



# Annual Report 2020/21

Growing Aotearoa New Zealand for All



# MBIE Karakia

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Tāwhia tō mana kia mau, kia māia

Ka huri taku aro ki te pae kahurangi,  
kei reira te oranga mōku

Mā mahi tahi, ka ora, ka puāwai

Ā mātau mahi katoa, ka pono, ka tika

## Tihei Mauri Ora

Retain and hold fast to your mana, be bold, be brave

We turn our attention to the future,  
that's where the opportunities lie

By working together we will flourish and achieve greatness

Taking responsibility to commit to doing things right

## Tihei Mauri Ora

The Ministry of Business, Innovation and Employment's 2020/21 Annual Report has been designed and prepared in-house and uses a mix of existing and stock imagery.

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Te Kāwanatanga o Aotearoa  
New Zealand Government

# Contents

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**2**  
He Kupu Takamua  
Nā Te Tumu  
Whakarae –  
Chief Executive’s  
Foreword

**4**  
Who We Are  
and What We Do

**10**  
Our Year in Review

**20**  
The Way We Work

**27**  
Our Outcomes

**39**  
Our Performance

**94**  
Our Financial  
Statements

**156**  
Appendices

***Hīkina Whakatutuki | The Ministry of Business, Innovation and Employment’s 2020/21 Annual Report is a review of our financial and non-financial performance against our outcomes, priorities and obligations.***

We strive to Grow Aotearoa New Zealand for All. This means growing an inclusive, sustainable and prosperous New Zealand for today and future generations. Our purpose is underpinned by our five strategic outcomes:

- › Prosperous and adaptable people, sectors and regions
- › People are skilled and engaged in safe and fulfilling work
- › Informed consumers and businesses interacting with confidence
- › Value is sustainably derived from the natural environment
- › A dynamic business environment fostering innovation and international connections

**Note:** Throughout this report, we use both ‘Aotearoa New Zealand’ and ‘New Zealand.’

# HE KUPU TAKAMUA **NĀ TE TUMU WHAKARAE**

Tēnā koutou katoa,

E tokona ake ana a Hīkina Whakatutuki (MBIE) i tōna pūtakenga mai, Kia Whanake ake a Aotearoa mō te Katoa. Ko tēnei tūruapō ka noho hei poutokomanawa i ngā mahi a tēnei Tari ki te whakapakari i a Aotearoa kia tāpiti ai, kia whai hua ai i tēnei rā me ngā whakareanga o āpōpō.

E manawanui ana tēnei tari ratonga tūmatawhānui ki te whakatutuki i ā mātou here kōtuinga ki te Tiriti, ā, e whakapau kaha ana ki te whakapakari ake i te taha ki te ao Māori kia puta ai ngā hua ohanga, ngā hua whai oranga hoki ki a ngāi Māori i runga i te tika me te ngākau pono.

He nui ngā mahi i tēnei tau, he nui hoki ngā panonitanga. Kei tēnei pūrongo te whakaraupapatanga o ngā putanga hua a tēnei Tari i te 12 marama kua hipa, me te titiro i pēhea tā mātou whakatītina ake i ngā whāinga rautaki a Te Ara Amiorangi.

Kei te kitea tonutia ngā āheinga me ngā wero ki Aotearoa nei: kei te mahana haere te āhuarangi, kei te pakari marika te ao hangarau, kei te neke ngā tatauranga iwi, ā, ko te taiao ohanga o te ao whānui kāore te āta tau, kāore nei i te āta mōhiotia. Ko te KOWHEORI-19 i pā mai ngā whakararu nui, ā, e ārahi tonu nei i te āhua o tā tātou noho me ngā whakaritenga mahi.

I tērā tau, i nui ngā mahi a MBIE ki te whakamauru i ngā pānga mai a te KOWHEORI-19 ki Aotearoa. I kawea e mātou te haepapa nui e pā ana ki ngā Whare Nōho Taratahi (MIQ), i aro ki ngā here taiwhenua, i waihanga i ngā tukanga pane uruwhenua hou, i tautoko hoki i te hapori pakihī i roto i ngā herenga noho rāhui i roto i ngā āhuetanga Taumata Ohiti.

Nā MBIE te rautaki kano ārai mate a te Kāwanatanga i arataki kia wātea atu he kano ārai mate ki te hunga whai wāhi kia haumarū ai, ā, i nui hoki tā mātou taunaki i te mahere a te Kāwanatanga ki te whakatikatika i te ao ohanga mā te waihanga āheinga e tūhono ai a Aotearoa ki te ao whānui hei te wā e tika ana.

Nā tō mātou mahi ngātahi me ngā kōtuinga atu ki ngā pakihī, ngā hapori me te ratonga tūmatanui i ara rawa ake ai, i haumarū ake ai a Aotearoa. Ko ngā akoranga me ngā wheako kua pata mai i ā mātou mahi o te wā o te KOWHEORI-19 i rerekē ai ā mātou whakaritenga mahi. E whakaū noa ana i ngā āhuetanga ka tutuki mēnā ka aratakina ēnei āhuetanga i roto i te whakaaro nui ki ngā hapori, iwi, hapori me ētahi atu tari.

Atu i ā mātou mahi ki te tautoko i ngā whakaritenga a te Kāwanatanga e pā ana ki te KOWHEORI-19, e whai tonu ana a MBIE i āna herenga mahi, arā, ki te whakapai ake i ngā ratonga mō Aotearoa whānui, me te whakatika mai hoki i a Aotearoa kia angitū ai hei ngā rā ki tua.

I tēnei tau i kōkiritia e mātou ētahi kaupapa hao nui e aro nei ki te tautiaki i ngā pūnaha ngao o Aotearoa, me tā mātou tautoko nui i te rāngai hangahanga me ngā wero nui i ara ake ki reira. E tutuki te wāhanga tuatahi mō te whakakoretanga o te Tui oil field, ā, nā tēnei i aukatihia mai te waka tautoko e kīia nei ko FPSO Umuroa, me te whai hoki ki te tiaki i ngā rawa tahamoana. I tautoko mātou i ngā pakihī iti ki te whakapakari tonu i a rātou anō ki ngā whāwhātanga matihiko. \$1.13 piriona te nui i whakawhiwhia atu e mātou ki ngā hapori mā roto i ngā tahua tautoko huhua noa mō te hāpai i ngā rohe ki te whakawhanake i ngā kaupapa ohanga. He mahi nui tā mātou ki te waihanga kaupapa here, ritenga ture hoki ka hāngai ki te āhuarangi me te whai anō kia tutuki ai tētahi ohanga tukunga iti noa nei. I hangaia e mātou ētahi kaupapa here me ētahi pūnaha whakahaerenga ture, i tukuna he haumitanga pūtea ki ngā kaupapa pūtaiao, auaha, ka mutu, i kōrero āwhina hoki mātou ki a Aotearoa whānui mō ngā momo take e pātata ana ki te iwi.

He mihi tēnei nāku ki ngā ringaringa me ngā waewae o MBIE, me te mihi hoki ki ngā whakapaunga werawera kua kite ai roto i ngā wā toimaha, i te taiao hoki e huri tonu nei, e huri tonu nei. Nō tēnei tau whakamātauria ai tō mātou māia, ngākau titikaha, urutau hoki. E whakahīhī ana au i ngā mahi i pahawa i a mātou, me ngā ratonga i tukuna. Ēhara tāku toa i te toa takitahi, ēngari he toa takitini, inā rā, nā te kaha mahi o te katoa i tutuki ai putanga hua a te Tari.

He koanga ngākau tēnei i te āhua o tā tātou mahi tahi: ko ā mātou uara ka toko tonu ake i te huarahi anga whakamua. Ka mataara tonu, ka whai tonu mātou ki te whatinana i ngā ratonga mahi e whai ora ake ai a Aotearoa whānui.

Ngā mihi,



**Nā Carolyn Tremain**

Te Hēkeretari, Tumu Whakarae  
hoki mō Hīkina Whakatutuki

## CHIEF EXECUTIVE'S FOREWORD

Tēna koutou katoa,

Hīkina Whakatutuki | The Ministry of Business, Innovation and Employment (MBIE) is driven by our purpose to Grow Aotearoa New Zealand for All. This vision sits at the heart of our Ministry's every effort to grow an inclusive, sustainable and prosperous Aotearoa New Zealand for today and for future generations.

As an agency of the public service, we are committed to delivering on our obligations as a Treaty partner and we are working hard to increase our capability in te ao Māori to achieve the economic and wellbeing aspirations of Māori with authenticity and integrity.

It has been another busy year with significant challenges. This report details the achievements of our Ministry over the past 12 months and how we have delivered on our strategic intentions set out in *Te Ara Amiorangi – Our Path, Our Direction*.

New Zealand continues to face new opportunities and challenges: the climate is warming, technology is advancing rapidly, demographics are shifting, and the global economic environment is dynamic and uncertain. The COVID-19 pandemic has caused unprecedented disruption and continues to shape the way we live and work.

In the past year, MBIE has played a critical role helping New Zealand manage the impact of COVID-19. We took responsibility for the Managed Isolation and Quarantine (MIQ) facilities, responded to border restrictions, developed and delivered new visa exemption processes, and provided support to our business community as it navigated lockdowns and the challenge of changing alert levels.

MBIE led the Government's initial vaccine procurement strategy to ensure enough effective vaccines were available to keep our people safe. We also contributed significantly to the Government's plan to accelerate economic recovery, creating opportunities for New Zealand to reconnect to the world at the right time.

Our work to keep New Zealand safe and enable New Zealanders to thrive was put in place through collaboration and partnership with businesses, communities and the wider public service. The lessons and experiences we have acquired from our response to the COVID-19 pandemic has shaped the way we work. It has reinforced what is possible when we work in the spirit of service and engage with communities, iwi, businesses and other agencies.

Alongside our work to support the Government's response to and recovery from COVID-19, MBIE continues to deliver its existing commitments, improve services to New Zealanders, and position New Zealand for a successful future.

This year, we established a range of ambitious new initiatives aimed at future proofing New Zealand's energy system and played a key role in helping the construction sector respond quickly to challenges as they arose. We successfully managed the first phase of decommissioning the Tui oil field, which involved the demobilisation of the offshore support vessel FPSO Umuroa, and ensuring that the subsea assets were left safe and secure. We supported small businesses to upskill and continue their digital journey. We paid \$1.13 billion worth of funding directly to communities through a number of funds to support regional economic development and growth. We played an important role in developing policy and regulatory settings aimed at addressing climate change and achieving a low-emissions economy. We developed policies, managed regulatory systems, invested in science and innovation, and provided advice on key issues that touch the lives of all the people of New Zealand.

I want to thank the people of MBIE and acknowledge the tireless commitment they have shown in often challenging and fast-moving environments. This year has put our resilience, tenacity and adaptability to the test. I am proud of what we have achieved and the services we have delivered. E hara tāku toa i te toa takitahi, engari he toa takitini – the achievements of our Ministry have been made possible by the hard work of our people as a collective.

I am especially proud of the way we have worked together: our values have been, and will continue to be, the way we navigate towards the future. We will continue to be bold and challenge ourselves to deliver services that improve the wellbeing of the people of Aotearoa New Zealand.

Ngā mihi,



**Carolyn Tremain**

Te Tumu Whakarae mō Hīkina Whakatutuki

Secretary for Business, Innovation & Employment and Chief Executive

# WHO WE ARE AND WHAT WE DO

Ko Ranginui ki runga, ko Papatūānuku ki raro,  
ko ngā tāngata kei waenganui. Tihei Mauri Ora.

## Ko wai mātou: Who are we?

Hīkina Whakatutuki is the te reo Māori name for the Ministry of Business, Innovation and Employment.

Hīkina means to uplift.

Whakatutuki means to move forward, to make successful.

Our name speaks to our purpose to Grow Aotearoa New Zealand for All. This means growing an inclusive, sustainable and prosperous New Zealand for today and future generations.

MBIE was formed in 2012 by uniting four agencies: the Department of Building and Housing, the Department of Labour, the Ministry of Economic Development, and the Ministry of Science and Innovation. Over the years, we have taken on new functions and roles, including Kānoa – Regional Economic Development and Investment Unit, and Managed Isolation and Quarantine (MIQ). As an agency, we continue to adapt and change to respond to the needs of Aotearoa New Zealand.

## To mātou aronga: What we do for Aotearoa New Zealand

To Grow Aotearoa New Zealand for All, we put people at the heart of our mahi.

Based on the principles of Te Tiriti o Waitangi/The Treaty of Waitangi, we are committed to upholding authentic partnerships with Māori.

As agile public service leaders, we use our breadth and experience to navigate the ever-changing world.

We are service providers, policy makers, investors and regulators. We engage with diverse communities, businesses and regions.

Our work touches on the daily lives of New Zealanders. We grow opportunities (Puāwai), act as a guardian and protect (Kaihāpai), and innovate and navigate towards a better future (Auaha).

## Puāwai

### To grow opportunities, we:

- › help communities thrive by investing in regional initiatives
- › enable partnerships between businesses, communities and industries
- › promote Aotearoa New Zealand on the world stage
- › attract talent and investment to Aotearoa New Zealand
- › create an enabling environment for Aotearoa New Zealand's businesses and communities to succeed.

## Kaihāpai

### To be a guardian and to protect, we:

- › fulfil our Te Tiriti o Waitangi/the Treaty of Waitangi responsibilities
- › ensure safe and fair settings for consumers and businesses in workplaces, buildings and markets
- › manage and provide protection at the border
- › support sustainable management of natural resources
- › provide guidance to businesses through major economic events.

## Auaha

### To innovate and navigate, we:

- › invest in research, science and innovation
- › support mātauranga Māori
- › enable New Zealanders to participate in the digital age
- › participate in space research and exploration
- › work collaboratively to address climate change
- › explore new ideas and question the status quo.

## Our values

At MBIE, our way of working and our behaviour is guided by our values, which help create an inclusive culture. They define how our people behave towards each other, our customers and the partners we work with, and how we work to serve the people of Aotearoa New Zealand.

**MAHI TAHI**  
BETTER TOGETHER

*Mā mahi tahi, ka ora, ka puāwai*  
*By working together we will flourish and achieve greatness*

- › We collaborate and respect the experiences of others
- › We share our knowledge
- › We connect and partner with our communities

**PAE KAHURANGI**  
BUILD OUR FUTURE

*Ka huri taku aro ki te pae kahurangi, kei reira te oranga mōku*  
*We turn our attention to the future, that's where the opportunities lie*

- › We learn from the past to shape the future
- › We protect what's precious, our taonga
- › We listen to lead the way

**MĀĪA**  
BOLD & BRAVE

*Tāwhia tō mana kia mau, kia māia*  
*Retain and hold fast to your mana, be bold, be brave*

- › We challenge the status quo
- › We're curious
- › We explore new ideas

**PONO ME TE TIKA**  
OWN IT

*Ā mātou mahi katoa, ka pono, ka tika*  
*Taking responsibility to commit to doing things right*

- › We take responsibility and do what we say we will
- › We embrace the differences of others, always
- › We hold ourselves and each other to account

Alongside our values, MBIE's culture embraces a spirit of service to the community. Spirit of service is about respecting the experience of others, delivering our services to Grow Aotearoa New Zealand for All, and working together (Mahi Tahī) with other public service agencies to achieve shared outcomes that make the biggest difference for New Zealanders.

# TE ARA AMIORANGI

## Our Path, Our Direction



### Ā mātou tāngata

Ko Hīkina Whakatutuki te wāhi mahi e hiahia ana e te marea

### Ahungaroa ā-tahua

E whai kiko ana, e tika ana tā mātou whakamahi rawa e tutuki ai ā mātou putanga

### Te ao matihiko e ngunguru nei

Ka māmā ake tā te tāngata mahi ki konei, ki tō mātou taha

### Nā te raraunga i whai mana ai

Ko te raraunga me ngā taunakitanga kei te ārahi i ngā tēnei rōpū whakahaere

### He rongō taketake

Ko te whakahiato i te mahinga ngātahi, me ngā hononga mauroa e whānui ake ai ngā toronga, e hau ai te rongō

### He hinengaro mākohi

He hunga mākohi mātou mō te hua kawē whakaaro kia tutuki ai te oranga ōhanga ki Aotearoa nei, mō Aotearoa whānui

## NGĀ UARATANGA

### WHAKAWHANAKE I A AOTEAROA MŌ TE KATOĀ

NGĀ ARONGA  
ĀHEINGA

TE AROTĀHINGA  
Ā-RŌPŪ

## NGĀ PUTANGA

### Ngā Ara Tauwhitinga

Kia tika ai te ao ōhanga ki tua o te ao KŌWHEORI-19, ki tētahi pāpori whai hua, whai mahi, whai hoki i te tika mō ngā tukunga taiao

### He Arotaunga Tāngata

Ko te marea kei te uho o te maheretanga, me te whakatinanatanga o ā mātou ratonga

### Te Mahi Tahi me Ngāi Māori

He hono, he mahi tahi me ngāi Māori ki te whakatutuki i ā rātou whāinga ōhanga, whai mahi, whai oranga hoki

### Ngā Tikanga Tauturuki

He whakatinana i tētahi taiao tauturuki e pakari nei, e kakama nei, e matatea ana hoki ki te tautoko i te whakaoranga ake o te ao ōhanga o Aotearoa

PUĀWAI • KAIHĀPAI • AUHA  
GROW • PROTECT • INNOVATE



### TE TIROHANGA KI TE ANGITŪ

E tōnui ana, e urutau ana ngā kaimahi, ngā rāngai, me ngā rohe.

Ahu mai ana te rangatiratanga o ngā mahi i te oranga o te taiao.

He pakihī hihiri e whakatipu haere ana i te auahatanga, me ngā hononga huri noa i te ao.

E tautōhito ana, e haumaruru ana te marea ki roto i ngā mahi kia ea noa.

E whai mōhiotanga ana ngā kiritaki me ngā pakihī e tūhonohono nei i runga i te angitū.

### NGĀ ARONGA MATUA A TE KĀWANATANGA

# TE ARA AMIORANGI

## Our Path, Our Direction



**Our people**  
MBIE is the place people want to work

**Financial sustainability**  
We use our resources effectively and efficiently to deliver our outcomes

**Digitally enabled**  
We make it easy for people to work with us and for us

**Empowered by data**  
We are a data and evidence led organisation

**Impact through others**  
Developing collaborative and enduring partnerships to expand our reach and impact

**Thought leadership**  
We are leaders of thinking and delivery for the economic wellbeing of New Zealand and New Zealanders

**OUR VALUES**

**Transition Pathways**  
Reset the post-COVID-19 economy towards a high value, high employment and low emission society

**People Centred**  
People are at the centre of the design and delivery of our services

**Partner with Māori**  
Partner and collaborate with Māori to achieve their economic, employment and wellbeing aspirations

**Regulatory Stewardship**  
Deliver a robust, agile and fair regulatory environment that supports New Zealand's economic recovery

**OUR CAPABILITY PRIORITIES**

**GROW AOTEAROA NEW ZEALAND FOR ALL**

**OUR COLLECTIVE FOCUS**

**OUR OUTCOMES**

**PUĀWAI • KAIHĀPAI • AUAHA**  
**GROW • PROTECT • INNOVATE**



### WHAT SUCCESS LOOKS LIKE

Prosperous and adaptable people, sectors, and regions.

Value is sustainably derived from the natural environment.

A dynamic business environment fostering innovation and international connections.

People are skilled and engaged in safe and fulfilling work.

Informed consumers and businesses interacting with confidence.

### GOVERNMENT PRIORITIES

## Te Ara Amiorangi – Our Path, Our Direction

Since early 2020, our organisational strategy *Te Ara Amiorangi – Our Path, Our Direction* has informed the way we work to improve wellbeing outcomes for New Zealanders and realise our purpose to Grow Aotearoa New Zealand for All.

*Te Ara* refers to a pathway, and *Amiorangi* is a reference to a celestial navigation point. With a focus on intergenerational thinking, and a continued emphasis on responding to COVID-19, *Te Ara Amiorangi* provides us with a shared direction and tells us where we need to concentrate our effort to successfully navigate the future.

Our outcomes articulate our contribution to making New Zealand a better place. They explain how we aim to support sustainable economic performance and improve the wellbeing of New Zealanders. See pages 27 to 37 for what we have done to progress these in 2020/21.

Our collective focus areas identify where we need to focus to enable New Zealand’s future. To be

successful, we must unlock the experience and knowledge of our people across MBIE. It is about working together on things, and in ways, that will help improve New Zealand and people’s experience of engaging with MBIE.

Our capability priorities position MBIE to deliver on our outcomes and purpose. These are the capabilities we need to invest in to ensure we continue to be a successful organisation. It is about building our own team and skills for the journey ahead.

## Our ministers and portfolios

In 2020/21, MBIE was the lead agency in supporting 17 portfolios, and we administered appropriations that were the responsibility of 12 portfolio ministers. MBIE’s ownership minister, the Minister for Economic and Regional Development, is accountable to Parliament to ensure we carry out our functions properly and efficiently. MBIE’s Secretary is accountable for the leadership and overall performance of the organisation.

### Votes administered and portfolios supported by MBIE in 2020/21

VOTE	MINISTERIAL PORTFOLIO
Building and Construction	COVID-19 Response Building and Construction Housing
Business, Science and Innovation	Commerce and Consumer Affairs Digital Economy and Communications Economic and Regional Development Energy and Resources Infrastructure Māori Development Public Service Research, Science and Innovation Small Business Tourism
Labour Market	ACC Immigration Social Development and Employment Workplace Relations and Safety

### After the 2020 general election, changes were made to portfolios supported by MBIE

VOTE	MINISTERIAL PORTFOLIO
Building and Construction	Greater Christchurch Regeneration – responsibilities under this portfolio have moved to the Housing portfolio
Business, Science and Innovation	Broadcasting, Communications and Digital Media was split between two portfolios: Broadcasting and Media and Digital Economy and Communications, of which the latter is supported by MBIE Economic Development Regional Economic Development The two portfolios have been combined into the Economic and Regional Development portfolio State Services – now Public Service
Labour Market	Employment – incorporated into Social Development and Employment

## Entities and delivery partners

MBIE has responsibilities covering many organisations. To assist ministers, we monitor a wide range of Crown entities, Crown entity companies and *Public Finance Act 1989* Schedule 4A companies, as listed in the table below.

Crown entities	Crown entity companies – Crown research institutes	Crown entity companies – other	Schedule 4A companies
Accreditation Council	AgResearch Ltd	New Zealand Growth Capital Partners Ltd	Crown Regional Holdings Ltd
Callaghan Innovation	Institute of Environmental and Scientific Research Ltd		Research and Education Advanced Network New Zealand Ltd
Commerce Commission	Institute of Geological and Nuclear Sciences Ltd		
Commission for Financial Capability	Landcare Research New Zealand Ltd		
Energy Efficiency and Conservation Authority	National Institute of Water and Atmospheric Research Ltd		
External Reporting Board	New Zealand Forest Research Institute Ltd		
Financial Markets Authority	New Zealand Institute for Plant and Food Research Ltd		
New Zealand Electricity Authority			
New Zealand Tourism Board			
New Zealand Trade and Enterprise			
Takeovers Panel			
WorkSafe New Zealand			

Our other responsibilities include assisting ministers with board appointments to Crown entities and a range of other entities, including occupational licensing boards, tribunals, advisory boards and committees/panels, dispute resolution entities, trust boards and industry councils. We also help ministers design regulatory frameworks for implementation by Crown agents. Additionally, we administer appropriations covering many of the Crown's activities and provide policy advice on the appropriations for various entities (e.g. Accident Compensation Corporation (ACC) and Crown Infrastructure Partners Ltd.).

We also have a secondary monitoring role for some other entities (not listed above) and undertake some limited monitoring of two incorporated societies that are not Crown entities: the Building Research Association of New Zealand and the Heavy Engineering Research Association.

# OUR YEAR IN REVIEW

## Our COVID-19 response



MIQ enabled over **125,000** people to enter safely into the community



Approximately **4,500** people worked in **32** MIQ facilities in **5** regions, providing coverage 24 hours a day, 7 days a week, 365 days a year



Approximately **71,000** COVID-19 documents generated using Business Connect



**3,300** jobs created through the COVID-19 Worker Redeployment Initiative



Over **36,900** business travel documents approved during alert level changes



Over **200,000** people arrived in New Zealand during the quarantine-free travel period



Over **74,000** border exceptions were decided under the COVID-19 response



Employment Services received over **1,546** wage subsidy complaints with **1,486** resolved and closed

## Puāwai we grow opportunities



Kānoa – Regional Economic Development and Investment Unit paid

**\$1.13 billion** worth of funding into regional economic development throughout New Zealand. Kānoa approved **999** applications, signed **1,076** contracts, and completed **151** projects



**21,250** businesses can now apply for licences and permits through Business Connect



**2,011** Recognised Seasonal Employer (RSE) workers from Samoa, Fiji and Vanuatu arrived in Aotearoa New Zealand through MIQ as part of the first border exception and commenced work in the horticulture and viticulture industries



**9,300** people in construction-related education and employment, thanks to the Construction Skills Action Plan



First fully digital Asia-Pacific Economic Cooperation (APEC) forum



**831,871** active New Zealand Business Numbers (NZBN) held by all business types, with **319** entities identifying on the register as a Māori businesses



*Building for the Future*, the Building System Regulatory Strategy, outlines vision for the future of building regulation over the next 10 to 15 years



New Kiwisaver default provider arrangements mean potentially **\$143,000** extra at retirement for those joining the scheme at 18

## Kaihāpai We act as a guardian and protect



Immigration New Zealand decided nearly **334,000** visa applications



**132** households were supported by the Temporary Accommodation Service



Over **1.1 million** calls answered by MBIE Service Centres connecting people to the information they need



**9,985** dispute cases between employer and employee were settled and resolved



Consumer Protection team have received and published **110** Fair Trading Act voluntary recalls



Employment New Zealand supported **386** Labour Inspectorate investigations with **268** early resolutions provided



Tenancy Services held **12,190** mediation between landlords and tenants, resolved over **2,000** tenancy compliance and investigation cases, and processed over **178,800** bond lodgements were received and **195,500** bond refund applications



New Zealand has over **26,800** licensed building practitioners, **32,300** registered electrical workers, and **1,200** registered immigration advisors so people can access services they can trust

## Auaha We navigate towards a better future



**\$69 million** of capital grants to businesses committed to decarbonisation



Spent **\$1.04 billion** on research, science and innovation



**28,763** trademark applications filed with the Intellectual Property Office of New Zealand



**83** new plant variety rights granted



Launch of the Tourism Evidence and Insights Centre, a new portal for tourism data, reports and articles



**85%** of New Zealanders can now access ultra fast broadband



Based on the 2020 calendar year **81.1%** of electricity generation was derived from renewable sources. The value for the financial reporting period, using a four-quarter moving average, was 80.4%



**14** interim Regional Skills Leadership Groups were established to support regional labour market responses to disruption caused by COVID-19

Everything we do at MBIE supports our purpose to Grow Aotearoa New Zealand for All.

What we do for New Zealand is broad and far reaching. We touch the lives of New Zealanders every day – we grow opportunities (Puāwai), act as a guardian and protect (Kaihāpai), and innovate to navigate towards a better future (Auaha).

Aspects of our work address New Zealand’s current and immediate needs. For instance, the significant effort across MBIE focused on responding to COVID-19 is about keeping New Zealanders safe, maintaining economic resilience, and continuing to adapt to a changing environment.

Other aspects of our work are about ensuring the long-term wellbeing of New Zealanders and preparing for the future. We respond to broader national and international factors, such as moving to internet-based economic activity, lowering our carbon footprint, and harnessing technological developments. MBIE supports people, businesses, sectors, regions and communities by creating the right environment and providing tools and services to enable them to adapt and thrive.

Our aspirations for Aotearoa New Zealand are high. Our success is built on creating strong partnerships, especially Māori–Crown, and understanding the needs of the people and businesses we work with.

## Our COVID-19 response

As Aotearoa New Zealand and the rest of the world responds to the COVID-19 pandemic, MBIE has continued to play an integral leadership role in supporting the Government’s COVID-19 response and recovery.

In addition to ensuring an effective isolation and quarantine system, MBIE’s focus has also been on supporting New Zealanders and businesses to reduce the impact of economic disruption, maintain employment levels and livelihoods, and advance options for a staged return to more normal international movements of people.

COVID-19 has required new systems and initiatives to be established, often often at pace and under intense scrutiny. Managing the varying public expectations has proven challenging. Many existing initiatives have also been re-focused on COVID-19.

### Managed Isolation and Quarantine (MIQ)

On 13 July 2020, MBIE took responsibility for managing isolation and quarantine arrangements for those arriving to Aotearoa New Zealand. Emerging scientific evidence about COVID-19 has meant the MIQ model is continuously evolving. Over the year, we have made significant operational improvements to our MIQ systems and reacted to new information and changing circumstances to ensure the safety, efficiency and effectiveness of the system.

MIQ is a vital part of New Zealand’s elimination strategy, helping keep COVID-19 out of New Zealand, by keeping it at the border. It is about preventing transmission from cases that arrive at our border from overseas. Through our MIQ facilities, we have enabled over 150,000 people to travel to New Zealand since March 2020, including around 1,000 travellers who arrived with COVID-19.

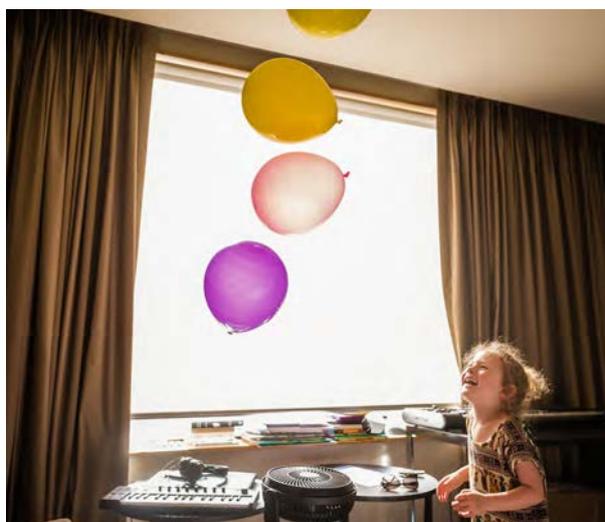
Our MIQ workers are at the front line of keeping COVID-19 out of New Zealand, making considerable personal sacrifices to make sure the wider community stays safe.

MBIE relies on many other government agencies and private businesses to support MIQ operations, including the Ministry of Health, district health boards, New Zealand Defence Force, New Zealand Police, New Zealand Customs Service, Aviation Security Service, Ministry of Social Development, hotels and cleaning companies.

### Immigration

COVID-19 has resulted in unprecedented challenges for the immigration system, for those working at Aotearoa New Zealand’s border and those working on our border policy settings. Border restrictions, New Zealand’s primary defence against the spread of the virus, meant a radical change in how Immigration New Zealand and its partners at the border had to operate. The immigration system was forced to pivot quickly and established a bespoke framework for entry to New Zealand. Our people have advised on and implemented multiple policy changes and managed the complexities of the border exceptions process.

Passenger volumes have declined considerably, and entry to New Zealand from all countries remains strictly controlled to help prevent the spread of COVID-19 and protect the health of people already in Aotearoa New Zealand.



Families staying in MIQ facilities have found creative ways to keep busy and pass the time on the last leg of their journey home.



Border exceptions for visa holders balance the need to protect the health of New Zealanders and the constraints of MIQ with the need to support the New Zealand economy. Nearly 74,000 border exception requests were decided since border restrictions came into effect. A number of changes have been made to maintain the workforce needed in New Zealand since the border closure, including extending the visas of large numbers of temporary migrants. We have implemented visa extensions for more than 45,000 workers and their families, visitors, and working holiday makers in New Zealand to provide migrants with more certainty and to support industries dealing with immediate labour and skills shortages as a result of the border closure.

The Government introduced several border exceptions over the past year as circumstances have allowed. These sought to balance economic, social and humanitarian objectives and manage impacts on managed isolation and quarantine capacity. We have responded to requests to prioritise critical health workers, seasonal workers, international students, close family of those living in New Zealand, and workers critical to the economy.

In February 2021, in response to the changes in the immigration settings and application volumes, we announced decisions to close our Immigration New Zealand offices in Beijing, Mumbai, Manila and Pretoria and bring more visa processing onshore.

### Quarantine-free travel (QFT)

Over 200,000 people have entered Aotearoa New Zealand under QFT arrangements with Australia, the Cook Islands and Niue. QFT travel aims to safely open international travel to boost economic recovery and reconnect loved ones, while continuing to pursue a strategy of elimination and keeping the virus out. On 19 April 2021, New Zealand commenced two-way QFT with Australia while it was safe to do so. From 19 April 2021 to 30 June 2021, over 193,000 people entered New Zealand from Australia quarantine free. Resurgence planning, screening for passenger eligibility and responding to QFT pauses has required MBIE to lean in and support the all-of-government operation of QFT.

QFT was also established with the Cook Islands and Niue. Initially, QFT with the Cook Islands was only permitted one way to New Zealand, and nearly 3,000 people entered New Zealand under this arrangement between 21 January 2021 and 16 May 2021. When two-way travel opened up, approximately 6,000 more people entered New Zealand from the Cook Islands between 17 May 2021 and 30 June 2021. Under the QFT arrangement with Niue, from 24 March 2021 to 30 June 2021, over 350 people entered New Zealand quarantine free.

### Vaccine strategy

Vaccinating our people against COVID-19 is important to keeping New Zealanders safe. MBIE led the development of Aotearoa New Zealand's vaccine procurement strategy, working closely with the Ministry of Health and the Ministry of Foreign Affairs and Trade to ensure that New Zealand was able to secure enough vaccines for the Ministry of Health's rollout.

MBIE led the Vaccine Strategy Taskforce that drove the procurement strategy. This included the establishment of a Science and Technical Advisory Group to provide advice on vaccine development, manufacturing and safety. The strategy resulted in an innovative procurement process to acquire a portfolio of vaccines.

### Support to businesses

MBIE provided support to businesses across Aotearoa New Zealand to help reduce the impacts of COVID-19 and lockdowns and provide an environment where businesses could bounce back and thrive. We did this through:

- › supporting the implementation of the COVID-19 Leave Support Scheme to help employers pay employees who needed to self-isolate but were unable to work from home
- › the COVID-19 Worker Redeployment Initiative, where funding was earmarked for the renovation of marae, town halls, war memorials, Pacific churches, and the fencing of waterways. This provided work for local contractors and supported Māori, Pasefika people and other workers who were otherwise unable to secure work

- › the Business Connect portal, which supports government agencies to deliver safe and secure services. These include the essential goods register, business debt hibernation, contact tracing posters and the Business Travel Documentation Service. These services were delivered at pace with one service delivered in only two days
- › the Business Travel Documentation Register, which went live in February 2021 with the move to Alert Level 3 in Auckland. This service supported over 4,000 businesses and 30,000 workers to travel efficiently across alert level boundaries. The system was able to be accessed by 16 government agencies to process documentation requests for permitted or exempted boundary travel in their sectors
- › the *COVID-19 Response (Further Management Measures) Legislation Act 2020*, which temporarily put in place the Business Debt Hibernation scheme, allowing certain businesses affected by COVID-19 to place their existing debts on hold for up to seven months.

Through Kānoa – Regional Economic Development and Investment Unit, MBIE also managed the:

- › COVID-19 Response and Recovery Fund – Infrastructure Reference Group
- › Strategic Tourism Asset Protection Programme
- › COVID-19 Worker Redeployment Initiative
- › New Zealand Upgrade Programme: Regional Investment Opportunities
- › The Sector Workforce Engagement Programme
- › He Poutama Rangatahi programme
- › Māori Trades and Training Fund.

Many of these funds were activated quickly to provide urgent support to regional economies impacted by COVID-19 and to minimise the impact for some communities disproportionately affected, including Māori and Pasifika communities. New or improved relationships and partnerships have developed as a result of this approach, and there is evidence to suggest many projects have created a sense of optimism for the future that was previously absent for some communities.

The Construction Sector Transformation Plan helped reduce the impacts of COVID-19 on the construction sector. The Plan played a key role in enabling government and industry to respond quickly to challenges as they arose. The Plan developed a Contract Partnering Agreement with Engineering New Zealand to establish a panel of approved engineers and develop the Rapid Mobilisation Playbook. This supported government agencies to start construction projects in a safe and fast way and helped protect jobs in the sector.

### COVID-19 cyber security

The Computer Emergency Response Team New Zealand (CERT NZ) is the agreed coordinating agency for COVID-19 cyber security issues. In particular, CERT NZ was set up as the central point for COVID-19 scam and misinformation reporting. As part of its coordinating role, CERT NZ led cross-agency groups to address cyber security threats related to the vaccine.

CERT NZ also developed best practice technical guidance for organisations that communicate about the vaccine rollout.

### Using data and analytics to understand COVID-19 impacts and recovery

In July 2020, MBIE produced a COVID-19 research response report. This report analysed external bibliometric data as well as the research activity and funding recorded in the database to provide insights into New Zealand's research response. We also conducted a survey of New Zealand arrivals, which included input from 11 agencies. This was initiated by Department of the Prime Minister and Cabinet's (DPMC) COVID-19 Group in response to the pandemic after border closure. The data will help provide an understanding of the characteristics and intentions of those who have arrived as well as impacts on economic, labour and housing markets and incoming demand across government services.

In collaboration with four other departments, we developed the Estimating Labour Market Activity post COVID-19 model. This model is intended to assist decision makers and planners when considering how changes in economic activity as a result of COVID-19 have affected labour supply and demand at a regional and sectoral level.



## Puāwai | Growing opportunities

As the world continues to change and evolve at an increasing pace, it is important that people, sectors and regions are prosperous and adaptable so they can continue to grow and thrive. We want to make it easy for people to develop businesses and to support economic development that builds resilience, generates jobs, and empowers communities.

The emphasis is not just economic. It is about delivering positive outcomes and improved wellbeing for New Zealanders now and into the future – through better built homes and buildings, pipelines that create skills and employment opportunities in the industries New Zealanders need, workplaces that are healthy and safe, and modern economic platforms.

### How we grew opportunities:

- › Since its establishment in 2018, Kānoa – Regional Economic Development and Investment Unit (formerly the Provincial Development Unit) has worked hard to deliver an extensive programme of work on projects that focus on community initiatives and worker redeployment. The importance of these types of projects was thrown into the spotlight by the impact of COVID-19 on regional economies. In May 2020, ministers repurposed part of the Provincial Growth Fund to help create immediate jobs, boost confidence in regional communities, and provide support for projects deemed ‘shovel ready’. This resulted in allocations for the renovation of marae, town halls, war memorials, Pāsefika churches and fencing of waterways. These projects provided employment for local contractors and supported Māori, Pāsefika and other vulnerable workers who were not able to secure work elsewhere. The success of these initiatives is demonstrated by the pace in which funding has been paid to recipients, the number of jobs created, and the spill-over impacts for communities around New Zealand.
- › Business Connect is a new digital services platform that allows businesses to manage licences and permits from across government in one place. It is one of a range of initiatives the Government is focusing on to help make our small businesses the best supported in the world. Through efficient design, prepopulating of business information held by New Zealand Business Number (NZBN) and the reuse of data that businesses provide, Business Connect allows businesses to complete an application 30 per cent faster the first time they use the platform and up to 80 per cent faster for every subsequent application. Business Connect now delivers nine services and has over 40,000 users registered on the platform.
- › MBIE has chosen an international standard for e-Invoicing (Peppol). With e-Invoicing, businesses no longer need to generate paper-based or PDF invoices that have to be printed, posted or emailed, and buyers no longer need to manually enter these into their financial system. It improves accuracy and security, reduces processing time and speeds up payments. As the New Zealand Peppol Authority, MBIE has worked with the software community to lay the foundations for adoption and use of e-Invoicing in New Zealand.
- › Launched in December 2020, the *Building System Regulatory Strategy – Building for the Future* outlines MBIE’s vision for the future of building regulation over the next 10 to 15 years. In June 2021, MBIE developed a





Attendees at the Digital Boost launch event

new online tool that tracks the building system's progress against the outcomes identified in the strategy. Building for the Future Indicators Explorer allows anyone to view a snapshot of how Aotearoa New Zealand's building system is supporting our wider social, economic and environmental wellbeing.

- › MBIE managed the Construction Skills Action Plan, which supports thousands of people to take up education and employment opportunities in the construction sector. The Plan aims to ensure the construction industry is well placed to deliver the buildings New Zealand needs now and in the future.
- › We are helping to support more New Zealand businesses to undertake world-leading research and development in New Zealand through the Research and Development Tax Incentive. The Tax Incentive is supporting businesses to innovate by creating new knowledge; new or improved processes, services and goods; and skilled jobs for more New Zealanders.
- › The NZBN register was amended to include a Māori business identifier to improve measurement of Māori economic activity and the effectiveness of government policies for Māori economic development. It will also make it easier to identify opportunities to invest in and collaborate with Māori businesses.
- › Hundreds of thousands of New Zealanders will be significantly better off in retirement following changes made to the default KiwiSaver provider arrangements. The new arrangements, which take effect on 30 November 2021, mean those joining the scheme at the age of 18 could have an extra \$143,000 at retirement through lower fees and higher investment returns. KiwiSaver rules were also updated so people with life-shortening congenital conditions can withdraw from their fund at a time that is right for them to retire, rather than once they turn 65 years old.
- › The Digital Boost programme, launched in December 2020, is focused on supporting more small business owners to realise the benefits of digitising their business, including making greater use of digital tools and adopting digital processes. Our research and segmentation modelling provided unique insight into the benefits and barriers to digital adoption for small businesses.
- › After completing our enterprise data and insights maturity assessment, MBIE established a cross-agency initiative to develop a government approach for assessing system and agency data maturity and setting development goals. This draws on international best practice and aligns with New Zealand's data needs and Te Tiriti o Waitangi/the Treaty of Waitangi.
- › To help grow businesses in New Zealand and create an environment for open, transparent and competitive markets, MBIE has worked closely with the Ministry of Foreign Affairs and Trade in hosting APEC 2021 – the first fully digital Asia-Pacific Economic Cooperation (APEC) forum. This brought ministers, officials and businesses from across the Asia-Pacific region together to discuss our recovery from COVID-19 and how we can ensure sustainable and inclusive growth. The Asia-Pacific region is essential to Aotearoa New Zealand's prosperity. Eight of New Zealand's top ten export markets for goods and services are APEC economies, while 71% of New Zealand's exports and imports of goods and services are with APEC economies.

## Kaihāpai | Acting as a guardian and protecting

Much of what we do every day is about protecting the people and the environment of Aotearoa New Zealand. From our regulation work to our service centres providing people with information they need to our tenancy and employment services resolving disputes, the work we do is about making sure New Zealanders feel safe. Our COVID-19 response, including MIQ, has also been about protecting New Zealanders – read more about our role in the Government’s response to COVID-19 on pages 16 to 19.

Our natural environment is core to our sense of identity and has great cultural significance, especially as we fulfil our obligations under Te Tiriti o Waitangi/the Treaty of Waitangi. The natural environment is also integral to our economic activity, and it is important to make sure we sustainably derive value from it. Nationally and globally there is a strong shift to the sustainable use of natural resources and greater recognition that we need to be kaitiaki/guardians of these resources. MBIE’s work in this area spans oversight of existing energy sources, increasing energy efficiency, and preserving New Zealand’s ecological diversity.

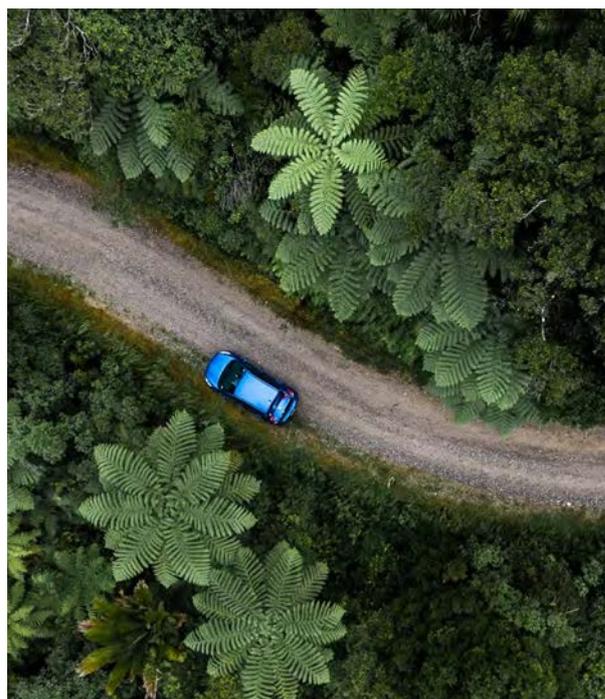
MBIE has also maintained a focus on ensuring that the systems people and businesses use are fair and that everyone can make informed choices. The aim is to increase consumer and business confidence and to have effective means for resolving issues. Protection, through our role as a good global citizens, is also core to what we do.

### How we acted as a guardian and protected Aotearoa New Zealand:

- › MBIE, on behalf of the Crown, is responsible for the decommissioning of the Tui oil field off the coast of Taranaki after the liquidation and receivership of Tamarind Taranaki Ltd. MBIE partnered with Te Kāhui o Taranaki Trust to ensure any cultural or environmental risks are identified and mitigated. There are three major phases of offshore work involved in decommissioning the Tui oil field – demobilising the floating production, storage, and offloading (FPSO) vessel from the field; removing all subsea infrastructure from the seabed; plugging and the eight wells. This year, we successfully completed phase one, which demobilised the FPSO from the field and included safely flushing the flow lines, disconnecting them from the vessel and laying them on the seabed for later removal.
- › The Carbon Neutral Government Programme aims to make a number of organisations within the public service carbon neutral from 2025 and help them accelerate their emissions reduction journeys. One of three immediate priorities was to optimise the size of

agencies’ car fleets and purchase electric vehicles or plug-in hybrids. As at 30 June, 1.9% of the government fleet were electric vehicles (EV). It is expected that the government EV fleet will be at least 5% of the total fleet within 12 months, and EVs are expected to make up half of the government fleet by the end of 2025. In addition, in the last year the fleet was reduced by 1,115 vehicles and is now at 14,755. Another priority was to require a system for rating energy efficiency of large office spaces from January 2021.

- › We supported a legislative change, a possible world first, that requires the financial sector to disclose the impacts of climate change on their business and explain how they will manage climate-related risks and opportunities. Once passed, disclosures will be required for financial years commencing in 2022, meaning the first disclosures will be made in 2023.
- › Consumers seeking financial advice can be assured their interests will be put first under a new financial advice regulatory regime. All financial advisers must now adhere to a new Code of Professional Conduct and operate under a licence. These changes will increase transparency by requiring financial advisers to disclose any conflicts of interest, commissions they receive, and limits on the companies or products they advise on.
- › MBIE helped deliver on the Government’s commitment to helping ensure New Zealand workplaces stay healthy by doubling employees’ minimum sick leave entitlement to ten days.



- › The *Residential Tenancies Amendment Act 2020* was passed in August 2020, modernising New Zealand’s rental laws and improving security of tenure. This legislation aims to help New Zealanders feel safer and more secure in their homes.
- › To support informed consumers and businesses interacting with confidence, the Safer Credit and Financial Inclusion partnership worked to develop a collective strategy and action plan to support people and whānau to meet their needs and achieve their aspirations, free from problem debt.
- › To help manage increasing demand for MBIE’s Employment Services, the Early Resolution team was established in November 2020. The team help parties resolve disputes at the point of lowest harm, reducing the need for costly and lengthy formal dispute resolution. Between 10 November 2020 and 30 June 2021, 1,681 requests for early resolution were received, with 94 per cent resolved, closed or referred for further intervention within Employment Services.
- › MBIE undertook a policy and operational review to address migrant exploitation. Migrant exploitation is a serious issue in Aotearoa New Zealand, and COVID-19 has increased the likelihood of vulnerable migrant workers being exploited. As well as impacting the wellbeing of workers, migrant exploitation affects legitimate businesses that are undercut by these practices and undermines New Zealand’s reputation as a fair place to work, live and do business. The Government announced a number of changes to be implemented over the coming years, including dedicated reporting tools to make it easier for anyone to report migrant exploitation. A new open work visa was introduced so migrant workers can safely leave exploitative situations and remain lawfully in New Zealand.
- › New Zealand has a long and proud history of refugee resettlement. Since 1979, refugees have been resettled in New Zealand, and in 1987 the Refugee Quota Programme was introduced. During the COVID-19 pandemic, our normal refugee quota was paused but a great deal of work behind the scenes saw the programme resumed in February 2021. As part of the 2020/21 quota, 263 refugees arrived in New Zealand, and during 2021/22 between 750 and 1,000 individuals are planned to be resettled.



## Auaha | Innovating and navigating towards a better future

The global environment is dynamic and uncertain. As we continue to respond and recover from the impact of COVID-19, we are fostering our strengths and capabilities to address ongoing challenges such as climate change, changing technologies, and shifting geopolitical dynamics. We are anticipating and preparing for what the future holds to ensure a resilient and sustainable New Zealand.

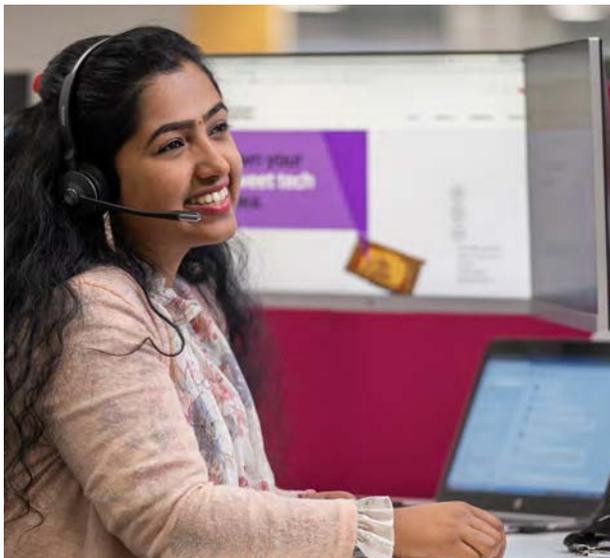
MBIE has a broad set of responsibilities. We navigate an expansive environment and assess the implications of change on our country. We want to develop a dynamic business environment, fostering innovation and international connections that support the wellbeing of New Zealanders.

This is about driving a transition to a low-emissions economy, ensuring our researchers and developers are able to harness new technology options and collaborations, and adopting a future-focused and sustainable approach to our services and advice.

### How we supported innovation and prepared for the future:

- › From September to October 2020, MBIE undertook public consultation as part of the Building for Climate Change programme. The aim is to reduce greenhouse gas emissions in the building and construction sector and prepare our buildings for the ongoing effects of climate change. Eventually, energy efficiency and carbon emissions will become core considerations when building – as important as cost and aesthetics. The ultimate goal is for more New Zealanders to live and work in warmer, drier, and healthier buildings that are affordable to heat and cool.
- › As part of our work to transition to a low-emissions economy, we have been advising the Government on its response to the Climate Change Commission's recommendations on energy and industry.
- › The first funding round of the Renewable Energy Fund for Māori housing allocated \$2.9 million to 15 projects. These projects are helping provide families and small communities with low-cost, clean energy sources such as solar panels and household batteries. This funding round will support more than 200 households to achieve lower electricity bills and warmer, drier homes, including homes of kaumātua and kuia, whānau with tamariki, and those on low incomes.
- › We worked with the Energy Efficiency and Conservation Authority to develop and implement the Government Investment in Decarbonising Industry Fund. It has co-funded projects to remove 6.6 million tonnes of carbon from New Zealand's emissions over their lifetimes, the equivalent of removing about 120,000 cars from the road.
- › A review of the *Plant Variety Rights Act 1987* began this year, with a replacement Bill currently before Parliament providing intellectual property rights to plant breeders over new varieties they have developed. These changes also give Māori a direct say in how taonga (treasured) plant species should be protected. The local plant breeding industry will be bolstered with greater incentives for innovation, and these protections will make Aotearoa New Zealand an attractive destination for foreign breeders to bring their intellectual property.
- › The Government has selected seven sectors of the economy where there are opportunities to lift productivity and growth or where significant transition is required. Industry Transformation Plans (ITPs) are being developed with each of these sectors. These plans involve government, industry (business and workers) and Māori working in partnership to develop an action plan for the long-term transformation of the industry. Implementation of the Construction Sector Transformation Plan has continued since its launch in January 2020. The Agritech Industry Transformation Plan (developed in partnership with AgriTech New Zealand, the membership body for the sector) was released at Fieldays in June 2021. There will be other industry transformation plans released over the coming year.
- › Fourteen interim Regional Skills Leadership Groups (RSLGs) were established to support regional labour market responses to the disruption caused by COVID-19. These independent advisory groups are made up of leaders across the business, worker, iwi/Māori and community sectors, as well as central and local government. They provide a view on regional issues, taking into account the diverse perspectives around the table. Their insights help us monitor the New Zealand economy and labour markets and have been a key mechanism for identifying emerging trends and issues. Permanent RSLGs have now been established and will develop future-focused Regional Workforce Plans, which will set each region's labour market aspirations as well as steps to support regions to meet those outcomes.
- › MBIE is critical to the government data system and plays an influential role as a public service leader in providing data and insights. We actively contributed to the Government Chief Data Steward's development of a government Data Investment Plan and the Government Data Strategy.
- › CERT NZ completed delivery of year one of the Cyber Security Support to the Pacific programme. Funded through the Ministry of Foreign Affairs and Trade, this programme builds capacity and capability across 15 Pacific countries through information and good practice sharing, community development and engagement, and mentorship.

