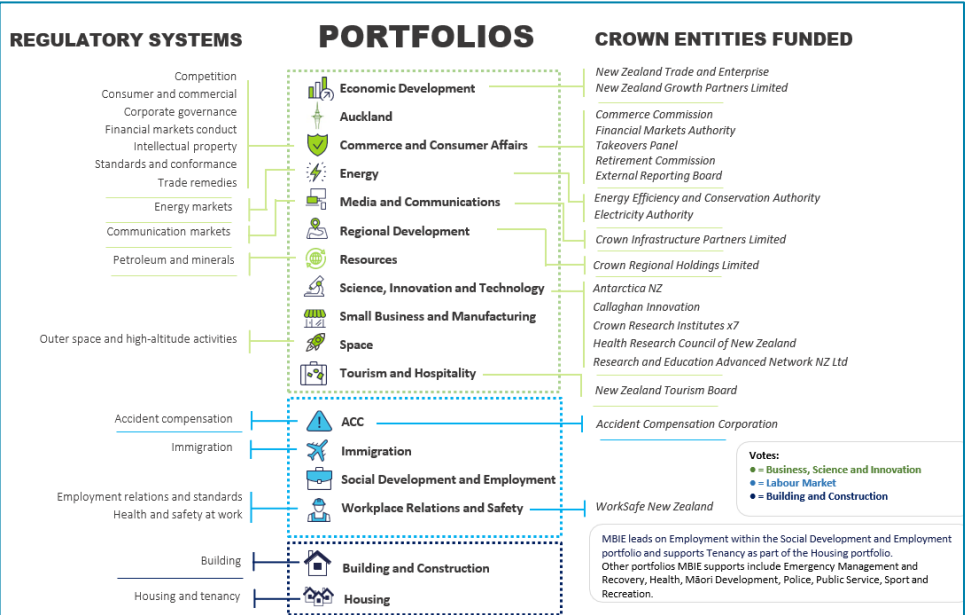


# MBIE context

## MBIE OVERVIEW

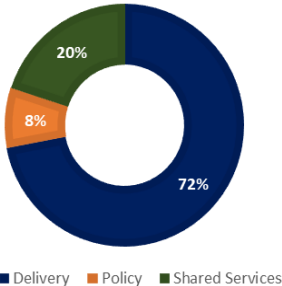
As the lead microeconomic agency, MBIE supports the Government through the operation of core functions across a range of interconnected portfolios. MBIE shapes and manages many of the underlying systems that contribute to national economic success and delivers a wide range of services supporting businesses and people across New Zealand.



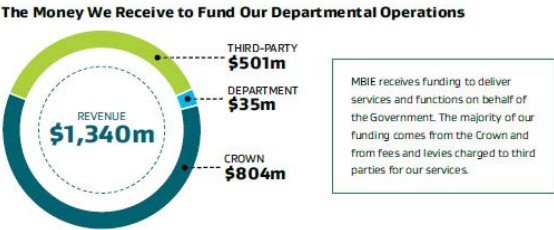
## KEY MESSAGES

- MBIE receives \$1.3 billion to deliver functions and services on behalf of the government and administers \$5.67 billion in non-departmental activities on behalf of the Crown (operating baseline only, based on OBU for 2024/25).
- In preparing this draft Performance Plan, MBIE has first looked to reduce costs through further efficiency and maximising effective service delivery. Cost pressures identified in the Plan represent those areas where the options remaining are funding from other areas, revenue changes, and/or service degradation (e.g., wait times to access employment mediation services have significantly increased from 5 to 9 weeks on average, and without additional funding, hard quality vs. timeliness trade-offs are being made, with consequential impacts for employment outcomes and higher cost judicial or social interventions).
- MBIE will continue to drive further efficiency and reprioritisation exercises to manage these pressures as far as possible, and many cost pressures can be met by Ministers making trade-off decisions within their portfolios.
- To manage all cost pressures with no new funding Ministers will need to make decisions to stop or scale back programmes of work, accept levels of service degradation, and find ways to trade off priorities within (and in some cases across) portfolios.
- The size and makeup of MBIE’s workforce reflects the balance of functions and services required to deliver government priorities and respond to New Zealand’s economic context.
- MBIE has reported growth in recent years relative to increases in departmental funding and allocation of new policy initiatives; including proportionate growth in shared services.
- Following a reduction in baseline, MBIE has achieved workforce savings through the ending of some work programmes, closure of vacancies, restricting recruitment, and formal change processes – maintaining frontline service provision where possible.
- Workforce reduction has not been offset by reduced demand for services. MBIE, Crown Entities, and CRIs face significant cost pressures of around \$1.2bn, driven by increasing demand for services, complexity of services required, inflation, and collective bargaining.

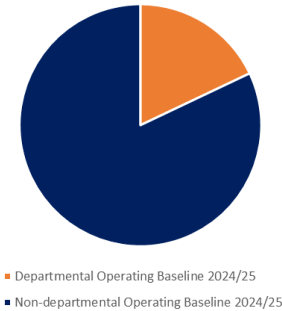
### MBIE workforce



MBIE’s workforce can be categorised across delivery, policy, and shared services. This includes delivering services to people and businesses; policy advice to Ministers; investment in regions and sectors; regulation of economic systems and users; and ensuring economic systems are operating well and safely in line with Government priorities.



### Funding balance



Around 81% of MBIE’s funding is non-departmental which flows through the wider system of Crown Entities or Grants and Investments. 19% covers MBIE’s departmental operations that include the provision of services to the people and businesses of New Zealand.



## Ministerial decisions required to address cost pressures

Nature of decision required	Confidential advice to Government
New funding or savings from other areas	
Revenue changes	
Savings/reprioritisation within portfolios	

# Assumptions and parameters

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MBIE's Performance Plan presents a high-level view of agency cost pressures and impact on MBIE's baseline. Individual portfolio plans provide a more focused view and therefore may differ slightly to provide additional context and reflect what Portfolio Ministers have asked to have included.

The following assumptions and parameters have been applied in the completion of MBIE's draft Performance Plan:

- The information received from Crown Entities is accurate and complete.
- OBU data used are subject to approval from the Minister of Finance and therefore may change.
- The draft Performance Plan informs/supports the Budget 25 process, and the Plan may need to be amended to reflect the Minister of Finance's budget expectations and/or decisions taken by MBIE Ministers.
- That current settings and priorities remain broadly consistent (i.e. it does not factor in major policy changes or new services which, if requested in the future, would need to be fully funded according to MBIE's cost allocation model).
- Cost Pressures:
  - Cost Pressures outlined in this Plan are accurate as of 31 October 2024.
  - MBIE will need to manage organisational pressures such as wage increases.
  - MBIE Ministers will need to discuss options (including revenue) and trade-offs to address cost pressures including the NZ Screen Production Rebate, Bowen House opex, the Refugee Quota, and litigation funding for the Financial Markets Authority.
- In calculating MBIE's remuneration increases:
  - MBIE is currently in collective bargaining (as at 31 October 2024).
  - Remuneration increases in the MBIE Performance Plan have been calculated based on the guidance from The Treasury.
- In developing the impact of long-term drivers on MBIE's baseline (20-year forecast) the following assumptions have been applied:
  - Inflation and labour costs
  - Technology: 3% improvement every five years
  - Population: approximately 6 million people by 2050 or 0.73% growth annually
  - Major event: major event costing \$100m in 2025 terms every five years
  - Current settings are maintained for operational requirements set by the centre
  - Forecasts are based on current deliverables, there is no provision for additional functions unless fully funded in accordance with MBIE's cost allocation model.
- MBIE's workforce data used in this Performance Plan are based on 30 September 2024.

