



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

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Briefing for the Incoming Minister for Economic Development

26 October 2017

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1 Portfolio Overview

1. This briefing provides you with an overview of the Economic Development portfolio. Further briefings will be provided on specific topics in depth, depending on your priorities.
2. Economic Development is a **broad portfolio** with a diverse set of responsibilities. The focus is on supporting people, businesses, cities, regions and sectors to seize the opportunities open to them to reach their potential. This is done in a variety of ways:
 - Some aspects of the portfolio are focused on general support by improving the provision of public services through, for example, best practice approaches to procurement and property management and making it easier for business to interact with government.
 - There are also specific support mechanisms like contestable funds, information provision and co-ordination and other initiatives designed to provide more active support to people, businesses, regions or sectors.
3. These mechanisms are described in more detail starting on page 7.

New Zealand's economic development overview

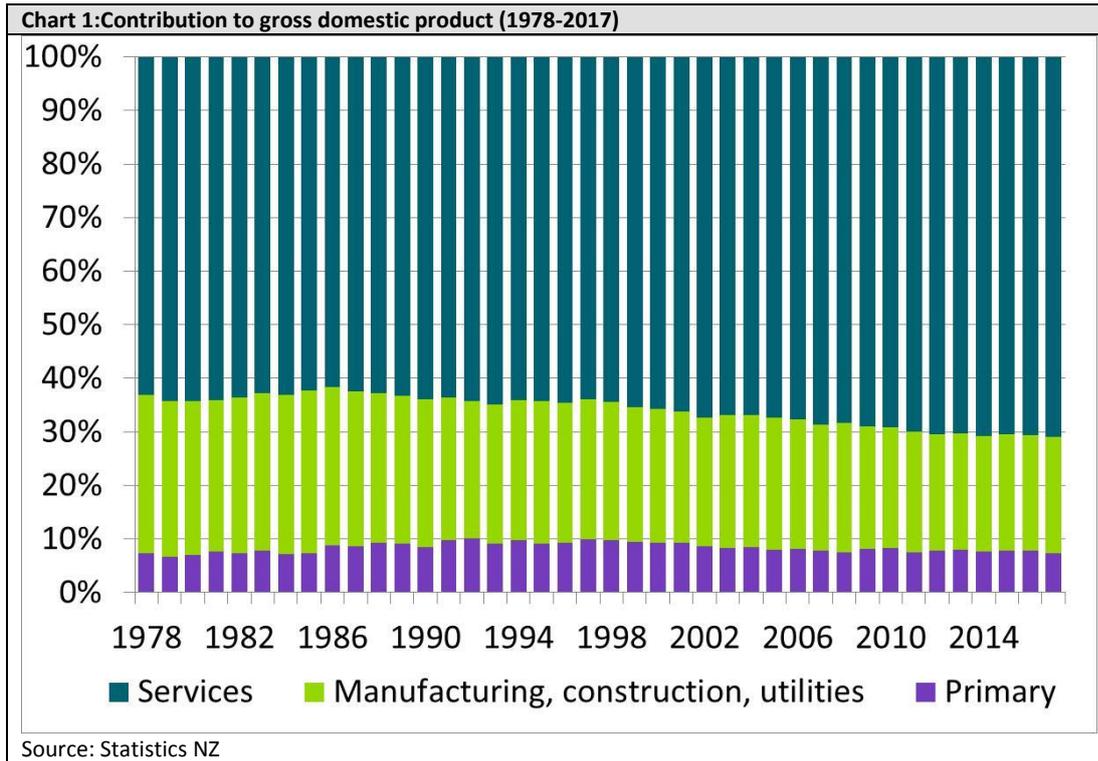
4. A strong economy is essential to be able to deliver good outcomes for New Zealanders: prosperity, higher wages, resilience and other aspects of wellbeing. The New Zealand economy will need to continue to adapt to the global megatrends of technological change, globalisation, demographic change and climate change as well as other drivers of change. There is a great deal of uncertainty about how these trends will affect economic activity. They can be seen as both an opportunity and a challenge. Ideally the response to these changes facilitates productivity-enhancing and environmentally sustainable activity which is broadly shared through higher wages and higher returns on capital. Such changes would lead to more **inclusive and sustainable growth**.
5. However, there is also a risk that technological change and the other trends will lead to an increase in opportunities, higher wages and better outcomes for skilled workers but may put downward pressure on working conditions and/or wages for middle-lower skilled workers. It is also likely that **workers and businesses will face transitions** more frequently in the future with the fast-changing nature of work. How these transitions are managed will be critical for ensuring the benefits of growth are shared broadly and for maintaining economic momentum. It will require both employment and business regulation to be fit-for-purpose. Alignment between the economic development levers, labour market, welfare and education settings will be important to support both workers and businesses through transitions.
6. An important perspective is the location of economic activity. New Zealand's cities and regions face different challenges and have different resources and opportunities. Maximising New Zealand's economic potential requires all **regions** to be achieving their potential. At the moment, performance is variable with some regions, for example, experiencing relatively high unemployment while other regions have a shortage of labour. While there is some mobility of labour between regions in response to economic conditions, there are many other factors that influence people's location choices. Helping regions to identify opportunities for growth and

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constraints to development can enable them to both improve economic growth and well-being for people in the regions.

7. Alongside this, having high-performing **urban areas** can provide New Zealanders with access to opportunities, drive economic growth and diversification, connect New Zealand to international markets and underpin a range of social and health outcomes. It is important for New Zealand that Auckland makes the most of the opportunities for agglomeration and succeeds as a globally connected city.
8. Ensuring the potential of all **people** is realised will also be critical for New Zealand's success. The Māori and Pasifika populations are younger than average and growing. Māori are currently 12% of the New Zealand workforce and Pacific Peoples are 5% and these proportions will grow rapidly over the next twenty years. However, Māori and Pasifika unemployment rates in 2016 were high at 12% and 10% respectively while median annual incomes in 2013 were below the national median by 21% and 31% respectively. It is important that Māori and Pacific people are well placed to participate in the future workforce and market place. There are opportunities to increase Māori and Pacific household incomes by increasing the number of Māori and Pacific people in employment and supporting Māori and Pacific in employment to move into higher-skilled and higher-paid roles. Supporting Māori and Pacific enterprises will also enable growth.
9. Māori Authorities and other entities have grown a significant asset base across regional New Zealand based on traditional land-holdings and Treaty Settlements. There are opportunities to increase the productivity of these assets and to better connect Māori with regional economic development.
10. Encouraging **diversification of economic activity** will help enable greater economic development. A more diversified economy that is increasing the proportion of activity in knowledge-intensive, high-value businesses will be more resilient to shocks. These knowledge-intensive activities can involve innovations that evolve from our existing strengths like the move into infant formula but may also involve activities in new high-technology sectors like ICT. An economy that is built on a broad base of economic activity can also be more inclusive and can contribute to our environmental goals by increasing the location and type of economic activity and shifting towards activities with less impact on the environment.
11. The New Zealand economy is already diversifying. The changes in the structure of the New Zealand economy over the past 40 years have been similar to the changes that have occurred in other industrialised countries with a fall in the relative proportion of primary industries and manufacturing and growth in services (see Chart 1).