# THE WAY WE WORK



## Our people

Our people are our taonga and greatest strength. Our diverse team of over 5,500 people (5,301 onshore and 242 offshore) work to support communities across Aotearoa New Zealand. There are also over 4,500 people across several agencies and employers working together to deliver MIQ services.

Our vision is for MBIE to be the place where people want to work. It is a place where our people are listened to, and feel safe and valued, while experiencing growth and meaning through their work. We aspire to better reflect the communities we serve and manaaki one another.

To deliver on our vision we need to empower and develop our people, and continually evolve our people practices in partnership with our key partners and stakeholders. These important elements make up the four pillars that describe how we will bring our vision to life:

- › **Whakamana/Empower:** We create a safe, inclusive environment for our people to thrive.
- › **Whakawhanake/Develop:** We develop our people so they can grow and deliver for New Zealand.
- › **Whakapakari/Evolve:** We continually improve our processes and tools to make things easier for our people.
- › **Whakakaha/Enable:** We co-design innovative best fit solutions with our stakeholders and partners.

## Māori–Crown relations

Our work supports the Crown in honouring Te Tiriti o Waitangi/the Treaty of Waitangi. We believe that success is built on partnership. Effective and enduring relationships between iwi, other Māori groups and the Crown are critical to enable economic and social development, both for Māori and for wider Aotearoa New Zealand. We will continue to partner with Māori to find sustainable solutions to long-standing systemic and cross-cutting issues facing Māori and wider Aotearoa New Zealand.

### Whāinga Amorangi phase one: empowering people

The ability to work in partnership with Māori needs to be enduring and consistent. We are developing an organisational plan to build our people’s capability in Māori–Crown relations. Phase one of the programme is built on leader-led change and focuses on empowering our people.

We recognise our people are at different stages of their journey and will require different levels of support to build their capability in Māori–Crown relations. Initially, we are targeting three competency areas: te reo Māori, Te Tiriti o Waitangi/New Zealand History Literacy, and Tikanga/Kawa.

### Māori language planning

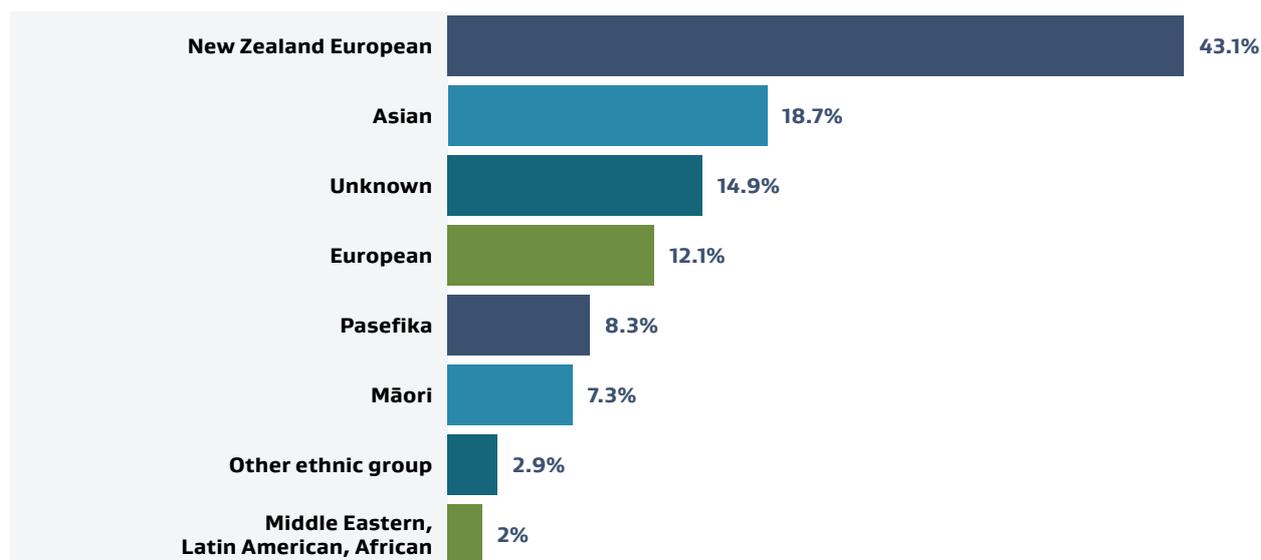
Our te reo Māori competency area is supported by our Māori language strategy, Te Ara Reo Rangatira. The strategy sets out the commitment of Hīkina Whakatutuki/MBIE to support the development and use of te reo Māori as a valued and living official language of Aotearoa New Zealand. This includes incorporating te reo Māori across everything we do. Language is the key to the door that opens the pathway across the bridge to te ao Māori and will enable MBIE to deliver on our commitment to partnering with Māori.



## Inclusion and diversity

At MBIE, we value our people and strive to reflect, embrace and nurture the communities we serve. MBIE’s inclusion and diversity (I&D) strategy, Nō Kōnei – Belong, focuses on inclusion at the heart of our mahi to create a sense of belonging. An inclusive culture is essential if we are to attract and retain diversity at MBIE. A diverse workforce ensures multiple perspectives will be included into policy advice and service design, which will help Grow Aotearoa New Zealand for All.

### Demographic profile



\*Total exceeds 100% because people can declare multiple ethnicities.

### Age and gender

AGE	FEMALE	MALE	GENDER DIVERSE	UNKNOWN	TOTAL
20–29	11.9%	6.8%	0.1%	0.4%	19.1%
30–39	17.9%	10.7%	0.0%	0.1%	28.8%
40–49	14.4%	9.3%	0.0%	0.2%	23.9%
50–59	10.5%	7.4%	0.0%	0.0%	18.0%
60+	3.6%	3.8%	0.0%	0.1%	7.4%
Unknown	1.8%	0.9%	0.0%	0.1%	2.7%
<b>TOTAL</b>	<b>60.1%</b>	<b>39.0%</b>	<b>0.1%</b>	<b>0.9%</b>	<b>100%</b>

The demographic data only includes people employed by MBIE and excludes people who support the delivery of MIQ while working for other employers.

To understand the experience of diverse population groups within MBIE, we have used human-centred design principles through our People Experience hub to engage with our tangata whenua, Pasefika, Asian and rainbow communities. This has supported us to identify actions we can take to work towards a more inclusive and equitable MBIE.



### **Papa Pounamu: Driving diversity and inclusion across the public service**

MBIE's work programme is shaped by Papa Pounamu and the five priority commitments within the public service's diversity and inclusion work programme.

#### *Te āheinga ā-ahurea | Cultural competence*

A key focus in MBIE is to reflect the significance of the Māori–Crown relationship and build our cultural competence, and confidence, across the broadest range of cultures. We have strengthened cultural competency through the implementation of a range of learning programmes, including:

- › Mana Āki, our intercultural competence programme, which aims to build intercultural awareness and understanding. Since launching in September 2020, 2,399 of our people have completed this programme. MBIE has shared the programme (as well as our insights and approach) with over 100 organisations across New Zealand
- › the Wall Walk workshop, which builds awareness of key events in our bi-cultural history. Launched in early 2021, 129 people leaders completed this programme by 30 June 2021
- › pilot programmes aimed at lifting cultural capability in relation to te reo Māori, tikanga and Te Tiriti o Waitangi/Treaty of Waitangi. As of 30 June 2021, 330 participants attended the pilot workshops, which will inform a more structured learning approach for future years. In addition to the pilot programmes, 550 people have completed te reo Māori online learning modules, and 300 people have completed Te Tiriti o Waitangi/Treaty of Waitangi online learning modules. MBIE has also:
  - developed Te Ara Reo Rangatira, our te reo Māori strategy
  - offered noho marae visits for a number of leadership teams

- continued embedding and living our values, including regular use of the MBIE karakia and the creation and launch of our MBIE closing karakia in June 2021
- supported weekly waiata sessions across a number of locations across MBIE.

#### *Te Urupare | te Mariu | Addressing bias*

Addressing bias is critical to ensure all people are provided with opportunities during the recruitment, career progression and development stages of their employment with MBIE. We enhance our people's capability in identifying and addressing bias through:

- › Mana Aki, our intercultural competence programme
- › the Understanding Unconscious Bias course, launched in April 2021. As at 30 June 2021, 250 people had completed the course
- › the 'Unconscious Bias in Recruitment' course, launched in May 2021. As at 30 June 2021, 130 people had completed the course
- › nine foundation-level learning modules designed and developed in-house (keeping Te Tiriti o Waitangi/the Treaty of Waitangi front and centre) to raise awareness about bias relating to gender, ability and sexual orientation and ways to address it
- › encouragement to add pronouns to email signatures and meeting introductions. As at 30 June 2021, 1,380 people have completed the Including the Rainbow Community at MBIE module since it was published in 2019
- › Beyond Diversity, a two-day workshop to build leadership capability in relation to racial equity and unconscious bias. As at 30 June 2021, 262 of MBIE's people leaders have attended.

We are also supporting the public service to better reflect the communities we serve through:

- › leading the implementation of a cross-sector programme to accelerate talent and leadership development of senior Pasefika and increase the number of Pasefika leaders in senior leadership roles.
- › Tupu Tai internship programme, which supports a public service that reflects the diverse population of Aotearoa New Zealand and promotes better outcomes for Pasefika people through government policy. MBIE won two awards for Tupu Tai at the 2020 Diversity Awards NZ: the Tomorrow's Workforce Award and the Supreme Award.

#### *Hautūtanga Ngākau Tuwhera | Inclusive leadership*

How we lead across the public service matters. Inclusion and diversity capability across the system depends on strong, inclusive leadership. We are building inclusive leadership in MBIE through:

- › implementing targeted programmes to build leadership capability
- › providing a range of learning options
- › senior-leader sponsorship of our employee-led networks and attendance of key learning programmes
- › focusing on inclusion and diversity at our People Leader Forums
- › developing people-centred leadership through supporting flexible working, mental and physical wellbeing, and health and safety practices.

#### *Te whakawhanaungatanga | Building relationships*

Inclusion and belonging depend on having a diverse range of supportive relationships in our workplaces. We draw upon those relationships to create positive change. This is demonstrated through:

- › the Inclusion and Diversity Council providing strategic governance and oversight of the inclusion and diversity strategy and recommending changes to policies, processes, initiatives and facilities
- › the implementation of Tōku Whāinga | My Career, our new continuous performance process, which is based on three principles: kōrero (regular check-ins), wānanga (shared reflection and learning) and manaaki (respect and care)
- › Kohinga Kōrero | Conversations That Matter, a learning programme to support people leaders to have more meaningful and effective conversations with their team members
- › fostering a culture of recognition and celebration of our people through the MBIE values shout-out cards, MBIE Awards, recognition initiatives, branch newsletters, and team/branch/group hui.

#### *Ngā tūhononga e kōkiritia ana e ngā kaimahi | Employee-led networks*

Having a space to connect with others with shared experiences supports people to bring their unique selves to work. Our employee-led networks help connect people, create opportunities to engage and learn, and advocate for the needs of their network. They support our people to feel they belong at MBIE. We have strengthened our employee-led networks through:

- › an increased number of employee-led networks, which include:
  - Ngāi Kahukura | Rainbow Network
  - Te Aumangea | Mental Health Network
  - Arahanga Wāhine | Women's Network
  - Te Rau Puāwai | Wāhine Māori Network
  - Pacific Staff Village Network
- › senior leaders' sponsorship and support for all employee-led networks
- › employee-led events and initiatives that celebrate culture, highlight issues and educate others
- › ongoing support for new emerging networks, such as Women of Colour, Asia-International and people with disabilities.

#### **Gender Pay Action Plan progress**

MBIE's overall gender pay gap has been steadily reducing from 20.2% in June 2016 to 13.8% in June 2020. As at 30 June 2021, the overall gender pay gap stood at 13.2%. Women make up 60.1% of our employees.

Our 2020 Gender Pay Action Plan included a milestone to close unexplained gender pay gaps in same or like-for-like roles. Our approach resulted in 458 pay corrections that were effective 31 December 2020.

#### **Commitment to Accessibility Charter**

We are committed to the Accessibility Charter and continue to ensure our public information is accessible. We conduct accessibility assessments of our websites to ensure our sites comply with New Zealand Government Web Accessibility Standards.

In terms of our workforce, our commitment to the Charter is part of our inclusion and diversity strategy. MBIE is committed to reasonably accommodating the needs of people with disabilities and supporting their health and wellbeing. This is underpinned by our Wellbeing, Health and Safety Policy and standards.

#### **Commitment to the Panel Pledge**

We continue to be committed to the Panel Pledge. MBIE's Secretary, Carolyn Tremain, signed the Panel Pledge in 2019, pledging to actively encourage diverse voices when considering requests to participate on panels or at any speaking engagements.

## **Building capability: Aotearoa New Zealand Skills Pledge**

MBIE supports the Aotearoa New Zealand Skills Pledge. The Skills Pledge is a commitment to building new capabilities and resilience in Aotearoa New Zealand's workforce and aims to double investment in on-the-job training by 2025.

For the year to 30 June 2021, there were 36,323 engagements in formal learning sessions at MBIE. We saw 8,679 participants attend face-to-face or virtual workshops and 27,644 e-learning modules were completed. This equates to approximately 88,930 learning hours for our people, in addition to offline self-directed learning and on-the-job coaching. This is an increase in learning hours of approximately 30 per cent on the previous year.

The implementation of a new Career and Pay Progression framework has strengthened our focus on building capability and competence for our employees. A core component of the framework is that the ability to progress is based on satisfactory performance and increased capability.

## **Wellbeing, health and safety**

Ora, our wellbeing strategy, aims to improve the wellbeing and health of our people at MBIE. Balanced and healthy individuals create healthy teams, resulting in healthy, more productive organisations. Good health in all aspects is central to our overall wellbeing.

Te Puna Ora, our online wellbeing hub, provides a wealth of useful and practical information, support services and resources for staff on how to manage wellbeing and access support. In 2021, MBIE introduced the Te Whare Tapa Whā model into our Wellbeing, Health and Safety (WHS) Framework, which will be a key focus in the coming year.

Each year MBIE ensures appropriate training is provided for WHS representatives, floor wardens and first aiders. These three roles are key to ensuring MBIE is a safe and healthy place to work. As at 30 June 2021, MBIE had 284 WHS representatives, 317 floor wardens, and 228 first aiders.

### **Flexible working**

2020 was a year that changed the way we work and live. A big change was ensuring more MBIE employees were able to work remotely. This was supported by MBIE's flexible working policies and procedures. Our WHS team continued to deliver guidance on how to best work and cope with different COVID-19 alert levels and how to support each other through this difficult time.

### **Employee engagement**

Employee engagement is a key part of MBIE's work environment, especially in the WHS space.

There are three work group committees composed of representatives from the field, front-facing, and office

workers. Over the last year, these committees have actively worked to increase worker participation.

Three WHS representatives from each of the committees attend quarterly meetings of the Wellbeing, Health, Safety and Security Steering Committee. The Senior Leadership Team Wellbeing, Health, Safety and Security Governance Committee provides strategic direction to the Steering Committee.

In addition, there has been a significant effort to develop worker engagement across the 32 MIQ facilities. This is a particularly challenging work environment, with the participation of over 100 separate organisations working together to deliver MIQ.

Learning about safety and wellbeing during induction is a priority, and MBIE is focused on improving completion rates of key induction learning modules. As at 30 June 2021, 94.79 per cent of MBIE workers have completed the Staff Safety and Wellbeing module, 95.5% have completed the Security module, and 80.6% of people leaders have completed the Leaders Safety and Wellbeing module.

### **Mental health**

With the challenges faced by our people in the last year, and the efforts MBIE has made to encourage reporting, the number of wellbeing cases reported has increased substantially, from 171 to 337 cases.

MBIE focused on upskilling our people, particularly those in business groups most affected by COVID-19. A series of mental health workshops were delivered with 270 people participating in a Mental Health Awareness workshop. Ninety-eight of these people also participated in a Managing Mental Health workshop.

Access to counsellors and psychologists to support MBIE people became a challenge, so we extended the list of providers. This gave MBIE workers a better choice of providers and reduced waiting times for appointments.

### **Health monitoring**

MBIE is part of the ACC Accredited Employers Programme. We use a dedicated incident reporting tool (Zambion), ACC and Wellnz to record and track accidents and address individual needs from each accident. In the last financial year, MBIE had 76 work-related ACC claims and 56 non-work-related ACC claims, both managed by a third-party administrator, with an average lost time injury frequency rate of 13.8 days.

During 2020/21, there were no incidents that required notification to WorkSafe New Zealand.

For MIQ and other border workers, COVID-19 vaccinations, swab tests and other controls were implemented and are monitored internally and externally. MBIE also has a team prepared to respond to any irregular immigrant mass arrival event. Part of the preparation for this team is to maintain an up-to-date list of required vaccinations staff need to keep them safe should they respond to an event.

### Emergency management

MBIE’s Emergency Management Team responded to look after those affected by adverse weather in Napier in early 2021. A similar process was in place for the March 2021 offshore earthquake and subsequent tsunami warnings in coastal areas.

### Managing critical health and safety risks

During 2020/21, MBIE’s Health, Safety and Security Operations team was heavily involved in supporting the all-of-government COVID-19 response by supporting MIQ to build a WHS team and manage its health, safety and security responsibilities.

To manage identified critical risks, several initiatives were carried out, including:

- › monthly safety toolbox talks covering a variety of safety guidance topics aimed at workers exposed daily to critical risks
- › a road safety campaign, including a webinar with guest presenters
- › site visits to engage workers in safety conversations around critical risks to raise awareness and help workers correctly implement approved control measures.

To make the reporting of workplace incidents easier, changes were made in contact centres so advisers could easily submit an incident report immediately after being exposed to threatening or abusive calls. This had immediate impact, and reporting numbers increased significantly.

The following table sets out the number and types of wellbeing, health, safety and security events reported during the year to 30 June 2021:

TYPE	2020/21
Total number of wellbeing, health, safety and security events	2,517
Wellbeing events	337
Early reported pain and discomfort/harm	928
Near miss	312
Violence and aggression	864
Other events	76
Events resulting in injury	392
Critical risk events	420
Work-related ACC claims (managed by our third-party administrator)	76
Non-work-related ACC claims (managed by our third-party administrator)	56
Incidents requiring notification to WorkSafe New Zealand under the Health and Safety at Work Act 2015	0

### Sustainability

At MBIE we are committed to a sustainable Aotearoa New Zealand and supporting the transition to a low-emissions economy. Our approach to sustainability is informed by our organisational strategy, *Te Ara Amiorangi* and guides our decision making at MBIE to ensure our own actions support our policy direction.

We are developing a sustainability strategy to deliver on the Government’s commitment to a carbon neutral public service by 2025 and broader cultural, economic, environmental and social outcomes for New Zealand.

Kete Taiao, our employee-led sustainability network set up in June 2021, provides opportunity for our people to create positive change, lead workplace sustainability actions and impacts, and support the delivery of our sustainability programme.

### Reducing our emissions

We are committed to measuring, reducing and reporting on our greenhouse gas emissions sources, and ensuring our data is verified. We have achieved Toitū carbonreduce certification and are developing our emissions reduction targets and management plan in accordance with the requirements of the Carbon Neutral Government Programme.

Our 2021 emissions (4,129 tCO2e) are 60 per cent less than our 2019 base year (10,672 tCO2e). This is directly attributed to the impact of COVID-19 on travel since March 2020. We are committed to capitalising on the opportunity presented by COVID-19 to continue to work effectively online and reduce the amount we travel, to reduce both our travel carbon emissions and operational costs.

Note: 2019 emissions data has been externally verified. External verification will be obtained for 2020 and 2021 emissions data.

Additional CNGP-specific emissions sources may be required in future year reporting.



**MBIE's Senior Leadership Team** Back row (left to right): Paul Stocks, Mel Porter, Greg Patchell, Stewart McRobie, Chris Bunny, Stephen Dunstan (acting). Front row (left to right): Oliver Valins, Carolyn Tremain, Suzanne Stew, Richard Griffiths, Megan Main, Robert Pigou.

## Leadership and governance

### Senior Leadership Team

MBIE's Senior Leadership Team has ownership and overall responsibility and accountability for MBIE's organisational strategy and achievement of MBIE's strategic outcomes and priorities. The Senior Leadership Team ensures we focus our efforts and resources in the right areas at the right time. They work to establish systems and processes so MBIE can perform effectively. They also champion our values and drive cultural change.

Our Senior Leadership Team includes the Secretary (Chief Executive), nine Deputy Secretaries, the Chief Financial Officer, and the Chief Advisor to the Secretary.

### Mana Whakaruruhau: MBIE's governance system

Strong governance allows MBIE to achieve its core outcomes through a framework of leadership, stewardship and decision making. It is how senior leaders ensure MBIE operates well, works collaboratively, and is held to account.

Mana Whakaruruhau is made up of a series of committees that provide the architecture through which we will deliver our organisational strategy, *Te Ara Amiorangi*, allowing us to solve real-time issues and consider future-focused options.

Ultimately, these committees create dedicated forums to:

- › determine what the Government and New Zealanders need from us and what we need to do to make that happen
- › provide kaitiakitanga (stewardship) of MBIE
- › oversee risk, performance and delivery.

### Managing risk

Managing risk is an integral part of our business. We operate in an increasingly uncertain environment that often requires flexibility to respond to new and complex demands, such as the COVID-19 pandemic and the transfer of MIQ. Risk management helps us clarify goals and objectives, identify what might stand in the way of their achievement, and take appropriate action to mitigate risks. It helps us identify opportunities to exceed expectations, including adopting new and innovative approaches to our work.

We are committed to embedding effective risk management into our culture, governance arrangements, business planning and decision-making processes. During the year, we refreshed our Risk Management Policy and Framework, which collectively expresses the way we manage risk at MBIE, and introduced a new Risk and Hazard Tool. This has increased the quality and consistency of our risk information and provided greater visibility of MBIE's enterprise risks.

A high-priority example of risk mitigation is our continuing cyber security work. This work includes a number of initiatives that continually review and refine our capability to identify and protect against cyber security threats, detect successful attacks and other unauthorised actions, and recover from them.

The Risk and Advisory Committee provides independent, objective advice on the framework and insights on our risks and how MBIE is responding to these. Managing risk is the responsibility of everyone at MBIE, and our people are supported to do this by the Enterprise Risk and Compliance team. Our Internal Assurance team provides independent assurance to our Secretary and the Risk and Advisory Committee that our risks are being managed effectively.

## MBIE OUTCOMES

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This section explains the work MBIE carried out in 2020/21 to contribute towards the achievement of five outcomes, which were re-confirmed in our recently published *Strategic Intentions 2021-2025*. These outcomes articulate our contribution to making Aotearoa New Zealand a better place.

Outcome indicators and our output performance measures are different ways of assessing and, therefore, cannot necessarily be looked at together. Our output performance measures assess whether we have achieved specific services or functions that collectively support the overall achievement of our outcomes. These services and functions tend to be under our direct influence and over a shorter time period.

Our outcome indicators represent movement towards our longer-term goals and are trend based. They need to be viewed over the long term (multi-year) and are not wholly within MBIE's control. However, they provide a view of whether we are moving in the right direction towards the outcomes. All outcome indicators are reported using the most up-to-date data available at the time of analysis. Some values reported for previous years will not match what has been reported in previous annual reports because, this year, some previous values have been revised.

## OUTCOME ONE: PROSPEROUS AND ADAPTABLE PEOPLE, SECTORS AND REGIONS



SPEND: \$2,135 million

To ensure prosperity now and into the future, our people, sectors and regions will need ongoing adaptation to changing national and global environments. This year has witnessed MBIE's work towards supporting our people and businesses across regions to adapt to uncertainties.

MBIE continued to unlock economic development opportunities, sustainable jobs and infrastructure in the regions to foster regional growth. For example, the Kānoa - Regional Economic Development and Investment Unit managed a new \$200 million fund to help communities realise their economic potential accelerating Māori economic aspirations and supporting sector transformation.

As part of our effort to build inclusive growth and resilience into both urban centres and rural areas, MBIE has contributed to the re-setting of tourism to be more sustainable and resilient. Our implementation of the \$200 million Tourism Communities: Support, Recovery and Reset Plan provides nationwide support for the tourism sector. We also administer the Creative and Cultural Events Incubator Fund, with a particular focus on Māori and Pasifika arts and culture, which is unique to this part of the world. In 2020/21, the Incubator encouraged Aotearoa New Zealand's creative and cultural events to apply for a funding boost to help them grow and recover from the impacts of COVID-19. Another example of building resilience is through providing support to communities, workers and workplaces affected by the once-in-250-year flooding event in Napier in November 2020 via the Temporary Accommodation Service.

We continued to work towards balancing the dual imperatives of immigration so that we bring in the skills Aotearoa New Zealand needs while protecting our national interests and the interests of those arriving into our country. This ongoing work will be informed by a regional perspective, through the Regional Skills Leadership Groups, to ensure that our immigration, welfare and education systems are working in a coordinated way, which contributes to regions' labour market aspirations. In July 2020, MBIE assumed responsibility for administering MIQ, which enables people who meet specific criteria to enter New Zealand while keeping COVID-19 at the border. In 2020/21, we worked with 15 councils and their communities across Aotearoa New Zealand in the Immigration New Zealand-led Welcoming Communities programme. This programme is crucial in building links in communities, promoting inclusion and diversity and facilitating knowledge sharing and best practice across regions.

## What we are working towards

PERFORMANCE MEASURE	INDICATOR	TREND <sup>1</sup>	COMMENTARY
<b>Increase household incomes</b>	Total real household median weekly income from all sources, by region	Current  Desired 	<p>Total real household median income (from all sources, based on 2012 prices) was \$1,655 per week in the year to June 2021. This is an increase of \$67 or 4.2% compared to 2020, after a fall in 2020 affected by COVID-19. Over the past four years real median incomes have grown on average 2.5% per year.</p> <p>Regions with the highest annual growth rates in total real household median income (from all sources, based on 2012 prices) were Gisborne (11.3%) and Northland (10.9%) in the year to June 2021. Tasman/Nelson/Marlborough/West Coast had the lowest growth rate (-4.9%) in the year to June 2021. These regional incomes were Gisborne \$1,632 in 2021, \$1,467 in 2020; Northland \$1,351 in 2021, \$1,218 in 2020; Tasman/Nelson/Marlborough/West Coast \$1,401 in 2021, \$1,473 in 2020.</p>
<b>Increase labour productivity</b>	Labour productivity growth	Current  Desired 	<p>Labour productivity growth was 0.6% in the year to March 2020, a change from 0.4% in the previous year. The five-year (2015–2020) compound annual growth rate was 0.7%, down from 0.9% in the previous period (2014–2019).</p>
<b>Decrease income inequality</b>	Percentile ratio (P80:20) of household income after housing costs for all households	Current N/A Desired 	<p>There is no update for this measure in 2020/21 as the report was not published online in 2020.</p> <p>In 2019/20 we reported that income for the top 20% of households was 3.05 times greater than that of the lowest 20% (after adjusting for housing costs) in 2018. The five-year average value of the ratio was 3.07. While this five-year average has fallen slightly in the last few years, it has been fairly stable since 2011.</p> <p>This ratio is a measure of household income inequality. P80:20 is the ratio of the incomes of the top 20% of households to the bottom 20% of households.</p>

<sup>1</sup> Throughout the tables in this section, the current trend is reported as 'steady' where there is a change in the numerical value but the change is not significant.

## OUTCOME TWO: PEOPLE ARE SKILLED AND ENGAGED IN SAFE AND FULFILLING WORK



SPEND: \$2,417 million

Jobs are continuing to change as the economy transforms. MBIE supports a responsive labour market where people make the best use of their skills and contribute towards Aotearoa New Zealand's success. MBIE also influences the market to make sure people and businesses have access to the skills they need.

To lift the capability and capacity of the construction workforce, our work ranged from managing the development of the Government's Construction Skills Strategy, brokering the Construction Sector Accord between the Government and industry, and strengthening occupational regulation of licensed building practitioners to collaborating with Site Safe and training provider Education Unlimited to use diversity approaches to deliver training that caters to individuals' different needs. In other industries, initiatives to boost skills are directed at specific groups, such as youth not in employment, education or training. Additionally, Kānoa – Regional Economic Development and Investment Unit, administers a number of skills and training initiatives. Regional Skills Leadership Groups, which provide a line of sight into our regional labour markets, have helped maximise the benefits of these skills and training initiatives by ensuring that regional workforce planning bodies are aware of these offerings.

In support of our strategic goals to foster skills for the future and grow our data culture and talent, MBIE welcomed 12 Analytics and Research in Government summer interns – the largest cohort in the public service.

Safe and fulfilling work opportunities pay fairly, provide satisfaction, and support physical and mental wellbeing. MBIE is responsible for ensuring the labour market functions well to provide people with this safe and fair working environment. Accidents at work and poor employment relations damage workers, businesses and society. This year has seen MBIE working hard to support the Government in many employment areas such as designing the Fair Pay Agreement (a set of specific minimum employment standards, covering topics such as wages, redundancy, and overtime), developing recommendations on a social unemployment insurance scheme to better support workers and communities facing job losses, passing of the *Holidays (Increasing Sick Leave) Amendment Bill*, and obtaining approval for raising minimum wage to \$20 per hour and changes to the *Equal Pay Act*, which established a practical and accessible process to raise and consider pay equity claims. MBIE also partnered with businesses, government and NGOs to work towards ending modern day slavery and worker exploitation in Aotearoa New Zealand.

In 2020/21, MBIE's advice on overseas skills for Aotearoa New Zealand extended to immigration policy changes to help fill labour shortages in the horticulture and viticulture industries while ensuring New Zealanders, who have lost jobs due to COVID-19, have the chance to find new employment. In addition, the *Immigration (COVID-19 Response) Amendment Act 2021* was passed in May 2021 thanks to the hard work of many MBIE staff. The Act extended temporary immigration powers originally granted for 12 months, which meant continued flexibility to support migrants, manage the border, and help industries facing labour shortages as a result of COVID-19.

## What we are working towards

PERFORMANCE MEASURE	INDICATOR	TREND	COMMENTARY
<b>Increase skilled workforce</b>	Qualification attainment rate: Percentage of 25-to-34-year-olds with New Zealand Qualifications Framework level 4 qualifications or above	Current  Desired 	The qualification attainment rate for young adults was 59.9% in the quarter to June 2021, 2.3 percentage points higher than in the quarter to June 2020. This increase continues an upward trend since 2015, apart from a decrease seen in the quarter to June 2020 due to COVID-19.
	Skilled occupation rate: Proportion of people employed in an occupation assessed as "skilled or higher" by the Australian and New Zealand Standard Classification of Occupations	Current  Desired 	The skilled occupation rate was 65.3% in the quarter to June 2021, 1 percentage point higher than in the quarter to June 2020.
<b>Increase skill matching of migrants</b>	Proportion of employed principal migrants whose occupations in New Zealand match their skills and New Zealand-ready qualifications	Current  Desired 	The proportion of employed principal skilled migrants whose occupations in New Zealand match their skills and New Zealand-ready qualifications was 87% in 2020, a change from 89% in 2019.
<b>Increase employment</b>	Total employment rate	Current  Desired 	The seasonally adjusted employment rate was 67.6% in the quarter to June 2021, similar to pre-COVID-19 levels and a small increase from 67% in the quarter to June 2020. With this increase, the employment rate is once again near the highest it has been in 20 years. <sup>2</sup>
<b>Reduce underutilisation</b>	Total underutilisation rate	Current  Desired 	The seasonally adjusted underutilisation rate was 10.5% in the quarter to June 2021, decreasing from 12.1% in the quarter to June 2020. While the underutilisation rate reduced for both men and women (down by 1.1% and 2.0% respectively), it still remains higher for women at 13.0% (compared with 8.3% for men). <sup>2</sup>
<b>Reduce unemployment</b>	Total unemployment rate	Current  Desired 	The seasonally adjusted unemployment rate was 4.0% in the quarter to June 2021, similar to 4.1% in the quarters to June in both 2020 and 2019. <sup>2</sup>
<b>Reduce proportion of people not in employment, education or training (NEET)</b>	NEET rate: Proportion of youth 15 to 24 years old not in employment, education or training	Current  Desired 	The seasonally adjusted NEET rate decreased to 12.3% in the quarter to June 2021, from a decade high of 13.2% in the quarter to June 2020 when it was influenced by COVID-19. In June 2019, it was 11.1%. <sup>2</sup>
<b>Increase pay equity</b>	Difference in median hourly earnings for men and women	Current  Desired 	The gender pay gap (measured by the percentage difference between men's and women's median hourly earnings) was 9.1% in the year to June 2021. The gender pay gap has remained flat over the last five years. <sup>2</sup>
<b>Reduce fatal and serious work-related injury</b>	Fatal injury rate (age standardised rate per 100,000 FTE workers)	Current  Desired 	The three-year average fatal injury rate (age standardised rate per 100,000 FTE workers) was 2.3 for the period 2017–2019 (provisional figures), higher than it was in the previous three-year period (2014–2016), when it was 2.0. <sup>3</sup>
	Serious non-fatal injury rate (age standardised rate per 100,000 FTE workers)	Current  Desired 	The serious non-fatal injury rate (age standardised rate per 100,000 FTE workers) was 18.3 (provisional figures) in 2019, increasing from a low of 14.2 in 2016. <sup>3</sup>

<sup>2</sup> Sub-population level labour market indicators are only reported here where data is currently available at a suitable level of quality, and where there is a statistically significant difference in the result between the sub-populations.

<sup>3</sup> The latest available data for this indicator is 'provisional'. Statistics New Zealand notes that 'Confirmed data on fatal injuries is only available up to 2017, to allow for the coroner's verification process for cause of death. However, provisional serious non-fatal data is available to 2019.

## OUTCOME THREE: INFORMED CONSUMERS AND BUSINESSES INTERACTING WITH CONFIDENCE



SPEND: \$593 million

MBIE progressed a number of work programmes in 2020/21 to ensure protections were in place to increase both consumers’ and producers’ confidence in economic participation. This is essential to economic growth and delivering broader social outcomes. We are proud of many improvements to services delivered to businesses. For the first time since May 2021, Māori businesses can identify themselves as a Māori business on the NZBN register, which enabled them to connect and interact more easily and with more accuracy. CERT NZ supported businesses to get more cyber savvy and increase cyber security for their organisation. CERT NZ also published details of an active phishing campaign impersonating Inland Revenue to the threat feed. We also successfully rolled out the replacement for the Financial Service Provider Register in March 2021, which required complex legislative and technical handling. The replacement reflected new legislation that fundamentally changes the way financial advice is regulated and delivered in Aotearoa New Zealand.

A focus of our consumer protection work programme has been to increase awareness of consumer rights; the result of which was that 94 per cent of surveyed New Zealanders indicated they are aware there are laws in place to protect their consumer rights. As part of the *Commerce (Criminalisation of Cartels) Amendment Act 2019* coming into effect from 2021, our work aims to deter and detect serious cartel behaviour including, preventing two or more businesses colluding to activities such as price fixing, allocating markets or rigging bids at the costs of consumers.

We worked closely with many businesses, especially small-to-medium sized businesses, to ensure the challenges they face are considered in the development of regulation and to deliver the tools and services they need to thrive. This resulted in one of our websites [www.business.govt.nz](http://www.business.govt.nz) being rated global frontrunner in creating a more supportive playing field for businesses. We also published the Responsible Lending Code to reflect changes to consumer credit legislation and provide greater clarity and flexibility in relation to borrowers facing significant uncertainty brought on by COVID-19.

Following the passing of the *Building Amendment Bill* (the first in a series reforms to the Building Act) in June 2021, we will continue to work on regulations to lift the efficiency and quality of building work and provide fairer outcomes if things go wrong. This was just an example of our programme of work to improve the quality and safety of buildings by ensuring a well-functioning building and construction market that delivers safe, healthy, affordable and fit-for-purpose residential and commercial buildings for people across Aotearoa New Zealand.

### What we are working towards

PERFORMANCE MEASURE	INDICATOR	TREND	COMMENTARY
<b>Increase consumer awareness</b>	Percentage of adult consumers who know at least a moderate amount about their rights as a consumer	Current  Desired 	The percentage of adult consumers who felt that they knew at least a moderate amount about their rights as consumers was 45% in 2020 compared to 46% in 2018.
<b>Increase consumer confidence in business</b>	Percentage of adult consumers who agree that in New Zealand you can generally buy products and services and feel confident that businesses will do the right thing and not try to mislead or cheat you	Current  Desired 	The percentage of consumers who agreed that in Aotearoa New Zealand you can generally buy products and services and feel confident that businesses will do the right thing and not try to mislead or cheat you was 74% in 2020, the same as it was in 2018.

PERFORMANCE MEASURE	INDICATOR	TREND	COMMENTARY
<b>Improve access to dispute resolution services</b>	Percentage of consumers who agree there is adequate access to services that help to resolve disputes between consumers and business	Current  Desired 	48% of consumers in 2020 agreed that there was adequate access to services that help resolve disputes between consumers and businesses. This is an increase from 2018 (44%).
<b>Increase tenancy mediation satisfaction</b>	Percentage of clients satisfied based on their last interaction with the tenancy mediation services	Current  Desired 	The percentage of clients satisfied with the overall quality of tenancy mediation services was 69% in the year to June 2021, a decrease from 71% in 2020.  The ongoing impacts of COVID-19 and, in particular, the Auckland lockdowns may have impacted this result and influenced customers' perception of the overall experience of the dispute resolution system.
<b>Increase employment mediation customer satisfaction</b>	Percentage of clients satisfied based on their last interaction with the employment mediation services	Current  Desired 	The percentage of clients satisfied with the overall quality of employment mediation services was 76% in the quarter to March 2021. This result is very similar to March 2019 (75%) and an improvement from March 2020 when it was 70%. Because of the COVID-19 response, the March 2020 data collection was delayed, so the results are not directly comparable to other quarters.
<b>Improve the business experience when dealing with government</b>	Customer Experience Index (CXI): The Better for Business CXI measures the quantity and quality of overall customer experiences for businesses when dealing with government or complying with government requirements. It ranges from 1 (least positive) to 100 (most positive).	Current  Desired 	The all-of-government CXI score was 57 in June 2021, an increase from 55 in June 2019 and the same as in June 2018. <sup>4</sup>
<b>Improve the experience for applicants applying for visas</b>	Percentage of visa applicants satisfied with their overall experience of applying for a visa	Current  Desired 	The percentage of visa applicants satisfied with their overall experience of applying for an Immigration New Zealand visa was 76% in the year to June 2021. This is a decrease compared to June 2020, when the result was 78%. Overall satisfaction with the application experience continued to decline as the border remained closed and there were restrictions on entry.  In 2021, a total of 14,060 respondents completed the survey – a response rate of 39%. The result has a margin of error of ±0.71%. The survey was conducted by GravitasOPG (formerly Gravitas Research & Strategy).  In 2020, a total of 9,317 respondents completed the survey – a response rate of 35%. The result has a margin of error of ±1.0%. SurveyMonkey was used to collect results.
<b>Reduce burden of government regulations on institutions</b>	The burden of government regulation index measures how burdensome it is for companies to comply with public administration requirements (1 = extremely burdensome, 7 = not burdensome at all).	Current N/A Desired 	There is no update for this measure in 2020/21 as the report was not published online in 2020 by the World Economic Forum.  In 2019/20 we reported that Aotearoa New Zealand's value on this scale was 4.1 in 2019 (9th in the OECD), slightly lower than its value of 4.4 in 2018 (6th in the OECD).

4 No data was collected in 2020 because of COVID-19 impacts.

## OUTCOME FOUR: VALUE SUSTAINABLY DERIVED FROM THE NATURAL ENVIRONMENT



SPEND: \$448 million

Aotearoa New Zealand's natural environment is important to our sense of identity and has great cultural and recreational significance. It also supports crucial economic activity.

MBIE plays a lead role in developing the settings to support the transition to a low-carbon economy while maintaining secure and affordable energy for New Zealanders. We are at the forefront of policy work on new measures that will require the financial sector to disclose the impacts of climate change on their businesses. The *Financial Sector (Climate-related Disclosure and Other Matters) Amendment Bill* was introduced to Parliament in April 2021 and, once passed, will require publicly listed companies and large insurers, banks, non-bank deposit takers and investment managers to disclose information about the impacts that climate change will have on their businesses. As the Government's functional lead on procurement, MBIE is actively working with many agencies to leverage government as a unique opportunity to achieve broader cultural, economic, environmental and social outcomes for Aotearoa New Zealand.

Our work towards a low-carbon economy includes our advice on wider ecology matters and assisting businesses in dealing with climate change. An example of our advice relates to the review of the *Plant Variety Rights Act 1987*, which provides intellectual property rights to plant breeders over new varieties they have developed (e.g. disease resistant crops and new variety of fruit). A focus of our collaborative work was the significance of protecting kaitiaki interests in indigenous plants consistent with Te Tiriti o Waitangi/the Treaty of Waitangi along with meeting international trade obligations under the Comprehensive and Progressive Agreement on Trans-Pacific partnership. To make climate action easy for small businesses, especially in reducing their carbon emissions, we collaborated with others in the public and private sector to develop the Climate Action Toolbox.

We are responsible for seeing that businesses and residents have access to secure, affordable and environmentally responsible energy. An example of our reach is our proposed changes to make Kiwi homes more energy efficient as part of the consultation on the Building Code and selected documents. The annual consultation aims to ensure the Building Code and its documents are up to date and keep pace with modern construction methods. It also provides an opportunity for the public and the building and construction sector to have their say on the proposed changes. The 2021 proposed changes aim to make homes and buildings warmer, drier and healthier, with less impact on our environment, while also bringing New Zealand more in line with international standards.

## What we are working towards

PERFORMANCE MEASURE	INDICATOR	TREND	COMMENTARY
<b>Reduce net greenhouse gas emissions (using levers that MBIE has available)</b>	Net greenhouse gas emissions	Current  Desired 	Aotearoa New Zealand's net greenhouse gas emissions (including those from the land use, land-use change and forestry sector) was 54,893 kilotons (kt) carbon dioxide equivalent (CO <sub>2</sub> -e) in 2019. While this is a small increase since 2018 (53,822 kt), the five-year average of 54,036 kt is the same as it was in 2018.
<b>Increase sustainability of New Zealand's energy system</b>	Percentage of total primary energy supply (TPES) coming from renewables	Current  Desired 	The percentage of TPES from renewable energy sources (including hydro, wind, geothermal, solar, woody biomass, biogas and liquid biofuels) was 40% in 2020, similar to 39% in 2019. This value has been relatively steady in recent years, fluctuating around 39% from 2013 onwards.
<b>Increase efficiency of New Zealand's energy system</b>	Energy intensity (based on mega joules per dollar of gross domestic product (GDP) in real 2009/10 prices)	Current  Desired 	Energy intensity was 2.24 mega joules used per dollar of GDP (in real 2009/10 prices) in the year to March 2020, continuing a long downward trend.

# OUTCOME FIVE: A DYNAMIC BUSINESS ENVIRONMENT FOSTERING INNOVATION AND INTERNATIONAL CONNECTIONS



SPEND: \$2,349 million

To achieve a sustained lift in economic performance and participation, we need a business environment that is dynamic, where businesses are able to respond to new opportunities and where resources are allocated to the most productive use. We also need to innovate sustainably and adopt new economic thinking at pace.

Success of our innovative companies are key to creating new knowledge, new or improved processes, services and goods, and skilled jobs for more New Zealanders. MBIE worked with Inland Revenue and Callaghan Innovation to ensure that businesses have access to support for research and development activities through the Research and Development Tax Incentive.

Many of our efforts to foster innovation continued in 2020/21 in the form of overseeing and/or administration of research of research funds. These included the MBIE Science Whitinga Fellowship (\$10 million) to support early career researchers impacted by COVID-19 and the Endeavour Fund (\$187 million) to support research in applying leading-edge technology to realise and create long-term positive impacts for New Zealanders in an ever-changing world.

In 2020/21, the business environment has become even more complex with the implications of COVID-19 and interruptions brought on by closed and restricted borders. MBIE worked collaboratively with other agencies to offset these impacts; importantly, through our management of the MIQ system and, additionally, through other initiatives to help businesses respond to the impacts of COVID-19. An example is our management of temporary COVID-19 relief measures such as the business debt hibernation and ‘safe harbour’ for company directors from their insolvency-related duties under the *Companies Act 1993*. We also worked with the Ministry of Health to use technology to improve the system and process for registering business travel documentation and allow businesses to request and receive travel documents for workers who need to cross an alert level boundary. While the system was designed to give authority to workers within minutes, exceptions managed by all contributing agencies were processed in the back end of the Business Connect portal as a demonstration of a true cross-agency solution to a problem facing New Zealanders.

As part of MBIE’s work to develop a long-term industry strategy, a steering group for the Advanced Manufacturing Industry Transformation Plan was established and convened in June 2021. The steering group is co-chaired by business, government and union representatives. This was part of our plan to make it easier for businesses to work with Government to deliver a dynamic, diversified, high-tech, low-carbon and resilient economy as part of the productive, sustainable and inclusive framework.

## What we are working towards

PERFORMANCE MEASURE	INDICATOR	TREND	COMMENTARY
Increase the proportion of businesses exporting	Percentage of firms exporting	Current  Desired 	The percentage of firms exporting was 23.8% in the year to August 2020, decreasing from 25.6% in the year to August 2019, while remaining within a similar range to that of the last nine years.

PERFORMANCE MEASURE	INDICATOR	TREND	COMMENTARY
<b>Increase in firms collaborating internationally for innovation</b>	Percentage of firms collaborating internationally for innovation	Current N/A Desired 	There is no data update in 2021 for this indicator because the survey module is run every two years.  In 2019/20 we reported that the percentage of firms collaborating internationally for innovation in 2019 was 4.3%, very similar to the result of 4.2% in 2017 and a small decrease from the decade high of 4.7% in 2015. The 2019 result is close to the 10-year average (2009–2019) of 4.2%.
<b>Increase in firms reporting innovative activity</b>	Firm innovation rate	Current  Desired 	The number of businesses reporting innovative activity (ie, developed or introduced new goods/services, processes, organisational or manager processes, or marketing methods) remained steady at 40% in 2020. <sup>5</sup>
<b>Increase business research and development expenditure</b>	Business expenditure on research and development as a percentage of GDP	Current  Desired 	Business expenditure on research and development as a percentage of GDP was 0.84% in 2020, increasing from 0.78% in 2019. This value has been increasing steadily since 2014.
<b>Increase access to ultra-fast broadband</b>	Percentage of households and businesses able to connect to ultra-fast broadband in New Zealand	Current  Desired 	The percentage of households and businesses able to connect to ultra-fast broadband in Aotearoa New Zealand was 85% in the quarter to June 2021, up from 83% in the quarter to June 2020. This value has been increasing steadily since 2018.
<b>Increase business dynamism</b>	Average five-year growth in employment in new businesses	Current  Desired 	The average five-year employment growth rate for the period 2014–2019 was 27.3%, slightly lower than the growth rate for 2013–2018, which was 28.7%.
<b>Increase capital intensity</b>	Net capital stock per capita	Current  Desired 	Net capital stock per capita was \$143,350 in the year to March 2020, up 0.6% on the previous year, which is consistent with a five-year compound annual growth rate of 1.0% over the 2015–2020 period.  This measure is an indicator of New Zealanders' wealth.
<b>Increase productive capital investment</b>	Proportion of net capital stock that is not residential	Current  Desired 	The proportion of net capital stock that is not residential buildings remained at the high level of 56.8% in the year to March 2020, the same as it was the year before (56.7%). This measure is an indicator of productive capital investment.
<b>Increase early stage capital investment</b>	Capital investment in early stage companies <sup>6</sup>	Current  Desired 	The capital investment in early stage companies was \$157.6 million in 2020, an increase of 22% from \$128.7 million in 2019. This is the third year of \$100m+ of investment in startups.
<b>Improve quality of foreign direct investment (FDI)</b>	Potential direct economic impact (pDEI) multiplier: ratio of pDEI to foreign direct investment (FDI), which is a proxy of economic impact to dollar of FDI attracted (FDI quality). It is used by NZTE to estimate the potential benefits to Aotearoa New Zealand from the investment deals that it facilitates	Current  Desired 	The pDEI multiplier was 2.6 in the year to June 2021. This is a 26% decrease compared to the ratio value of 3.5 in 2020.  The decrease is explained by some deals or investments not progressing due to a lack of access from border restrictions and some investors prioritising spending closer to home (particularly the case for some greenfield activity).
<b>Maintain position in the World Bank Ease of Doing Business Survey</b>	Ease of doing business ranking	Current N/A Desired 	There is no update for this measure in 2020/21 as the report was not published online by the World Bank in 2020. In 2019/20 we reported that Aotearoa New Zealand ranked top in the World Bank Ease of Doing Business Survey in 2020 for the fourth consecutive year.  The Ease of Doing Business Survey assesses the regulations of 190 different nations for the ease with which business is done.

<sup>5</sup> The data used to measure this indicator is different this year from the data used in previous years. The comparison this year is within the same dataset.

<sup>6</sup> The methodology for this indicator has been refined since the MBIE *Statement of Intent 2018–2022*. The refined version directly uses the start-up investment estimated by PwC's *Startup Investment* magazine as the proxy for capital investment in early stage companies.



## **OUR PERFORMANCE**

### OUTPUT MEASURES AND STATEMENT OF BUDGETED AND ACTUAL EXPENSES AND CAPITAL EXPENDITURE INCURRED

This section of the report includes information on the performance for services delivered through the year that contributed to the achievement of our outcomes.

Performance information replicates wording as set out in the 2020/21 Main Estimates and Supplementary Estimates across Votes Building and Construction; Business, Science and Innovation; and Labour Market.

# OUTCOME ONE: PROSPEROUS AND ADAPTABLE PEOPLE, SECTORS AND REGIONS



Achieved 41 out of 53 output performance targets

VOTE BUILDING AND CONSTRUCTION		2020/21		2019/20
Appropriation	Performance measures	Target	Actual	Actual
<b>Isolation and Quarantine Management MCA</b> This appropriation is intended to achieve entry of people into New Zealand, while minimising the risk of community transmission of imported cases of COVID-19.	Ratio of transmissions of COVID-19 to the community from MIQ facilities per 10,000 returnees <sup>7,8</sup>	<1 case of transmission per 10,000 returnees	0.88 cases per 10,000 returnees	New measure for 2020/21
<b>Operational Support</b> This category is intended to achieve operational leadership and departmental support necessary for the efficient, effective and safe delivery of MIQ services.	Debt recovery: Percentage of debt recovered against invoices raised	60%	87% <sup>9</sup>	New measure for 2020/21
<b>Delivery of Services</b> This category is intended to achieve accommodation and necessary related services, including pastoral care, for people entering New Zealand for the duration of their mandatory isolation and/or quarantine.	Breaches of safety protocols: ratio of breaches per 10,000 returnees <sup>8</sup>	<100 breaches per 10,000 returnees	0.96 breaches per 10,000 returnees <sup>10</sup>	New measure for 2020/21
<b>Temporary Accommodation Services MCA</b> This appropriation is intended to achieve coordination and provision of temporary accommodation to people displaced by a civil emergency.	Percentage of users of the service who are satisfied or very satisfied	At least 75%	93% <sup>11</sup>	93%
<b>Readiness, Response and Recovery</b> This category is intended to achieve fulfilment of MBIE's fundamental temporary accommodation responsibilities and roles.	Percentage of users of the service who are satisfied or very satisfied	At least 75%	93% <sup>11</sup>	93%

- 7 This measures the number of cases of transmission to the community against the backdrop of the total number of people who come into New Zealand through MIQ facilities. The measure of transmission includes only cases in which a guest or staff member leaves an MIQ facility and is positive for COVID-19, having become infected prior to reaching New Zealand or while staying or working in an MIQ facility. It does not include subsequent infections in the community.
- 8 Returnees are defined as people who have been through MIQ facilities during the reporting period (excluding air crew, mariners arriving on vessels, and members of the community). Data from Immigration New Zealand's Application Management System was used from July to November 2020 and daily returnee numbers from Regional Isolation and Quarantine Command Centres were used from November 2020 to May 2021. From May 2021 onwards, the Ministry of Health's National Border Solution was used to derive returnee numbers. Given these multiple data sources, the definition of what is included as a returnee does vary. The National Border Solution will be the basis for ongoing reporting for returnee numbers.
- 9 The performance measure shows receipts as a percentage of invoices due (i.e. it excludes invoices that have been raised but are not due for payment). This ensures we match the recovery to the invoices that are due to be recovered. When the target was first set, it was thought that invoices not due for payment may be included. For comparison, when these invoices are included, the result is 58%.
- 10 This is a new measure for 2020/21 designed to show the effectiveness of the design and operation of safety protocols. We have defined breaches as "absconders" for the purposes of this measurement as this increases the risk of a transmission of COVID-19 into the community. An absconder is defined as someone who has left the perimeter of an MIQ facility unauthorised. When the target was set, it was developed on the basis it would include other reported incidents such as alcohol and other drugs; aggressive behaviour/harassment; or bubble breaches within facilities. For comparison, when these 481 incidents are included, the result is in the order of 40 breaches per 10,000 returnees. The target will be updated in the 2021/22 Vote Building and Construction Supplementary Estimates.
- 11 The result is due to the successful performance of the Temporary Accommodation Service during the COVID-19 and Napier flooding responses. Customers surveyed included those placed with the Temporary Accommodation Service and those who just registered but weren't placed, covering all customer service interactions. A total of 142 respondents completed the survey (125 from the COVID-19 response and 17 from the Napier flooding response) reflecting a response rate of 15.8%. The result has a margin of error of ±8%. Survey Monkey was used to collect results.