# MBIE cost pressure summary

Cost Pressure	Impacts if not addressed
<b>FUNDING (New or savings from other areas): Ministerial decisions required to fund or not given scale and inability to reprioritise</b> Confidential advice to Government	
<ul style="list-style-type: none"><li>New Zealand Screen Production Rebate (\$597m over 5 years) – current Policy settings unfunded</li></ul> <div>Confidential advice to Government</div> <ul style="list-style-type: none"><li>Financial Markets Authority Confidential advice to Government</li></ul>	<ul style="list-style-type: none"><li>Depletion of the screen sector and possible impact on related sectors.</li><li>Policy setting changes may also have sector impacts.</li><li>Significant financial and legal impacts for All-of-Government of not meeting operating expenses.</li><li>Could lead to non-delivery of the agreed, full Refugee Quota and Health &amp; Safety risks at the Mangere Resettlement Centre.</li><li>Unable to meet litigation as the regulator in the FY 24/25</li></ul>
<b>REVENUE: Areas requiring Ministers to agree to new or additional revenue from fees/levies</b> Confidential advice to Government	
<ul style="list-style-type: none"><li>Companies Office</li><li>Earthquake Prone Buildings</li><li>Occupational Licensing</li><li>IPONZ</li><li>Customer and Product Data Bill</li><li>Tenancy Mediations</li><li>Financial Sustainability of Crown Minerals Estate Register</li><li>Demand for Employment Relations Services</li><li>Electricity Authority:<ul style="list-style-type: none"><li>System Operator Service Provider Agreement (SOSPA) for new contract period</li><li>Service Provider contract cost increases</li><li>Implementation/operationalisation of ongoing activities created through 24/25 work plan</li><li>Volume-related increases in existing activities</li></ul></li></ul>	<ul style="list-style-type: none"><li>Service degradation (e.g., Companies Office – reduction of support on registration processes and modernisation of infrastructure risking failure of key registers; less well-functioning housing and tenancy regulatory system; Crown Minerals Estate Register - permitting timeframes reducing the ability promote the sector; longer wait times to access Employment Relations Services)</li><li>Regulatory risks e.g., Employment Relations Service – real or perceived breach of statutory duties; lower levels of awareness of rights and responsibilities leading to increased non-compliance and potential harm. Possible impact on the realisation of the policy intent of regulatory reforms (Housing)</li><li>Slow/limited ability to respond to changes to regulations e.g., Energy sector impacting the security of supply and/or enabling a least cost transition to renewables.</li></ul>
<b>SAVINGS: Cost Pressures can be managed if Ministers accept a reduction in service quality/quantity and/or reprioritisation</b> Confidential advice to Government	
<ul style="list-style-type: none"><li>Trading standards: Marine fuel monitoring and regulation</li><li>Companies Office</li><li>Science, Innovation and Technology; Energy Policy capacity</li><li>Effectively implement Unit Titles Legislation</li><li>Gracefield property remediation (Callaghan Innovation)</li><li>MBIE-wide costs</li><li>Budget 2024 immigration double counting - \$5m</li><li>Retirement Commission:<ul style="list-style-type: none"><li>Disestablishing personnel working on the Retirement Commission’s statutory functions</li><li>Reducing expenditure on Sorted in Schools, Sorted Money Month and Sorted.org.nz</li></ul></li><li>Commerce Commission:<ul style="list-style-type: none"><li>Local Water Done Well</li><li>Review of input methodologies for determinations for Electricity, Gas, and Airports under Part 4 Commerce Act, commencing 2028/29, for three financial years</li></ul></li></ul>	<ul style="list-style-type: none"><li>Regulatory risks e.g., inability to deliver new functions, regulatory requirements of Local Water Done Well</li><li>Service delivery risk e.g., impact on financial capability programmes delivery to vulnerable communities</li><li>Current trajectory, significant reduced policy capacity would jeopardise the delivery of government priorities.</li><li>Reputational risks e.g., Non-compliance with international treaty commitments (Prevention of Pollution from Ships MARPOL)</li></ul>

# 1. Department overview: Ministry of Business, Innovation & Employment

## KEY ISSUES

### MBIE

MBIE’s responsibilities span over 15 interconnected portfolios (with support for several more), plus 17 regulatory systems, and over 25 Crown entities.

Around 70% of MBIE’s workforce deliver core services to businesses and consumers.

Around 82% (or \$5.25 billion) of MBIE’s funding is non-departmental, much of which flows through to the wider system of Crown Entities or through grants and investments. 18% covers MBIE’s departmental operations, including services to people and businesses.

### Savings to date

MBIE has a strong focus on efficiency and fiscal discipline and has returned nearly \$4.3bn of savings over the last 18 months.

MBIE savings to date have been achieved through the ending of some work programmes, closure of vacancies, restricting recruitment, offering voluntary redundancy, and a number of formal change processes, maintaining frontline service provision where possible.

### Managing cost pressures

MBIE, Crown Entities, and CRIs face significant cost pressures of approx. \$1.2bn driven by increasing demand for our services, inflation and bargaining.

MBIE will continue to drive further efficiency and reprioritisation exercises to manage these pressures as far as possible, and many can be met by Ministers making trade-off decisions within their portfolios.

While we have largely avoided significant frontline impacts to date, further efficiency and reprioritisation exercises result in service and regulatory system degradation.

Crown Entities propose to manage their cost pressures through efficiencies, stopping and scaling work programmes, and reviewing third party revenue.

For some cost pressures, ministerial decisions are required to deal with:

- Trade-offs within portfolios (including around service levels and seeking fee/levy increases),
- Existing commitments where a funding source needs to be identified.

## TARGETS AND PRIORITIES

### Government targets

MBIE plays a broad role advancing Government priorities, including to:

- Build infrastructure for growth and resilience
- Improve educational achievement and grow skills
- Strengthen trade and investment
- Promote innovation, science and technology
- Improve regulation

MBIE also contributes to the following Government targets:

- Target 5: Fewer people on the Jobseeker Support benefit (particularly in relation to economic levers and employment policy)
- Target 9: Reduced net greenhouse gas emissions (particularly in relation to electricity generation)

### Strategic priorities

MBIE’s five key priority areas are:

- Economic development: prosperous people, businesses, sectors and regions
- Labour: skilled people in a responsive and safe labour system
- Markets: healthy competition with informed consumers and businesses
- Resources: energy security and value derived from natural resources
- Science: innovation and growth through science and technology.

### Portfolio priorities

**Economic development:** *Maximising key investments and investment pathways to drive domestically and internationally-focused economic activity.* Delivery of the Regional Infrastructure Fund to support increased regional productivity and resilience. Increase capital availability and intensity for businesses. Boost export activity. Improve value of tourism and hospitality. Maximise the benefits of major events. Diversify international screen connections. Optimise government procurement and public sector spending.

**Labour:** *Supporting the flow of skilled workers, while balancing this with labour market opportunities for Kiwis, and maintaining national security.* Change immigration settings to attract talent and skills where and when we need it, and lift services. Improve labour market regulation, making it easier for businesses and workers to comply with health and safety regime, balancing costs and benefits. Improve the Holiday’s Act to reduce compliance costs.

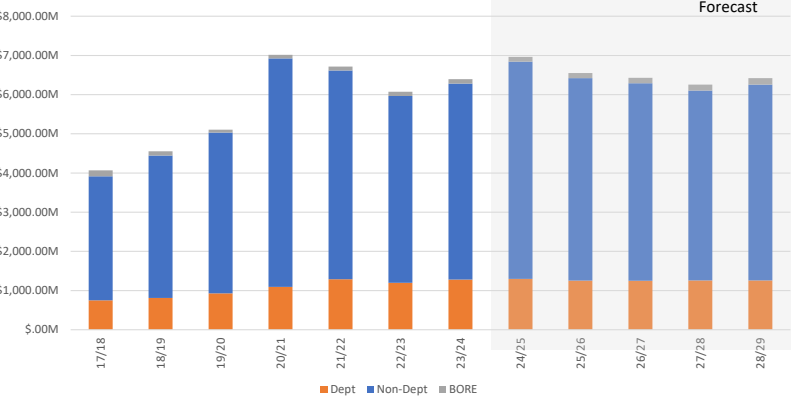
**Markets:** *Driving changes that lift productivity, improve competition and enable economic growth.* Streamline the building consent system, mandate overseas building systems and products, reduce regulatory costs, and improve the seismic system. Upgrade financial services law and regulations. Inquiry into banking. Implement economic regulation of water. Boost competition in the grocery sector. Modernise media and communications regulations.

**Resources:** *Creating greater energy security and stability and building opportunities around national resources.* Enhancing security of energy supply, drive investment in renewables, supercharge EV infrastructure, and update regulatory settings to facilitate a least cost transition. Increase the scale and pace of resource production, and consenting processes.

**Science:** *Creating a science and research system that delivers innovation and economic growth.* Changes to the sector that incentivise focus on commercial value. Potential refocus and removal of boundaries for CRIs. Deliver enabling biotech regime. Increase the value of the tech sector to \$30b by 2030. Support partnerships between the New Zealand research community, international space agencies, and commercial collaborators.

## EXPENDITURE BY TYPE

### 1.2 Departmental, non-departmental, and Benefit or Related Expenditure (BoRE) (\$m)



### Recent changes in expenditure

[What has driven your biggest changes expenditure in the last 4 years? (e.g. demographic, technological, third-party changes)]

The primary drivers for changes in expenditure in the last four years were:

- changes in demand for MBIE services
- non-departmental adjustments, such as ACC’s 7.5% funding uplift
- science funding
- increased investment in regions through dedicated regional funding
- policy and operational support for the Governments response to COVID-19 and North Island Weather Events such as MIQ, business and employment responses, and tourism recovery funding
- inflationary increases across all MBIE costs, such as software licensing, insurance premiums, property and core ICT infrastructure enhancements. These increases contribute to MBIE-wide cost pressures going forward.

