



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

Briefing for Incoming Ministers

December 2016



1. Role and Purpose of MBIE

Introduction

This document is the Ministry of Business, Innovation and Employment's (MBIE's) overarching Briefing to Incoming Ministers (BIM). It sets out MBIE's role and purpose, as well as outlining MBIE's organisational structure.

Accompanying this document are the Portfolio specific BIMs relevant to your responsibilities. These BIMs capture key information relevant to each Portfolio, key responsibilities, areas that will require your attention in the first 100 days and key cross-Portfolio linkages.

The Minister for Economic Development is the ownership Minister for MBIE. The MBIE ownership responsibilities are set out in the Economic Development Portfolio BIM.

Helping you deliver your priorities

As an MBIE Minister, you are able to use the full range and scope of MBIE resources to support achievement of your key priorities.

MBIE has responsibility for the delivery of extensive policy and services that impact on the business environment. This includes responsibility for key legislative and regulatory frameworks (MBIE is responsible for 133 Acts); management of key public services for business both on and offshore (such as the Companies Office and Immigration New Zealand); management of the Crown's interest in some economically important natural resources and oversight of ownership interests in a number of business-critical Crown agencies (discussed in more detail in Annex B to this document).

The MBIE Snapshot in figure 3 captures some critical information about the size, structure and reach of the organisation. Figure 1 (over the page) outlines MBIE's portfolio responsibilities. MBIE's organisational structure, Vote information and senior leadership contacts are set out in the Annex A to this document.

MBIE was formed to provide more coordinated and higher-quality advice, regulation and services. Its establishment as an integrated business-facing department signalled a desire to:

- significantly reduce the complexity of developing and integrating advice across a number of areas;
- create a more consistent and effective regulatory environment for, and service delivery to, business;
- realise efficiencies through increased synergies and scale; and
- reduce duplication and fragmentation.

MBIE Ministers can draw on this extensive range of policy and service delivery responsibilities; the deep understanding of the challenges and opportunities businesses face given our role as government's leading business-facing agency; and the opportunity to better integrate advice across a number of areas to achieve portfolio objectives.

Figure 1: MBIE portfolio responsibilities

- › ACC
- › Building and Construction
- › Commerce and Consumer Affairs
- › Communications
- › Economic Development
- › Energy and Resources
- › Immigration
- › Science and Innovation
- › Skills and Employment
- › Small Business
- › Tourism
- › Workplace Relations and Safety