VOTE BUSINESS, SCIENCE AND INNOVATION		2020/21		2019/20
Appropriation	Performance measures	Target	Actual	Actual
<b>Economic and Regional Development: Tourism Investment</b> This appropriation is intended to achieve the effective management, administration and reporting on the Strategic Tourism Assets Protection Programme.	Percentage of contracts monitored against their milestones and reporting requirements	100%	100%	New measure for 2020/21
	All approved payments are paid within 10 working days	100%	100%	New measure for 2020/21
<b>Tourism: Tourism Fund Management</b> This appropriation is intended to achieve efficient and effective management of the investments under Tourism portfolio.	Percentage of contracts that have been monitored and performance assessed within agreed timeframes	100%	100%	New measure for 2020/21
	All funds are managed in accordance with processes agreed by Cabinet	Achieved	Achieved	Achieved
<b>Policy Advice and Related Outputs MCA (Business, Science and Innovation)</b> This appropriation is intended to achieve effective policy advice and support to Ministers.	Average satisfaction of Ministers annually	Average score of 4 out of 5 or better	4.4	4.7
<i>Policy Advice and Related Services to Ministers – Tourism</i> This category is intended to achieve the provision of high quality policy advice and support to Ministers and ensure Crown entities are appropriately monitored.	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	67% <sup>12</sup>	Not reported
	The satisfaction of the Minister of Tourism with the policy advice service, as per the common satisfaction survey	Average score of 4 out of 5 or better	4.0	Not reported
	Ministers receive advice on entities' accountability documents within statutory timeframes	100%	100%	100%
	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	85% <sup>13</sup>	86%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	97%	86%
	Parliamentary questions	95% or above	98%	97%

<sup>12</sup> Forty-three policy papers produced, seven of these were reviewed using an appropriately robust process based on the randomness of the review sample, methodology of the review, and expertise of the reviewers. In order to ensure the sample size of papers reviewed provides at least a 15% margin of error, confidence level of 90%, and standard deviation of 0.5, MBIE uses Cochran's Sample Size formula. The Ministry is continuing to provide ongoing professional development to staff to improve the technical quality of policy papers.

<sup>13</sup> Thirty-seven out of 246 responses were sent late. The impact of COVID-19 in the 2019/20 financial year, with limitations such as restricted online access and the prioritisation of direct operational and policy work for the COVID-19 response, led to a substantial increase in Ministerial workload being carried over into the 2020/21 financial year. These volumes being carried across, alongside increased received volumes in the 2020/21 financial year, led to items being sent late and the target being missed.

VOTE BUSINESS, SCIENCE AND INNOVATION		2020/21		2019/20
Appropriation	Performance measures	Target	Actual	Actual
<b>Regional Economic Development: Provincial Growth Fund MCA</b> This appropriation is intended to achieve a lift in the productivity potential of the regions through the delivery of regional, sectoral and infrastructure initiatives.	Percentage of contracts monitored against their milestones and reporting requirements	100%	100%	100%
	Percentage of applications that are assessed against all relevant criteria	100%	100%	100%
	Number of reports to the Cabinet Economic Development Committee on progressions with the fund per year	3	2 <sup>14</sup>	1
	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95%	75% <sup>15</sup>	77%
	Ministerial <i>Official Information Act 1982</i> requests	95%	83% <sup>16</sup>	78%
	Parliamentary questions	95%	91% <sup>17</sup>	99%
	2020 Evaluation of the Provincial Growth Fund completed	Achieved	Achieved	New measure for 2020/21
<b>Operational Support of Regional and Sector Investments</b> This category is intended to achieve the support regional economic development through regional sectoral and infrastructure initiatives.	Percentage of contracts monitored against their milestones and reporting requirements	100%	100%	100%
	Percentage of applications that are assessed against all relevant criteria	100%	100%	100%
	All approved payments are paid within 10 working days	100%	100%	New measure for 2020/21
	All Expressions of Interest and Applications to the Provincial Growth Fund have an initial assessment within 30 working days	100%	100%	New measure for 2020/21
<b>Provincial Growth Fund Investment Management</b> This category is intended to achieve the establishment, administration and management of Provincial Growth Fund investments by Provincial Growth Fund Limited.	The satisfaction of the Provincial Growth Fund Limited Directors with agreed service levels and timeframes, on a scale of 1 to 5	Average score of 3 out of 5 or better <sup>18</sup>	4.7	4.7
<b>Provincial Growth Fund Investment Management – Crown Regional Holdings Limited</b> This category is intended to achieve the effective delivery and management of Provincial Growth Fund investments by entities, including Crown Regional Holdings Limited (CRHL) and the Provincial Growth Fund (PGFL) and their subsidiaries.	The satisfaction of the Crown Regional Holdings Limited and Provincial Growth Fund Limited Directors with agreed service levels and timeframes, on a scale of 1 to 5	Average score of 3 out of 5 or better <sup>18</sup>	4.7	New measure for 2020/21
<b>Provincial Growth Fund Limited Operating</b> This category is intended to achieve the Crown contribution to the operational costs of the Provincial Growth Fund Limited and all associated activities including subsidiaries.	The satisfaction of the Provincial Growth Fund Limited Directors with agreed service levels and timeframes, on a scale of 1 to 5	Average score of 3 out of 5 or better <sup>18</sup>	4.7	New measure for 2020/21

14 One report was not provided due to post-COVID-19 reprioritisation activities. Post-election, resources were diverted to work on the establishment of the new Regional Strategic Partnership Fund.

15 Fifty out of 198 responses were sent late. Delays were due to staffing capacity and internal administrative delays.

16 Two out of 12 responses were sent late. Delays were due to time required for external consultations.

17 Thirty out of 346 responses were sent late. Delays due to staffing capacity and internal administrative delays.

18 The survey uses a five-point scale from 'very dissatisfied' (1) to 'very satisfied' (5).

VOTE BUSINESS, SCIENCE AND INNOVATION		2020/21		2019/20
Appropriation	Performance measures	Target	Actual	Actual
<b>Supporting Regional and Sector Initiatives</b> This category is intended to achieve the support of regional economic development by providing operational funding to regional, sectoral and infrastructure initiatives that lift regional productivity potential.	Percentage of contracts monitored against their milestones and reporting requirements	100%	100%	100%
	Percentage of applications that are assessed against all relevant criteria	100%	100%	100%
<b>Crown Regional Holdings Limited Capital Investment</b> This category is intended to achieve the Crown's investment in entities, including Crown Regional Holdings Ltd (CRHL) and the Provincial Growth Fund Limited (PGFL) and their subsidiaries.	The satisfaction of the Crown Regional Holdings Limited and Provincial Growth Fund Limited Directors with agreed service levels and timeframes, on a scale of 1 to 5	Average score of 3 out of 5 or better <sup>19</sup>	4.7	New measure for 2020/21
<b>Provincial Growth Fund Limited Capital Investment</b> This category is intended to achieve the Crown's investment in Provincial Growth Fund Limited.	The satisfaction of the Provincial Growth Fund Limited Directors with agreed service levels and timeframes, on a scale of 1 to 5	Average score of 3 out of 5 or better <sup>19</sup>	4.7	4.7
<b>Sector Analysis and Facilitation MCA</b> This appropriation is intended to achieve the generation of more trust and confidence in markets, allow business to assess and develop markets with ease, and increase international trade and investment.	Increased access and use of data	Achieved	Not Achieved <sup>20</sup>	Achieved
<b>Sectoral and Regional Data and Analysis – Economic Development</b> This category is intended to achieve the generation of more trust and confidence in markets, allow business to assess and develop markets with ease, and increase international trade and investment.	Number of page views and screen views of regional and sector data pages, web-apps and mobile-apps	400,000–450,000	296,963 <sup>20</sup>	467,904
<b>Tourism Data and Analysis – Tourism</b> This category is intended to achieve knowledge and understanding that enables businesses to assess and develop markets with ease and increases international trade and investment.	Meet Statistics New Zealand's Official Statistics Standards and Protocols for all core Tourism datasets published by the Ministry of Business, Innovation and Employment	Achieved	Achieved	Achieved
	Deliver on agreed tourism data improvement programme	Achieved	Achieved	Achieved

<sup>19</sup> The survey uses a five-point scale from 'very dissatisfied' (1) to 'very satisfied' (5)

<sup>20</sup> This was not achieved due to the impact of COVID-19. The non-collection of tourism statistics as a result of border closures and changes to the tourism website caused disruptions to the data in this measure. Access and use of tourism data should be improved in the next financial year from the launch of the new Tourism Evidence Insights Centre website. COVID-19 also highlighted the need for the publication of more timely data than that used in MBIE's standard regional data tools. This need inspired new data publications, which are currently not included in the definition of this output measure.

VOTE BUSINESS, SCIENCE AND INNOVATION		2020/21		2019/20
Appropriation	Performance measures	Target	Actual	Actual
<b>Tourism Facilities MCA</b> This appropriation is intended to achieve reliable, sustainable and high quality tourism facilities and infrastructure that attract tourists to a region or New Zealand.	Tourism facilities and infrastructure is improved or maintained	Achieved	Achieved <sup>21</sup>	New measure for 2020/21
<b>Ngā Haerenga, The New Zealand Cycle Trail Fund</b> This category is intended to achieve the success and long-term sustainability of the Ngā Haerenga, the New Zealand Cycle Trail Network.	Develop and implement a trail audit process system	Achieved	Achieved <sup>22</sup>	New measure for 2020/21
	Trails audit completed by 30 June 2022	Achieved	On track <sup>23</sup>	New measure for 2020/21
	All 22 trails collect a minimum of 200 user satisfaction surveys each per annum	Achieved	Not achieved <sup>24</sup>	New measure for 2020/21
	Trail counters show continued increase in the number of users using the Great Ride network	Achieved	Baseline determined <sup>25</sup>	New measure for 2020/21
<b>Tourism Facilities Development Grants</b> This category is intended to achieve an improvement in the quality and reliability of tourism facilities and services.	Tourism facilities and infrastructure is improved or maintained	Achieved	Achieved <sup>21</sup>	Achieved
<b>Economic and Regional Development: Operational support for Grants and Crown Investments</b> This appropriation is intended to achieve the effective management, administration and reporting on infrastructure grants and Crown investments.	Percentage of contracts monitored against their milestones and reporting requirements	100%	100%	New measure for 2020/21
	All approved payments are paid within 10 working days	100%	100%	New measure for 2020/21
	The number of monthly reports to Crown Infrastructure Partners on Provincial Development Unit-managed infrastructure projects	3	11 <sup>26</sup>	New measure for 2020/21

21 Continued investment through funding rounds has seen the installation of new infrastructure around the country. While some funding rounds were postponed during COVID-19, there were 28 new contracts through the New Zealand Cycle Trails fund enhancing and improving New Zealand's great rides network; and 45 new freedom camping related initiatives, which provided temporary additional support (e.g. portaloos, camping wardens, extra cleaners/cleaners doing more hours, signage) for the peak summer season when the number of campers overloads the current facilities that are normally sufficient during non-peak season.

22 A pilot programme on two trails is complete and ready to be rolled out across the network of Great Rides.

23 On track for the 2022 deadline. Once the framework is confirmed, this will require 20 trail audits in 2021/22.

24 Sixteen trails achieved the target; however, six trails failed to collect a minimum of 200 user surveys. The average number of returned surveys across the 22 trails was 273.

25 Unaudited information from trail counters indicates trail usage was down by 3% compared to 2019/20, possibly reflecting reduced tourism numbers overall in 2020/21.

26 Monthly reports have been provided to Crown Infrastructure Partners Limited on Kānoa – Regional Economic Development and Investment Unit managed infrastructure projects at the end of every month since the inaugural report in September 2020.

VOTE LABOUR MARKET		2020/21		2019/20
Appropriation	Performance measures	Target	Actual	Actual
<b>Employment – Administration of the He Poutama Rangatahi Programme</b> This appropriation is intended to achieve the effective delivery of the He Poutama Rangatahi programme, and appropriate monitoring and evaluation.	All approved payments are paid within 10 working days	Achieved	Achieved	New measure for 2020/21
	Percentage of contracts monitored against their milestones and reporting requirements	100%	100%	New measure for 2020/21
	Percentage of Expressions of Interest and Applications to the He Poutama Rangatahi Fund have an initial assessment within 30 working days	100%	100%	New measure for 2020/21
	Percentage of reports to the Education, Employment and Training Ministers Group delivered within agreed timeframes	100%	100%	New measure for 2020/21
<b>Employment – Regional Skills Leadership Groups</b> This appropriation is intended to achieve the establishment of Regional Skills Leadership Groups to improve skills and workforce planning in regional labour markets to improve regional skill levels, local workforce utilisation and overall labour market outcomes.	Each region publishes at least one report within the year that sets out on-the-ground labour market information that is not currently collected systematically by central government	80% of regions publish a report	100% <sup>27</sup>	New measure for 2020/21
	Members of Regional Skills Leadership Groups are appointed	Decisions on appointments are made by 30 June 2021	Not Achieved <sup>28</sup>	New measure for 2020/21

27 All 14 established interim Regional Skills Leadership Groups published at least one Local Insights Report with on-the-ground labour market information.

28 The appointment timeframe of full Regional Skills Leadership Group members was extended by the Minister for Social Development and Employment until 31 August 2021. While the appointment of co-chairs requires Cabinet agreement, the appointment of the members is delegated to the Chief Executive of MBIE. The Chief Executive of MBIE approved the membership (including chairs) of the 14 interim groups whose terms expired on 31 August 2021. All 30 permanent Regional Skills Leadership Group co-chairs were appointed by early August 2021 and have supported the appointment of the wider membership.

## How much we spent

Actual 2019/20 \$000	Our expenditure summary	Actual 2020/21 \$000	Supplementary Estimates 2020/21 \$000	Main Estimates 2020/21 \$000
50,813	Departmental expenses	194,927	243,942	51,024
419,260	Non-departmental expenses	1,316,052	1,717,027	290,050
	– Departmental capital	–	–	–
234,092	Non-departmental capital	624,410	898,358	138,985
704,165	<b>Total expenditure for outcome</b>	<b>2,135,389</b>	<b>2,859,327</b>	<b>480,059</b>

## Our services and functions – Departmental

Actual 2019/20 \$000	Appropriation name	Location of year-end performance information	Actual 2020/21 \$000	Supplementary Estimates 2020/21 \$000	Main Estimates 2020/21 \$000
	<b>Departmental outputs</b>				
	Economic and Regional Development: Operational support for Grants and Crown investments – MYA		2,774	2,800	–
	– Economic and Regional Development: Tourism Investment		1,579	1,600	–
305	Tourism: Tourism Fund Management		712	824	793
	Employment – Administration of the He Poutama Rangatahi Programme		1,268	1,500	–
	– Employment – Regional Skills Leadership Groups		10,393	11,500	–
<b>305</b>	<b>Total departmental output expenditure</b>		<b>16,726</b>	<b>18,224</b>	<b>793</b>
	<b>Multi-category expenses and capital expenditure</b>				
	<b>– Isolation and Quarantine Management MCA</b>		<b>781,094</b>	<b>789,674</b>	<b>–</b>
	<i>Departmental output expenses</i>				
	– › Operational Support		125,076	169,152	–
	<i>Non-departmental output expenses</i>				
	– › Delivery of Services		498,973	522,119	–
	<i>Non-departmental other expenses</i>				
	› Isolation and Quarantine Management MCA – Managed Isolation and Quarantine Loans – Impairment of Debt	1	–	2,400	–
	› Managed Isolation and Quarantine Loans – Fair Value Write-down	1	31,353	24,211	–
	<i>Non-departmental capital expenditure</i>				
	– › Managed Isolation and Quarantine Loans	1	125,692	71,792	–
<b>5,739</b>	<b>› Temporary Accommodation Services MCA</b>		<b>3,858</b>	<b>6,963</b>	<b>1,963</b>
	<i>Departmental output expenses</i>				
1,744	› Readiness, Response and Recovery		1,679	1,393	993
	<i>Non-departmental output expenses</i>				
3,033	› Temporary Accommodation Housing Initiatives – Operations	1	1,712	3,875	495
	<i>Non-departmental other expenses</i>				
291	› Temporary Accommodation Housing Initiatives – Depreciation	1	467	475	475
	<i>Non-departmental capital expenditure</i>				
671	› Temporary Accommodation Housing Initiatives – Capital	1	–	1,220	–

Actual 2019/20 \$000	Appropriation name	Location of year-end performance information	Actual 2020/21 \$000	Supplementary Estimates 2020/21 \$000	Main Estimates 2020/21 \$000
<b>6,818</b>	<b>Policy Advice and Related Services to Ministers MCA</b>		<b>8,339</b>	<b>8,189</b>	<b>4,578</b>
	<i>Departmental output expenses</i>				
5,187	› Policy Advice – Tourism		–	–	–
–	› Policy Advice and Related Services to Ministers – Tourism		8,339	8,189	4,578
1,631	› Related Services to Ministers – Tourism		–	–	–
–	<b>Project Tāwhaki Expenses MCA</b>	2	<b>16,000</b>	<b>16,000</b>	–
	<i>Non-departmental other expenses</i>				
–	› Project Tāwhaki – Grants	2	2,000	2,000	–
	<i>Non-departmental capital expenditure</i>				
–	› Project Tāwhaki Land Acquisition – Capital	2	14,000	14,000	–
<b>418,077</b>	<b>Regional Economic Development: Provincial Growth Fund MCA</b>		<b>567,240</b>	<b>818,785</b>	<b>185,053</b>
	<i>Departmental output expenses</i>				
35,468	› Operational Support of Regional and Sector Investments		37,468	40,315	37,961
	<i>Non-departmental output expenses</i>				
1,040	› Provincial Growth Fund Investment Management		981	1,335	1,000
–	› Provincial Growth Fund Investment Management – Crown Regional Holdings Limited		19	750	–
–	› Provincial Growth Fund Limited Operating		–	750	–
	<i>Non-departmental other expenses</i>				
178,046	› Supporting Regional and Sector Initiatives		271,772	410,185	13,707
	<i>Non-departmental capital expenditure</i>				
–	› Crown Regional Holdings Limited Capital Investment		–	61,000	–
186,000	› Provincial Growth Fund Limited Capital Investment		257,000	304,450	–
17,523	› Supporting Capital Projects		–	–	132,385
<b>6,478</b>	<b>Sector Analysis and Facilitation MCA</b>		<b>5,639</b>	<b>6,669</b>	<b>6,699</b>
	<i>Departmental output expenses</i>				
3,528	› Sectoral and regional data and analysis – Economic Development		3,153	3,484	3,484
2,950	› Tourism Data and Analysis – Tourism		2,486	3,185	3,215
<b>18,028</b>	<b>Tourism Facilities MCA</b>		<b>14,925</b>	<b>29,601</b>	<b>19,767</b>
	<i>Non-departmental output expenses</i>				
175	› Tourism Growth Partnership		–	–	–
	<i>Non-departmental other expenses</i>				
1,925	› Maintaining the Quality of the Great Rides		–	–	–
7,635	› National Cycleway Fund – Development and Extension of Ngā Haerenga, The New Zealand Cycle Trail		–	–	–
200	› New Zealand Cycle Trail Incorporated Funding		–	–	–
–	› Ngā Haerenga, The New Zealand Cycle Trail Fund		7,605	20,500	11,500
8,093	› Tourism Facilities Development Grants		7,320	9,101	8,267
<b>455,140</b>	<b>Total multi-category expenses and capital expenditure</b>		<b>1,397,095</b>	<b>1,675,881</b>	<b>218,060</b>
<b>455,445</b>	<b>Total expenditure</b>		<b>1,413,821</b>	<b>1,694,105</b>	<b>218,853</b>

## Other services – Non-departmental

Actual 2019/20 \$000	Appropriation name	Location of year-end performance information	Actual 2020/21 \$000	Supplementary Estimates 2020/21 \$000	Main Estimates 2020/21 \$000
<b>Non-departmental output expenses</b>					
	– COVID-19 tourism response	3	14,065	23,500	–
217	Economic Development: Administration of Early Stage Capital Market Development		–	–	–
46,200	Economic Development: Assistance with Hosting of the 36th America’s Cup – MYA	4	20,738	25,126	10,000
62	Economic Development: Auckland Pacific Skills Shift	4	1,035	1,035	–
	– Economic Development: Industry Transformation Plans	4	3,960	7,241	–
	Economic Development: Pacific Business Trust Procurement – Support Service	4	1,875	1,875	–
	Energy and Resources: Assisting Households in Energy – Hardship	1	400	1,260	–
	– Tourism: Marketing New Zealand as a Visitor Destination	5	51,471	51,471	–
111,450	Tourism: Marketing of New Zealand as a Visitor Destination	5	79,679	79,679	111,950
	– Tourism: Regional Events Fund	3	24,612	49,750	–
	Transitional provision of mail services by New Zealand Post – MYA	6	33,328	57,113	29,800
<b>157,929</b>	<b>Total non-departmental output expenses</b>		<b>231,163</b>	<b>298,050</b>	<b>151,750</b>
<b>Non-departmental other expenses</b>					
	Economic and Regional Development: Supporting – Infrastructure Projects – MYA	4	159,436	200,000	–
2,490	Economic Development: Business Support Packages	4	1,488	2,370	–
2,992	Economic Development: Depreciation on Auckland’s Queens Wharf	1	992	1,000	1,000
	Economic Development: Future-proofing New Zealand’s Manufacturing Sector by Driving Industry 4.0 Uptake and Skills Development	1	2,374	2,375	1,898
1,500	Economic Development: Major Events Business Leverage Programme: Rugby World Cup 2019		–	–	–
12,152	Economic Development: Major Events Development Fund 2017–2022 – MYA	4	2,242	13,384	10,000
	– Economic Development: New Zealand Events Support	4	8,579	9,700	–
	– Impairment of Debt and Debt Write Offs	1	–	900	225
169	Māori Development: Māori Innovation Fund	1	1,551	1,725	1,000
	Regional Economic Development: Fair Value Write-down – Tourism	1	5,852	10,000	–
232	Regional Economic Development: Fair Value Write-down	1	–	15,000	–
12,564	Tourism Infrastructure Fund	3	12,248	36,513	31,695
	– Tourism: Recovery from COVID-19 2021–2023 – MYA	3	500	8,000	–
3,170	Tourism: Tourism Strategic Infrastructure and System Capability	3	6,728	32,457	43,763
18,600	Worker Redeployment Package	4	50,240	55,790	–
4,720	Employment – He Poutama Rangatahi	7	10,457	32,062	13,275
2,094	Employment – He Poutama Rangatahi/Youth Employment Pathways		–	–	–
<b>60,893</b>	<b>Total non-departmental other expenses</b>		<b>262,687</b>	<b>421,276</b>	<b>102,856</b>

Actual 2019/20 \$000	Appropriation name	Location of year-end performance information	Actual 2020/21 \$000	Supplementary Estimates 2020/21 \$000	Main Estimates 2020/21 \$000
<b>Non-departmental capital expenditure</b>					
	Economic and Regional Development: Infrastructure – Investment Provincial Growth Fund Limited – MYA	4	70,000	70,000	–
	Economic and Regional Development: Investment – in Crown-owned Companies for Infrastructure – MYA	4	–	5,000	–
	Economic and Regional Development: Investment – in Crown-owned Companies for Tourism	4	–	15,000	–
	Economic and Regional Development: Investment in Crown-owned Companies for Waste and Resource – Recovery Infrastructure – MYA	4	–	33,000	–
	Economic and Regional Development: Tourism Capital – Investment	4	850	17,500	–
	Economic and Regional Development: Transfer of investments – – Crown-owned companies	1	–	50,000	–
	– Regional Economic Development Capital Investments	4	88,000	88,000	6,600
1,027	Regional Economic Development Investments	1	3,921	6,473	–
	Regional Economic Development: Tourism Investment – Provincial Growth Fund Limited	4	60,000	94,823	–
28,871	Regional Economic Development: Transfer of investments	1	4,947	66,100	–
<b>29,898</b>	<b>Total non-departmental capital expenditure</b>		<b>227,718</b>	<b>445,896</b>	<b>6,600</b>
<b>248,720</b>	<b>Total non-departmental annual and MYA expenses</b>		<b>721,568</b>	<b>1,165,222</b>	<b>261,206</b>
<b>704,165</b>	<b>Total expenditure for outcome</b>		<b>2,135,389</b>	<b>2,859,327</b>	<b>480,059</b>

**Location of year-end performance information:**

- 1 Exemption granted under section 15D(2)(b) of the *Public Finance Act 1989*
- 2 Minister of Research, Science and Innovation in the Vote Business, Science and Innovation non-departmental appropriations report
- 3 Minister of Tourism in the Vote Business, Science and Innovation non-departmental appropriations report
- 4 Minister for Economic and Regional Development in the Vote Business, Science and Innovation non-departmental appropriations report
- 5 Tourism New Zealand's annual report
- 6 New Zealand Post's annual report
- 7 Minister for Social Development and Employment in the Vote Labour Market non-departmental appropriations report

## Multi-year appropriations

Appropriation name	Actual 2020/21 \$000	Actual 2019/20 \$000
<b>Economic and Regional Development: Infrastructure Investment Provincial Growth Fund Limited (2020–2025) – MYA</b>		
Original appropriation	111,057	–
Cumulative adjustments	–	–
Total adjusted appropriation	111,057	–
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	70,000	–
Cumulative actual expenditure 30 June	70,000	–
Appropriation remaining 30 June	41,057	–
<b>Economic and Regional Development: Investment in Crown-owned Companies for Infrastructure (2021–2025) – MYA</b>		
Original appropriation	5,000	–
Cumulative adjustments	–	–
Total adjusted appropriation	5,000	–
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	–	–
Cumulative actual expenditure 30 June	–	–
Appropriation remaining 30 June	5,000	–
<b>Economic and Regional Development: Investment in Crown-owned Companies for Waste and Resource Recovery Infrastructure (2021–2025) – MYA</b>		
Original appropriation	33,000	–
Cumulative adjustments	–	–
Total adjusted appropriation	33,000	–
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	–	–
Cumulative actual expenditure 30 June	–	–
Appropriation remaining 30 June	33,000	–
<b>Economic and Regional Development: Operational support for Grants and Crown investments (2020–2025) – MYA</b>		
Original appropriation	8,000	–
Cumulative adjustments	–	–
Total adjusted appropriation	8,000	–
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	2,774	–
Cumulative actual expenditure 30 June	2,774	–
Appropriation remaining 30 June	5,226	–

Appropriation name	Actual 2020/21 \$000	Actual 2019/20 \$000
<b>Economic and Regional Development: Supporting Infrastructure Projects (2020–2025) – MYA</b>		
Original appropriation	608,339	–
Cumulative adjustments	–	–
Total adjusted appropriation	608,339	–
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	159,436	–
Cumulative actual expenditure 30 June	159,436	–
Appropriation remaining 30 June	448,903	–
<b>Economic Development: Assistance with Hosting of the 36th America’s Cup (2018– 2022) – MYA</b>		
Original appropriation	100,000	100,000
Cumulative adjustments	31,500	36,500
Total adjusted appropriation	131,500	136,500
Cumulative actual expenditure 1 July	106,374	60,174
Current year actual expenditure	20,738	46,200
Cumulative actual expenditure 30 June	127,112	106,374
Appropriation remaining 30 June	4,388	30,126
<b>Economic Development: Major Events Development Fund (2017–2022) – MYA</b>		
Original appropriation	52,000	52,000
Cumulative adjustments	(1,675)	(6,675)
Total adjusted appropriation	50,325	45,325
Cumulative actual expenditure 1 July	26,941	14,789
Current year actual expenditure	2,242	12,152
Cumulative actual expenditure 30 June	29,183	26,941
Appropriation remaining 30 June	21,142	18,384
<b>Tourism: Recovery from COVID-19 (2021–2023) – MYA</b>		
Original appropriation	86,000	–
Cumulative adjustments	–	–
Total adjusted appropriation	86,000	–
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	500	–
Cumulative actual expenditure 30 June	500	–
Appropriation remaining 30 June	85,500	–
<b>Transitional Provision of Mail Services by New Zealand Post (2020–2024)</b>		
Original appropriation	130,000	130,000
Cumulative adjustments	–	–
Total adjusted appropriation	130,000	130,000
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	33,328	–
Cumulative actual expenditure 30 June	33,328	–
Appropriation remaining 30 June	96,672	130,000

## OUTCOME TWO: SKILLED PEOPLE ENGAGED IN SAFE AND FULFILLING WORK



Achieved 25 out of 46 output performance targets

VOTE BUSINESS, SCIENCE AND INNOVATION		2020/21		2019/20
Appropriation	Performance measures	Target	Actual	Actual
<b>Economic Development: Senior Diverse Leaders: Capability Building Pilot</b> This appropriation is intended to ensure that Pacific peoples in New Zealand's public sector workforce are supported to play an active role in the stewardship and delivery of policy and services. Findings from the pilot will inform public sector diversity and inclusion outcomes.	Number of partnerships for Mana Moana Pacific leadership programme rollout	4	4	New measure for 2020/21
	Successful operation <sup>29</sup> of the Public Sector Pacific Workforce Development Community of Practice	Achieved	Achieved	New measure for 2020/21
<b>Economic Development: Shared Services Support</b> This appropriation is intended to achieve the efficient provision of shared corporate services by the Ministry of Business, Innovation and Employment. The shared services include services such as ICT, property, and secondment costs. These are provided to other State Sector organisations, including WorkSafe New Zealand, Te Kāhui Whakamana Rua Tekau mā Iwa – Pike River Recovery Agency, and the Ministry of Housing and Urban Development.	A formal agreement/memorandum of understanding is in place with WorkSafe New Zealand that includes the scope of services to be delivered, including the service levels that apply to each service and each party's responsibilities and obligations in respect of those services	Achieved	Achieved <sup>30</sup>	Not achieved

VOTE LABOUR MARKET		2020/21		2019/20
Appropriation	Performance measures	Target	Actual	Actual
<b>ACC – Regulatory Services</b> This appropriation is intended to achieve timely advice that manages the Crown's risk and contributes to skilled and safe workplaces, and trusted, competitive and well-functioning markets.	The Accident Insurance Regulator will respond to all complaints and enquiries, including notices of insurers failing to comply with their obligation under the <i>Accident Insurance Act 1998</i> , within five days of receipt	100%	No complaints or enquiries received to date <sup>31</sup>	No complaints or enquiries received to date

<sup>29</sup> The Public Sector Pacific Workforce Development Community of Practice has been established and is now in operation.

<sup>30</sup> WorkSafe New Zealand's Digital Independence Programme will establish replacement solutions for services that it currently consumes through MBIE ICT. It is in its discovery phase and on track for a new Master Service Agreement to be signed in October 2021 to replace the current agreement.

<sup>31</sup> This measure is assessed as achieved due to no complaints or enquiries received within the reporting period.

VOTE LABOUR MARKET		2020/21		2019/20
Appropriation	Performance measures	Target	Actual	Actual
<b>Employment – Employment Sector Analysis and Facilitation</b> This appropriation is intended to achieve productive and successful people, communities and regions through the provision of labour market information.	Labour market information is provided to the Responsible Minister <sup>32</sup> within agreed timeframes	100%	100%	100%
<b>Workplace Relations and Safety – Employment Relations Services</b> This appropriation is intended to achieve well-functioning workplaces through services to educate and advise employers and employees of their rights and obligations.	The percentage of customers satisfied with overall quality and timeliness of dispute resolution services	At least 80%	76% <sup>33</sup>	New measure for 2020/21
	Percentage of investigations into suspected breaches of regulatory standards of employment legislation completed within six months	80%	51% <sup>34</sup>	76%
	Percentage of investigations into suspected breaches of regulatory standards of employment legislation completed within nine months	90%	66% <sup>34</sup>	86%
	Percentage of investigations that involve a regulatory partner	At least 30%	33% <sup>35</sup>	30%
	The number of interventions, both proactive and reactive, aimed at ensuring minimum compliance with employment standards	At least 2,200	1,546 <sup>36</sup>	1,325
<b>Employment – Māori Apprenticeships Fund MCA</b> This appropriation is intended to achieve programmes that sustain and improve Māori skills, employment and earnings and, in turn, improve economic and social outcomes for whānau and Māori communities.	Number of people supported onto trades and training pathways by programmes funded through the appropriation.	Baseline to be established	140 <sup>37</sup>	New measure for 2020/21
<i>Employment – Administration of the Māori Apprenticeships Fund</i> This category is intended to achieve the effective and efficient administration of the fund.	Percentage of Expressions of Interest and Applications to the Apprenticeship fund have an initial assessment within 30 working days	100%	98% <sup>38</sup>	New measure for 2020/21

32 The Minister for Social Development and Employment.

33 The impacts of COVID-19 in the 2020/21 financial year, including the inability to deliver face-to-face services and increased demand for services to mediate employment issues, resulted in a slight drop in performance against this measure. However, with service levels back to pre-COVID-19 levels, we are seeing an increase in this result.

34 Labour Inspectorate activities in 2020/21 have been impacted by COVID-19 restrictions in Auckland at raised alert levels during the year, which limited the ability of Labour Inspectorate staff in those areas to undertake operations and site visits at appropriate times, which caused case delays. Also, due to the reprioritisation of Labour Inspectorate resources to support COVID-19-related activities in 2020/21, the volume of legacy files on hand is higher than normal, impacting achievement against this timeliness target. The drop in timeliness of completing investigations steadied mid-year and is now improving following a drop in alert levels and the continued inflow of wage and leave subsidy complaints at a low level relative to Q1 – 2020/21.

35 This measure was impacted for the first half of the year by COVID-19 related restrictions for on-the-ground/face-to-face operations. The Labour Inspectorate recommenced on-the-ground/face-to-face operations after the nationwide lockdown, which has seen delivery against the target return to normal.

36 Although there is a continued under delivery against the measure target, the Labour Inspectorate has delivered a higher number of interventions against this measure for the 2020/21 fiscal year compared to the 2019/20 fiscal year. The increase in Labour Inspectorate case numbers over the last 12 months were due to service levels returning to normal post-lockdown.

37 Contracts with providers started at the end of September 2020. The number of people that can be supported onto trades and training pathways is discussed with the providers. A total of 142 people participated; 140 are active participants.

38 Establishment of the new fund had an impact on recruitment for staff and training, causing delays in initial assessments. There were 42 expressions of interest assessed.

VOTE LABOUR MARKET		2020/21		2019/20
Appropriation	Performance measures	Target	Actual	Actual
<p><i>Employment – Māori Apprenticeship Programmes</i></p> <p>This category is intended to achieve the selection and funding of programmes that support Māori through trades and training.</p>	Number of people supported onto apprenticeship pathways by programmes funded through the appropriation	Baseline established	140 <sup>39</sup>	New measure for 2020/21
<p><b>Immigration Services MCA</b></p> <p>This appropriation is intended to achieve flows of people to New Zealand that generate positive economic and social outcomes.</p>	Percentage of visa applicants satisfied with the overall experience of applying for a visa	80%	76% <sup>40</sup>	78%
<p><i>Assessment and Processing Services</i></p> <p>This category is intended to achieve quality decisions on visa applications efficiently.</p>	Quality of residence visa decisions: percentage rated as accurate	90%	87% <sup>41</sup>	89.8%
	Quality of temporary visa decisions: percentage rated as accurate	90%	89.4% <sup>42</sup>	84.6%
	Percentage of low risk visitor and student visa applications decided within 15 days	85%	56% <sup>43</sup>	81%
<p><i>Integrity and Security of the New Zealand Immigration System</i></p> <p>This category is intended to maintain the integrity and security of New Zealand's immigration system and processes.</p>	Number of people, liable for deportation, who were deported or departed voluntarily after compliance activity	1,500–2,000	796 <sup>44</sup>	1,488
<p><i>Services for the Attraction of Migrants</i></p> <p>This category is intended to achieve immigration to New Zealand of persons who match the priorities of New Zealand's immigration strategies.</p>	Average monthly percentage of new registrations entered into the NZ Now database whose occupations match those at skill levels 1–3 under the Australian and New Zealand Standard of Occupations	80%	82%	85%
<p><i>Settlement and Integration of Refugees and Other Migrants</i></p> <p>This category is intended to achieve the integration into New Zealand of migrants and refugees who settle permanently in New Zealand.</p>	Percentage of recent migrants who feel that New Zealand is their home	85%	82% <sup>45</sup>	New measure for 2020/21
	The annual quota of United Nations High Commissioner for Refugees (UNHCR) mandated refugees and their immediate families who travelled to New Zealand is met	Achieved	Not achieved (quota of 1,500; 263 travelled) <sup>46</sup>	Not achieved (quota of 1,000; 797 travelled)

39 Contracts with providers started at the end of September 2020. The number of people that can be supported onto trades and training pathways is discussed with the providers. A total of 142 people participated; 140 are active participants.

40 Overall satisfaction with the application experience continued to decline as the border remained closed and there were restrictions on entry. The most common complaints were that applicants found it difficult to understand how to apply and were unable to access good quality information in a timely manner. A total of 14,060 respondents completed the survey reflecting a response rate of 39%. The result has a margin of error of ±0.71%. The survey was conducted by an external agency.

41 Overall, the aggregate residence quality score was lower than the 90% threshold. Residence process domain scores have increased this year. Areas for quality improvement continue to be accuracy and completeness aspects of visa decision rationale. The focus continues to be on improving this through learning and training for staff processing residence applications.

42 Overall, this year's aggregate temporary quality results have been slightly impacted due to significant numbers of immigration instruction changes, including the introduction of a new visa category to allow individuals to enter New Zealand while the border is closed. Despite the high volume of change, the end of year result was marginally below 90%.

43 The temporary closure of offshore offices because of COVID-19 resulted in the cessation of visa processing across the visa network during that period, which has impacted this measure.

44 Due to border closures as a result of COVID-19 and reduced international flight operations, a smaller number of individuals voluntarily departed or were able to be deported.

45 A total of 2,875 respondents completed the Migrant Survey in 2020 reflecting a response rate of 39%. This result has a margin of error of ±0.74%. The survey was conducted by an independent external agency. The result is below the target of 85%, but is consistent with results in previous years (see [www.immigration.govt.nz/documents/refugees/br-2021-3315-annex-1-nzmsis-outcomes-dashboard-2019-1.pdf](http://www.immigration.govt.nz/documents/refugees/br-2021-3315-annex-1-nzmsis-outcomes-dashboard-2019-1.pdf)).

46 The 2020/21 target for the refugee quota could not be met because of COVID-19 and border closures.

VOTE LABOUR MARKET		2020/21		2019/20	
Appropriation	Performance measures	Target	Actual	Actual	
<b>Policy Advice and Related Outputs MCA (Labour Market)</b> This appropriation is intended to achieve effective policy advice and support to Ministers, and ensure Crown entities are appropriately monitored.	Average satisfaction of Ministers annually	Average score of 4 out of 5 or better	4.3 <sup>47</sup>	Not reported	
	<i>Policy Advice and Related Services to Ministers – Accident Compensation</i> This category is intended to achieve the provision of high quality policy advice and support to Ministers.	The satisfaction of the Minister for ACC with the policy advice service, as per the common satisfaction survey Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	Average score of 4 out of 5 or better At least an average of 73%	4.0 73% <sup>48</sup>	Not available Not reported
Percentage of requests completed within either specified or statutory timeframes:					
Ministerial correspondence		95% or above	100%	98%	
Ministerial <i>Official Information Act 1982</i> requests		95% or above	100%	100%	
Parliamentary questions		95% or above	100%	87%	
<i>Policy Advice and Related Services to Ministers – Employment</i> This category is intended to achieve the provision of high quality policy advice and support to Ministers.	The satisfaction of the Minister for Social Development and Employment with the policy advice service, as per the common satisfaction survey Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	Average score of 4 out of 5 or better At least an average of 73%	4.0 74% <sup>49</sup>	Not reported Not reported	
	Percentage of requests completed within either specified or statutory timeframes:				
	Ministerial correspondence		95% or above	100%	100%
	Ministerial <i>Official Information Act 1982</i> requests		95% or above	77% <sup>50,51</sup>	Not reported
	Parliamentary questions		95% or above	91% <sup>50,52</sup>	77%

47 This score is based on the average results of all surveys received back from Ministers responsible for Policy Advice categories in Vote Labour Market. The Ministers for ACC, Social Development and Employment, and Workplace Relations and Safety each received two surveys during the year. However, due to the August 2021 alert level escalation, the Minister of Immigration did not receive a second survey for the year; results from the survey the Minister of Immigration completed at mid-year has been used on its own.

48 Nineteen policy papers produced, three of these were reviewed using an appropriately robust process based on the randomness of the review sample, methodology of the review, and expertise of the reviewers. In order to ensure the sample size of papers reviewed provides at least a 15% margin of error, confidence level of 90%, and standard deviation of 0.5, MBIE uses Cochran's Sample Size formula.

49 Forty policy papers produced, eight of these were reviewed using an appropriately robust process based on the randomness of the review sample, methodology of the review, and expertise of the reviewers. In order to ensure the sample size of papers reviewed provides at least a 15% margin of error, confidence level of 90%, and standard deviation of 0.5, MBIE uses Cochran's Sample Size formula.

50 The impact of COVID-19 in the 2019/20 financial year, with limitations such as restricted online access and the prioritisation of direct operational and policy work for the COVID response, led to a substantial increase in Ministerial workload being carried over into the 2020/21 financial year. These volumes being carried across, alongside increased received volumes in the 2020/21 financial year, led to items being sent late and the target being missed.

51 Three out of 13 items sent in total were late. Given the low volume of Ministerial *Official Information Act 1982* requests and late responses, this portfolio did not meet the target for this correspondence type.

52 Thirty-three out of 363 items sent in total were late.

VOTE LABOUR MARKET		2020/21		2019/20
Appropriation	Performance measures	Target	Actual	Actual
<p><i>Policy Advice and Related Services to Ministers – Immigration</i></p> <p>This category is intended to achieve the provision of high quality policy advice and support to Ministers</p>	The satisfaction of the Minister of Immigration with the policy advice service, as per the common satisfaction survey	Average score of 4 out of 5 or better	4.6 <sup>53</sup>	Not available
	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	74% <sup>54</sup>	Not reported
	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	75% <sup>55,56</sup>	81%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	87% <sup>55,57</sup>	69%
	Parliamentary questions	95% or above	96%	95%

53 Due to the August 2021 alert level escalation, the Minister of Immigration did not receive a second survey for the year; results from the survey the Minister of Immigration completed at mid-year has been used on its own.

54 One hundred and seven policy papers produced, 17 of these were reviewed using an appropriately robust process based on the randomness of the review sample, methodology of the review, and expertise of the reviewers. In order to ensure the sample size of papers reviewed provides at least a 15% margin of error, confidence level of 90%, and standard deviation of 0.5, MBIE uses Cochran's Sample Size formula.

55 The impact of COVID-19 in the 2019/20 financial year, with limitations such as restricted online access and the prioritisation of direct operational and policy work for the COVID response, led to a substantial increase in Ministerial workload being carried over into the 2020/21 financial year. These volumes being carried across, alongside increased received volumes in the 2020/21 financial year, led to items being sent late and the target being missed.

56 Three hundred and twenty-three out of 1,268 items sent in total were late.

57 Ten out of 77 items sent in total were late.

VOTE LABOUR MARKET		2020/21		2019/20
Appropriation	Performance measures	Target	Actual	Actual
<p><i>Policy Advice and Related Services to Ministers – Workplace Relations and Safety</i></p> <p>This category is intended to achieve the provision of high quality policy advice and support to Ministers and ensure Crown entities are appropriately monitored.</p>	The satisfaction of the Minister for Workplace Relations and Safety with the policy advice service, as per the common satisfaction survey	Average score of 4 out of 5 or better	4.5	Not available
	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	77% <sup>58</sup>	Not reported
	Tripartite partners and senior officials are satisfied with the quality of support, and representation, including stakeholder consultation, provided to meet New Zealand's labour-related international commitments	Satisfied	Not completed <sup>59</sup>	Satisfied
	Meet New Zealand's International Labour Organisation's related commitments through protecting and promoting New Zealand's labour interests, including submitting all required reports and questionnaires within specified timeframes	100% met	100% met	100% met
	Provide support to the Ministry of Foreign Affairs and Trade in negotiation of trade labour agreements as part of all free trade agreements, and implemented in accordance with each agreement	Support provided as requested	Achieved – Support provided as requested	Achieved – Support provided as requested
	Ministers receive advice on entities' accountability documents within statutory timeframes	100%	100%	100%
	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	88% <sup>60,61</sup>	86%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	87% <sup>60,62</sup>	97%
	Parliamentary questions	95% or above	98%	96%

58 One hundred and twenty two policy papers produced, 20 of these were reviewed using an appropriately robust process based on the randomness of the review sample, methodology of the review, and expertise of the reviewers. In order to ensure the sample size of papers reviewed provides at least a 15% margin of error, confidence level of 90%, and standard deviation of 0.5, MBIE uses Cochran's Sample Size formula.

59 There was no post-conference survey completed by 30 June 2021 because the sessions are being spread over the year due to the virtual format. Feedback will be sought at a later date.

60 The impact of COVID-19 in the 2019/20 financial year, with limitations such as restricted online access and the prioritisation of direct operational and policy work for the COVID response, led to a substantial increase in Ministerial workload being carried over into the 2020/21 financial year. These volumes being carried across, alongside increased received volumes in the 2020/21 financial year, led to items being sent late and the target being missed.

61 Fifty-eight out of 470 items sent in total were late.

62 Four out of 30 items sent in total were late. Given the low volume of Ministerial *Official Information Act 1982* requests and late responses, this portfolio did not meet the target for this correspondence type.

## How much we spent

Actual 2019/20 \$000	Our expenditure summary	Actual 2020/21 \$000	Supplementary Estimates 2020/21 \$000	Main Estimates 2020/21 \$000
494,489	Departmental expenses	508,983	584,516	511,493
1,583,266	Non-departmental expenses	1,907,877	1,942,156	1,873,040
	– Departmental capital	–	–	–
200	Non-departmental capital	500	1,485	500
<b>2,077,955</b>	<b>Total expenditure for outcome</b>	<b>2,417,360</b>	<b>2,528,157</b>	<b>2,385,033</b>

## Our services and functions – Departmental

Actual 2019/20 \$000	Appropriation name	Location of year-end performance information	Actual 2020/21 \$000	Supplementary Estimates 2020/21 \$000	Main Estimates 2020/21 \$000
<b>Departmental outputs</b>					
330	Economic Development: Senior Diverse Leaders: Capability Building Pilot		338	350	350
1,400	Economic Development: Shared Services Support		9,766	44,335	12,200
90	ACC – Regulatory Services		64	122	122
4,119	Employment – Employment Sector Analysis and Facilitation		5,286	9,401	3,051
41,659	Workplace Relations and Safety – Employment Relations Services		40,829	48,905	38,712
11,240	Workplace Relations and Safety – Shared Services Support		–	–	–
<b>58,838</b>	<b>Total departmental output expenditure</b>		<b>56,283</b>	<b>103,113</b>	<b>54,435</b>
<b>Multi-category expenses and capital expenditure</b>					
	<b>– Employment Māori Apprenticeship Fund MCA</b>		<b>3,557</b>	<b>30,000</b>	<b>–</b>
	<i>Departmental output expenses</i>				
	› Employment – Administration of the Māori Apprenticeships Fund		322	660	–
	<i>Non-departmental output expenses</i>				
	› Employment – Māori Apprenticeships Programmes		3,235	29,340	–
<b>413,579</b>	<b>Immigration Services MCA</b>		<b>430,365</b>	<b>458,097</b>	<b>434,107</b>
	<i>Departmental output expenses</i>				
299,249	› Assessment and Processing Services		313,659	308,063	292,210
59,149	› Integrity and Security of the New Zealand Immigration System		63,277	77,502	70,205
11,364	› Services for the Attraction of Migrants		10,508	10,978	10,978
43,817	› Settlement and Integration of Refugees and Other Migrants		42,921	61,554	60,714
<b>22,072</b>	<b>Policy Advice and Related Services to Ministers MCA</b>		<b>22,013</b>	<b>22,646</b>	<b>22,951</b>
	<i>Departmental output expenses</i>				
1,745	› Policy Advice – ACC		–	–	–
2,215	› Policy Advice – Employment		–	–	–
6,728	› Policy Advice – Immigration		–	–	–
8,471	› Policy Advice – Workplace Relations and Safety		–	–	–
	› Policy Advice and Related Services to Ministers				
–	– Accident Compensation		1,690	2,250	2,250

Actual 2019/20 \$000	Appropriation name	Location of year-end performance information	Actual 2020/21 \$000	Supplementary Estimates 2020/21 \$000	Main Estimates 2020/21 \$000
	› Policy Advice and Related Services to Ministers – Employment		3,260	4,097	3,777
	› Policy Advice and Related Services to Ministers – Immigration		7,904	7,679	8,579
	› Policy Advice and Related Services to Ministers – Workplace Relations and Safety		9,159	8,620	8,345
255	› Related Services to Ministers – ACC		–	–	–
925	› Related Services to Ministers – Employment		–	–	–
826	› Related Services to Ministers – Immigration		–	–	–
907	› Related Services to Ministers – Workplace Relations and Safety		–	–	–
<b>435,651</b>	<b>Total multi-category expenses and capital expenditure</b>		<b>455,935</b>	<b>510,743</b>	<b>457,058</b>
<b>494,489</b>	<b>Total expenditure</b>		<b>512,218</b>	<b>613,856</b>	<b>511,493</b>

### Other services – Non-departmental

Actual 2019/20 \$000	Appropriation name	Location of year-end performance information	Actual 2020/21 \$000	Supplementary Estimates 2020/21 \$000	Main Estimates 2020/21 \$000
	<b>Non-departmental output expenses</b>				
	Economic and Regional Development: Auckland Pacific Skills – MYA	1	3,246	3,488	–
182,971	ACC – Case Management and Supporting Services	2	242,205	242,205	242,205
16,345	ACC – Case Management and Supporting Services – Treatment Injuries for Non-Earners	2	19,612	19,612	19,612
313,767	ACC – Public Health Acute Services	2	378,185	378,185	378,185
1,883	ACC – Public Health Acute Services – Treatment Injuries for Non-Earners	2	2,329	2,329	2,329
711,561	ACC – Rehabilitation Entitlements and Services	2	835,426	835,426	825,334
157,847	ACC – Rehabilitation Entitlements and Services – Treatment Injuries for Non-Earners	2	188,243	188,243	188,243
7,433	ACC – Sexual Abuse Assessment and Treatment Services	2	8,167	8,167	8,167
869	Workplace Relations and Safety – Health and Safety at Work Levy – Collection Services	3	869	869	869
107,021	Workplace Relations and Safety – Workplace Health and Safety	4	119,804	119,804	109,398
<b>1,499,697</b>	<b>Total non-departmental output expenses</b>		<b>1,798,086</b>	<b>1,798,328</b>	<b>1,774,342</b>
	<b>Benefits or related expenses</b>				
62,133	ACC – Compensation Entitlements	3	73,071	73,071	73,071
14,994	ACC – Compensation Entitlements – Treatment Injuries for Non-Earners	3	17,922	17,922	17,922
<b>77,127</b>	<b>Total benefits or related expenses</b>		<b>90,993</b>	<b>90,993</b>	<b>90,993</b>
	<b>Non-departmental other expenses</b>				
225	Crown Debt Write Offs		–	–	–
	Workplace Relations and Safety – Concession Expense – for Loans to WorkSafe New Zealand	3	6,456	14,190	–
	Workplace Relations and Safety – COVID-19 Workplace – Response Contestable Fund	3	2,357	2,378	–

Actual 2019/20 \$000	Appropriation name	Location of year-end performance information	Actual 2020/21 \$000	Supplementary Estimates 2020/21 \$000	Main Estimates 2020/21 \$000
3,939	Workplace Relations and Safety – Employment Relations Authority Members’ Salaries and Allowances PLA	3	4,249	4,361	5,139
396	Workplace Relations and Safety – Equal Employment Opportunities Trust	3	396	396	396
1,585	Workplace Relations and Safety – International Labour Organisation	3	1,822	1,855	1,855
15	Workplace Relations and Safety – New Zealand Industrial Relations Foundation	3	15	15	15
282	Workplace Relations and Safety – Remuneration Authority Members’ Fees, Salaries and Allowances	3	268	300	300
<b>6,442</b>	<b>Total non-departmental other expenses</b>		<b>15,563</b>	<b>23,495</b>	<b>7,705</b>
	<b>Non-departmental capital expenditure</b>				
200	Workplace Relations and Safety – Capital for WorkSafe New Zealand	3	500	1,485	500
<b>200</b>	<b>Total non-departmental capital expenditure</b>		<b>500</b>	<b>1,485</b>	<b>500</b>
<b>1,583,466</b>	<b>Total non-departmental annual and MYA expenses</b>		<b>1,905,142</b>	<b>1,914,301</b>	<b>1,873,540</b>
<b>2,077,955</b>	<b>Total expenditure for outcome</b>		<b>2,417,360</b>	<b>2,528,157</b>	<b>2,385,033</b>

**Location of year-end performance information:**

- 1 Minister for Economic and Regional Development in the Vote Business, Science and Innovation non-departmental appropriations report
- 2 ACC’s annual report
- 3 Exemption granted under section 15D(2)(b) of the *Public Finance Act 1989*
- 4 WorkSafe New Zealand’s annual report

**Multi-year appropriations**

Appropriation name	Actual 2020/21 \$000	Actual 2019/20 \$000
<b>Economic and Regional Development: Auckland Pacific Skills (2020–2025) – MYA</b>		
Original appropriation	20,965	–
Cumulative adjustments	–	–
Total adjusted appropriation	20,965	
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	3,246	–
Cumulative actual expenditure 30 June	3,246	–
Appropriation remaining 30 June	17,719	–

## OUTCOME THREE: INFORMED CONSUMERS AND BUSINESSES INTERACTING WITH CONFIDENCE



Achieved 42 out of 57 output performance targets

VOTE BUILDING AND CONSTRUCTION		2020/21		2019/20
Appropriation	Performance measures	Target	Actual	Actual
<b>Insurance Claims Resolution</b> This appropriation is intended to achieve faster and cheaper resolution of residential insurance claims resulting from disasters, natural or otherwise.	Percentage of users of the Greater Christchurch Claims Resolution Service (GCCRS) that would recommend GCCRS to others	At least 75%	94% <sup>63</sup>	New measure for 2020/21
<b>Occupational Licensing</b> This appropriation is intended to achieve certainty and confidence for the industry and the public that licensed practitioners and workers in the building, construction and electrical sectors are competent and contribute to safe, healthy and affordable homes and buildings.	An internal audit and assurance rating received on the quality and timeliness of administration of licensed building practitioners and electrical workers regimes	Rating of acceptable or better	Acceptable level of compliance	Acceptable level of compliance
<b>Residential Tenancy and Unit Title Services</b> This appropriation is intended to achieve an environment in which residential tenancy and unit title consumers and businesses are well informed, understand their rights, and meet their regulatory obligations through the provision of information, education, advice, compliance, bond processing and mediation services.	Percentage of customers who are satisfied or very satisfied with overall quality of mediation services	75%	69% <sup>64</sup>	71%
	Percentage of customers who are satisfied or very satisfied with the timeliness of mediation services	70%	63% <sup>64</sup>	65%
	Number of interventions undertaken dealing with the breaches of the <i>Residential Tenancies Act 1986</i>	2,000	2,047 <sup>65</sup>	New measure for 2020/21
<b>Weathertight Services</b> This appropriation is intended to assist resolution of weathertight homes claims in New Zealand.	The percentage of short assessments (Eligibility) completed within 60 working days of being allocated to an assessor	80%	Not reported <sup>66</sup>	Not reported
	The percentage of long assessments (full, follow-up full, addendum, concise, cost update and supplemental) completed within 120 working days of being allocated to an assessor	80%	90%	Not reported
<b>Building Policy, Regulation and Advice MCA</b> This appropriation is intended to achieve a regulatory system that ensures safe and healthy building practice in the construction sector, and effective policy advice and support to Ministers.	Average satisfaction of Ministers annually	Average score of 4 out of 5 or better	4.8	3.9

<sup>63</sup> During 2020/21, 206 out of 876 users completed the survey reflecting a response rate of 23.52%. Of these, 193 people (94%) recorded that they would either strongly agree or agree that they would recommend the service to others.

