIFIC ECONOMY IN NEW ZEALAND

As the Government's lead micro-economic agency, MBIE is responsible for policy settings that enable Pacific peoples to drive and determine their own economic futures

PRIORITY POLICY AREAS FOR DRIVING PACIFIC ECONOMIC PARTICIPATION AND PRODUCTIVITY

Labour market, skills & employment

- Ensuring labour market policies and programmes address Pacific peoples' experience of poorer labour market outcomes.

Business growth and development

- Continuing existing investment to build Pacific business capability.
- Investing to improve Pacific business data.

Innovation & digital

- Supporting innovation capability for Pacific enterprises.
- Promoting programmes that support growing innovation, talent and leadership, particularly for Pacific youth.
- Promoting digital access, knowledge and skills to create pathways to business and innovation opportunities.

Auckland/regional economic development

- Supporting social investment opportunities and jobs.

Climate responses

- Connecting work programmes focused on the economic effects of climate change responses.

THE CURRENT STATE OF PLAY: DEMOGRAPHIC SNAPSHOT

As a young and growing population, Pacific people will play an increasingly important role in our labour market, making a significant contribution to Auckland's economic development and New Zealand overall.

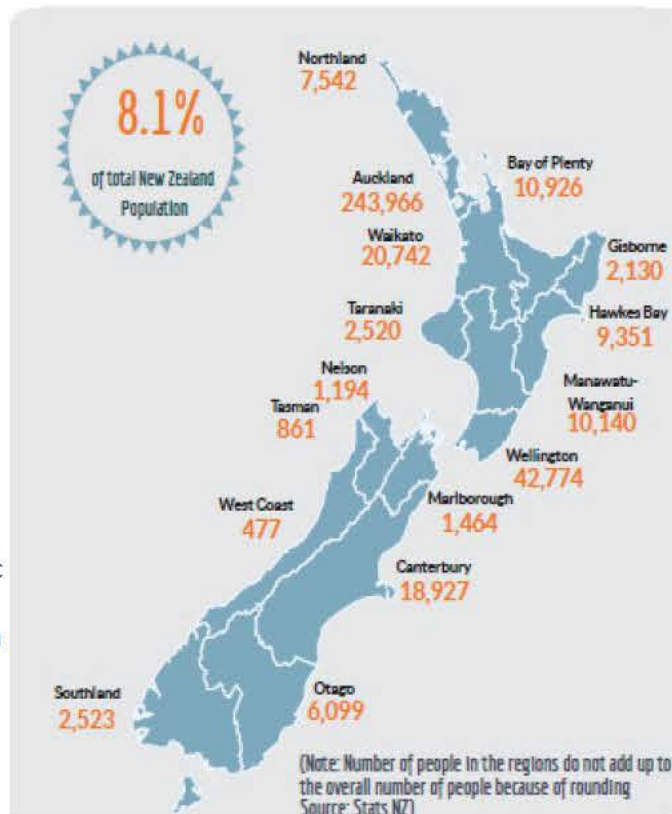
Pacific peoples are:

Productive: Treasury estimates Pacific peoples contribute \$8 billion to the economy.

Young and growing: Pacific peoples median age is 23, compared to 37 for all ethnic groups.

Urban: Three quarters of Pacific people live in either Auckland or Wellington with two thirds in Auckland. However, there is a growing regional presence.

Underutilised in the labour market and represent huge potential for our economy.