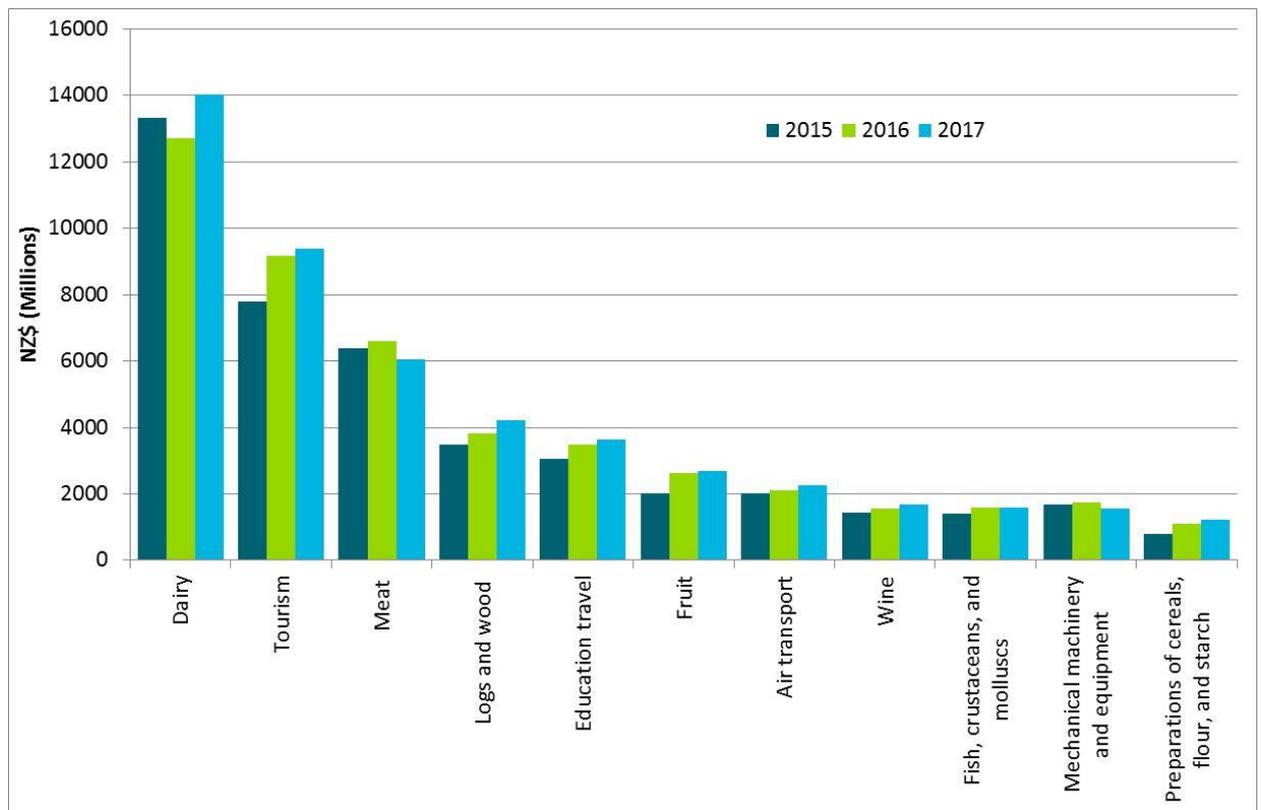
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12. Within these broad categories there has also been a large degree of diversification, innovation and change. Even primary production is underpinned by a mature set of capabilities in science, infrastructure, regulatory settings and human knowledge and capability, - which is the result of many years of private and public investment and endeavour. There is a significant shift towards the export of higher-value primary products which is expected to continue into the future.
13. An important economic development indicator is the **composition of goods and services exports**. On this measure, there is less diversification than across the economy as a whole. While the primary industries are decreasing as a percentage of GDP, commodity export categories such as whole milk powder, meat and logs continue to generate a significant part of the \$71.8 billion in total export values in 2017 (see Chart 2). Nevertheless, New Zealand has existing and emerging exporting capabilities in a growing number of specialised / complex goods and services. Some of these are within our existing broad categories of strength (e.g. nutraceuticals and innovative food products within the wider food and beverage sector); and others are new – e.g. IT design and development services.

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Chart 2: Value of New Zealand's key exports (2015-2017)



Source: Statistics New Zealand

14. While these **higher-value, more knowledge-intensive sectors** are growing fast they are starting from a low base. The broader economic indicators continue to be driven by the changes in volume-based activity like dairy and tourism. In recent years, the success of these important sectors has been supportive of higher employment and economic output, but output isn't growing much faster than the inputs being used to produce it (in other words our productivity performance has been weak). Measures like GDP per capita, or per hours worked, have not grown as rapidly as overall GDP. Looking ahead, there are constraints to further volume-based growth such as an aging population and environmental concerns around freshwater management and climate change. This underlines that as an economy, it is important to work smarter, as it may not be possible to rely on a continuation of our previous pathways for growth.
15. In the short term, businesses will continue to seize the opportunities that are available in our historic areas of strength (subject to constraints such as environmental quality or labour availability). But in the future, the economy needs to sustain the momentum that has built-up in the higher-value, more knowledge-intensive sectors so they eventually takeover as a driver of growth.
16. It is critical that this is supported by the smart use of **digital technology** across all sectors as it can allow our businesses to improve their output and international competitiveness, add value to the goods or services they produce, and achieve better environmental outcomes.

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17. It is also necessary to be mindful of other **possible disrupters** which can change either consumer demand or production processes very quickly. A rapid increase in the consumer acceptability of plant-based proteins or new technology platforms that change the nature of competition in an industry like Uber could provide both challenges and opportunities for New Zealand workers, consumers or businesses as well as our regulatory systems. It is important for government to build a shared understanding of disruptive technologies, how they might impact on our economy, and how New Zealand may need to respond.
18. While the Economic Development portfolio has a range of levers that can help the economy respond to the economic opportunities and challenges that New Zealand faces, it needs to be supported by actions in other portfolios. Some of the major links between the Economic Development portfolio and other portfolios are identified on page 13.
19. Most of the important areas of the economy are connected or overlap across agency and portfolio boundaries. So cross-portfolio co-ordination is vital for making decisions that support the Government's economic vision. MBIE is able to support you and your colleagues with that co-ordination and would welcome an opportunity to have a conversation about options for doing so.

Main areas of work in the Economic Development portfolio

20. Some of the main areas of work in the Economic Development portfolio which can contribute towards the delivery of government's goals are outlined below. The Ministry will support you by providing advice across these areas.