<sup>64</sup> A total of 1,560 respondents completed the survey reflecting a response rate of 11.6%. The survey has a margin of error of ±2%. Survey Monkey was used to collect the survey results.

<sup>65</sup> The 2,047 figure is based on the number of cases resolved in the 2020/21 financial year. Cases that remain open are not included in this figure.

<sup>66</sup> No eligibility reports were requested by claimants for the 2020/21 financial year.

VOTE BUILDING AND CONSTRUCTION		2020/21		2019/20
Appropriation	Performance measures	Target	Actual	Actual
<b>Building Regulation and Control</b> This appropriation is intended to achieve a regulatory system that ensures safe and healthy building practice in the construction sector.	Percentage of determinations successfully appealed	Less than 2%	0% <sup>67</sup>	0%
	Percentage of determinations subject to clarification due to inadequate coverage of issues	Less than 3%	0% <sup>68</sup>	0%
	Percentage of users satisfied that information provided on matters relating to Building Control has met their needs	At least 72% of users surveyed	82% <sup>69</sup>	New measure for 2020/21
<b>Executive functions and building system support</b> This category is intended to achieve effective stewardship and regulation of the building system through the performance of executive functions, and provision of external support to statutory bodies where necessary to ensure they perform their functions effectively.	External support provided to ensure the effective performance of statutory bodies meets timeframes and standards agreed with the Minister for Building and Construction	Achieved	Achieved	New measure for 2020/21
	Investigation and enforcement activities are undertaken and completed according to agreed timeframes and standards	Achieved	Achieved	New measure for 2020/21
<b>Policy Advice and Related Services to Ministers – Building and Construction</b> This category is intended to achieve the provision of high quality policy advice and support to Ministers.	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	71% <sup>70</sup>	Not reported
	This category is intended to achieve the provision of high quality policy advice and support to Ministers.			
	Ministerial correspondence	95% or above	90% <sup>71</sup>	95%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	100%	100%
	Parliamentary questions	95% or above	96%	99%
Building and Construction sector data and research are undertaken to inform policy and regulatory work	Achieved	Achieved	Achieved	

67 No determinations were successfully appealed during the period this report covers. This is out of a total of 34 determinations issued in the same period.

68 There were no determinations subject to clarification due to inadequate coverage of issues.

69 A total of 788 respondents completed the survey, which was a response rate of 100%. The result has a margin of error of ±1.0%. An online five-star rating module was used to collect results.

70 Fifty-seven policy papers produced, 14 of these were reviewed using an appropriately robust process based on the randomness of the review sample, methodology of the review, and expertise of the reviewers. In order to ensure the sample size of papers reviewed provides at least a 15% margin of error, confidence level of 90%, and standard deviation of 0.5, MBIE uses Cochran's Sample Size formula. The Ministry is continuing to provide ongoing professional development to staff to improve the technical quality of policy papers.

71 Fifteen items were sent late out of a total of 148. The impact of COVID-19 in the 2019/20 financial year, with limitations such as restricted online access and the prioritisation of direct operational and policy work for the COVID response, led to a substantial increase in Ministerial workload being carried over into the 2020/21 financial year. These volumes being carried across, alongside increased received volumes in the 2020/21 year, led to items being sent late and the target being missed.

VOTE BUSINESS, SCIENCE AND INNOVATION		2020/21		2019/20
Appropriation	Performance measures	Target	Actual	Actual
<b>Commerce and Consumer Affairs: Administration of the COVID-19 Consumer Travel Reimbursement Scheme</b> This appropriation is intended to achieve the effective and efficient processing of claims and disbursement of funds to travel businesses on the refunds and credits secured on behalf of New Zealand consumers.	Percentage of verified claims and disbursements of funds to travel businesses allocated accurately	100%	100%	New measure for 2020/21
	Percentage of verified claims and disbursements processed within 10 working days	100%	92% <sup>72</sup>	New measure for 2020/21
<b>Commerce and Consumer Affairs: Consumer Advocacy Council for Small Electricity Consumers</b> This appropriation is intended to achieve the provision of evidence-based advocacy on policy and regulatory consultations, and in decision-making processes, on behalf of small business and residential electricity consumers.	Appoint Council and establish secretariat	Achieved	Achieved	New measure for 2020/21
<b>Commerce and Consumer Affairs: Consumer Information</b> This appropriation is intended to achieve a trading environment in which consumers, including vulnerable consumers, are well informed, adequately protected, trading is fair, and in which there is effective competition.	Develop three consumer information programmes	3	3	New measure for 2020/21
<b>Commerce and Consumer Affairs: Official Assignee Functions</b> This appropriation is intended to achieve increased business and consumer confidence through the discharge of the Official Assignee's statutory responsibilities.	Audit rating of acceptable or better, for compliance with statutory and best practice management functions across all Insolvency Offices	Acceptable or better	High level of compliance <sup>73</sup>	Achieved
<b>Commerce and Consumer Affairs: Registration and Granting of Intellectual Property Rights</b> This appropriation is intended to achieve the protection of robust intellectual property rights to promote innovation, technology creation, transfer and dissemination, and support economic development.	Percentage of decisions by the Intellectual Property Office and the Plant Variety Rights Office to accept, grant or register intellectual property rights that are upheld	99%	99.9%	99.9%
<b>Commerce and Consumer Affairs: Registration and Provision of Statutory Information</b> This appropriation is intended to achieve effective and efficient interaction between business and government through the management of registers and provision of access to authoritative information.	Percentage of online company name approvals and consents processed within 35 minutes of receipt during normal business hours	95%	98%	98%
	Availability of the Companies and Personal Property Securities online registers (excludes agreed outages for scheduled maintenance)	99%	99.7%	100%
<b>Commerce and Consumer Affairs: Standards Development and Approval</b> This appropriation is intended to achieve the development of, and access to, standards in New Zealand that meet the needs of business, regulators and consumers.	Percentage of draft NZ Standards submitted for approval by the Standards Executive meet the statutory criteria as specified in the <i>Standards and Accreditation Act 2015</i>	100%	100%	100%
	Report annually to the Minister on standards, the standards work programme, and current and emerging trends in standards by 30 June	Achieved	Achieved	Achieved

72 A total of 249 invoices have been processed for the period October 2020 to June 2021. Of these, 92% were processed within 10 working days, and 6% were processed between 10 and 15 working days.

73 This result is based on an agreed internal audit programme. Each part of the programme is given a rating of 1 to 5, with 1 being 'excellent', 3 being 'acceptable' and 5 being 'does not comply' and then added together and the average result is derived. The overall rating for 2020/21 is 1.9, corresponding to a rating of 'high'.

VOTE BUSINESS, SCIENCE AND INNOVATION		2020/21		2019/20
Appropriation	Performance measures	Target	Actual	Actual
<p><b>Commerce and Consumer Affairs: Trading Standards</b></p> <p>This appropriation is intended to achieve a trading environment in which businesses and consumers are well informed, adequately protected, trading is fair, and there is effective competition.</p>	An internal audit and assurance rating received on the quality and timeliness of administration of regulatory compliance, service and operational policy delivery relating to consumer product safety, measurements used for trade and fuel quality monitoring	Rating of acceptable or better	Acceptable level of compliance	Acceptable level of compliance
<p><b>Communications: Management and Enforcement of the Radiocommunications Act 1989</b></p> <p>This appropriation is intended to achieve the provision of effective and efficient allocation and licensing of the radio spectrum.</p>	An internal audit and assurance rating received on the quality and timeliness of administration of submitted licensing applications, interference investigations, and license and supplier audits	Rating of acceptable or better	Acceptable level of compliance	Acceptable level of compliance
<p><b>Communications: Management of Emergency Telecommunications MCA</b></p> <p>This appropriation is intended to achieve the continued operation of the Emergency Caller Location Information (ECLI) service, and support the development and implementation of possible international commercialisation opportunities for ECLI technology to potentially generate new revenue streams for New Zealand.</p>	Maintenance and enhancements to New Zealand's emergency location capabilities including through the development of potential new revenue streams	Achieved	Achieved <sup>74</sup>	Achieved
<p><i>Management and Development of Commercialisation</i></p> <p>This category is intended to achieve the assessment and development of possible international commercialisation opportunities for New Zealand's emergency mobile location technology.</p>	Establish a brand new business unit to support commercialisation by 30 June 2021	Achieved	Not achieved <sup>75</sup>	Not reported
<p><i>Management of Telecommunications Capabilities</i></p> <p>This category is intended to achieve ongoing management of telecommunications location capabilities for emergency call services</p>	Operational service levels and key performance indicators are achieved	Achieved	Achieved	Achieved
<p><b>Communications: Services for Deaf, Hearing-Impaired and Speech-Impaired People MCA</b></p> <p>This appropriation is intended to achieve the removal of barriers to telecommunications services for deaf and hearing impaired people.</p>	Call minutes (across all services) monitored for trends of use	Achieved	Achieved	Achieved

74 The ECLI system has been effectively maintained during the year and enhancements/improvements relating to the re-platforming of the system have been progressed (in particular, the Phase 2 enhancements to the service). No potential new revenue streams have been developed.

75 Work on commercialisation is currently on hold while the longer-term institutional arrangements for ECLI are worked through and while the ECLI service focuses on delivering project priorities (in particular, the Phase 2 enhancements to the service).

VOTE BUSINESS, SCIENCE AND INNOVATION		2020/21		2019/20
Appropriation	Performance measures	Target	Actual	Actual
<b>Policy Advice and Related Outputs MCA (Business, Science and Innovation)</b> <i>Investigative Services – Trade Remedies</i> This category is intended to achieve a fair international trading environment for New Zealand manufacturers through the imposition of anti-dumping and countervailing duties on imported goods, and to allow New Zealand manufacturers time to adjust to competition from surges of imported goods through the imposition of temporary safeguard measures, where an investigation has established that either action is justified.	No successful court challenges or successful World Trade Organisation (WTO) dispute settlement actions related to the <i>Dumping and Countervailing Duties Act 1988</i> or the <i>Trade (Safeguard Measures) Act 2014</i>	Achieved	Achieved	Not reported
	Timeliness of investigations allowed interested parties to appropriately contribute, and the Minister of Commerce and Consumer Affairs to make final timely determinations	In accordance with statutory timeframes	Achieved	Achieved
<i>Policy Advice and Related Services to Ministers – Commerce and Consumer Affairs</i> This category is intended to achieve the provision of high quality policy advice and support to Ministers and ensure Crown entities are appropriately monitored.	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	73% <sup>76</sup>	Not reported
	The satisfaction of the Minister of Commerce and Consumer Affairs with the policy advice service, as per the common satisfaction survey	Average score of 4 out of 5 or better	4.0	5.0
	Ministers receive advice on entities' accountability documents within statutory timeframes	100%	100%	100%
	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	97%	98%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	100%	100%
	Parliamentary questions	95% or above	98%	100%
<i>Policy Advice and Related Services to Ministers – Communications</i> This category is intended to achieve the provision of high quality policy advice and support to Ministers and ensure Crown entities are appropriately monitored.	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	72% <sup>77</sup>	Not reported
	The satisfaction of the Minister for the Digital Economy and Communications with the policy advice service, as per the common satisfaction survey	Average score of 4 out of 5 or better	4.0	4.9
	Ministers receive advice on entities' accountability documents within statutory timeframes	100%	100%	100%
	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	76% <sup>78,79</sup>	90%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	83% <sup>78,80</sup>	95%
	Parliamentary questions	95% or above	89% <sup>78,81</sup>	83%

76 Ninety-eight policy papers produced, 27 of these were reviewed using an appropriately robust process based on the randomness of the review sample, methodology of the review, and expertise of the reviewers. In order to ensure the sample size of papers reviewed provides at least a 15% margin of error, confidence level of 90%, and standard deviation of 0.5, MBIE uses Cochran's Sample Size formula.

77 Thirty-nine policy papers produced, nine of these were reviewed using an appropriately robust process based on the randomness of the review sample, methodology of the review, and expertise of the reviewers. In order to ensure the sample size of papers reviewed provides at least a 15% margin of error, confidence level of 90%, and standard deviation of 0.5, MBIE uses Cochran's Sample Size formula. The Ministry is continuing to provide ongoing professional development to staff to improve the technical quality of policy papers.

78 The impact of COVID-19 in the 2019/20 financial year, with limitations such as restricted online access and the prioritisation of direct operational and policy work for the COVID response, led to a substantial increase in Ministerial workload being carried over into the 2020/21 financial year. These volumes being carried across, alongside increased received volumes in the 2020/21 financial year, led to items being sent late and the target being missed.

79 Fifty-five out of 233 items sent in total were late.

80 Two out of 12 items sent in total were late.

81 Twenty out of 179 items in total were late.

VOTE BUSINESS, SCIENCE AND INNOVATION		2020/21		2019/20
Appropriation	Performance measures	Target	Actual	Actual
<p><i>Policy Advice and Related Services to Ministers – Small Business</i></p> <p>This category is intended to achieve the provision of high quality policy advice and support to Ministers.</p>	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	68% <sup>82</sup>	Not reported
	The satisfaction of the Minister for Small Business with the policy advice service, as per the common satisfaction survey	Average score of 4 out of 5 or better	4.8	4.5
	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	89% <sup>83,84</sup>	89%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	100%	75%
	Parliamentary questions	95% or above	91% <sup>83,85</sup>	92%
<p><b>Small Business: Digital Enablement of Small Business MCA</b></p> <p>This appropriation is intended to achieve digital acceleration of New Zealand small businesses by facilitating the provision of and access to digital business skills training, advisory services, support, and tools.</p>	Percentage of small business very satisfied or satisfied using Digital Boost services	Greater than or equal to 75%	79% <sup>86</sup>	New measure for 2020/21
<p><i>Small Business: Digital Enablement Programme Design, and Management</i></p> <p>This category is intended to achieve the effective design, establishment and monitoring of the Digital Enablement Programme.</p>	Successful procurement, administration and management for delivering the Digital Boost Programme (third-party contracts)	Achieved	Achieved	New measure for 2020/21
<p><i>Small Business: Digital Enablement Small Business and Provider Funding and Services</i></p> <p>This category is intended to achieve effective delivery of Digital Enablement services using third-party provider.</p>	The number of businesses signing up to the Digital Boost programme	25,000 – 30,000	Achieved (34,342 small business trainees registered) <sup>87</sup>	New measure for 2020/21

VOTE LABOUR MARKET		2020/21		2019/20
Appropriation	Performance measures	Target	Actual	Actual
<p><b>Immigration – Regulation of Immigration Advisers</b></p> <p>This appropriation is intended to achieve certainty and confidence for the industry and the public that licensed immigration advisers are competent and professional, and that action is taken against unlicensed advice.</p>	An internal audit and assurance rating received on the quality and timeliness of administration of the <i>Immigration Advisers Licensing Act 2007</i>	Rating of acceptable or better	Acceptable level of compliance	Acceptable level of compliance

82 Thirty-eight policy papers produced, nine of these were reviewed using an appropriately robust process based on the randomness of the review sample, methodology of the review, and expertise of the reviewers. In order to ensure the sample size of papers reviewed provides at least a 15% margin of error, confidence level of 90%, and standard deviation of 0.5, MBIE uses Cochran's Sample Size formula. The Ministry is continuing to provide ongoing professional development to staff to improve the technical quality of policy papers.

83 The impact of COVID-19 in the 2019/20 financial year, with limitations such as restricted online access and the prioritisation of direct operational and policy work for the COVID-19 response, led to a substantial increase in Ministerial workload being carried over into the 2020/21 financial year. These volumes being carried across, alongside increased received volumes in the 2020/21 financial year, led to items being sent late and the target being missed.

84 Twenty-two out of 194 items sent in total were late.

85 Four out of 43 items sent in total were late.

86 A total of 582 respondents completed the survey reflecting a response rate of 31%. The result has a margin of error of ±4.1%. The survey was conducted by an external agency.

87 This is a new measure for 2020/21 that defined the uptake of the programme by businesses. We have subsequently determined that small business trainees are more reflective of the programme. The 34,342 registered small business trainees are made up of small business owners, sole traders/partnerships, small business employees and those who are thinking of starting a business, out of which 22,503 are businesses with an NZBN. The measure will be updated in 2021/22 Vote Business, Science and Innovation Supplementary Estimates to clarify that small business trainees are measured, as opposed to businesses.

## How much we spent

Actual 2019/20 \$000	Our expenditure summary	Actual 2020/21 \$000	Supplementary Estimates 2020/21 \$000	Main Estimates 2020/21 \$000
249,436	Departmental expenses	244,572	281,602	253,373
156,620	Non-departmental expenses	276,722	398,846	227,867
	– Departmental capital	–	–	–
90,000	Non-departmental capital	71,550	328,065	91,965
<b>496,056</b>	<b>Total expenditure for outcome</b>	<b>592,844</b>	<b>1,008,513</b>	<b>573,205</b>

## Our services and functions – Departmental

Actual 2019/20 \$000	Appropriation name	Location of year-end performance information	Actual 2020/21 \$000	Supplementary Estimates 2020/21 \$000	Main Estimates 2020/21 \$000
	<b>Departmental output expenses</b>				
37,479	Building Regulation and Control		–	–	–
6,429	Insurance Claims Resolution		7,228	9,202	9,202
10,628	Occupational Licensing		8,752	11,690	11,690
41,342	Residential Tenancy and Unit Title Services		36,074	39,266	37,878
142	Tenant Health and Safety Information – MYA		–	–	–
7,405	Weathertight Services		5,586	7,654	9,139
	Commerce and Consumer Affairs: Administration of the – COVID-19 Consumer Travel Reimbursement Scheme		283	415	–
	Commerce and Consumer Affairs: Consumer Advocacy Council – for Small Electricity Consumers		2	1,600	–
2,257	Commerce and Consumer Affairs: Consumer Information		2,305	2,375	2,275
22,678	Commerce and Consumer Affairs: Official Assignee Functions		22,077	24,122	19,749
25,646	Commerce and Consumer Affairs: Registration and Granting of Intellectual Property Rights		27,346	30,306	28,606
46,250	Commerce and Consumer Affairs: Registration and Provision of Statutory Information		42,192	46,248	41,379
6,562	Commerce and Consumer Affairs: Standards Development and Approval		7,667	8,253	6,258
5,008	Commerce and Consumer Affairs: Trading Standards		4,724	4,923	5,069
7,984	Communications: Management and Enforcement of the <i>Radiocommunications Act 1989</i>		7,304	9,708	9,708
3,781	Immigration – Regulation of Immigration Advisers		3,029	4,021	4,021
<b>223,591</b>	<b>Total departmental output expenditure</b>		<b>174,569</b>	<b>199,783</b>	<b>184,974</b>
	<b>Departmental other</b>				
1,870	GST Obligation for the Official Assignee		–	–	–
<b>1,870</b>	<b>Total departmental other expenses</b>		<b>–</b>	<b>–</b>	<b>–</b>
	<b>Multi-category expenses and capital expenditure</b>				
	– <b>Building Policy, Regulation and Advice MCA</b>		<b>44,019</b>	<b>51,272</b>	<b>36,522</b>
	Departmental output expenses				
	– › Building Regulation and Control		40,411	46,904	35,404
	– › Executive Functions and Building System Support		18	100	–
	– › Policy Advice and Related Services to Ministers – Building and Construction		3,590	4,268	1,118

Actual 2019/20 \$000	Appropriation name	Location of year-end performance information	Actual 2020/21 \$000	Supplementary Estimates 2020/21 \$000	Main Estimates 2020/21 \$000
<b>2,439</b>	<b>Policy Advice and Related Services to Ministers MCA</b>		–	–	–
	<i>Departmental output expenses</i>				
546	› Building and Construction Data Analysis		–	–	–
1,893	› Policy Advice – Building and Construction		–	–	–
<b>23,337</b>	<b>Commerce and Consumer Affairs: Enforcement of General Market Regulation MCA</b>		<b>29,461</b>	<b>29,477</b>	<b>28,277</b>
	<i>Non-departmental output expenses</i>				
8,193	› Enforcement of Competition Regulation	1	10,493	10,493	9,993
15,144	› Enforcement of Consumer Regulation	1	18,484	18,484	17,784
–	› Liquid Fuels Monitoring and Enforcement	2	484	500	500
<b>7,588</b>	<b>Commerce Commission Litigation Funds MCA</b>	1	<b>7,370</b>	<b>12,661</b>	<b>12,661</b>
	<i>Non-departmental other expenses</i>				
4,088	› Commerce Commission Externally-Sourced Litigation	1	2,994	8,000	9,161
3,500	› Commerce Commission Internally-Sourced Litigation	1	4,376	4,661	3,500
<b>41</b>	<b>Communications: Management of Emergency Telecommunications Services MCA</b>		<b>7,073</b>	<b>10,023</b>	<b>12,523</b>
	<i>Departmental output expenses</i>				
39	› Management and Development of Commercialisation		–	10	–
2	› Management of Telecommunications Capabilities		7,073	10,013	12,523
<b>4,903</b>	<b>Communications: Services for Deaf, Hearing Impaired and Speech Impaired People MCA</b>		<b>8,721</b>	<b>9,406</b>	<b>4,684</b>
	<i>Non-departmental output expenses</i>				
1,671	› Administrative Support for Telecommunications Relay Equipment and Services	2	1,494	1,519	1,519
	<i>Non-departmental other expenses</i>				
3,232	› Telecommunications Development Levy Funded Procurement – Deaf Relay Service TSO	2	7,227	7,722	3,000
	<i>Non-departmental capital expenditure</i>				
–	› Acquisition of Relay Equipment	2	–	165	165
<b>21,495</b>	<b>Policy Advice and Related Services to Ministers MCA</b>		<b>18,391</b>	<b>19,624</b>	<b>19,354</b>
	<i>Departmental output expenses</i>				
960	› Investigative Services – Trade Remedies		840	575	575
10,552	› Policy Advice – Commerce and Consumer Affairs		–	–	–
6,099	› Policy Advice – Communications		–	–	–
1,353	› Policy Advice – Small Business		–	–	–
–	› Policy Advice and Related Services to Ministers – Commerce and Consumer Affairs		11,625	12,562	12,292
–	› Policy Advice and Related Services to Ministers – Communications		4,569	5,015	5,015
–	› Policy Advice and Related Services to Ministers – Small Business		1,357	1,472	1,472
2,181	› Related Services to Ministers – Commerce and Consumer Affairs		–	–	–
98	› Related Services to Ministers – Communications		–	–	–
252	› Related Services to Ministers – Small Business		–	–	–

Actual 2019/20 \$000	Appropriation name	Location of year-end performance information	Actual 2020/21 \$000	Supplementary Estimates 2020/21 \$000	Main Estimates 2020/21 \$000
<b>36,000</b>	<b>Services and Advice to Support Well-functioning Financial Markets MCA</b>		<b>48,500</b>	<b>48,500</b>	<b>48,500</b>
	<i>Non-departmental output expenses</i>				
6,196	› Performance of Investigation and Enforcement Functions	3	10,282	10,282	8,348
16,072	› Performance of Licensing and Compliance Monitoring Functions	3	19,060	19,060	21,652
13,732	› Performance of Market Analysis and Guidance, Investor Awareness, and Regulatory Engagement Functions	3	19,158	19,158	18,500
	<b>– Small Business: Digital Enablement of Small Business MCA</b>		<b>11,684</b>	<b>13,500</b>	<b>–</b>
	<i>Departmental output expenses</i>				
–	› Small Business: Digital Enablement Programme Design, and Management		520	900	–
	<i>Non-departmental output expenses</i>				
–	› Small Business: Digital Enablement Small Business and Provider Funding and Services		11,164	12,600	–
<b>95,803</b>	<b>Total multi-category expenses and capital expenditure</b>		<b>175,219</b>	<b>194,463</b>	<b>162,521</b>
<b>321,264</b>	<b>Total expenditure</b>		<b>349,788</b>	<b>394,246</b>	<b>347,495</b>

### Other services – Non-departmental

Actual 2019/20 \$000	Appropriation name	Location of year-end performance information	Actual 2020/21 \$000	Supplementary Estimates 2020/21 \$000	Main Estimates 2020/21 \$000
	<b>Non-departmental output expenses</b>				
4,410	Commerce and Consumer Affairs: Accounting and Assurance Standards Setting	4	5,510	5,510	4,410
1,494	Commerce and Consumer Affairs: Administration of the Takeovers Code	5	1,494	1,494	1,494
1,111	Commerce and Consumer Affairs: Competition Studies	2	2,580	3,133	2,433
–	Commerce and Consumer Affairs: COVID-19 Consumer Travel Reimbursement Scheme	6	30,030	47,200	–
–	Commerce and Consumer Affairs: Economic Regulation Inquiries	2	–	1,000	1,000
626	Commerce and Consumer Affairs: Enforcement of Dairy Sector Regulation and Auditing of Milk Price Setting	2	628	757	757
318	Commerce and Consumer Affairs: Regulation of Airport Services 2019–2024 – MYA	1	341	957	475
8,622	Commerce and Consumer Affairs: Retirement Commissioner	7	8,622	8,622	8,622
10,541	Communications: Emergency Telecommunications Services	8	1,792	2,910	1,910
6,022	Communications: Enforcement of Telecommunications Sector Regulation	1	5,403	5,559	6,250
4,948	Enforcement of Telecommunications Sector Fibre and Broadcasting Transmission Service Regulation – MYA	1	4,790	4,493	3,300
<b>38,092</b>	<b>Total non-departmental output expenses</b>		<b>61,190</b>	<b>81,635</b>	<b>30,651</b>

Actual 2019/20 \$000	Appropriation name	Location of year-end performance information	Actual 2020/21 \$000	Supplementary Estimates 2020/21 \$000	Main Estimates 2020/21 \$000
<b>Non-departmental other expenses</b>					
	Payments in respect of the Weathertight Services Loan				
	– Guarantees PLA	2	–	1,600	1,600
292	Residential Earthquake-Prone Buildings Financial Assistance Scheme: Delivery and Administration of the Loan Scheme for Earthquake-Prone Buildings	2	545	958	3,000
	Residential Earthquake-Prone Buildings Financial Assistance Scheme: Fair Value Write-down – MYA	2	–	2,400	–
700	Unwind of Discount Rate Used in the Present Value Calculation of Direct Payments Under the Weathertight Homes Financial Assistance Package	2	100	1,659	1,659
2,122	Commerce and Consumer Affairs: Financial Markets Authority Litigation Fund	3	4,027	8,878	5,000
	Commerce and Consumer Affairs: Takeovers Panel Litigation Fund	5	200	200	200
	Energy and Resources: Fair Value Write-down on Loans and Investments	2	78	500	–
8,180	Infrastructure: Regional Digital Connectivity Improvements – MYA	9	38,130	70,122	56,800
35,406	Infrastructure: Telecommunications Development Levy Funded Procurement – Telecommunications Infrastructure Investment – MYA	9	67,236	118,415	35,000
<b>46,700</b>	<b>Total non-departmental other expenses</b>		<b>110,316</b>	<b>204,732</b>	<b>103,259</b>
<b>Non-departmental capital expenditure</b>					
	Residential Earthquake-Prone Buildings Financial Assistance Scheme: Loan Scheme for Earthquake-Prone Buildings – MYA	2	–	1,000	5,000
90,000	Communications: Radio Spectrum Management Rights – Capital	2	–	165,600	–
	Infrastructure: Broadband Investment – MYA	9	70,000	157,500	83,000
	– Investment in the Financial Markets Authority	2	1,550	3,800	3,800
<b>90,000</b>	<b>Total non-departmental capital expenditure</b>		<b>71,550</b>	<b>327,900</b>	<b>91,800</b>
<b>174,792</b>	<b>Total non-departmental annual and MYA expenses</b>		<b>243,056</b>	<b>614,267</b>	<b>225,710</b>
<b>496,056</b>	<b>Total expenditure for outcome</b>		<b>592,844</b>	<b>1,008,513</b>	<b>573,205</b>

**Location of year-end performance information:**

- 1 Commerce Commission’s annual report
- 2 Exemption granted under section 15D(2)(b) of the *Public Finance Act 1989*
- 3 Financial Markets Authority’s annual report
- 4 External Reporting Board’s annual report
- 5 Takeovers Panel’s annual report
- 6 Minister of Commerce and Consumer Affairs in the Vote Business, Science and Innovation non-departmental appropriations report
- 7 Retirement Commissioner’s annual report
- 8 Minister for Digital Economy and Communications in the Vote Business, Science and Innovation non-departmental appropriations report
- 9 Crown Infrastructure Partners’ annual report

## Multi-year appropriations

Appropriation name	Actual 2020/21 \$000	Actual 2019/20 \$000
<b>Commerce and Consumer Affairs: Regulation of Airport Services (2019–2024) – MYA</b>		
Original appropriation	2,763	2,763
Cumulative adjustments	–	–
Total adjusted appropriation	2,763	2,763
Cumulative actual expenditure 1 July	318	–
Current year actual expenditure	341	318
Cumulative actual expenditure 30 June	659	318
Appropriation remaining 30 June	2,104	2,445
<b>Enforcement of Telecommunications Sector Fibre and Broadcasting Transmission Service Regulation (2019–2022) – MYA</b>		
Original appropriation	12,300	12,300
Cumulative adjustments	6,359	–
Total adjusted appropriation	18,659	12,300
Cumulative actual expenditure 1 July	8,148	3,200
Current year actual expenditure	4,790	4,948
Cumulative actual expenditure 30 June	12,938	8,148
Appropriation remaining 30 June	5,721	4,152
<b>Infrastructure: Broadband Investment (2018–2021) – MYA</b>		
Original appropriation	582,500	582,500
Cumulative adjustments	10,000	10,000
Total adjusted appropriation	592,500	592,500
Cumulative actual expenditure 1 July	435,000	345,000
Current year actual expenditure	70,000	90,000
Cumulative actual expenditure 30 June	505,000	435,000
Appropriation remaining 30 June	87,500	157,500
<b>Infrastructure: Regional Digital Connectivity Improvements (2018–2021) – MYA</b>		
Original appropriation	80,000	80,000
Cumulative adjustments	–	–
Total adjusted appropriation	80,000	80,000
Cumulative actual expenditure 1 July	9,878	1,698
Current year actual expenditure	38,130	8,180
Cumulative actual expenditure 30 June	48,008	9,878
Appropriation remaining 30 June	31,992	70,122

Appropriation name	Actual 2020/21 \$000	Actual 2019/20 \$000
<b>Infrastructure: Telecommunications Development Levy Funded Procurement – Telecommunications Infrastructure Investment (2019–2022) – MYA</b>		
Original appropriation	101,500	101,500
Cumulative adjustments	52,321	52,321
Total adjusted appropriation	153,821	153,821
Cumulative actual expenditure 1 July	35,406	–
Current year actual expenditure	67,236	35,406
Cumulative actual expenditure 30 June	102,642	35,406
Appropriation remaining 30 June	51,179	118,415
<b>Residential Earthquake-Prone Buildings Financial Assistance Scheme: Fair Value Write-down (2020–2024) – MYA</b>		
Original appropriation	4,800	–
Cumulative adjustments	–	–
Total adjusted appropriation	4,800	–
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	–	–
Cumulative actual expenditure 30 June	–	–
Appropriation remaining 30 June	4,800	–
<b>Residential Earthquake-Prone Buildings Financial Assistance Scheme: Loan Scheme for Earthquake-Prone Buildings (2020–2024) – MYA</b>		
Original appropriation	10,000	10,000
Cumulative adjustments	–	–
Total adjusted appropriation	10,000	10,000
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	–	–
Cumulative actual expenditure 30 June	–	–
Appropriation remaining 30 June	10,000	10,000
<b>Tenant Health and Safety Information (2015–2020) – MYA</b>		
Original appropriation	2,740	2,740
Cumulative adjustments	–	–
Total adjusted appropriation	2,740	2,740
Cumulative actual expenditure 1 July	2,713	2,571
Current year actual expenditure	–	142
Cumulative actual expenditure 30 June	2,713	2,713
Appropriation remaining 30 June	27	27

## OUTCOME FOUR: VALUE IS SUSTAINABLY DERIVED FROM THE NATURAL ENVIRONMENT



Achieved 14 out of 22 output performance targets

VOTE BUSINESS, SCIENCE AND INNOVATION		2020/21		2019/20
Appropriation	Performance measures	Target	Actual	Actual
<b>Energy and Resources: Information Services</b> This appropriation is intended to achieve the provision of information and technical advice on energy and resources.	New Zealand's obligations for reporting energy information to international organisations, including the International Energy Agency, Asia Pacific Economic Cooperation and United Nations Framework Convention on Climate Change, are met to an agreed standard	All international requirements are met	All international requirements are met	All international requirements are met
	Statistical releases are free from significant errors	100%	100%	New measure for 2020/21
	Statistical releases are published on the advertised date	100%	100%	New measure for 2020/21
<b>Energy and Resources: Management of the Crown Mineral Estate</b> This appropriation is intended to achieve the efficient allocation and management of Crown-owned petroleum and mineral resources.	Percentage of mineral applications are granted or declined within 120 working days	80%	62% <sup>88</sup>	Achieved (80%)
	Percentage of petroleum applications are granted or declined within 120 working days	80%	58% <sup>89</sup>	Achieved (81%)
	Iwi are consulted with on all applications that are within their rohe	100%	100%	100%
	Energy and Resource Markets statutory consultation requirements are met	Achieved	Achieved	Achieved
<b>Energy and Resources: Renewable Energy in Public and Māori Housing</b> This appropriation is intended to achieve lower energy costs and the decarbonisation of public and Māori housing infrastructure.	Percentage of projects funded that are selected in accordance with scheme assessment and evaluation criteria	100%	100% <sup>90</sup>	New measure for 2020/21
<b>Operational Support</b> This category is intended to achieve the improvement of energy affordability through the operational deployment of renewable energy solutions on public housing.	Percentage of projects funded that comply with scheme assessment criteria	100%	100%	New measure for 2020/21
	Percentage of projects funded that comply with evaluation plan	100%	Baseline to be established <sup>91</sup>	New measure for 2020/21

88 An increase in the complexity of applications received after the nationwide COVID-19 lockdown, combined with record high gold prices, has impacted the timeliness of decision making. There were 63 applications granted or declined out of a total of 101 applications.

89 Applications have become increasingly more complex (in particular, those associated with late life fields, thereby requiring longer than usual timeframes to review the application and conclude).

90 The 100% result is based only on projects that comply with scheme assessment criteria. The evaluation plan is not yet finalised at reporting date. Procurement for the evaluation plan began in May 2021 and is expected to be in place by September 2021.

91 The evaluation plan is not yet finalised at reporting date. Procurement for the evaluation plan began in May 2021 and is expected to be in place by September 2021.

VOTE BUSINESS, SCIENCE AND INNOVATION		2020/21		2019/20
Appropriation	Performance measures	Target	Actual	Actual
<b>Provision of Funding for Purchase of Renewable Energy Solutions</b> This category is intended to achieve the improvement of energy affordability through the provision of grants to non-government Māori organisations and communities to deploy renewable energy solutions on Māori Housing.	Percentage of projects funded that comply with evaluation plan	100%	Baseline to be established <sup>92</sup>	New measure for 2020/21
	Percentage of projects funded that comply with scheme assessment criteria	100%	100%	New measure for 2020/21
<b>Equity Investments</b> This category is intended to achieve the improvement of energy affordability through the procurement of renewable energy capital assets on government owned housing.	Percentage of projects funded that comply with scheme assessment criteria	100%	Not assessed <sup>93</sup>	New measure for 2020/21
	Percentage of projects funded that comply with evaluation plan	100%	Not assessed <sup>93</sup>	New measure for 2020/21
<b>Policy Advice and Related Outputs MCA (Business, Science and Innovation)</b> <b>Policy Advice and Related Services to Ministers – Energy and Resources</b> This category is intended to achieve the provision of high quality policy advice and support to Ministers and ensure Crown entities are appropriately monitored.	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	74% <sup>94</sup>	Not reported
	The satisfaction of the Minister of Energy and Resources with the policy advice service, as per the common satisfaction survey	Average score of 4 out of 5 or better	4.8	4.9
	Ministers receive advice on entities' accountability documents within statutory timeframes	100%	100%	100%
	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	74% <sup>95,96</sup>	97%
	Ministerial Official Information Act 1982 requests	95% or above	86% <sup>95,97</sup>	95%
	Parliamentary questions	95% or above	98%	99%
<b>Energy and Resources: Supporting Decommissioning of Oil Fields</b> This appropriation is intended to achieve the efficient management of planning, compliance, demobilisation and decommissioning activities	Number of Tui project Steering Group meetings over the financial year	At least 2	6	New measure for 2020/21
	Establish project structure separate from MBIE's regulatory function	Achieved	Achieved	New measure for 2020/21

92 The evaluation plan is not yet finalised at reporting date. Procurement for the evaluation plan began in May 2021 and is expected to be in place by September 2021.

93 There were no equity investments made during the start-up phase.

94 Eighty-one policy papers produced, 23 of these were reviewed using an appropriately robust process based on the randomness of the review sample, methodology of the review, and expertise of the reviewers. In order to ensure the sample size of papers reviewed provides at least a 15% margin of error, confidence level of 90%, and standard deviation of 0.5, MBIE uses Cochran's Sample Size formula.

95 The impact of COVID-19 in the 2019/20 financial year, with limitations such as restricted online access and the prioritisation of direct operational and policy work for the COVID response, led to a substantial increase in ministerial workload being carried over into the 2020/21 financial year. These volumes being carried across, alongside increased received volumes in the 2020/21 financial year, led to items being sent late and the target being missed.

96 One hundred and twenty-one out of 457 items sent in total were late.

97 Five out of 35 items sent in total were late.

## How much we spent

Actual 2019/20 \$000	Our expenditure summary	Actual 2020/21 \$000	Supplementary Estimates 2020/21 \$000	Main Estimates 2020/21 \$000
27,191	Departmental expenses	28,466	32,525	27,404
337,568	Non-departmental expenses	417,243	596,148	198,853
	– Departmental capital	–	–	–
1,128	Non-departmental capital	2,431	19,990	2,000
<b>365,887</b>	<b>Total expenditure for outcome</b>	<b>448,140</b>	<b>648,663</b>	<b>228,257</b>

## Our services and functions – Departmental

Actual 2019/20 \$000	Appropriation name	Actual 2020/21 \$000	Supplementary Estimates 2020/21 \$000	Main Estimates 2020/21 \$000
	<b>Departmental outputs</b>			
2,398	Energy and Resources: Information Services	2,564	2,691	2,541
18,950	Energy and Resources: Management of the Crown Mineral Estate	19,089	19,876	19,031
	– Energy and Resources: Supporting Decommissioning of Oil Fields – MYA	70	905	–
<b>21,348</b>	<b>Total departmental output expenditure</b>	<b>21,723</b>	<b>23,472</b>	<b>21,572</b>
	<b>Multi-category expenses and capital expenditure</b>			
	<b>Energy and Resources: Renewable Energy in Public and Māori Housing MCA</b>	<b>1,002</b>	<b>3,200</b>	<b>–</b>
	<i>Non-departmental output expenses</i>			
	– › Operational Support	76	147	–
	– › Provision of Funding for Purchase of Renewable Energy Solutions	926	1,850	–
	<i>Non-departmental capital expenditure</i>			
	– › Equity Investments	–	1,203	–
<b>5,843</b>	<b>Policy Advice and Related Services to Ministers MCA</b>	<b>6,743</b>	<b>9,053</b>	<b>5,832</b>
	<i>Departmental output expenses</i>			
5,305	› Policy Advice – Energy and Resources	–	–	–
	– › Policy Advice and Related Services to Ministers – Energy and Resources	6,743	9,053	5,832
538	› Related Services to Ministers – Energy and Resources	–	–	–
<b>5,843</b>	<b>Total multi-category expenses and capital expenditure</b>	<b>7,745</b>	<b>12,253</b>	<b>5,832</b>
<b>27,191</b>	<b>Total expenditure</b>	<b>29,468</b>	<b>35,725</b>	<b>27,404</b>

## Other services – Non-departmental

Actual 2019/20 \$000	Appropriation name	Location of year-end performance information	Actual 2020/21 \$000	Supplementary Estimates 2020/21 \$000	Main Estimates 2020/21 \$000
<b>Non-departmental output expenses</b>					
6,883	Commerce and Consumer Affairs: Regulation of Electricity Lines Services 2019–2024 – MYA	1	5,792	5,467	5,150
1,300	Commerce and Consumer Affairs: Regulation of Gas Pipelines Services 2019–2024 – MYA	1	1,081	1,900	1,700
–	Energy and Resources: Advice on Viable Energy Storage Projects – MYA	2	507	29,787	–
73,597	Energy and Resources: Electricity Industry Governance and Market Operations	3	76,487	78,415	76,936
28,948	Energy and Resources: Energy Efficiency and Conservation	4	31,517	34,274	33,774
–	Energy and Resources: Energy Solutions for Public and Māori Housing	2	500	500	–
2,880	Energy and Resources: Implementation of the Grant Scheme for Warm, Dry Homes – MYA	4	4,867	5,272	3,240
23,084	Energy and Resources: Management of IEA Oil Stocks		–	–	–
–	Energy and Resources: Management of IEA Oil Stocks 2020–2024 – MYA	2	10,659	26,416	26,000
–	Energy and Resources: Managing the Security of New Zealand’s Electricity Supply 2017–2022 – MYA	3	–	4,800	1,200
–	Energy and Resources: Meeting Crown Obligations – MYA	2	–	84,344	–
151,841	Energy and Resources: Oil Field Decommissioning	2	175,410	195,633	–
634	Resource Data Acquisition and Management 2015–2018 – MYA		–	–	–
<b>289,167</b>	<b>Total non-departmental output expenses</b>		<b>306,820</b>	<b>466,808</b>	<b>148,000</b>
<b>Non-departmental other expenses</b>					
–	Energy and Resources: Accelerating Energy Efficiency and Fuel Switching in Industry 2021–2025 – MYA	4	218	14,600	–
187	Energy and Resources: Electricity Litigation Fund	3	1,144	1,144	444
46,768	Energy and Resources: Grant Scheme for Warm, Dry Homes – MYA	4	99,439	102,950	41,760
246	Energy and Resources: International Energy Agency Contribution	5	220	249	249
1,200	Energy and Resources: National New-Energy Development Centre	2	8,400	8,400	8,400
<b>48,401</b>	<b>Total non-departmental other expenses</b>		<b>109,421</b>	<b>127,343</b>	<b>50,853</b>
<b>Non-departmental capital expenditure</b>					
1,128	Energy and Resources: Crown Energy Efficiency	4	1,427	2,000	2,000
–	Energy and Resources: Crown Energy Efficiency – Capital Injection	2	1,004	16,787	–
<b>1,128</b>	<b>Total non-departmental capital expenditure</b>		<b>2,431</b>	<b>18,787</b>	<b>2,000</b>
<b>338,696</b>	<b>Total non-departmental annual and MYA expenses</b>		<b>418,672</b>	<b>612,938</b>	<b>200,853</b>
<b>365,887</b>	<b>Total expenditure for outcome</b>		<b>448,140</b>	<b>648,663</b>	<b>228,257</b>

### Location of year-end performance information:

- 1 Commerce Commission’s annual report
- 2 Minister of Energy and Resources in the Vote Business, Science and Innovation non-departmental appropriations report
- 3 Electricity Authority’s annual report
- 4 Energy Efficiency and Conservation Authority’s annual report
- 5 Exemption granted under section 15D(2)(b) of the *Public Finance Act 1989*

## Multi-year appropriations

Appropriation name	Actual 2020/21 \$000	Actual 2019/20 \$000
<b>Commerce and Consumer Affairs: Regulation of Electricity Lines Services (2019–2024) – MYA</b>		
Original appropriation	28,311	28,311
Cumulative adjustments	10,254	–
Total adjusted appropriation	38,565	28,311
Cumulative actual expenditure 1 July	6,883	–
Current year actual expenditure	5,792	6,883
Cumulative actual expenditure 30 June	12,675	6,883
Appropriation remaining 30 June	25,890	21,428
<b>Commerce and Consumer Affairs: Regulation of Gas Pipelines Services (2019–2024) – MYA</b>		
Original appropriation	9,684	9,684
Cumulative adjustments	3,337	–
Total adjusted appropriation	13,021	9,684
Cumulative actual expenditure 1 July	1,300	–
Current year actual expenditure	1,081	1,300
Cumulative actual expenditure 30 June	2,381	1,300
Appropriation remaining 30 June	10,640	8,384
<b>Energy and Resources: Accelerating Energy Efficiency and Fuel Switching in Industry (2021–2025) – MYA</b>		
Original appropriation	69,000	–
Cumulative adjustments	–	–
Total adjusted appropriation	69,000	–
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	218	–
Cumulative actual expenditure 30 June	218	–
Appropriation remaining 30 June	68,782	–
<b>Energy and Resources: Advice on Viable Energy Storage Projects (2020–2025) – MYA</b>		
Original appropriation	93,085	–
Cumulative adjustments	–	–
Total adjusted appropriation	93,085	–
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	507	–
Cumulative actual expenditure 30 June	507	–
Appropriation remaining 30 June	92,578	–
<b>Energy and Resources: Grant Scheme for Warm, Dry Homes (2018–2022) – MYA</b>		
Original appropriation	132,240	132,240
Cumulative adjustments	173,505	6,103
Total adjusted appropriation	305,745	138,343
Cumulative actual expenditure 1 July	62,955	16,187
Current year actual expenditure	99,439	46,768
Cumulative actual expenditure 30 June	162,394	62,955
Appropriation remaining 30 June	143,351	75,388

Appropriation name	Actual 2020/21 \$000	Actual 2019/20 \$000
<b>Energy and Resources: Implementation of the Grant Scheme for Warm, Dry Homes (2018–2022) – MYA</b>		
Original appropriation	10,260	10,260
Cumulative adjustments	9,134	–
Total adjusted appropriation	19,394	10,260
Cumulative actual expenditure 1 July	3,780	900
Current year actual expenditure	4,867	2,880
Cumulative actual expenditure 30 June	8,647	3,780
Appropriation remaining 30 June	10,747	6,480
<b>Energy and Resources: Management of IEA Oil Stocks (2020–2024) – MYA</b>		
Original appropriation	113,000	113,000
Cumulative adjustments	416	–
Total adjusted appropriation	113,416	113,000
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	10,659	–
Cumulative actual expenditure 30 June	10,659	–
Appropriation remaining 30 June	102,757	113,000
<b>Energy and Resources: Managing the Security of New Zealand’s Electricity Supply (2017–2022) – MYA</b>		
Original appropriation	6,000	6,000
Cumulative adjustments	–	–
Total adjusted appropriation	6,000	6,000
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	–	–
Cumulative actual expenditure 30 June	–	–
Appropriation remaining 30 June	6,000	6,000
<b>Energy and Resources: Meeting Crown Obligations (2021–2025) – MYA</b>		
Original appropriation	84,344	–
Cumulative adjustments	–	–
Total adjusted appropriation	84,344	–
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	–	–
Cumulative actual expenditure 30 June	–	–
Appropriation remaining 30 June	84,344	–
<b>Energy and Resources: Supporting Decommissioning of Oil Fields (2021–2025) – MYA</b>		
Original appropriation	9,804	–
Cumulative adjustments	–	–
Total adjusted appropriation	9,804	–
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	70	–
Cumulative actual expenditure 30 June	70	–
Appropriation remaining 30 June	9,734	–

Appropriation name	Actual 2020/21 \$000	Actual 2019/20 \$000
<b>Resource Data Acquisition and Management (2015–2020) – MYA</b>		
Original appropriation	7,700	7,700
Cumulative adjustments	(455)	(455)
Total adjusted appropriation	7,245	7,245
Cumulative actual expenditure 1 July	7,013	6,379
Current year actual expenditure	–	634
Cumulative actual expenditure 30 June	7,013	7,013
Appropriation remaining 30 June	232	232

## OUTCOME FIVE: A DYNAMIC BUSINESS ENVIRONMENT FOSTERING INNOVATION AND INTERNATIONAL CONNECTIONS



Achieved 27 out of 39 output performance targets

VOTE BUSINESS, SCIENCE AND INNOVATION		2020/21		2019/20
Appropriation	Performance measures	Target	Actual	Actual
<b>Communications: Cyber Security Services</b> This appropriation is intended to achieve the operation of a New Zealand CERT to enhance New Zealand's cyber security and resilience and help prevent cybercrime.	Percentage of incidents responded to within 4 hours of being received during operating hours (based on the conditions outlined in CERT NZ's operational policies)	90%	100% <sup>98</sup>	98%
	Number of cyber threat landscape reports produced for public consumption	4	4	3
	Year-on-year increase in consumption of CERT NZ's content and services (measured by web traffic, social media engagement and advisory subscribers)	10%	28% <sup>99</sup>	12%

<sup>98</sup> For 2020/21 a sample of 63 incident responses indicated that automatic messaging was working as intended. A random sampling method is used to calculate the result. This involves picking a random sample across the year. The total number of incident responses was 6,533. System messages with confirmation of receipt are being issued within the four-hour time-frame.

<sup>99</sup> The year-on-year increase achieved across CERT NZ's multiple communication channels was 28%, which was 18% above target. This increase is largely due to increased publicity of cyber threats having an impact on CERT NZ's website visits, resulting in 60% more traffic in 2020/21 compared to the previous year.

VOTE BUSINESS, SCIENCE AND INNOVATION		2020/21		2019/20
Appropriation	Performance measures	Target	Actual	Actual
<b>Economic Development: Implementation of Improvements in Public Sector Procurement and Services to Business</b> This appropriation is intended to achieve better public services and encourage business growth.	Business customers experience more coordinated and consistent services (ie, seamless) from government, as measured by year on year increases in the cross-agency Business Customer Experience Index (CXI) "seamless" measures, relative to June 2017	CXI seamless measures increase	Seamless measures increase (57 out of 100) <sup>100</sup>	Not achieved (52 out of 100)
	Percentage of participating agencies satisfied or very satisfied	72%	71% <sup>101</sup>	73%
	Savings target across public sector agencies identified through the Government Procurement Reform agenda for the financial year	\$175m	\$166m <sup>102</sup>	\$182m
	Year on year improvement in business feedback about the quality of government procurement practice from the annual government procurement business survey	72%	Not measured <sup>103</sup>	Not measured
	Government broader outcomes priority area reporting is established and informs policy, agency and supplier procurement behaviour	Achieved	Achieved	New measure for 2020/21
	Support an increase in government procurement capability through learning and training activities	Achieved	Achieved	New measure for 2020/21
<b>Research, Science and Innovation: Innovative Partnerships</b> This appropriation is intended to achieve the attraction of overseas investment in Research and Development to New Zealand.	Percentage of annual pipeline opportunities assessed within six months	100%	100%	New measure for 2020/21
<b>Research, Science and Innovation: National Research Information System</b> This appropriation is intended to enhance the value of the government's expenditure on research, science and innovation by providing more accessible, accurate and timely information on New Zealand's research investments.	Reporting tools are developed and additional funding agencies are on-boarded by 30 June 2022	Achieved	Not Achieved <sup>104</sup>	New measure for 2020/21
<b>State Services: Property Management within the State Sector</b> This appropriation is intended to achieve improved property management practices across government.	The percentage of Property Business Cases and new Leases (where appropriate) approved in line with the four strategic property expectations	80%	82.6%	New measure for 2020/21
	Year on year improvement in Agency feedback about the quality of support provided by New Zealand Government Procurement and Property on Property projects, advisory, capability and other services	70%	Baseline established 32% <sup>105</sup>	New measure for 2020/21

<sup>100</sup>The June 2017 score was 60/100, but the score in December 2019 was 52/100. The result of 57/100 at 30 June 2021 is a five-point increase, the first ever increase from a prior result and the largest ever change.

