

Briefing for the incoming Minister for Economic Development

27 November 2023



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1. Welcome to the Economic Development portfolio

1. Congratulations on your appointment as Minister for Economic Development.
2. The Government has committed to lifting New Zealand's productivity and economic growth to increase opportunities and prosperity for all New Zealanders. As Economic Development Minister, you have two key roles to advance these commitments:
 - **Cross-portfolio systems coordination:** you can play a vital role helping Ministers and Cabinet to prioritise and coordinate across portfolios to achieve the Government's economic objectives
 - **Economic Development portfolio leadership:** you can contribute to the Government's economic objectives by leading specific initiatives and directing Crown entities within the Economic Development portfolio.
3. This briefing is structured as follows:
 - **Section 2** provides you with a high-level overview of the Economic Development portfolio, departmental arrangements and appropriations. This content is expanded on in subsequent sections.
 - **Section 3** sets out strategic choices you have as Minister in:
 - i. your **cross-portfolio systems coordination** role, including key connections to other portfolios and significant opportunities to lift New Zealand's economic performance
 - ii. your **Economic Development portfolio leadership** role, including your considerable discretion of focus areas, specific work programmes, and direction to Crown entities.
 - **Section 4** sets out Economic Development portfolio responsibilities including legislation and Crown entities.
4. We look forward to discussing your portfolio priorities and how officials can support you to deliver them. Further briefings will be provided on specific topics in the coming weeks.

2. Portfolio overview

5. This section introduces you to the Economic Development portfolio. It sets out a high-level summary of the current economic context, potential opportunities to advance the Government's economic objectives, and portfolio departmental arrangements and appropriations.
6. The Government has committed to rebuilding the economy by lifting New Zealand's productivity and economic growth to increase opportunities and prosperity for all New Zealanders. The Economic Development portfolio is relevant to delivering on this commitment, particularly for key objectives like lifting productivity, economic and employment growth, and strengthening international connections.
7. The Ministry of Business, Innovation and Employment (MBIE) supports you to set and deliver a focused programme of work to achieve the Government's economic priorities, including both immediate actions and opportunities you may wish to consider in the medium term.

The economic context

8. As outlined in MBIE's separate briefing on the economic context, New Zealand's economy faces several long-term challenges. These include weak productivity, increasing stresses on our economic resilience, negative impacts on the natural environment, and significant disparities between different population groups. Compounding these are global 'megatrends', such as changes in climate, technology, demography and rising geopolitical tensions. In the short-term, our economy also faces immediate headwinds. These challenges and trends present both risks and opportunities to the economy.

Opportunities to advance the Government's economic objectives

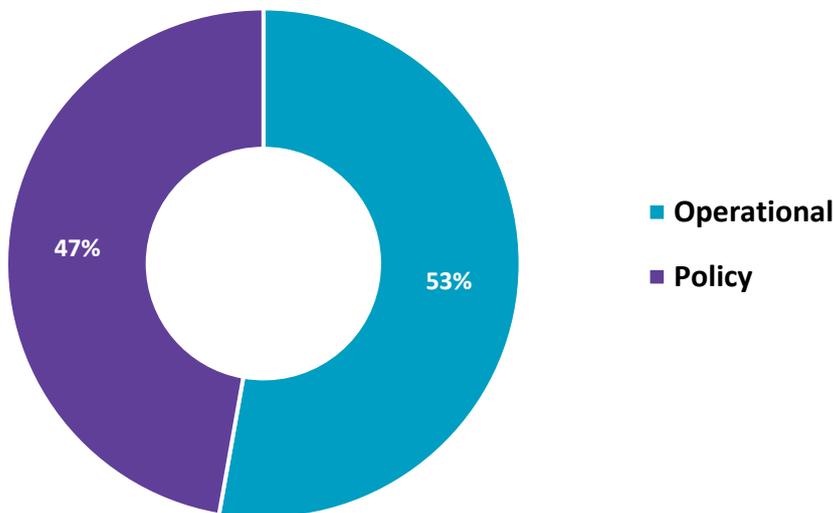
9. Ensuring a prioritised, aligned and coordinated approach across Government activities will be critical to lifting New Zealand's economic performance. A key opportunity for you as Economic Development Minister is to provide **cross-portfolio systems coordination** by driving a joined-up approach across portfolios to achieve the Government's economic objectives.
10. We suggest that there are several significant opportunities where you could provide this systems coordination across Government to lift the performance of existing businesses and industries as well as new and emerging businesses and industries, including:
 - Strengthening global connectivity by supporting trade and investment
 - Strengthening the business environment by driving productivity and trade through greater capital intensity
 - Strengthening the business environment by driving productivity and trade through innovation
 - Maximising opportunities from a lower-emissions economy
 - Lifting regulatory performance by enabling regulation that boosts productivity and investment.
11. As Minister for Economic Development, you also provide **Economic Development portfolio leadership** of specific initiatives that contribute to the Government's economic objectives. You have considerable discretion on the areas you wish to focus on, including leadership of specific work programmes and through the direction of activities of Crown entities in the portfolio.
12. Further information on these opportunities is set out in Section 3.

Departmental arrangements

13. Within MBIE, the Economic Development portfolio is supported by 165.5 FTE across operational and policy functions.¹ This represents 3 per cent of the total MBIE workforce. Just over half of these roles are operational (supporting Government procurement processes (74.9 FTE) and major events (13.0 FTE)).
14. Your main relationship with MBIE is conducted through the policy teams. These 77.6 FTE work across economic development policy, research, the Government Centre for Dispute Resolution and as Ministerial private secretaries.

Portfolio by Policy/Operational Function

Enablement functions (e.g. corporate, ICT) have not been included



Portfolio FTE by Function

Function	Portfolio FTE	Portfolio %
Operational	87.9	53%
Policy	77.6	47%
Total staff	165.5	100%

Appropriations

15. The Economic Development portfolio falls within Vote Business, Science and Innovation. For 2023/24, the appropriation for Vote Business, Science and Innovation is \$5,344 million, of which \$680.2 million is

¹ All numbers are represented as FTE, reflect the situation as of 30 September 2023, and do not include positions vacant at that time.

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for the Economic Development portfolio as of Budget 2023. This portfolio appropriation is split between departmental funding (funding received by MBIE to provide services directly) of \$255.9 million, and non-departmental funding (funding provided via MBIE to other agencies for them to provide services) of \$424.3 million. Further detail is provided in Section 3.

16. We are cognisant of the current fiscal environment, including the \$110 million Fiscal Sustainability Payment likely to be submitted to Treasury in November. Confidential advice to Government

3. Strategic choices for the Economic Development portfolio

17. This section sets out context to inform how you may wish to approach your role, including opportunities to advance the Government’s economic objectives through cross-portfolio systems coordination (Part A) and leadership of specific Economic Development portfolio work programmes (Part B).