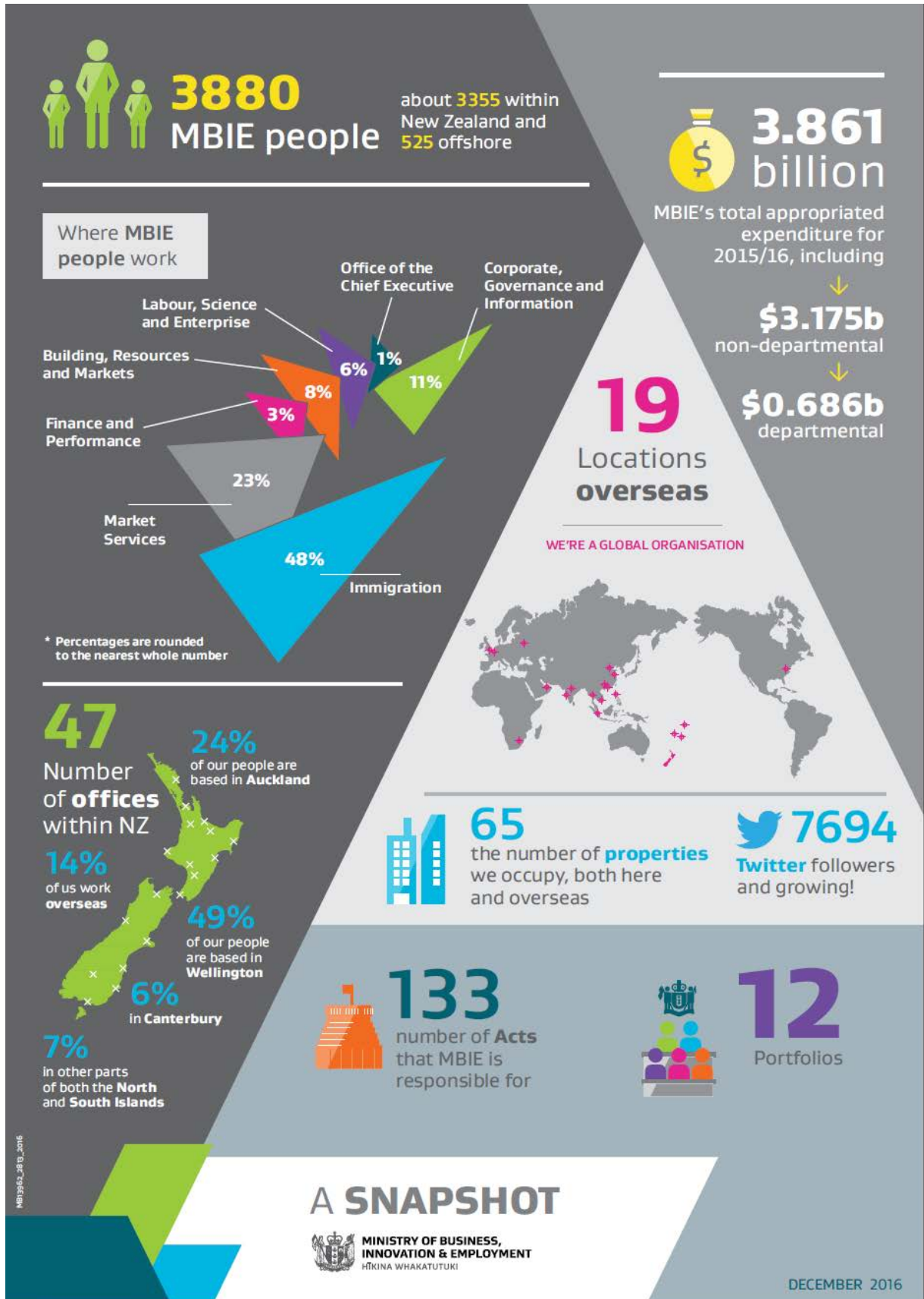
MBIE also supports the following Ministers: Minister for State Services, Minister supporting Greater Christchurch Regeneration, Minister Responsible for HNZC, Minister for Social Housing, and Minister for Regulatory Reform

Figure 2: MBIE's key functions

MBIE brings together a broad range of government activity. Key functions include:

- › co-lead, with Treasury, the Government's Business Growth Agenda, and leading cross-agency work to reduce the costs for businesses in dealing with government as part of the Government's Better Public Services (BPS) results programme (BPS Result Area 9)
- › co-lead, with Te Puni Kōkiri, the Government's response to He Kai Kei Aku Ringa, the Crown-Māori Economic Growth Partnership
- › advise on business development policy and programmes, tourism, and invest in world-class major events
- › the lead agency for space policy and legislation
- › functional leadership in procurement and property across government
- › develop and implement the labour market's core regulatory systems
- › advise on regulation of the commercial and consumer environment to ensure well-functioning markets
- › regulate the supply and use of radio spectrum, electricity, and gas; and provide supporting advice on the wider use of natural resources
- › lead work on housing affordability, the built environment including regulations, and residential tenancy and weathertightness
- › deliver immigration services and immigration policy
- › lead the Government's health and safety reform programme
- › roll out high-speed broadband nationwide
- › invest in science and innovation and help build the skills New Zealand needs to support business growth
- › provide business services relating to company registration, intellectual property and insolvency
- › provide employment relations advice and support, and enforce minimum employment standards
- › functional leadership and stewardship for dispute resolution across government
- › manage the development of New Zealand standards, the adoption of international standards and enable access to standards by New Zealanders
- › provides occupational licensing, compliance and enforcement services for building practitioners, electrical workers, immigration advisers, auctioneers and motor vehicle traders
- › the new national Computer Emergency Response Team (CERT) to combat cyber-attacks and cybercrime (from the first quarter of 2017)

Figure 3: MBIE Snapshot



2. MBIE’s approach to supporting you

In order to help you deliver the Government’s ambition for a higher performing economy, the Ministry of Business, Innovation and Employment (MBIE) has developed the purpose Grow New Zealand for all, and an outcomes framework that reflects a shared community desire for a sustained and substantial improvement in economic performance.

The Ministry does this by creating an environment that supports businesses to become more productive and internationally competitive, by enabling all New Zealanders to participate in the economy through improved job opportunities, and by ensuring quality housing is more affordable.