<sup>101</sup>The annual survey to agencies measures satisfaction across contract performance and value delivered to agencies, supplier performance, centres of expertise managing contracts and communications. The 1% variance below the standard is due to agency feedback received on the higher-than-normal frequency of communication arising from embedding the Broader Outcomes programme.

<sup>102</sup>The savings target was not met due to a number of factors. Ongoing closure of the international borders resulted in limited international air travel, which accounted for the majority of the missed savings target. IT Hardware experienced spending that was brought forward to the 2020/21 financial year for laptops and ongoing constraints of availability for the period. Motor Vehicles has also seen a reduction of vehicles purchased post-COVID-19, and it is also experiencing constraints of availability.

<sup>103</sup>The improvement score cannot be reported as there was no result for 2019/20. The score for 2020/21 is 3.05 out of 5.0, representing a 61% satisfaction result. This will be used as the baseline for 2021/22. The standard of 72% is an erroneous target and will be corrected in the 2020/21 Supplementary Estimates for Vote Business, Science and Innovation.

<sup>104</sup>There have been some delays on the delivery of the ICT system. However, MBIE expects to deliver the first part of the technology solution by the end of 2021 and is continuing to work on the public website solution.

<sup>105</sup>The survey was first conducted during the 2020/21 financial year, therefore an improvement percentage can be calculated next year. The feedback survey result for the year is 32%.

VOTE BUSINESS, SCIENCE AND INNOVATION		2020/21		2019/20
Appropriation	Performance measures	Target	Actual	Actual
<b>Tourism: International Visitor Conservation and Tourism Levy Collection</b> This appropriation is intended to achieve the prompt payment of transaction fees for the International Visitor Conservation and Tourism Levy.	All bank fees incurred by the collection of the International Visitor Conservation and Tourism Levy are allocated accurately	100%	100%	100%
<b>Ministry of Business, Innovation and Employment – Capital Expenditure PLA</b> This appropriation is intended to achieve the implementation of the Ministry of Business, Innovation and Employment’s capital expenditure plan.	Percentage of Ministry of Business, Innovation and Employment’s projects delivered on time, scope and budget	85%	90%	91%
<b>Policy Advice and Related Outputs MCA (Business, Science and Innovation)</b> <i>Policy Advice and Related Services to Ministers – Economic Development</i> This category is intended to achieve the provision of high quality policy advice and support to Ministers and ensure Crown entities are appropriately monitored.	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	72% <sup>106</sup>	Not reported
	The satisfaction of the Minister for Economic and Regional Development with the policy advice service, as per the common satisfaction survey	Average score of 4 out of 5 or better	4.3	4.3
	Ministers receive advice on entities' accountability documents within statutory timeframes	100%	100%	100%
	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	87% <sup>107,108</sup>	98%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	63% <sup>107,109</sup>	78%
	Parliamentary questions	95% or above	93% <sup>107,110</sup>	100%

<sup>106</sup>One hundred and nine policy papers produced, 27 of these were reviewed using an appropriately robust process based on the randomness of the review sample, methodology of the review, and expertise of the reviewers. In order to ensure the sample size of papers reviewed provides at least a 15% margin of error, confidence level of 90%, and standard deviation of 0.5, MBIE uses Cochran’s Sample Size formula. The Ministry is continuing to provide ongoing professional development to staff to improve the technical quality of policy papers.

<sup>107</sup>The impact of COVID-19 in the 2019/20 financial year, with limitations such as restricted online access and the prioritisation of direct operational and policy work for the COVID-19 response, led to a substantial increase in Ministerial workload being carried over into the 2020/21 financial year. These volumes being carried across, alongside increased received volumes in the 2020/21 financial year, led to items being sent late and the target being missed.

<sup>108</sup>Twenty-five out of 194 items sent in total were late.

<sup>109</sup>Seven out of 19 items sent in total were late.

<sup>110</sup>Ten out of 153 items sent in total were late.

VOTE BUSINESS, SCIENCE AND INNOVATION		2020/21		2019/20
Appropriation	Performance measures	Target	Actual	Actual
<p><i>Policy Advice and Related Services to Ministers – Research, Science and Innovation</i></p> <p>This category is intended to achieve the provision of high quality policy advice and support to Ministers and ensure Crown entities are appropriately monitored.</p>	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	74% <sup>111</sup>	Not reported
	The satisfaction of the Minister of Research, Science and Innovation with the policy advice service, as per the common satisfaction survey	Average score of 4 out of 5 or better	4.8	4.9
	Ministers receive advice on entities' accountability documents within statutory timeframes	100%	100%	100%
	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	84% <sup>112,113</sup>	98%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	77% <sup>112,114</sup>	93%
	Parliamentary questions	95% or above	95%	98%
<p><b>Research, Science and Innovation: Contract Management MCA</b></p> <p>This appropriation is intended to achieve efficient and effective management of the science and innovation system.</p>	Contracts are monitored through agreed reporting programmes	Achieved	Achieved	Achieved
<p><i>Science and Innovation Contract Management</i></p> <p>This category is intended to achieve the efficient and effective allocation and contracting of research, science and technology grants to maximise their returns to New Zealand.</p>	Contracts are monitored through agreed reporting programmes	Achieved	Achieved	Achieved
<p><i>Research Contract Management</i></p> <p>This category is intended to achieve the efficient and effective allocation and contracting of research, science and technology grants to maximise their returns to New Zealand.</p>	Percentage of contracts that have been monitored and performance assessed within agreed timeframes	100%	100%	100%
<p><b>Research, Science and Innovation: Strategic Science Investment Fund MCA</b></p> <p>This appropriation is intended to achieve the support of longer-term programmes of mission-led science that contribute to New Zealand's economy, environment and well-being, including the infrastructure that enables high-impact science.</p>	Percentage of contracts that have been monitored and performance assessed within agreed timeframes	100%	100%	100%
<p><i>Strategic Science Investment Fund – Infrastructure</i></p> <p>This category is intended to achieve access for researchers to resources and information that require national-scale, nationally coordinated, multi-user financial support.</p>	Percentage of contracts that have been monitored and performance assessed within agreed timeframes	100%	100%	100%

<sup>111</sup> Seventy-three policy papers produced, 18 of these were reviewed using an appropriately robust process based on the randomness of the review sample, methodology of the review, and expertise of the reviewers. In order to ensure the sample size of papers reviewed provides at least a 15% margin of error, confidence level of 90%, and standard deviation of 0.5, MBIE uses Cochran's Sample Size Formula.

<sup>112</sup> The impact of COVID-19 in the 2019/20 financial year, with limitations such as restricted online access and the prioritisation of direct operational and policy work for the COVID response, led to a substantial increase in Ministerial workload being carried over into the 2020/21 financial year. These volumes being carried across, alongside increased received volumes in the 2020/21 financial year, led to items being sent late and the target being missed.

<sup>113</sup> Seven out of 44 items sent in total were late.

<sup>114</sup> Three out of 13 items sent in total were late. Given the low volume of Ministerial *Official Information Act 1982* requests and late responses, this portfolio did not meet the target for this correspondence type.

VOTE BUSINESS, SCIENCE AND INNOVATION		2020/21		2019/20
Appropriation	Performance measures	Target	Actual	Actual
<p><i>Strategic Science Investment Fund – Programmes</i></p> <p>This category is intended to achieve the support of longer-term programmes of mission-led science which contribute to the future of New Zealand’s economy, environment and wellbeing.</p>	Percentage of contracts that have been monitored and performance assessed within agreed timeframes	100%	100%	100%
<p><b>Research, Science and Innovation: Talent and Science Promotion MCA</b></p> <p>This appropriation is intended to achieve high-quality engagement between scientists and the public, contributing to the development of talented, skilled individuals and their organisations.</p>	Percentage of contracts that have been monitored and performance assessed within agreed timeframes	100%	100%	100%
<p><i>Fellowships for Excellence</i></p> <p>This category is intended to achieve an improvement in career development opportunities for New Zealand’s early to midcareer researchers.</p>	Percentage of contracts that have been monitored and performance assessed within agreed timeframes	100%	100%	100%
<p><i>Science in Society</i></p> <p>This category is intended to achieve the increased engagement by New Zealanders with science and technology.</p>	Percentage of contracts that have been monitored and performance assessed within agreed timeframes	100%	100%	100%
<p><i>Vision Mātauranga Capability Fund</i></p> <p>This category is intended to achieve development of skilled people and organisations undertaking research that supporting the four themes of Vision Mātauranga.</p>	Percentage of contracts that have been monitored and performance assessed within agreed timeframes	95%	100%	95%
<p><b>Seed Co-Investment Fund MCA</b></p> <p>This appropriation is intended to achieve the provision of funds to be co-invested with the private sector for emerging high growth New Zealand companies that require new risk capital for growth.</p>	Number of new investments in companies from the Aspire NZ Seed Fund	Reaching or exceeding 15	14 <sup>115</sup>	17
<p><b>Communications: Pacific Cyber Security Initiatives</b></p> <p>This appropriation is intended to achieve the delivery of direct support to Pacific partners and through the Pacific Cybersecurity Operation Network (PaCSON), assist in the development of incident response capacity and cybersecurity awareness in the Pacific region, and to support cybersecurity capacity building in the Pacific, and the ‘Pacific Reset.’</p>	All deliverables are met	Achieved	Achieved <sup>116</sup>	Achieved

115 New Zealand Growth Capital Partners continues to focus on the quality of investments rather than quantity. In addition to the 14, a further two new investments into companies were approved by the Investment Committee as of 30 June 2021, with payment pending final legal execution.

116 The deliverables met for the 2020/21 financial year include:

- › provision of incident response support
- › development of trusted relationships and opportunities for mentorship between Pasefika and CERT NZ subject matter experts
- › active contribution to PaCSON community, including driving two flagship activities. 15 PaCSON remote sessions delivered to date, and operational partnership developed with CyberSafety Pasefika, Pacific Islands Law Officers’ Network , and Asia Pacific Computer Emergency Response Team
- › information and good practice sharing, community outreach, development, and engagement
- › production of resources for the Cyber Smart Pacific project
- › a trial translation project has been undertaken to translate three CERT NZ good practice guides into 10 languages for eight economies.

## How much we spent

Actual 2019/20 \$000	Our expenditure summary	Actual 2020/21 \$000	Supplementary Estimates 2020/21 \$000	Main Estimates 2020/21 \$000
106,527	Departmental expenses	115,732	143,215	115,730
1,682,368	Non-departmental expenses	2,004,153	2,269,056	1,662,852
96,675	Departmental capital	78,206	85,308	80,027
9,940	Non-departmental capital	150,802	191,268	29,458
<b>1,895,510</b>	<b>Total expenditure for outcome</b>	<b>2,348,893</b>	<b>2,688,847</b>	<b>1,888,067</b>

## Our services and functions – Departmental

Actual 2019/20 \$000	Appropriation name	Location of year-end performance information	Actual 2020/21 \$000	Supplementary Estimates 2020/21 \$000	Main Estimates 2020/21 \$000
<b>Departmental output expenses</b>					
7,891	Communications: Cyber Security Services		8,103	8,123	8,123
27	Communications: Pacific Cyber Security Initiatives		–	–	–
–	Communications: Pacific Cyber Security Initiatives – MYA		217	250	604
32,371	Economic Development: Implementation of Improvements in Public Sector Procurement and Services to Business		33,464	40,424	30,512
2,622	Research, Science and Innovation: Innovative Partnerships		2,790	3,027	3,027
2,506	Research, Science and Innovation: National Research Information System		1,648	1,729	1,729
11,084	State Services: Property Management Services	1	17,043	22,221	12,626
3,879	State Services: Property Management within the State Sector		5,023	7,471	7,221
1,416	Tourism: International Visitor Conservation and Tourism Levy Collection		75	114	2,284
<b>61,796</b>	<b>Total departmental output expenditure</b>		<b>68,363</b>	<b>83,359</b>	<b>66,126</b>
<b>Departmental capital</b>					
96,675	Ministry of Business, Innovation and Employment – Capital Expenditure PLA		78,206	85,308	80,027
<b>96,675</b>	<b>Total departmental capital</b>		<b>78,206</b>	<b>85,308</b>	<b>80,027</b>

Actual 2019/20 \$000	Appropriation name	Location of year-end performance information	Actual 2020/21 \$000	Supplementary Estimates 2020/21 \$000	Main Estimates 2020/21 \$000
<b>Multi-category expenses and capital expenditure</b>					
<b>Energy and Resources: Investment in Infrastructure</b>					
	<b>– Projects MCA</b>	2	<b>23,600</b>	<b>86,239</b>	<b>–</b>
<i>Non-departmental output expenses</i>					
	– › Operational Support of Infrastructure Investments	3	250	250	–
<i>Non-departmental other expenses</i>					
	– › Capital Infrastructure Investments – Fair Value Write-down	3	–	22,000	–
	– › Capital Infrastructure Investments – Impairment of Debt and Equity Investments	3	–	1	–
	– › Grants to Support Infrastructure Investments	2	23,350	26,487	–
	› Other Activities to Support Infrastructure Investments	3	–	1	–
<i>Non-departmental capital expenditure</i>					
	› Loans and Equity Investments to Support Infrastructure Investments	3	–	37,500	–
<b>25,945</b>	<b>Policy Advice and Related Services to Ministers MCA</b>		<b>30,078</b>	<b>40,448</b>	<b>30,422</b>
<i>Departmental output expenses</i>					
13,330	› Policy Advice – Economic Development		–	–	–
6,333	› Policy Advice – Science and Innovation		–	–	–
	– › Policy Advice and Related Services to Ministers – Economic Development		21,507	30,573	21,047
	– › Policy Advice and Related Services to Ministers – Research, Science and Innovation		8,571	9,875	9,375
3,563	› Related Services to Ministers – Economic Development		–	–	–
2,719	› Related Services to Ministers – Science and Innovation		–	–	–
<b>81,740</b>	<b>Research, Science and Innovation: Callaghan Innovation - Operations MCA</b>		<b>318,571</b>	<b>344,435</b>	<b>80,288</b>
<i>Non-departmental output expenses</i>					
35,358	› Building Business Innovation	4	38,061	39,625	36,378
7,750	› Business Research and Development Contract Management	4	7,750	7,750	7,750
	› R&D Short-term Loan Scheme Subsequent Impairment of Loans	3	–	20,000	–
38,632	› Research and Development Services and Facilities for Business and Industry	4	37,260	37,260	36,160
<i>Non-departmental other expenses</i>					
	– › R&D Short-term Loan Scheme Initial Fair Value Write-down	3	88,656	90,000	–
<i>Non-departmental capital expenditure</i>					
	– › Short-term Research and Development Loan Scheme	4	146,844	149,800	–
<b>29,213</b>	<b>Research, Science and Innovation: Contract Management MCA</b>		<b>28,150</b>	<b>30,321</b>	<b>29,855</b>
<i>Departmental output expenses</i>					
18,786	› Science and Innovation Contract Management		17,291	19,408	19,182
<i>Non-departmental output expenses</i>					
10,427	› Research Contract Management		10,859	10,913	10,673

Actual 2019/20 \$000	Appropriation name	Location of year-end performance information	Actual 2020/21 \$000	Supplementary Estimates 2020/21 \$000	Main Estimates 2020/21 \$000
<b>284,906</b>	<b>Research, Science and Innovation: Strategic Science Investment Fund MCA</b>		<b>345,699</b>	<b>348,304</b>	<b>323,681</b>
	<i>Non-departmental output expenses</i>				
54,149	› Strategic Science Investment Fund – Infrastructure		64,257	64,859	62,859
230,757	› Strategic Science Investment Fund – Programmes		281,442	283,445	260,822
<b>27,313</b>	<b>Research, Science and Innovation: Talent and Science Promotion MCA</b>		<b>34,909</b>	<b>37,089</b>	<b>28,989</b>
	<i>Non-departmental output expenses</i>				
10,466	› Fellowships for Excellence		19,978	20,170	10,570
10,434	› Science in Society		8,987	10,349	11,849
5,913	› Vision Mātauranga Capability Fund		5,444	6,070	6,070
	<i>Non-departmental other expenses</i>				
500	› Royal Society of New Zealand	3	500	500	500
<b>2,330</b>	<b>Seed Co-Investment Fund MCA</b>		<b>750</b>	<b>750</b>	<b>750</b>
	<i>Non-departmental output expenses</i>				
2,330	› Investment Fund Management	3	750	740	750
	<i>Non-departmental capital expenditure</i>				
–	› Seed Co-Investment Fund	3	–	10	–
<b>31,287</b>	<b>Support New Market Opportunities to Grow Firms and Sectors for the Benefit of New Zealand MCA</b>	5	<b>56,102</b>	<b>63,031</b>	<b>31,231</b>
	<i>Non-departmental other expenses</i>				
30,820	› International Growth Fund	5	54,898	61,827	30,027
467	› Sector Strategies and Facilitation	5	1,204	1,204	1,204
<b>196,683</b>	<b>Support the Growth and Development of New Zealand Firms, Sectors and Regions MCA</b>	5	<b>266,619</b>	<b>266,919</b>	<b>177,246</b>
	<i>Non-departmental output expenses</i>				
6,469	› Collaborative Activity and Special Events	5	6,469	6,469	4,420
159,559	› International Business Growth Services	5	181,743	181,743	157,645
30,655	› Services to Support the Growth and Development of New Zealand Businesses	5	78,407	78,707	15,181
<b>679,417</b>	<b>Total multi-category expenses and capital expenditure</b>		<b>1,104,478</b>	<b>1,217,536</b>	<b>702,462</b>
<b>837,888</b>	<b>Total expenditure</b>		<b>1,251,047</b>	<b>1,386,203</b>	<b>848,615</b>

## Other services – Non-departmental

Actual 2019/20 \$000	Appropriation name	Location of year-end performance information	Actual 2020/21 \$000	Supplementary Estimates 2020/21 \$000	Main Estimates 2020/21 \$000
<b>Non-departmental output expenses</b>					
233,189	Research and Development Growth Grants – MYA	4	127,501	154,712	172,586
45,100	Research, Science and Innovation: Crown Research Institutes – COVID-19 Response and Recovery	6	45,100	72,300	–
217,613	Research, Science and Innovation: Endeavour Fund	6	236,403	245,917	242,712
137,489	Research, Science and Innovation: Health Research Fund	7	130,021	130,589	117,489
78,545	Research, Science and Innovation: Marsden Fund	6	78,545	78,545	78,545
7,632	Research, Science and Innovation: National Measurement Standards	4	8,118	8,118	8,118
90,290	Research, Science and Innovation: National Science Challenges – MYA	6	96,769	114,744	114,744
33,901	Research, Science and Innovation: Partnered Research Fund	6	28,265	29,023	33,390
5,879	Research, Science and Innovation: Repayable Grants for Start-Ups	4	13,959	18,809	20,746
46,385	Targeted Business Research and Development Funding – MYA	4	41,261	82,106	32,500
–	– Tourism: Strategic Tourism Assets Protection Programme	8	70,972	98,500	–
<b>896,023</b>	<b>Total non-departmental output expenses</b>		<b>876,914</b>	<b>1,033,363</b>	<b>820,830</b>
<b>Non-departmental other expenses</b>					
–	Economic and Regional Development: 2023 FIFA Women's World Cup 2020–2024 – MYA	9	–	7,500	–
1,300	Economic Development: Attracting International Screen Productions	3	1,300	1,300	1,300
1,562	Economic Development: International Subscriptions and Memberships	3	1,541	1,760	1,760
118,978	Economic Development: New Zealand Screen Production Grant – International MYA 2017–2021 – MYA	9	169,834	209,988	140,000
16,939	Research, Science and Innovation: Catalyst Fund	6	34,776	35,251	34,751
12,880	Research, Science and Innovation: Regional Research Institutes	6	9,523	9,524	11,353
<b>151,659</b>	<b>Total non-departmental other expenses</b>		<b>216,974</b>	<b>265,323</b>	<b>189,164</b>
<b>Non-departmental capital expenditure</b>					
9,940	Research, Science and Innovation: Callaghan Innovation	4	3,958	3,958	29,458
<b>9,940</b>	<b>Total non-departmental capital expenditure</b>		<b>3,958</b>	<b>3,958</b>	<b>29,458</b>
<b>1,057,622</b>	<b>Total non-departmental annual and MYA expenses</b>		<b>1,097,846</b>	<b>1,302,644</b>	<b>1,039,452</b>
<b>1,895,510</b>	<b>Total expenditure for outcome</b>		<b>2,348,893</b>	<b>2,688,847</b>	<b>1,888,067</b>

### Location of year-end performance information:

- 1 Exemption granted under section 15D(1) of the *Public Finance Act 1989*
- 2 Energy Efficiency and Conservation Authority's annual report
- 3 Exemption granted under section 15D(2)(b) of the *Public Finance Act 1989*
- 4 Callaghan Innovation's annual report
- 5 New Zealand Trade and Enterprise's annual report
- 6 Minister of Research, Science and Innovation in the Vote Business, Science and Innovation non-departmental appropriations report
- 7 Health Research Council of New Zealand's annual report
- 8 Minister of Tourism in the Vote Business, Science and Innovation non-departmental appropriations report
- 9 Minister for Economic and Regional Development in the Vote Business, Science and Innovation non-departmental appropriations report

## Multi-year appropriations

Appropriation name	Actual 2020/21 \$000	Actual 2019/20 \$000
<b>Communications: Pacific Cyber Security Initiatives (2020–2025) – MYA</b>		
Original appropriation	604	–
Cumulative adjustments	429	–
Total adjusted appropriation	1,033	–
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	217	–
Cumulative actual expenditure 30 June	217	–
Appropriation remaining 30 June	816	–
<b>Economic and Regional Development: 2023 FIFA Women’s World Cup (2020–2024) – MYA</b>		
Original appropriation	24,600	–
Cumulative adjustments	–	–
Total adjusted appropriation	24,600	–
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	–	–
Cumulative actual expenditure 30 June	–	–
Appropriation remaining 30 June	24,600	–
<b>Economic Development: New Zealand Screen Production Grant – International MYA (2017–2021) – MYA</b>		
Original appropriation	323,112	323,122
Cumulative adjustments	291,770	281,460
Total adjusted appropriation	614,882	604,582
Cumulative actual expenditure 1 July	404,894	285,916
Current year actual expenditure	169,834	118,978
Cumulative actual expenditure 30 June	574,728	404,894
Appropriation remaining 30 June	40,154	199,688
<b>Research and Development Growth Grants (2017–2022) – MYA</b>		
Original appropriation	802,860	802,860
Cumulative adjustments	(59,751)	(24,751)
Total adjusted appropriation	743,109	778,109
Cumulative actual expenditure 1 July	588,397	335,208
Current year actual expenditure	127,501	233,189
Cumulative actual expenditure 30 June	715,898	588,397
Appropriation remaining 30 June	27,211	189,712

Appropriation name	Actual 2020/21 \$000	Actual 2019/20 \$000
<b>Research, Science and Innovation: National Science Challenges (2019–2024) – MYA</b>		
Original appropriation	470,175	470,175
Cumulative adjustments	(29,700)	(29,700)
Total adjusted appropriation	440,475	440,475
Cumulative actual expenditure 1 July	90,290	–
Current year actual expenditure	96,769	90,290
Cumulative actual expenditure 30 June	187,059	90,290
Appropriation remaining 30 June	253,416	350,185
<b>Targeted Business Research and Development Funding (2017–2022) – MYA</b>		
Original appropriation	187,500	187,500
Cumulative adjustments	38,835	3,835
Total adjusted appropriation	226,335	191,335
Cumulative actual expenditure 1 July	129,533	83,148
Current year actual expenditure	41,261	46,385
Cumulative actual expenditure 30 June	170,794	129,533
Appropriation remaining 30 June	55,541	61,802

## Policy Advice and Related Services to Ministers MCA – Vote Business, Science and Innovation

Actual 2019/20 \$000	Appropriation name	Actual 2020/21 \$000	Supplementary Estimates 2020/21 \$000	Main Estimates 2020/21 \$000
	<b>Policy Advice and Related Services to Ministers MCA – Vote Business, Science and Innovation</b>			
	<i>Departmental output expenses</i>			
960	› Investigative Services – Trade Remedies	840	575	575
10,552	› Policy Advice – Commerce and Consumer Affairs	–	–	–
6,099	› Policy Advice – Communications	–	–	–
13,330	› Policy Advice – Economic Development	–	–	–
5,305	› Policy Advice – Energy and Resources	–	–	–
6,333	› Policy Advice – Science and Innovation	–	–	–
1,353	› Policy Advice – Small Business	–	–	–
5,187	› Policy Advice – Tourism	–	–	–
–	› Policy Advice and Related Services to Ministers – Commerce and Consumer Affairs	11,625	12,562	12,292
–	› Policy Advice and Related Services to Ministers – Communications	4,569	5,015	5,015
–	› Policy Advice and Related Services to Ministers – Economic Development	21,507	30,573	21,047
–	› Policy Advice and Related Services to Ministers – Energy and Resources	6,743	9,053	5,832
–	› Policy Advice and Related Services to Ministers – Research, Science and Innovation	8,571	9,875	9,375
–	› Policy Advice and Related Services to Ministers – Small Business	1,357	1,472	1,472
–	› Policy Advice and Related Services to Ministers – Tourism	8,339	8,189	4,578
2,181	› Related Services to Ministers – Commerce and Consumer Affairs	–	–	–
98	› Related Services to Ministers – Communications	–	–	–
3,563	› Related Services to Ministers – Economic Development	–	–	–
538	› Related Services to Ministers – Energy and Resources	–	–	–
2,719	› Related Services to Ministers – Science and Innovation	–	–	–
252	› Related Services to Ministers – Small Business	–	–	–
1,631	› Related Services to Ministers – Tourism	–	–	–
<b>60,101</b>	<b>Total Policy Advice and Related Services to Ministers MCA – Vote Business, Science and Innovation</b>	<b>63,551</b>	<b>77,314</b>	<b>60,186</b>

# ASSET PERFORMANCE INDICATORS FOR MBIE

MBIE’s assets support our ability to deliver successfully against our strategic intentions. MBIE manages two major asset portfolios: Information and Communications Technology (ICT), and Property.

ASSET PORTFOLIO	ASSET CLASSES WITHIN MBIE’S PORTFOLIO
Property	Non-residential buildings
ICT	Computer hardware and computer software

Portfolio management has been adopted across MBIE asset and investment management, with three portfolios in place:

- › Immigration New Zealand
- › Te Whakatairanga Service Delivery/Labour, Science and Enterprise/Building Resources and Markets
- › Corporate

MBIE’s Immigration New Zealand and Te Whakatairanga Service Delivery/Labour, Science and Enterprise/Building, Resources and Markets portfolios deliver outcomes aligned with their relevant business group strategic objectives, while the Corporate portfolio exists to manage investment in shared services across MBIE and develop ICT capability to ensure that MBIE continues to meet its legislative obligations.

Other assets have been excluded for reporting due to their lesser significance (criticality) to delivering our core services.

## Property asset performance measures

The measures relate to staff-occupied properties and ensure that they are being well managed and heading towards achieving the targets.

MEASURE	INDICATOR	2020/21 TARGET	2020/21 ACTUAL	2019/20 ACTUAL
Office space utilisation per square metre per employee. The square metre per employee is a utilisation measure that helps MBIE to understand how efficiently we are using space by dividing the square metres by the number of employees. Customer-facing space is excluded from this calculation. We also use this figure to help project space for future staff demands.	Utilisation	14.0 m <sup>2</sup>	14.5 m <sup>2</sup> %	13.2m <sup>2</sup>
Staff office space will be above 70% New Building Standard (NBS). It is important that MBIE houses our staff in buildings that have a sufficient seismic rating. A property at 70% of NBS, which is the benchmark we have set, should preserve life, and be largely functional following a large earthquake. An earthquake that would structurally damage a building beyond 70% of NBS would likely affect the surrounding areas of the property, thus creating a red zone and therefore the building may be tenantable but unable to be accessed for a period of time.	Condition	100%	80% <sup>117</sup>	99%
Staff offices with a building warrant of fitness (BWOFF). A BWOFF demonstrates that the property has compliant mechanical and life safety systems. Depending on the specific item (such as air conditioning), the systems need to be checked either monthly or quarterly, and then again annually by an independently qualified person. Only once all of the annual checks have been completed can a BWOFF be issued.	Functionality	100%	98% <sup>118</sup>	95%

<sup>117</sup> Six buildings occupied with seismic rating under 70%. Five out of the six leases are month-to-month agreements with negotiations underway for alternative locations. The leases are mostly hub/space share agreements.

<sup>118</sup> There are ten sites where we are waiting on the landlords to respond with the latest BWOFF information. These are mainly small sites where space/hub agreements are in place.

## ICT asset performance measures

The measures below show that ICT services across MBIE are operationally stable and performing to, or close to, target services levels.

MEASURE	INDICATOR	2020/21 TARGET	2020/21 ACTUAL	2019/20 ACTUAL
System availability across critical business systems. Percentage service availability measured against agreed targets, measured monthly and aggregated to a full year.	Availability	99.90%	99.94%	99.97%
System availability across non-critical business systems. Percentage service availability measured against agreed targets, measured monthly and aggregated to a full year.	Availability	97.50%	99.98%	99.94%
Fault resolution performance for critical systems – Priority 1. Percentage of Priority 1 outage restorations that are within target timeframes. Priority 1 = failure of a core business service, security breach or environmental incident (eg, earthquake).	Condition	100%	96.88% <sup>119</sup>	100%
Fault resolution performance for critical systems – Priority 2. Percentage of Priority 2 outage restorations that are within target timeframes. Priority 2 = partial failure or degradation of a core business service.	Condition	90%	96.1%	98%
ICT system warrant of fitness assessment. 100% of systems are classified as having the expected capability for the position they are in within their asset lifecycle. Systems having the expected capability must be considered to be one of the following: <ul style="list-style-type: none"> <li>› meeting requirements with some limited level of operational enhancements scheduled</li> <li>› have planned continuous improvement programme in place</li> <li>› have an end of life in line with life expectancy for the system, with a planned replacement.</li> </ul>	Functionality	100%	100%	100%

The Information and Communications Technology asset performance measures will be reviewed for 2021/22.

The actual results included in the tables above have not been audited.

<sup>119</sup> One out of 32 incidents was not responded to within agreed timeframes for this target.

# OUR FINANCIAL STATEMENTS

# FINANCIAL COMMENTARY

This section of the annual report provides a commentary on MBIE’s 2020/21 financial results and a view of our forecast financial plans for 2021/22.

This commentary compares financial performance for the year with:

- › the previous financial year, 2019/20
- › the 2020/21 budget set in May 2020 as part of the Government’s Budget; this is referred to as **Main Estimates**
- › the 2021/22 budget set in May 2021 as part of the Government’s Budget; this is referred to as **Forecast**.

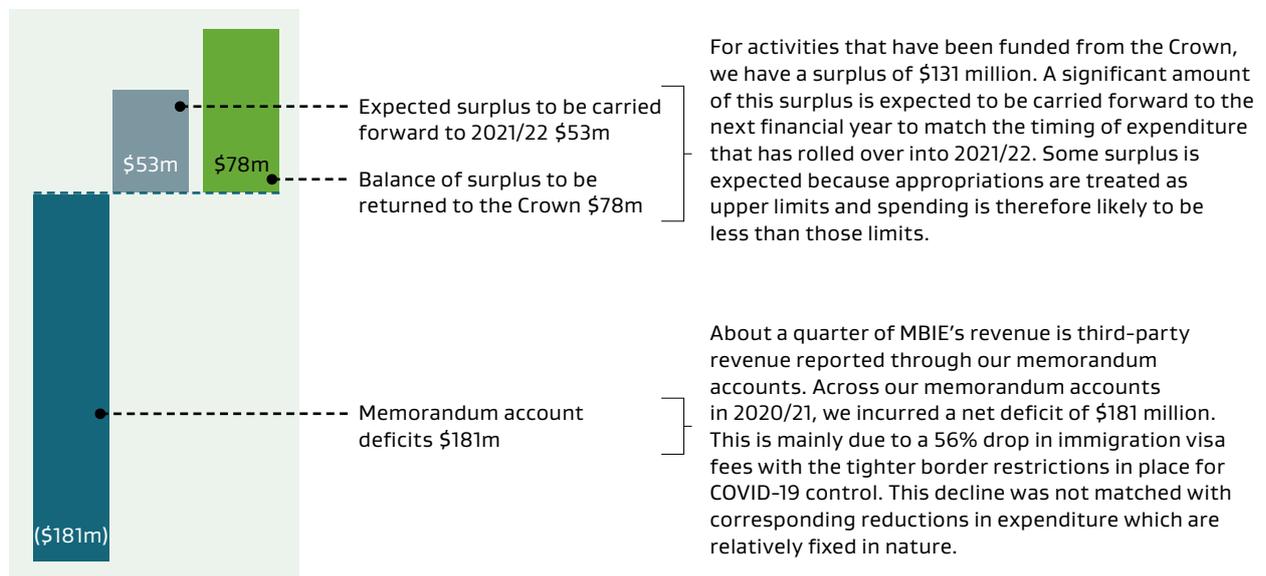
Information is also provided in this commentary on non-departmental operations, where MBIE administers activities on behalf of the Crown.

## 2020/21 DEPARTMENTAL RESULTS

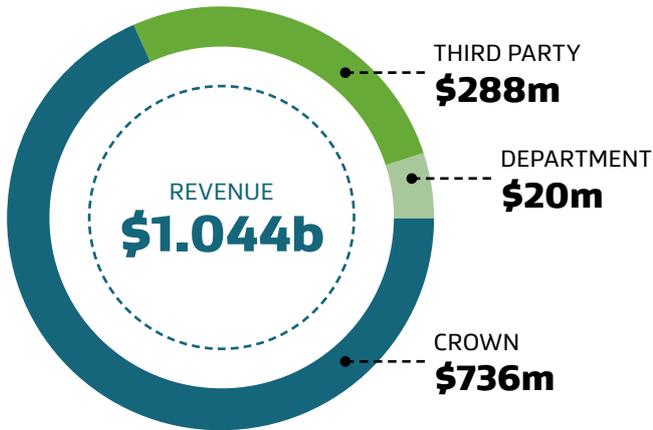
MBIE’s 2020/21 departmental activities are funded through 48 appropriations across 17 Ministerial portfolios. In 2020/21 our revenue was \$1,044 million and our expenditure was \$1,095 million. Across all our departmental activities we have incurred a net deficit of \$51 million (2020: \$44 million).

Third-party revenue decreased significantly from the previous financial year due to COVID-19 border restrictions resulting in immigration visa fees reducing by \$109 million. Border restrictions were introduced in March 2020 and with limited variations, the collection of visa fees has dramatically decreased from the prior year. Though this was countered by increased Crown revenue to support the Government’s COVID-19 response and reduced discretionary expenditure, the deficit has increased from the prior year. This is mainly due to accelerated amortisation of Immigration New Zealand’s Immigration Global Management System, which will be replaced in the 2021/22 financial year (see the section ‘How we spent the funding’ for more details).

## 2020/21 operating results



THE MONEY WE RECEIVE TO FUND OUR DEPARTMENTAL OPERATIONS

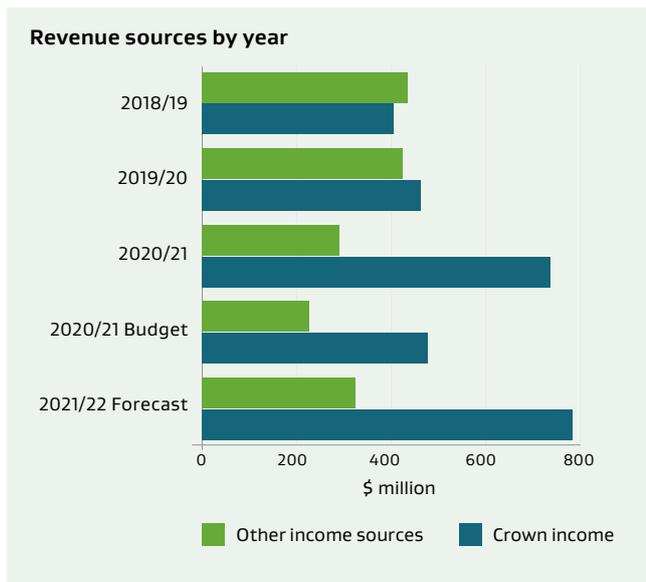


MBIE receives funding to deliver services and functions on behalf of the Government. The majority of our funding comes from the Crown and from fees and levies charged to third parties for our services.

	Actual 2017 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2021 \$000	Unaudited Main Estimates 2021 \$000	Unaudited Forecast 2022 \$000
Crown revenue	328,998	365,888	404,190	461,548	735,937	476,390	782,869
Third-party revenue	370,537	376,501	408,472	408,399	287,965	198,302	292,598
Department revenue	8,148	14,533	25,502	16,696	19,959	27,689	30,659
<b>Total revenue</b>	<b>707,683</b>	<b>756,922</b>	<b>838,164</b>	<b>886,643</b>	<b>1,043,861</b>	<b>702,381</b>	<b>1,106,126</b>

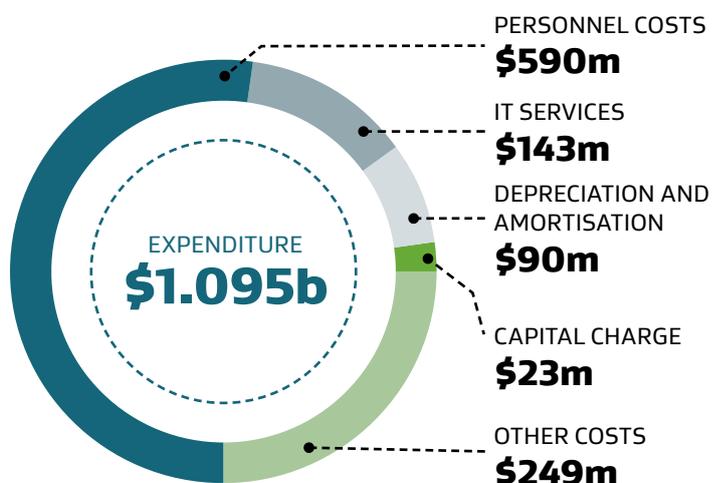
In 2020/21 our departmental revenue was \$1,044 million, \$157 million more than 2019/20 and \$341 million higher than the 2020/21 Main Estimates.

Crown revenue was \$274 million more than 2019/20 and \$260 million higher than 2020/21 Main Estimates. New funding was provided to support the quarantine and isolation arrangements required in response to COVID-19 (\$169 million). Additional funding was also provided to the employer-assisted work visa system policy project, the settlement and integration of refugees and other migrants, and the Regional Skills Leadership Group, as well as additional funding for policy advice and related services.



Third-party and department revenue was \$308 million in 2020/21, \$117 million less than 2019/20 and \$82 million higher than the 2020/21 Main Estimates. The reduction from 2019/20 is mainly due to the reduction in visa applications resulting from the constraints on international travel caused by COVID-19. This decline in revenue is expected to continue with only \$323 million of non-Crown revenue forecast for 2021/22.

## HOW WE SPENT THE FUNDING WE RECEIVED FOR OUR DEPARTMENTAL OPERATIONS



Almost two-thirds of our total costs relate to personnel costs and IT services.

	Actual 2017 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2021 \$000	Unaudited Main Estimates 2021 \$000	Unaudited Forecast 2022 \$000
Personnel costs	399,971	433,634	456,787	540,255	590,455	519,315	776,908
IT costs	94,310	98,222	115,806	136,590	142,902	126,532	184,218
Depreciation, amortisation and impairment	40,541	45,264	50,490	54,822	90,361	57,785	65,052
Capital charge	14,095	12,566	16,580	20,418	23,258	24,748	20,373
Other operating costs	145,631	160,839	174,542	178,826	248,360	201,969	234,118
<b>Total expenditure</b>	<b>694,548</b>	<b>750,525</b>	<b>814,205</b>	<b>930,911</b>	<b>1,095,336</b>	<b>930,349</b>	<b>1,280,669</b>

In 2020/21 we spent \$1,095 million as a department, \$164 million more than 2019/20 and \$165 million higher than the 2020/21 Main Estimates. This is mainly due to costs related to MIQ operational support, including personnel and security costs.

Depreciation, amortisation and impairment is \$36 million more than 2019/20 at \$90 million, largely due to the accelerated amortisation and impairment of the current visa processing system, which will be replaced by the new Advanced Digital Employer-led Processing and Targeting (ADEPT) visa processing systems. The ADEPT project was initiated to help meet the policy objective of simplifying immigration processes for employers and immigrants. As the ADEPT project is expected to be completed in 2021/22, the useful life of the systems being replaced were reviewed, and consequently amortisation of the Immigration Global Management System has been accelerated and recognised in this financial year.

## THE MEMORANDUM ACCOUNTS WE ADMINISTER

	Actual 2017 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2021 \$000	Unaudited Main Estimates 2021 \$000	Unaudited Forecast 2022 \$000
Immigration visa	(11,709)	(45,724)	(65,123)	(127,137)	(79,226)	(115,490)	(210,083)
Building controls	32,010	43,015	55,548	56,327	57,019	58,386	49,647
Registration and granting of intellectual property rights	27,510	29,804	31,181	30,060	28,762	31,857	19,212
Other memorandum accounts	34,925	41,623	45,645	32,806	36,800	20,355	(1,437)
<b>Memorandum account balance at 30 June</b>	<b>82,736</b>	<b>68,718</b>	<b>67,251</b>	<b>(7,944)</b>	<b>43,355</b>	<b>(4,892)</b>	<b>(142,661)</b>

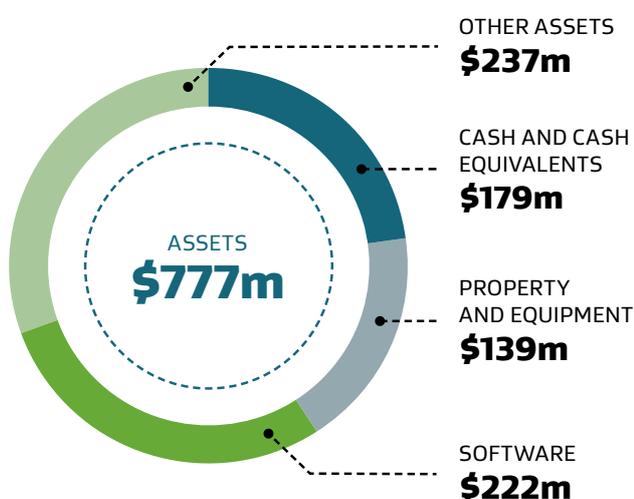
Memorandum accounts record the cumulative surplus or deficit of MBIE services that are intended to be fully cost recovered from third parties through fees, levies or other charges. Memorandum accounts provide transparency around these services, and in the long term, the balance of each memorandum account is expected to trend towards zero.

In 2020/21 MBIE administered 14 (2019/20: 15) memorandum accounts.

The overall memorandum account balance at 30 June 2021 was \$43 million surplus, increasing by \$51 million from the prior year. While there was an operating deficit for the year, it was offset by a capital injection to the immigration-related memorandum accounts. The year's deficit was mainly due to the \$172 million (2019/20: \$62 million) deficit in the immigration visa memorandum account reflecting the impact of COVID-19 related border restrictions on revenue.

A capital injection was agreed by Cabinet (February 2021) to bring the immigration memorandum account balances as at 30 June 2021 back to pre-COVID-19 levels as at 29 February 2020. Part of the capital injection has been received and applied to the memorandum accounts in 2020/21, with the remainder to be received in 2021/22.

### THE DEPARTMENTAL ASSETS WE MANAGE TO SUPPORT OUR OPERATIONS



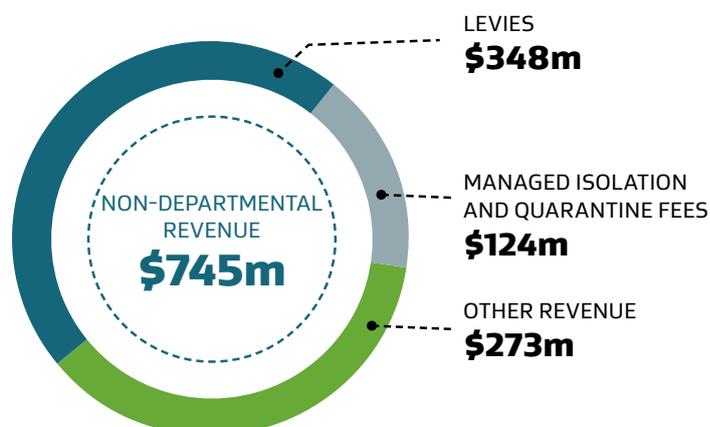
	Actual 2017 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2021 \$000	Unaudited Main Estimates 2021 \$000	Unaudited Forecast 2022 \$000
Cash and cash equivalents	27,342	97,171	115,285	140,710	178,512	-	107,762
Property and equipment	88,463	96,710	110,977	134,941	139,475	146,063	171,969
Software assets	185,349	203,189	216,880	233,329	222,005	243,137	246,002
Other assets	105,079	106,821	111,480	83,362	237,287	117,277	100,031
<b>Total assets</b>	<b>406,233</b>	<b>503,891</b>	<b>554,622</b>	<b>592,342</b>	<b>777,279</b>	<b>506,477</b>	<b>625,764</b>
<b>Capital expenditure</b>	<b>76,999</b>	<b>71,269</b>	<b>74,484</b>	<b>98,562</b>	<b>78,206</b>	<b>80,027</b>	<b>83,470</b>

MBIE manages \$777 million of departmental assets. Software assets and property and equipment represent almost half of our assets. The software assets are the systems run to support the operation of MBIE and the services provided. Most of the software is developed internally rather than purchased. Our property and equipment are the land, buildings, leasehold improvements, furniture and fittings, vehicles and computer hardware we use in our daily operations. Most of the other assets we control relate to debtors and other receivables due to us.

In 2020/21 our capital expenditure decreased by \$20 million compared to the prior year and was \$2 million lower than the 2020/21 Main Estimates. This decrease is largely due to the additional expenditure in 2019/20 related to the leased cross-government office space in Pastoral House and the MBIE payroll system.

Cash and cash equivalents and other assets are \$192 million higher than the prior year and \$299 million higher than the 2020/21 Mains Estimates. The increase in other assets is mainly due to Crown funding not yet drawn down. Funds have been made available by the Crown to address the impact of COVID-19 on MBIE's liquidity. However, due to reductions in discretionary expenditure and timing of expenditure, less funds have been required to be drawn down.

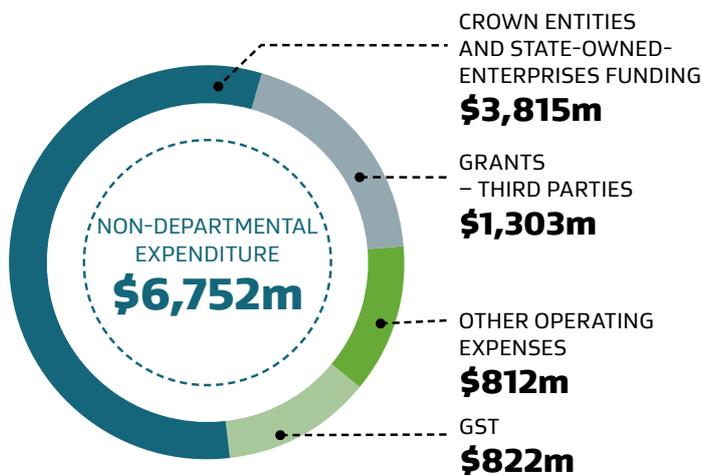
## THE NON-DEPARTMENTAL REVENUE WE RECEIVED ON BEHALF OF THE CROWN



	Actual 2017 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2021 \$000	Unaudited Main 2021 \$000	Unaudited Forecast 2022 \$000
Levies	332,329	332,316	459,719	374,444	348,155	361,752	418,507
Managed Isolation and Quarantine fees	-	-	-	-	123,812	-	68,511
Other revenue	310,375	331,801	357,188	300,965	273,435	236,092	334,091
<b>Total non-departmental revenue</b>	<b>642,704</b>	<b>664,117</b>	<b>816,907</b>	<b>675,409</b>	<b>745,402</b>	<b>597,844</b>	<b>821,109</b>

Non-departmental revenue for 2020/21 was \$745 million, \$70 million more than 2019/20 and \$148 million higher than the 2020/21 Main Estimates. The higher revenue is mainly due to MIQ fees not collected in the prior year or forecast in the Main Estimates. MIQ facilities were set up in response to the COVID-19 pandemic, and the fees regime came into force in August 2020.

THE NON-DEPARTMENTAL EXPENDITURE WE ADMINISTER ON BEHALF OF THE CROWN



MBIE administers non-departmental activities on behalf of the Crown via 135 non-departmental appropriations. Funding is distributed to third parties, state-owned enterprises and 26 Crown entities to support their operations and the grants they administer.

	Actual 2017 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2021 \$000	Unaudited Main Estimates 2021 \$000	Unaudited Forecast 2022 \$000
Grants and operating expenses – Crown entities and state-owned enterprises	2,608,988	2,780,254	2,927,341	3,179,681	3,814,852	3,462,997	3,612,951
Grants – third parties	411,331	471,464	584,986	771,504	1,302,717	775,606	1,529,382
Other operating expenses	93,520	96,542	272,182	251,783	811,928	178,948	899,005
GST	422,218	466,018	501,378	586,383	822,527	596,369	815,581
<b>Total non-departmental expenditure</b>	<b>3,536,057</b>	<b>3,814,278</b>	<b>4,285,887</b>	<b>4,789,351</b>	<b>6,752,024</b>	<b>5,013,920</b>	<b>6,856,919</b>

Our non-departmental expenditure was \$1,738 million higher than the 2020/21 Main Estimates, which is largely due to expenditure related to the delivery of MIQ support, and new COVID-19 related appropriations in the tourism sector, research and supporting regional sectors.

In total \$530 million was spent on MIQ-related activities, including the leasing of hotel facilities and employment of staff at these facilities.

## STATEMENT OF MANAGEMENT RESPONSIBILITY

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I am responsible, as Chief Executive of the Ministry of Business, Innovation and Employment (MBIE) for:

- › the preparation of MBIE's financial statements, and statements of expenses and capital expenditure, and for the judgements expressed in them
- › having in place a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting
- › ensuring that end-of-year performance information on each appropriation administered by MBIE is provided in accordance with sections 19A to 19C of the *Public Finance Act 1989*, whether or not that information is included in this annual report
- › the accuracy of any end-of-year performance information prepared by MBIE, whether or not that information is included in the annual report.

In my opinion:

- › the annual report fairly reflects the operations, progress, and the organisational health and capability of MBIE;
- › the financial statements fairly reflect the financial position of MBIE as at 30 June 2021 and its operations for the year ended on that date;
- › the forecast financial statements fairly reflect the forecast financial position of MBIE as at 30 June 2022 and its operations for the year ending on that date, and;
- › the financial statements in appendix 1 fairly reflect the financial position of the Residential Tenancies Trust Account as at 30 June 2021 and its operations for the year ended on that date.



**Carolyn Tremain**

Te Tumu Whakarae mō Hīkina Whakatutuki

Secretary for Business, Innovation & Employment and  
Chief Executive

15 October 2021 (Residential Tenancies Trust Account:  
30 September 2021)

# INDEPENDENT AUDITOR'S REPORT

To the readers of the Ministry of Business, Innovation and Employment's annual report for the year ended 30 June 2021

The Auditor-General is the auditor of Ministry of Business, Innovation and Employment (the Ministry). The Auditor-General has appointed me, Clint Ramoo, using the staff and resources of Audit New Zealand, to carry out, on his behalf, the audit of:

- › the financial statements of the Ministry on pages 105 to 137, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2021, the statement of comprehensive revenue and expense, statement of changes in equity, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- › the performance information prepared by the Ministry for the year ended 30 June 2021 on pages 27 to 37; 40 to 45; 52 to 57; 61 to 66; 73 to 74; and 80 to 84;
- › the statements of expenses and capital expenditure of the Ministry for the year ended 30 June 2021 on pages 46 to 51; 58 to 60; 67 to 72; 75 to 79; 85 to 91; 136 and 155;
- › the schedules of non- departmental activities which are managed by the Ministry on behalf of the Crown on pages 138 to 154 and 164 to 165 that comprise:
  - the schedules of assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2021;
  - the schedules of expenses; and revenue for the year ended 30 June 2021;
  - the statement of trust monies for the year ended 30 June 2021; and
  - the notes to the schedules that include accounting policies and other explanatory information.
- › the performance information of the Ministry on pages 27 to 37; 40 to 45; 52 to 57; 61 to 66; 73 to 74; and 80 to 84:
  - presents fairly, in all material respects, for the year ended 30 June 2021:
    - what has been achieved with the appropriation; and
    - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and
  - complies with generally accepted accounting practice in New Zealand.
- › the statements of expenses and capital expenditure of the Ministry on pages 46 to 51; 58 to 60; 67 to 72; 75 to 79; 85 to 91, 136 and 155 are presented fairly, in all material respects, in accordance with the requirements of section 45A of the *Public Finance Act 1989*.
- › the schedules of non- departmental activities which are managed by the Ministry on behalf of the Crown on pages 138 to 154 and 164 to 165 present fairly, in all material respects, in accordance with the Treasury Instructions:
  - the assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2021; and
  - expenses; and revenue for the year ended 30 June 2021; and
  - the statement of trust monies for the year ended 30 June 2021.

