



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

Briefing for the Incoming Minister for Economic Development

4 July 2019

PROACTIVELY RELEASED

1 Key Points

1. This briefing provides you with an overview of the Economic Development portfolio, with a focus on:
 - a. Your role co-leading on the Government's economic strategy and coordinating its delivery through other key economic portfolios; and
 - b. Your role in leading specific economic development initiatives.
2. We would welcome an early discussion with you about your priorities for the portfolio. The following table outlines some suggestions for policy areas you may want to prioritise in the near term. The section on the Economic Development Work Programme outlines other areas of work. Subject to your agreement, we would suggest separate discussions on each of the areas outlined below.

Action	Tasks and timing (2019)	Key Ministerial relationships
Confidential advice to Government		
Deliver four Industry Transformation Plans (ITPs) (paras 20 to 23)	<ul style="list-style-type: none"> • October – Report back to Cabinet on progress on four priority ITPs for the Food and Beverage, Agritech, Wood Processing and Forestry, and Digital Technologies sectors. 	<ul style="list-style-type: none"> • Minister for Primary Industries • Minister of Research, Science and Innovation • Minister of Finance
Launch and embed the new Government Procurement Rules (paras 24 to 28)	<ul style="list-style-type: none"> • Late September/early October – Launch the new Government Procurement Rules. • Encourage leadership by government agencies to implement new rules to achieve greater social, economic and environmental outcomes. 	<ul style="list-style-type: none"> • Minister for State Services • Minister of Defence • Minister for Police • Minister of Health • Chief Executives of Ministries, Departments and Crown Entities
Report back to Cabinet with the Minister for Maori Development on the diversity of government suppliers (para 27)	<ul style="list-style-type: none"> • July – Meet with the Minister of Māori Development to discuss procurement options for increasing supplier diversity. • August/September – Joint report back to Cabinet with the Minister of Māori Development on supplier diversity. 	<ul style="list-style-type: none"> • Minister for Māori Development
Lead the development of the Government's investment framework (paras 29 to 31)	<ul style="list-style-type: none"> • Late 2019 – Consider advice on establishing a framework to change New Zealand's investment patterns. 	<ul style="list-style-type: none"> • Minister of Finance • Minister of Trade and Export Growth • Minister of Commerce and Consumer Affairs • Minister for Regional Development • Minister for Land Information

Championing the Better for Business programme (paras 32 to 36)	<p style="text-align: center;">Confidential advice to Government</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>	<ul style="list-style-type: none"> • Minister for Small Business • Minister for Government Digital Services
---	--	---

Key stakeholder groups you have an interest in

3. The following groups have a strong alignment to the Economic Development Portfolio. MBIE provides Secretariat support for the following stakeholder groups for which you are a member or have an interest in.

Stakeholder Group	Relationship to your role
The Prime Minister’s Business Advisory Council	You sit on this group.
The Māori Economic Development Advisory Board	This group provides advice on Māori economic development and strategy.
The Future of Work Tripartite Forum	This group provides advice on how to support New Zealand businesses and workers to meet the challenges and take the opportunities presented in a rapidly changing world of work.
The Economic Sector Leadership Group (public sector chief executives)	This group provides advice and support to you and the Minister of Finance on economic strategy and cross-portfolio activity, such as budget, reporting and work programme priorities.
The Small Business Council	This group provides advice and support to the Minister for Small Business on economic development issues for small businesses.

4. Each of the Industry Transformation Plans will involve collaboration between government, industry and other key stakeholders.

Linking economic development with urban development and transport

5. We would welcome a conversation about how you see the linkages between economic development, transport and urban development.
6. Your transport and urban development portfolios are key drivers for economic development. Well performing cities and urban areas are critical for New Zealand’s economic productivity and prosperity and urban performance will become increasingly important as New Zealand’s urban population continues to grow. Integrated transport and land use planning and investment also provides a significant opportunity to support the transition to a low-carbon economy.
7. Place matters in economic development as our urban centres and regions face different challenges and opportunities. In your capacity as Minister for Economic Development you also have a key role in deciding funding and direction of the Provincial Growth Fund as part of the Regional Economic Development Ministers Group.

2 Your role co-leading the Government's Economic Strategy

Finalising the economic strategy framework and communicating it to the public

8. The Minister of Finance and the Minister for Economic Development co-lead the Government's economic strategy. The Economic Development portfolio has a focus on the micro-economic policy settings for developing the economy, while the Finance portfolio has a focus on macro-economic settings.
9. The Minister for Economic Development has a core role in developing the economy in a way that enables our people, businesses and places to thrive and achieve more productive, sustainable and inclusive outcomes. Because many of the key economic development policy areas are held in other portfolios, the Minister for Economic Development plays a key part in ensuring government policy is coordinated. Other key portfolios are outlined in Annex Five.
10. At the heart of the economic strategy is the view that we want our economy to thrive, but not at the expense of our people or our environment – productivity, sustainability and inclusiveness are not concepts that should be traded off against each other. The type of growth matters along with how the benefits of that are distributed.

11.

Confidential advice to Government

[Redacted text]

Confidential advice to Government

3 Economic Development Work Programme

The Economic Development Work Programme

18. The Economic Development portfolio has a significant programme of work underway, including:
- a. **Areas of work where there are significant opportunities over the next six to twelve months**, including:
 - i. Co-leading the Government's economic strategy;
 - ii. Leading the transformation of our industries through Industry Transformation Plans;
 - iii. Launching and embedding new Government procurement rules and reporting back on policies to encourage more diversity in suppliers;
 - iv. Leading the development of the Government's investment framework;
 - v. Championing the Government's programme to make public services Better for Business.
 - b. **Other areas of work of importance to the portfolio**
 - i. Enabling the Māori economy to take flight;
 - ii. Supporting Pacific peoples to realise their economic development aspirations;
 - iii. Leading funding decisions for major events in New Zealand;
 - iv. Maximising the benefits from the use of space
 - v. Lifting the performance of firms
 - vi. Improving New Zealand's dispute resolution systems
 - vii. Supporting the screen sector through the New Zealand Production Grant, and the development of a 10 year Screen Sector Strategy.
19. As the Minister for Economic Development, you are also jointly responsible for New Zealand Trade and Enterprise (NZTE) alongside the Minister for Trade and Export Growth. NZTE is the Government's international trade promotion and business development agency and a key delivery agency for the economic strategy. NZTE will provide a separate briefing and detail on their Board is attached at Annex Three.