Enterprise and Investment

21. For New Zealand to achieve its economic potential, businesses need to be able to grow and make the successful transition to exporting. As Minister for Economic Development you have a number of opportunities to support productive businesses. Firstly, working with other Ministers, you influence the regulatory, trade and other policy settings within which New Zealand businesses operate. These settings provide the framework for firm growth and the parameters for export trade. In addition, more active support for firm growth and internationalisation is provided through two crown entities: New Zealand Trade and Enterprise (NZTE) and the New Zealand Venture Investment Fund (NZVIF). This support can assist a range of businesses including start-ups, small and medium enterprises and Māori enterprises. As the Minister for Economic Development, you are jointly responsible for NZTE, with the Minister for Trade and Export Growth, and are a shareholding Minister for NZVIF, alongside the Minister of Finance. These roles involve specific governance requirements which are outlined in more detail in Annex 3 on page 24.
22. To successfully scale and compete internationally, New Zealand businesses need access to capital and to the skills, experiences and networks that high quality investors bring to exploit opportunities. As Minister for Economic Development you have an influence on levers used to attract high quality investment (from both domestic and overseas sources) and identifying areas of priority for investment into the New Zealand economy.

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23. There may also be other types of support you will need to consider such as time-limited support provided to businesses following natural disasters, as is currently administered by MBIE.

Supporting Māori economic development

24. The portfolio supports Māori economic development through initiatives to lift Māori income, employment, enterprise, and training, including through the Māori Innovation Fund and the Māori Digital Technology Development Fund. There is a particular focus on supporting Māori employment outcomes (increased employment and increased productivity within the workforce). There is a strong focus on growing the capability of the public sector to engage iwi and Māori with a view to ensuring programmes and services are fit for purpose for Māori. In recent years, this has been done through He kai kei aku ringa, the Crown-Māori Economic Growth Partnership, which has been jointly led by the Minister for Māori Development and the Minister for Economic Development.

Supporting Pasifika economic development

25. The Pacific Economic Strategy 2015-2021 covers how Government can support Pacific people to participate and share in New Zealand's economic success. It aims to improve Pacific people's involvement and contribution to the New Zealand economy through more sustainable Pacific-owned businesses, more sustainable job opportunities for Pacific people and more affordable and suitable housing for Pacific people.

Sectors

26. A diverse economy requires existing industries to develop, and new industries to emerge. A sector policy perspective provides a way to examine at a granular level what's working and where there are opportunities in the economy. Using this lens it is possible to identify sector-level issues such as information needs, barriers in the form of existing nature of legislation, skill or capability shortages or other barriers. This information can inform the policies by which Government can enable and support economic growth. With this perspective Government is also able to look across sectors and think how each one fits into achieving overall national economic and social objectives.

Growing New Zealand's digital economy

27. Through the cross-agency Digital Economy programme, government is working to ensure that the investment in the country's connectivity infrastructure is fully leveraged for the economic and social benefit of all New Zealanders. The aim of the programme is to enable New Zealand to become a leading digital nation – a nation with a thriving digital sector, where our businesses, people and government are all using digital technology to drive innovation, improve productivity and enhance the quality of life for all New Zealanders. The programme has been led jointly by the Minister for Economic Development and the Minister for Broadcasting, Communications and Digital Media.

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Realising the economic and social benefits associated with the use of space

28. The use of space has the potential to generate significant economic, social and environmental benefits for New Zealand. The Outer Space and High-altitude Activities (OSHAA) Act 2017 provides a risk-based regulatory framework to enable New Zealand to facilitate the development of a space industry, while providing for its safe and secure operation. As Minister for Economic Development you are currently designated the Responsible Minister for Space, with specific duties as outlined in the OSHAA Act. You are also responsible for the New Zealand Space Agency (NZSA) which is located within MBIE. More detail on the OSHAA Act is contained in Annex 2.

Major events

29. Major events have the potential to generate a wide range of direct and indirect benefits, including economic, social and cultural. The Major Events Development Fund, which is a contestable fund that seeks to attract, retain, grow and enhance major events in New Zealand was created to ensure valuable leverage and legacy outcomes that align with government priorities are delivered. A significant upcoming focus will be the **36th America's Cup** which is likely to be held in Auckland in early 2021. MBIE is working with other agencies, including Auckland Council, to identify the infrastructure needs for the event as well as the leverage and legacy opportunities associated with any government investment.

Leveraging public procurement to achieve broader government goals

30. Government spends approximately \$41 billion per year on purchases of goods and services from third parties in support of its activities. This includes routine goods, construction, infrastructure and important public services. Effective management of this spend is critical both to maximising value from government expenditure and to supporting the Government's economic development goals. The Procurement Functional Leadership programme aims to improve procurement capability, the business environment, and deliver government's objectives through procurement activity. To ensure that these aims are met, the Government has invested in building procurement capability across government and established a number of All-of-Government collaborative contracts. It is forecast that existing All-of-Government collaborative contracts will result in savings of \$770 million to government over the life of the contracts.

Driving toward better work environments to enable better public services through Government Property

31. The Property Functional Leadership programme takes a centre-led, collaboratively delivered approach to the management of the Crown's office estate. It aims to achieve long term outcomes and effectiveness improvements by taking a single government property portfolio approach. Since 2011 approximately \$200 million in rental and facilities management costs have been avoided through reductions in the amount of space occupied per government employee. Key areas of upcoming focus will be enabling the consolidation and rationalisation of public services in Auckland, with a secondary focus on regional/resilience centres.

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Overseeing the Ministry's regulatory responsibilities

32. Good quality legislation is an important foundation for economic activity. Under the State Sector Act 1988, MBIE has regulatory stewardship responsibilities for the legislation it administers. These stewardship responsibilities were added to the State Sector Act to ensure that government departments focussed on the regulation they are responsible for as a key asset in a similar way to the people, physical and financial assets which they are responsible for. As part of these requirements, MBIE, and the other major regulatory departments, must publish a regulatory stewardship strategy which assesses whether the regulatory systems are fit-for-purpose and summarises current and forthcoming work on regulation.
33. The Regulatory Systems Amendment Bill (RSAB) is a vehicle to make incremental improvements on a wide range of statutes that MBIE has responsibility for. The first RSAB was led by the Minister for Economic Development with inputs from relevant MBIE portfolio Ministers. A second RSAB is proposed.

Business interaction with Government

34. A strong business sector is vital for a healthy economy. One way of supporting businesses is to ensure that business interactions with Government are as easy and seamless as possible. More seamless services free-up time and resources for businesses to focus on lifting their performance. MBIE is the lead agency for Better for Business, which involves collaboration across ten partner agencies to reduce pain points for business interacting with government agencies.
35. There are a range of cross-agency initiatives underway. One key initiative aimed at making it more efficient for business to interact with government is the New Zealand Business Number (NZBN). The NZBN is a globally unique identifier available to all New Zealand businesses. The NZBN helps businesses and government agencies better connect and interact, through a shared network of information.

Government Centre for Dispute Resolution

36. The Government Centre for Dispute Resolution (GCDR) was established in 2016 to provide leadership and stewardship to the dispute resolution system across government. The GCDR assists agencies to ensure that dispute resolution schemes they operate or oversee are consistent with best practice, particularly by meeting the needs of users. Best practice dispute resolution approaches also contribute to high performing regulation by generating important information about pain points and emerging issues in regulatory systems, to give early warning of possible regulatory failure.