Our audit was completed on 15 October 2021. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Chief Executive and our responsibilities relating to the information to be audited, we comment on other information, and we explain our independence.

## OPINION

In our opinion:

- › the financial statements of the Ministry on pages 105 to 137:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2021; and
    - its financial performance and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

## EMPHASIS OF MATTERS

### Uncertainties relating to the decommissioning costs of the Tui Oil Fields

Without modifying our opinion, we draw attention to Note 8 on pages 148 to 151, which outline the significant uncertainties, risks, and sensitivities in estimating the cost of decommissioning the Tui Oil Field. The model used to estimate the cost is complex and uses a risk margin to reflect multiple uncertainties and is sensitive to change.

## BASIS FOR OUR OPINION

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## RESPONSIBILITIES OF THE CHIEF EXECUTIVE FOR THE INFORMATION TO BE AUDITED

The Chief Executive is responsible on behalf of the Ministry for preparing:

- › financial statements that present fairly the Ministry's financial position, financial performance, and its cash flows, and that comply with generally accepted accounting practice in New Zealand.
- › performance information that presents fairly what has been achieved with each appropriation, the expenditure incurred as compared with expenditure expected to be incurred, and that complies with generally accepted accounting practice in New Zealand.
- › statements of expenses and capital expenditure of the Ministry, that are presented fairly, in accordance with the requirements of the Public Finance Act 1989.
- › schedules of non-departmental activities, in accordance with the Treasury Instructions, that present fairly those activities managed by the Ministry on behalf of the Crown.

The Chief Executive is responsible for such internal control as is determined is necessary to enable the preparation of the information to be audited that is free from material misstatement, whether due to fraud or error.

In preparing the information to be audited, the Chief Executive is responsible on behalf of the Ministry for assessing the Ministry's ability to continue as a going concern. The Chief Executive is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Ministry, or there is no realistic alternative but to do so.

The Chief Executive's responsibilities arise from the *Public Finance Act 1989*.

## RESPONSIBILITIES OF THE AUDITOR FOR THE INFORMATION TO BE AUDITED

Our objectives are to obtain reasonable assurance about whether the information we audited, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of the information we audited.

For the budget information reported in the information we audited, our procedures were limited to checking that the information agreed to the Ministry's Statement of Intent 2018-2022, the Estimates and Supplementary Estimates of Appropriations 2020/21 and the forecast financial figures included in the Ministry's 2019/20 Annual Report.

We did not evaluate the security and controls over the electronic publication of the information we audited.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- › We identify and assess the risks of material misstatement of the information we audited, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- › We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control.
- › We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive.
- › We evaluate the appropriateness of the reported performance information within the Ministry's framework for reporting its performance.
- › We conclude on the appropriateness of the use of the going concern basis of accounting by the Chief Executive and, based on the audit evidence obtained,

whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ministry's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Ministry to cease to continue as a going concern.

- › We evaluate the overall presentation, structure and content of the information we audited, including the disclosures, and whether the information we audited represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Chief Executive regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the *Public Audit Act 2001*.

## OTHER INFORMATION

The Chief Executive is responsible for the other information. The other information comprises the information included on pages 1 to 26; 38 and 39; 92 to 100; 156 to 163 and 166 to 174, but does not include the information we audited, and our auditor's report thereon.

Our opinion on the information we audited does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the information we audited or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## INDEPENDENCE

We are independent of the Ministry in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit we have carried provided probity services in respect of the Tui Decommissioning procurement process, which is compatible with those independence requirements.

Other than the audit and this engagement, we have no relationship with or interests in the Ministry.



**Clint Ramoo**

Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand

**STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE**

For the year ended 30 June 2021

Unaudited Main Estimates 2021 \$000	Unaudited Forecast 2022 \$000		Notes	Actual 2021 \$000	Actual 2020 \$000
<b>Revenue</b>					
476,390	782,869	Crown		735,937	461,548
27,689	30,659	Department		19,959	16,696
198,170	292,540	Other revenue	3	287,939	408,311
132	58	Finance income		26	88
702,381	1,106,126	Total revenue	3	1,043,861	886,643
<b>Expenditure</b>					
519,315	776,908	Personnel costs	4	590,455	540,255
199,391	234,118	Other operating expenses	5	239,501	179,734
126,532	184,218	IT costs and technical support		142,902	136,590
57,785	65,052	Depreciation, amortisation and impairment	8, 9	90,361	54,822
24,748	20,373	Capital charge	7	23,258	20,418
2,578	–	– Restructuring costs		8,857	(917)
–	–	– Finance costs		2	9
930,349	1,280,669	Total expenditure		1,095,336	930,911
(227,968)	(174,543)	<b>Net (deficit)/surplus</b>		(51,475)	(44,268)
<b>Other comprehensive revenue and expense</b>					
–	–	– Gain on revaluation of property and equipment		6,903	–
(227,968)	(174,543)	<b>Total comprehensive revenue and expense</b>		(44,572)	(44,268)

Explanations of major variances against Main Estimates can be found in the relevant notes.

The accompanying notes form part of these financial statements.

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

Unaudited Main Estimates 2021 \$000	Unaudited Forecast 2022 \$000		Notes	Actual 2021 \$000	Actual 2020 \$000
<b>Assets</b>					
<b>Current assets</b>					
–	107,762	Cash and cash equivalents	17	178,512	140,710
108,805	91,854	Debtors and other receivables	11	227,276	73,006
8,472	8,168	Prepayments		8,014	7,505
–	9	Foreign exchange contracts	17	–	9
117,277	207,793	<b>Total current assets</b>		413,802	221,230
<b>Non-current assets</b>					
–	–	Debtors and other receivables	11	1,997	2,842
146,063	171,969	Property and equipment	8	139,475	134,941
243,137	246,002	Intangible assets	9	222,005	233,329
389,200	417,971	<b>Total non-current assets</b>		363,477	371,112
506,477	625,764	<b>Total assets</b>		777,279	592,342
<b>Liabilities</b>					
<b>Current liabilities</b>					
143,663	–	Cash and cash equivalents		–	–
68,942	59,706	Creditors and other payables	12	57,518	50,830
9,445	16,554	Unearned income	13	17,587	12,206
–	28,000	Return of operating surplus	14	131,152	30,175
9,136	4,211	Provisions	15	12,128	3,105
36,491	94,768	Employee entitlements	16	74,330	58,818
267,677	203,239	<b>Total current liabilities</b>		292,715	155,134
<b>Non-current liabilities</b>					
–	–	Creditors and other payables	12	–	36
3,178	3,110	Provisions	15	2,719	2,293
5,803	11,888	Employee entitlements	16	5,967	7,259
8,981	14,998	<b>Total non-current liabilities</b>		8,686	9,588
276,658	218,237	<b>Total liabilities</b>		301,401	164,722
229,819	407,527	<b>Net assets</b>		475,878	427,620
<b>Equity</b>					
220,665	536,142	Taxpayers' funds	18	411,574	421,518
(4,892)	(142,661)	Memorandum accounts	18	43,355	(7,944)
14,046	14,046	Property revaluation reserves	18	20,949	14,046
229,819	407,527	<b>Total equity</b>		475,878	427,620

Explanations of major variances against Main Estimates can be found in the relevant notes.

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 30 June 2021

Unaudited Main Estimates 2021 \$000	Unaudited Forecast 2022 \$000		Notes	Actual 2021 \$000	Actual 2020 \$000
424,836	508,536	<b>Balance at 1 July</b>		427,620	402,195
(227,968)	(174,543)	Net (deficit)/surplus		(51,475)	(44,268)
32,951	101,534	Capital injections	18	223,982	99,868
–	(28,000)	Return of operating surplus to the Crown	14	(131,152)	(30,175)
–	–	Gain on revaluation of property		6,903	–
229,819	407,527	<b>Balance at 30 June</b>		475,878	427,620

**STATEMENT OF CASH FLOWS**

For the year ended 30 June 2021

Unaudited Main Estimates 2021 \$000	Unaudited Forecast 2022 \$000		Actual 2021 \$000	Actual 2020 \$000
<b>Cash flows from operating activities</b>				
476,390	782,869	Receipts from the Crown	576,917	504,245
225,423	350,682	Receipts from other revenue	317,798	399,543
(328,486)	(414,956)	Payments to suppliers	(370,475)	(328,744)
(523,042)	(774,309)	Payments to employees	(582,019)	(514,541)
(24,748)	(20,373)	Payments for capital charge	(23,258)	(20,418)
(80)	137	Goods and services tax (net)	4,681	1,255
(174,543)	(75,950)	<b>Net cash flows from operating activities</b>	(76,356)	41,340
<b>Cash flows from investing activities</b>				
–	–	Receipts from sale of property and equipment	80	1,315
132	58	Interest received from investing activities	26	88
(19,283)	(38,566)	Purchase of property and equipment	(16,416)	(40,319)
(40,744)	(44,904)	Purchase of intangible assets	(61,790)	(58,243)
(59,895)	(83,412)	<b>Net cash flows from investing activities</b>	(78,100)	(97,159)
<b>Cash flows from financing activities</b>				
32,951	101,534	Capital injections	223,982	99,868
–	(19,000)	Return of operating surplus	(30,175)	(19,088)
–	–	Interest paid	(2)	(9)
32,951	82,534	<b>Net cash flows from financing activities</b>	193,805	80,771
(201,487)	(76,828)	Net increase/(decrease) in cash and cash equivalents	39,349	24,952
59,302	184,591	Cash and cash equivalents at the beginning of the year	140,710	115,285
(1,478)	(1)	Effect of foreign exchange movements on cash balances	(1,547)	473
(143,663)	107,762	<b>Cash and cash equivalents at the end of the year</b>	178,512	140,710

Explanations of major variances against Main Estimates can be found in the relevant notes.

The accompanying notes form part of these financial statements.

**RECONCILIATION OF NET SURPLUS TO NET CASH FLOWS FROM OPERATING ACTIVITIES**

For the year ended 30 June 2021

	Actual 2021 \$000	Actual 2020 \$000
<b>Net (deficit)/surplus</b>	(51,475)	(44,268)
<b>Add/(less) non-cash items</b>		
Depreciation, amortisation and impairment	90,361	54,822
<b>Total non-cash items</b>	90,361	54,822
<b>Add/(less) non-operating activities</b>		
Net interest received	(24)	(79)
Net other (gains)/losses	1,556	(478)
Net loss on sale of property and equipment	1,458	2,012
<b>Total non-operating activities</b>	2,990	1,455
<b>Add/(less) movements in working capital</b>		
(Increase)/decrease in prepayments	(509)	(259)
(Increase)/decrease in debtors and receivables	(153,425)	28,382
Increase/(decrease) in creditors and payables	6,652	(11,112)
Increase/(decrease) in unearned income	5,381	(10,149)
Increase/(decrease) in provisions	9,449	(5,653)
Increase in employee entitlements	14,220	28,122
<b>Total movements in working capital</b>	(118,232)	29,331
<b>Net cash flows from operating activities</b>	(76,356)	41,340

**STATEMENT OF COMMITMENTS**

As at 30 June 2021

	Actual 2021 \$000	Actual 2020 \$000
<b>Capital commitments</b>		
Buildings	–	936
Software	15,213	4,223
<b>Total capital commitments</b>	15,213	5,159
<b>Operating leases as lessee</b>		
The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:		
Not later than one year	43,302	45,436
Later than one year and not later than five years	135,451	114,515
Later than five years	55,363	84,216
<b>Total non-cancellable operating lease commitments</b>	234,116	244,167
<b>Total commitments</b>	249,329	249,326

The accompanying notes form part of these financial statements.

## CAPITAL COMMITMENTS

### Software

MBIE has a number of software projects to upgrade, enhance and replace existing systems to improve the efficiency and effectiveness of current and future operations. These are expected to be completed in the 2021/22 financial year.

## NON-CANCELLABLE OPERATING LEASE COMMITMENTS

MBIE's non-cancellable operating leases have varying terms, escalation clauses, and renewal rights. There are no restrictions placed on MBIE by any of its leasing arrangements. The amounts disclosed as future commitments are based on current lease payments.

The total minimum future sub-lease payments expected to be received under non-cancellable sub-leases at balance date is \$79.570 million (2020: \$55.778 million). The increase is due to the lease of part of Pastoral House.

## STATEMENT OF CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at 30 June 2021

	Actual 2021 \$000	Actual 2020 \$000
<b>Quantifiable contingent liabilities</b>		
Legal proceedings and disputes	485	740
Other contingent liabilities	200	200
<b>Total quantifiable contingent liabilities</b>	<b>685</b>	<b>940</b>

## CONTINGENT LIABILITIES

### Quantifiable contingent liabilities

#### Legal proceedings and disputes

Legal proceedings and disputes represent amounts claimed by plaintiffs in relation to the performance of MBIE's statutory roles and associated estimated legal costs. In addition, this includes contingent liabilities relating to various employment matters. Contingent liabilities relating to employment matters are assessed by taking into account the merits of each case, known risk factors and previous payments made in similar matters.

#### Other contingent liabilities

Other contingent liabilities represent obligations for the State Coal Reserve Land, prior to the transfer to Land Information New Zealand in 2011, for site mitigation that if not addressed by mine owners, will be sought from MBIE by Land Information New Zealand.

### Unquantifiable contingent liabilities

#### Canterbury earthquake - contractors' indemnity

MBIE has given indemnities in relation to the Canterbury Earthquake Building Performance Technical Investigation. These indemnities cover the consultants

carrying out the investigations and the members of the expert panel, including one member representing each consultant. The indemnities cover costs from claims by third parties against the contractors or their staff in relation to the reports produced, as well as media releases made by the expert panel chair. There is no stated limit on the amount of each indemnity. The indemnities only apply where the contractor has complied with all obligations under the contract. These unquantifiable contingent liabilities are substantially unchanged from the year ended 30 June 2020.

#### Other indemnities

There are two other indemnities granted by MBIE with regard to misuse of vendor products. At this time there are no pending claims.

#### Other legal prosecutions against MBIE and/or the Official Assignee

Three individuals have advised that they intend to commence proceedings against MBIE and/or the Official Assignee. MBIE has no information on the timing or quantum of these claims.

## CONTINGENT ASSETS

MBIE has no contingent assets as at 30 June 2021 (2020: nil).

## WHO WE ARE

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MBIE is the Government's lead business-facing public service agency, and our purpose is to Grow New Zealand for All. We are a public benefit entity as our primary objective is to provide goods and services for the New Zealand community rather than for a financial return.

This section provides information on the legislation governing MBIE's operations as well as the concepts, rules and procedures that underlie the preparation and presentation of the financial statements.

### NOTE 1: REPORTING ENTITY

The Ministry of Business, Innovation and Employment (MBIE) is a New Zealand government department as defined by section 5 of the *Public Finance Act 2020*. The relevant legislation governing the Ministry's operations includes the *Public Finance Act 1989*, *Public Service Act 2020*, and the *Public Accountability Act 1998*. MBIE's ultimate parent is the New Zealand Crown.

MBIE's primary objective is to provide services to the public. MBIE does not operate to make a financial return and is a public benefit entity (PBE) for financial reporting purposes. The financial statements cover all activities of MBIE as set out in the 2020/21 Main and Supplementary Estimates of Appropriations for Votes Building and Construction; Business, Science and Innovation; and Labour Market.

In addition, MBIE has reported the Crown activities and trust monies that it administers.

MBIE has designated itself as a public benefit entity (PBE) for the purposes of complying with generally accepted accounting practice.

The financial statements of MBIE are for the year ended 30 June 2021. They were authorised for issue by the Chief Executive of MBIE on 15 October 2021. This is outside the requirements of section 45D of the *Public Finance Act 1989* due to the impact of COVID-19.

### NOTE 2: BASIS OF PREPARATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the year.

#### Statement of compliance

The financial statements have been prepared in accordance with the requirements of the *Public Finance Act 1989*, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP) and the Treasury Instructions.

The financial statements of MBIE have been prepared in accordance with Tier 1 Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS).

#### Measurement base

The financial statements have been prepared on a historical cost basis modified by the revaluation of land and buildings and prepared on an accrual basis unless otherwise specified.

#### Presentation currency and rounding

The financial statements are presented in New Zealand dollars, and all values are rounded to the nearest thousand dollars (\$000). The functional currency of MBIE is the New Zealand dollar.

#### Changes in accounting policies

There have been no changes in accounting policies during the financial year.

#### Standards issued and not yet effective and not early adopted

Standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to MBIE are:

##### *Amendment to PBE IPSAS 2 Cash Flow Statement*

An amendment to PBE IPSAS 2 requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment is effective for the year ending 30 June 2022, with early application permitted.

This amendment will result in additional disclosures. MBIE does not intend to early adopt the amendment.

##### *PBE IPSAS 41 Financial instruments*

PBE IPSAS 41 replaces PBE IFRS 9 Financial Instruments and is effective for the year ending 30 June 2023, with earlier adoption permitted. MBIE has assessed that there will be little change as a result of adopting the new standard as the requirements are similar to those contained in PBE IFRS 9. MBIE does not intend to early adopt the standard.

##### *PBE FRS 48 Service Performance Reporting*

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements and is effective for the year ending 30 June 2023, with early adoption permitted. MBIE has not yet determined how application of PBE FRS 48 will affect its statement of service performance. It does not plan to adopt the standard early.

#### Significant accounting policies

The following significant accounting policies have been applied. Where an accounting policy is specific to one note, the policy is described in the note to which it relates and marked with a symbol (P).

## **NOTE 2: BASIS OF PREPARATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### ADMINISTRATION AND USE ARRANGEMENTS

Administration and use arrangements enable a government department to incur expenses against an appropriation administered by another government department. MBIE has entered into a number of these arrangements as both a user and an administrator.

Under these arrangements, the user department records expenditure with corresponding revenue reimbursed by the administering department. The administering department then records the expenditure in the Statement of Comprehensive Revenue and Expense, as well as reporting the expenditure against appropriation.

### COMMITMENTS

Expenses yet to be incurred on non-cancellable contracts that have been entered into at balance date are disclosed as commitments.

Cancellable contracts that have penalty or exit costs are included in the Statement of Commitments at the lower of the remaining contractual commitment or the value of the penalty or exit costs.

### CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities and contingent assets are reported at the point at which the contingency is evident or when a present liability is unable to be measured with sufficient reliability to be recorded in the financial statements.

Contingent liabilities are not disclosed if the possibility of an outflow of resources embodying economic benefits or service potential is considered remote.

### FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions, including those for which foreign exchange forward contracts are held, are translated to New Zealand dollars at the rate applicable on the day of settlement.

Monetary assets and liabilities denominated in foreign currencies at balance date are translated to New Zealand dollars at the foreign exchange rate at balance date.

Foreign exchange gains or losses arising from the settlements of such transactions and from the translation of foreign currency monetary assets and liabilities are recognised in net surplus or deficit.

### GOODS AND SERVICES TAX (GST)

All items in the financial statements, except for receivables and payables, are stated exclusive of GST, including appropriation statements and commitments and contingencies. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, Inland Revenue is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to or received from the Inland Revenue, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

### INCOME TAX

Government departments are exempt from income tax as public authorities, and no income tax has been provided for.

### COST ACCOUNTING POLICIES

MBIE has determined the cost of outputs using the cost allocation system outlined below.

Input costs can be classified as direct and indirect.

Direct costs are those that are directly linked to the production of an output; for example, the cost of staff working in a business unit that can be directly linked to the outputs. Direct costs are charged directly to outputs.

Indirect costs are incurred in the operation of MBIE as a whole and are not able to be linked directly to a specific output. They are charged to outputs based on cost drivers and related activity or usage information.

To ensure that corporate costs are allocated as accurately as possible, MBIE has adopted a three-tier corporate allocation methodology:

- › directly attributable – if a particular group uses a corporate resource such as dedicated people or software licence agreements, the costs will be directly charged to the relevant business group and spread according to the business group's assessment of usage across outputs
- › controllable allocated – costs that can be allocated on a cost driver basis in accordance with usage
- › uncontrollable allocated – costs that are not impacted directly by individual business group activity but tend to be MBIE-wide costs. Examples of these are various types of insurance and the costs of annual audit. These costs are allocated based on various cost drivers that reflect the type of cost.

### CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In preparing these financial statements, critical accounting estimates, assumptions and judgements have been made concerning the future and may differ from the subsequent actual results. Critical accounting estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Where critical accounting estimates, assumptions and judgements are specific to one note, they are disclosed in the note to which they relate.

## NOTE 2: BASIS OF PREPARATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### BUDGET AND FORECAST FIGURES

#### *Basis for the budget and forecast figures*

The 2021 Main Estimates are the budget figures for the year ended 30 June 2021 and were published in the 2019/20 annual report (Unaudited Forecast 2021). They are consistent with MBIE's best estimate financial forecast information submitted to the Treasury for the Budget Economic and Fiscal Update 2020.

The 2022 forecast figures (Forecast) are for the year ending 30 June 2022, which are consistent with the best estimate financial forecast information submitted to the Treasury for the Budget Economic and Fiscal Update for the year ending 2021/22.

The budget and forecast figures are unaudited and have been prepared using the accounting policies adopted in preparing these financial statements.

Although MBIE regularly updates its forecasts, updated forecast financial statements for the year ending 30 June 2022 will not be published.

#### *Significant assumptions used in preparing the unaudited forecast financial statements*

- › The forecast financial statements have been prepared as required by the *Public Finance Act 1989* to communicate forecast financial information for accountability purposes and comply with Public Benefit Entities Financial Reporting Standard (PBE FRS) 42 *Prospective Financial Information*.
- › The forecast figures reflect MBIE's activities and are based on a number of assumptions on what may occur during the 2021/22 year. The forecast figures have been compiled on the basis of the current economic environment, existing government policies and Ministerial expectations at the time the Main Estimates were finalised.

The main assumptions were as follows:

- › MBIE's other revenue has been forecast to be significantly reduced, reflecting the expected reduction in third-party revenue, particularly in relation to immigration visa revenue, and related cash receipts.
- › Cash and cash equivalents balances reflect the expected fall in third-party receipts as noted above.
- › MBIE's activities and output expectations will be focusing on the Government's priorities.
- › Personnel costs were based on current wages and salary costs, adjusted for anticipated remuneration changes.
- › Operating costs were based on historical experience and other factors that are believed to be reasonable in the circumstances and MBIE's best estimate of future costs that will be incurred.

Factors that could lead to material differences between the forecast financial statements and actual financial statements for the period ending 30 June 2021 include changes to the baseline budget through transfers of funding across financial years, technical adjustments or new initiatives, including those related to the COVID-19 Response and Recovery Fund.

#### *Authorisation statement*

The forecast financial statements were approved for issue by the Chief Executive on 12 April 2021. The Chief Executive is responsible for the forecast financial statements, including the appropriateness of assumptions underlying them and all other required disclosures.

The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual financial results achieved for the period covered are likely to vary from the information presented, and the variations may be material.

## HOW WE WERE FUNDED

Our activities are funded mainly by revenue from the Crown and other revenue received from third parties. Crown revenue is received from the Government and is classified as a non-exchange transaction. It consists of amounts appropriated for the year. Other revenue consists mainly of fees and levies paid by third parties. We collect fees in exchange for the services we provide to the community; for example, the issue of immigration visas or the provision of online systems via the Companies Office website to make it easier for businesses to manage and update their records. Levies are collected without a direct exchange of services; for example, a building levy is paid on successful building consent application for a project exceeding a specified threshold.

### NOTE 3: REVENUE

#### **P Revenue – Exchange transactions**

##### **Fees**

Revenue from fees is recognised as income in the period when the service was provided.

##### **Visa application fees**

Revenue from visa application fees is recognised to the extent that the application has been processed by MBIE at balance date. Application fees received in advance are recognised as unearned income in the Statement of Financial Position.

##### **Shared service recoveries**

Shared service recoveries are recognised in the accounting period in which the service is provided, by reference to the completion of specific transactions, assessed on the basis of actual services provided as a proportion of the total services to be provided.

#### **Revenue – Non-exchange transactions**

##### **Revenue from the Crown**

Revenue from the Crown is treated as a non-exchange transaction, and is measured based on MBIE's funding entitlement for the reporting period. The funding entitlement is established by Parliament when it passes the Appropriation Acts for the financial year. The amount of revenue recognised takes into account any amendments to appropriations approved in the *Appropriation (Supplementary Estimates) Act* for the year and certain other unconditional funding adjustments formally approved prior to balance date.

There are no conditions attached to the funding from the Crown. However, MBIE can incur expenses only within the scope and limits of its appropriations.

The fair value of Revenue Crown has been determined to be equivalent to the funding entitlement.

##### **Levies**

Revenue from the collection of levies is a non-exchange transaction as the payment of these levies does not entitle the payer to a direct benefit from the Crown. The revenue recognition point is when the obligation to pay a levy has been incurred and this is guided by multiple Acts that MBIE administers.

##### **Other revenue – Residential Tenancies Trust Account**

MBIE administers a trust account for tenancy bonds under the *Residential Tenancies Act 1986*. Any interest earned by the Residential Tenancies Trust Account (RTTA) is passed onto MBIE to cover costs.

**NOTE 3: REVENUE (CONTINUED)**

**Other revenue**

		Actual 2021 \$000	Actual 2020 \$000
<b>Other revenue associated with a memorandum account</b>			
<b>Memorandum account</b>	<b>Revenue</b>		
Immigration visa	Immigration fees	95,297	204,157
	Other revenue	25	23
<b>Total immigration visa</b>		95,322	204,180
Building controls	Building levies	38,691	37,778
	Other revenue	1,982	168
<b>Total building controls</b>		40,673	37,946
Registration and provision of statutory information	Companies annual return fees	10,901	10,249
	Personal property securities register fees	9,095	8,519
	Companies incorporation fees	8,153	6,007
	Other revenue and fees	4,466	3,852
<b>Total registration and provision of statutory information</b>		32,615	28,627
Registration and granting of intellectual property rights	Patent fees	12,860	7,399
	Trademark fees	9,006	12,921
	Intellectual Property Office NZ fees	3,748	3,790
	Other fees	312	331
<b>Total registration and granting of intellectual property rights</b>		25,926	24,441
Government procurement reform agenda	Government procurement reform income	19,740	19,920
	Other revenue	468	1,232
<b>Total government procurement reform agenda</b>		20,208	21,152
<b>Occupational licensing – building practitioners</b>	<b>Licensed building practitioners levies and fees</b>	6,767	6,286
Management and enforcement of the Radiocommunications Act 1989	Radio apparatus licence fees	4,160	3,988
	Right to transmit radio waves fees	2,379	2,278
<b>Total management and enforcement of the Radiocommunications Act 1989</b>		6,539	6,266
<b>Standards New Zealand</b>	<b>Sale of standards</b>	5,959	5,312
<b>Occupational licensing – electrical workers</b>	<b>Electrical workers fees</b>	5,593	5,919
Management of the Crown mineral estate	Mineral permit fees	3,642	3,547
	Petroleum permit fees	1,266	1,554
<b>Total management of the Crown mineral estate</b>		4,908	5,101
Motor Vehicle Traders (MVT) register	MVT registration fees	1,293	1,310
Electronic Travel Authority	Immigration fees	468	14,333
Unit Titles Act 2010	Unit titles application fees	216	149
National multi-use approvals	National multi-use approvals	179	182
Motor vehicle traders (MVT) information programme	MVT registration fees	–	1
<b>Total third-party revenue associated with a memorandum account</b>		246,666	361,205
<b>Other revenue not associated with a memorandum account</b>			
	Revenue from Residential Tenancies Trust Account	18,694	21,619
	Shared services recovery	8,923	9,603
	Other fees	9,221	10,476
	Other revenue	4,435	5,408
<b>Total other revenue not associated with a memorandum account</b>		41,273	47,106
<b>Total other revenue</b>		287,939	408,311
Total other revenue from exchange transactions		218,252	334,976
Total other revenue from non-exchange transactions		69,687	73,335
<b>Total other revenue</b>		287,939	408,311

**NOTE 3: REVENUE (CONTINUED)****Explanation of major variances against Main Estimates**

Total revenue is \$341.480 million higher than the Main Estimates (2020/21 Actual: \$1,043.861 million; Main Estimates: \$702.381 million):

- › Revenue from the Crown is \$259.547 million higher than the Main Estimates (2020/21 Actual: \$735.937 million; Main Estimates: \$476.390 million) mainly due to the approval of \$169.152 million after the Estimates were produced for the operational support of MIQ arrangements. Other approvals after the Estimates production include \$28.043 million for employment-related appropriations, and an additional \$22.763 million for Immigration New Zealand.

- › Other revenue is \$89.769 million higher than the Main Estimates (2020/21 Actual: \$287.939 million; Main Estimates: \$198.170 million) mainly due to the recovery of costs relating to public service procurement and an increase in building regulation and control revenue.

Main Estimates for the 2020/21 year are disclosed in the Statement of Comprehensive Revenue and Expense on page 105.

## THE COSTS WE INCUR TO ACHIEVE OUR GOALS

Our activities are funded through appropriations, which are funds set aside by the Government for a specific purpose. Our largest areas of spend are on personnel, IT and technical support, and various professional services.

### NOTE 4: PERSONNEL COSTS

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#### Employee benefits

Employee entitlements to salaries and wages, bonuses, annual leave, long service leave, retiring leave and other similar benefits are recognised as an expense when they accrue to employees.

Employee contributions to the State Sector Retirement Savings Scheme, KiwiSaver, and the Government Superannuation Fund are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

#### Termination benefits

Termination benefits are recognised as an expense only when there is a demonstrable commitment to either terminate employment prior to normal employment date or to provide such benefits as a result of a position becoming redundant. Termination benefits settled within 12 months are reported at the amount expected to be paid.

	Actual 2021 \$000	Actual 2020 \$000
Salaries and wages	505,819	450,212
Contractors	47,073	52,082
Employer contributions to defined contribution schemes	15,030	13,115
Training and professional development	6,233	6,154
Other personnel	16,300	18,692
<b>Total personnel costs</b>	<b>590,455</b>	<b>540,255</b>

i

#### Explanation of major variances against Main Estimates

Personnel costs are \$71.140 million higher than the Main Estimates (2020/21 Actual: \$590.455 million; Main Estimates: \$519.315 million) as a result of an increase in MBIE's workforce to deliver existing and additional outputs.

This increase reflects the new funding for MIQ operational support, funding for additional activities

in employment-related appropriations and public service procurement.

Main Estimates for the 2020/21 year are disclosed in the Statement of Comprehensive Revenue and Expense on page 105.

**NOTE 5: OTHER OPERATING EXPENSES****P****Other operating expenses**

Other operating expenses are recognised when goods and services are received.

**Operating leases**

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset.

Payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives for accommodation are recognised evenly over the term of the lease as a reduction in rental expense. The unexpired portion of an operating lease is shown in the Statement of Commitments.

	Actual 2021 \$000	Actual 2020 \$000
Property maintenance and operation costs	67,777	13,770
Professional services	58,296	48,975
Rental and operating lease costs	51,006	44,541
Consulting services	21,812	18,122
Other operating costs	16,758	26,515
Supplies and services	11,212	9,260
Travel – domestic and overseas	7,716	15,179
Net foreign exchange losses	1,768	47
Loss on disposal of property and equipment	1,458	2,012
Provision for impairment of debtors and other receivables	864	522
<b>Auditor's remuneration</b>		
Audit fees – MBIE's financial statements	787	772
Audit fees – other services	31	4
Audit fees – Residential Tenancies Trust Account financial statements	16	15
<b>Total other operating expenses</b>	<b>239,501</b>	<b>179,734</b>

**i****Explanation of major variances against Main Estimates**

Other operating expenses are \$40.110 million higher than the Main Estimates (2020/21 Actual: \$239.501 million; Main Estimates: \$199.391 million) largely reflecting additional activities in employment-related appropriations and public service procurement and policy advice and related service areas.

Main Estimates for the 2020/21 year are disclosed in the Statement of Comprehensive Revenue and Expense on page 105.

## NOTE 6: CONTRACTORS AND CONSULTANTS

MBIE uses contractors and consultants to provide backfill for vacant positions or cover short-term demand, where specialist skills or independent external advice are needed (such as for specific programmes or projects), and in periods of peak demand.

A contractor is a person who is not considered an employee, providing backfill or extra capacity in a role

that exists within MBIE or acts as an additional resource for a time-limited piece of work.

A consultant is a person or firm who is not considered a contractor or employee, engaged to perform a piece of work with a clearly defined scope and provide expertise, in a particular field, not readily available from within MBIE.

	Notes	Actual 2021 \$000	Actual 2020 \$000
<b>Operating expense</b>			
Contractors		29,516	25,860
Contractors working on ICT projects		17,557	26,222
Total operating expense – contractors	4	47,073	52,082
Consulting services	5	21,812	18,122
<b>Total operating expense – contractors and consultants</b>		<b>68,885</b>	<b>70,204</b>
<b>Capital expense</b>			
Contractors and consulting services capitalised to assets	9	21,452	38,695
<b>Total capital expense – contractors and consultants</b>		<b>21,452</b>	<b>38,695</b>
<b>Total contractors and consultants</b>		<b>90,337</b>	<b>108,899</b>

Contractors and consulting services capitalised to assets are \$17.243 million lower than in 2020 mainly due to the completion of the Pastoral House project which incurred \$0.238 million of contractors and consultants costs in 2021 (2020: \$13.879 million).

## NOTE 7: CAPITAL CHARGE

MBIE pays a capital charge to the Crown on its taxpayers' funds at 31 December and 30 June each financial year. The capital charge rate for the year ended 30 June 2021 was 5 per cent (2020: 6 per cent). The capital charge is recognised as an expense in the financial year to which it relates.

## LONG-TERM ASSETS THAT SUPPORT OUR OPERATIONS

In order to efficiently carry out our operations, we invest in physical assets and intangible assets. Assets of a similar nature are grouped into categories. These assets are used for more than one year. Their cost is spread over the asset's useful life, which is the expected period that the asset is available for use.

### NOTE 8: PROPERTY AND EQUIPMENT

P

Property and equipment consists of land, buildings, equipment, leasehold improvements, furniture and fittings, computer hardware and motor vehicles.

#### Measurement

Land is measured at fair value, and buildings are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

#### Additions

Items of property and equipment are recognised at cost if it is probable that future economic benefits or service potential will flow to MBIE. Where an item of property and equipment is acquired at no cost (or for a nominal amount), it is recognised at its fair value on the date of acquisition.

Costs incurred subsequent to the initial recognition of an item of property and equipment are only recognised where it can be demonstrated that there has been an increase in the future economic benefits or service potential that will flow to MBIE, and the cost of the item can be measured reliably. Costs relating to the servicing or maintenance of items of property and equipment are recognised in net surplus or deficit when incurred.

Work in progress is recognised at cost less impairment losses and is not depreciated.

#### Capitalisation

A de minimis of \$5,000 applies for capitalisation below which individual items are expensed on purchase. Grouped assets are capitalised if their total acquisition cost is greater than \$5,000.

#### Depreciation

Depreciation is charged on a straight-line basis, at rates that will write off the cost (or valuation) of the assets to their estimated residual value over their useful lives. Land and work in progress are not depreciated. The useful lives of major categories of property and equipment have been estimated as follows.

#### Asset class

Asset class	Useful life
Buildings	30–60 years
Computer hardware	3–6 years
Furniture and fittings	3–7 years
Leasehold improvements (shorter of lease period or estimated useful life)	2–12 years
Motor vehicles	4–6 years
Equipment	3–10 years

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each balance date.

#### Revaluation

Land and buildings are revalued at least once every three years, by an independent registered valuer, to ensure that their carrying amount does not differ materially from their fair value. In the intervening years, carrying values of revalued assets are assessed annually to ensure that they do not differ materially from fair value. If there is a material difference, then the off-cycle asset classes are revalued.

The net revaluation results are included in other comprehensive revenue and expense and a property revaluation reserve in equity for that class of asset. However, if this would result in the reserve being exhausted, then it is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously recognised, and then recognised in other comprehensive revenue and expense.

The useful life of an asset is reassessed following revaluation.

#### Disposals

Gains and losses on disposal of an item of property and equipment represent the difference between disposal proceeds, if any, and the carrying value of the asset at the time of disposal and are recognised in net surplus or deficit.

If a previously revalued asset is disposed of, the relevant amount held in the asset revaluation reserve is transferred to taxpayers' funds.

## NOTE 8: PROPERTY AND EQUIPMENT (CONTINUED)

### **P** Work in progress (WIP)

WIP is capital expenditure for assets that are not in use or completed at balance date. During the year, items are transferred from WIP into asset classes as completed.

### **Impairment**

Property and equipment are reviewed for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to its recoverable amount. For revalued assets, the impairment loss is recognised in other comprehensive revenue and expense and decreases the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in surplus or deficit.

The reversal of an impairment loss on a revalued asset is recognised in other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in surplus or deficit, a reversal of an impairment loss is also recognised in surplus or deficit.

**NOTE 8: PROPERTY AND EQUIPMENT (CONTINUED)**

	Land \$000	Building \$000	Equipment \$000	Leasehold improvements \$000	Furniture & fittings \$000	Computer hardware \$000	Motor vehicles \$000	WIP \$000	Total \$000
<b>Year ended 30 June 2020</b>									
Cost	11,014	31,589	7,504	54,985	16,320	24,631	1,964	21,074	169,081
Accumulated depreciation	–	–	(5,128)	(29,857)	(8,380)	(13,531)	(1,208)	–	(58,104)
<b>Opening net book value</b>	11,014	31,589	2,376	25,128	7,940	11,100	756	21,074	110,977
Additions	–	–	239	3,028	–	421	54	36,577	40,319
Transfers from WIP	–	803	1,344	4,344	4,486	9,305	–	(20,282)	–
Disposals	–	–	(329)	(2,911)	(132)	(2,350)	(111)	–	(5,833)
Depreciation	–	(1,169)	(699)	(5,412)	(3,349)	(4,229)	(175)	–	(15,033)
Depreciation released on disposals	–	–	329	2,493	107	1,471	111	–	4,511
<b>Closing net book value</b>	11,014	31,223	3,260	26,670	9,052	15,718	635	37,369	134,941
Cost	11,014	32,392	8,758	59,446	20,674	32,007	1,907	37,369	203,567
Accumulated depreciation	–	(1,169)	(5,498)	(32,776)	(11,622)	(16,289)	(1,272)	–	(68,626)
<b>Closing net book value</b>	11,014	31,223	3,260	26,670	9,052	15,718	635	37,369	134,941
<b>Year ended 30 June 2021</b>									
Additions	–	1,359	267	5,357	2,274	7,156	–	3	16,416
Transfers from WIP	–	2,716	142	20,867	4,349	5,981	1	(34,056)	–
Revaluation	4,400	126	–	–	–	–	–	–	4,526
Disposals	–	–	(253)	(5,230)	(516)	(7,655)	(142)	–	(13,796)
Depreciation	–	(1,244)	(800)	(5,349)	(4,487)	(5,967)	(165)	–	(18,012)
Depreciation released on disposals	–	–	234	4,746	458	7,485	100	–	13,023
Accumulated depreciation reversed on revaluation	–	2,377	–	–	–	–	–	–	2,377
<b>Closing net book value</b>	15,414	36,557	2,850	47,061	11,130	22,718	429	3,316	139,475
Cost	15,414	36,593	8,914	80,440	26,781	37,489	1,766	3,316	210,713
Accumulated depreciation	–	(36)	(6,064)	(33,379)	(15,651)	(14,771)	(1,337)	–	(71,238)
<b>Closing net book value</b>	15,414	36,557	2,850	47,061	11,130	22,718	429	3,316	139,475

MBIE holds two land and building assets, the Māngere Refugee Resettlement Centre in Auckland and a residential property in Suva, Fiji.

The most recent valuation of the Māngere Refugee Resettlement Centre was performed by Registered Valuers Kane Sweetman and Jono Crossan of CVAS (NZ) Limited trading as Colliers, with an effective date of 30 June 2021.

The Māngere property is valued at depreciated replacement cost due to the nature of the building. The depreciated replacement cost value tends to be lower than that of the open market value. The economic useful life of the property has been updated from the original project life of 30 years to the valuation estimate of 55–60 years.

MBIE was not able to obtain an updated valuation of the property in Suva due to the COVID-19 conditions currently in Fiji. The last valuation was dated 15 April 2019, carried out by Ramesh Behari of Fairview Valuations.

There are no other restrictions over the title of MBIE's property and equipment, nor are they pledged as security for liabilities.

The net value of contractors and consulting capitalised to WIP reduced by \$0.281 million (2020: increased by \$13.879 million).

**NOTE 9: INTANGIBLE ASSETS**

P

**Measurement**

Intangible assets are measured at cost, less accumulated amortisation and any impairment losses.

**Additions**

Purchased computer software is capitalised on the basis of the costs incurred to acquire and bring the software into use. Costs of software updates or upgrades are capitalised only when they increase the usefulness or value of the software. Internally generated intangible assets are recognised at the cost associated with bringing the asset into use, including the cost of all materials used in construction, employee costs and an appropriate proportion of overheads.

Staff training costs are recognised as an expense when incurred.

Costs relating to the maintenance of intangible assets are recognised in net surplus or deficit when incurred.

Costs associated with development and maintenance of MBIE’s website are recognised as an expense when incurred.

**Amortisation**

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. The amortisation charge for each year is recognised in net surplus or deficit.

The useful lives of major classes of intangible assets have been estimated as follows.

**Asset class**

Purchased computer software	3–8 years
Internally generated computer software	4–10 years

**Useful life**

**Impairment**

Intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If an asset’s carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to its recoverable amount. For revalued assets, the impairment loss is recognised in other comprehensive revenue and expense and decreases the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in surplus or deficit.

The reversal of an impairment loss on a revalued asset is recognised in other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in surplus or deficit, a reversal of an impairment loss is also recognised in surplus or deficit.

	Actual 2021				Actual 2020			
	Purchased \$000	Internally generated \$000	WIP \$000	Total \$000	Purchased \$000	Internally generated \$000	WIP \$000	Total \$000
Cost	102,016	231,542	71,916	405,474	94,337	206,902	51,647	352,886
Accumulated depreciation and impairment	(74,279)	(94,775)	(3,091)	(172,145)	(64,311)	(70,490)	(1,205)	(136,006)
<b>Opening net book value</b>	<b>27,737</b>	<b>136,767</b>	<b>68,825</b>	<b>233,329</b>	<b>30,026</b>	<b>136,412</b>	<b>50,442</b>	<b>216,880</b>
Additions	15,898	1,920	43,972	61,790	8,000	11,322	38,921	58,243
Transfers from WIP	33,015	27,000	(60,015)	–	700	17,952	(18,652)	–
Disposals	(2,472)	(1,164)	–	(3,636)	(1,021)	(4,634)	–	(5,655)
Impairment	(1,066)	–	(1,379)	(2,445)	–	–	(1,886)	(1,886)
Amortisation	(13,479)	(56,425)	–	(69,904)	(10,920)	(26,983)	–	(37,903)
Amortisation released on disposals	2,360	511	–	2,871	952	2,698	–	3,650
<b>Closing net book value</b>	<b>61,993</b>	<b>108,609</b>	<b>51,403</b>	<b>222,005</b>	<b>27,737</b>	<b>136,767</b>	<b>68,825</b>	<b>233,329</b>
Cost	148,457	259,298	55,873	463,628	102,016	231,542	71,916	405,474
Accumulated depreciation and impairment	(86,464)	(150,689)	(4,470)	(241,623)	(74,279)	(94,775)	(3,091)	(172,145)
<b>Closing net book value</b>	<b>61,993</b>	<b>108,609</b>	<b>51,403</b>	<b>222,005</b>	<b>27,737</b>	<b>136,767</b>	<b>68,825</b>	<b>233,329</b>

**NOTE 9: INTANGIBLE ASSETS (CONTINUED)**

MBIE develops and maintains internally generated software, which is classified as an asset under construction and capitalised at the in-service date.

In accordance with PBE IPSAS 31 Intangible Assets, management have reviewed the useful lives of intangible assets and have also reviewed the carrying amount of intangible assets for impairment. The following adjustments were made:

- › \$21.976 million accelerated amortisation of the current visa processing systems, as it will soon be replaced by the implementation of the Advanced Digital Employer-led Processing and Targeting

(ADEPT) projects in 2021/22

- › \$1.379 million impairment of WIP that is no longer viable with the introduction of the ADEPT system
- › \$1.066 million impairment due to a change in scope in the people and pay project.

There are no restrictions over the title of MBIE’s intangible assets, nor are any intangible assets pledged as security for liabilities.

Included in internally generated intangible assets are \$21.733 million of capitalised contractors and consultants costs (2020: \$24.816 million) (refer to Note 6).

**NOTE 10: FINANCE LEASES**



A lease is classified as a finance lease if it transfers substantially all the risks and rewards of ownership of an asset to MBIE, even if actual ownership is not transferred.

At the commencement of a lease term, finance leases are recognised as assets and liabilities in the Statement of Financial Position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether MBIE will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term or its useful life.

There are no restrictions placed on MBIE by any of the finance leasing arrangements.

Finance lease liabilities are effectively secured, as the rights to the leased assets revert to the lessor in the event of default in payment.

**Critical accounting estimates, assumptions and judgements in applying accounting policies**

Determining whether a lease agreement is a finance lease or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to MBIE. Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether a renewal option is included in the lease terms,

and determination of an appropriate discount rate to calculate the present value of the minimum lease payments.

Classification as a finance lease means the asset is recognised in the Statement of Financial Position as property or equipment, whereas with an operating lease no such asset is recognised.

MBIE has exercised its judgement on the appropriate classification of equipment leases and determined that one of these arrangements for the provision of

telecommunication services includes an embedded finance lease. The leased items are included within the net carrying amount of computer hardware.

**Total minimum lease payments payable**

	Actual 2021 \$000	Actual 2020 \$000
Not later than one year	25	70
Later than one year and not later than five years	–	37
<b>Total</b>	<b>25</b>	<b>107</b>

**Present value of minimum lease payments**

	Actual 2021 \$000	Actual 2020 \$000
Not later than one year	25	65
Later than one year and not later than five years	–	36
<b>Total</b>	<b>25</b>	<b>101</b>

## OTHER ASSETS AND LIABILITIES

Other assets and liabilities disclosed in this section are those that are used and recorded as part of our day-to-day operations. These include the balance of money due to MBIE for goods or services provided to the public and our obligation to settle balances owing to our suppliers and the Crown.

### NOTE 11: DEBTORS AND OTHER RECEIVABLES

#### P Debtors and other receivables

Debtors and other receivables are non-derivative financial assets, which are measured at amortised cost and initially recorded at the amount due.

Debtors and other receivables are subsequently revalued to the amount due less an allowance for credit losses. MBIE applies the simplified expected credit loss model of recognising lifetime expected credit losses for debtors and other receivables.

In measuring expected credit losses, debtors and other receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

Debtors and other receivables are written off when there are no reasonable expectations of recovery. Indicators that there are no reasonable expectations of recovery include the debtor being in liquidation or the receivable being more than one year overdue.

	Actual 2021 \$000	Actual 2020 \$000
<b>Current</b>		
Debtor Crown	162,730	3,700
Residential Tenancies Trust Account revenue receivable	36,338	41,531
Trade debtors and other receivables	17,431	14,079
Less provision for impairment	(1,325)	(560)
Accrued receivables from exchange transactions	8,544	11,040
Accrued receivables from non-exchange transactions	3,558	3,216
<b>Total current debtors and receivables</b>	<b>227,276</b>	<b>73,006</b>
<b>Non-current</b>		
Bonds provided for offshore property leases	1,997	2,842
<b>Total non-current debtor and other receivables</b>	<b>1,997</b>	<b>2,842</b>
<b>Total debtors and other receivables</b>	<b>229,273</b>	<b>75,848</b>
Total debtors and other receivables from exchange transactions	26,647	27,401
Total debtors and other receivables from non-exchange transactions	202,626	48,447
<b>Total debtors and other receivables</b>	<b>229,273</b>	<b>75,848</b>

The carrying value of debtors and other receivables approximates their fair value.

The non-current portion of debtors and other receivables relates to bonds given to property owners to secure offshore rental accommodation and offices.

All debtors and other receivables greater than 30 days in age are considered to be past due date. At 30 June 2021, \$5.627 million of debtors and other receivables were past due date (2020: \$4.368 million).

The provision for impairment of debtors and other receivables consists of specific individual impairment provisions, based on a review of overdue receivables.

The collective provision for impairment of \$1.325 million (2020: \$0.560 million) has been calculated based on an analysis of past collection history, the current COVID-19 economic environment and debt write-offs.

MBIE does not hold the collateral for debts greater than 90 days.

**NOTE 11: DEBTORS AND OTHER RECEIVABLES (CONTINUED)****i Explanation of major variances against Main Estimates**

Debtors and other receivables are \$120.468 million higher than the Main Estimates (2020/21 Actual: \$229.273 million; Main Estimates: \$108.805 million) mainly due to Crown funding not yet drawn down. Funds have been made available by the Crown to address the impact of COVID-19 on MBIE's liquidity. However due to reductions in discretionary expenditure and timing of expenditure, less funds have been required to be drawn down.

Main Estimates for the 2020/21 financial year are disclosed in the Statement of Financial Position on page 106.

**NOTE 12: CREDITORS AND OTHER PAYABLES****P Short-term creditors and other payables are recorded at face value.**

	Notes	Actual 2021 \$000	Actual 2020 \$000
<b>Current</b>			
Accrued expenses		33,259	39,147
Trade creditors		16,552	8,617
GST payable		7,682	3,001
Finance leases payable	10	25	65
<b>Total current creditors and other payables</b>		<b>57,518</b>	<b>50,830</b>
<b>Non-current</b>			
Finance leases payable	10	–	36
<b>Total non-current creditors and other payables</b>		<b>–</b>	<b>36</b>
<b>Total creditors and other payables</b>		<b>57,518</b>	<b>50,866</b>

Creditors and other payables are non-interest bearing. The carrying value of creditors and other payables approximates their fair value.

**i Explanation of major variances against Main Estimates**

Creditors and other payables are \$11.424 million lower than the Main Estimates (2020/21 Actual: \$57.518 million; Main Estimates: \$68.942 million) mainly due to the timing of supplier payments being earlier than forecast resulting in less amounts payable.

Main Estimates for the 2020/21 financial year are disclosed in the Statement of Financial Position on page 106.

### NOTE 13: UNEARNED INCOME

**P** Unearned income relates to cash received in advance of the period in which it will be recognised as revenue.

	Actual 2021 \$000	Actual 2020 \$000
Immigration visa and other application processing	13,167	8,497
Radio operations fees	4,079	3,709
Other revenue	341	–
<b>Total unearned income</b>	<b>17,587</b>	<b>12,206</b>

Immigration visa and other application processing fees are recognised progressively, upon the completion of each visa processing phase.

Radio operations fees relate to annual licence fees invoiced at the beginning of the period to which they relate and are recognised as unearned income where fees are paid for periods after 30 June 2021.

#### **i** Explanation of major variances against Main Estimates

Unearned income is \$8.142 million higher than the Main Estimates (2020/21 Actual: \$17.587 million; Main Estimates: \$9.445 million) mainly due to an increase in deferred revenue for visa applications, which relates to visa processing work yet to be completed.

This is a result of an update to the revenue recognition methodology to better reflect when revenue is earned. This has meant that a lower proportion of revenue is recognised in the earlier stages of assessing visa applications.

Main Estimates for the 2020/21 financial year are disclosed in the Statement of Financial Position on page 106.

### NOTE 14: RETURN OF OPERATING SURPLUS

**P** MBIE's obligation to return a portion of its operating surplus in accordance with the *Public Finance Act 1989* is recognised at face value as it is required to be paid by 31 October of each year, per Treasury Instructions.

	Notes	Actual 2021 \$000	Actual 2020 \$000
<b>Net (deficit)/surplus</b>		(51,475)	(44,268)
<i>Add back:</i>			
Net operating deficit in memorandum accounts	18	181,486	75,195
Unrealised net foreign exchange (losses)/gains		1,141	(752)
<b>Return of operating surplus to the Crown</b>		<b>131,152</b>	<b>30,175</b>

**NOTE 15: PROVISIONS****P Provisions**

MBIE recognises a provision when there is a present obligation, either legal or constructive, as the result of a past event, and it is probable that an outflow of resources will be required to settle the obligation but the timing or the amount of obligation is uncertain.

Provisions are not recognised for net deficits from future operating activities.