Areas of work where there are significant opportunities over the next six months

Leading the transformation of our industries through Industry Transformation Plans

20. This week, the Acting Minister for Economic Development released the document *From the Knowledge Wave to the Digital Age – Growing Innovative Industries in New Zealand*. This document sets out the Government's new Industry Strategy that will see us working with industry and other partners to deliver productive, sustainable and inclusive growth across key industries. The Industry Strategy approach draws on international best practice, including from the United Kingdom and Singapore.
21. The Industry Strategy is focused on developing Industry Transformation Plans (ITPs) for ten initial sectors: Food and Beverage, Agritech, Wood Processing and Forestry, Tourism, Construction, Creative Industries, Renewable Energy, Digital Technologies, Aerospace and Health Technologies sectors, with MBIE focused on the first four of these.
22. You will be reporting back to Cabinet on progress on these four sectors in October 2019. Agritech is already well advanced, and we are aiming to include a draft Agritech ITP for this report-back. We anticipate draft ITPs for the other three sectors to be ready in early 2020. Note that the Food and Beverage ITP will draw on the current work of the Primary Sector Council which is being led by the Minister for Agriculture.
23. The Industry Strategy and ITPs are a new approach for us in developing industries. ITPs will be industry-led and government supported and require strong collaboration between a range of stakeholders. At their core, ITPs will define an agreed long-term vision for the industry out to 2050 and outline the actions required to realise that vision. ITPs will bring a range of perspectives to the table with a strong focus on medium to long-term transformation. Key focus areas of Industry Transformation Plans include:
 - a. Assessments of the historical productivity in the sector and the opportunities and risks from increasing digitalisation and the future of work, including skills needs;
 - b. Decarbonisation pathways, ways to increase exports and overcome capital and labour constraints; and
 - c. Opportunities to collaborate with other sectors and strategies to increase investment.

Launching and embedding new Government procurement rules and reporting back on policies to encourage more diversity in government suppliers

24. Government purchases approximately \$41 billion per year of goods and services from third parties. Government procurement is key to maximising public value from government expenditure and deliver the Government's economic strategy.
25. You have an opportunity to launch the new Government Procurement Rules (4th edition) when they come into effect on 1 October 2019. The Rules will provide stronger and more explicit requirements for government agencies to use procurement to achieve greater social, economic and environmental outcomes. The Government's four priority procurement outcomes are:

-
- a. Increasing procurement opportunities for New Zealand businesses, with a particular focus on Māori, Pacific and ICT enterprises and firms in regions;
 - b. Increasing skills and training in construction contracts;
 - c. Lifting compliance with employment standards in higher risk industries starting with cleaning, security and forestry contracts and improving health and safety in all contracts; and
 - d. Transitioning New Zealand to a net-zero emissions economy and designing waste out of the system, with an initial focus on the reduction of CO2 emissions in the government's vehicle fleet working towards an emissions free government fleet by 2025.
26. To achieve these four outcomes, a considerable shift in procurement practice and behavioural change is needed from 130 agencies plus mandated to follow the Rules. Embedding the Rules and lifting procurement capability is critical. Key actions include:
- a. driving Ministerial and Chief Executive leadership and accountability;
 - b. intensively engaging with industry and agencies, and
 - c. establishing a reporting framework.
27. When deciding on procurement, Cabinet agreed that you and the Minister for Māori Development should jointly report back on indigenous procurement policies. Indigenous procurement policies seek to actively increase government contracting to indigenous firms. One option under consideration is to broaden the supplier diversity focus to include other disadvantaged groups (e.g. Pacific firms). We are preparing advice to support you in an initial meeting with the Minister for Māori Development on procurement diversity options.
28. Officials will engage with you to explore other procurement reform opportunities and other priority areas where there is potential to expand Government procurement outcomes.

Leading the development of the Government's investment framework

29. A key priority for the Economic Development Portfolio is ensuring businesses have the access to capital they need to lift productivity. The overall policy objective is to move capital from unproductive speculative investment toward productive investment classes.
30. The immediate focus is on implementing the Budget 2019 announcement of the creation of a \$300m pool of capital available to be invested in early stage capital markets. We understand Hon Parker is likely to retain responsibility for delivering this initiative.
31. Following implementation of legislative changes for early stage capital markets, we will work with you (and other Ministers) in late 2019 to establish a framework to change New Zealand's investment patterns. A co-ordinated strategy is required to align the various policy settings and ensure investment capital flows to the most productive areas of the economy. Changing investment patterns will partly be about changing direct incentives and rules (like tax settings or rules determining foreign investors and

migrants), but is also about ensuring that the enabling environment and regulatory settings are efficient and create confidence and certainty.

Championing the Government's programme to make public services Better for Business

- 32. Led by MBIE, Better for Business (B4B) is a strategic cross-agency programme focused on making significant improvements to the business experience with government. B4B represents the 10 agencies that collectively make up around 83 percent of the interactions a business would normally have with government. Agencies include ACC, Callaghan Innovation, Inland Revenue, the Ministry for Primary Industries, NZ Customs Service, NZTA, NZTE, StatsNZ and WorkSafeNZ.
- 33. B4B specifically focuses on initiatives that improve the consistency of government services and coordination between government agencies. B4B's 7 years' of research and insights show that improving the customer experience in these areas is key to lifting business satisfaction with government. Leveraging digital technologies and service design are important features of the programme.
- 34. B4B's most important initiative is Business Connect, which has received 2 years of funding from Budget 2019. Business Connect will allow businesses to apply for, manage, and renew licenses and permits from across central and local government from one place. Our research identified that interacting with multiple regulatory authorities is a key pain point for businesses. The Minister for Small Business is a key partner in progressing this work and was delegated some functions by the previous Minister – including Business Connect.