A. Opportunities through cross-portfolio systems coordination

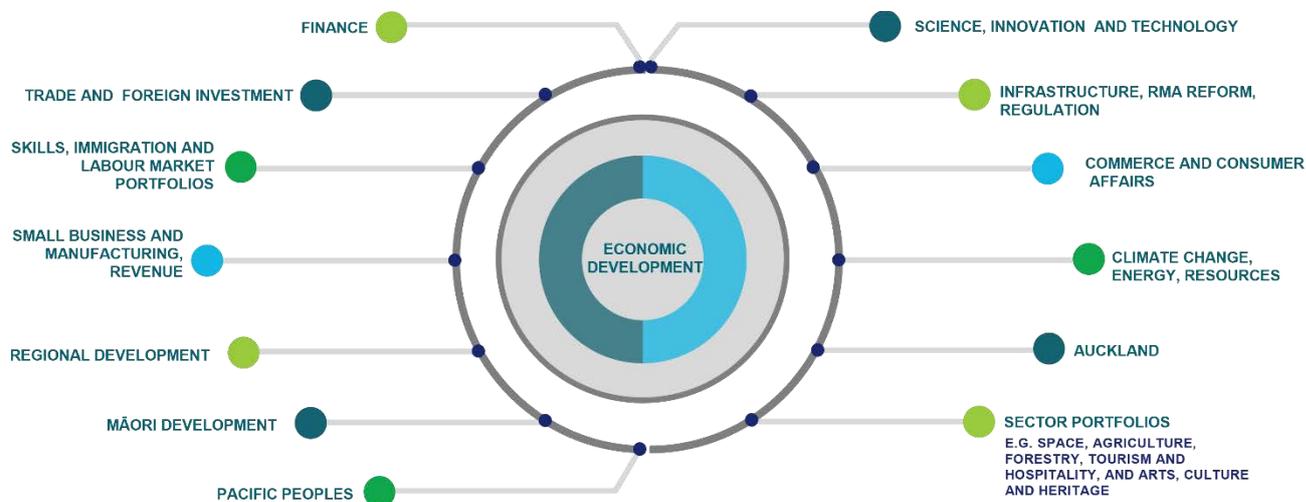
Helping drive prioritisation, alignment and coordination

18. Ensuring prioritisation, alignment and coordination of Government activities across a range of portfolios will be crucial to achieving the Government’s economic objectives. The Economic Development Minister has a role providing **cross-portfolio systems coordination** working with the Minister of Finance, relevant portfolio Ministers, and Cabinet to drive this work.
19. As recognised by the Government the New Zealand economy faces many challenges. Our economic structure, while substantially driven by natural endowments, is also the result of policy and regulatory settings that create incentives towards certain economic activities and outcomes. Lifting our economic performance requires both improving the performance of existing businesses and industries as well as developing new and emerging businesses and industries.
20. Previous Governments’ efforts have not made traction as New Zealand’s long-standing economic challenges persist. The Productivity Commission has stated that previous attempts to strengthen the economy have been uncoordinated, unfocused, delivered at ‘sub-therapeutic’ levels, with little evidence of impact.²
21. Given the fiscal environment, lifting New Zealand’s economic performance will require strategic choices and trade-offs. A prioritised and coordinated approach can assist to achieve scale, impact and results in this constrained fiscal environment.
22. To effectively coordinate and drive the Government’s economic objectives, several levels of alignment are important:
- Ministerial alignment: We recommend Ministers prioritise establishing an economic strategy group of relevant Ministers. The previous National Government used the Business Growth Agenda Ministerial group, and we would recommend a similar organising structure with appropriate changes to reflect current priorities. It will be important, however, not to establish more groups than necessary.
 - Agency alignment: Governance at Ministerial level should then be mirrored at an agency level with Chief Executives.
23. In addition to ensuring Ministerial and agency alignment, partnership outside government is also crucial to achieving the Government’s economic objectives. There is opportunity to consider how you build and use connections outside Government, in particular with the business community, to support you to achieve your priorities.

² New Zealand Productivity Commission (2021), New Zealand firms: Reaching for the Frontier. Final Report.

Major links with other portfolios

24. As set out below the Economic Development portfolio has a wide range of portfolio links relevant to driving and delivering the Government’s economic objectives:



25. Key portfolio links are:

- **Finance:** The Finance portfolio has a focus on macro-economic settings while the Economic Development portfolio has a focus on the micro-economic settings. You will have the opportunity to work with the Minister of Finance to drive progress towards the Government’s economic priorities.
- **Science, Innovation and Technology:** Science, innovation and technology are critical for economic development. The Science, Innovation and Technology portfolio has significant levers and you have an opportunity to work with the Minister to support the Government’s economic objectives, including productivity improvements through greater commercialisation of R&D and innovation through technology.
- **Trade, and foreign investment portfolios:** The Economic Development portfolio plays an important role working with these portfolios to strengthen global connections, trade and foreign investment. Achieving the Government’s objective to double the value of exports in ten years will require boosting productivity and competitiveness of a wide range of export businesses. Foreign investment and imports provide businesses access to capital, new technologies and knowledge critical for raising productivity.
- **Infrastructure, RMA Reform:** These portfolios are central to a high-performing economy and there is opportunity to ensure that infrastructure, RMA reform, as well as city and regional deals support the Government’s economic objectives.
- **Regulation:** Well-designed and high-performing regulatory systems have the potential to make New Zealand an attractive place to do business and can support innovation and productivity. Poorly designed and delivered regulatory systems can pose significant economic costs. There is an opportunity for you to work with the Minister for Regulation to identify regulation that should be prioritised for review. You can also utilise your role as ownership Minister for MBIE to work with relevant portfolio ministers to seek assurance about the performance and maintenance of the suite of regulatory systems MBIE is responsible for.

- **Skills, immigration and labour market portfolios:** A well-functioning skills system, immigration system, and labour market are core components of economic development, creating incentives for businesses to invest in human and physical capital, and supporting a dynamic economy that enables ease of movement of workers between jobs and sectors. Several portfolios have significant levers to influence skills development, immigration and labour markets (including Education, Tertiary Education and Skills, Immigration, Social Development and Employment).
- **Climate Change, Energy, and Resources:** The Government's objectives to maximise economic opportunities from a lower-emissions economy will require close coordination with these portfolios.
- **Regional Development, Auckland:** These portfolios complement your portfolio in achieving the Government's economic objectives through a place-based lens, and it will be important to work across these portfolios in a coordinated manner.
- **Small Business and Manufacturing:** The Small Business and Manufacturing portfolio is responsible for advancing the policy agenda for small business and manufacturing. It has responsibility for a range of Government support and capability building services for small businesses. Small businesses constitute 97 per cent of all businesses and employ 28 per cent of employees. It will be important that small business are taken into account when putting in place economic development initiatives. The manufacturing component of the portfolio provides significant opportunities for alignment with the Economic Development portfolio objectives including boosting productivity, capital intensity across the economy, and exports.
- **Commerce and Consumer Affairs:** This portfolio can help drive the Government's priorities of productivity, innovation and capital flows through improved competition settings, financial market settings, and other business settings such as the Companies Act and fit for purpose and proportionate regulation.
- **Sector portfolios:** To help lift the performance of both existing and emerging sectors you will need to work closely with portfolios focussed on a range of sectors including Tourism and Hospitality, Space, Agriculture, Forestry, Building and Construction, and Arts, Culture and Heritage (Screen Sector). You have a role supporting alignment and coordination so that these sectors contribute to the Government's economic objectives.

Significant opportunities to lift New Zealand's economic performance

26. The Government has committed to growing economic prosperity by lifting New Zealand's economic performance. You have a range of opportunities to advance these objectives by improving the performance of existing businesses and industries and enabling new and emerging businesses and industries. Five significant opportunities are:
1. Strengthening global connectivity through trade and investment
 2. Strengthening the business environment by driving productivity and trade through greater capital intensity
 3. Strengthening the business environment by driving productivity and trade through innovation
 4. Maximising opportunities from a lower-emissions economy
 5. Lifting regulatory performance by enabling regulation that boosts productivity and investment.