In addition, some expenditure has changed in nature, including the movement towards software as a service model, which has also driven a change in spending profiles away from capex and into opex (which as at June 2022 had a capex to opex adjustment).

### Expected changes in expenditure

[What do you expect to drive changes in expenditure in the next 4 years? (e.g. demographic, technological, third-party changes)]

Refer to Cost Pressure slide 9

### Monitoring and funding of Crown companies or entities

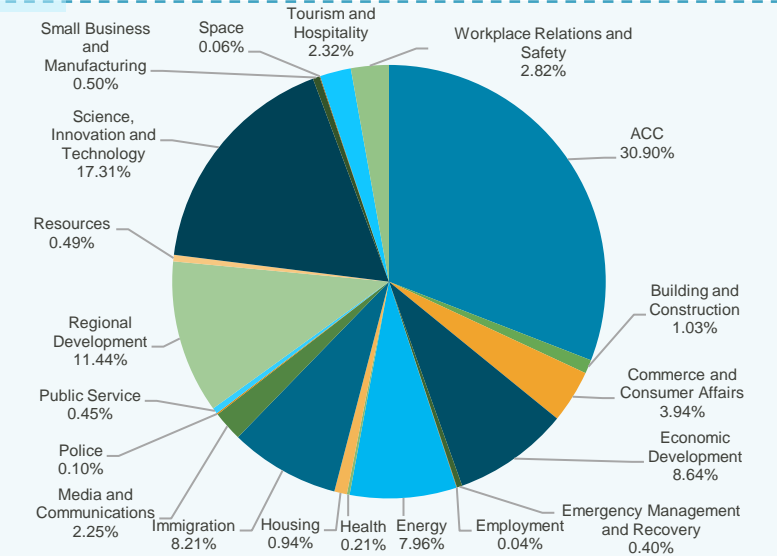
#### Crown entities

Callaghan Innovation, Commerce Commission, Electricity Authority, Energy Efficiency and Conservation Authority, External Reporting Board, Financial Markets Authority, New Zealand Trade and Enterprise, Retirement Commissioner, Tourism New Zealand, WorkSafe New Zealand, Takeovers panel, Accreditation Council

#### Crown companies

AgResearch Limited, Institute of Environmental Science and Research Limited, Institute of Geological and Nuclear Science Limited (GNS Science), Landcare Research New Zealand Limited (Manaaki Whenua), National Institute of Water and Atmospheric Research Limited (NIWA), The New Zealand Institute for Plant & Food Research Limited, New Zealand Forest Research Institute Limited (trading as Scion), New Zealand Growth Capital Partners, REANNZ (Research & Education Advanced Network NZ Ltd), Crown Regional Holdings Limited

## 1.1 SPEND BY PORTFOLIO



\*Please note that the decision has been made to transfer the Emergency Caller Location Information (ECLI) function within the Media and Communications portfolio out of MBIE, however as of the latest baseline update it is still part of MBIE’s baseline. MBIE is working with NZ Police to facilitate the transfer of funding via joint Ministers going forward.



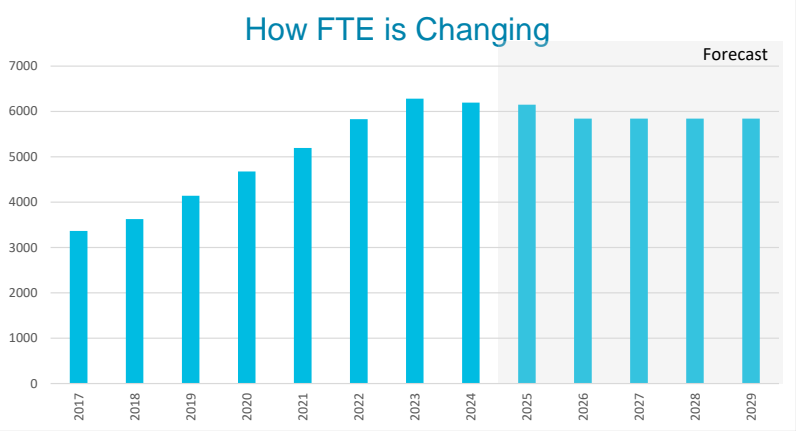
## 2. Department overview: Current specific fiscal risks, workforce, and third-party revenue

### SPECIFIC FISCAL RISKS

Title / Description	Amount and Probability	Mitigations
<b>ACC levies</b> were set by the previous Government in December 2021 until 2024/25 for the Work, Earners' and Motor Vehicle Accounts included in the forecasts. Revenue from the levies set for these accounts may be more or less than that required to cover the cost of claims. If factors such as claims experience, ACC performance, and economic assumptions (particularly discount rates and unemployment rates) differ from the forecasts, ACC's levy revenue, claims costs and liability may also differ from the forecasts. Any variance will have a corresponding impact on the operating balance.	\$500 mil to \$1b  51% – 100% (Reasonably Probable)	Confidentialadvice to Government
The amount of funding provided by the core Crown (and included in the fiscal forecasts) for the <b>Non-Earners' Account</b> may be more or less than is required to cover the cost of future claims. If factors such as claims experience, ACC performance, and economic assumptions (particularly discount rates) turn out differently from what has been forecast, any such variance will have a corresponding fiscal impact.	\$100 mil to \$200 mil  51% – 100% (Reasonably Probable)	
<b>Bowen House</b> is known opex implications of \$9.5M in 2024/25 comprising additional lease costs, capital charge and depreciation, identified as a cost pressure to MBIE Departmental operating. There is likely to be a further opex shortfall incurred in 2025/26 due to surplus space within the Wellington CBD.	\$10 mil to \$99 mil  51% – 100% (Reasonably Probable)	For 24/25, seeking out-of-cycle funding for \$9.5 mil.  For 25/26, Cab Min [CAB-4-MIN-0325] directs agencies to prioritise the use of surplus office space and refrain from entering new property arrangement, and the Wellington Consolidation Project which seeks to reduce the footprint and office accommodation costs for agencies.
Budget 24 assumed an IVL increase to \$70 would contribute \$50m in 24/25 and \$70m in outyears towards existing tourism and conservation baseline spending. A decision has been made to increase the IVL to \$100. No decisions on allocation of that revenue have been made. If all increased IVL revenue is spent on new initiatives, this would give rise to a fiscal shortfall. If increased IVL revenue is used entirely to offset existing baseline spending, this is fiscally positive in the near term but creates fiscal risk from visitor fluctuations.	\$100 mil to \$200 mil  20% – 50% (Reasonably Possible)	Investment decisions are to be determined between Ministers.
The Government is introducing changes to delivery of water services through legislation it proposes to introduce in 2024. This includes applying economic <b>regulation to water services</b> , which will involve information disclosure and potentially other forms of regulation such as price-quality regulation. The Commerce Commission will be responsible for applying economic regulation to water services. The Commerce Commission is funded for undertaking these functions but not beyond 2023/24, as ongoing funding has yet to be determined. The total cost of undertaking economic regulation in relation to water services has yet to be finalised, but the costs could meet the requirements of a specific fiscal risk (greater than \$10m in any year). Ultimately, these costs may be recovered via levies on the entities, consistent with the approach to funding economic regulation in other sectors, such as electricity. Crown funding may be required for initial costs until any levy is put in place.	\$10 mil to \$99 mil  20% – 50% (Reasonably Possible)	The Commission would stop Crown-funded functions in this order: Retail Payment, Fuel, Grocery, Competition Studies, Fair Trading, Competition (monopoly/cartel).

### WORKFORCE

#### 2.2



#### Drivers and implications of change(s) in FTE

- The size and makeup of MBIE's workforce reflects the balance of functions and services required to enact government priorities and respond to New Zealand's economic context.
- This includes leading/supporting Government responses to crises (e.g., MIQ), incubation (e.g., CERT) and being charged with delivering new functions (e.g., BioTech Regulator) and initiatives. These responses have a corresponding impact on workforce growth.
- MBIE's workforce grew in line with (or less than) funding increases in the financial years represented, with two exceptions.
- To support overall MBIE workforce growth and respond to increased demand, proportionate growth occurred in shared services functions such as HR, Legal, Finance, Workplace Safety and Security.
- Growth in shared services also reflects the centralisation of functions (e.g., data analysis and insights, project capability) which were previously decentralised in delivery teams, to drive efficiency and leverage scale.
- Workforce savings initiated in 2023/2024 will mostly be realised through FTE reduction in 2024/2025 due to phased implementation.

MBIE's FTE projection as of 30 June 2025 and outyears reflects the anticipated workforce changes resulting from investment and other possible changes.