35. [Redacted] Free and frank opinions [Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]

36. [Redacted] Confidential advice to Government [Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]

Other areas of work of importance to the portfolio

Enabling the Māori economy to take flight

37. The portfolio supports Māori economic development through initiatives to lift Māori income, employment, enterprise, participation and training. Māori economic development is supported by an independent Māori Economic Development Advisory Board (MEDAB) and public sector teams in MBIE and Te Puni Kōkiri. Key areas of focus for this work include:
- a. Ensuring policy settings in other key economic development portfolios are fit for purpose (e.g. Provincial Growth Fund, education and skills, primary industries);
 - b. Working collaboratively to lift public sector capability to engage with iwi and Māori; and
 - c. Specific initiatives, for example, the Māori Innovation Fund, the Māori Digital Technology Development Fund and He Tupu Ōhanga - Commercial Advisors Scheme.
38. He Kai Kei Aku Ringa (HKKAR), the Crown-Māori Economic Growth Partnership, is the Government's Māori Economic Development Strategy. HKKAR is jointly led by the Minister for Regional Economic Development and the Minister for Māori Development. In 2017, the E-RERE action plan (is an acronym for the five pou, but as a verb, it means 'to leap, run, fly - to take action, elevate') was launched to reset HKKAR. E-RERE represents five pou or structures that work together to support Māori economic development. These pou are:
- a. Employment – Whai Mahi - growing the future Māori workforce
 - b. Rangatahi -- helping Māori youth to define and lead their economic aspirations
 - c. Enterprise – Whai Pakihi - growing Māori enterprises
 - d. Regions – Rohe Tū Pakari - increasing Māori participation in regional economies
 - e. Education – Whai Mātauranga - developing a highly skilled Māori workforce
39. We are working to ensure that this programme is well aligned to the direction of the Crown/Māori relations – Te Arawhiti and to energise the korero across agencies and with Māori about HKKAR E-RERE.

Supporting Pacific peoples to realise their economic development aspirations

40. Pacific peoples in New Zealand have been disproportionately affected by changes in the labour market and are less likely to have inter-generational wealth created by business and asset ownership. The Pacific policy team's role is to work collaboratively within MBIE and across the public sector to co-create opportunities to enable and support Pacific people to achieve their economic aspirations. This will help ensure New Zealand's economic prosperity is shared more equitably and improves the wellbeing of Pacific people. Over the next three months opportunities exist that have the potential to make a difference for Pacific peoples:
- a. Pacific Economic Development Strategy – MBIE has a strong working relationship with the Ministry of Pacific Peoples and it is recommended that you meet with the Minister for Pacific Peoples to discuss Pacific economic

development priorities and the potential for a whole-of-government Pacific Economic Development Strategy.

- b. Future of work outcomes for Pacific people – The future of work presents both risk and opportunity for Pacific people in the labour market. Pacific workers with lower levels of education and in low skilled occupations are particularly vulnerable to being displaced from their jobs. Working with industry to develop strategies and approaches that are appropriate for supporting Pacific people's career transitions will be an important area of focus in your portfolio.
- c. Unlocking opportunities for Pacific businesses and enterprises – The new Government Procurement Rules will help government improve access for Pacific businesses to government procurement. The design of the supplier diversity policy will impact how effective it is at improving access to procurement for Pacific businesses.

Lifting the performance of firms

- 41. Lifting the performance of domestic firms contributes to building a productive, sustainable and inclusive economy. For example, improving the performance of logistics, wholesale and services firms helps the competitiveness of our exporting firms, while retail, hospitality and other services sustains community wellbeing. Evidence suggests that there is a lot of performance improvement available in getting firms towards the domestic productivity frontier. Furthermore, as a small, trade-exposed nation, New Zealand firms need to innovate and internationalise to maintain their competitive advantage.
- 42. Our existing system of firm support seeks to provide a range of assistance with intensifying precision, from information and advice to all firms through the business.govt.nz portal to wrap-around service to NZTE's Focus 700 customers. This system focuses on five growth enabling support programmes: information, investment, internationalisation, innovation and management capability. We are keen to explore with you how we can make the system fit for purpose.
- 43. There may also be other types of support you will need to consider in this work area such as time-limited support provided to businesses following natural disasters, and events such as the 15 March 2019 terror attacks.

Leading funding decisions for major events in New Zealand

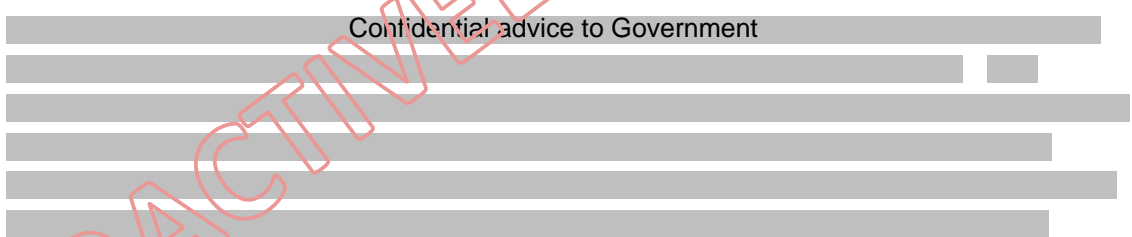
- 44. Major events have the potential to generate a wide range of direct and indirect economic, social and cultural benefits. The Major Events Fund is a contestable fund that seeks to attract, retain, grow and enhance major events in New Zealand and was created to ensure leverage and legacy outcomes that align with government priorities are delivered.
- 45. As Minister for Economic Development you are responsible for the Major Events Fund appropriation. The fund was recently redesigned with a stronger prioritisation framework and relaunched on 1 July 2019. You have investment decision making responsibilities (with input from relevant Ministers) on events that align with the prioritisation framework that seek investment over a certain threshold, and on events

that do not align with this framework. Officials make investment decisions on events that align with this framework that seek an investment below \$750,000.