27. These opportunities are mutually reinforcing and linked. For example, stronger global connectivity would be of greater value to New Zealand when paired with increased use of capital and stronger investment in innovative practices and processes. These opportunities are briefly described below:

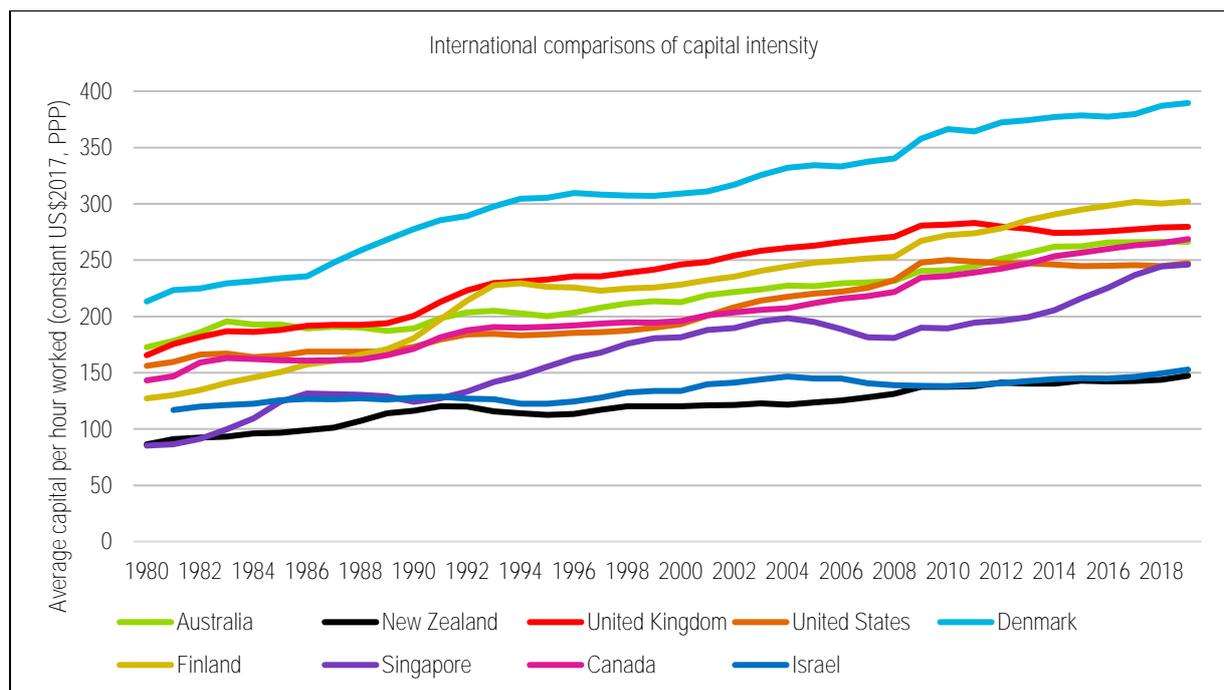
Opportunity 1: Strengthening global connectivity through trade and investment

28. The Government seeks for New Zealand to be an export powerhouse and has set a target to double the value of exports in ten years to anchor this objective while also rebuilding the economy. Achieving this target will require a multi-pronged approach, including:
- Opening new markets and removing trade barriers
 - Promoting exports and supporting exporters
 - Significantly increasing the scale and diversity of New Zealand’s value-added exports – such as manufactured goods, digital exports and services.
29. As Economic Development Minister, you are jointly responsible with the Minister for Trade for the Government’s international business development agency New Zealand Trade and Enterprise (NZTE). As one of the Government’s primary interventions for business capability development and helping businesses grow internationally, your direction to NZTE is a key tool for achieving the Government’s export target.
30. Our primary sector is a leading example of a globally-competitive export sector. Doubling the value of our exports will also require significantly boosting the productivity and competitiveness of a wider range of New Zealand businesses so they can contribute to this export target. Key opportunities to boost productivity and trade across a wide range of businesses are outlined below.

Opportunity 2: Strengthening the business environment by driving productivity and trade through greater capital intensity

31. As outlined in MBIE’s separate briefing on the economic context, New Zealand’s productivity performance is weaker than other advanced economies. This is due to factors including low capital intensity, our size and distance from markets, weak competition, and macro-economic imbalances.
32. Capital intensity reflects the mix of capital and labour inputs and is a key determinant of productivity. Unfortunately, New Zealand has seen no sustained increase in capital intensity over the last decade, and its level has been well below that of other advanced economies for the past 40 years (Figure 1). As a result, New Zealand businesses and workers have relatively limited machinery, equipment and technologies to work with, stunting productivity growth.

Figure 1: Capital per hour worked (1980-2018)



Source: Penn World Table data 10.0.

33. Sub-optimal business investment in capital assets such as plant, machinery and automation technologies is a key contributor to our productivity challenge.³ This is due to a range of factors, including that New Zealand businesses face the second-highest cost of capital for “tangible assets” like plant, machinery and technologies of the 37 other OECD countries.⁴ Furthermore, New Zealand has fewer policies to encourage greater business investment in capital assets when assessed against comparable countries.

34. As Economic Development Minister you have an opportunity as systems leader to boost productivity and trade through coordinated effort across relevant portfolios to increase New Zealand’s capital intensity. Illustrative examples of mechanisms Government has to lift business investment in productive capital assets are discussed below.

a) Accelerated depreciation

35. Accelerated depreciation is a tax policy, present in most OECD countries, which effectively reduces the cost of a companies’ new investment in plant, machinery and automation technologies by allowing them to deduct the costs from taxable income. It is one of the few mechanisms that reduces the cost of capital, and encourages firms to make investments to lift productivity and competitiveness.

36. Modelling undertaken in 2023 on the potential impact of a targeted accelerated depreciation scheme for New Zealand found that a scheme incentivising more productive and emissions-efficient capital is

³ See Prime Ministers’ Business Advisory Council (2019), A Future that Works: Harnessing Automation for a more Productive and Skilled New Zealand. See also New Zealand Productivity Commission (2021), New Zealand firms: Reaching for the Frontier. Final Report.

⁴ Data derived from OECD databases (2020).

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expected to lift GDP. We can brief you on accelerated depreciation, including benefits, trade-offs and revenue impacts, if desired.

b) Improved functioning of capital markets for business investment

37. New Zealand's capital markets are shallow, lacking the diversity of products and experience of providers that businesses in countries with deep and sophisticated capital markets benefit from. This represents a constraint on business development as many business investments are financed through additional capital (either debt or equity) brought into the business. This is particularly the case for large and transformational investments such as plant, machinery and equipment.
38. As Economic Development Minister you can work to improve capital markets to enable greater capital intensity and productivity across areas of the economy. This includes:
 - Through your responsibilities related to *venture capital markets* that finance high-growth, technology-based startups, where the risks of failure and growth potential are both very high and domestic investors are part way through a journey to maturity and sustainability. As part of this, you have responsibility for New Zealand Growth Capital Partners (further information is set out in see Section 4).
 - The opportunity through systems coordination to improve capital markets for other areas of the economy. This could include the *provision of finance to SMEs* which is a broad challenge that includes the availability and terms of debt finance (predominantly bank lending), the absence of a market for minority equity investment into SME businesses, and access to capital for Māori businesses.

c) Foreign investment as source of capital and innovation

39. Another source of capital for New Zealand's businesses is foreign investors. High-quality foreign investment can complement domestic capital providers and introduce greater capital and innovation into our businesses. These linkages also support internationalisation of businesses. Foreign investment settings, however, require careful consideration as some capital inflows can be harmful if they cause inflationary pressures or overvaluation of New Zealand's currency that may hurt exporters.

d) Ensuring immigration settings are aligned with productivity growth

40. Historic approaches to immigration, particularly over the past decade, have enabled a ready supply of labour at low wages. As a result, businesses have tended to expand by hiring more people rather than investing capital in productivity-enhancing plant, machinery and technologies. This has encouraged labour-intensive business models and contributed to New Zealand's weak productivity performance.
41. There is an opportunity to work with your Ministerial colleagues to align mechanisms to lift capital intensity with immigration settings to make it easier for high-skilled workers to migrate to New Zealand and support productivity growth. The Government's commitments to boost the tech sector, for instance, specifically supports this alignment through the Global Growth Tech Visa.

Opportunity 3: Strengthening the business environment by driving productivity and trade through innovation

42. Innovation is key to long-term growth in productivity and trade. New Zealand's economic outcomes are constrained because we do not have enough businesses operating at the global 'leading edge' of productivity (or productivity 'frontier'). These 'frontier' businesses tend to be highly innovative, and

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more internationally connected, and create channels for knowledge and skills to transfer through to other New Zealand businesses.