### DEPARTMENTS WITH THIRD PARTY REVENUE (INCLUDING TAX, FEES, LEVIES, EXCISE, DUTIES AND CHARGES)

#### Scenarios that could impact third-party revenue

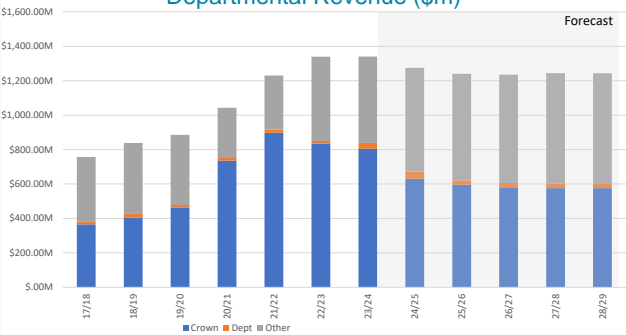
Scenarios	Incidence in last 10 years	Likely in next 10 years?
Revenue collected from ACC levies may be more or less than that required to cover the cost of claims	Yes	Yes
International Visitor Levy –unexpected changes in demand for visitor visas and ETAs reduces IVEL & changes in IVL rate affects Revenue	Yes	Yes
Implementation of Offshore Renewable Energy regime & Cost pressure may require an increase in the Electricity Authority Levy	Yes	Yes
Decreased demand for Fossil fuels driving changes in production with impact on royalty and levy receipts (treated as general taxation)	Yes	Yes
<b>Other Shocks</b>		
INZ: tighter policy settings (e.g. a cap on a visa category) reduces visa demand and revenue	Yes	Yes
INZ: Competitor countries visa policy settings/labour market are more attractive which reduces visa demand and revenue	Yes	Yes
INZ: a global economic recession impacts people's ability to travel which significantly reduces third party revenue	Yes	Yes
NB: not all scenarios identified across MBIE portfolios have been included here – please refer to individual portfolio plans for Energy, ACC, Immigration, Tourism and WRS for additional scenarios identified.		

#### Activities funded by third-party revenue and when were they last reviewed

Activity name	% User funded	Date last reviewed	Date next reviewed	Material under or over recovery	Key performance measure and 2023/24 performance
Please refer to individual portfolio plans for information related to third party revenue reviews. Across MBIE there are 16 identified in the following portfolios: Immigration: 1 Media and Communications: 3 ACC: 4 Energy: 7 Resources: 1					

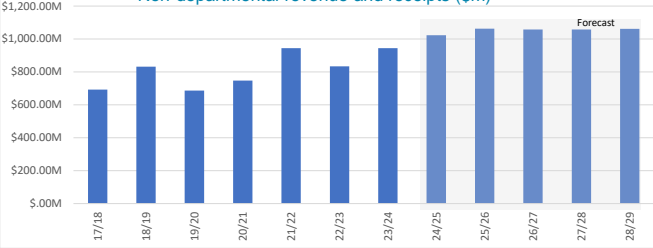
#### 2.1a

#### Departmental Revenue (\$m)



#### 2.1b

#### Non-departmental revenue and receipts (\$m)



### 3. Value and Performance: Key impact areas

#### KEY IMPACT AREA: LABOUR MARKET: Skilled people engaged in safe and productive work

MBIE is responsible for the labour supply system, immigration settings, skilled labour development, workplace relations and dispute resolution, and workplace safety. Skilled and productive labour and safe workplaces are essential attributes of long-term economic growth. A strong economy also needs the right mix of skills and labour supply to respond to global and domestic opportunities and shifts. Skills and labour supply also link various parts of the economy through its ties with education, social development, regional and sectoral development etc making it a key lever for driving economic efficiency.

Current state	Desired state
<ul style="list-style-type: none"><li>Our work covers immigration, employment, workplace relations and safety and ACC.</li><li>New Zealand's labour market is comparatively highly skilled, with high levels of participation and has flexible regulatory settings.</li><li>However, there are several key issues impacting the labour market and likely to be further compounded by the economic downturn including:<ul style="list-style-type: none"><li>significant skills mismatches with some industries relying on migrant labour</li><li>increased demand for employment and dispute resolution services</li><li>a complex and changeable regulatory environment,</li><li>low levels of understanding of employment law heightening the risk of migrant exploitation</li><li>incomplete health and safety regulatory system.</li></ul></li></ul>	<ul style="list-style-type: none"><li>Businesses have access to the right labour and skills at the right time and an employment system that promotes the rights and responsibilities of employees and employers.</li><li>Better information and coordination in the domestic market as well as improved policy and operational settings will ensure:<ul style="list-style-type: none"><li>skill demand and supply is more balanced across education, employment and immigration</li><li>firms and industries find it easier to invest in the skills of their people</li><li>demand peaks for dispute resolution services are better managed</li><li>clearer regulation that strikes the right balance between labour market and regulatory flexibility, certainty of obligations and protection of workers.</li><li>reduced incentives for gaming the system</li><li>fewer people are injured or killed at work and where workers are injured they receive the rehabilitation needed to return to the workforce quickly.</li></ul></li></ul>

There is an opportunity to:	Key constraints include:
<ul style="list-style-type: none"><li>Improve the efficiency of immigration services through increased automation, risk assessment and streamlined decision making. To facilitate access to skills and labour with the lowest cost.</li><li>Better coordinated responses to skills shortages via an essential worker workforce planning mechanism.</li><li>Provide tools to support businesses to invest in in-work training.</li></ul>	<ul style="list-style-type: none"><li>Upfront investment is required to achieve immigration efficiency gains.</li><li>Stable funding is essential to ensure the relevant regulatory systems have the capacity to meet increased demand.</li></ul>

#### Improvement and learning

The labour market regulatory systems are governed by governance groups which facilitate a continuous improvement approach. More specific improvements and learnings will be identified through:

- A single digital submission and processing channel and automation and improved identification and management of immigration risk to improve immigration system efficiency.
- A review of temporary and residence work visa will assess system performance and identify opportunities to ease compliance.
- Trials of workforce planning functions are being undertaken to inform an essential worker workforce planning mechanism.
- Consultation on the health and safety regulatory system is underway and will inform advice on improvements.
- Employment services have been adapting their operating model to respond to continued high demand for services, and surge support to areas of particularly acute need.

#### KEY IMPACT AREA: SCIENCE AND SPACE: Promoting innovation, science and technology

MBIE aims to build a high-performing science and innovation system by funding research and development programmes and overseeing a work programme for space sector development. Science and innovation funding underpins our economic growth and ability to improve environmental and social outcomes and productivity. The system comprises several institutions, including Callaghan Innovation as the national innovation agency.

The New Zealand space sector was valued at \$1.69 billion in 2019 (including direct and indirect contributions) and has the potential to be a higher value growth sector for New Zealand, taking advantage of some key attributes or comparative advantages (e.g. geographic and regulatory agility).

Current state	Desired state
<ul style="list-style-type: none"><li>New Zealand currently spends 1.45% of GDP on R&amp;D, against the OECD average of 2.7%.</li><li>Funding supports the provision of core science services including natural hazards monitoring, water testing (e.g. for drugs and diseases) and biosecurity research.</li><li>Commodities levies drive a focus on R&amp;D for our status quo industries rather than driving R&amp;D towards new and innovative industries.</li><li>For Space, the New Zealand Space Agency oversees the Outer-space and Higer Altitude Activities Act and a work programme for space sector development. This supports the domestic space industry which has the potential to be a higher value growth sector for New Zealand.</li></ul>	<ul style="list-style-type: none"><li>There is more R&amp;D and spending is at least 2.7% of New Zealand's GDP.</li><li>New Zealand is well connected internationally, including on areas of strategic and security importance.</li><li>There are sufficient incentives, institutions are flexible and efficient, and there is funding towards advanced technologies, while maintaining appropriate investment in primary industries and environmental and social needs research.</li><li>World leading regulation across space and aerospace activities.</li></ul>

There is an opportunity to:	Key constraints include:
<ul style="list-style-type: none"><li>Act on the recommendations of the Science System Advisory Group to enable priorities to be set, greater responsiveness to those priorities, an increased focus on attracting foreign direct investment, and better incentives to generate value from the Crown's investments in science, innovation and technology.</li><li>Consolidate Crown Research Institutes to generate efficiencies and improve flexibility and accountability.</li><li>Establish a permissive and risk-based regime for gene-tech regulation will unlock economic opportunities.</li><li>Ensure some sovereign capabilities in space along with opportunities for NZ industry by sending an NZ-led satellite into orbit.</li></ul>	<ul style="list-style-type: none"><li>Investment in R&amp;D is significantly lower than our international counterparts. Our comparatively low level of investment in R&amp;D (as a proportion of GDP) limits productivity growth and requires trade-offs about priorities to be made within the portfolio.</li><li>Research organisations are responding to current economic and financial pressures by re-focusing and downsizing their workforces.</li><li>Researchers are leaving New Zealand to find jobs resulting in lost capability in strategically important areas.</li><li>Callaghan Innovation's management of property issues has distracted the agency from discharging its innovation support focus over recent years.</li><li>Opportunities in Space are constrained by available resourcing.</li></ul>

#### Improvement and learning

- Government is considering the first report of the Science System Advisory Group, which included recommendations around the architecture of the science, innovation and technology system. The group will provide further advice in late 2024 and early 2025 around matters such as system funding.
- The current evaluation of the R&D Tax Incentive will provide insights effectiveness in terms of encouraging business R&D.
- An evaluation of the Data Science Platform will be undertaken.
- MBIE has recently agreed with the Minister an approach to increasing the level of evaluation activity.