2. Portfolio Responsibilities

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

Vote Business, Science and Innovation

38. The Minister for Economic Development is currently the lead minister for Vote Business, Science and Innovation. This involves submitting baseline updates and budget estimates content to the Minister of Finance on behalf of all appropriation ministers within the Vote as well as appearing in front of select committee when discussing the Vote.
39. As Minister for Economic Development, you are responsible for appropriations that fall within Vote Business, Science and Innovation (BSI) that relate to the economic development portfolio. The Economic Development appropriations within Vote BSI are listed in Annex 1. You are also responsible for the Crown Debt Write Offs appropriation within Vote Labour Market.

Legislative responsibilities

40. As Minister for Economic Development you are responsible for the administration of the following legislation:
- New Zealand Trade and Enterprise Act 2003
 - Major Events Management Act 2007
 - New Zealand International Convention Centre Act 2013.
 - Outer Space and High Altitude Activities Act 2017
 - New Zealand Business Number Act 2016
41. More detail on the legislation can be found in Annex 2.
42. You are also responsible for taking the Regulatory Systems Bills (2) through the house. This is a package of four omnibus bills that is aimed at improving various regulatory systems that MBIE is responsible for.

Crown entities and statutory bodies

43. As Minister for Economic Development you are responsible for monitoring the following Crown Entity and Crown-Owned Company:
- New Zealand Trade and Enterprise
 - The New Zealand Venture Investment Fund Limited.
44. Further information on these entities is attached in Annex 3.

Advisory bodies

45. As Minister for Economic Development you are responsible for the following advisory bodies:

- Māori Economic Development Advisory Board, with the Minister for Māori Development
- New Zealand Story Board
- Major Events Investment Panel
- Screen Advisory Board, with the Minister for Arts, Culture and Heritage.

46. More information on these statutory and advisory boards can be found in Annex 4.

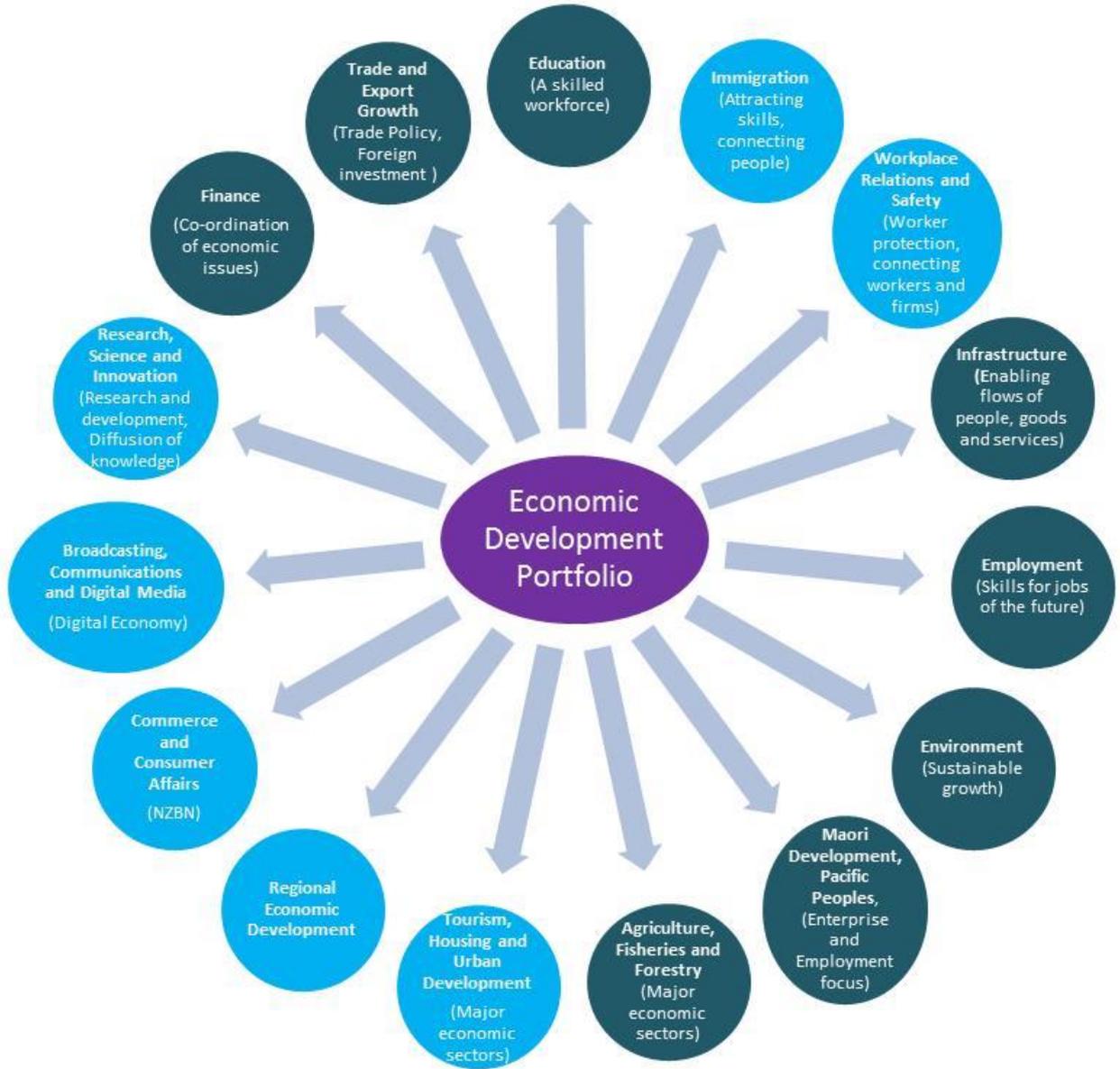
Funds

47. The portfolio has a number of funds available to support a range of economic development objectives:

- **Venture Investment Fund** – is managed by NZVIF. The fund was established in 2001 to catalyse a domestic venture capital market in New Zealand and comprises a capital commitment of \$128 million and a Crown underwrite of \$100 million. The fund co-invests alongside private capital providers into venture capital fund managers who then deploy that capital into scaling up promising early stage companies.
- **Seed Co-Investment Fund** – is managed by NZVIF. The fund was established in 2005 to catalyse the seed and angel segment of the early-stage capital markets. The fund comprises a capital commitment of \$52 million. The fund co-invests alongside pre-selected angel network partners. Recent mandate changes mean that NZVIF is an active investor, working with its co-investment partners to identify appropriate growth and exit strategies for companies in the fund portfolio.
- **International Growth Fund** – is a \$30 million per year fund and is managed by NZTE. It is used to assist high-growth businesses to internationalise.
- **Regional Growth Initiative Fund** – is \$11 million per year over the next three years and is managed by MBIE. Its broad purpose is to support a wide range of regionally-led initiatives that deliver a significant and enduring positive economic impact for regions. This fund will be reviewed when the Regional Development (Provincial Growth) Fund is created.
- **Major Events Development Fund** – is managed by MBIE. It is a \$10 million per year appropriation established to attract, retain, grow and enhance major events in New Zealand.
- **Te Pūnaha Hiringa: Māori Innovation Fund (MIF)** - is a \$3 million per year contestable fund which aims to help Māori gain the skills, knowledge and networks they need to take full advantage of their resources, identify opportunities, get new ventures off the ground or grow existing businesses and asset bases. It is managed by MBIE. MBIE is currently reviewing MIF to ensure it is best aligned with Māori economic development objectives.
- **Strategic Investment Fund** – is a \$1.2 million fund managed by NZTE which assists with the facilitation of sector specific initiatives, particularly for feasibility studies and guarantees for significant projects to access funding through other government programmes.