43. As Economic Development Minister, you have an opportunity as systems coordinator to lift innovation in areas critical to boosting productivity, lifting the value of exports and diversifying the economy by:
- Supporting industries and businesses that have the potential to drive New Zealand to the productivity frontier (i.e. growing more frontier businesses and industries)
 - enhancing the diffusion and adoption of new technologies and ways of working to wider New Zealand businesses and industries.
44. A significant boost in economic outcomes requires a focus on both areas – improving the performance of existing businesses and developing and fostering new and emerging businesses. MBIE recommends working with relevant Ministerial colleagues on a coordinated programme to:
- Drive productivity growth through focussed attention on innovation in new and emerging technology areas, supported by alignment of policy across Government portfolios
 - Identify the key system-wide actions and regulations that could be improved to support diffusion and adoption of new technologies.
45. This area is seen as time critical. Boosting New Zealand’s technological capability and use as well as developing new areas of competitive advantage are key to our economic future. Failure to act will result in emerging technology waves being more disruptive, diminishing our competitive advantage, and will ultimately leave us poorer as a nation.
46. In addition, there is opportunity to bring greater focus, alignment and coherence across the Crown entities supporting businesses to innovate and then grow overseas. Given available resources, Callaghan Innovation (the Crown entity responsible for innovation) and NZTE are best positioned to deliver the Government’s economic aims if resources and funding are directed to doing fewer things well aligned to a clear and consistent strategy. We can provide you further advice on such an approach if desired.

Opportunity 4: Maximising opportunities from a lower-emissions economy

47. As Economic Development Minister you can play an important role to maximise economic opportunities from a lower-emissions economy. With deliberate prioritisation and coordination, lowering emissions can support multiple economic development, productivity, energy security, employment, and resilience objectives.
48. In considering this opportunity, we note:
- New Zealand’s highly renewable electricity system and significant potential to further expand renewable generation is a comparative advantage to be leveraged. This would enable New Zealand businesses to take full advantage of trade and growth opportunities from lower-emissions energy and products.
 - A well-functioning Emissions Trading Scheme (ETS) can help identify the lowest cost options for moving to a lower-emissions economy.
 - Certain businesses and sectors play a significant role in New Zealand’s economic resilience, economic development and employment but have emissions that are costly, or perhaps currently technically unfeasible, to abate (‘Hard to Abate’ businesses). ETS settings applied too quickly risk

seeing some of these businesses exiting and this raises complex choices for Government. Each of these hard to abate businesses faces unique circumstances and there will not be a single answer to reducing emissions.

49. We would welcome guidance on the extent you wish to engage your Economic Development portfolio to maximise the economic opportunities from a lower-emissions economy.

Opportunity 5: Lifting regulatory performance by enabling regulation that boosts productivity and investment

50. Fit-for-purpose regulation is critical for supporting the growth of businesses and sectors, including enabling new and emerging activities which can help boost productivity and diversify our industrial structure. For example:
- A regulatory environment that promotes competitive markets enables productivity growth – competition provides incentives for firms to innovate and become more efficient, thereby enabling reallocation of resources like people, capital and land to more productive businesses (and away from less successful operations)
 - At a sector level, the regulatory environment played a key role in enabling the development of New Zealand’s aerospace sector
 - Regulation that takes into account international implications and reduces the differences in regulatory settings between New Zealand and other countries can help create a regulatory environment that supports cross-border trade and investment.
51. As the Government has identified, poorly designed regulation can inhibit valuable economic activity. For example, regulations around resource management can stifle investment and development of new activities in a local area, unduly inhibiting access to and competition for resources and entrenching our current industrial structure. A resource management system that can adequately weigh-up trade-offs associated with allowing new economic activity and enable timely decisions is essential to achieve the Government’s economic objectives.
52. As Economic Development Minister your direct regulatory responsibilities are limited. In your systems coordination role, however, you have the opportunity to help your colleagues and Cabinet ensure that regulatory change aligns with and achieves the Government’s economic priorities. You may wish to receive regular briefing on the economic development implications of the Government’s regulatory programme, particularly in the lead up to key Cabinet meetings.

B. Opportunities through Economic Development portfolio leadership

53. You have considerable discretion on areas of focus and action within your Economic Development portfolio, from broad “system level” levers, through to direction to the Crown entities in the portfolio (NZTE and NZGCP), and individual discrete work programmes.
54. This section sets out an overview of the Economic Development portfolio you now lead. It covers:
- Current Economic Development appropriations
 - A snapshot of the previous Economic Development work programme to give you an indication of the potential breadth of the portfolio.

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55. Officials have provided separate briefing to seek your decisions on any appropriation areas you may wish to refocus, scale or close. We also seek your guidance on any additional briefings you would like on items from the previous work programme, or new areas of interest.

Current Economic Development Appropriations

56. The current Economic Development appropriations are summarised below. In terms of expenditure, the portfolio's biggest levers are primarily for funding NZTE and the international component of the New Zealand Screen Production Rebate (NZSPR).

Economic Development Portfolio lever	2023/24	2024/25	2025/26	2026/27 & outyears
Support for businesses to grow and internationalise , administered by New Zealand Trade and Enterprise	\$262.6m	\$212.5m	\$215.6m	\$211.4m
Expansion capital for businesses to grow beyond the start-up phase administered by New Zealand Growth Capital Partners (NZGCP)	\$59.6m* remaining (from the initial \$300m)		None budgeted	
<i>*NZGCP's investments and assets (recorded as Assets under the Crown's Statement of Financial Position and held under Vote Finance)</i>	~\$14.0m*	~\$14.0m*	~\$14.0m*	~\$14.0m*
<i>** For market development functions (recorded as Expenditure under the Crown's Statement of Financial Performance and held under Vote Business, Science and Innovation)</i>	\$0.8m**	\$0.8m**	\$0.8m**	\$0.8m**
New Zealand Screen Production Rebate – International which supports the screen sector by encouraging international production activity	~\$460m		\$50.6m	\$50.6m
	\$1.3m to attract international productions	\$1.3m	\$1.3m	\$1.3m
Industry Strategy and Industry Transformation Plans including Advanced Manufacturing, Agritech, Tourism, Construction and the ITP programme.	\$55.4m	\$28.8m	\$13.9m	\$9.6m
Contestable funding for Major Events , aimed at supporting events that provide economic, social, cultural and international profile benefits to New Zealand	\$58.45m remains until the end of June 2027 (of which \$20.4m is uncommitted); baseline of \$13.3m p.a. from FY27/28 onwards			
Supporting Regional Just Transitions aimed at providing advice, funding and investment in regional and programme initiatives that contribute to a just transition in particular regions	\$6.9m	\$5.4m	\$3.3m	\$2.7m

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Economic Development Portfolio lever	2023/24	2024/25	2025/26	2026/27 & outyears
Procurement Functional Leadership programme which aims to improve procurement capability, the business environment, and deliver Government’s objectives through procurement activity	\$37.9m (\$29.6m through third-party funding)	\$26.9m (\$22.4m through third-party funding)	\$26.9m (\$22.4m through third-party funding)	\$26.9m (\$22.4m through third-party funding)
Policy Advice and Related Services to Ministers - Economic Development only	\$29.4m	\$23.6m	\$22.1m	\$21.9m
Sector Analysis and Facilitation Sectoral and regional data and analysis – Economic Development only	\$3.5m	\$3.5m	\$3.5m	\$3.5m
The Auckland Pacific Skills Shift which supports Auckland Pacific peoples in low skilled precarious work to transition into quality employment	\$8.8m remains until end of June 2025	\$5.5m	\$5.5m	\$5.5m
Developing a Circular Economy and Bioeconomy Strategy	\$2.0m	\$0.3m	None budgeted	
Senior Diverse Leaders: Capability Building Pilot	\$0.4m	\$0.4m	\$0.4m	\$0.4m
Operation of the Future of Work Forum	\$0.7m	\$0.7m	\$0.7m	\$0.7m
Pacific Business Trust Procurement Support Service	\$1.3m	\$1.3m	\$1.3m	\$1.3m
Tupu Tai Internship Programme⁵	\$1.0m	\$1.0m	\$1.0m	\$1.0m
Industry 4.0 network which aims to increase business investment in advanced technologies and processes	\$1.1m	None budgeted		
Departmental administration, comprised of:				
Shared Services Support (provision of support services to other State Sector organisations)	\$13.3m	\$13.3m	\$13.3m	\$13.3m
MBIE Capital Expenditure , including Capital Injection	\$153.9m	\$83.5m	\$59.6m	\$58.0m
Depreciation on Auckland's Queens Wharf	\$1.0m	\$1.0m	\$1.0m	\$1.0m
International Subscriptions and Memberships (payment of subscriptions to international organisations NZ has joined as a member state)	\$1.8m	\$1.8m	\$1.8m	\$1.8m
Impairment of Debt and Debt Write Offs	\$3.1m	\$3.2m	\$3.2m	\$3.2m

⁵ \$0.3 million p.a. of this appropriation is through third-party funding.