### 3. Value and Performance: Key impact areas

#### ECONOMIC DEVELOPMENT : Prosperous and adaptable people, businesses, sectors and regions

The Government’s top priority is lifting New Zealand’s economic performance (with the objective to lift productivity measured as GDP per hour worked into the top half of the OECD by 2040). A more dynamic and productive economy will provide higher living standards and opportunities for all New Zealanders.

As the Government’s lead micro economic agency, MBIE has a key role supporting the Government with its ambition to rebuild the economy to one that is more dynamic and productive. MBIE’s responsibilities span 15 Ministerial portfolios, 17 regulatory systems and crown entities and companies that underpin economic growth.

Current stateDesired state

- New Zealand has poor productivity performance compared to other advanced economies (we rank 26th of the 38 OECD members).
  - Our productivity compound annual growth is only 1.1%.
  - Factors that explain this performance include low business investment in capital, low foreign investment, low investment in R&D and innovation, weak competition, and weak global connections through trade and foreign investment.
  - Most (97%) of our businesses are small, with fewer than 20 employees, which creates additional challenges for lifting productivity.
- Lift New Zealand’s economic performance including:
  - Lifting productivity to the top half of the OECD by 2040 (by lifting compound annual growth from 1.1% to 2.6%)
  - Doubling the value of exports by 2030 (by lifting compound annual growth from 4.5% to 7%)
  - Increasing capital investment from business, greater foreign investment, competition, R&D investment and innovation, and affordable and secure energy supply.

There is opportunity to:Key constraints include:

To lift New Zealand’s economic performance including lifting productivity to the top half of the OECD by 2040 and doubling the value of exports by 2030.

- MBIE is already delivering significant initiatives under 5 economic pillars identified by the Government:
- Build infrastructure for growth and resilience (e.g. regional infrastructure fund and Electrify NZ)
  - Education and skills (e.g. refine immigration settings to attract people to work and study)
  - Connections with the world (e.g. double the value of exports, enabling foreign investment and minerals exports)
  - Promote innovation, science and technology (e.g. science system review and a gene tech regulator)
  - Better regulation (e.g. improved competition in the banking and construction sectors)

- To achieve the Government’s ambitious economic objectives to lift productivity will require additional action to:
- Lift capital investment from business (e.g. tax settings such as depreciation, corporate tax rates and/or imputation and early-stage capital markets)
  - Enable and attract foreign investment (e.g. attract foreign investors and use FDI to address infrastructure gaps)
  - A science system focused on delivering economic growth (e.g. investment and R&D in areas of economic growth)
  - Innovation focused sector development (such as critical minerals, space and manufacturing)
  - Enhancing competition (strengthening competition settings aligning standards)
  - Affordable and secure energy supply (through markets and innovation)

MBIE can also use its levers to maintain strong fiscal discipline, provide greater value and levels of service, optimise government procurement, and support businesses including SMEs.

#### Improvement and learning

There is opportunity for Improved use of key measures and indicators to better assess delivery against the priority to lift economic performance.

#### ENERGY AND RESOURCES : Strong and resilient economy and value derived from natural resources

Energy and Resources underpin our regional and national economy. They are linked (gas and coal feed into our energy system); and share some of the same challenges (ensuring appropriate regulatory settings, and incentives to invest). We have a potential competitive opportunity with low-cost energy and mineral opportunities.

- Energy powers our economy, businesses, and homes. Energy security and renewable energy sources strengthen NZ’s economic stability.
- Resources – The resources portfolio contains the policy settings for the upstream oil and gas sector. Increasing gas production is critical to our energy security of supply. The Crown Mineral Estate also offers economic opportunities in the regions.

Current stateDesired state

- The Energy System is increasingly complex.

  - The market settings are reliant on regulation to create competition and stimulate investment
  - The system is in transition: scaling up to meet demand and decarbonising, it therefore needs to manage a larger share of intermittent generation (managed through peaking, firming, and distributed energy resources).
  - Technology change is both an opportunity, and a complicating factor in the energy system.
  - The importance of, and current challenges with, energy security have been highlighted over winter 2024.
  - The minerals sector was worth \$1.03 billion in mineral exports in 2022, providing more than 5,000 direct jobs and supporting local businesses.
- A strong, resilient economy with robust supply chains, energy security, and economic activity from New Zealand’s natural resources.
  - More energy is generated and is affordable.
  - We use our abundant energy resources, as well as clean energy innovation: offshore renewables, carbon capture, utilisation, storage, and hydrogen.

Future demand for minerals is expected to be six times more than currently extracted.

NZ’s mineral estate offers significant economic opportunities e.g. the estimated value of Taranaki’s iron sands deposits is \$100-120 billion, according to the sector.

There is an opportunity to:Key constraints include

- Energy

  - Review regulatory settings to strengthen supply, including new options such as import of LNG, RMA reform.
  - Strengthen market settings through the Energy Competition Taskforce, Review of Electricity Market Performance, and Government Policy Statement.
  - Complete further security work, including the Gas Security Response Group and Fuel Study and Security Plan.
  - Enable electrification, for example, EV charging infrastructure, Electrify NZ, and EECA technology demonstration funding.
  - Consider scope for potential regulator and Crown Entity efficiencies (enhancing value for money from current levies and Crown funding).
  - Enable more generation to be built at pace through Electrify NZ.
  - Ensure efficient functioning of the electricity market, including hedging, firming, and peaking availability to enable new renewable generation investment.
- Resourcing the current work programme is the key challenge, we have prioritised the programme in discussion with Ministers. Trade-offs available at this point are between:
    - Maintaining the current breadth and pace of policy and regulatory work (facing both cost pressures and a falling baseline); and
    - Ongoing investment in energy efficient technology development, demonstration and diffusion projects (Ara Ake, EECA, and CREF).
  - Energy system changes require a long-lead time over successive governments, which creates uncertainty in the market and reduces incentives.

- Resources
- Enabling government infrastructure priorities by enabling key inputs including aggregate and sand.
  - Reverse the ban on offshore petroleum exploration and implementing amendments to the Crown Minerals Act.
  - Investigate fiscal levers to encourage domestic gas exploration and production.
  - Implement the minerals strategy to double the value of mineral exports to \$2 billion by 2035 including reducing barriers to investment, promoting international linkages and enabling regional economic development opportunities.
  - Enhance management activities for the Crown Mineral Estate.

#### Improvement and learning

- Develop a stronger understanding of scenarios for future demand and supply (both energy and minerals). This would build on the recent Minerals Strategy, and background work undertaken on an energy strategy.
- Develop a stronger understanding of affordable energy supply options.
- Upcoming Review of Electricity Market Performance
- Gas Security Response Group

### 3. Value and Performance: Key impact areas

KEY IMPACT AREA: MARKETS: Competitive markets with informed consumers and businesses

Introduction

A market with appropriate checks and balances increases the confidence of people and businesses to participate freely in the economy.

MBIE is responsible for key economic markets that underpin the activities of people and businesses spanning company registration, financial markets, licensed practitioners, to tenancy services. MBIE regulates markets, providing critical information to consumers, providing dispute resolution services, and supporting businesses to grow and evolve. MBIE and the Crown entities that MBIE oversees (e.g. Commerce Commission, Financial Markets Authority) monitor compliance and undertake activity to promote/enforce compliance.