46. Mega-events, for example the Rugby World Cup 2011, are funded separately by specific Budget bids. A significant upcoming focus for MBIE is the 36th America's Cup, to be held in Auckland in early 2021. MBIE is working with other agencies, including Auckland Council, to deliver the infrastructure needs for the event as well as the leverage and legacy opportunities associated with government investment. We understand responsibility for delivering this initiative is still being considered.

Maximising the benefits from the use of space

47. The enactment of the Outer Space and High-altitude Activities (OSHAA) Act 2017 and establishment of a regulatory regime to enable safe and secure launch has already enabled Rocket Lab to conduct seven successful commercial launches from New Zealand. The government is also working on international partnerships, science investments and other initiatives to develop a high value, knowledge-intensive space sector and to enable wider national benefits from the use of space.
48. As Minister for Economic Development you are currently designated the Responsible Minister for Space, with specific duties as outlined in the OSHAA Act, a description of which is contained in Annex Two. The New Zealand Space Agency has been established within MBIE to support you in these functions.

49.  Confidential advice to Government

Improving New Zealand's dispute resolution systems

50. The Government Centre for Dispute Resolution (GCDR) works across government to support regulatory systems to deliver fair, effective and people-focussed dispute resolution services. There are at least 56 different dispute resolution schemes, most of which are provided by government. Disputes are harmful and time consuming for individuals, businesses and government, and cost tax payers over \$200m annually. This is a barrier to achieving a productive, sustainable and inclusive economy. A key focus for GCDR is to improve productivity and wellbeing by supporting the system to design policy, services and initiatives that prevent disputes from arising or escalating. Our work programme includes collaborating with stakeholders across government and the dispute resolution sector to:
 - a. build the capability of the system to deliver best practice dispute resolution, including guidance, training and advisory services;
 - b. produce better data and insights about disputes, including understanding the perspectives of people with disputes who do not currently access services;
 - c. establish a dispute resolution 'Hub', a mechanism that will enable insights about disputes to be shared across the system and used to inform policy development

-
- and design services that are accessible and meet the needs of people with disputes; and
 - d. develop new dispute resolution standards that can be used to monitor the performance of the dispute resolution system.

Supporting the screen sector through the New Zealand Production Grant, and the development of a 10 year Screen Production Strategy

- 51. You are responsible for the New Zealand Screen Production Grant (NZSPG) – International, which has been in place since 2014 to incentivise international screen productions to locate in New Zealand. The domestic and international components of the NZSPG provides rebates on qualifying goods and services purchased in New Zealand:
 - a. 18-20% for international productions (25% in certain circumstances)
 - b. 40% for New Zealand productions (managed by the Ministry for Culture and Heritage).
- 52. The grant has been very successful in stimulating demand for New Zealand production skills, expertise and locations on a wide range of projects throughout the country. This has created some pressure on the appropriation. Confidential advice to Government
[Redacted]
[Redacted]
[Redacted]
- 53. The industry has been invited to develop a 10 year Screen Sector Strategy, which is getting underway now. This strategy is led by the industry, however, we are keeping close to it, along with Ministry for Culture and Heritage, given the relationship between increased screen activity and the call on the grant.
- 54. Confidential advice to Government
[Redacted]
[Redacted]
[Redacted]

PROACTIVELY RELEASED

Decisions, appointments, meetings, events, publications etc over the first three months

55. This section outlines the major decisions and actions that will arise during your first three months as the Minister for Economic Development. These cover the day-to-day operational requirements of your role – Board appointments, funding decisions, policy decisions, and other matters.

Key decisions and appointments

Topic	Description	Driver	Timing
Things that are going to happen			
Leveraging procurement to achieve broader outcomes	Briefing on the assessment of supplier diversity policies (including Maori and Pacific businesses and other targeted groups). This briefing will inform the Cabinet report back on indigenous procurement policies, below	Agency briefing on proposed options	July 2019
Leveraging procurement to achieve broader outcomes	You and the Minister of Maori Development are scheduled to report back to Cabinet on an assessment of the benefits of indigenous procurement policies	Cabinet report back	Late July 2019
Business support funding reallocation for response to 15 March terror attacks	We are funding a Business Recovery Coordinator (BRC) to support affected businesses by the 15 March terror attacks in Christchurch	We may need decisions from you on the allocation of funding between the BRC and grants to best support these affected businesses.	End of July
National New Energy Development Centre(NNEDC)	You will be required, with the Minister of Energy and Resources and Finance, to jointly approve any expenditure on this initiative	Budget 2019 allocated \$27 million over 4 years to establish a NNEDC in Taranaki.	Once the business case is finalised (estimated to be mid-August 2019)
Confidential advice to Government			
Confidential advice to Government			
NZBN – funding results in permanent business unit	NZBN team moves from a project basis to BAU business unit within MBIE with permanent employees to be appointed.	Funding from budget 2019	July-Dec 2019

Topic	Description	Driver	Timing
Confidential advice to Government			
Things currently scheduled to happen			
Leveraging procurement to achieve broader outcomes	Briefing on the pros and cons of implementing the living wage through government contracts	Agency briefing on proposed options	August 2019
Office of the Auditor-General review of the Procurement Functional Leadership programme	You will be briefed on the draft report when it is completed	The OAG is undertaking a broad review of public sector procurement and its first report is a review of Procurement Functional Leadership	September/October 2019