Current Economic Development portfolio work programmes

57. The next section sets out an overview of current work programmes within the Economic Development portfolio, broken down by business-level, sector-level, economy-wide, or place-based initiatives.

Business-level initiatives

58. Government's primary role in enhancing business performance is through the development of settings and regulations for the broader business environment. It can also provide targeted and tailored interventions for businesses to overcome specific barriers at different stages of development.

59. Current business-level initiatives in the Economic Development portfolio focus on overcoming two long-recognised barriers for business growth and development – internationalisation and access to capital – primarily targeted at firms with the potential to scale up in international markets.

International growth and business capabilities

60. As the Government's international business development agency, NZTE provides support for businesses to grow internationally. This includes providing capability-building tools and programmes and offering in-market support and connections for export-oriented businesses. For businesses raising capital, NZTE also provides matchmaking services.

61. You and the Minister for Trade are the responsible Ministers for NZTE. For NZTE to perform well, clarity around expectations regarding priorities, performance and monitoring is critical. You may clarify expectations with the NZTE Board via Letters of Expectations and Statements of Performance Expectations. More detail is provided in Annex 2.

Access to capital

62. The Economic Development Minister is responsible for New Zealand Growth Capital Partners (NZGCP) whose aim is to unlock the growth potential of startups and SMEs by improving how these businesses access capital. NZGCP manages two funds. The first makes direct seed investments into early-stage technology businesses. The second co-invests in privately managed investment funds that invest to scale-up tech startup businesses.

New Zealand's "startup" eco-system

63. The previous Minister of Economic Development established the Startup Advisors Council to provide recommendations for improving New Zealand's startup eco-system. You may wish to engage with some of the Council members (although their fixed term appointment has now ended). MBIE assisted the Council in creating its report and can provide advice if desired. Responsibility for the startup eco-system was previously split with the Minister for Research, Science and Innovation and you may also want to consider the role of other relevant Ministers including for Science, Innovation and Technology, Immigration, and Revenue.

Sector-level initiatives

64. Sector or industry policy refers to the range of tools to influence the performance of industries and the industrial structure of the economy. It can be:

- 'vertical' (industry-based), such as a training programme or investment approach for a particular sector
- 'horizontal' (system-based), such as support for business R&D through tax incentives

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- influenced (whether deliberately or unintentionally) by broader Government policies that impact the industrial structure of the economy through the incentives they set for different industries, such as the ETS.
65. The Economic Development portfolio used a collaborative model, working closely with business and industry and focussed on the screen sector, manufacturing, agritech and major events. Work with the manufacturing and agritech sectors was explicitly included in an Industry Transformation Plan (ITP) programme. Responsibility for the aerospace sector was previously part of the Economic Development portfolio but has been reallocated to the Minister for Space portfolio.

Screen sector

66. One of the largest initiatives in the Economic Development portfolio is the New Zealand Screen Production Rebate (NZSPR), which supports the screen sector by encouraging international production activity in New Zealand. As incentives schemes are the norm globally, New Zealand's screen sector would contract without an internationally-competitive scheme such as the NZSPR.
67. Productions accessing the NZSPR have spent around \$5.2 billion in qualifying expenditure in New Zealand since it was established in 2014 (including 135 international productions). Government has paid around \$1.15 billion in rebate payments since 2014/15, averaging \$144.3 million per year across both the domestic and international components of the rebate.
68. MBIE oversees funding for the NZSPR, and has stewardship of three of elements of the NZSPR:
- NZSPR-International offers a 20 per cent incentive on Qualifying New Zealand Production Expenditure (QNZPE) for large-scale international productions
 - The 5 per cent Uplift offers an additional rebate for productions with QNZPE of at least \$30 million that deliver additional industry development and wider economic benefits to New Zealand
 - NZSPR-PDV supports post-production and digital effects (PDV) activity through a 20 per cent incentive on QNZPE. The investment aims to boost New Zealand's PDV capacity and new business development.

Manufacturing

69. Manufacturing accounts for \$24.1 billion of GDP, 73.5 per cent of goods exports, and 10.7 per cent of the workforce. The Economic Development Minister worked with the sector through the Advanced Manufacturing ITP that identified business and industry priorities for lifting productivity, skills and sustainability. \$30 million was allocated to address these priorities. Responsibility for this work has been reallocated to the Small Business and Manufacturing portfolio.

Agritech

70. The Economic Development and Agriculture Ministers worked with the sector via the Agritech ITP to identify initiatives with the aim of accelerating the growth and success of the sector, seeking to grow its contribution to the New Zealand economy to \$8 billion by 2030 (from approximately \$2-3 billion).

Major Events

71. The contestable Major Events Fund is a \$64.7 million five-year multi-year appropriation (2022-2027) to support events which can be used to achieve specific outcomes that align with Government priorities.

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The Minister for Economic Development has investment decision making responsibility (with input from relevant Ministers) for this Fund.

72. “Mega-events” are funded separately by specific budget bids and are approved by Cabinet. Confidential advice to Government

Confidential advice to Government

Confidential advice to Government

Confidential advice to Government

Economy-wide initiatives

Government procurement

73. As the Minister for Economic Development, you are responsible for government procurement, which accounts for approximately \$51.5 billion per year (17 per cent of GDP) on purchases of goods and services from third parties in support of its activities, including spending on major infrastructure, ICT and social service projects, as well as common goods and services.

74. While individual agencies are responsible for their purchase decisions to ensure that the goods and services they receive meet their particular needs, you (and Cabinet) have responsibility for setting the strategic objectives and priorities for the system.

Confidential advice to Government

Regulatory stewardship

76. As the ownership Minister for MBIE, you oversee MBIE’s regulatory stewardship responsibilities. High quality regulation is an important enabler of economic development and the sharing of its benefits. You may wish to engage with the Minister for Regulation and individual portfolio Ministers as to how our work to maintain and strengthen regulatory system performance can best complement the Government’s regulatory reform agenda. The Government Centre for Dispute Resolution (GCDR) works across government to support regulatory systems to deliver fair, effective, and people-centred dispute resolution services for individuals and businesses. There are at least 56 different dispute resolution services provided or overseen by government.

Māori Economic Development

77. As Economic Development Minister you have opportunities to ensure broader economic development initiatives and programmes support and leverage prosperity for the Māori economy sector and contribute to the well-being of all New Zealanders. As Minister for Economic Development you jointly lead the Māori-Crown Economic Growth Partnership, He Kai Kei Aku Ringa, with the Minister for Māori Development. The Māori-Crown Economic Growth Partnership, He Kai Kei Aku Ringa, provides an organising framework to strategically drive an all-of-government focus on achieving positive economic outcomes. This is supported by an independent Māori Economic Development Advisory Board, who provide insights and recommendations to yourself and the Minister for Māori Development.

Pacific Peoples Economic Development

78. As Economic Development Minister, and working with Minister for Pacific Peoples and economic portfolio Ministers, you have opportunities to shape the enabling conditions for Pacific peoples’

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economic participation and prosperity to support broader outcomes for all New Zealanders. Key areas of focus for this work have been labour market contributions and growing Pacific businesses and innovation.