Current state	Desired state
<ul style="list-style-type: none"><li>Our market-focused regulatory systems act as the infrastructure for the economy to ensure ease of doing business, keep consumers safe, prevent non-compliance, drive competition, and support international trade.</li><li>In New Zealand and internationally, there is a focus on the economic benefits of competitive markets and the need for more work to promote competition (e.g. recent OCED report into New Zealand [link?])</li><li>New Zealand was recognised as world leader in intellectual property and ease of doing business, but we are no longer a leader. Compared with other countries, New Zealand lacks some regulatory settings, e.g. around corporate role holder and director identification.</li><li>In the building and construction sector there is inconsistent application of consent processes, lack of competition, and low-level productivity limits the supply of safe, affordable housing.</li><li>Our focus on ease of doing business ensures that it is easy to start a business in New Zealand, but there are further opportunities where we can reduce the regulatory burden for businesses or remove duplication of government information requests.</li></ul>	<ul style="list-style-type: none"><li>Markets are competitive and efficient, underpinned by modern regulatory settings and benefit businesses and consumers in the long-term including upholding the rights of users and consumers.</li><li>Strong competition in domestic markets driving business investment into innovation and productivity enhancements.</li><li>Key markets providing inputs to other businesses are competitive and New Zealand companies can expand into international markets.</li><li>Businesses can access high quality talent, including international, and our intellectual property is protected internationally.</li><li>Regulatory settings and technology platforms that underpin our economic growth are effectively maintained.</li><li>Modern competition settings enable the operations of businesses and the market while upholding the rights of users and consumers.</li><li>Modern and efficient systems improve business operations and make it easier and safer to do business (Bond, Business Registries, etc.)</li><li>Streamlined government systems and regulation that remove the burden government places on businesses.</li><li>A Building and Construction sector that supports and facilitates an increase in housing supply.</li></ul>

Opportunities	Constraints
<ul style="list-style-type: none"><li>Take a modern approach to competition and market regulation:<ul style="list-style-type: none"><li>lift productivity through competition, financial markets and trade settings</li><li>drive efficiency and investment in essential infrastructure with effective regulation of natural monopolies like gas pipelines, electricity lines, major airports and water services</li><li>making it easier for businesses and consumers to interact and trade with confidence and ensure we have regulatory settings that help promote competition and establish an effective regulator.</li></ul></li><li>Improve access to finance, and protection of intellectual property as enablers for competitive markets.</li><li>Reduce regulatory costs In building and constructions by reducing consent requirements for lower-risk activities</li><li>Increase competition by increasing the availability and use of overseas building products from comparable jurisdictions Modernise regulation in media and communication sectors.</li></ul>	<ul style="list-style-type: none"><li>Many of these systems have legislation that has been added to over time but could benefit from a system-level review or are operating on ICT systems that are underperforming or towards the end of life.</li><li>New Zealand specific economic conditions – such as geography, population size, and the composition of our economy – must be considered as we promote competition and efficiency in our markets and ensure we are competitive with other countries.</li><li>There needs to be investment in public sector settings that support efficient business operations, access to finance, and protection of intellectual property as enablers for competitive markets.</li><li>Many of these systems are third party funded, i.e. they are ‘user pays’ with costs passed on to the consumer. Fees and levies need to be adjusted to keep pace with inflation and other costs to be effective, and this can result in an increasing burden over time. Third party funding reduces pressure on Crown funding but concentrates the burden on those paying the charges.</li></ul>

Improvement and learning

- A performance improvement review of the Commerce Commission is planned for the Commerce Commission in Q3/Q4 2024
- More transparent data about Building Consenting Authority performance (e.g. processing times) is helping to hone-in on what the problem is, and how changes in the system might be best designed. There are also future opportunities to make use of private sector tools, such as independent rating tools about building practitioner performance

Trade-offs

- Regulatory settings in these systems impose costs on businesses but provided these deliver competitive and efficient markets can deliver benefits to both businesses and consumers in the long term.



## 4. Managing within baselines: Current and future drivers

4.1	Operating impact \$m increase, (decrease)				Confidential advice to Government
	2017/18 (Supps)	2023/24 (Actuals)	2024/25 (OBU)	2025/26 (OBU)	
Total baseline*	4,347.0	6,393.9	6,965.3	6,552.6	
Operating baseline	4,183.7	6,279.7	6,842.6	6,420.7	
Total volume pressures	-	-	11.1	6.7	
Total price pressures	-	-	75.5	80.4	
Total wage pressures	-	-	18.8	33.0	
Total other pressures	-	-	4.8	39.4	
Total cost pressures	-	-	110.2	159.5	
Total reprioritisation/ savings	-	-	(26.6)	(74.9)	
Net impact on baseline	-	-	83.6	84.6	

\*includes all operating (departmental, non-departmental, Benefits or Related Expenses and revenue dependent appropriations). Benefits or Related Expenses and revenue dependent appropriations are removed in the operating baseline. Note the wage pressures line is based on an operating assumption of 6,100 FTE.

Summary of cost pressures:

Performance Plan guidance asks that the net impact on baselines in the table above nets to zero. MBIE is facing critical cost pressures, driven by increasing demand for our services, inflation and bargaining. We will need to cover agency-wide wage pressures through savings (e.g. service delivery cuts, reprioritisation), and will continue to drive further exercises to manage these pressures as far as possible. Several of the Crown Entities MBIE monitors also have cost pressures that they propose to manage through efficiencies, stopping and scaling work programmes, and/or reviewing third party revenue options (e.g. Commerce Commission revenue work to fund the economic regulation of water infrastructure providers at \$34m over 5 years). For some cost pressures, ministerial decisions are required to deal with trade-offs within portfolios, including around service levels and seeking fee/levy increases (e.g. implementing the Customer and Data Bill, and choices around reprioritising grant funding to fund policy capacity in Energy and Science). There is a third area where we have existing commitments, but a funding source needs to be identified. These unfunded pressures are identified in the table below and include NZSPR, Bowen, Refugee Quota, and Financial Markets Authority.

### Plan for managing within baselines (Table 4.1)

Impact						
Area	24/25	25/26	26/27	27/28	28/29	Description
New Funding	Confidential advice to Government					Areas where we have existing commitments that are either unfunded or not fully funded. This includes the NZ Screen Production Rebate (current policy settings are not fully funded), operational spending for Bowen House (a one-off gap before it has tenants), Refugee quota (domestic and international price increases mean current funding cannot allow us to meet our quota commitment) and Financial Markets Authority to meet litigation in FY 24/25.
Revenue						Five areas that require Ministers to agree to additional revenue from fees and levies, and/or draw down on memo accounts. Fee/levy examples: Companies Office, Intellectual Property Office. Memo account examples: Earthquake Prone Buildings Review, Occupational Licensing.
Savings						Areas where cost pressures can be managed if Ministers accept a reduction in service quality/quantity, and/or reprioritisation from elsewhere (e.g. reprioritised investment funding being used to fund policy capacity in Energy and Science).

### FUTURE DRIVERS

**Infrastructure (property, ICT/technology):** the development and adoption of new technologies, particularly artificial intelligence, will allow some of our processes to be automated. Achieving savings from automation will require careful management as experience shows that efficiency savings are often not realised or manifest as quality improvements eg faster turnaround times. Achieving savings would also require initial and ongoing investment in technology, and associated capability development, but this would only be considered where there is a positive ROI. Technology change is a multifaceted future driver with high levels of uncertainty. Changing patterns of work may allow for property efficiencies but these are also highly uncertain.

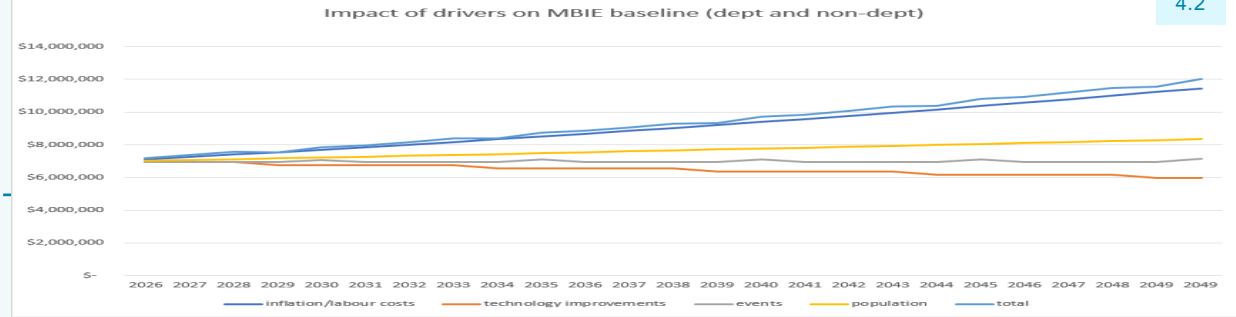
**Demographic change:** parts of MBIE are impacted by an increasing population and fiscal costs will increase as the population and associated demand for services increases. This includes immigration (assuming population increases continue to come from immigration); and workplace safety and injury (through WorkSafe and ACC). There may also be pressure from ageing and changing patterns of migration due to climate or geopolitical change.