PROACTIVELY RELEASED

Upcoming meetings, events, publications, workshops and announcements

Topic	Description	Driver	Timing
Possible announcements			
Government Procurement Rules	Potential opportunity to re-announce the new Government Procurement Rules (4 th edition) when they come into force on 1 October 2019.	N/A	October
Space regulatory processes	To explain your role in permitting and licensing under the outer space and high altitude regulatory regime.	Consideration of permitting and licensing application recommendations	Early July
Launching Government's Economic Strategy	Release of Economic Strategy document with Minister of Finance	Minister directed	September
Confidential advice to Government			
Things to be aware of			
Release of Government Vehicle Fleet Emissions Dashboard	Second quarterly update on the fleet emissions dashboard which contains the average CO ₂ emissions for each mandated government agency with a fleet of light vehicles. It allows agencies to see how they are tracking in comparison to other agencies and encourages them to transition to an emissions free fleet by 2025.	Minister directed	by 15 July 2019
Confidential advice to Government			
NZBN regional stakeholder events	<p>Events:</p> <p>27/27 July – Bookkeepers conference - Christchurch (NZBN speaking opportunity and stand, Minister of Small Business likely to attend)</p> <p>6-9 Aug – Chartered Accountants Australia New Zealand (CAANZ) conferences - Christchurch, Wellington, Hamilton, Auckland (NZBN speaking opportunity)</p> <p>9 Aug – Chamber of Commerce event with Minister Small Business – Queenstown Lakes</p> <p>12/13 Sept – NZ Credit and Finance conference – Otago (NZBN speaking opportunity and stand) – Top of the South</p> <p>8-10 Nov – Small Business Accounting conference – Christchurch (NZBN speaking opportunity and potential stand)</p>	Aim to increase uptake of NZBN	July-Nov

4 Portfolio Responsibilities

56. This section provides an overview of your responsibilities as Minister for Economic Development.

Vote Business, Science and Innovation

57. The Minister for Economic Development is currently the lead minister for Vote Business, Science and Innovation. This involves submitting baseline updates and budget estimates content to the Minister of Finance on behalf of all appropriation ministers within the Vote as well as appearing in front of select committee when discussing the Vote. A separate briefing has been provided to you in your capacity as ownership Minister for MBIE.
58. As Minister for Economic Development, you are responsible for appropriations that fall within Vote Business, Science and Innovation (BSI) that relate to the economic development portfolio. The Economic Development appropriations within Vote BSI are listed in Annex One. You are also responsible for the Crown Debt Write Offs appropriation within Vote Labour Market.

Legislative responsibilities

59. As Minister for Economic Development you are responsible for the administration of the following legislation:
- New Zealand Trade and Enterprise Act 2003
 - Major Events Management Act 2007
 - New Zealand International Convention Centre Act 2013.
 - Outer Space and High Altitude Activities Act 2017
 - New Zealand Business Number Act 2016
60. More detail on the legislation can be found in Annex Two.
61. You are also responsible for taking Regulatory Systems Bills through the house – please see page 16 for further detail.

Crown entities and statutory bodies

62. As Minister for Economic Development you are responsible for monitoring the following Crown Entity and Crown-Owned Company:
- New Zealand Trade and Enterprise
 - The New Zealand Venture Investment Fund Limited.
63. Further information on these entities is attached in Annex Three.

5 Key Economic Development portfolio contacts

64. The broad range of responsibilities within the Economic Development portfolio are supported by a number of different groups within MBIE.

Chief executive and her key deputies

Contact	Role	Topic	Contact details
<p>Carolyn Tremain</p> 	Chief Executive, MBIE	All. Co-chair of Economic Sector Leadership Group.	<p>E carolyn.tremain@mbie.govt.nz P 04 901 1357 Privacy of natural persons</p>
<p>Chris Bunny</p> 	Deputy Chief Executive, Building Resources and Markets	Government Property, Government Procurement	<p>E chris.bunny@mbie.govt.nz P 04 901 8728 Privacy of natural persons</p>
<p>Joanne Hughes</p> 	Deputy Chief Executive, Strategic Policy and Programmes	Economic Strategy, Regulatory stewardship, Māori Economic Development, Pacific Economic Development, Better for Business, Government Centre for Dispute Resolution	<p>E joanne.hughes@mbie.govt.nz P 04 901 8593 Privacy of natural persons</p>
<p>Paul Stocks</p> 	Deputy Chief Executive, Labour, Science and Enterprise	<p>Sectors (inc ITPs), Enterprise, Investment, NZTE, NZVIF, Space, Major Events.</p> <p>Also responsible for Labour and Science, Research and Innovation portfolios.</p>	<p>E paul.stocks@mbie.govt.nz Privacy of natural persons</p>
<p>Suzanne Stew</p> 	Deputy Chief Executive, Market Services	NZ Business Number	<p>E suzanne.stew@mbie.govt.nz P 04 474 2926 Privacy of natural persons</p>

Key general manager and manager contacts

Topic	Contact	Role	Contact details
Industry Policy, Enterprise and Investment (NZTE, NZVIF), Digital Economy	Dean Ford	General Manager, Economic Development and Transitions	E: Dean.ford@mbie.govt.nz P: 04 901 9882 Privacy of natural persons
Economic Strategy	Hamish Wilson	Manager Strategic Policy Integration	E: Hamish.wilson@mbie.govt.nz P: 04 901 1424 Privacy of natural persons
Major Events	Iain Cossar	General Manager Tourism, Information & Data Strategy	E: iain.cossar@mbie.govt.nz P: 04 901 8663 Privacy of natural persons
Space	Peter Crabtree	General Manager, Science Innovation and International	E: peter.crabtree@mbie.govt.nz P: 04 901 3907 Privacy of natural persons
Economic Performance and Productivity	Donna Purdue	MBIE Chief Economist	E: Donna.purdue@mbie.govt.nz P: 04 896 5307
NZVIF, NZTE ownership interests and advisory board appointments	Michael Bird	General Manager, Entity Performance and Investment	E: michael.bird@mbie.govt.nz P: 04 901 3929 Privacy of natural persons
Government Procurement, Government Property	John Ivil	General Manager, NZ Government Procurement and Property	E: John.ivil@mbie.govt.nz P: 04 495 1266 Privacy of natural persons
Regulatory Stewardship	Mark Steel	Director, Regulatory Systems	E: mark.steel@mbie.govt.nz P: 04 901 3813 Privacy of natural persons
Better for Business, Government Centre for Dispute Resolution, Pacific Economic Development	Fiona Whiteridge	General Manager, Strategic Programmes	E: Fiona.whiteridge@mbie.govt.nz P: 04 901 8423 Privacy of natural persons
Māori Economic Development	Hinemaua Rikirangi	Te Tumu Whakarae (Executive Director)	E: Hinemaua.Rikirangi@mbie.govt.nz P: 04 901 1618 Privacy of
NZ Business Number	Lawrence Wells	National Manager Business Registries	E: lawrence.wells@companies.govt.nz P: 09 916 4595