Climate change systems: The Emissions Reduction Plan and National Adaptation Plan

79. The development of an Emissions Reduction Plan (ERP) and a National Adaptation Plan are legislative requirements flowing from a 2019 amendment to the Climate Change Response Act 2002. They aim to guide meeting domestic and internationally agreed greenhouse gas targets, building resilience to a changing climate, and minimising the impacts of the transition to a low-emissions economy. Both plans span multiple ministerial portfolios. Within the ERP, the Minister for Economic Development has responsibility for the development of the Equitable Transitions Strategy, Circular Economy and Bioeconomy work programme, and a framework for Hard-to-Abate industries (as discussed previously). In summary:

- The Equitable Transitions Strategy aims to ensure a well-signalled and inclusive transition to a high-wage, low-emissions and climate-resilient future, which maximises opportunities and minimises disruption and inequities
- The Circular Economy and Bioeconomy work programme is focused on addressing hard to abate emissions by significantly improving resource efficiency and managing the transition to bio-based energy and high-value bio-based products.

Economic Security / Supply Chains

80. Almost all other advanced economies have strategies that link economic development with economic security. Your portfolio contributes to economic security including:

- As Economic Development Minister you are a referring Minister for the Productivity Commission Economic Resilience Inquiry, which commenced in October 2022. The inquiry examines economic resilience to supply chain disruptions, identifies vulnerabilities and the factors underlying them, and recommends policy interventions that support resilience and productivity over the medium to long-term. The draft report is expected to be released shortly.
- The Economic Security domain of the National Security Strategy includes enhancing supply chain security through initiatives such as the Indo-Pacific Economic Framework. An initial focus for MBIE will be identifying New Zealand's critical sectors and goods list.

Place-based initiatives

81. Policy settings advancing economic development nationally will, in most cases, also be appropriate for cities and regions. Targeted place-based economic development can also contribute to overall economic performance by increasing regional and city confidence, introducing long-term strategic thinking, and providing private investment opportunities. Kānoa, the regional economic development & investment agency overseen by the Minister for Regional Development, has largely led this work within MBIE.

82. Targeted approaches can be particularly useful for regions with intractable economic situations, such as Tairāwhiti or Southland. The Economic Development portfolio led work with certain communities to address specific and entrenched issues using tailored tools like targeted investments and coordination across government. This has created future outcomes that would see regions less dependent on

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government interventions with greater economic sustainability and opportunities to maximise a lower emissions economy.

83. Using Southland as an example, work on an enabling regulatory regime has allowed the region to leverage its substantial energy generation potential that sustains the Tiwai aluminium smelter. While the smelter generates continued benefits for Southland and New Zealand, the region's dependence on the smelter has also created an enduring issue with economic, environmental and social costs which the region and successive governments have had to navigate.⁶
84. We can brief you further on options for building Southland's resilience, including a situation update on the smelter if desired.

⁶ Including providing substantial subsidies such as a \$30 million payment in 2013.

4. Portfolio Responsibilities

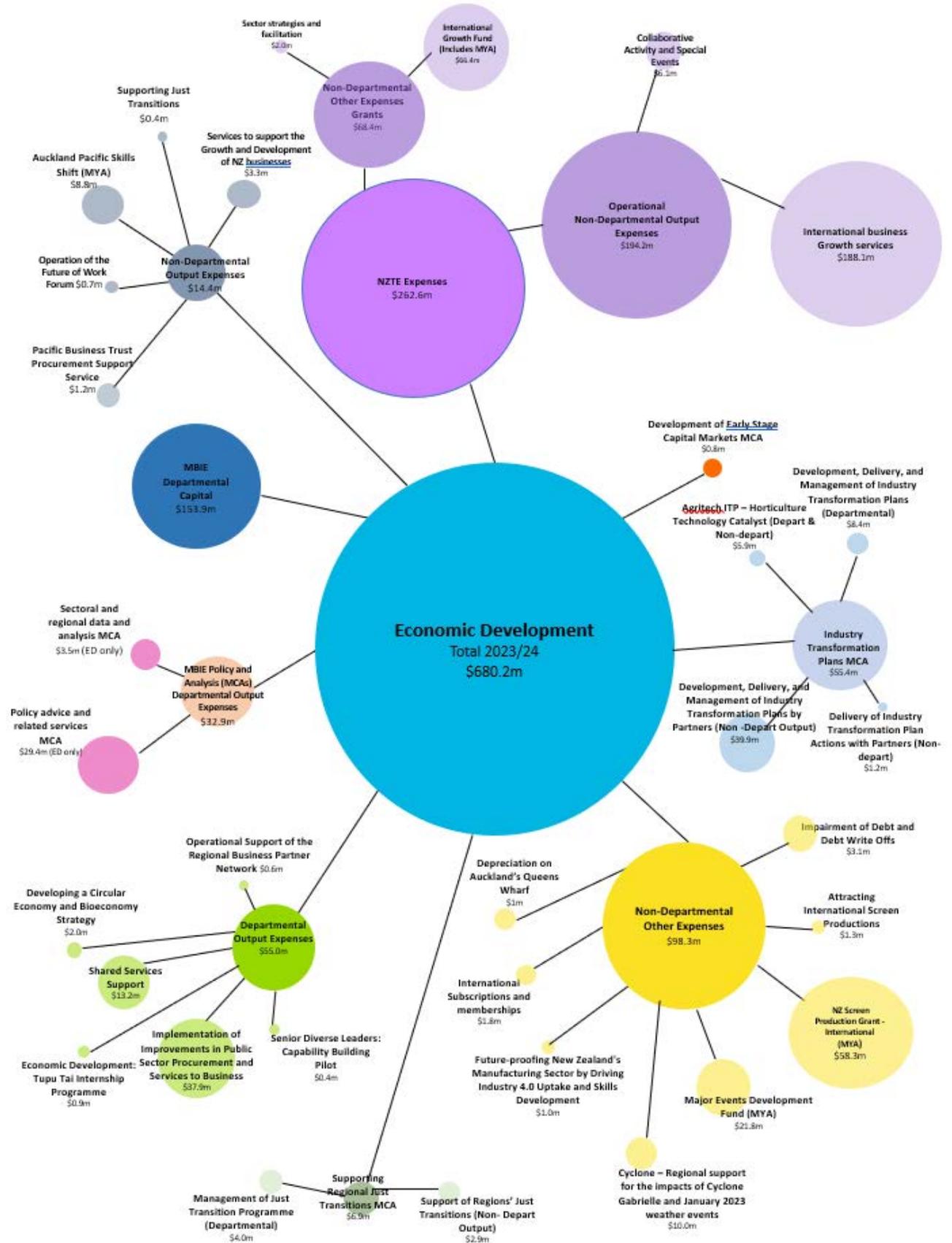
85. This section provides an overview of your Vote, legislative and Crown entity ownership responsibilities as Minister for Economic Development.

Vote Business, Science and Innovation

86. The Minister for Economic Development is currently the lead minister for Vote Business, Science and Innovation (BSI). 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. You are also responsible for the Crown Debt Write Offs appropriation within Vote Labour Market. A separate briefing has been provided to you in your capacity as ownership Minister for MBIE.

87. As Minister for Economic Development, you are also responsible for appropriations that fall within Vote BSI that relate to the economic development portfolio. Key Economic Development appropriations are listed in the Table at paragraph 56 and illustrated below.

Economic Development portfolio appropriation diagram*



* Some minor variations between the figures in this diagram and the Table at paragraph 56 are due to technical and procedural changes over time to the appropriation.

Legislative responsibilities

88. 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
 - Venture Capital Fund Act 2019
89. More detail on this legislation can be found in Annex 1. Historically, the Minister for Economic Development has also been the Minister Responsible for Space Activities, including administering the Outer Space and High-altitude Activities Act 2017. Due to the Government agreement for a Minister for Space this responsibility is expected to shift to that portfolio.