Where the effect of the time value of money is material, provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the liability.

**Restructuring provision**

MBIE recognises provisions for restructuring when an approved, detailed, formal plan for a restructure has either been announced publicly to those affected or when implementation has already commenced.

**Onerous contracts provision**

MBIE recognises a provision for an onerous contract when the expected benefits or service potential to be derived from a contract are lower than the unavoidable costs associated with meeting the obligations of the contract. Such a provision is measured at the lower of the expected cost of terminating the contract and the net expected cost of continuing with the contract.

	Current \$000	2021 Non- current \$000	Total \$000	Current \$000	2020 Non- current \$000	Total \$000
Payroll remediation	817	–	817	1,364	–	1,364
Lease make-good	274	2,679	2,953	521	2,253	2,774
Restructuring	7,448	–	7,448	999	–	999
Other provisions	1,261	–	1,261	117	–	117
ACC partnership programme	106	40	146	104	40	144
Onerous lease	2,222	–	2,222	–	–	–
<b>Total provisions</b>	<b>12,128</b>	<b>2,719</b>	<b>14,847</b>	<b>3,105</b>	<b>2,293</b>	<b>5,398</b>

	Payroll Remediation \$000	Lease Make-Good \$000	Restructuring \$000	Other Provisions \$000	ACC Partnership Programme \$000	Onerous Lease \$000	Total \$000
<b>Balance at 1 July 2019</b>	2,395	3,431	3,715	245	132	1,133	11,051
Additional provisions made	–	–	678	143	12	480	1,313
Provision utilised during the year	(1,031)	(338)	(2,176)	–	–	(1,613)	(5,158)
Reversal of previous provision	–	(319)	(1,218)	(271)	–	–	(1,808)
<b>Balance at 30 June 2020</b>	<b>1,364</b>	<b>2,774</b>	<b>999</b>	<b>117</b>	<b>144</b>	<b>–</b>	<b>5,398</b>
Additional provisions made	–	179	8,857	1,144	2	2,637	12,819
Provision utilised during the year	(547)	–	(2,270)	–	–	(415)	(3,232)
Reversal of previous provision	–	–	(138)	–	–	–	(138)
<b>Balance at 30 June 2021</b>	<b>817</b>	<b>2,953</b>	<b>7,448</b>	<b>1,261</b>	<b>146</b>	<b>2,222</b>	<b>14,847</b>

## NOTE 15: PROVISIONS (CONTINUED)

### Payroll remediation project

The payroll remediation project to correct historical Holidays Act payroll issues has now been completed. The remaining provision at 30 June 2021 represents MBIE's best estimate of the remaining remediation costs to be paid out. This now only relates to former employees where they have not yet been contacted, verified and for whom the required documentation has been received. MBIE continues to try to contact these former employees.

### Lease make good

MBIE is required, at the expiry of its leases, to make good any damage caused and remove any fixtures or fittings installed by it. In many cases MBIE has the option to renew these leases, which may change the timing of the expected cash outflows to make good the premises.

### Restructuring

The restructuring provision arises from internal restructuring programmes. The restructuring provision

relates to the expected redundancies resulting from reductions in the number of offshore immigration offices and other change programmes within MBIE. Management expects this to happen in the next 12 months.

### Other provisions

Other provisions include provision for early termination fee, cost for reducing usage of the network service, and make good on leasing activities.

### Onerous lease

The provision for onerous lease arises from non-cancellable leases where the unavoidable costs of meeting the lease contracts exceed the economic benefits being received.

The leases are onerous due to the closure of the offshore immigration processing offices in Mumbai and Manila. The Mumbai lease expires in June 2022, and the Manila lease expires in January 2022 with an additional six-month lease break penalty payment applying.

### **i** Explanation of major variances against Main Estimates

Provisions are \$2.533 million above the Main Estimates (2020/21 Actual: \$14.847 million; Main Estimates: \$12.314 million) mainly due to increased provision for restructuring and onerous lease costs relating to the closure of offshore offices.

Main Estimates for the 2020/21 financial year are disclosed in the Statement of Financial Position on page 106.

## NOTE 16: EMPLOYEE ENTITLEMENTS

**P** Sick leave, annual leave, vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

### Current employee entitlements

Current employee entitlements are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date; annual leave earned but not yet taken at balance date; retiring and long service leave entitlements expected to be settled within 12 months; sick leave; and performance payments.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that MBIE anticipates it will be used by staff to cover those future absences.

A liability for performance payments is recognised where MBIE has a contractual obligation or where

there is a past practice that has created a constructive obligation.

### Non-current employee entitlements

Non-current employee entitlements, such as long service leave and retiring leave, are calculated on an actuarial basis. The calculations are based on:

- › likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlements information
- › the present value of the estimated future cash flows.

### Termination benefits

Termination benefits are recognised in the surplus or deficit only when there is a demonstrable commitment to either terminate employment prior to normal employment date or to provide such benefits as a result of a position becoming redundant. Termination benefits settled within 12 months are reported at the amount expected to be paid.

**NOTE 16: EMPLOYEE ENTITLEMENTS (CONTINUED)**

	Current \$000	2021 Non- Current \$000	Total \$000	Current \$000	2020 Non- Current \$000	Total \$000
Accrued salary	36,510	–	36,510	24,772	–	24,772
Annual leave	34,577	–	34,577	31,147	–	31,147
Long service leave	1,428	3,564	4,992	1,382	3,557	4,939
Retirement leave	1,226	2,403	3,629	1,157	3,702	4,859
Sick leave	589	–	589	360	–	360
<b>Total employee entitlements</b>	<b>74,330</b>	<b>5,967</b>	<b>80,297</b>	<b>58,818</b>	<b>7,259</b>	<b>66,077</b>

**i Explanation of major variances against Main Estimates**

Employee entitlements are \$38.003 million higher than the Main Estimates (2020/21 Actual: \$80.297 million; Main Estimates: \$42.294 million) mainly due to higher than expected annual leave provision and accrued leave.

Annual leave entitlements are higher than estimates mainly due to employees not taking leave during the COVID-19 pandemic.

Accrued salary is higher partially due to a provision for overseas taxation and social insurance payroll costs. Another factor is the last payroll payment for the year was earlier than forecast in the Main Estimates. This has resulted in more unpaid days than expected and more salary due to employees.

Main Estimates for the 2020/21 financial year are disclosed in the Statement of Financial Position on page 106.

An independent actuarial valuation was undertaken by Linda Caradus of Melville Jessup Weaver as at 30 June 2021 to estimate the present value of retirement leave and long service leave. The key assumptions used in determining the present values were:

- › term-specific discount rates derived from yields on Treasury Bills and Government Bonds
- › a salary growth rate of 3.5 per cent on 1 July 2021 and 1.7 per cent on 1 July in each subsequent year.

**Sensitivity analysis**

If the discount rate were to increase or decrease by 1 per cent more than MBIE's estimates, with all other factors held constant, the carrying amount of the liability would be \$0.372 million lower and \$0.414 million higher respectively (2020: \$0.616 million lower and \$0.725 million higher).

If the salary growth rate were to increase or decrease by 1 per cent more than MBIE's estimates, with all other factors held constant, the carrying amount of the liability would be \$0.456 million higher and \$0.417 million lower respectively (2020: \$0.755 million higher and \$0.656 million lower).

The current liability represents the amount due for potential settlement within the next 12 months.

## FINANCIAL RISK MANAGEMENT

We are exposed to various financial risks. This section discusses how financial risks can affect our financial position and net surplus or deficit and how we manage risks in order to minimise risk exposure.

### NOTE 17: FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### **P** Classification of financial instruments

Financial instruments are initially recognised at fair value and subsequently measured at amortised cost or at fair value either through surplus or deficit, or through comprehensive revenue and expense. This classification is made by reference to the purpose and nature of the financial instrument or group of financial instruments.

#### **Non-derivative financial assets and liabilities**

Financial assets are subsequently measured at amortised cost if they are held for the purpose of collecting contractual cash flows and those cash flows are solely related to payments of principal and interest. Interest, impairment losses and foreign exchange gains and losses are recognised in the Statement of Comprehensive Revenue and Expense.

Non-derivative financial liabilities are subsequently measured at amortised cost.

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents are measured at amortised cost and include cash on hand, deposits held on call with banks, and other short-term, highly liquid investments with original maturities of three months or less. Balances denominated in foreign currencies are translated to New Zealand dollars at the foreign exchange rate at balance date. MBIE is only permitted to spend its cash and cash equivalents within the scope and limits of its appropriations.

#### ALLOWANCES FOR EXPECTED LOSSES

An expected credit loss model is used to recognise and calculate impairment losses for financial assets subsequently measured at amortised cost with the simplified approach to providing credit losses being applied to trade and other receivables.

MBIE has adopted the simplified approach to impairment provision for trade and other receivables. The provision is recognised at an amount equal to lifetime expected credit losses. The allowance for doubtful debts on individually significant trade and other receivables is determined on an individual basis, and those deemed to be not individually significant are assessed on a portfolio basis.

#### **P** Derivative financial assets and liabilities

Derivative financial instruments are used to manage the exposure to foreign exchange risk arising from MBIE's operational activities. MBIE does not hold or issue derivative financial instruments for trading purposes. MBIE has not adopted hedge accounting.

Derivative financial instruments are recognised and subsequently measured at fair value. Movements in the fair value are recognised as gains or losses in the Statement of Comprehensive Revenue and Expense. When the fair value of the derivative is positive, it is treated as an asset, and when the fair value is negative, it is treated as a liability. Fair values are obtained from quoted market prices in active markets. Derivative financial instruments are not used for hedging.

**NOTE 17: FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

MBIE's activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk. MBIE has policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

**Market risk**

MBIE's activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk. MBIE has policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

**Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

MBIE's largest direct foreign exchange exposure arises from the offshore branch and agency network that provides immigration services. Application fees are collected in more than 20 currencies through this network. The offshore branch network incurs local expenses, providing a natural hedge for the branch revenue. MBIE's convention is for branches to retain buffers in foreign currency accounts up to the value of an average month's expenditure.

Under MBIE's foreign exchange management policy, MBIE returns excess funds to New Zealand and converts them to New Zealand dollars.

Application fees are set by regulation in New Zealand dollars. Foreign currency equivalent fees are set by MBIE to reflect the New Zealand amount. Foreign currency transaction exposure is also mitigated to some extent by the ability of MBIE to initiate updates of foreign currency fees to bring them into line with prevailing market conditions.

**Interest rate risk**

Interest rate risk is the risk that the fair value of, or cash flows from, a financial instrument will fluctuate due to changes in market interest rates. MBIE has no significant exposure to interest-bearing financial instruments and therefore does not experience interest rate risk.

**Credit risk**

Credit risk is the risk that a third party will default on its obligations to MBIE, resulting in a loss. In the ordinary course of MBIE's business, it is exposed to credit risk in association with financial assets held. MBIE is not exposed to significant concentrations of credit risk. MBIE is potentially exposed to credit risk for undrawn credit card facilities equal to the undrawn balance. The credit card facilities limit as at 30 June 2021 was \$2.740 million (2020: \$5.640 million).

MBIE uses Westpac as its main bank, which has a Standard & Poor's credit rating of AA-, and MBIE enters into foreign exchange contracts with the Treasury, which has a Standard & Poor's credit rating of AA+.

MBIE's maximum credit exposure is the carrying value of its financial assets. MBIE does not hold collateral as security against its financial assets.

Although cash and cash equivalents as at 30 June 2021 are subject to the expected credit loss requirements of PBE IFRS 9, no loss allowance has been recognised because the estimated loss allowance for credit losses is trivial.

**Liquidity risk**

Liquidity risk is the risk that MBIE will encounter difficulty raising liquid funds to meet its commitments as they fall due. In meeting its liquidity requirements, MBIE closely monitors its forecast cash requirements.

This has been a specific area of focus as cash receipts have reduced due to the impact of the COVID-19 pandemic on third-party revenue. For example, the border restrictions have reduced the amount of cash receipts from immigration visas and other applications. Therefore, additional capital injections together with expected cash drawdowns from the Treasury are in place to ensure MBIE maintains its target level of available cash to meet liquidity requirements.

MBIE expects to settle all of its financial liabilities in a timely manner.

**NOTE 17: FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

The carrying amounts of financial assets and financial liabilities in each financial instrument category are as follows.

	Notes	Actual 2021 \$000	Actual 2020 \$000
<b>Financial assets measured at amortised cost</b>			
Cash and cash equivalents		178,512	140,710
Debtors and other receivables	11	229,273	75,848
<b>Financial assets measured at fair value through surplus or deficit</b>			
Foreign exchange contracts		–	9
<b>Total financial assets</b>		<b>407,785</b>	<b>216,567</b>
<b>Financial liabilities measured at amortised cost</b>			
Creditors and other payables	12	57,518	50,866
<b>Total financial liabilities</b>		<b>57,518</b>	<b>50,866</b>

The notional principal amounts of outstanding foreign exchange forward contracts are as follows.

	Actual 2021 \$000		Actual 2020 \$000	
	Foreign Currency	NZD	Foreign Currency	NZD
Australian dollar	–	–	363	389

MBIE has no outstanding foreign exchange forward contracts as at 30 June 2021.

**Sensitivity analysis**

Impact of a 5 per cent movement, both up and down, in the New Zealand dollar against other currencies held by MBIE in its foreign currency account with all other variables held constant at 30 June 2021 is not material for MBIE's net surplus (2020: not material).

## OTHER DISCLOSURES

This section provides further information on MBIE's equity and how our capital is managed.

A number of our services are not funded by the Crown but by third-party users of those services. The revenue we receive for services and the costs we incur to provide them will not necessarily agree in each financial year. We therefore use memorandum accounts to record accumulated surpluses or deficits. Over the long term, memorandum account balances are expected to trend towards zero. Memorandum accounts provide transparency around outputs for which costs are fully recovered by fees, levies and other charges from third parties.

### NOTE 18: EQUITY

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#### Equity

Equity is the Crown's investment in MBIE and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified as taxpayers' funds, memorandum accounts and revaluation reserves.

#### Property revaluation reserves

Revaluation reserves relate to the revaluation of land and buildings to their fair value.

#### Memorandum accounts

Memorandum accounts reflect the cumulative surplus or deficit of those departmental services that are intended to be fully cost recovered from third parties through fees, levies or charges. The balance of each memorandum account is expected to trend towards zero over time.

### Taxpayers' funds

	Notes	Actual 2021 \$000	Actual 2020 \$000
Balance at 1 July		421,518	320,898
Net (deficit)/surplus		(51,475)	(44,268)
Capital injections		223,982	99,868
Other transfers to memorandum accounts		(232,785)	–
Transfer of net memorandum account accumulated deficits for the year		181,486	75,195
Return of operating surplus to the Crown	14	(131,152)	(30,175)
<b>Balance at 30 June</b>		<b>411,574</b>	<b>421,518</b>

Note: MBIE pays a capital charge to the Crown on its taxpayers' funds at 31 December and 30 June each financial year (refer to Note 7).

### Property revaluation reserves

	Actual 2021 \$000	Actual 2020 \$000
Balance at 1 July	14,046	14,046
Property revaluation reserve movement	6,903	–
<b>Balance at 30 June</b>	<b>20,949</b>	<b>14,046</b>

**NOTE 18: EQUITY (CONTINUED)**

Memorandum accounts	Balance at 1 July \$000	Other revenue \$000	Departmental revenue and finance income \$000	Expenses \$000	Surplus/ (deficit) for the year \$000	Other Adjustment / Capital contribution \$000	Balance at 30 June \$000
<b>Year ended 30 June 2020</b>							
Building controls	55,548	37,946	38	(37,205)	779	–	56,327
Registration and granting of intellectual property rights	31,181	24,441	–	(25,562)	(1,121)	–	30,060
Government procurement reform agenda	14,526	21,152	589	(19,565)	2,176	–	16,702
Registration and provision of statutory information	18,017	28,627	119	(35,461)	(6,715)	–	11,302
Management and enforcement of the <i>Radiocommunications Act 1989</i>	10,771	6,266	–	(7,804)	(1,538)	–	9,233
Occupational licensing – electrical workers	1,210	5,919	–	(4,996)	923	–	2,133
Occupational licensing – building practitioners	460	6,286	11	(5,373)	924	–	1,384
Standards New Zealand	2,558	5,312	56	(6,561)	(1,193)	–	1,365
Motor vehicle traders information programme	498	1	(1)	–	–	(498)	–
<i>Unit Titles Act 2010</i>	(101)	149	–	(221)	(72)	–	(173)
Motor Vehicle Traders Register	(15)	1,310	1	(2,285)	(974)	498	(491)
Management of the Crown mineral estate	(723)	5,101	–	(5,951)	(850)	–	(1,573)
National multi-use approvals	(1,556)	182	–	(275)	(93)	–	(1,649)
Electronic Travel Authority	–	14,333	–	(19,760)	(5,427)	–	(5,427)
Immigration visa	(65,123)	204,180	118	(266,312)	(62,014)	–	(127,137)
<b>Closing balance</b>	<b>67,251</b>	<b>361,205</b>	<b>931</b>	<b>(437,331)</b>	<b>(75,195)</b>	<b>–</b>	<b>(7,944)</b>
<b>Year ended 30 June 2021</b>							
Building controls	56,327	40,673	128	(40,109)	692	–	57,019
Registration and granting of intellectual property rights	30,060	25,926	38	(27,262)	(1,298)	–	28,762
Government procurement reform agenda <sup>1</sup>	16,702	20,208	727	(17,121)	3,814	(1,266)	19,250
Registration and provision of statutory information	11,302	32,615	12	(34,063)	(1,436)	–	9,866
Management and enforcement of the <i>Radiocommunications Act 1989</i>	9,233	6,539	–	(7,171)	(632)	–	8,601
Occupational licensing – building practitioners	1,384	6,767	3	(4,233)	2,537	–	3,921
Occupational licensing – electrical workers	2,133	5,593	–	(3,957)	1,636	–	3,769
Standards New Zealand	1,365	5,959	178	(7,657)	(1,520)	–	(155)
<i>Unit Titles Act 2010</i>	(173)	216	–	(258)	(42)	–	(215)
Motor Vehicle Traders Register	(491)	1,293	–	(1,691)	(398)	–	(889)
National multi-use approvals	(1,649)	179	–	(302)	(123)	–	(1,772)
Electronic travel authority <sup>2</sup>	(5,427)	468	–	(11,185)	(10,717)	13,950	(2,194)
Management of the Crown mineral estate	(1,573)	4,908	–	(6,717)	(1,809)	–	(3,382)
Immigration visa <sup>3</sup>	(127,137)	95,322	1,252	(268,764)	(172,190)	220,101	(79,226)
<b>Closing balance</b>	<b>(7,944)</b>	<b>246,666</b>	<b>2,338</b>	<b>(430,490)</b>	<b>(181,486)</b>	<b>232,785</b>	<b>43,355</b>

<sup>1</sup> Other Adjustment / Capital contribution includes expenses of \$1.266 million from financial year 2019/20 and was not reported against the memorandum account in financial year 2019/20.

<sup>2</sup> Other Adjustment / Capital contribution includes expenses of \$2.033 million from financial year 2018/19 and capital injections of \$15.983 million.

<sup>3</sup> Other Adjustment / Capital contribution includes capital injections of \$220.101 million.

**NOTE 18: EQUITY (CONTINUED)****Action taken to address surpluses/(deficits)****Building controls (surplus)**

Unexpectedly high consenting volumes in the sector during the 2020/21 year kept levy revenue relatively stable despite the reduction to the levy rate that took effect on 1 July 2020. As a result, the memorandum account balance has grown marginally. Consenting volumes are forecast to fall in the coming year, which combined with the continued focus on expanded work programmes within the existing scope of the levy, will reduce the memorandum account balance going forward.

**Registration and granting of intellectual property rights (surplus)**

The fee review for trademarks and patents was approved by Cabinet in March 2019. Due to a delay in updating the new fees, they were only implemented in February 2020. In 2020/21, trademark applications and renewals were higher than anticipated, resulting in a \$1.4 million increase in revenue, which was 19 per cent higher than expected. While the memorandum account has reduced, higher revenue combined with some delays in spending, has led to a slower reduction than planned. We expect to increase expenditure over the next three financial years to respond to work associated with increased filing volumes. We expect to reduce the memorandum account balance to around \$10.0 million by the end of the 2023/24 financial year with the balance trending to \$2.5 million in the 2024/25 financial year. This is in line with the fees review projections. If the memorandum account doesn't decline at the rate expected over the next financial year, we will commence a fees review in 2022/23.

**Government procurement reform agenda (surplus)**

The administration fee is continually reviewed for appropriateness and to ensure it meets the costs of delivering and managing all-of-government contracts and procurement capability development for government. The memorandum account balance was originally forecast to trend downwards in 2020/21 primarily due to reduced purchasing volumes expected as a result of COVID-19. The revenue did not decrease as much as expected due to higher spend than forecast by government agencies, including on ICT and office equipment. In addition, increasing expenditure expectations on procurement to support and deliver government priorities did not eventuate as forecast, increasing the surplus in 2020/21. The administration fee will continue to be reviewed as demand continues to become more stable.

**Registration and provision of statutory information (surplus)**

The memorandum account continues to decrease reflecting the additional expenditure for the NZBN register, for which there is no offsetting levy yet in place. The cost model to inform the fee and levy structure was completed in June 2021. Policy direction on fee setting will be completed in 2021 with the aim for public consultation before June 2022, with new fees to be implemented within the 2021/22 year.

**Management and enforcement of the Radiocommunications Act 1989 (surplus)**

The new fees that took effect on 1 October 2017 are now having an impact on the memorandum account balance with a desired reduction in the surplus. An internal review of the memorandum account balance is set to commence to determine if another fee review is required.

**Occupational licensing – building practitioners (surplus) and Occupational licensing – electrical workers (surplus)**

The memorandum accounts are currently in surplus and trending up as expected from the last fees review. New fees were put in place in January 2019 with the anticipation of a cost review every few years. In 2020/21 revenue was higher than expected due to a higher number of licensing renewals. This will be offset by future increases in ICT expenditure.

**Standards New Zealand (deficit)**

Standards New Zealand is currently undertaking a pricing review. This review will reset Standards New Zealand pricing across all its products and services, taking into account its cost structure and the introduction of new products/services over a 10-year horizon. The new pricing regime will be introduced over the 2021/22 financial year, depending on the type of services. Though the memorandum account will remain in deficit, the trend will be towards a nil balance over the coming years.

**Motor Vehicle Traders Register (deficit)**

A fees review was completed in June 2021. The proposed fee structure is undergoing public consultation in late 2021, with the aim for new fees implemented on 1 July 2022. The level of fees includes recovering the deficit over a five year period.

**NOTE 18: EQUITY (CONTINUED)**

**National multi-use approvals (deficit)**

The Minister for Building and Construction agreed to discuss a review of funding options in March 2021, including a possible fee review to address the growing deficit. Due to competing priorities, it was decided to delay this process until the 2021/22 financial year. The fees review process got underway in July 2021.

**Management of Crown mineral estate (deficit)**

The memorandum account deficit increased in the 2020/21 financial year due to additional costs to maintain the supporting ICT infrastructure and expected revenue reduction as a result of the ‘no new mines’ policy (announced in 2018). The *Crown Minerals Act 1991* is currently under review, with the first proposed set of changes to legislation introduced in June 2021. The outcome of the review and impacts of the revised legislation will inform next steps to address the deficit.

**Electronic Travel Authority (deficit) and immigration visa (deficit)**

In the 2020/21 financial year, revenue for both of the immigration memorandum accounts continued to be considerably lower than pre-COVID-19 levels. The number of international travellers was extremely low due to the tight border restrictions in place for COVID-19 control. Immigration New Zealand has placed tight controls on

expenditure, which has resulted in a \$27.0 million underspend in the 2020/21 financial year. Due to the relatively fixed nature of much of Immigration New Zealand’s expenditure, producing cost savings commensurate with the significant decline in revenue is unfeasible.

In February 2021, Cabinet agreed to a capital injection to bring the immigration memorandum account balances as at 30 June 2021 back to pre-COVID-19 levels as at 29 February 2020. Part of the capital injection has been received and applied to the memorandum account in 2020/21, with the remainder to be received in 2021/22.

Immigration New Zealand has initiated a Future Funding Review programme with the objective to see Immigration New Zealand return to a financially sustainable position.

In addition, Immigration New Zealand and Cabinet have reviewed and made decisions to change the way Immigration New Zealand will operate in the future. The changes are a combination of new technology, new policy and new application forms. This indicated that the current Immigration Global Management System assets will be fully replaced upon the completion of the ADEPT project. As ADEPT is expected to be completed in the 2021/22 financial year, accelerated amortisation has been recognised as expenses in 2020/21 (\$21.976 million) in the memorandum account.

**NOTE 19: CAPITAL MANAGEMENT**

The objective of managing MBIE’s equity is to ensure that MBIE achieves its goals and objectives efficiently, while remaining a going concern. Where MBIE identifies that it does not have sufficient resources to achieve this objective, a capital injection is sought. Reduced cash receipts from third-party service users as a result of COVID-19 required an additional capital injection in 2021 of \$186.084 million (2020: \$50.000 million). Capital injections have and will be secured to ensure obligations are met as they fall due. MBIE will therefore continue to operate on a going concern basis.

As general government policy, with the exception of the balances retained in memorandum accounts and

unrealised foreign exchange gains less losses, MBIE is not permitted to retain any operating surplus.

MBIE’s capital is its equity, which comprises taxpayers’ funds, memorandum accounts, and property revaluation reserves. Equity is represented by net assets. MBIE manages its revenues, expenses, assets, liabilities, and general financial dealings prudently.

MBIE’s equity is largely managed as a by-product of managing revenue, expenses, assets, liabilities, and compliance with the government budget processes, Treasury Instructions, and the *Public Finance Act 1989*.

	Actual 2021 \$000	Actual 2020 \$000	Unaudited Main Estimates 2021 \$000
<b>Statement of departmental capital injections</b>			
<b>Vote Business, Science and Innovation</b>			
MBIE – capital injection	223,982	99,868	32,951

**NOTE 20: RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL**

All related party transactions have been entered into on an arm's-length basis.

MBIE is a wholly owned entity of the Crown.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect MBIE would have adopted in dealing with the party at arm's-length in the same circumstances. Further, transactions with other government agencies are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

The Treasury has advised that the portfolio ministers – Hon Stuart Nash, Hon Dr Megan Woods, Hon Chris Hipkins, Hon Carmel Sepuloni, Hon Poto Williams, Hon Kris Faafoi, Hon Willie Jackson, Hon Michael Wood and Hon Dr David Clark – have certified that there have been no related party transactions for the year ended 30 June 2021 (2020: nil).

**Related party transactions involving key management personnel or their close family members**

There is one related party transaction involving key management personnel or their close family members.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

	Actual 2021 \$000	Actual 2020 \$000
<b>Key management personnel compensation</b>		
<b>Senior Leadership Team, including the Chief Executive</b>		
Remuneration	4,224	3,851
Full-time equivalent staff	11	10

The above key management personnel disclosure excludes the ministers' remuneration. The remuneration of ministers and other benefits are set by the Remuneration Authority under the *Members of Parliament (Remuneration of Services) Act 2013* and

are paid under PLA, and not paid by MBIE. Remuneration and FTE staff increased in the 2020/21 financial year with the inclusion of two additional Deputy Secretaries into the leadership team.

**NOTE 21: EVENTS AFTER THE BALANCE DATE**

On 18 August 2021 the country commenced a nationwide level 4 lockdown in response to COVID-19. Since that time varying alert level changes have been experienced across the country. MBIE continues to play a significant role supporting Aotearoa New Zealand over this time, including the management of MIQ, keeping people informed through our contact centres, and assisting business travel across the Auckland border. For more details of MBIE's COVID-19 response, refer to page 12-14 of this report. The lockdowns are considered to be a non-adjusting subsequent event for the purposes of these financial statements. There have been no other material events subsequent to balance date.

## NON-DEPARTMENTAL SCHEDULES

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### **Why we include non-departmental schedules**

MBIE administers non-departmental activities on behalf of the Crown. As such, MBIE is responsible for the effective and efficient administration of contracts or payments for non-departmental activities or of non-departmental revenue or receipts. The *Public Finance Act 1989* makes the Chief Executive of MBIE accountable for the financial management of non-departmental activities.

We include the non-departmental schedules in our annual report to provide information on the financial extent of these activities.

### **What are non-departmental schedules?**

The non-departmental schedules are prepared in accordance with Treasury Instructions and disclose non-departmental activities in the form of six separate schedules for revenue, expenses, assets, liabilities, commitments and contingencies.

The non-departmental schedules do not, and are not intended to, constitute a set of financial statements and therefore do not include elements that would be expected to be found in financial statements such as details of the surplus/(deficit) or a balance sheet.

### **What principles are applied?**

The measurement and recognition rules applied to the non-departmental schedules are consistent with NZ GAAP.

**SCHEDULE OF NON-DEPARTMENTAL REVENUE**

For the year ended 30 June 2021

Unaudited Main Estimates 2021 \$000		Notes	Actual 2021 \$000	Actual 2020 \$000
<b>Non-departmental revenue</b>				
361,752	Levies	3	348,155	374,444
143,295	Crown mineral royalties		174,662	196,889
	– Managed Isolation and Quarantine fees	3	123,812	–
35,767	Sale of radio spectrum		40,569	36,807
29,660	Tax revenue		23,442	23,029
20,000	Criminal proceeds (recovery)		17,664	15,349
7,370	Other revenue		10,387	12,779
	– Crown entities return of funding		4,790	1,581
	– Interest unwind – loans		1,921	851
	– Dividend revenue		–	13,680
597,844	<b>Total non-departmental revenue</b>		745,402	675,409

Explanations of major variances against Main Estimates can be found in the relevant notes.

**SCHEDULE OF NON-DEPARTMENTAL EXPENDITURE**

For the year ended 30 June 2021

Unaudited Main Estimates 2021 \$000		Notes	Actual 2021 \$000	Actual 2020 \$000
<b>Non-departmental expenditure</b>				
2,529,049	Vote Business, Science and Innovation		3,473,809	2,584,686
1,886,315	Vote Labour Market		1,915,088	1,589,855
7,229	Vote Building and Construction		533,150	4,316
596,369	GST input expense		822,527	586,383
	– Provision for Weathertight Services		7,747	26,368
59	Doubtful debts		940	1,313
(5,101)	Other		(1,237)	(3,570)
5,013,920	<b>Total non-departmental expenditure</b>		6,752,024	4,789,351

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2021.

The accompanying notes form part of these non-departmental schedules.

## SCHEDULE OF NON-DEPARTMENTAL ASSETS

As at 30 June 2021

Unaudited Main Estimates 2021 \$000		Notes	Actual 2021 \$000	Actual 2020 \$000
<b>Non-departmental assets</b>				
<b>Current assets</b>				
300,000	Cash and cash equivalents	9	538,918	538,285
263,899	Debtors and other receivables	4, 9	312,780	243,013
1,254	Prepayments		1,542	2,761
4,712	Loans	9	60,131	1,527
297	Assets held for sale		–	297
140	Foreign exchange contracts	9	–	–
570,302	<b>Total current assets</b>		913,371	785,883
<b>Non-current assets</b>				
132,385	Loans	9	60,500	2,593
–	– Investment in joint venture	10	14,000	–
3,987	Property and equipment	5	6,164	6,835
136,372	<b>Total non-current assets</b>		80,664	9,428
706,674	<b>Total non-departmental assets</b>		994,035	795,311

Explanation of major variances against Main Estimates can be found in the relevant notes.

## SCHEDULE OF NON-DEPARTMENTAL LIABILITIES

As at 30 June 2021

Unaudited Main Estimates 2021 \$000		Notes	Actual 2021 \$000	Actual 2020 \$000
<b>Non-departmental liabilities</b>				
<b>Current liabilities</b>				
181,034	Provisions	8	328,513	229,017
234,512	Creditors and other payables	6, 9	285,488	208,671
33,149	Unearned income	7	38,511	37,199
272	Employee entitlements		628	446
–	– Foreign exchange contracts	9	30	409
448,967	<b>Total current liabilities</b>		653,170	475,742
<b>Non-current liabilities</b>				
258,196	Unearned income	7	374,549	289,737
186,590	Provisions	8	257,339	199,361
444,786	<b>Total non-current liabilities</b>		631,888	489,098
893,753	<b>Total non-departmental liabilities</b>		1,285,058	964,840

Explanations of major variances against Main Estimates can be found in the relevant notes.

The accompanying notes form part of these non-departmental schedules.

**SCHEDULE OF NON-DEPARTMENTAL CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

As at 30 June 2021

	Actual 2021 \$000	Actual 2020 \$000
<b>Quantifiable contingent liabilities</b>		
Guarantees and indemnities	343	516
<b>Total quantifiable contingent liabilities</b>	<b>343</b>	<b>516</b>

**CONTINGENT LIABILITIES****Quantifiable contingent liabilities****New Zealand's contribution to the Universal Postal Union**

In the event that New Zealand Post does not agree to pay the annual membership contribution (Swiss Francs 217,630) to the Universal Postal Union, then the Crown would be obliged to pay.

**Unquantifiable contingent liabilities****Rehabilitation of mineral mining sites**

Funding or partial funding of rehabilitation of mine sites that were subject to mining licences under the *Mining Act 1971* or the *Coal Mines Act 1979* is also a contingent liability. Although this is primarily the responsibility of local authorities there are limited circumstances where there may be a residual liability for the Crown.

**Indemnity under section 63 of the Corporations Act 1989**

There is an unquantifiable indemnity under section 63 of the *Corporations Act 1989* for whether the exercise of investigating powers, unless in the exercise of investing powers, the power has been exercised in bad faith.

**Claim against the Crown for breach of fiduciary duty**

There is a historical claim for breaches of fiduciary duties and for a constructive trust. A decision on the allocation of any potential liability rests with Cabinet. Both the extent of the potential liability and the proportion MBIE would be responsible for are unknown.

**Petroleum licence and permit holders**

When licence/permit holders decommission their assets at the end of life of licences and permits, significant decommissioning costs will be incurred.

Any resulting claim against licence holders arising from decommissioning activities can be considered as a contingent asset. The refund against licence and permit holders can be considered as a contingent liability. Contingent assets and contingent liabilities cannot be recognised because the amounts cannot be measured with sufficient reliability as of 30 June 2021.

**CONTINGENT ASSETS**

MBIE, on behalf of the Crown, has no non-departmental contingent assets (2020: nil).

**SCHEDULE OF NON-DEPARTMENTAL COMMITMENTS**

As at 30 June 2021

	Actual 2021 \$000	Actual 2020 \$000
<b>Capital commitments</b>		
Loans	36,970	32,142
Investments	14,523	–
<b>Total capital commitments</b>	<b>51,493</b>	<b>32,142</b>
<b>Non-cancellable operating lease commitments</b>		
Not later than one year	136,199	–
<b>Total non-cancellable operating lease commitments</b>	<b>136,199</b>	<b>–</b>
<b>Total commitments</b>	<b>187,692</b>	<b>32,142</b>

**CAPITAL COMMITMENTS****Loans**

MBIE on behalf of the Crown, has 13 loan commitments relating to the Inbound Tourism Operators totalling \$5.400 million, and one WorkSafe New Zealand loan commitment of \$31.570 million (2020: four loan commitments relating to the Provincial Growth Fund totalling \$32.142 million).

**Investment**

MBIE on behalf of the Crown, and the Energy Efficiency & Conservation Authority have entered tripartite agreements with eight Crown entities for projects funded from the State Sector Decarbonisation Fund. Capital funding for these projects is being released

on completion of milestones and at 30 June 2021 \$14.523 million of funding (2020: nil) was committed but not paid under these agreements.

**NON-CANCELLABLE OPERATING LEASE COMMITMENTS**

MBIE, on behalf of the Crown, entered into lease agreements with 33 hotels for MIQ. These lease contracts have rights of renewal through to 30 June 2022. The rights of renewal are based on mutual agreement between MBIE and the hotels. The non-cancellable operating lease commitments of \$136.199 million reflects the value of the non-cancellable periods in the agreements.

## NOTE 1: REPORTING ENTITY

The non-departmental schedules present financial information on public funds managed by MBIE on behalf of the Crown.

The non-departmental balances are consolidated into the Financial Statements of the Government for the year ended 30 June 2021. For a full understanding of the Crown's financial position, results of operations and cash flows for the year, reference should be made to the Financial Statements of the Government.

## NOTE 2: BASIS OF PREPARATION AND ACCOUNTING POLICIES

### Basis of preparation

The non-departmental schedules have been prepared in accordance with Crown accounting policies, Treasury Instructions, and Treasury Circulars.

Measurement and recognition rules applied in the preparation of these non-departmental schedules are consistent with NZ GAAP and PBE IPSAS.

### Accounting standard issued and not yet effective

The standard issued but not yet effective, that has not been adopted early is PBE IPSAS 41 Financial instruments. The External Reporting Board issued PBE IPSAS 41 Financial instruments in March 2019. This standard supersedes PBE IFRS 9 Financial instruments. It is effective for reporting periods beginning on or after 1 January 2022. MBIE does not intend to early adopt PBE IPSAS 41. When this standard is adopted, MBIE does not expect any significant changes as the requirements are similar to PBE IFRS 9.

### Significant accounting policies

The following significant accounting policies have been applied. Where an accounting policy is specific to one note, the policy is described in the note to which it relates.

Certain non-departmental accounting policies are substantially the same as those disclosed in the departmental financial statements. The following accounting policies can be found in Note 2 to the departmental financial statements:

- › Functional and presentation currency
- › Change in accounting policies
- › Foreign currency transactions
- › Contingent liabilities and contingent assets
- › Critical accounting estimates, assumptions and judgements in applying accounting policies

Additionally, where an accounting policy that is disclosed in a specific note is substantially the same as that disclosed in the departmental financial statements, reference is provided as to where that accounting policy can be found in the departmental financial statements.

### Grant expenditure

Non-discretionary grants are those grants awarded if the grant application meets the specified criteria for the grant. They are recognised as expense when the application has been received. MBIE's non-discretionary grants have no substantive conditions (i.e. use for restricted purposes or repay).

Discretionary grants are those grants where MBIE has no obligation to award a grant on receipt of a grant application. For discretionary grants without substantive conditions, the total committed funding is recognised as expense when the grant is approved and the approval has been communicated to an applicant.

Discretionary grants with substantive conditions are recognised as an expense at the earlier of the grant payment date or when the grant conditions have been satisfied.

### Commitments

Expenses yet to be incurred on non-cancellable contracts that have been entered into at balance date are disclosed as commitments to the extent that there are equally unperformed obligations. These are measured at the lower of remaining contractual commitments and the value of penalty or exit costs.

### Goods and services tax (GST)

All items in the non-departmental schedules are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. In accordance with Treasury Instructions, GST is returned on revenue received on behalf of the Crown, where applicable. However, an input tax deduction is not claimed on non-departmental expenditure. Instead, the amount of GST applicable to non-departmental expenditure is recognised as a separate expense and eliminated against GST revenue on consolidation of the Financial Statements of the Government.

### Main Estimates figures

The 2021 Main Estimates are the budget figures for the year ended 30 June 2021 and are consistent with MBIE's best estimate financial forecast information submitted to the Treasury for the Budget Economic and Fiscal Update 2020 for this year.

**NOTE 3: NON-DEPARTMENTAL REVENUE****P Revenue – Non-exchange transactions****Levies**

Revenue from the collection of levies is a non-exchange transaction because the payment of these levies does not entitle the payer to a direct benefit from the Crown. The revenue recognition point is when the obligation to pay a levy has been incurred.

**Fees**

Revenue from fees is recognised as income in the period when the service was provided.

**Managed Isolation and Quarantine fees**

MIQ facilities were set up in response to the COVID-19 pandemic. Since 9 April 2020, all air arrivals are required to stay in MIQ for 14 days with very limited

exceptions. The MIQ fees regime came into force in August 2020 with charges prescribed by *COVID-19 Public Health Response (Managed Isolation and Quarantine Charges) Regulations 2020*.

**Interest unwind – loans**

At the point of recognition, concessionary loans are discounted to fair value, predominantly to reflect the time value of money. As concessionary loans become closer to being repaid, their present value increases. This increase in value is recognised as interest unwind.

The interest unwind has been calculated using the discount rate at the start of the year.

	Actual 2021 \$000	Actual 2020 \$000
<b>Levies</b>		
Health and safety at work levy	128,094	98,814
Electricity Authority levy	81,252	74,371
Energy safety levy	48,296	45,198
Financial Markets Authority levy	38,701	25,448
Immigration and migrant levies	19,779	35,366
Telecommunications development levy	10,083	10,000
Telecommunications regulation levy	5,403	13,661
Levy on electricity line business	5,150	6,643
External Reporting Board levy	3,970	3,648
International Visitor Conservation and Tourism Levy	2,692	57,163
Major hazards facilities levy	2,560	2,645
Levy on natural gas services	1,700	1,179
Levy on regulated airports	475	308
<b>Total levies revenue</b>	<b>348,155</b>	<b>374,444</b>

**i Explanation of major variances against Main Estimates**

Total non-departmental revenue is \$147.558 million higher than the Main Estimates (2020/21 Actual: \$745.402 million; Main Estimates: \$597.844 million) due to Managed Isolation and Quarantine fees, which had not been forecast. These fees only became effective in August 2020 after the Main Estimates were finalised.

Main Estimates for the 2020/21 financial year are disclosed in the Schedule of Non-Departmental Revenue on page 139.

**NOTE 4: DEBTORS AND OTHER RECEIVABLES**

**P Debtors and other receivables**

Debtors and other receivables are non-derivative financial assets measured at amortised cost and initially recorded at their face value. Debtors and other receivables are subsequently revalued to face value less any allowance for expected future credit losses when there is objective evidence that the asset is impaired.

Impairment relating to expected future credit losses occurs when there is evidence that the full amount due is not collectable. The amount of the impairment is the difference between the carrying amount and the present value of the amount expected to be collected.

	Actual 2021 \$000	Actual 2020 \$000
<b>Receivables from exchange transactions</b>		
Other receivables	84,075	86,099
Less provision for impairment	(2,308)	(1,369)
Net receivables from exchange transactions	81,767	84,730
<b>Receivables from non-exchange transactions</b>		
Fine, levy and penalties receivables	230,095	157,278
Overclaimed income-related rent subsidy	21,644	22,757
Less provision for impairment	(20,726)	(21,752)
Net receivables from non-exchange transactions	231,013	158,283
<b>Total debtors and other receivables</b>	<b>312,780</b>	<b>243,013</b>

The carrying value of debtors and other receivables approximates their fair value.

As at 30 June 2021, debtors and other receivables of \$311.238 million were not past due (2020: \$238.433 million). Debtors and other receivables greater than 30 days in age are considered to be past due but not impaired. The provision for impairment of debtors and other receivables consists of specific individual impairment provisions based on a review of overdue

receivables, and a collective impairment provision based on an analysis of past collection history and debt write-offs.

The collective provision for impairment of \$20.726 million (2020: \$21.752 million) and the increase in provision for impairment of \$0.940 million (2020: \$1.088 million) have been calculated based on expected credit losses.

MBIE does not hold the collateral for debts greater than 90 days.

Movements in the provision for impairment of receivables are as follows.

	Actual 2021 \$000	Actual 2020 \$000
<b>Balance at 1 July</b>	23,121	22,050
Increase in the provision made during the year	940	1,088
Provision reversed during the year	(1,027)	(17)
<b>Balance at 30 June</b>	<b>23,034</b>	<b>23,121</b>

**i Explanation of major variances against Main Estimates**

Non-departmental debtors and other receivables is \$48.881 million higher than the Main Estimates (2020/21 Actual: \$312.780 million; Main Estimates: \$263.899 million) and is largely due to the receivables in royalties.

Main Estimates for the 2020/21 financial year are disclosed in the Schedule of Non-Departmental Assets on page 140.

**NOTE 5: PROPERTY AND EQUIPMENT**

P

Property and equipment consist of buildings, temporary accommodation, telephone equipment and infrastructure assets.

**Measurement**

Buildings are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

**Additions**

Items of property and equipment are recognised at cost if it is probable that future economic benefits or service potential will flow to MBIE, and the cost of the item can be measured reliably. Where an item of property and equipment is acquired at no cost (or for a nominal amount), it is recognised at its fair value on the date of acquisition.

Costs incurred subsequent to the initial recognition of an item of property and equipment are only recognised where it can be demonstrated that there has been an increase in the inflow of future economic benefits or service potential. Costs relating to the servicing or maintenance of items of property and equipment are recognised in the Schedule of Non-Departmental Expenditure when incurred.

Work in progress is recognised at cost less impairment losses and is not depreciated.

**Depreciation**

Depreciation is charged on a straight-line basis at rates that will write off the cost (or valuation) of the assets to their estimated residual value over their useful lives. The useful lives of major categories of property and equipment have been estimated as follows.

<i>Asset class</i>	<i>Useful life</i>
Buildings	50 years
Temporary accommodation	2–4 years
Infrastructure assets	10 years
Telephone equipment	4 years

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each balance date.

**Revaluation**

Buildings are revalued by an independent registered valuer at least once every three years to ensure that their carrying amount does not differ materially from their fair value.

The net revaluation results are included in the Schedule of Non-Departmental Revenue or the Schedule of Non-Departmental Expenditure and a property revaluation reserve in equity. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the Schedule of Non-Departmental Revenue.

For assets not carried at a revalued amount, the total impairment loss is recognised in the Schedule of Non-Departmental Expenditure.

**Impairment**

Property and equipment are reviewed for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If an asset’s carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to its recoverable amount. An impairment loss is recognised immediately in the Schedule of Non-Departmental Expenditure.

**Disposals**

Gains and losses on disposal of an item of property and equipment represent the difference between disposal proceeds, if any, and the carrying value of the asset at the time of disposal and are recognised in the Schedule of Non-Departmental Revenue or the Schedule of Non-Departmental Expenditure.

If a previously revalued asset is disposed of, the relevant amount held in the asset revaluation reserve is transferred to taxpayers’ funds.

**NOTE 5: PROPERTY AND EQUIPMENT (CONTINUED)**

	Temporary Accommodation \$000	Infrastructure Assets \$000	Textphone Equipment \$000	Buildings \$000	Work In Progress \$000	Total \$000
<b>Year ended 30 June 2020</b>						
Cost	1,211	20,000	1,734	5,594	–	28,539
Accumulated depreciation	(388)	(18,000)	(1,734)	–	–	(20,122)
<b>Opening net book value</b>	823	2,000	–	5,594	–	8,417
Additions	–	–	–	–	1,700	1,700
Depreciation	(290)	(2,000)	–	(992)	–	(3,282)
<b>Closing net book value</b>	533	–	–	4,602	1,700	6,835
<b>Year ended 30 June 2021</b>						
Cost	1,211	20,000	1,734	5,594	1,700	30,239
Accumulated depreciation	(678)	(20,000)	(1,734)	(992)	–	(23,404)
<b>Opening net book value</b>	533	–	–	4,602	1,700	6,835
Additions	–	–	–	–	343	343
Transfers from WIP	705	–	–	–	(705)	–
Revaluation	–	–	–	(466)	–	(466)
Disposals	(406)	–	(1,620)	–	–	(2,026)
Other transfers	–	–	–	–	(1,031)	(1,031)
Depreciation	(467)	–	–	(992)	–	(1,459)
Depreciation released on disposals	364	–	1,620	–	–	1,984
Accumulated depreciation reversed on revaluation	–	–	–	1,984	–	1,984
<b>Closing net book value</b>	729	–	–	5,128	307	6,164
Cost	1,510	20,000	114	5,128	307	27,059
Accumulated depreciation	(781)	(20,000)	(114)	–	–	(20,895)
<b>Closing net book value</b>	729	–	–	5,128	307	6,164

The most recent valuation of the non-residential building was performed by an independent registered valuer, Lionel Musson of Beca Projects NZ Limited, with an effective date of 30 June 2021.

The valuation was completed in accordance with *PBE IPSAS 17 Property, Plant and Equipment*. The depreciated replacement cost approach was used because it is deemed to be appropriate for specialised assets seldom traded on an open market.

**NOTE 6: CREDITORS AND OTHER PAYABLES**

**P** Short-term creditors and other payables are recorded at face value.

	Actual 2021 \$000	Actual 2020 \$000
Accrued expenses	229,763	177,463
Grant payable	30,192	22,468
Trade creditors	17,824	5,899
GST payable	7,709	2,841
<b>Total creditors and other payables</b>	<b>285,488</b>	<b>208,671</b>

Creditors and other payables are non-interest bearing.

**i Explanation of major variances against Main Estimates**

Creditors and other payables are \$50.976 million higher than the Main Estimates (2020/21 Actual: \$285.488 million; Main Estimates: \$234.512 million) mainly due to higher than expected grants accrued for the Provincial Growth Fund as well as for other third parties, as invoices were received after the cut-off date for payment. Another factor is the higher than expected accrual associated with the decommissioning of the Tui oil field.

Main Estimates for the 2020/21 financial year are disclosed in the Schedule of Non-Departmental Liabilities on page 140.

**NOTE 7: UNEARNED INCOME**

**P** Unearned income relates to cash received in advance of the period in which it will be recognised as revenue.

	Actual 2021 \$000	Actual 2020 \$000
Radio spectrum sales – current	38,511	37,199
Radio spectrum sales – non-current	374,549	289,737
<b>Total unearned income</b>	<b>413,060</b>	<b>326,936</b>

Under the *Radiocommunications Act 1989*, sales of management rights over portions of the radio spectrum occur from time to time. The rights extend for varying periods and carry implementation requirements.

Once these requirements have been fulfilled, the holder retains the rights through to the end of the specific term, after which they revert to the Crown and may be reoffered for sale.

**i Explanation of major variances against Main Estimates**

Unearned income is \$121.715 million above the Main Estimates (2020/21 Actual: \$413.060 million; Main Estimates: \$291.345 million) due to a faster than expected unwind of the sale of radio spectrum liability that was carried forward from 2019/20.

Main Estimates for the 2020/21 financial year are disclosed in the Schedule of Non-Departmental Liabilities on page 140.

## NOTE 8: PROVISIONS

**P** MBIE recognises a provision when there is a present obligation, either legal or constructive, as the result of a past event and it is probable that an outflow of resources will be required to settle the obligation but the timing or the amount of obligation is uncertain.

Where the effect of the time value of money is material, provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the liability.

### Critical accounting estimates, assumptions and judgements

The estimates, assumptions and judgements that may have a significant risk of causing a material adjustment to the carrying amounts of provisions within the next financial year are disclosed below.

#### Provision for Weathertight Services Financial Assistance Package (FAP)

The provision relating to Weathertight Services is calculated based on three critical assumptions:

- › an estimate of the remaining cost to remediate leaky homes for claims repaired through the FAP scheme
- › the present value of future cash flows that is estimated using a discount rate
- › the discontinuance transition rate of applicants who cease progressing their claim.

#### New Zealand Screen Production Grant provision

Actual expenditure is sensitive to both the number and size of qualifying productions. The approximate amount of the grants and timing of payments are estimated in advance.

#### Oil field decommissioning

The Tui oil field decommissioning provision has been based on an assessment of the oil field's technical reports and adjusted by personnel in the decommissioning team with experience in the oil and gas industry. The model used to estimate cost uses the best estimates, exchange rates at 30 June 2021, and applies a risk margin for individual items based on previous experience and the team's knowledge of the oil and gas industry. There are multiple uncertainties and sensitivities that will affect the actual cost of decommissioning.

These uncertainties include:

- › fluctuations in the cost of key elements of the decommissioning
- › market factors, including global availability of providers
- › weather delays
- › delays due to COVID-19
- › inflation and foreign exchange movements
- › technical issues.

#### Key Assumptions

- › Assumptions regarding the type of equipment used have been made for costing. The actual type of equipment used will influence costs.
- › A risk margin has been applied to line items individually, based on the level of uncertainty expected.

#### Timing of expenditure

At 30 June 2021 costs related to planning, operations and the demobilisation phase of the project have been incurred.

The majority of remaining costs to be incurred are expected to occur in the 2021/22 and 2022/23 financial years, assuming summer weather windows for the next phases of work are met. Costs expected in the 2023/24 financial year are related to project closure.

The timing of expenditure is dependent on multiple uncertainties, including supplier availability and approval of relevant marine consents.

#### Fair value write-down on concessionary loans

The most critical assumption for determining the fair value is the default rate of the loans.

**NOTE 8: PROVISIONS (CONTINUED)**

	Actual 2021 \$000	Actual 2020 \$000
<b>Current</b>		
New Zealand Screen Production Grant	246,095	182,976
Weathertight Services FAP	25,522	27,417
Oil field decommissioning	56,896	18,624
Total current provisions	328,513	229,017
<b>Non-current</b>		
Weathertight Services FAP	52,949	66,320
Oil field decommissioning	192,880	133,041
Fair value write-down on concessionary loans	11,510	–
Total non-current provisions	257,339	199,361
<b>Total provisions</b>	<b>585,852</b>	<b>428,378</b>

**Weathertight Services FAP provision**

The Weathertight Services FAP provision represents the Government's obligation to contribute 25 per cent of agreed repair costs to eligible owners of leaky homes under the Weathertight Services FAP.

**Description of Weathertight Services FAP**

The package offers qualifying homeowners a share of the agreed actual repair cost of repairing leaky homes. The Government and the territorial authority (if the territorial authority is participating in the FAP) each pay 25 per cent of the agreed repair cost and the homeowner pays the remaining 50 (or 75) per cent.