**Climate, pandemics and other events:** one or more events such as another global pandemic, climate event or earthquake will almost certainly occur but the what, when and impacts are uncertain. A requirement to stand up services such as managed isolation and quarantine or business support will have a fiscal cost. We assume a major event every five years.

**Inflation and labour cost:** labour is MBIE’s biggest cost, as a knowledge-based organisation. We have choices about seniority/skill base/numbers of people and some level of control over remuneration, but these choices come with trade-offs (eg service levels, regulatory risks). Outside of labour, inflation will drive increasing costs. As described above, technology improvements may offset increasing labour costs. We assume both general inflation and labour cost increases of 2.2% in 2025/26 and 2% thereafter.

Outside of these cost drivers, changes in policy can drive both increases and decreases in our fiscal cost and the impacts can be very large eg decisions on ACC entitlements and immigration settings. We have assumed that increases and decreases in costs arising from government policy decisions will be recognised at the time policy decisions are made.

### The forecast fiscal costs of future drivers over the next 20 years

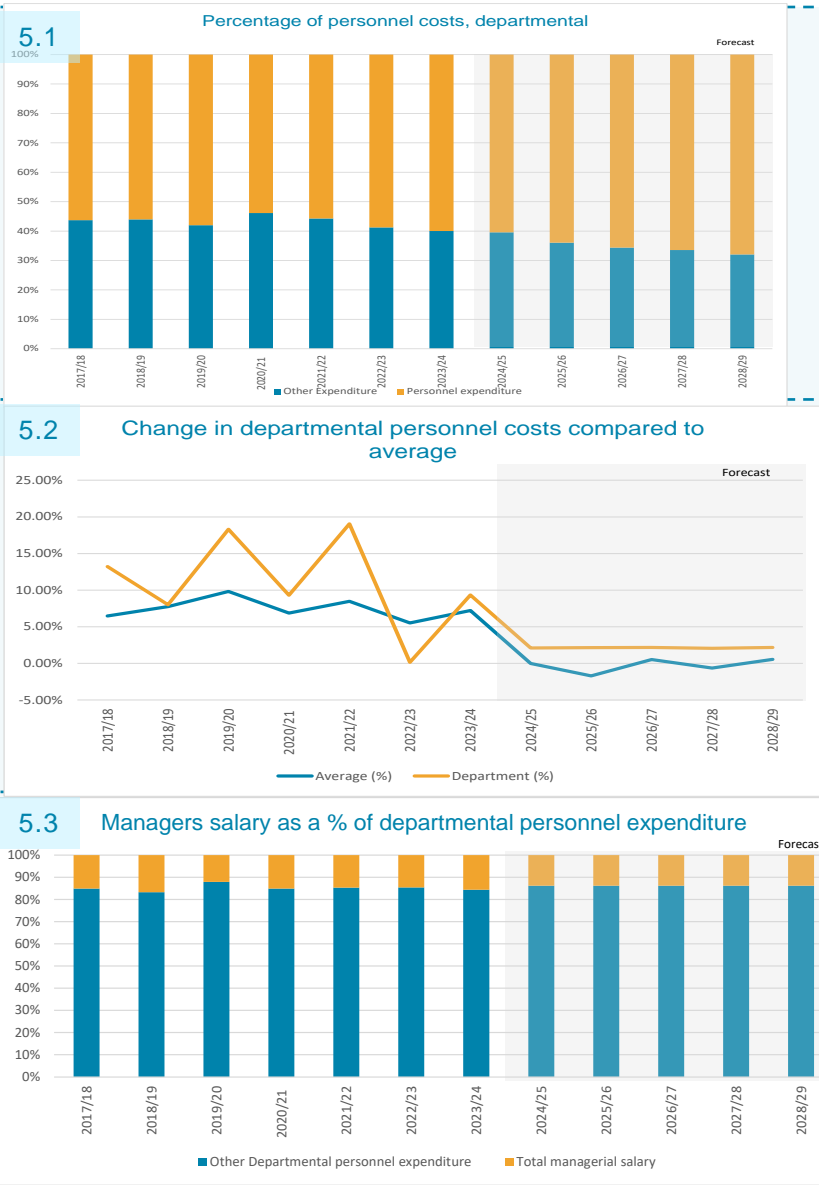


### Choices to mitigate/manage long term pressures

Policy that causes demand or demand driver	Options to manage this?	Lead time required to make changes?
Increasing labour costs for knowledge-based organisations/overall inflation.	Decreases in service levels or increase in risk tolerance Technology substitution	Service levels/risk tolerance: 6-12 months Technology substitution: 3-5 years
Demographic change that leads to increasing demand for services	Decreases in service levels or increase in risk tolerance Technology substitution	Service levels/risk tolerance: 6-12 months Technology substitution: 3-5 years
Climate, pandemics and other events	Consider balance of proactive risk management and investment versus reactive response	Variable

5. Managing within baselines: Workforce and capability

SUMMARY OF WORKFORCE



Impact of workforce

Indicate how much of your overall workforce in 2024/25 is allocated to the 2-6 impact areas identified in section 3 and the roles or functions that they undertake.

Labour Markets	Science and Space	Economic Development	Energy and Resources	Markets
Total FTE supporting: 2,606	Total FTE supporting: 153	Total FTE supporting: 350	Total FTE supporting: 153	Total FTE supporting: 875
Policy 90 FTE	Policy 86 FTE	Policy 97 FTE	Policy 56 FTE	Policy 179 FTE
Delivery 2,515 FTE	Delivery 67 FTE	Delivery 255 FTE	Delivery 97 FTE	Delivery 696 FTE
Shared operational services: 683 FTE				
Shared Services: 1,161 FTE				
Explanation of workforce breakdown (if required)				
<ul style="list-style-type: none"><li>Policy - teams that have portfolio priorities.</li><li>Delivery – teams that provide front-line and regulatory services</li><li>Shared Operational Services – areas such as MBIE Service Centres</li><li>Shared Services –organisational services (ICT, HR, Finance) and other support teams across MBIE</li></ul>				

Strategy for workforce costs, including remuneration

Bargaining is underway therefore we are unable to provide full details of MBIE’s remuneration strategy until the process is complete. The focus of MBIE’s approach is to ensure workforce costs balance affordability alongside ongoing sustainability and enable us to deliver MBIE’s work programme.

Capability – non-workforce (e.g. organisational systems, processes, governance, technology and data)

MBIE has both a significant enterprise ICT infrastructure and technology platforms that underpin specific economic systems and engagement with businesses and the public – from key application processes (e.g. visas), registries (e.g. licenced builders), to contact centre help lines (e.g. tenancy). MBIE is investing in modern, cloud-based, scalable, multi-use platforms to reduce system complexity. Two specific areas requiring ongoing investment and effort are the transition of visa processing off legacy systems (Immigration) and the upcoming need to replace legacy assets that support the corporate registries (e.g.: the companies office). In the next 12-24 months moving off all on-premise data centres into the public cloud is also a key shift. Simplification and the considered use of AI will contribute to greater efficiency and effectiveness across the business. Cyber threats are a growing issue. In response we have already delivered a number of modern security tools as part of a zero-trust architecture. We continue to implement these across MBIE. MBIE collects and manages a wide range of data. We have invested in and are implementing a cloud data platform designed to make data more accessible, but also safe. This work is prioritised within our new Data Strategy which brings together new technology and data capabilities, and a new way of working to deliver the value of analysis and insights that shape policy and operational decisions at speed. MBIE has extensive governance and risk management systems in place, managing both strategic, policy and operational matters.

Workforce changes required to ensure delivery in the key areas of impact

Change required (including targeted workforce segment)	Current state (% of the target workforce)	Ideal state within the time horizon	Plan to achieve the change	Risks, challenges, and barriers
1	Any proposed changes to MBIE’s workforce will be determined by the fiscal environment, direction from the Government including the Government work programme, and expenditure levels set out by the Public Service Commissioner			
2				
3				

Contractor and consultant spend

[What are the circumstances under which you expect to engage consultants and contractors within the forecast period?]

MBIE would consider engaging contractors and consultants where specialist skills are required to undertake work aligned to Government priorities that are not available in the organisation due to the time-limited nature of the work.

## 6. Managing with baselines: Investment and monitoring

MONITORING STATEMENT (IF APPLICABLE)

MBIE is responsible for monitoring 22 Crown entities. Of these:  
The Entity Performance & Investment (EPI) Branch, within the Labour, Science and Enterprise (LSE) Group monitors 16 Crown entities  
The Commerce and Consumer Affairs (CCA) Branch, within the Building, Resources and Markets (BRM) Group monitors 6 Crown entities.

MBIE’s operating model for ensuring high performing Crown entities focuses on three areas: a) Clear entity purpose and objectives along with key performance indicators b) High Performing Boards and c) calibrating our monitoring effort based on entity risk.