KEY PACIFIC EMPLOYMENT DATA

Pacific peoples labour market participation presents an opportunity to unlock productivity and prosperity

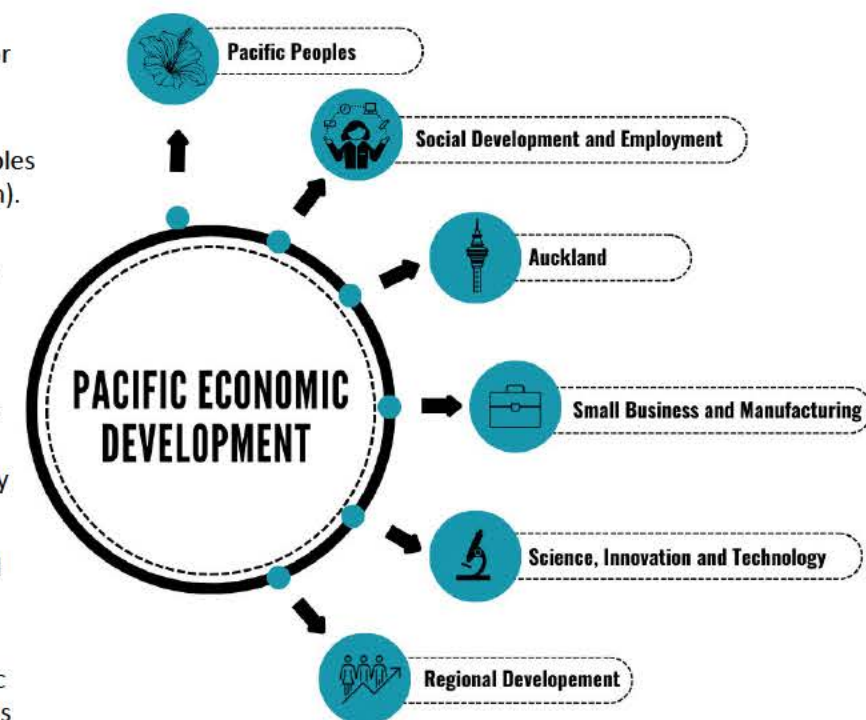
- From June 2022 to June 2023, median hourly earnings for Pacific peoples increased by 8.3% but remain the lowest median hourly earning rate of all ethnic groups.
- As at June 2023, the **unemployment** rate for Pacific peoples was 8.1% (compared with 3.9% for the overall population). In Auckland, this rate for Pacific peoples is 8.7%.
- The **underutilisation** rate was 15.8% at September 2023, compared to 10.4% for the general population.
- The proportion of 15-24 years not in education, employment or training (**NEET**) is significantly higher for Pacific peoples. This is 15.9% compared to 12.1% for the general population.
- Across all these measures, Pacific women are significantly worse off.

Pacific peoples tend to be concentrated in occupations and industries most vulnerable to change

Industry and skill-level

- While more Pacific women are in skilled roles than Pacific men, compared to the general population, Pacific peoples are at least 1.5 times more likely to be employed in low-skilled labouring roles.
- Pacific peoples are over-represented in administration, logistics and manufacturing industries.
- The highest proportions of Pacific peoples are employed in:
 - Wholesale and retail
 - Manufacturing
 - Healthcare and Social Assistance
 - Utilities and Construction

KEY MINISTERIAL PORTFOLIO CONNECTIONS



Enabling Pacific peoples to drive and determine their own economic futures

Through effective **coordination and collaboration** MBIE can leverage opportunities within the economic development portfolio and other key portfolios to ensure broader policy settings and programme delivery also support enhanced Pacific economic outcomes for the benefit of all New Zealanders.

KEY PACIFIC BUSINESS DATA

Investing in Pacific business capability can provide new opportunities for economic prosperity and employment

- Approximately 4,100 self-employed Pacific individuals in New Zealand, including sole-traders.
- 1,500 Pacific employers, mostly in Auckland.
- Male-operated firms are primarily in construction.
- Women-operated firms are primarily in professional services.

CHALLENGES

- Pacific peoples face ongoing risk of structural unemployment from broader economic transitions
- Pacific peoples tend to be concentrated in industries and occupations that are most vulnerable to unexpected shocks, automation and environmental change
 - Poor data, policy and programme coordination across Government
- Persistent disadvantage and uneven economic outcomes presenting barriers to Pacific peoples' economic independence
 - Digital connectivity and access for Pacific peoples