Annex One: 2019 Budget for Economic Development

Ministry of Business, Innovation and Employment 2019 Budget (BEFU) Appropriations				
Economic Development Portfolio 2019 Budget (BEFU) Appropriations	(\$000)			
	Jun 2020	Jun 2021	Jun 2022	Jun 2023
VOTE: BUSINESS SCIENCE AND INNOVATION				
\$000'				
Departmental Output Expenses				
Implementation of Improvements in Public Sector Procurement and Services to Busir	23,405	21,120	21,120	21,120
Senior Diverse Leaders: Capability Building Pilot	350	350	350	350
Shared Support Services	1,000	-	-	-
	24,755	21,470	21,470	21,470
Departmental Capital Expenditure				
Ministry of Business, Innovation and Employment - Capital Expenditure PLA	81,252	63,165	63,165	63,165
Capital Injections				
Ministry of Business, Innovation and Employment - Capital Injection	42,810	4,792	-	-
Non-Departmental Output Expenses				
Assistance with Hosting of the 36th America's Cup - MYA	59,500	10,000	-	-
Non-Departmental Other Expenses				
Attracting International Screen Productions	1,300	1,300	1,300	1,300
Depreciation on Auckland's Queens Wharf	2,000	-	-	-
Future-proofing NZ's Manufacturing Sector by Driving Industry 4.0 Uptake and Skills	1,444	1,898	1,891	936
International Subscriptions and Memberships	1,760	1,760	1,760	1,760
Large Budget Screen Production Fund	-	-	50,556	50,556
Major Events Business Leverage Programme: Rugby World Cup 2019	1,500	-	-	-
Major Events Fund	-	-	-	10,000
Major Events Fund 2017-2022 - MYA	9,500	10,000	10,000	10,000
National New-Energy Development Centre	5,000	8,000	7,000	7,000
New Zealand Screen Production Grant- International MYA 2017-2021 - MYA	171,556	25,526	-	-
	194,060	48,484	72,507	81,552
Non-Departmental Capital Expenditure				
Economic Development: Early Stage Capital Market Development	40,000	80,000	80,000	40,000
Multi-Category Expenses and Capital Expenditure				
Policy Advice and Related Outputs MCA				
<i>Departmental Output Expenses</i>				
- Policy Advice – Economic Development	14,810	15,168	15,418	15,418
- Related Services to Ministers – Economic Development	4,174	4,215	4,215	4,215
	18,984	19,383	19,633	19,633
Support the Growth and Development of New Zealand Firms, Sectors and Regions MCA				
<i>Non-Departmental Output Expenses</i>				
- Collaborative Activity and Special Events	6,186	4,420	4,420	2,020
- International Business Growth Services	158,920	156,420	156,420	156,420
- Services to Support the Growth and Development of New Zealand Businesses	15,181	15,181	15,181	15,181
	180,287	176,021	176,021	173,621
Seed Co-Investment Fund MCA				
<i>Non-Departmental Output Expenses</i>				
- Investment Fund Management	2,320	2,330	2,330	2,330
<i>Non-Departmental Capital Expenditure</i>				
- Seed Co-Investment Fund	10	-	-	-
	2,330	2,330	2,330	2,330
Support New Market Opportunities to Grow Firms and Sectors for the Benefit of New Zealand MCA				
<i>Non-Departmental Other Expenses</i>				
- International Growth Fund	29,827	30,027	30,027	30,027
- Sector Strategies and Facilitation	1,204	1,204	1,204	1,204
	31,031	31,231	31,231	31,231
Sector Analysis and Facilitation MCA				
<i>Departmental Output Expenses</i>				
- Sectoral and regional data and analysis – Economic Development	3,481	3,580	3,580	3,580
Total Multi-Category Expenses and Capital Expenditure	236,113	232,545	232,795	230,395
Total: Vote Business Science & Innovation	678,490	460,456	469,937	436,582
VOTE: LABOUR MARKET				
Non-Departmental Other Expenses				
Crown Debt Write Offs	125	125	125	125
Total: Vote Labour	125	125	125	125

Annex Two: Relevant legislation

There are five acts where the Minister for Economic Development has been formally assigned responsibility for the Act's administration, listed below.

New Zealand Trade and Enterprise Act 2003

The New Zealand Trade and Enterprise Act 2003, established New Zealand Trade and Enterprise (NZTE), and states the purpose and functions of the organisation. The Minister for Economic Development and the Minister for Trade and Export Growth are both responsible Ministers for NZTE, with the Minister for Economic Development leading the relationship for funding and board appointments. Under the Crown Entities Act 2004, the functions and powers of responsible Ministers include:

- the appointment, removal and remuneration of board members
- where necessary, directing NZTE to give effect to government policy
- participating in the process of setting and monitoring NZTE's strategic direction and targets
- reviewing NZTE's operations and performance and requesting associated information.

As your agent MBIE (and the Ministry of Foreign Affairs and Trade for the Minister for Trade and Export Growth) provides advice to you on policies and strategies for achieving industry and regional development goals and supports you in carrying out your responsibilities under the Act.

The Act also provides that the Minister may appoint the Secretary of Foreign Affairs and Trade and the Chief Executive of MBIE as special advisors to assist the NZTE Board in aligning its strategy and activities with government policy. Currently MBIE's attendance at NZTE board meetings is delegated to Paul Stocks, DCE Labour, Science and Enterprise.

Major Events Management Act 2007

The purpose of the Major Events Management Act 2007 is to provide certain protections for events that are declared to be 'major events' under the Act in order to:

- obtain maximum benefits from the major event for New Zealanders
- prevent unauthorised commercial exploitation at the expense of either a major event organiser or a major event sponsor
- ensure the smooth running of the event.

More specifically, the Act provides protections against ambush marketing by association, ambush marketing by intrusion, ticket scalping protections and pitch invasion.