Our Target

MBIE’s principal objective is to contribute to an increase in real median household income of 40 per cent by 2025, from \$1,300 (in 2012) to \$1,800 per week by 2025. Supporting this target, we have three objectives:

- More competitive businesses – doubling labour productivity growth and increasing the real exports to gross domestic product ratio to 40 per cent
- Job opportunities for all – achieving an ongoing unemployment rate below four per cent
- Affordable housing – a lower ratio of housing cost to income

These goals recognise that the community is unlikely to support the actions required to generate significantly higher living standards unless the benefits are widely shared through jobs and affordable places to live ‘for all’.

Figure 4: MBIE’s purpose and objectives



Economic context and the role we can play in lifting economic performance

New Zealand has recorded solid economic growth in the past 2-3 years as the economy recovers from the Global Financial Crisis.

In the year to June 2016, real GDP in New Zealand increased by 2.8 per cent. Growth in the past year has been driven by a buoyant construction sector and sharp increases in services exports, particularly tourism. The unemployment rate has fallen to 4.9 per cent (September quarter) and the labour force participation rate has reached a record high level of 70.1 per cent.

Short-term prospects for the economy look encouraging. Low interest rates and on-going population growth are likely to continue to support domestic economic activity in the consumption and residential construction sectors, while the recent turnaround in dairy prices is an encouraging sign for the primary sector.

Despite this positive performance the economy does face some challenges, both domestically and in the external environment.

Domestic risks are evenly balanced. In the short-term more momentum from population growth and low interest rates could boost spending. New Zealand faces high house prices, especially in urban centres, which is not unique internationally, and therefore affordable housing is a key focus of MBIE.

Internationally, the global economic outlook poses risks to the New Zealand economy through the demand for New Zealand's exports. Risks include a sharp slowing of growth in China and its impact on other economies, particularly in the Asia-Pacific region. In advanced economies the increase in protectionist sentiment makes progress in further trade liberalisation less likely.

Overall, slower growth increases the vulnerability of the global economy to negative shocks as it reduces the scope for monetary and fiscal policy to respond. Geopolitical tensions in the Middle East also pose an ongoing risk to the international economy.

New Zealand's recent economic performance and short-term prospects are sound. The challenge is to increase productivity and ongoing output growth to sustain higher economic growth. New Zealand's economic history, experiences of other small, developed economies and the global environment (including the growth of Asia) show that sustained higher growth is achievable. The experience of others also shows New Zealand can achieve this growth while improving its environmental performance in key areas and ensuring its population share in the benefits of that growth.

Economic growth ultimately comes about through innovative and competitive businesses. Government has a limited but critical part to play in helping support business growth and in managing risks to that growth. In playing our part, MBIE has an open-minded but disciplined approach to defining and effectively utilising our set of levers. MBIE starts from the following propositions about the role of government:

- Economic growth is business-led.
- Government only does things only it can do or can do best.

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- Government is a significant and active player in the economy.
- There is a need to make informed trade-offs.
- New Zealand's size, distance from markets and unique characteristics (e.g. our climate, the Treaty relationship) may require a different role for government in selected areas.
- All government's work should be executed with discipline.

Delivering our goals requires MBIE to get a number of things right. We must:

- enlist those inside and outside of MBIE for successful delivery. Drawing on the detailed knowledge of our stakeholders is critical to ensuring our work is effective, given we cannot achieve our goals alone;
- have a clear sense of how we add value in our various roles; an ability to identify what will make the greatest difference when; and then be able to develop and manage capacity and capability to deliver those priorities;
- demonstrate that we understand the risks associated with growth and development and that the regulatory functions we oversee are strong enough to ensure those risks are well managed;
- play a critical role in areas like regional and Māori and Pasifika economic development to ensure we harness latent opportunity and that the benefits and costs of growth are fairly shared. Using a sector, regional and industry lens to better understand and build deep knowledge of the New Zealand economy is an important aspect of our role. This approach helps us to understand patterns of economic activity in a more detailed way and provide insights into where the greatest opportunities for economic growth lie; and
- optimally deploy all of government's levers all of the time. The challenge is to get a lot of things right on an ongoing basis, rather than to seek a few silver bullets or set-and-forget approaches. MBIE will need to work continuously to improve the effectiveness with which each of our and the government's levers are deployed through time – individually and in combination.