3. Major Links with Other Portfolios

48. Addressing the challenges and seizing the opportunities will involve a concerted effort on a number of fronts. Some of the key enablers are held in other portfolios. The major links between Economic Development and other portfolios are outlined in the table below:



4. How MBIE Assists You

Key contacts

49. The broad range of responsibilities within the Economic Development portfolio are supported by a number of different groups within MBIE. The following table provides a summary of **key initial contacts** related to the topics identified above:

Contact	Role	Topic	Contact details
 <p>Carolyn Tremain</p>	Chief Executive, MBIE	All	<p>E carolyn.tremain@mbie.govt.nz P 04 901 1357 Information withheld consistent with s9(2)(a) of the Official Information Act 1982</p>
 <p>Paul Stocks</p>	Deputy Chief Executive, Labour, Science and Enterprise	Sectors, Enterprise and Investment (NZTE, NZVIF), Space, Major Events	<p>E paul.stocks@mbie.govt.nz Information withheld consistent with s9(2)(a) of the Official Information Act 1982</p>
 <p>Joanne Hughes</p>	Head of Office of the Chief Executive	Regulatory stewardship, Government Centre for Dispute Resolution, Māori Economic Development, Pasifika Economic Development, Better for Business	<p>E joanne.hughes@mbie.govt.nz P 04 901 8593 Information withheld consistent with s9(2)(a) of the Official Information Act 1982</p>
 <p>Greg Patchell</p>	Deputy Chief Executive, Market Services	Government Procurement, Government Property, NZ Business Number	<p>E greg.patchell@mbie.govt.nz P 04 474 2926 Information withheld consistent with s9(2)(a) of the Official Information Act 1982</p>
 <p>Chris Bunny</p>	Deputy Chief Executive, Building Resources and Markets	Digital Economy	<p>E chris.bunny@mbie.govt.nz P 04 901 8728 Information withheld consistent with s9(2)(a) of the Official Information Act 1982</p>

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Topic	Contact	Role	Contact details
Sectors, Major Events	Iain Cossar	General Manager, Tourism, Sectors, Regions and Cities	E: iain.cossar@mbie.govt.nz P: 04 901 8663 Information withheld consistent with s9(2)(a) of the Official Information Act 1982
Space, Enterprise and Investment (NZTE, NZVIF)	Peter Crabtree	General Manager, Science Innovation and International	E: peter.crabtree@mbie.govt.nz P: 04 901 3907 Information withheld consistent with s9(2)(a) of the Official Information Act 1982
NZVIF, NZTE ownership interests and advisory board appointments	Michael Bird	General Manager, Entity Performance and Investment	E: michael.bird@mbie.govt.nz P: 04 901 3929 Information withheld consistent with s9(2)(a) of the Official Information Act 1982
Government Procurement, Government Property	John Ivil	General Manager, NZ Government Procurement and Property	E: John.ivil@mbie.govt.nz P: 04 495 1266 Information withheld consistent with s9(2)(a) of the Official Information Act 1982
Regulatory stewardship	Mark Steel	Director, Regulatory Systems	E: mark.steel@mbie.govt.nz P: 04 901 3813 Information withheld consistent with s9(2)(a) of the Official Information Act 1982
Better for Business, Government Centre for Dispute Resolution, Pasifika Economic Development	Fiona Whiteridge	General Manager, Strategic Programmes	E: fiona.whiteridge@mbie.govt.nz P: 04 901 8423 Information withheld consistent with s9(2)(a) of the Official Information Act 1982
Māori Economic Development	Liz Te Amo	Te Tumu Whakarae (Executive Director)	E: liz.teamo@mbie.govt.nz P: 04 901 1405 Information withheld consistent with s9(2)(a) of the Official Information Act 1982
Digital Economy	Brad Ward	General Manager, Commerce, Consumers and Communication	E: bradley.ward@mbie.govt.nz P: 04 474 2184 Information withheld consistent with s9(2)(a) of the Official Information Act 1982
NZ Business Number	Ross van der Schyff	General Manager, Business Integrity Services	E: ross.vanderschyff@mbie.govt.nz P: 04 901 1633 Information withheld consistent with s9(2)(a) of the Official Information Act 1982

The advice and support MBIE provides to you

50. MBIE provides a range of support and advice to you in your role as the Minister for Economic Development. This includes:

- **Policy advice** on each of the areas identified above as well as advice on the broader economic development goals.
- **Management of the economic development appropriations** within Vote Business, Science and Innovation, including planning and prioritisation of funding.
- **Crown entity ownership and monitoring** including commenting on draft statutory planning documents, developing and communicating the Government's ownership priorities and objectives for NZTE and NZVIF and advice on Board appointments.

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- **Data collection and analysis** to support decision making, including providing detailed analysis at a sectoral and regional level as well as developing tools and products to provide easy access to information.

5. Economic Development Work Programme

Focus for the first 100 days

51. As part of the Coalition Agreement, you have announced a commitment within the Economic Development portfolio to reform the government procurement rules. MBIE would like to have an early conversation with you about the implementation of this commitment and other priorities.
52. In addition, the table below lists the major decisions and actions that will arise during your first 100 days as the Minister for Economic Development. These cover the day-to-day operational requirements of your role – Board appointments, funding decisions, significant policy decisions, and other matters.