Crown entities and statutory bodies

90. You are also responsible for monitoring the following Crown Entity and Crown-Owned Company:
- New Zealand Trade and Enterprise
 - New Zealand Growth Capital Partners Limited.
91. Further information on these entities is in Annex 2, and a separate briefing will be provided in coming months.
92. In addition, the NZSPR – International is administered on MBIE’s behalf by the New Zealand Film Commission (NZFC) which is monitored by the Ministry for Culture and Heritage. The Economic Development appropriation also funds the NZFC for undertaking international screen attraction and promotion work (\$1.3 million per annum).
93. The Economic Development appropriation also helps fund the New Zealand Story Group (contributing \$200,000 per annum for three years), alongside six other government agencies.⁷ New Zealand Story Group is charged with maintaining and growing our country reputation internationally. It is responsible for coordinating the New Zealand brand and supplying a series of services to New Zealand exporters and government agencies (for example, telling compelling stories, informed by research, to enhance our global reputation).

⁷ New Zealand Trade and Enterprise (also funded by the Economic Development appropriation), the Ministry of Foreign Affairs and Trade, Education NZ, Tourism NZ, Ministry for Primary Industries and Te Puni Kōkiri.

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	work programme to your priorities and expectations.		
NZGCP shareholding Ministers' resolution	As a Crown company, NZGCP is required to hold an annual meeting of its shareholders. This requirement can be fulfilled more efficiently by passing a written resolution in lieu of holding an annual meeting.	Statutory requirement	December 2023
Regional Hydrogen Transition next steps	<p>You are the appropriation minister for the Regional Hydrogen Transition initiative. Under work to date the hydrogen industry expects this initiative will go to market in Q1 2024.</p> <p>Officials will provide you with background information and options for the next steps for the Regional Hydrogen Transition, which will inform how the Ministry manages the industry's expectations on direction and timelines for this initiative.</p>	Managing market expectations	December 2023
Major Events Fund Multi-Year Appropriation: Investment decisions	<p>The Major Events Fund receives applications at any time and these are generally informed by bid or tender deadlines set by the international rights holders of the events.</p> <p>You have decision making responsibility for investment applications toward events that align to the Major Events Statement of Investment Priority (SIP) over \$750,000, as well as any investment decisions that meet wider benefits criteria.</p> <p>Confidential advice to Government</p>	International bid deadline set by rights holders and/or event delivery date	December 2023 – February 2024
Major Event announcements Confidential	<p>Inaugural Women's British and Irish Lions Series 2027 - New Zealand Rugby and the British and Irish Lions will be announcing that the inaugural series in 2027 is coming to New Zealand. Given the potential timing of this announcement in the coming weeks, you may be approached for comment. If so, we will liaise with your office and provide briefing about the event and the Major Events Fund investment.</p> <p>Commercial Information</p>	Rights holder decision making and announcement timeframe	November/December 2023 Commerci

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	Commercial Information		
Legal professional privilege			

6. How MBIE assists you

96. MBIE assists you in fulfilling your portfolio responsibilities. This includes support in your role as a responsible Minister for NZTE and a shareholding Minister for NZGCP for appointments to the Crown entity boards, helping to set and clarify expectations, and monitoring entity performance.
97. Our people support communities across New Zealand and offshore in a variety of roles, ranging from policy development and implementation, to regulation and frontline operations such as our immigration officers, call centre operators and labour inspectors.
98. MBIE works across the breadth of government: from early identification of issues, policy development, regulation, service delivery, dispute resolution through to monitoring and evaluation. Concentrating all these functions and capabilities in one entity means that MBIE can leverage its size, skills, connections, and reach to address complex issues, especially in times of crisis. While the number of people supporting each of these functions may be small, the range of experience in MBIE allows us to provide high quality services and service levels.

Key MBIE officials

99. The key MBIE officials who will support your portfolio responsibilities include:

Senior Leadership Team

Contact	Secretary	Contact details
<p>Carolyn Tremain, Secretary for Business, Innovation and Employment</p>		<p>Privacy of natural persons</p> <p>persons</p>
Group	Deputy Secretary	Function
<p>Labour, Science and Enterprise (LSE)</p>	 <p>Nic Blakeley</p> <p>Privacy of natural persons</p>	<p>LSE helps boost the New Zealand economy by developing New Zealand’s skills system, science and innovation systems and labour market policy. It does this through advising on labour market, immigration, industry, investment, science, tourism, health and safety at work, and accident compensation policy. LSE supports major events, just transitions, leads the science and innovation system, and invests significant public funds. LSE works through international partnerships in its trade remedies, innovation, and space regulation functions. LSE also leads MBIE’s monitoring arrangements for its related Crown entities.</p>

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<p>Building, Resources and Markets (BRM)</p>	 <p>Paul Stocks Privacy of natural persons</p>	<p>BRM leads policy development to ensure a fair, competitive business environment and well-functioning telecommunications, building and construction and resources sectors and operations. We also serve as the Government's Procurement System Leader and the Government's Property System Leader. BRM oversees many of the regulatory systems that govern New Zealand's markets: commerce and consumer affairs; energy markets; minerals and petroleum; energy efficiency; communications; and building performance.</p>
<p>Te Waka Pūtahitanga (formerly Strategic Policy & Programmes)</p>	 <p>Melanie Porter Privacy of natural persons</p>	<p>Te Waka Pūtahitanga works across MBIE business groups, other agencies, partners and stakeholders, providing key cross-cutting policy advice and specific programmes relating to the: Government's long-term economic strategy; climate change; Māori economic development; and Pacific peoples economic development.</p> <p>Te Waka Pūtahitanga also has an oversight role for regulatory stewardship, supporting MBIE to create and maintain regulatory systems that enable people, businesses, and future generations to thrive. This includes working closely with the Treasury, which has overall responsibility for regulatory management across government.</p>

General Managers

Topic	Contact	Role	Contact details
Economic Development	Dean Ford	General Manager, Economic Development and Transitions	Privacy of natural persons
Economic Strategy	Kirsty Flannagan	General Manager, Economic Strategy	Privacy of natural persons
Innovation	Iain Cossar	General Manager, Science, Innovation and International	Privacy of natural persons
Government Procurement	Laurence Pidcock	General Manager, NZ Government Procurement	Privacy of natural persons
Māori Economic Development	Shar Amner	General Manager Māori, Te Tumu Houkura	Privacy of natural persons
Major Events	Heather Kirkham	General Manager, Tourism	Privacy of natural persons
NZGCP, NZTE ownership interests and advisory board appointments	Michael Bird	General Manager, Entity Performance and Investment	Privacy of natural persons
Regulatory Stewardship	Melleny Black	General Manager, Regulatory Stewardship	Privacy of natural persons

Annex 1: Relevant legislation

The Minister for Economic Development is accountable for administering four Acts:

- New Zealand Trade and Enterprise Act 2003
- Major Events Management Act 2007
- New Zealand International Convention Centre Act 2013
- Venture Capital Fund Act 2019

New Zealand Trade and Enterprise Act 2003

The New Zealand Trade and Enterprise Act 2003 (NZTE Act) established NZTE and states the purpose and functions of the organisation. The Minister for Economic Development and the Minister for Trade are both responsible ministers. You lead 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
- monitoring NZTE's operations and performance and requesting associated information.

MBIE works with the Ministry of Foreign Affairs and Trade and The Treasury to provide advice to you, the Minister for Trade, and Minister of Finance on policies and strategies for your priorities and supports you in carrying out your responsibilities under the Crown Entities Act.

The Chief Executive of MBIE and the Secretary of Foreign Affairs and Trade were appointed as special advisors under the NZTE Act 2003 to assist the NZTE Board in aligning its strategy and activities with government policy.

Major Events Management Act 2007

As Minister for Economic Development, you are responsible for the administration of the Major Events Management Act 2007 (MEMA). The purpose of MEMA is to provide certain protections for events that are declared to be 'major events' under the Act 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, MEMA provides protections against ambush marketing by association, ambush marketing by intrusion, ticket scalping protections and pitch invasion.