Ongoing improvement to support your objectives

Most of MBIE's resources are devoted to carrying out the ongoing business which is integral to a well-functioning market economy. For example, operating the immigration system, the Companies Office, the Intellectual Property Office, the Labour Inspectorate and maintaining capacity to monitor, update and improve the wide range of regulatory regimes we are responsible for.

MBIE will work with you to operate this ongoing activity in a manner that constantly seeks improvement. An important step in this direction is the operationalisation of a 'living systems' framework to ensure that our regulatory systems are constantly tested, including by linking policy and operational perspectives together. Key elements of this approach are:

- systematically and continually assessing whether each of the regulatory systems we have stewardship responsibility for are effectively delivering their objectives;
- trialling regulatory system charters which clearly describe the expected outcomes of regulatory systems and how these are monitored;

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- applying lessons from the assessment of individual regulatory systems to improve the performance of other systems; and
- regularly progressing amendments that ensure regulatory systems are well maintained.

Our strong focus on customer surveys and stakeholder engagement will help drive ongoing improvements in our delivery.

For those areas where potential for step change is identified, MBIE will work with you to develop fit-for-purpose responses/regimes. Some changes (e.g. overhauling a system or regulatory regime) might take several years of policy development and then implementation. As these programmes of work are implemented, we will keep checking that we are on track to achieve the change sought, and that new insights and changes in the environment are taken into account. MBIE is committed to developing robust ways of assessing relevant trends in the economy to help inform whether the programmes need to be recalibrated. MBIE will work with you to ensure these significant programmes of work are resourced appropriately (including through the critical implementation period) so that we capture the gains expected.

3. Delivery: Frameworks and cross-cutting issues

Together with Treasury, MBIE leads advice to Ministers on key economic priorities. Associated with this leadership role MBIE will support you to develop appropriate frameworks and mechanisms to facilitate, coordinate, and drive cross-government work.

We will continue to support Ministers to coordinate and deliver:

- the Business Growth Agenda (BGA);
- the Better Public Services Result 9 programme;
- an improvement in the quality of New Zealand regulatory systems; and
- work across government, and with regional partners, to support Māori economic development.

Business Growth Agenda

The BGA is the Government's organising framework for economic growth and is focussed on building an environment that businesses can grow and thrive in. Building a more productive and competitive economy is one of the Government's strategic priorities. The BGA is focused on building the six key inputs that businesses tell us they need to grow and succeed: export markets, investment, innovation, skills, natural resources and infrastructure. It also captures three important cross-cutting themes: Māori economic development, sectors and regions, and regulation. The BGA sets ambitious targets to focus the direction of the Government's work. The Minister for Economic Development and Minister of Finance have been jointly responsible for the BGA since its inception in 2012.

MBIE is well positioned to lead or support the achievement of these initiatives. MBIE and Treasury will work to support and coordinate the delivery of the full package of BGA initiatives. We look forward to discussing with Ministers how we make best use of the BGA structure, which has provided an effective basis for structured and meaningful engagement with stakeholders, including how we think about areas important to a range of BGA work streams e.g. Māori economic development, regulation, and ICT.

Better Public Services (BPS) Result 9

Result 9, the Better Public Services for Business programme, seeks to reduce the costs to businesses of dealing with government by 25% and improve service performance to that of private sector firms by 2017. Result 9 is a collaborative programme led by MBIE and includes ten partner agencies. Result 9's focus on integrated service delivery and shared accountability has the potential to transform the public service through:

- taking a more "joined up" approach across government agencies;
- working with businesses to identify and design services that best meet their needs; and
- raising the bar for business customer service throughout the public sector.

Regulatory Systems

The quality of the regulatory environment is important for New Zealand's long-term prosperity. Maintaining good regulatory systems helps avoid the economic and social cost of regulatory failure. It also can support economic development by providing certainty for firms looking to invest and expand employment.

We maintain stewardship over 16 of the regulatory systems. There are six regulatory systems that MBIE considers to be of greatest priority following a 'fit for purpose' assessment set out in MBIE's Regulatory Management Strategy 2016-17: building, health and safety at work, communications markets, intellectual property, immigration and housing and tenancy.

Māori Economic Development

The Māori economy has huge potential to lift the New Zealand economy, through building the skills of a young and growing population, participating in future-focussed industries such as digital/ICT/technology, improving the productivity of Māori primary sector assets, and supporting improved performance and innovation for Māori firms.