Key decisions and appointments

Topic	Description	Driver	Timing	Area
Things that are going to happen				
Budget 2018	We would like to have an early conversation with you about your plans for Budget 2018.	Budget 2018	At your earliest convenience.	Finance
October Baseline Update for 2017	The October Baseline Update is an in-year revision of the Budget, where variances against the previous set of forecasts are charged against the operating allowance. You will be asked to sign a 2017 October Baseline Update submission for economic development related appropriations within Vote Business, Science and Innovation, before submission to the Minister of Finance.	Public Finance	Vote submissions to be provided to the Minister of Finance by 15 November	Finance
Crown Entity responsibilities	As Minister responsible for NZTE and NZVIF you will need to table accountability documents including their annual reports and Statements of Performance Expectation and Intent in Parliament.	Statutory requirement	November	Entity Performance and Investment
NZTE and NZVIF Board appointments	An appointments process will be needed for NZTE and NZVIF Boards. Three members of the NZTE Board will end their term on 30 April 2018 and the term of four of the five members of NZVIF Board members will expire on 30 June 2018.	Board appointments (statutory)	November 2017-June 2018	Entity Performance and Investment
NZ Space Agency	Decisions under or related to the Outer Space and High-altitude Activities regulatory regime	Statutory decisions may be required	The OSHAA Act comes into force on 21 December 2017.	Space Policy

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Topic	Description	Driver	Timing	Area
NZ Space agency	Decisions under the New Zealand Government's Agreement with Rocket Lab Ltd New Zealand and Rocket Lab Inc USA	Contractual decisions may be required	Regular	Space Policy
NZ Space agency	Conclusion of the formal Ratification of the UN Registration Convention (with Minister of Foreign Affairs)	UN Convention may need to be ratified	By the end of 2017	Space Policy
Things currently scheduled to happen				
Response to disruptive digital technologies	Cross-agency briefing on options to strengthen government's response to disruptive digital technologies. (Joint with Minister of Broadcasting, Communications and Digital Media)	Cross-agency briefing on proposals	November	Digital Economy
Supporting an inclusive digital economy	A report summarising research into digital inclusion and digital capability will be published later this year. You will be asked to consider a document outlining government's direction and next steps for responding to digital inclusion in New Zealand with a view to publishing it alongside the research. (Joint with Minister of Broadcasting, Communications and Digital Media)	Agency briefing on proposed options	November	Digital Economy
36th America's Cup	Location and financing decisions sought for syndicate base locations for the 36th America's Cup, based on a joint document from Auckland Council and central government officials	Agency briefing on proposed options	Mid-November	Major Events
Regulatory Systems Amendment Bill	Seek Cabinet approval for policy approvals and release the exposure draft of the second Regulatory Systems Amendment Bill (that amends 21 statutes) for public consultation.	Agency briefing on proposed options	December 2017	Regulatory Stewardship
Major Events Ministers Group meeting	Investment decisions sought for applications to the Major Events Development Fund.	Agency briefing on proposed options	Mid – Late November	Major Events
Government Procurement update	You are scheduled to take the six-monthly update on Procurement Functional Leadership to Cabinet in November. (SEC Min (14) 10/2 refers)	Cabinet report-back	Late November 2017	Government Procurement
Government Property update	You are scheduled to take the six-monthly update on Property Functional Leadership to Cabinet in November. (CAB Min (12) 35/4B)	Cabinet report-back	Late November 2017	Government Property
New Zealand Screen Production Grant (NZSPG)	The NZSPG is being evaluated and a report-back to Cabinet on outcomes of the evaluation is expected before end 2017 (CAB-17-MIN-0105)	Cabinet report-back	Early December	Screen sector
Queens Wharf	Future of Crown's interests in Queens Wharf to Auckland Council	<i>Information withheld consistent with s9(2)(f)(iv) of the Official Information Act 1982</i>		

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Topic	Description	Driver	Timing	Area
Screen Advisory Board	Make new appointments to the Screen Advisory Board	Board appointments (non-statutory)	Late December	Screen sector
NZ Business Number Register	Advice on a review of business data included on the NZBN Register and review consultation proposals.	Agency briefing on proposed options	By end December 2017	NZBN
A response will be required to:				
<i>Information withheld consistent with s9(2)(b(ii)) and s 9(2)(j) of the Official Information Act 1982</i>				
NZVIF proposal	Consider a response to a NZVIF investment proposal for a venture capital 'fund of scale'	Response to third party proposal	November 2017	NZVIF

Upcoming meetings, events, publications, workshops and announcements

Topic	Description	Driver	Timing	Area
Possible announcements				
Manufacturing Sector Report	Publication of the overview chapter of the Manufacturing Sector Report, presenting data and analysis describing New Zealand's manufacturing sector	Announcement opportunity	Late November/early December 2017	Manufacturing sector

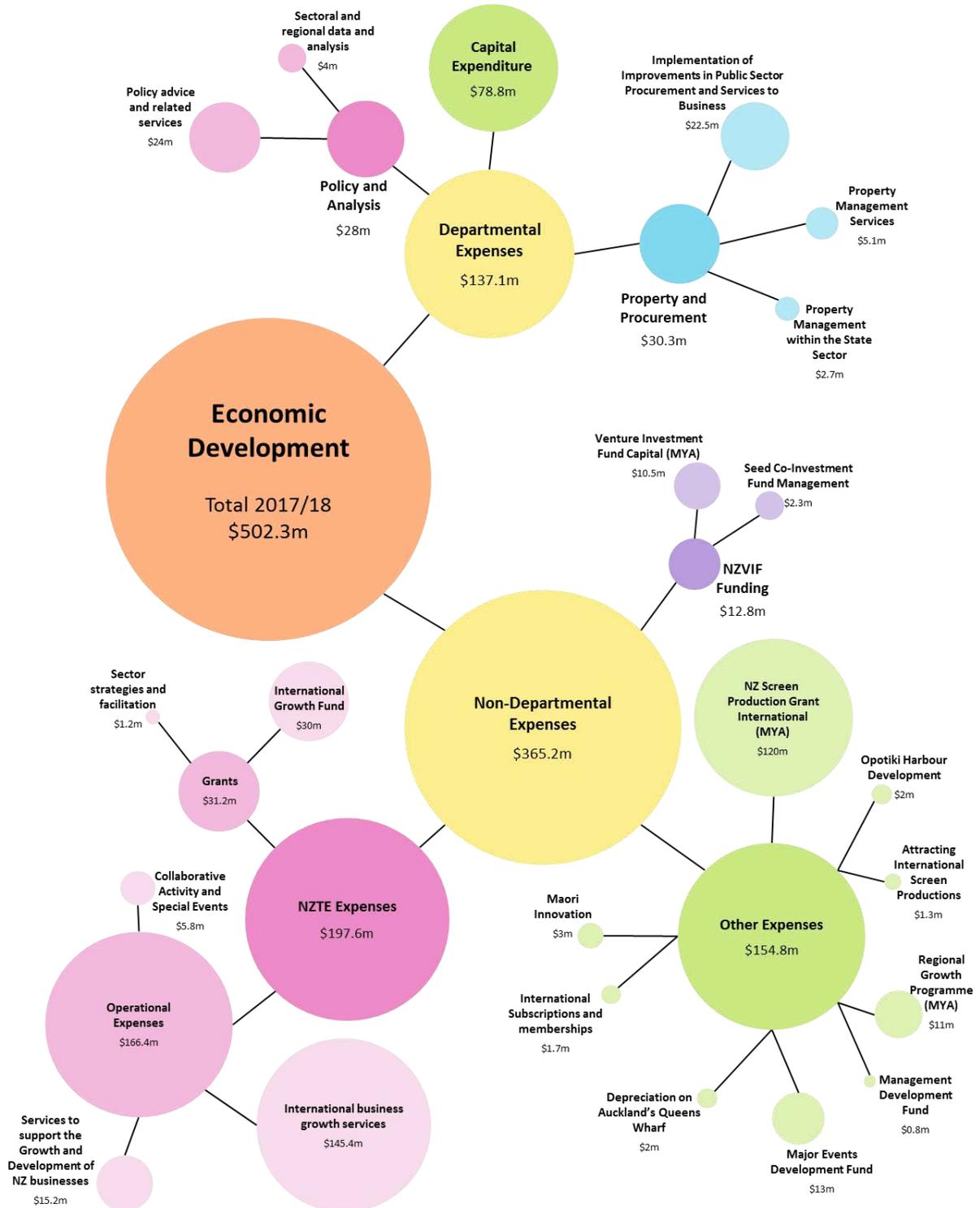
Topic	Description	Driver	Timing	Area
Things to be aware of				
Māori Innovation Fund: Commercial Advisors Scheme	As part of the Māori Innovation Fund, \$2.8 million has been allocated in the current financial year for the Commercial Advisors Scheme. Within this scheme, a commercial advisor works with a Māori Authority to identify and develop specific commercial opportunities. Recipients will be announced at the end of October.	Note processes underway	End October	Māori Economic Development
Compliance with NZ Business Number	Note eight key government agencies are required to comply with Cabinet/Ministerial directives to be able to identify businesses by reference to its NZ Business Number.	Note processes underway	By 31 December 2017	NZBN