We have a portfolio of work across all three areas. Confidential advice to Government

More generally we are supporting some of our regulatory institutions on improvement programmes related to recent MBIE-commissioned strategic baseline reviews, and we have initiatives underway to improve performance measurement for an economic development entity and a regulatory entity.

Given the extensive range of Crown entities monitored by MBIE, we place strong accountability on the Boards to ‘own’ performance and risk. Our size enables us to take a portfolio-based approach to allocating our monitoring and intervention efforts depending on risk. Boards generally have steps in place to manage an uptick in financial sustainability risks across all entities. Callaghan Innovation’s financial sustainability issues relating to its Gracefield Innovation Quarter site are the most pressing – we are working with Callaghan to resolve a pathway forward.

Longer term Crown Research Institutions have signalled Commercial Information which they are unlikely to be able to fully self-finance. We intend to revisit these capital pressures post-reform – we expect that fewer larger organisations with improved capacity to more efficiently manage physical footprints should reduce the need for Crown support.

Further detail about how MBIE undertakes its role is contained in the *Monitoring arrangements for MBIE-monitored Crown entities* document available on MBIE’s website.

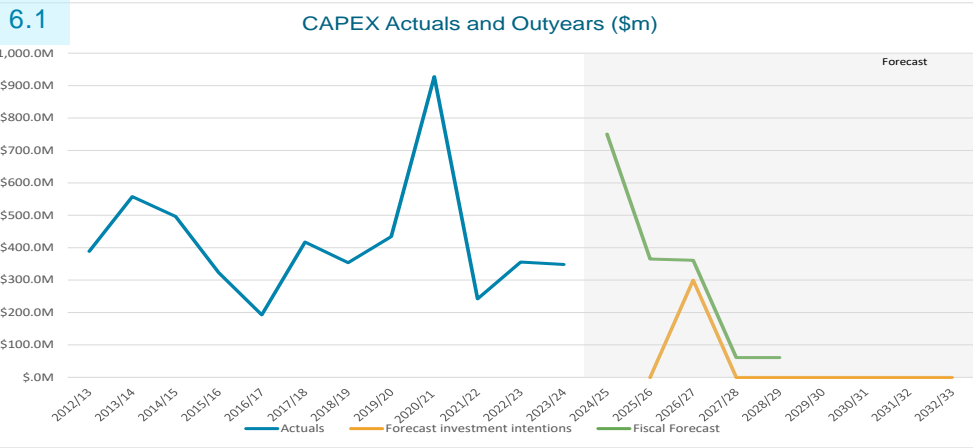
6. Managing with baselines: Investment and monitoring

INVESTMENT (\$200M+)

Investments in the planning stage (departmental and non-departmental)

The table below outlines departmental or non-departmental investments over \$200m in the planning stage.

Project Our Future Services Programme	Total Cost	Forecast business case approval	Forecast delivery start	Forecast completion	CBA \$221M OVER 13 YEARS USING 6% DISCOUNT RATE
	\$345m	FEB-25	MAR-25	OCT-31	

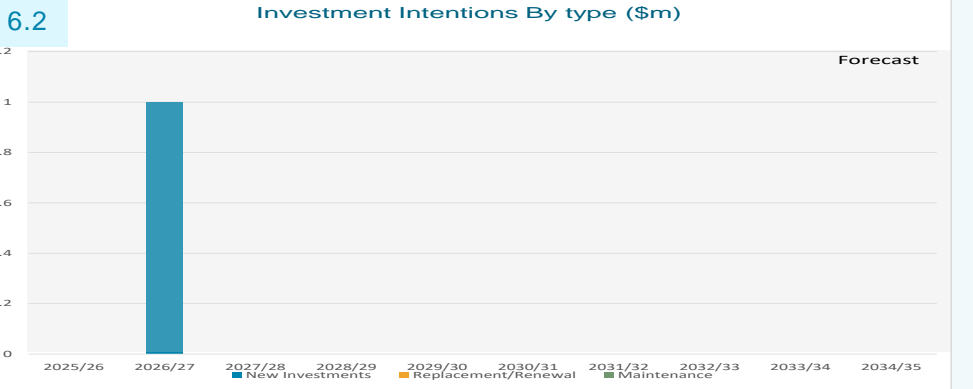


There have been 3 independent evaluations undertaken on regional investment, an area of substantial expenditure in recent years. A 2023/24 Allen + Clarke report on investment in Ōpōtiki and aquaculture, along with two BERL reports in 2022/23 on investment in Northland the manufacturing sector, highlighted a range of positive economic and social impacts, from heightened economic activity and employment, to creating learning pathways for youth. Other findings from these reports, such as mitigating unintended consequences (such as impact on rental availability through influx of workers), are being factored into future projects.

MBIE completes closure reports for all its internal and systems investments and monitors progress with implementation. A quarterly report on progress with implementation is prepared, including information on delivery of benefits post completion.

MBIE is currently finalising its four-year investment plan, which will be refreshed annually. Next year’s plan will reflect work underway, now, to update information on our critical assets and investment options that deliver impact and efficiency. Findings from past investments we are embedding are: strengthening initiation phase proposals and business cases; clarifying ownership and responsibilities; and tracking benefit realisation.

Imple	Not applicable					
Total r projec						
[X]	[X]	[X]	[X]	[X]	[X]	



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Further detail about how MBIE undertakes its role is contained in the *Monitoring arrangements for MBIE-monitored Crown entities* document available on MBIE’s website.  
The following tables describe some of the activities involved in our monitoring of Crown entities.

Commerce and Consumer Affairs Crown entities

Activity ▼	Entity name ►	Accreditation Council	Commerce Commission	External Reporting Board (XRB)	Financial Markets Authority (FMA)	Retirement Commission	Takeovers Panel
Monitoring status ►		Standard	Standard	Standard	Standard	Standard	Standard
Frequency ▼							
Appointments & Governance	As required	✓	✓	✓	✓	✓	✓
Performance advice to relevant Minister/s	Quarterly, unless stated. Plus Weekly Report items.	✓	✓ Plus advice around Ministerial meetings.	Six-monthly advice on material issues, plus Weekly Report items	Six-monthly, plus Weekly Report items	Annual, plus Weekly Report items	Six-monthly advice on material issues, plus Weekly Report items
Engagement with Chair / Board	Varies depending on situation	Six-monthly	Monthly	Annual	Quarterly	Six-monthly plus occasional ad hoc	Ad hoc
Engagement with CE / ELT	Varies depending on situation	Ad hoc	Monthly	Annual plus occasional ad hoc	Six weekly	Six-monthly plus occasional ad hoc	Annual plus occasional ad hoc
Regular attendance at board meetings	Board Meetings are typically monthly, but frequency depends on board timetables	✖	Minister attends on an ad hoc basis	Minister attends periodically	Minister attends on an ad hoc basis	✖	Minister attends on an ad hoc basis
Significant additional activities status ►			Performance Improvement Review is planned.				



7. Managing with baselines: Monitoring additional information

Other Crown entities

Activity ▼	Entity name ►	CRHL	Electricity Authority	EECA	NZGCP	NZTE	TNZ	WorkSafe	Callaghan Innovation	CRIs (x 7)	REANNZ
	Monitoring status ►	Standard	Standard	Standard	Standard	Standard	Standard	Intensive	On watch	Standard x4. GNS, Scion, Plant & Food On Watch	Standard
	Frequency ▼										
Appointments & Governance	As required	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Performance advice to relevant Minister/s	Quarterly, unless stated. Plus Weekly Report items.	✓	✓	✓	✓	✓	✓	✓	Based around Ministerial meetings	Six-monthly, plus Weekly Report items	Annually, plus Weekly Report items
Engagement with Chair / Board	Varies depending on situation	Kānoa does this	Six-monthly	Six-monthly	Six-monthly	Monthly	Six-monthly	Monthly	Monthly	Six-monthly or Quarterly	Six-monthly
Engagement with CE / ELT	Varies depending on situation	Regular meetings with Kānoa	Two-monthly	Quarterly	Quarterly	Quarterly	Quarterly	Monthly	Fortnightly	Quarterly	Quarterly
Regular attendance at board meetings	Typically monthly, but frequency depends on board timetables	Monitoring team doesn't, but Kānoa, within MBIE does	✗	✗	✗	✓ MBIE is a designated Special Advisor in legislation	✗	✓ Enhanced because WorkSafe's monitoring status is Intensive	✓ MBIE is a designated Special Advisor in legislation	✗	✗
Significant additional activities status ►		-	Follow-up review commenced Nov 2024			Dependency on possible SSAG review decisions	Review being organised	Follow-up of progress towards addressing findings from 2022 strategic baseline review	Dependency on possible SSAG review decisions	Merger of MetService and NIWA	-