MBIE has a leadership role in the whole of government delivery of the Māori economic development agenda. Together with Te Puni Kōkiri, economic agencies, and working with Māori and the private sector, we are responsible for the implementation and monitoring of He kai kei aku ringa (HKKAR), the Māori economic growth strategy.

MBIE Briefing to Incoming Ministers: Annex A

MBIE Structure and Senior Leadership Team

The MBIE Senior Leadership Team (SLT) includes the Chief Executive and seven Deputy Chief Executives responsible for each of the MBIE business groups



From left to right

David Smol
Chief Executive

Paul Stocks
Deputy Chief Executive
Labour, Science and Enterprise

Greg Patchell
Deputy Chief Executive
Market Services



Bryan Chapple
Head of the Office of the Chief Executive

Stewart McRobie
Chief Financial Officer

Adrienne Meikle
Deputy Chief Executive
Corporate, Governance and Information



Nigel Bickle
Deputy Chief Executive
Immigration New Zealand

Chris Bunny
Acting Deputy Chief Executive
Building, Resources and Markets

MBIE Staff

MBIE has around 3355 NZ employees and 525 offshore employees. The distribution of New Zealand employees across the organisation is shown in the table below: *(information accurate as at 30 November 2016)*.

MBIE Business Group	Headcount
Building Resources and Market	307
Corporate Governance and Information	432
Finance and Performance	118
Immigration New Zealand	1325
Labour Science and Enterprise	226
Market Services	898
Office of the Chief Executive	49

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MBIE Budget

Appropriation by Vote	Actual 2015/16 (\$000s)			Budget 2016/17 ¹ (\$000s)		
	Departmental Appropriations	Non-Departmental Appropriations	Total	Departmental Appropriations	Non-Departmental Appropriations	Total
Vote Building and Housing						
Building and Housing	83,593	137,415	221,008	101,039	228,688	329,727
Social Housing	437	37,923	38,360	1,300	145,353	146,653
Total Vote Building and Housing	84,030	175,338	259,368	102,339	374,041	476,380
Vote Business, Science and Innovation						
Commerce and Consumer Affairs	81,232	75,619	156,851	87,990	81,998	169,988
Communications	13,455	240,454	253,909	22,219	74,260	96,479
Economic Development ²	105,540	341,623	447,165	210,550	278,219	488,769
Energy and Resources	25,321	136,871	162,192	27,256	139,274	166,530
Science and Innovation	25,537	886,589	912,126	30,901	1,064,457	1,095,358
Small Business	1,253	-	1,253	1,451	-	1,451
State Services	2,210	-	2,210	5,489	-	5,489
Tourism	6,895	126,737	133,632	8,018	148,192	156,210
Total Vote Business, Science and Innovation	261,443	1,807,893	2,069,338	393,874	1,786,400	2,180,274
² inc. Departmental Capital and Capital injections	68,334			164,690		
Vote Labour Market						
ACC	2,235	1,091,176	1,093,411	2,849	1,231,404	1,234,253
Immigration	279,208	-	279,208	315,215	-	315,215
Tertiary Education , Skills and Employment	5,506	1,559	7,065	7,659	-	7,659
Workplace Relations and Safety	54,497	98,549	153,046	57,045	105,100	162,145
Total Vote Labour Market	341,446	1,191,284	1,532,730	382,768	1,336,504	1,719,272
TOTAL MBIE	686,919	3,174,515	3,861,436	878,981	3,496,945	4,375,926
<i>Excluding Departmental Capital and Capital Injections</i>	618,585			714,291		

¹ As at 2016 October Baseline Update

Ministry Vote responsibilities

Votes	Portfolio Ministers	Associate Ministers	Ministry Responsibility
Vote Business, Science and Innovation	Minister of Commerce and Consumer Affairs		Foster business growth and building a more competitive and productive economy; provide consumer information and protection
	Minister for Communications		Oversee the telecommunications regulatory framework and the effective deployment and use of high quality broadband and mobile communications
	Minister for Economic Development	Associate Minister for Economic Development (2 Associate Ministers)	Provide policy and advice that supports businesses to become more productive and internationally competitive
	Minister of Energy and Resources		Support responsible development of petroleum and mineral resources and provide regulatory frameworks and programmes to support well-functioning energy markets, development of renewables and energy efficiency improvements
	Minister for Small Business		Ensuring all of government understands the issues faced by New Zealand's small businesses
	Minister of Science and Innovation		Provide policy advice on and administer Government's science and innovation investments, to raise the scale, excellence and impact of New Zealand's R&D activities.