Under the FAP, the homeowner agrees not to sue contributing territorial authorities and the Government, although homeowners can still pursue other liable parties such as builders, developers or manufacturers of defective products. The scheme became available to homeowners on 23 July 2011, and closed to new applications on 25 July 2016. Homeowners who were already working towards repairing through the FAP at this date can continue to do so.

**Key assumptions**

There is still considerable uncertainty surrounding the estimate of the Government's likely remaining contribution. There are three critical assumptions: the remediation cost estimate, the discount rate, and the discontinuance transition rate (the rate at which applicants cease to progress their application).

**Uncertainties**

There are several reasons why the estimates are subject to a high level of uncertainty.

- › The ultimate costs of leaky buildings repairs are inherently uncertain.
- › The financial projection model is a simplification of the complex reality of the actual claims processes, and to the extent that hidden or un-modelled relationships are present, the model will be unreliable.

- › Past experience may not be a good guide as to what will happen in the future.
- › The data on which the analysis is based, and from which the assumptions are derived, is limited.

**Sensitivity analysis**

If the remediation cost estimate were to increase/decrease by 10 per cent compared to MBIE's estimates, with all other factors held constant, the estimate would be \$79.600 million higher and \$77.400 million lower respectively.

If the discount rate were to increase/decrease by 2 per cent compared to MBIE's estimates, with all other factors held constant, the estimate would be \$73.400 million higher and \$81.700 million lower respectively.

If the discontinuance transition rate were to double/ halve compared to MBIE's estimates, with all other factors held constant, the estimate would be \$70.100 million higher and \$85.100 million lower respectively.

**New Zealand Screen Production Grant**

The New Zealand Screen Production Grant scheme provides grants for screen productions, such as the high-profile *Avatar* sequels, *Mulan* and the Amazon *Lord of the Rings* television series.

Under the scheme, productions may receive a grant equivalent to 20 per cent of their New Zealand based expenditure for international production and 40 per cent for domestic production. The grants are non-discretionary, applicants cannot be refused if they meet the criteria, and the scheme is uncapped.

The productions that will make claims under the scheme typically signal their intention to apply to the New Zealand Film Commission, as administrator of the scheme, in advance of any application. The approximate amount of the grants and timing of payments are estimated in advance.

## NOTE 8: PROVISIONS (CONTINUED)

Actual expenditure is very sensitive to both the number and size of qualifying productions. The provision is MBIE's best assessment of projects that will qualify for a grant rebate and the expenditure patterns of the individual productions. It is only once applications have been received and verified that the exact expenditure can be confirmed.

### Oil field decommissioning

The Tui oil field decommissioning provision was created to cover the estimated costs of decommissioning the Tui oil field by the Crown following the liquidation of its operator. The operator had insufficient assets to cover the decommissioning costs associated with its responsibilities as the oil field permit holder.

The Crown has an obligation to appropriately decommission the oil field to avoid harm to the marine environment.

The provision has been based on independent decommissioning modelling and adjusted by technical experts, and represents the best estimate of the decommissioning cost. The model used to estimate cost uses a risk margin to reflect uncertainties, risks and sensitivities of the decommissioning. The estimate was originally prepared in 2015 and updated subsequently by MBIE's decommissioning team using latest market data and guidance issued by the Association for the Advancement of Cost Engineering. The following uncertainties were considered.

- › Fluctuations in the cost of key elements of the decommissioning, especially the cost of offshore oil rig hire. Rates fluctuate with demand and movements in markets. At 30 June 2021 MBIE is undertaking procurement processes for the next phases of work, which will better inform cost.

- › Market factors, including global availability of providers, which could impact timing of completion.
- › Weather delays – bad weather delays are days where weather conditions prevent work continuing. Costs relating to retaining crew and vessels are still incurred during bad weather delays. The duration of bad weather and associated costs is unknown.
- › COVID-19 delays such as lock downs, outbreaks and the ability for vessels and crews to enter New Zealand.
- › Inflation and foreign exchange movements, as the industry operates largely in US dollars.
- › Technical issues of equipment used and relating to the wells.

The nature of the work, associated uncertainties and early stage of procurement for key pieces of work mean costs will become more certain once contracts for the next phases of work are awarded. Contracts are expected to be in place by the end of the 2021 calendar year.

### Fair value write-down on concessionary loans

Concessionary loans are designated at fair value through surplus or deficit under *PBE IFRS 9 Financial Instruments*. The difference between the amount of the concessionary loan and the fair value on initial recognition is recognised as an expense. The fair value write-down is recognised on the date the loan commitment is irrevocable. The provision at 30 June 2021 is for fair value write-down of the Inbound Tourist Operator and WorkSafe New Zealand concessionary loan commitments that are undrawn (refer note 9).

	Weathertight Services FAP \$000	New Zealand Screen Production Grant \$000	Oil field decommissioning \$000	Fair value write-down on concessionary loans \$000	Total \$000
<b>Balance at 1 July 2019</b>	93,758	200,866	–	–	294,624
Additional provisions made	26,375	128,617	151,841	–	306,833
Provision utilised during the year	(27,096)	(136,867)	(176)	–	(164,139)
Reversal of provision	–	(9,640)	–	–	(9,640)
Unwind of discount rate and effect of the changes in discount rate	700	–	–	–	700
<b>Balance at 30 June 2020</b>	93,737	182,976	151,665	–	428,378
Additional provisions made	7,860	169,835	175,410	11,510	364,615
Provision utilised during the year	(23,026)	(106,716)	(77,299)	–	(207,041)
Reversal of provision	(100)	–	–	–	(100)
<b>Balance at 30 June 2021</b>	78,471	246,095	249,776	11,510	585,852

**NOTE 8: PROVISIONS (CONTINUED)****i Explanation of major variances against Main Estimates**

Provisions are \$218.228 million above the Main Estimates (2020/21 Actual: \$585.852 million; Main Estimates: \$367.624 million) due to the increase in provision to cover the updated estimated costs of decommissioning the Tui oil field by the Crown, higher than expected provision in the New Zealand Screen Productions Grant due to more granted to new productions, and the new provision for fair value write-down of concessionary loans.

Main Estimates for the 2020/21 financial year are disclosed in the Schedule of Non-Departmental Liabilities on page 140.

**NOTE 9: FINANCIAL INSTRUMENTS****p Classification of financial instruments**

Financial instruments are initially recognised at fair value and subsequently measured at amortised cost or at fair value either through surplus or deficit, or through comprehensive revenue and expense. This classification is made by reference to the purpose and nature of the financial instrument or group of financial instruments.

**Non-derivative financial assets and liabilities**

Financial assets are subsequently measured at amortised cost if they are held for the purpose of collecting contractual cash flows and those cash flows are solely related to payments of principal and interest. Interest, impairment losses and foreign exchange gains and losses are recognised in non-departmental revenue or non-departmental expenditure.

Non-derivative financial liabilities are subsequently measured at amortised cost.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are measured at amortised cost and include cash on hand, deposits held on call with banks, and other short-term, highly liquid investments with original maturities of three months or less. Balances denominated in foreign currencies are translated to New Zealand dollars at the foreign exchange rate at balance date. MBIE is only permitted to spend its cash and cash equivalents within the scope and limits of its appropriations.

**ALLOWANCES FOR EXPECTED LOSSES**

An expected credit loss model is used to recognise and calculate impairment losses for financial assets subsequently measured at amortised cost with the simplified approach to providing credit losses being applied to trade and other receivables.

MBIE has adopted the simplified approach to impairment provision for trade and other receivables. The provision is recognised at an amount equal to lifetime expected credit losses. The allowance for doubtful debts on individually significant trade and other receivables is determined on an individual basis, and those deemed to be not individually significant are assessed on a portfolio basis.

**CONCESSIONARY LOANS**

Concessionary loans are loans granted at below market terms. MBIE firstly assesses whether the substance of the transaction is a loan, a grant, an equity contribution, or a combination thereof. If MBIE has determined that the transaction is a loan, it assesses whether the transaction price represents the fair value of the loan on initial recognition. Fair value is determined by discounting all future cash receipts using a market related rate of interest for a similar loan and concession write-down on initial recognition is recognised in the Schedule of Non-Departmental Expenditure.

Concessionary loans are designated at fair value through surplus or deficit under PBE IFRS 9 Financial Instruments. The difference between the amount of the loan and the fair value on initial recognition is recognised as an expense. The initial fair value is lower than the amount of the initial loan for a number of reasons including that:

- › repayments may not be required for a number of years
- › the time value of money will erode the value of future payments because there is no interest charged in the first year
- › the interest rate charged is lower than the market interest rates for loans to small-to-medium businesses
- › borrowers may default on their obligations.

At the end of the year, predictive models are used to compare the carrying value to the fair value of the loan portfolio and the difference will be recognised in the Schedule of Non-Departmental Revenue or Schedule of Non-Departmental Expenditure.

## NOTE 9: FINANCIAL INSTRUMENTS (CONTINUED)

The value of financial assets and financial liabilities in each of the financial instrument categories are as follows:

	Actual 2021 \$000	Actual 2020 \$000
<b>Financial assets measured at amortised cost</b>		
Cash and cash equivalents	538,918	538,285
Debtors and other receivables	312,780	243,013
Loans	–	4,120
<b>Financial assets measured at fair value through surplus or deficit</b>		
Concessionary loans (refer following table)	120,631	–
<b>Total financial assets</b>	<b>972,329</b>	<b>785,418</b>
<b>Financial liabilities measured at amortised cost</b>		
Creditors and other payables	285,488	208,671
<b>Financial liabilities measured at fair value through surplus or deficit</b>		
Foreign exchange contracts	30	409
<b>Total financial liabilities</b>	<b>285,518</b>	<b>209,080</b>

### Concessionary loans

#### Crown Energy Efficiency loans

The Crown Energy Efficiency loan scheme began in 1989 to provide interest-free loans to public service organisations for energy efficiency and renewable energy projects.

The loan must be repaid in five years or less.

Loans are interest free for a maximum term of five years. Repayments are not required before five years, but the loan can be voluntarily repaid before then.

#### Inbound Tourist Operator (ITO) loans

In response to the impact of the COVID-19 pandemic, the Government agreed to provide loans to inbound tourist operators, so that ITOs are prepared to help rebuild visitation when international travel resumes.

Loans are subordinated (if applicable) and unsecured. Loans are interest free if they are paid back within two years. Otherwise the interest rate will be 3 per cent per annum for a maximum term of five years. Draw down and principal repayments are determined by the borrower.

Given the continuing impact of COVID-19 on the tourism sector, as well as uncertainty around timeframes for the border re-opening and international travel, we expect that the concession on initial recognition on the loans will be up to 93.6 per cent on the nominal value of the loans. These loans will be closely monitored by Kānoa for the commercial viability and debt serviceability of ITOs.

As the ITO loans have no pre-conditions for drawdowns, a fair value write-down on the undrawn portion of these loans is recognised when a contract is signed, which is the date MBIE becomes a party to the irrevocable commitment in accordance with PBE IFRS 9. As a result \$5.054 million is included in the provision for fair value write-down of concessionary loans (note 8).

The obligation for the undrawn loan portion of \$5.400 million is recognised in the Statement of Non-Departmental Commitments.

#### Managed Isolation and Quarantine loans

MIQ facilities were set up in response to the COVID-19 pandemic. Since 9 April 2020, all arrivals are required to stay in MIQ for 14 days, with very limited exceptions. The MIQ fees regime came into force on 11 August 2020.

Fees charged have a payment term of 90 days; therefore, under the *Public Finance Act 1989*, the fee receivable is considered lending.

As no interest is charged on the fees regime, it is considered concessionary lending for accounting purposes.

The balance as at 30 June 2021 includes amounts receivable that will only be invoiced after the year end.

#### Research and development loan scheme

The research and development (R&D) loan scheme was set up to assist businesses performing R&D that were impacted by COVID-19. Loans of up to \$400,000 would be given to maintain R&D programmes and secure the highly skilled jobs associated with these programmes. The scheme was announced in May 2020, with the first loans issued in September 2020, and closed to applications on 31 March 2021 after the funds available had been fully allocated.

Loans are interest free if they are paid back within a year. Otherwise the interest rate will be 3 per cent per annum for a maximum term of 10 years. Repayments are not required for the first three years. Monthly repayment instalments of principal and interest will be calculated to spread the amount of required repayments over the repayment period.

**NOTE 9: FINANCIAL INSTRUMENTS (CONTINUED)****WorkSafe New Zealand loans**

An interest-free loan was approved as part of Budget 2019 to allow WorkSafe New Zealand to increase its capacity to improve the health and safety outcomes of workers in New Zealand. The loan agreement was finalised in May 2021, with drawdown from the loan facility to be made from 2021 to the 2025 financial year.

The loan is interest-free, with the first annual repayment due 30 June 2024, and the final repayment due on 30 June 2029.

Even though no amounts have been drawn against the loan facility in the 2021 financial year, PBE IFRS 9 requires recognition of the fair value write-down expenses of this loan. As a result \$6.456 million is included in the provision for fair value write-down of concessionary loans (note 8).

An undrawn loan commitment of \$31.570 million is recognised in the Statement of Non-Departmental Commitments.

The table below shows the fair value movement during the year, by loan type.

	Crown Energy Efficiency \$000	ITO \$000	MIQ \$000	R&D \$000	Total \$000
<b>Year ended 30 June 2021</b>					
Opening fair value	25,401	–	–	–	25,401
New lending	1,427	850	125,692	148,173	276,142
Fair value write-down	(1,082)	(798)	(31,353)	(88,656)	(121,889)
Repayments	(22,834)	–	(36,781)	(1,329)	(60,944)
Interest unwind	552	–	1,369	–	1,921
<b>Closing fair value</b>	<b>3,464</b>	<b>52</b>	<b>58,927</b>	<b>58,188</b>	<b>120,631</b>
<i>Consists of:</i>					
Current	1,204	–	58,927	–	60,131
Non-current	2,260	52	–	58,188	60,500
<b>Closing fair value at 30 June</b>	<b>3,464</b>	<b>52</b>	<b>58,927</b>	<b>58,188</b>	<b>120,631</b>

MBIE's activities expose it to a variety of financial instrument risks, including market risk, currency risk, credit risk and liquidity risk. MBIE has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

**Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises from contracts for the supply of future goods and services that are denominated in a foreign currency. MBIE, on behalf of the Crown, purchases capital expenditure and goods and services internationally and is exposed to currency risk arising from various currency exposures, primarily with respect to the US dollar, the Australian dollar and the euro.

**Sensitivity analysis**

The impact of a 5 per cent movement, both up and down, in the New Zealand dollar against other currencies held by MBIE in its foreign currency account with all other variables held constant at 30 June 2021 is not material.

**Contractual maturity analysis of financial liabilities**

Non-departmental financial liabilities consist solely of creditors and other payables. At balance date, the remaining periods to the contractual maturity dates were less than three months for all creditors and other payables. The amounts, disclosed above, are the contractual undiscounted cash flows.

**Credit risk**

Credit risk is the risk that a third party will default on its obligation to MBIE, causing MBIE to incur a loss.

In the normal course of its business, credit risk arises from debtors and other receivables, deposits with banks, and foreign exchange contracts.

MBIE generally deposits funds with Westpac (Standard and Poor's credit rating of AA-), a registered bank, and enters into foreign exchange forward contracts with the Treasury (Standard and Poor's credit rating of AA+). These entities have high credit ratings. For its other financial instruments, MBIE does not have significant concentrations of credit risk.

MBIE's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents, debtors and other receivables, and foreign exchange contracts.

**NOTE 9: FINANCIAL INSTRUMENTS (CONTINUED)**

Although cash and cash equivalents as at 30 June 2021 are subject to the expected credit loss requirements of PBE IFRS 9, no loss allowance has been recognised because the estimated loss allowance for credit losses is trivial.

The notional principal amount of outstanding foreign exchange contracts is as follows.

	Actual 2021 \$000		Actual 2020 \$000	
	Foreign Currency	NZD	Foreign Currency	NZD
US dollar	975	1,392	5,372	8,356

**NOTE 10: INVESTMENT IN JOINT VENTURE**

Kaitōrete Limited (Te Taumutu Rūnanga and Wairewa Rūnanga) and the Crown entered into a joint venture to take on Project Tāwhaki. The goals of the project are to rejuvenate the environment, honour deep cultural and historical links and build sustainable economic opportunities.

Project Tāwhaki will see the purchase of a 1,000ha property on the Kaitōrete Spit to:

- › protect and rejuvenate the Kaitōrete environment, an area of significant cultural importance to the Rūnanga and home to numerous threatened and locally endemic plant, invertebrate, bird, and reptile species with internationally recognised ecological value
- › develop aerospace activities and R&D facilities that have the potential to generate significant and sustainable economic opportunities through job creation, capital investment and adjacent sectors serving the aerospace economy.

**NOTE 11: EVENTS AFTER THE BALANCE DATE**

On 18 August 2021 the country commenced a nationwide level 4 lockdown in response to COVID-19. Since that time varying alert level changes have been experienced across the country. MBIE continues to play a significant role supporting Aotearoa New Zealand over this time, including the management of MIQ, keeping people informed through our contact centres, and assisting business travel across the Auckland border. For more details of MBIE’s COVID-19 response, refer to page 12-14 of this report. The lockdowns are considered to be a non-adjusting subsequent event for the purposes of these financial statements. There have been no other material events subsequent to balance date.

## STATEMENT OF EXPENSES AND CAPITAL EXPENDITURE INCURRED WITHOUT, OR IN EXCESS OF, APPROPRIATION OR OTHER AUTHORITY

The table below contains expenses incurred without, or in excess of, appropriation for the year ended 30 June 2021.

	Actual 2021 \$000	Appropriation Voted 2021 \$000	Unappropriated 2021 \$000
<b>VOTE BUSINESS, SCIENCE AND INNOVATION</b>			
<b>Non-departmental output expenses</b>			
Energy and Resources: Fair Value Write Down on Loans and Investments	37	–	37
Tourism: Marketing of New Zealand as a Visitor Destination	13,470	–	13,470

### Energy and Resources: Crown Energy Efficiency

Cabinet established the Crown Energy Efficiency loan scheme (pre-MBIE) to assist public service agencies in implementing energy-efficient and carbon emission reducing projects. Cabinet agreed that the scheme would be administered by the Energy Efficiency and Conservation Authority (EECA) on behalf of the Crown.

EECA enters into the interest-free loan agreements with third parties. The principal is repaid by the third parties to EECA, which then repays the amount to MBIE.

However, the concessionary loans provided at below market-interest rates are required to be measured at a fair value and the fair value write-down expense recognised on loan approval. The appropriation to cover the fair value write-down expense that MBIE recognises was only approved in November 2020, therefore the fair value write-down expenses prior to establishment of the appropriation are unappropriated. The unappropriated fair value write-down expenses for prior five financial years were:

Year	Amount without or exceeding appropriation \$000
2019/20	108
2018/19	189
2017/18	201
2016/17	178
2015/16	290

### Tourism: Marketing of New Zealand as a Visitor Destination

MBIE funds Tourism New Zealand through the Tourism: Marketing of New Zealand as a Visitor Destination appropriation. Soon after New Zealand international borders were closed as a response to COVID-19, Tourism New Zealand commenced the domestic campaign “Do Something New, New Zealand”. Tourism New Zealand used funding received from the Tourism: Marketing of New Zealand as a Visitor Destination appropriation for the operational pivot to domestic tourism; however, the scope of the appropriation is limited to the promotion of New Zealand as a visitor destination in key overseas markets. These activities were signalled by Cabinet; however, they were outside the scope of the original appropriation.

# APPENDIX 1: RESIDENTIAL TENANCIES TRUST ACCOUNT

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# INDEPENDENT AUDITOR'S REPORT

To the readers of the Residential Tenancies Trust Account's financial statements for the year ended 30 June 2021

The Auditor-General is the auditor of the Residential Tenancies Trust Account (the Trust Account). The Auditor-General has appointed me, Clint Ramoo, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Trust Account on his behalf.

## OPINION

We have audited the financial statements of the Trust Account on pages 159 to 163, that comprise the statement of financial position as at 30 June 2021, the statement of comprehensive revenue and expense, statement of movements in bondholders fund and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information. In our opinion, the financial statements of the Trust Account on pages 159 to 163:

- › present fairly, in all material respects:
  - its financial position as at 30 June 2021; and
  - its financial performance and cash flows for the year then ended; and
- › comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards with disclosure concessions.

Our audit was completed on 30 September 2021. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Chief Executive of the Ministry of Business, Innovation and Employment, and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

## BASIS FOR OUR OPINION

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## RESPONSIBILITIES OF THE CHIEF EXECUTIVE OF THE MINISTRY OF BUSINESS, INNOVATION AND EMPLOYMENT FOR THE FINANCIAL STATEMENTS

The Chief Executive of the Ministry of Business, Innovation and Employment is responsible on behalf of the Trust Account for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Chief Executive of the Ministry of Business, Innovation and Employment is responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive of the Ministry of Business, Innovation and Employment is responsible on behalf of the Trust Account for assessing the Trust Account's ability to continue as a going concern. The Chief Executive of the Ministry of Business, Innovation and Employment is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Chief Executive of the Ministry of Business, Innovation and Employment intend to wind-up the Trust Account or to cease operations, or have no realistic alternative but to do so.

## RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- › We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- › We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust Account's internal control.
- › We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive of the Ministry of Business, Innovation and Employment.
- › We conclude on the appropriateness of the use of the going concern basis of accounting by the Chief Executive of the Ministry of Business, Innovation and Employment and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust Account's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust Account to cease to continue as a going concern.
- › We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Chief Executive of the Ministry of Business, Innovation and Employment regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the *Public Audit Act 2001*.

## OTHER INFORMATION

The Chief Executive of the Ministry of Business, Innovation and Employment is responsible for the other information. The other information comprises the information included on pages 1 to 174 but does not include the financial statements, and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## INDEPENDENCE

We are independent of the Trust Account in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of

Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Trust Account.



**Clint Ramoo**

Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand

**STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE**

For the year ended 30 June 2021

	Actual 2021 \$000	Actual 2020 \$000
<b>Revenue</b>		
Interest earned from bank deposits	18,694	21,619
<b>Expenditure</b>		
Interest to MBIE	18,694	21,619
Net surplus	–	–
Other comprehensive revenue and expenses	–	–
<b>Total comprehensive revenue and expenses</b>	–	–

**STATEMENT OF FINANCIAL POSITION**

As at 30 June 2021

	Notes	Actual 2021 \$000	Actual 2020 \$000
<b>Current assets</b>			
Cash and cash equivalents	3	12,233	11,304
Investments	4	204,500	220,000
Interest receivable	3	34,127	39,894
Other current assets		140	154
<b>Total current assets</b>		251,000	271,352
<b>Non-current assets</b>			
Investments	4	470,500	404,000
<b>Total non-current assets</b>		470,500	404,000
<b>Total assets</b>		721,500	675,352
<b>Current liabilities</b>			
Interest payable to MBIE		36,338	41,531
Other current liabilities		65	125
<b>Total current liabilities</b>		36,403	41,656
<b>Total liabilities</b>		36,403	41,656
<b>Net assets</b>		685,097	633,696
<b>Bondholders' funds</b>			
Opening balance		633,696	587,690
Net increase		51,401	46,006
<b>Total bondholders' funds</b>		685,097	633,696

The accompanying notes form part of these financial statements.

**RECONCILIATION OF MOVEMENTS IN BONDHOLDERS' FUNDS**

For the year ended 30 June 2021

	Actual 2021 \$000	Actual 2020 \$000
<b>Bondholders' funds at 1 July</b>	633,696	587,690
Bonds lodged	299,764	257,604
Bonds refunded	(244,926)	(208,385)
Unclaimed bonds paid to the Treasury	(3,437)	(3,213)
<b>Bondholders' funds at 30 June</b>	685,097	633,696

**STATEMENT OF CASH FLOWS**

For the year ended 30 June 2021

	Actual 2021 \$000	Actual 2020 \$000
<b>Cash flows from operating activities</b>		
Interest received	24,462	14,720
Interest payments to MBIE	(23,888)	(14,931)
<b>Net cash flows from operating activities</b>	574	(211)
<b>Cash flows from investing activities</b>		
Proceeds from maturity of investments	220,000	154,000
Purchase of investments	(271,000)	(201,500)
<b>Net cash flows from investing activities</b>	(51,000)	(47,500)
<b>Cash flows from financing activities</b>		
Lodgement bonds	299,764	257,604
Refund of bonds	(248,362)	(211,598)
Provision for incorrect forfeiture	(47)	(111)
<b>Net cash flows from financing activities</b>	51,355	45,895
Net increase in cash held	929	(1,816)
Cash at the beginning of the year	11,304	13,120
<b>Cash at the end of the year</b>	12,233	11,304

**RECONCILIATION OF NET SURPLUS TO NET CASH FLOWS FROM OPERATING ACTIVITIES**

	Actual 2021 \$000	Actual 2020 \$000
<b>Net surplus</b>	-	-
<b>Add/(less) movements in working capital</b>		
Decrease/(increase) in interest receivable	5,767	(6,899)
Increase/(decrease) in interest payable	(5,193)	6,688
<b>Net cash flows from operating activities</b>	574	(211)

The accompanying notes form part of these financial statements.

**NOTE 1: REPORTING ENTITY**

The Ministry of Business, Innovation and Employment (MBIE) was established and commenced operations on 1 July 2012, and manages the Residential Tenancies Trust Account (RTTA) pursuant to the *Public Finance Act 1989* and the *Residential Tenancies Act 1986*.

The financial statements of the RTTA are for the year ended 30 June 2021 and were authorised for issue by the Chief Executive of MBIE on 30 September 2021.

**NOTE 2: BASIS OF PREPARATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES****Basis of preparation**

The financial statements of the RTTA have been prepared in accordance with the requirements of the *Residential Tenancies Act 1986* and the *Public Finance Act 1989*, which include the requirement to comply with NZ GAAP.

**Statement of compliance**

The financial statements have been prepared in accordance with, and comply with, Tier 2 PBE accounting standards on the basis that expenditure exceeds \$2 million, but is less than \$30 million with Reduced Disclosure Regime concessions applied.

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the year.

**Measurement base**

The financial statements have been prepared on a historical cost basis.

**Functional and presentation currency**

The financial statements are presented in New Zealand dollars, and all values are rounded to the nearest thousand dollars (\$000). The functional currency of the RTTA is New Zealand dollars.

**Comparative amounts**

Certain amounts in the comparative information have been reclassified to ensure consistency with the current year's presentation.

**Changes in accounting policies**

There have been no changes in accounting policies. All policies have been applied on a basis consistent with the previous year.

**Significant accounting policies**

The following significant accounting policies have been applied consistently to all periods presented in these financial statements. Where an accounting policy is specific to a note, the policy is described in the note to which it relates.

**REVENUE – EXCHANGE TRANSACTIONS**

The RTTA derives revenue from interest on investments. Interest on investments is accrued on a monthly basis.

**TAXATION**

The RTTA is exempt from income tax in terms of the *Income Tax Act 2007*.

**COVID-19**

MBIE has assessed the impact of the COVID-19 pandemic on receivables and investments and found there is no material impairment on their value.

MBIE monitors RTTA's cash flow to ensure there is sufficient liquidity to cover daily requirements. Investment decisions are made with a view of holding sufficient funds on call to meet short-term requirements.

**NOTE 3: FINANCIAL INSTRUMENTS**

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**Financial instruments**

The RTTA is party to financial instruments as part of its normal operations. These financial instruments include accounts payable and receivable, cash and cash equivalents, and investments. Revenue and expenditure in relation to all financial instruments is recognised in the Statement of Comprehensive Revenue and Expense.

All financial instruments are shown at estimated fair value except for those items covered by a separate accounting policy.

**Cash**

Cash is defined as coins, notes and demand deposits in the RTTA bank accounts and other deposits held on call or with maturities less than three months.

**Receivables**

Receivables are stated at estimated realisable value.

**Credit risk**

Financial instruments that are potentially subject to credit risk principally consist of cash and cash equivalents, accounts receivable, and investments. There are no major concentrations of credit risk for accounts receivable.

Credit risk is the risk that a third party will default on its obligations. Residential Tenancies Trust invests the bond fund in line with the requirements of section 68 of the Public Finance Act 1989 and Parts I and II of the Trust Trustee Act 1956 by dealing with banks of high credit

standing (Standard & Poor’s short-term rating of A-1 and long-term rating of A- or A), and only invests with any New Zealand bank or any bank outside New Zealand that has been approved by the minister for the purpose.

Individual investment counterparties must carry a long-term credit rating and must be within individual issuer limits.

The maximum exposures to credit risk at balance date were as follows.

	Actual 2021 \$000	Actual 2020 \$000
Cash held	12,233	11,304
Interest receivable	34,127	39,894
Investments	675,000	624,000
<b>Total financial assets</b>	<b>721,360</b>	<b>675,198</b>

**Currency risk**

Currency risk is the risk that the value of debtors and creditors due in foreign currency will fluctuate because of changes in foreign exchange rates.

The RTTA has no currency risk, given that any financial instruments it deals with are denominated in New Zealand dollars.

**Interest rate risk**

Interest rate risk is the risk that the return on the funds invested will fluctuate due to changes in market interest rates. Residential Tenancies Trust’s cash management policy accepts some degree of forgoing interest rate optimisation in order to have accessible funds for liquidity.

**Fair value**

The fair value of all financial instruments is equivalent to the carrying amount disclosed in the Statement of Financial Position.

**NOTE 4: INVESTMENTS****P**

Investments are not generally traded and are held to maturity. Investments in bank deposits are initially measured at fair value plus transaction costs (if any).

After initial recognition, investments in bank deposits are measured at amortised cost using the effective interest rate, less any provision for impairment.

As investments are held with New Zealand banks, it has been determined that the COVID-19 pandemic has not affected the carrying value of these investments.

Investments are undertaken in line with MBIE's investment policy. Investments were held with the following counterparties as at 30 June 2021.

	Actual 2021 \$000	Actual 2020 \$000
<b>Current</b>		
ANZ	92,500	101,500
ASB	22,000	8,000
BNZ	27,000	12,000
Kiwibank	8,000	27,000
Westpac	55,000	71,500
Total current	204,500	220,000
<b>Non-current</b>		
ANZ	43,000	92,500
ASB	48,000	42,000
BNZ	240,500	163,000
Kiwibank	35,000	15,000
Westpac	104,000	91,500
Total non-current	470,500	404,000
<b>Total investments by counterparty</b>	<b>675,000</b>	<b>624,000</b>
<b>Weighted average interest rates:</b>		
Short-term deposits	1.91%	3.13%
Long-term deposits	3.48%	3.60%

**NOTE 5: CAPITAL MANAGEMENT**

The RTTA's capital is its bondholders' funds.

**NOTE 6: AUDIT FEES**

Audit fees are paid by MBIE (refer to Note 5 in MBIE's departmental financial statements).

**NOTE 7: COMMITMENTS AND CONTINGENT LIABILITIES**

There were no commitments or contingent liabilities as at 30 June 2021 (2020: nil).

**NOTE 8: EVENTS AFTER THE BALANCE DATE**

On 18 August 2021 the country commenced a nationwide level 4 lockdown in response to COVID-19. The lockdowns are not expected to have a material impact on the operations or results of the Trust. No other events have occurred between the balance date and date of signing these financial statements that materially affect the financial statements.

## APPENDIX 2: STATEMENT OF TRUST MONIES

MBIE operates trust accounts as an agent under section 66 of the *Public Finance Act 1989*. They are not consolidated in MBIE's own financial statements. In addition to funds held in trust accounts operated by MBIE, the Official Assignee holds a significant number and value of assets in relation to the administration of bankruptcies, liquidations and assets restrained or forfeited under criminal proceeds legislation.

Movements in these accounts during the year ended 30 June 2021 were as follows.

	Opening Balance 1 July 2020 \$000	Capital increase \$000	Distributions made \$000	Receipts \$000	Expenditure \$000	Closing Balance 30 June 2021 \$000
Coal and Minerals Deposits Trust Account	464	45	(45)	–	–	464
Employment Relations Service Trust Account	732	332	(376)	2	–	690
New Zealand Immigration Trust Account	375	–	(100)	1	–	276
Official Assignee's Office Trust Account	14,229	18,764	(10,309)	86	(7,719)	15,051
Patent Cooperation Treaty Fees Trust Account	105	1,132	(1,149)	–	–	88
Petroleum Deposits Trust Account	80	50	(49)	–	–	81
Criminal Proceeds (Recovery) Trust Account	184,172	54,685	(17,666)	1,723	(15,072)	207,842
Residential Tenancies Trust Account	633,696	299,764	(248,363)	18,694	(18,694)	685,097
Residential Tenancies Trust Penalties Account	–	50	(5)	–	–	45
Weathertight Financial Assistance Package Trust Account	–	3,704	(3,704)	–	–	–

### Coal and Minerals Deposits Trust Account

This trust account was established in its present form following the introduction of the Crown Minerals Act 1991. Pursuant to the *Mining Act 1971*, the *Coal Mines Act 1979* or the *Crown Minerals Act 1991*, all existing mining and exploration licences are required to lodge a bond with MBIE. These bonds are returned with interest once the licence has expired, cancelled or declined provided that all licence conditions have been complied with.

### Employment Relations Service Trust Account

This trust account was established in September 1988 for monies received by labour inspectors on behalf of workers.

### New Zealand Immigration Trust Account

This trust account was established in 1999 for bonds paid by visitors with a higher risk profile.

### Official Assignee's Office Trust Account

This trust account was established to hold monies for individuals or companies subject to bankruptcy or liquidation proceedings. All financial matters of declared bankrupts and companies in liquidation are handled by the Official Assignee's Office. All distributions and settlements are processed through this account. This trust combines the No Asset Procedure Account, Summary Instalment Order Account and Official Assignee Account.

### Patent Cooperation Treaty Fees Trust Account

This trust account was established in December 1992 to collect and distribute fees under the Patent Cooperation Treaty Rules. The fees are collected from International Patent Authorities and remitted to the World Intellectual Property Organization, which administers the Treaty.

### Petroleum Deposits Trust Account

This trust account was established in the 1970s for deposits pursuant to sections 8, 16 and 47(h) of the *Petroleum Act 1937*. Applicants are required to lodge bonds for all petroleum prospecting and mining licences issued under the Act. These bonds are returned with interest once the licence has ended, provided that all conditions of the licence have been met.

### **Criminal Proceeds (Recovery) Trust Account**

This trust account has been established to manage the financial arrangements of restraining and forfeiture orders made by the courts under the *Criminal Proceeds (Recovery) Act 2009*. Under the Act, courts have the power to order seizure of assets of individuals and companies that have been derived directly or indirectly from criminal offending, and place the assets into the custody and control of the Official Assignee. These assets can then be ordered to be sold or disposed of by the Official Assignee and the resulting monies transferred to other approved parties and the Crown.

### **Residential Tenancies Trust Account**

This trust account was established to hold bonds lodged under the *Residential Tenancies Act 1986*. A full set of audited financial statements for the RTTA, prepared on an accrual accounting basis in conformity with generally accepted accounting practice, is provided in Appendix 1.

### **Residential Tenancies Trust Penalties Account**

In 2020/21 a new trust account, the Residential Tenancies Tribunal Penalties Trust Account, was established. The purpose of this trust account is to collect tribunal costs and penalties from landlords and direct the payment to tenants under the *Residential Tenancies Act 1986*.

### **Weathertight Financial Assistance Package Trust Account**

This trust account is used to temporarily hold the building consent authorities' 25 per cent share of repair costs claimed by eligible owners of leaky homes under the Government's Weathertight Services FAP, once approved, but prior to payment to the eligible homeowners.

## APPENDIX 3: EMPLOYEE INFORMATION

The table below presents information on the gender, age and remuneration banding (in \$10,000 bands) of all permanent and fixed-term staff employed under New Zealand terms and conditions at 30 June 2021. The allocation of a remuneration band is based on an employee's base salary only (and is not FTE adjusted); it does not include allowances or employer superannuation contributions.

Salary bands above \$400,000 have been combined to protect the privacy of those employees.

Age Bracket Gender	Under 30				30–39				40–49				Over 50			Unknown			Total
	D	F	M	U	D	F	M	U	D	F	M	U	F	M	U	F	M	U	
<b>Salary band</b>																			
\$40,000–\$49,999	–	33	20	3	–	37	11	–	–	10	5	–	12	3	–	3	–	–	137
\$50,000–\$59,999	–	164	91	12	–	140	62	1	–	91	27	1	82	31	2	13	5	–	722
\$60,000–\$69,999	2	168	61	–	1	170	75	1	–	117	44	–	125	36	–	13	5	–	818
\$70,000–\$79,999	–	165	100	2	–	162	83	–	–	83	45	–	93	50	–	14	9	2	808
\$80,000–\$89,999	–	35	34	3	–	98	70	1	–	68	45	1	85	47	1	7	1	–	496
\$90,000–\$99,999	1	27	16	–	–	82	60	1	–	55	40	–	56	54	–	8	2	–	402
\$100,000–\$109,999	–	19	19	2	–	57	39	–	–	40	27	–	28	51	–	3	2	–	287
\$110,000–\$119,999	–	13	10	1	–	64	66	1	–	61	64	–	56	70	1	8	2	–	417
\$120,000–\$129,999	–	–	5	–	–	44	32	–	–	52	38	2	45	35	1	5	5	1	265
\$130,000–\$139,999	–	4	2	–	–	33	30	–	1	50	29	–	29	30	–	6	5	–	219
\$140,000–\$149,999	–	1	1	–	–	20	21	–	–	37	33	2	36	44	–	5	3	–	203
\$150,000–\$159,999	–	–	–	–	–	14	10	–	–	28	20	1	43	39	–	3	3	–	161
\$160,000–\$169,999	–	–	–	–	–	14	4	–	–	14	26	–	14	20	–	–	–	–	92
\$170,000–\$179,999	–	–	–	–	–	7	3	–	–	17	15	1	9	16	–	1	1	–	70
\$180,000–\$189,999	–	–	–	–	–	1	2	–	–	11	14	–	13	16	–	2	1	–	60
\$190,000–\$199,999	–	1	–	–	–	3	–	1	–	8	8	–	4	9	–	–	2	–	36
\$200,000–\$209,999	–	–	–	–	–	2	–	–	–	5	5	–	3	7	–	–	1	–	23
\$210,000–\$219,999	–	–	–	–	–	–	–	–	–	4	1	–	2	6	–	1	–	–	14
\$220,000–\$229,999	–	–	–	–	–	1	–	1	–	1	–	–	3	1	–	–	–	–	7
\$230,000–\$239,999	–	–	–	–	–	–	–	–	–	2	1	–	2	3	–	1	–	–	9
\$240,000–\$249,999	–	–	–	–	–	–	–	–	–	4	2	–	2	1	–	–	–	–	9
\$250,000–\$259,999	–	–	–	–	–	–	1	–	–	4	3	–	–	3	–	–	–	–	11
\$260,000–\$269,999	–	–	–	–	–	–	–	–	–	2	1	–	1	3	–	–	–	–	7
\$270,000–\$279,999	–	–	–	–	–	–	–	–	–	–	2	–	–	3	–	–	–	–	5
\$280,000–\$289,999	–	–	–	–	–	–	–	–	–	1	1	–	1	5	–	–	–	–	8
\$290,000–\$299,999	–	–	–	–	–	–	–	–	–	–	1	–	1	–	–	–	–	–	2
\$300,000–\$399,999	–	–	–	–	–	–	–	–	–	–	–	–	2	5	–	–	1	–	8
Over \$400,000	–	–	–	–	–	–	–	–	–	–	–	–	1	4	–	–	–	–	5
<b>Total</b>	<b>3</b>	<b>630</b>	<b>359</b>	<b>23</b>	<b>1</b>	<b>949</b>	<b>569</b>	<b>7</b>	<b>1</b>	<b>765</b>	<b>497</b>	<b>8</b>	<b>748</b>	<b>592</b>	<b>5</b>	<b>93</b>	<b>48</b>	<b>3</b>	<b>5,301</b>

D = gender diverse; F = female; M = male; U = undeclared

## APPENDIX 4: IMMIGRATION AND MIGRANT LEVIES

Under the *Immigration Act 2009*, a report must be provided in respect of the financial year outlining the total amount collected through the Immigration Levy and the Migration Levy and how it has been applied. The following tables detail the allocation of the levies and summarise the amounts collected.

### ALLOCATION OF IMMIGRATION LEVIES

Vote	Programme	Actual 2019 \$000	Actual 2020 \$000	Actual 2021 \$000	Forecast 2022 \$000
Labour Market	Immigration Research Programme, including evaluation	2,200	2,200	2,200	2,200
Labour Market	Settlement services	863	863	863	863
Labour Market	Border security	10,966	11,210	10,870	10,870
Labour Market	Immigration compliance	8,451	8,671	8,331	8,469
Labour Market	Marketing and attraction	6,840	6,840	6,840	6,840
Labour Market	Global Impact Visas	792	330	–	–
Education	English for Speakers of Other Languages (ESOL) for adults (home and community based)	426	426	426	426
Education	ESOL in the compulsory school sector	2,460	2,460	2,460	–
Labour Market	Regional skills matching and job assistance services	1,227	1,227	1,227	1,227
Labour Market	Multi-lingual settlement information programmes	650	650	650	454
Labour Market	National-level support for organisations that facilitate migrant participation in host communities	100	100	100	–
Education	Migrant futures – Work Connect Programme	1,613	1,613	1,613	1,613
Education	Pacific Work Connect Programme	–	–	–	564
Education	Bilingual support workers	514	514	514	514
Labour Market	Welcoming Communities	–	900	1,985	2,135
<b>Total Immigration Levy allocation</b>		<b>37,102</b>	<b>38,004</b>	<b>38,079</b>	<b>36,175</b>

### SUMMARY OF IMMIGRATION LEVY

	Actual 2019 \$000	Actual 2020 \$000	Actual 2021 \$000	Forecast 2022 \$000
Balance at 1 July	(532)	(7,203)	(11,064)	(30,594)
Revenue	30,431	34,143	18,549	17,544
Allocations	(37,102)	(38,004)	(38,079)	(36,175)
<b>Balance at 30 June</b>	<b>(7,203)</b>	<b>(11,064)</b>	<b>(30,594)</b>	<b>(49,225)</b>

The Immigration Levy replaced the Migrant Levy in December 2015.

The Immigration Levy funds migrant settlement and migration research. It also contributes to Immigration New Zealand functions, including border, compliance, marketing and attraction functions. It is charged to

principal applicants on temporary (including visitor, student and work) and residence (including skilled migrant, family and some international/humanitarian) visa applications. Levy rates are differentiated based on the immigration functions each broad visa category generates the need for or benefits from.

**ALLOCATION OF MIGRANT LEVY**

Vote	Programme	Actual 2019 \$000	Actual 2020 \$000	Actual 2021 \$000	Forecast 2022 \$000
Labour Market	Language Assistance Project	862	–	–	–
Police	District Safety Patrols	292	–	–	–
Labour Market	Welcoming Communities Pilot	500	835	–	–
Labour Market	Cross-Government Cultural Capability	600	–	–	–
Internal Affairs	Language Line	–	215	–	–
Social Development	National Consultation with Migrant Youth	–	70	–	–
Justice	Research on the drivers of migrants' experience of discrimination	–	170	–	–
Education	Information about the New Zealand education system for recent migrants	–	30	–	–
Tertiary Education	Pacific Work Connect pilot programme	–	80	304	–
Education	Teacher aide support for ESOL virtual classroom	–	–	308	308
Education	Investigating effectiveness of ESOL programmes in schools	–	–	100	100
<b>Total Migrant Levy allocation</b>		2,254	1,400	712	408

**SUMMARY OF MIGRANT LEVY**

	Actual 2019 \$000	Actual 2020 \$000	Actual 2021 \$000	Forecast 2022 \$000
Balance at 1 July	5,864	3,624	2,229	1,517
Revenue	14	5	–	–
Allocations	(2,254)	(1,400)	(712)	(408)
<b>Balance at 30 June</b>	3,624	2,229	1,517	1,109

Residual amounts of Migrant Levy revenue were received in 2020/21 (while visa applications made under the Migrant Levy continued to be processed), and funds are held in a tagged account.

These funds are used to fund innovative one-off and small-scale settlement initiatives and enable an evidence base to be built to inform potential longer-term funding allocations.

## APPENDIX 5: BUILDING ADVISORY PANEL

The Building Advisory Panel (BAP) is a statutory body that provides independent advice to the Chief Executive of MBIE. The BAP is focused on strategic issues facing the built environment and the construction sector and provides guidance, advice and direction on the ways MBIE can support that sector to be innovative and high performing. The BAP members are:

- › Dr Helen Anderson (Chair)
- › Steve Evans
- › Janine Stewart
- › Dr Jeroen van der Heijden
- › Adrienne Miller
- › Dr Troy Coyle
- › Graham Burke
- › Sally Grey

### Meetings and advice

The BAP met four times in the 2020/21 financial year. The first meeting of the newly appointed BAP took place on 27 July 2020. This initial meeting focused on agreeing key areas of interest for the BAP and understanding MBIE's work programme.

In its following meetings, the BAP reviewed and provided comment on key MBIE work programmes, including Building System Legislative Reform, Building for Climate Change, and the Building Code Delivery Framework. The BAP also provided feedback on MBIE's building consenting model work programme, and risk and liability settings.

### Remuneration

The BAP is a statutory board for the purposes of the Fees and Travelling Allowances Act 1951. The following fees payable to the BAP members were determined in line with the Cabinet Fees Framework:

- › Chairperson: \$810 per day, or an hourly pro-rata rate as required.
- › Panel members: \$540 per day or an hourly pro-rata rate as required.

In the 2020/21 year, the following payments were made to BAP members.

	Actual Meeting Fees (incl. GST)	Actual Other Expenses (incl. GST)
<b>Building Advisory Panel Member</b>		
Dean Kimpton – Chair	8,449	2,797
Graham Burke	4,354	–
Dr Troy Coyle	3,330	1,146
Steve Evans	5,355	–
Sally Grey	4,320	1,469
Adrienne Miller	3,942	1,742
Janine Stewart	4,681	403
Dr Jeroen van der Heijden	4,860	–
<b>Total BAP fees and other expenses for 2020/21</b>	<b>39,291</b>	<b>7,557</b>

## APPENDIX 6: INTERNATIONAL VISITOR CONSERVATION AND TOURISM LEVY

This notional account tracks the balance of the International Visitor Conservation and Tourism Levy collected under part 3 of the *Immigration (Visa, Entry Permission, and Related Matters) Amendment Regulations 2019*. The account records International Visitor Conservation and Tourism Levy revenue collected by the Crown, offset by expenditure within MBIE and the Department of Conservation on designated and

approved programmes and projects.

The levy is set at \$35 per person who applies for a temporary entry class visa, other than at an immigration control area or a port, or requests a traveller Electronic Travel Authority as a condition of a temporary entry class visa waiver.

	Actual 2021 \$000	Actual 2020 \$000
<b>Balance at 1 July</b>	48,320	–
Revenue	2,692	57,163
<i>Expenditure:</i>		
MBIE	7,514	4,890
Department of Conservation	5,755	3,953
<b>Total expenditure</b>	13,269	8,843
Net surplus	(10,577)	48,320
<b>Balance at 30 June</b>	37,743	48,320

## APPENDIX 7: OTHER DISCLOSURES

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### ***Immigration Act 2009***

Under the *Immigration Act 2009*, some immigration officers have powers to enter and search employers' premises for any specified person or specified employee who is not entitled to work in New Zealand or are in breach of their visa (section 277A(3)(a) or (b)). Section 277C of the *Immigration Act 2009* requires every annual report to report any instances where these powers were used. During this reporting period, there were no instances where interactions with employers at their premises required the exercise of these powers (as interactions proceeded with consent).

### ***Victims' Rights Act 2002***

The main service that MBIE provides to victims of crime is the provision of information about the deportation of offenders and about proposals to suspend or cancel deportation liability. MBIE has not received any complaints from victims during the reporting year.

### ***Children's Act 2014***

MBIE, as required by the *Children's Act 2014*, published its Child Protection Policy (2020) on the MBIE website. This policy has particular operational relevance at MIQ, Te Āhuru Mōwai o Aotearoa (Refugee and Migrant Services), and the border. As part of implementation, MBIE has operationalised the policy, including the responsibility to assess the inclusion of a child protection policy requirement in contracts and funding agreements, and commenced piloting online mandatory training modules for all employees working directly with children and young people. MBIE actively monitors and reports to the senior leadership of MBIE on compliance with the policy.

### **Departures from operating guidelines for levels of Lakes Manapōuri and Te Anau**

MBIE must include in its annual report, under section 4A(3) of the *Manapouri – Te Anau Development Act 1963*, any departures from the operating guidelines for the levels of Lakes Manapōuri and Te Anau. Meridian Energy is required to advise MBIE, acting for the Minister of Energy and Resources, of any departures. There were no departures requiring disclosure for the 2020/21 financial year.

### ***Enhancing Identity Verification and Border Processes Legislation Act 2017***

MBIE (Immigration) has an arrangement with New Zealand Police to access information pursuant to Part 7 of the *Privacy Act 2020*. MBIE accesses identity information held by New Zealand Police to verify the identity of a person where there is good cause to suspect the person may have committed an offence against the *Immigration Act 2009*; has obtained a visa in a false identity; is liable for deportation or turnaround; or is unlawfully in New Zealand. During this reporting period, there was one request to New Zealand Police.

# ACRONYMS

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ACC	Accident Compensation Corporation
ADEPT	Advanced Digital Employer-led Processing and Targeting
APEC	Asia-Pacific Economic Cooperation
BAP	Building Advisory Panel
BWOF	building warrant of fitness
CERT	Computer Emergency Response Team
CNGP	Carbon Neutral Government Programme
CRHL	Crown Regional Holdings Limited
CXI	Customer Experience Index
EECA	Energy Efficiency and Conservation Authority
ECLI	Emergency Caller Location Information
ESOL	English for speakers of other languages
FAP	Financial Assistance Package
FDI	foreign direct investment
FTE	full-time equivalent
GCCRS	Greater Christchurch Claims Resolution Service
GDP	gross domestic product
GST	goods and services tax
ICT	information and communications technology
IEA	International Energy Agency
ITO	Inbound Tourist Operator
ITP	Industry Transformation Plans
MBIE	Ministry of Business, Innovation and Employment
MCA	multi-category appropriation
MIQ	Managed Isolation and Quarantine
MLB	Market Services/Labour, Science & Enterprise/Building Resources & Markets
MYA	multi-year appropriation
MVT	Motor Vehicle Trader
NBS	New Building Standard
NEET	not in employment, education or training
NZBN	New Zealand Business Network
NZ GAAP	New Zealand generally accepted accounting practice
NZTE	New Zealand Trade and Enterprise
OECD	Organisation for Economic Co-operation and Development
PaCSO	Pacific Cyber Security Operation Network
PBE	public benefit entity
PBE FRS	Public Benefit Entity Financial Reporting Standard
pDEI	potential direct economic impact
PBE IPSAS	Public Benefit Entity International Public Sector Accounting Standard
PGFL	Provincial Growth Fund Limited
PLA	permanent legislative authority
QFT	Quarantine-free travel

R&D	Research and development
RSLG	Regional Skills Leadership Group
RTTA	Residential Tenancies Trust Account
TPES	total primary energy supply
TSO	telecommunications service obligations
VPN	virtual private network
WHS	wellbeing, health and safety
WIP	work in progress



## GLOSSARY OF TERMS

### **Outcome**

The outcome describes what we are trying to achieve and what this looks like.

### **Intermediate outcome**

The intermediate outcome describes the outcome in more detail.

### **Gross domestic product (GDP)**

The total value of goods produced and services provided in a country during one year.

### **Departmental expenses**

Expenses incurred by MBIE in delivering services and functions on behalf of the Government.

Expenses incurred by entities other than MBIE in delivering services and functions on behalf of the Government.

### **Types of expenses:**

#### **Output**

A term for goods, services or functions purchased by the government. Outputs include policy advice, administration of contracts, and the provision of specific services.

#### **Other expense**

A term for operating expenses that are not outputs, such as interest expenses and grants.

### **Appropriation**

An appropriation is a sum of money allocated for a particular use and includes a description of what is being purchased, why it is being purchased and how performance will be assessed. It authorises Ministers to consume public resources, and ensures that Parliament knows how money will be spent and that government is held accountable for the spending.

### **Types of appropriations**

#### **Annual appropriation**

This is the most common type of appropriation and is limited to one financial year, consistent with the annual Budget cycle.

#### **MCA – multi-category appropriation**

Multi-category appropriations consist of two or more categories of spending within a single appropriation that contribute to the same overarching purpose.

#### **MYA – multi-year appropriation**

Multi-year appropriations allow expenses or capital expenditure to be incurred during a specified period of no more than five financial years. MYAs are generally used where uncertainties or dependencies are likely to affect when costs are incurred (eg, milestone payments for a multi-year project).

#### **PLA – permanent legislative authority**

Permanent appropriations are authorised by legislation other than an Appropriation Act and continue in effect for an indefinite period. Generally, the authorising legislation will impose limits on the scope of the appropriation and not its amount.

### **Main Estimates**

The Main Estimates are the Government's approved set of appropriations for a year. They are approved and published before the start of the financial year to which they relate.

### **Supplementary Estimates**

The Supplementary Estimates are the Government's approved changes to appropriations within a financial year and supersede the information in the Main Estimates for that year.



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

**Te Kāwanatanga o Aotearoa**  
New Zealand Government

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