Under the Act the functions and powers of the Minister for Economic Development include:

- recommending to the Governor General that an event be declared a major event

-
- recommending to the Governor General that certain words and/or emblems be declared major event words and/or emblems
 - declaration of clean zones, clean transport routes and clean periods by notice in the Gazette.

Before making such recommendations, the Minister is required to consult with the Minister of Commerce and Consumer Affairs and "persons the Minister considers are likely to be substantially affected by the recommendation".

New Zealand International Convention Centre Act 2013

The New Zealand International Convention Centre Act 2013 gives effect to elements of the New Zealand International Convention Centre (NZICC) and Licensing Agreement (the Agreement) entered into between the Crown and SkyCity Entertainment Group Ltd.

In particular it enables the agreed gaming concessions granted to SkyCity in return for designing, constructing and operating the NZICC, to be given force. The Act confirms that SkyCity has agreed to adopt certain additional harm minimisation and anti-money laundering mechanisms. Also it provides for the protection of, and control over the use of, the names 'New Zealand International Convention Centre' and 'NZICC'.

Under the Act the powers of the responsible Minister are to:

- enforce the Agreement (and Act) in accordance with its terms, including the financial and non-financial remedies provided for in the Agreement; and
- approve (and remove approval for) the use of the words 'New Zealand International Convention Centre' or 'NZICC' by anyone other than the Crown or SkyCity.

The Outer Space and High-altitude Activities Act 2017

The Outer Space and High-altitude Activities (OSHAA) Act 2017 was passed into law on 10 July 2017 and will come into force on 21 December 2017. The purposes of the OSHAA Act are to facilitate the development of a space industry and provide for its safe and secure operation, and to implement and manage certain international obligations relating to space and high-altitude activities and technology.

The OSHAA Act establishes a system for the regulation of outer space activities and certain high-altitude activities, including allowing the Minister responsible to issue licences or permits for: launch vehicles; launch facilities; high-altitude vehicles; and payloads (e.g. satellites). Licence and permit applications are determined by the Responsible Minister, which is currently the Minister for Economic Development, with advice and administrative processes provided by the NZSA functions within MBIE, in consultation with other government agencies. The Minister for Economic Development is also responsible for the Agreement between the New Zealand Government, Rocket Lab Ltd New Zealand and Rocket Lab Inc USA (the Agreement) which currently authorises launches by Rocket Lab from New Zealand.

The regulatory regime and New Zealand's international obligations under the UN space treaties are extraterritorial in extent. They apply to activities taking place from New Zealand and also to New Zealand entities launching space objects from overseas jurisdictions.

The New Zealand Business Number Act 2016

The New Zealand Business Number Act 2016 enables an NZBN identifier to be allocated to all New Zealand businesses.

The NZBN is a globally unique identifier that links to the information that businesses are most often asked to share (such as trading name and email address). Using an NZBN means that businesses don't need to keep repeating key business information, and can be automatically updated when any of the businesses they deal with change their details. The NZBN has the potential to transform the way New Zealand businesses interact with each other, and with government by creating a shared network of core business information. In the near future, the NZBN will be the enabler for a number of new innovations, such as e-Invoicing.

All New Zealand registered businesses were allocated an NZBN in 2013. In 2016, the New Zealand Business Number Act enabled all other businesses to be eligible for an NZBN.

Under the Act the Minister may make recommendations to add or delete, by way of an Order in Council, any information or type of information held on the NZBN Register. The Minister may also recommend the making of regulations under the Act, including regulations authorising a government agency to require an eligible entity, or a class of eligible entity, to which the agency provides services to register for an NZBN and provide that NZBN to the agency. Such recommendations may require prior consultation with the Privacy Commissioner.

Annex 3: Crown entities and statutory

The Entity Performance and Investment team in the Labour, Science and Enterprise Branch monitors the financial and non-financial performance of NZTE and NZVIF. This includes advising ministers on Board appointments and key accountability processes. The Treasury works with the Ministry to provide advice on NZVIF Board appointments.

New Zealand Trade and Enterprise (NZTE) – Crown Entity

NZTE was formally established as a Crown Entity by the NZTE Act 2003 which integrated the services previously provided by Industry New Zealand and Trade New Zealand. NZTE is the government's international business development agency supporting companies to grow internationally for the benefit of New Zealand. NZTE increases New Zealand companies' international success by helping them boost their global reach and build capability. This includes:

- using connections and government influence on behalf of businesses, and applying local knowledge – from the NZTE team and a network of private sector experts – to help companies enter and grow in international markets
- linking businesses with services designed to improve efficiency and operations, spark innovation, refine strategy, enhance leadership, and access capital – thereby enabling them to build the capability they need to be successful.

NZTE's budget for 2018/19 comprises \$172.2 million for operating expenses and \$26.7 million for grants

NZTE's budget for 2019/20 comprises \$180.3 million for operating expenses, \$31.0 million for grants, and \$1.5 million to leverage the opportunities for New Zealand export businesses generated by the 2019 Rugby World Cup.

NZTE is governed by a board of seven appointed by the joint responsible Ministers. The NZTE Act allows responsible Ministers to appoint two further members if required. Current board members are:

- Andrew Ferrier 30/6/2020
- Charles Holmes Finny 30/6/2020
- Carmel M Fisher 30/4/2020
- Jennifer Rose Kerr 30/09/2021
- Wayne Stephen Norrie 16/12/2021
- Charlotte Ann Walshe 16/12/2021
- Traci Houpapa 16/12/2021

Jennifer Kerr is also on the Board of Callaghan Innovation (a Crown Entity in the Science and Innovation portfolio).

The Chief Executive of NZTE is Peter Chrisp.

The Ministry, in consultation with the Ministry of Foreign Affairs and Trade (MFAT), works closely with NZTE in developing and delivering economic development policy. The Ministry

and MFAT also provide monitoring advice to the responsible Ministers under the Crown Entities Act. In addition the Ministry has the responsibilities of a Vote-managing department, and evaluates the impact of programmes delivered by NZTE on a periodic basis.