MBIE is leading a review of MEMA to test whether it remains fit-for-purpose, 16 years after its adoption. It expects to review the lessons learned from recent MEMA events to inform this policy work which will be conducted in 2024.

New Zealand International Convention Centre Act 2013

The New Zealand International Convention Centre Act 2013 (NZICC Act) 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 (SkyCity).

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 NZICC Act confirms that SkyCity has agreed to adopt certain additional harm minimisation and anti-money laundering mechanisms. It also provides for the protection of, and control over the use of, the names 'New Zealand International Convention Centre' and 'NZICC'.

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

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

Venture Capital Fund Act 2019

The purpose of the Venture Capital Fund Act 2019 (VCFA) is to establish a Venture Capital Fund and provide for the Guardians of New Zealand Superannuation to manage and administer that fund, formally launched as the Elevate NZ Venture Fund (Elevate).

Administration of the VCFA is undertaken by The Treasury. However, as joint shareholding Minister of New Zealand Growth Capital Partners, which manages the Elevate Fund on behalf of the Guardians of New Zealand Superannuation, you have obligations regarding overseeing changes to the Policy Statement on the Venture Capital Fund Act 2019.

NZGCP is required to allocate Elevate's capital based on best-practice fund selection criteria, taking into account the VCFA's objectives and policy statement parameters.

Annex 2: Crown entities and statutory bodies

The Entity Performance and Investment branch in the MBIE Labour, Science and Enterprise Group monitors the financial and non-financial performance of the two Crown entities within your portfolio – New Zealand Trade and Enterprise (NZTE) and New Zealand Growth Capital Partners (NZGCP). The Crown Entities Act 2004 provides a framework for Crown entity governance and accountability, including responsibilities of board members, and the roles of Ministers in relation to appointing and removing board members, participating in setting strategic direction, performance expectations and monitoring entity performance.

Monitoring of these entities includes advising Ministers on board appointments and key accountability processes of:

- ensuring that an effective board is in place to govern the entities
- participating in setting the direction of the entity
- monitoring and reviewing performance.

As the responsible Minister for NZTE and shareholding Minister for NZGCP, you will be asked to:

- present to the House of Representatives Annual Reports for 2022/23, outlining how the entities have performed against the performance measures set out in its Statement of Performance Expectations 2022/23 and Statement of Intent
- consider sending Letters of Expectation to the Chairs of the entities to inform annual planning processes for 2024/25
- provide feedback on, and present to the House of Representatives, Statements of Performance Expectations for 2024/25 outlining what the entities intend to achieve and how they will measure performance
- make decisions on potential reappointments and new appointments to the entities' Boards.

We will provide advice to you and other responsible and shareholding Ministers on these processes, in consultation with relevant agencies, in the coming months.

Overarching governance and monitoring arrangements are outlined in MBIE's Monitoring Arrangements or MBIE-Monitored Crown entities.⁸

New Zealand Trade and Enterprise

NZTE is a Crown agent under the Crown Entities Act 2004. As a Crown agent, NZTE can be directed to give effect to government policy that relates to the entity's functions and objectives.

The Minister for Economic Development and the Minister for Trade are the responsible Ministers for NZTE.

NZTE is the government's international business development agency supporting businesses to grow internationally for the benefit of New Zealand. It was established to carry out specific functions under the New Zealand Trade and Enterprise Act 2003, which integrated the services previously provided by Industry

⁸ See Monitoring arrangements for MBIE-monitored Crown entities, October 2020 at [Monitoring arrangements for MBIE-monitored Crown entities](#)

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New Zealand and Trade New Zealand. NZTE supports New Zealand businesses' 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 global network of private sector experts – to help businesses enter and grow in international markets
- providing 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 primarily focuses on approximately 1,400 'high-potential' small and medium-sized businesses, seeking to accelerate and maximise their growth. These businesses receive intensive wraparound capability support from onshore and offshore NZTE staff and a range of private providers, including access to International Growth Fund (IGF) grants.

Funding for NZTE

NZTE is funded primarily through Vote Business, Science and Innovation for which you are the portfolio Minister and MBIE is the administering department.

In Budget 2020, NZTE received an increase in its operating budget of \$24.0 million, and \$30.0 million for IGF grants from the Covid Response and Recovery Fund, which ceases in June 2024. To mitigate the impact of the expiration of this funding, in Budget 2023 NZTE received an additional \$9.9 million in operating funding from 2024/25.

NZTE is currently undertaking a strategy refocus to manage the impact of the reduction in funding from June 2024. This will likely result in a reduction in the number of businesses that NZTE supports and its overseas footprint.

Governance and leadership

NZTE is governed by a board of six appointed by the joint responsible Ministers. The NZTE Act 2003 allows responsible Ministers to appoint three further members if required. Current board members are:

- Jennifer Kerr (Chair) (term ends 06/03/2025)
- Michael O'Donnell (term ends 06/03/2025)
- Carl Carrington (term ends 06/03/2025)
- Sarah Paterson (term ends 06/03/2025)
- Deborah Shepard (term ends 31/08/2025)
- Victoria Spackman (term ends 31/08/2025)
- Matanuku Mahuika (term ends 15/01/2026)

The current Chair is Jennifer Kerr (appointed as Chair in 2022 and a Board member since 2011). She is also the Chair of the WorkSafe New Zealand board and Deputy Chair of the board of Callaghan Innovation (a Crown entity in the Science and Innovation portfolio).

The Chief Executive of NZTE is Peter Chrisp, who has been in the role since 2011.

New Zealand Growth Capital Partners Limited

NZGCP, formerly New Zealand Venture Investment Fund, was established in 2002. It is a Crown entity company that invests in early-stage businesses and venture capital funds. It partners with angel investor groups to drive investment into vibrant early-stage New Zealand companies with high-growth potential and through fund of funds management to invest into venture capital businesses.

NZGCP administers the Aspire NZ Seed Fund (Aspire) and Elevate NZ Venture Fund (Elevate).

- **Aspire**, formerly known as the Seed Co-Investment Fund (SCIF) invests directly into tech start-ups at seed and angel investment stages alongside angel networks and other private investors. The Aspire Fund is structured as an 'evergreen' fund that can continue to invest indefinitely as long as it generates returns. The Crown mandate for this fund stipulates that all investments must be made alongside a private investor that is leading the round, with investment caps on an annual and per portfolio company basis. Following the establishment of the Elevate Fund, the historic Venture Investment Fund is now being phased out which we expect will take several years.
- **Elevate** is a \$300 million fund of funds established in March 2020, which invests in Venture Capital funds on behalf of the Guardians of New Zealand Superannuation to close the current funding gap in Series A and Series B rounds for New Zealand high-growth businesses. NZGCP's role in Elevate is managing the investment of public funds into private funds (on a matching basis), whilst ensuring that the Fund meets the performance obligations as set out in contractual terms with the Guardians.

Funding

NZGCP receives \$750,000 in Crown funding on an annual basis to develop and implement an early-stage capital markets development programme. Operational costs related to the Elevate Fund are reimbursed by the Guardians from the Elevate Fund capital pool. The balance of NZGCP's operational costs is met out of the entity's balance sheet, which includes its previously realised returns from investments.

Governance and leadership

NZGCP 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 NZGCP's operations.

The current board members are:

- Annabel Cotton (Chair) (term ends 16/12/2023)
- Marcel van den Assum (term ends 15/12/2025)
- Nicole Buisson (term ends 20/03/2025)
- Janice Fredic (term ends 10/09/2024)
- Grant Straker (term ends 10/09/2024)
- Steve O'Connor (term ends 10/09/2024)

The Chief Executive of NZGCP is Rob Everett, who has been in the role since January 2022.

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The NZGCP has a Chair appointment decision required by 16 December 2023. We will provide you with specific advice regarding this appointment in a subsequent briefing.