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Topic	Description	Driver	Timing	Area
Māori Innovation Fund Requests For Proposals	Note we have three Requests For Proposals in development, to allocate Māori Innovation Fund funds. These will implement decisions made by Ministers, and relate to rangatahi (youth) entrepreneurship; Māori small and medium enterprise development; and Māori-focussed small business roadshows.	Note processes underway	End 2017	Māori Economic Development

Annex 1: Economic Development as at Budget 2017

The diagram below sets out the total 2017/18 appropriation for Economic Development*. This captures both departmental funding (funding received by MBIE to provide services directly) and non-departmental funding (funding provided via MBIE to other agencies for them to provide services).



*Includes expenses that relate to the new Regional Economic Development portfolio.

Annex 2: Relevant legislation and regulations

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

New Zealand Trade and Enterprise Act 2003

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

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

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

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

Major Events Management Act 2007

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

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

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

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

- recommending to the Governor General that an event be declared a major event
- recommending to the Governor General that certain words and/or emblems be declared major event words and/or emblems

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- declaration of clean zones, clean transport routes and clean periods by notice in the Gazette.

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

New Zealand International Convention Centre Act 2013

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

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

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

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

The Outer Space and High-altitude Activities Act 2017

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

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

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

The New Zealand Business Number Act 2016

The New Zealand Business Number Act 2016 enables an NZBN identifier to be allocated to all New Zealand businesses. It establishes the NZBN Register which links core business information to the NZBN. Some information is public and can be viewed and consumed by anyone. Other information on the Register is not public, but can be collected, published and shared between authorised government agencies; while also protecting the security and confidentiality of information provided under the Act and the privacy of individuals in business.

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

Annex 3: Crown entities and statutory bodies

The Entity Performance and Investment team in the Corporate Governance and Information Branch monitors the financial and non-financial performance of NZTE and NZVIF. This includes advising ministers on Board appointments and key accountability processes.

New Zealand Trade and Enterprise (NZTE) – Crown Entity

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

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

NZTE's budget for 2017/18 comprises \$166.4 million for operating expenses and \$31.2 million for grants. In 2014 the Government committed an additional \$69 million into NZTE over four years, to:

- increase NZTE's international footprint in growth markets (\$25 million)
- lift the number of companies NZTE works with intensively from 500 to 700 over a two-year period (\$25 million)
- allow ongoing investment into business-led coalitions (\$15 million)
- support the Government-to-Government commercialisation office (\$4 million).

NZTE is governed by a board of seven appointed by the joint responsible Ministers. The NZTE Act allows responsible Ministers to appoint two further members if required. A number of appointments fall due for consideration in 2018, including that of the Chair. Current board members are:

- Andrew Ferrier (Chair) (second term ends 30/06/2018)
- Charles Finny (third term ends 30/04/2018)
- Carmel Fisher (first term ends 30/04/2020)
- Robin Hapi (third term ends 30/06/2018)
- Jennifer Kerr (second term ends 31/05/2019)
- Wayne Norrie (first term ends 30/04/2018)
- Charlotte Walshe (first term ends 30/04/2018)

The Chief Executive of NZTE is Peter Chrisp.

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The Ministry, in consultation with the Ministry of Foreign Affairs and Trade (MFAT), works closely with NZTE in developing and delivering economic development policy. The Ministry and MFAT also provide monitoring advice to the responsible Ministers under the Crown Entities Act. In addition the Ministry has the responsibilities of a Vote-managing department, and evaluates the impact of programmes delivered by NZTE on a periodic basis.

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

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

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

- table an Annual report for 2016/17 in Parliament, outlining how NZTE has performed against the performance measures set out in its 2016/17 Statement of Performance Expectations (SPE).
- send a Letter of Expectations for NZTE. Previous letters have included such issues as continuing to contribute toward the Government's economic strategy, working with other government agencies on collaborative projects, and innovating service offerings.
- make decisions on two potential reappointments and three new appointments, including that of the Chair to the NZTE Board. In doing so you may wish to explore the potential for joint Board appointments across both NZTE and Callaghan Innovation (a Crown Entity in the Science and Innovation portfolio). Robin Hapi is currently appointed to both Boards but is expected to step down from both when his term ends in 2018.
- table a Statement of Performance Expectation in Parliament, outlining what NZTE intends to achieve in 2018/19.
- make a decision on the ongoing size of the International Growth Fund (\$30m) grants appropriation which has been underspent in recent years. MBIE is currently reviewing the drivers of this fund and will provide advice to you in February 2018.

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

The New Zealand Venture Investment Fund Limited (NZVIF) manages two programmes aimed at accelerating the development of early-stage capital markets. The Minister for Economic Development (the responsible Minister) and the Minister of Finance are the shareholding Ministers. NZVIF is governed by a board of private sector directors, appointed by the Government. The board members, selected for their investment experience and commercial acumen, are responsible for governance and oversight of NZVIF's operations.

The current board members are:

- Murray Gribben (Chair) (term ends 30/06/2019)
- Anne Blackburn (term ends 30/06/2018)

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- Roger Bridge (term ends 30/06/2018)
- David Flacks (term ends 30/06/2018)
- Richard Hughes (term ends 30/06/2018)

The Venture Investment Fund (VIF) is the vehicle through which NZVIF invests its \$160 million of government funding (along with a \$100 million capital underwrite) into privately-managed venture capital investment funds. VIF invests only in funds that successfully raise matching capital from private investors. The amount that NZVIF invests in a fund is dependent on the overall fund size as well as the investment stage and focus of the fund. The maximum amount that NZVIF is able to invest in any venture capital fund is \$25 million. The private venture capital fund managers make the decisions about which companies they ultimately invest the combined government and private equity funding into. However, they must invest in New Zealand-originated businesses that are in the seed, start-up or expansion stages of their development. They typically invest in technology companies with potential for high growth.

