



BRIEFING

Budget 2025 submission for the Economic Development portfolio

Date:	12 December 2024	Priority:	High
Security classification:	Budget - Sensitive	Tracking number:	BRIEFING-REQ-0007304

Action sought		
	Action sought	Deadline
Hon Melissa Lee Minister for Economic Development	Agree to the Budget 2025 submission for the Economic Development portfolio for the Major Events Fund, New Zealand Growth Capital Partners, Elevate NZ and the New Zealand Screen Production Rebate – International. Agree to send a letter to the Minister of Finance, summarising these Budget 2025 submissions.	12 December 2024

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Heather Kirkham	General Manager, Economic Development and Tourism	Privacy of natural persons	✓
Dean Ford	General Manager, Technology and Innovation		
Privacy of natural persons	Principal Policy Advisor		

The following departments/agencies have been consulted
N/A

Minister's office to complete:

☐ Approved

☐ Declined

☐ Noted

☐ Needs change

☐ Seen

☐ Overtaken by Events

☐ See Minister's Notes

☐ Withdrawn

Comments



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Purpose

To seek your agreement to the options being submitted for the Economic Development portfolio for the Major Events Fund, New Zealand Growth Capital Partners, Elevate NZ and the New Zealand Screen Production Rebate – International, as part of Budget 2025.

Recommended action

- a **Note** that we have previously provided you with advice on the range of Budget 2025 initiatives for the Economic Development portfolio, identified in the letter to you from the Minister of Finance dated 15 November 2024 [BRIEFING-REQ0006759 and BRIEFING-REQ0007016 refer].

Noted

- b **Agree** to the following Budget 2025 submission for the Economic Development portfolio for the Major Events Fund, New Zealand Growth Capital Partners, Elevate NZ and the New Zealand Screen Production Rebate – International:

	Five-Year Total (\$m)	Decision
Non-Departmental Expenditure Options		
Scale the appropriation for the Major Events Fund (to \$10 million per annum)	(6.95)	Yes / No
Return the tagged contingency for New Zealand Growth Capital Partners	(12.00)	Yes / No
Recapitalise the Elevate NZ Venture Fund	150.00	Yes / No
Reset the level of the New Zealand Screen Production Rebate – International	576.81	Yes / No

- c **Agree** to send a letter to the Minister of Finance, summarising the Budget 2025 submission for the initiatives in recommendation (b) above (included as **Annex One**).

Agree / Disagree

Heather Kirkham
General Manager, Economic Development and Tourism
Labour Science and Enterprise, MBIE

12 / 12 / 2024



Hon Melissa Lee
Minister for Economic Development

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Background

1. This briefing follows on from *Initial advice on Budget 2025 for the Economic Development portfolio*, *Final options for Budget 2025 for the Economic Development portfolio* and *Review of the Elevate Fund* provided to you in the last two weeks [BRIEFING-REQ-0006759, BRIEFING-REQ-0006764 and BRIEFING-REQ-0007016 refer]. It seeks your agreement to the options being submitted for the Major Events Fund, New Zealand Growth Capital Partners, Elevate NZ and the New Zealand Screen Production Rebate – International under the Economic Development portfolio as part of Budget 2025.
2. The submission for initiatives related to New Zealand Trade and Enterprise under the Economic Development portfolio is discussed in a separate briefing to you and the Minister for Trade [BRIEFING-REQ-0007371 refers].
3. A letter to the Minister of Finance, summarising the Budget 2025 submission for the Major Events Fund, New Zealand Growth Capital Partners, Elevate NZ and the New Zealand Screen Production Rebate – International is included as **Annex One**.

Scaling the Major Events Fund

4. Free and frank opinions

5. Given the significant economic, social and regional benefits that major events bring to New Zealand, you have identified that your preferred option is to scale the Major Events Fund to \$10 million annually (from \$11.39 million). This option will create savings of \$1.39 million annually from 2024/25 and would allow the Government to retain a major events attraction function. \$10 million was the annual value of the Major Events Fund in 2016/2017.
6. Reducing the Major Events Fund to \$10 million annually will require more specific and deliberate investment decisions.
7. Free and frank opinions


Return the contingency for New Zealand Growth Capital Partners

8. A tagged contingency was established in Budget 2024 to be drawn down if New Zealand Growth Capital Partners' cash balance went into negative in relation to its management of the Aspire fund.
9. Commercial Information

10. As a result of this significant realisation, we recommended the return of this tagged contingency in line with the request of the Minister of Finance to review this tagged

contingency for potential savings. This option will create savings of \$12 million in 2024/25.

Recapitalise the Elevate NZ Venture Fund

11. The Elevate NZ Venture Fund is a fund of funds. It co-invests with private investors into private venture capital funds. Those funds in-turn invest into promising technology startups to help them scale up.
12. The Minister of Finance has outlined an initiative to provide additional capital investment into the Fund. The Minister has requested that, alongside this initiative, we complete the planned five-year review of Elevate to support a Budget decision. We intend to provide you and Treasury with the review findings by the end of January, in line with the Budget process.
13. Confidential advice to Government

Reset the level of the New Zealand Screen Production Rebate – International

14. You were asked for a range of policy options (including termination) to lower the future costs of the New Zealand Screen Production Rebate – International (the rebate) to address ongoing cost pressures it places on the Economic Development portfolio.
15. As discussed, your preferred option is to keep the current policy settings for the rebate, given the importance of the rebate to the sector and the recent changes.
16. We recommend using this Budget to set the rebate appropriation at the forecast level based on current policy settings. Setting a new level as part of Budget 2025 would ensure the costs and fiscal pressure of the rebate is managed. The rebate appropriation has historically been set at a very low level, which has never reflected the actual rebate spend. Cost pressures since 2014 have been managed through a mix of multi-year appropriations, extra Budget funding and contingency drawdowns.
17. The draft letter to the Minister of Finance highlights the important economic impact the rebate has for the New Zealand economy. The letter also discusses your intention to conduct further economic assessments and a review of the rebate programme.

Next steps

18. Officials will be available to discuss any changes required at the Economic Development officials' meeting on 16 December 2024.
19. All MBIE initiatives are due to the MBIE central Budget team for submission to the Treasury on 17 December 2024.
20. The letter to the Minister of Finance needs to be submitted by 1pm, 23 December 2024.

Annexes

Annex One: Draft letter to the Minister of Finance

Annex One: Draft letter to the Minister of Finance

Attached as a separate document.