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	Minister of Tourism	Associate Minister of Tourism	Provide advice and develop policy to increase the contribution to New Zealand's economy from tourism
Vote Labour Market	Minister for ACC	Associate Minister for ACC	Regulatory support of accident compensation scheme
	Minister of Immigration	Associate Minister of Immigration	Provision of efficient and effective immigration services
	Minister for Tertiary Education, Skills and Employment	Associate Minister for Tertiary Education, Skills and Employment	Provide a regulatory framework that fosters an increase in skilled workers within safe working environments
	Minister for Workplace Relations and Safety		Provide a regulatory framework to support well-functioning workplaces
Vote Building and Housing	Minister for Building and Construction		Provide advice on a regulatory framework that promotes safer, healthier and more affordable homes and buildings

In addition to our portfolio and associate Ministers, we also work to support the following Ministers:

- Minister for State Services
- Minister supporting Greater Christchurch Regeneration
- Minister Responsible for HNZC
- Minister for Social Housing
- Minister for Regulatory Reform

MBIE Briefing to Incoming Ministers: Annex B

Crown entity stewardship

MBIE assists Ministers to assess the performance of 21 Crown entities and Schedule 4A companies. We also work with the Treasury and Ministry of Education to monitor a further 3 entities.

In addition, MBIE supports Ministers with appointments to the boards of these entities, and to review performance and appoint the boards of a further 40 statutory entities and advisory bodies.

MBIE is focusing on improving its performance assessment and board support work to help Ministers maximise the contribution, and improve the performance, of the entities within their portfolios.

The table below lists the major entities connected to MBIE:

Name	Type	Portfolio
The Accident Compensation Corporation *	Crown Agent	ACC
Accreditation Council (trading as IANZ)	Autonomous Crown Entity	Commerce and Consumer Affairs
AgResearch Limited	Crown Research Institute	Science and Innovation
Callaghan Innovation	Crown Agent	Science and Innovation
Commerce Commission	Independent Crown Entity	Commerce and Consumer Affairs
Commission for Financial Capability (Retirement Commissioner)	Autonomous Crown Entity	Commerce and Consumer Affairs
Crown Fibre Holdings Limited *	Crown Entity Company	Communications
Education New Zealand **	Crown Agent	Immigration; Tertiary Education, Skills and Employment
Electricity Authority	Independent Crown Entity	Energy and Resources
Energy Efficiency & Conservation Authority (EECA)	Crown Agent	Energy and Resources
External Reporting Board (XRB)	Independent Crown Entity	Commerce and Consumer Affairs
Financial Markets Authority (FMA)	Independent Crown Entity	Commerce and Consumer Affairs
Housing New Zealand Corporation (HNZC) *	Crown Agent	Building and Construction
Institute of Environmental Science and Research Limited (ESR)	Crown Research Institute	Science and Innovation
Institute of Geological and Nuclear Sciences Limited (GNS Science)	Crown Research Institute	Science and Innovation
Landcare Research New Zealand Limited	Crown Research Institute	Science and Innovation
National Institute of Water and Atmospheric Research Limited (NIWA)	Crown Research Institute	Science and Innovation
New Zealand Forest Research Institute Limited (Scion)	Crown Research Institute	Science and Innovation

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New Zealand Institute for Plant and Food Research Limited	Crown Research Institute	Science and Innovation
New Zealand Tourism Board (Tourism New Zealand)	Crown Agent	Tourism
New Zealand Trade and Enterprise	Crown Agent	Economic Development; Trade
New Zealand Venture Investment Fund Limited ***	Other Crown Entity Company (under Schedule 2 of the Crown Entities Act)	Economic Development
Research and Education Advanced Network NZ Limited	Crown Entity Company	Science and Innovation
Takeovers Panel	Independent Crown Entity	Commerce and Consumer Affairs
Tamaki Redevelopment Company Limited *	Crown Entity Company	Building and Construction
Tertiary Education Commission (TEC)**	Crown Agent	Tertiary Education, Skills and Employment
WorkSafe New Zealand	Crown Agent	Workplace Relations and Safety

* The Treasury monitors and appoints to this entity

** Secondary monitor (lead monitor is the Ministry of Education)

*** Joint monitor and appointer with the Treasury