Two Ministers have delegated, joint responsibility for NZTE: the Minister for Economic Development and the Minister for Trade and Export Growth. Jointly, Ministers are responsible for:

- ensuring that an effective board is in place to govern NZTE
- participating in setting the direction of NZTE
- monitoring and reviewing NZTE operations and performance
- managing risks on behalf of the Crown.

As Minister responsible for NZTE, working with the Minister for Trade and Export Growth, you will be asked to:

- table an Annual report for 2018/19 in Parliament, outlining how NZTE has performed against the performance measures set out in its 2018/19 Statement of Performance Expectations (SPE).
- send a Letter of Expectations for NZTE near the beginning of the annual planning process for 2020/21. Previous letters have included such issues as continuing to contribute toward the Government's economic strategy, working with other government agencies on collaborative projects, and innovating service offerings.
- make decisions on potential reappointments and new appointments to the NZTE Board.
- table a Statement of Performance Expectation in Parliament, outlining what NZTE intends to achieve in 2019/20.

The New Zealand Venture Investment Fund Limited - Crown-owned company

Until very recently, the New Zealand Venture Investment Fund Limited (NZVIF) managed two programmes aimed at accelerating the development of early-stage capital markets: the Venture Investment Fund (VIF) and the Seed Co-Investment Fund (SCIF).

The Government announced in Budget 2019 a new policy to develop the venture capital markets that involves the Guardians of New Zealand Superannuation (the Guardians) and NZVIF. This means that one of the programmes NZVIF delivered, the old Venture Investment Fund¹, will now be phased out and NZVIF will deliver the new Venture Capital Fund on behalf of the Guardians.

¹ The VIF was the previous vehicle through which NZVIF invested its \$160 million of government funding (along with a \$100 million capital underwrite) into privately-managed venture capital investment funds.

NZVIFs role will be to manage the new Venture Capital Fund and the investment of public funds into private funds (on a matching basis), whilst ensuring that the Venture Capital Fund meets the commercial performance obligations as set out in contractual terms with the Guardians. The policy development for this initiative is ongoing.

NZVIF will continue to operate the SCIF and the VIF as we expect the VIF will take some years to wind down.

The Minister for Economic Development (the responsible Minister) and the Minister of Finance are the shareholding Ministers² of NZVIF. NZVIF is governed by a board of private sector directors, appointed by the Government. The board members, selected for their investment experience and commercial acumen, are responsible for governance and oversight of NZVIF's operations.

The current board members are:

- Murray Gribben (Chair) (term ends 30/09/2019)
- David Flacks (Deputy Chair) (term ends 30/06/2021)
- Richard Hughes (term ends 30/06/2020)
- Debbie Birch (term ends 30/06/2021)
- Emma Loisel (term ends 30/06/2021)

The previous Minister had Cabinet papers prepared to extend the term of the Chair for consideration by APH in late July.

As at 31 May 2019, the NZVIF was comprised of 7 active funds (including annex funds) which held investments in 23 discrete companies. Total investments from NZVIF in these funds were in excess of \$74 million in funds with vintages ranging from 2003 to 2016. The valuation of these 7 funds as at 31 May 2019 was \$84 million which is composed of a portfolio valuation of \$28 million and capital returns to date of \$56m. The remaining VIF investments will continue to be managed by NZVIF.

NZVIF also manages the Seed Co-investment Fund (SCIF), which is aimed at developing the angel investment segment of early-stage capital markets. Mandate changes to the SCIF were agreed by Cabinet in August 2017 to allow NZVIF to achieve more commercial returns through SCIF. The changes enabled SCIF to:

- invest more each year, with the annual investment increased from \$5 million to \$8 million;
- back the most promising companies – this has occurred through an increase in the cap for investment into individual companies (from \$750,000 to \$1.5m);
- back better performing angel network partners – this has occurred through removal of the upper investment limit of \$4m per angel partner network and adjusting the

² Please note that the Minister of Finance is the responsible Minister for Guardians, and the Guardians will be responsible for the new Venture Capital Fund.

commitment profile to a minimum commitment of \$1m per angel network with no upper limit;

- be more active in its portfolio management;
- co-invest with other qualified investors outside of SCIF's angel partners.

With the increasing pipeline, and a wider set of partners, NZVIF via the SCIF programme has been approached by a far greater number of companies seeking seed and follow up investment. There are 33 companies currently in the SCIF pipeline. As a result of this, in May 2019, the previous Economic Development Minister agreed to grant an exemption to increase both SCIF's annual investment cap to \$10.2 million and the per-company funding limit to \$2.5 million for the 2018/19 financial year to allow for follow-on investment in some of the high-performing companies in the SCIF portfolio. Whether the funding caps should be increased on a more permanent basis is a question being considered as part of the SCIF review this year.

As at 31 May 2019, the SCIF portfolio is valued at around \$75 million (note that this is likely to be an underestimation of its true value, as early stage companies grow rapidly). In the 2018/19 financial year to date, NZVIF has received \$5.4 million in exits from its SCIF companies, which represents an internal rate of return of 22.54 per cent and a return on investment of 3.58 times.

Whether the funding caps should be increased on a more permanent basis is a question being considered as part of the SCIF review this year.

As the responsible Minister for NZVIF, and one of two shareholding Ministers for the company, you will be asked to:

- table the NZVIF Annual Report 2018/19
- attend the NZVIF Annual General Meeting (date to be confirmed)
- table a Statement of Performance Expectations (SPE) in Parliament, outlining what NZVIF intends to achieve in 2019/20, including relevant performance measures.

The work to implement the new Venture Capital Fund is continuing with the Guardians, NZVIF, The Treasury and the Ministry. At this stage we expect that the NZVIF SPE will not address the performance of the new Venture Capital Fund in its SPE and Annual Report, as this fund will be monitored and reported on by the Guardians.

PROACTIVELY RELEASED

PROACTIVELY RELEASED

Annex Five: Key Economic Development Touch Points

Your role in coordinating economic development across portfolios

The economic development portfolio has a key role in leading the delivery of economic strategy and coordinating economic development across economic policy areas. The following diagram outlines some of the touch points.