As at 31 July 2017, the NZVIF portfolio was comprised of 19 funds (including annex funds) which held investments in 80 discrete companies. Total investments were in excess of \$123 million in funds with vintages ranging from 2003 to 2016. The valuation of the portfolio provided by NZVIF as at 30 June 2016 was \$195.1 million which is composed of a portfolio valuation of \$135.1 million and capital returns to date of \$60m.

NZVIF also manages the Seed Co-investment Fund (SCIF), which is aimed at developing the angel investment segment of early-stage capital markets. As at 31 July 2017, NZVIF has invested \$50 million alongside selected Seed Co-investment Partners on a 1:1 basis into seed or start up high growth New Zealand businesses. The SCIF partners make the investment decisions. Recent mandate changes enable NZVIF to be a more active partner alongside its SCIF partners.

The previous shareholding Ministers asked NZVIF to consider how the role of NZVIF could change as early stage capital markets continue to mature and need less support from the Government. In particular, through the 2016/17 and 2017/18 Letter of Expectation, Ministers asked NZVIF to investigate options to transfer the Crown's ownership of the business, seeking to attract external capital to replace the Crown's existing assets and future commitments.

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

- table the NZVIF Annual Report 2016/17
- attend the NZVIF Annual General Meeting (date to be confirmed)
- in May 2018, table a Statement of Performance Expectations (SPE) in Parliament, outlining what NZVIF intends to achieve in 2017/18, including relevant performance measures.

Annex 4: Key advisory boards

Māori Economic Development Advisory Board

The Māori Economic Development Advisory Board (the Advisory Board) was established in 2013 to provide ongoing stewardship, monitoring and evaluation of He kai kei aku ringa: The Crown-Māori Economic Growth Partnership (HKKAR). HKKAR is a Māori economic development strategy and action plan that was first launched in November 2012 and has recently been refreshed and updated (2017).

The Advisory Board is jointly appointed by the Minister for Economic Development and the Minister for Māori Development. The Advisory Board is not a statutory board and has no legal standing or specific governance duties.

The current Advisory Board members are:

- Robin Hapi (Chair) (Ngāti Kahungunu) (term ends 20/03/2020)
- Harry Burkhardt (Ngāti Kurī) (term ends 31/03/2018)
- Hilton Collier (Ngāti Porou) (term ends 31/03/2018)
- Debbie Ngārewa-Packer (Ngāti Ruanui) (term ends 31/03/2018)
- Steve Saunders (Ngāi Te Rangi) (term ends 20/03/2020)
- Professor Linda Tuhiwai Smith (Ngāti Awa, Ngāti Porou).
- Awerangi Tamihere (Rangitāne, Ngāti Raukawa) (term ends 20/03/2020)
- Pania Tyson-Nathan (Rongomaiwahine) (term ends 31/03/2018)
- Shay Wright (Te Rarawa) (term ends 20/03/2020)

The terms of reference for the Advisory Board focus on:

- engaging with government agencies to support and advance progress and collaboration towards achieving HKKAR
- engaging with Māori organisations to support their role in achieving HKKAR
- fostering and supporting collaboration and partnerships between Māori organisations, government agencies, and non-government agencies
- providing advice to the appointing Ministers about progress with HKKAR and Māori economic development opportunities generally.

New Zealand Story Board

The New Zealand Story Advisory Board (the Advisory Board) was established on 1 November 2014 to govern the New Zealand Story Group and ensure that the objectives of the New Zealand Story Group are achieved. The objectives of the Advisory Board include:

- promotion and protection of the New Zealand Story
- ownership, management and protection of the New Zealand Fern Mark and brand assets.

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The Advisory Board is accountable to the Minister for Economic Development and the Minister for Trade and Export Growth, as joint Ministers responsible for NZTE on all aspects of the New Zealand Story Project. The Advisory Group is administered from within NZTE.

The Advisory Board comprises ten members, including:

- one private sector Executive Chairperson (Cameron Harland –term ends 1/04/2020)
- three private sector members (Stephen Smith (term ends 1/11/2019), Julie Christie (term ends 31/10/2018), Richard Jones (term ends 31/10/2019))
- six public sector members, in their capacity as Chief Executives of NZTE, Tourism New Zealand, Education New Zealand, Te Puni Kōkiri, Ministry of Foreign Affairs and Trade, and Ministry for Primary Industries.

Major Events Investment Panel

The Major Events Investment Panel (the Panel) was established in June 2013 to allow both private sector and senior public sector input in investment decisions. Some changes were made in 2016 to increase the focus on prospecting for events. The composition of the Panel was revised and now comprises five independent members with expertise in major events management, bidding for international investment opportunities and assessing commercial risks. The current Panel members are:

- Sir Brian Roche (Chair) (term ends 30 June 2020)
- Tim Cossar (term ends 30 June 2020)
- Barry Maister (term ends 30 June 2020)
- Sue Paterson (term ends 30 June 2020)
- Dame Therese Walsh (term ends 30 June 2020)

The purpose of the Panel is to provide recommendations to the Major Events Ministers Group, improve the coordination of government investment in major events, and inject private sector perspectives into investment advice. The Panel is expected to:

- advise Ministers on the Government's major events strategy, including identifying priority event prospects
- consider and make recommendations to the Government on Major Events Development Fund investment
- make recommendations to the Government on seeking maximum leverage from events
- assess and report on the effectiveness/impacts of Major Events Development Fund investments.

Screen Advisory Board

The Screen Advisory Board was established in December 2013, when the Government announced a memorandum of understanding between the Crown, Lightstorm Entertainment Inc. and Twentieth Century Fox Film Corporation in relation to the new Avatar movies. This included a commitment by

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James Cameron and Jon Landau to serve as inaugural members of the Screen Advisory Board (the Board) for a period of five years.

The role of the Board is to promote a thriving New Zealand screen sector and in particular to:

- inform Ministers on general issues of strategic importance for the screen sector in New Zealand
- help New Zealand screen sector businesses create 'local edge' by having the skills and connections to be able to generate their own intellectual property, compete internationally and attract overseas finance, and
- assist the New Zealand screen sector and the New Zealand Film Commission to leverage opportunities overseas.

The Board usually meets once a year, with the most recent meeting being held in September 2016. No Board meeting has been held in 2017 and the next meeting will likely take place in early 2018.

Current members of the Board are:

- James Cameron (term ends 31 May 2019) – a Canadian film director, producer, screenwriter, and editor, best known for directing *Titanic* and *Avatar*, and
- Jon Landau (term ends 31 May 2019) – an American film producer best known for producing *Titanic* and *Avatar*.

Previous appointments to the Board were Sir Peter Jackson, Fran Walsh, Andrew Adamson and Jane Campion. These appointments expired in May 2017. The Minister for Economic Development and Minister for Arts, Culture and Heritage will need to make new appointments before the next Board meeting in 2018. MBIE, the Ministry for Culture and Heritage and the New Zealand Film Commission will work together to make recommendations to Ministers concerning appointments to the Board.