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### Information redacted

NO

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Refocusing the Approach to Industry Policy

Portfolio Economic Development

On 18 February 2019, following reference from the Cabinet Economic Development Committee (DEV), Cabinet:

Background

1 noted that on 26 September 2018, DEV:
   1.1 confirmed the government’s economic strategy for New Zealand to build a more productive, sustainable and inclusive economy;
   1.2 invited the Minister of Finance and the Minister for Economic Development, in consultation with other relevant Ministers, to identify further opportunities to build a more productive economy;

[DEV-18-MIN-0222]

2 noted that the New Zealand economy enjoys many strengths and that there is a good platform for future growth, but that New Zealand faces domestic and international challenges;

3 noted that:
   3.1 many existing industry-focused interventions seek to support economic development, but the cohesiveness of these is less clear;
   3.2 there is limited confidence (among Ministers, officials and the private sector) that these initiatives are working consistently together and pushing in the same direction;

New approach to industry policy

4 noted that the proposed new industry policy is shaped by a set of core principles, strategic priorities and selection criteria;

5 agreed to the following guiding principles to inform the new approach to industry policy:
   5.1 take a partnership-led approach, developing solutions with stakeholders;
5.2 build and use a strong evidence base to guide the government’s focus and interventions, including robust monitoring and evaluation;

5.3 use specific sector strategies/roadmaps;

5.4 leverage international connections;

5.5 provide clear and consistent signals from the government on a proposed course of action to realise economic and sustainable growth (as well as improved wellbeing for New Zealanders);

6 agreed that the three strategic priorities of industry policy be to:

6.1 move from volume to value so as to lift incomes;

6.2 leveraging opportunities adjacent to existing key sectors;

6.3 backing the industries of the future (emerging sectors);

7 agreed that the criteria for selecting the government’s areas of focus be as follows:

7.1 the sector is important for New Zealand’s transition to a highly productive, low emissions future;

7.2 there are opportunities to move from volume to value and/or diversify into adjacent sectors as well as to lift productivity through harnessing technology and data;

7.3 New Zealand has some competitive advantage upon which to draw;

7.4 strategies are already being developed;

8 noted that across all sectors (and regions), enablers such as skills, digital platforms, access to capital, research and development capabilities, and international connections, play a critical role in determining economic performance;

9 noted that on 12 December 2018, DEV considered a paper on productive investment (Deepening New Zealand’s Early Stage Capital Markets, under DEV-18-SUB-0316), which outlined options on how the government can further support the identified sectors through early stage capital market development;

10 noted that the Minister for Economic Development proposes a focus on seven broad sectors:

10.1 food and beverage;

10.2 manufacturing;

10.3 renewable energy;

10.4 agritech;

10.5 digital technologies;

10.6 aerospace;

10.7 health technologies;
noted that core areas of focus within these broad sectors will need to be identified to ensure the government’s interventions realise each sector’s potential;

noted that there are significant cross-overs between the sectors identified above, and that investment in analysis to understand value chains and the interplay between upstream and downstream industries will be critical;

noted that the seven broad sectors align with the criteria described in paragraph 7 above in that:

13.1 they are important to New Zealand’s transition to a highly productive, low emissions future;

13.2 they provide opportunities to move from volume to value and/or diversify into adjacencies; and/or

13.3 New Zealand has a demonstrated competitive advantage.

Next steps

invited the Minister for Economic Development to report back to DEV by April 2019 on how the guiding principles identified in paragraph 5 above inform the government’s approach to these seven sectors;

noted that the report back referred to above will identify the core areas of focus within each of these broad sectors;

noted that the Minister for Economic Development will work closely with the Ministers of Research, Science and Innovation, Energy and Resources, Climate Change, Regional Economic Development, Transport, Health and Agriculture to ensure alignment of this work across portfolios;

noted that officials will engage with relevant groups, such as the Business Advisory Council, the Future of Work Tripartite Forum, industry, science and academia, iwi, local and central government agencies, investors, and unions, as part of the report back.

Michael Webster
Secretary of the Cabinet

Secretary’s Note: This minute replaces DEV-19-MIN-0006. Cabinet amended paragraphs 6 and 7.