



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

2018/19 Annual Report

Growing New Zealand for all





OUR PURPOSE

Grow New Zealand for All.



OUR GOALS

Productive and sustainable use of resources across New Zealand.

People are confident to participate in fair and thriving markets.



ABOUT US

Over 4,700 Ministry of Business, Innovation and Employment (MBIE) people work across our 8 business groups from our 46 offices within New Zealand and 14 overseas.

We administer 14 portfolios and in 2018/19 were responsible for \$4,906 million of expenditure.

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New Zealand Government

The Ministry of Business, Innovation and Employment's 2018/19 Annual Report is a review of our financial and non-financial performance against our outcomes, priorities and obligations.

We strive to grow New Zealand for all through economic performance and participation, ultimately improving the lives and living standards of New Zealanders. To do this, our purpose – *Grow New Zealand for All* – is underpinned by our five strategic outcomes:

- › Prosperous and adaptable people, sectors and regions
- › People are skilled and engaged in safe and fulfilling work
- › Informed consumers and businesses interacting with confidence
- › Value is sustainably derived from the natural environment
- › A dynamic business environment fostering innovation and international connections

The purpose of this report is to provide a view of our performance against those outcomes and the objectives we set at the beginning of the financial year.

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KUPU WHAKATAKI A TE KAIHAUTŪ

Kei te tino harikoa au ki te whakatakoto atu i te pūrongo ā-tau a Hīkina Whakatutuki mō te tau 2018/19.

I te Whiringa-ā-nuku o te tau 2018, i whakahou mātou i tā mātou Tauākī Whāinga mō 2018–2022 hei whakaatu i ngā panonitanga ki tō tātou ahunga rautaki me te mōhiotanga whānui ki te oranga ōhanga. Kei tēnei pūrongo ko ētahi tino taurira o ā mātau mahi hei whakatinana i aua whāinga.

Kei te te whakamahi atu au ki ā mātau kaimahi māia, manawanui hoki ki Hīkina Whakatutuki e whai ana te oranga o tō tātou iwi me ō tātou hapori, ā, kua whakapau kaha i roto i te taiao ngā wero e puta mai ana. Āpiti atu ki ō tātou tira aroākapa, he tāngata e mahi ana ki muri e homaingia ana i te māramatanga, te mōhio me ngā ratonga e āhei ai tātou te urupare i runga i te tere me te māmā me te whakatau whaimōhio. He mea whakahirahira te kaupapa o te wairua ki te ahurea o Hīkina Whakatutuki, ā, i tino whakaatuhia i tēnei tau e tā tātou urupare ki te Parekura Whakarekerekere nui o Ōtautahi. I tonoa ngā tāngata o Hīkina Whakatutuki kia urupare me te āhua whānui – ko te tere, te ngaio, me te ngākau aroha.

Ka tū tō mātou aronga kia Whakatipu i a Aotearoa mō te Katoa. E tautoko ana mātou i te Kāwanatanga o Aotearoa ki te whakatipu i te ōhanga e whakamahia ana ngā pūkenga, mātauranga me te mahi o ngā tāngata, ō tātou rawa taiao, ā, ka whakamahia ngā moni tōpū ahumoni, ōkiko hoki kia whaihua, kia toitū hoki – kia whai painga te katoa.

I tēnei tau e whakatipu tonu ana mātou i ā mātou mahi hei urupare ki ngā whakaaro mātua a te Kāwanatanga. E arataki ana mātou i te arotake nui rawa o te pūnahanga whakariterite hanga whare me te hangahanga i roto i te whakatipuranga. E kōrero tonu ana mātou, me te tautoko anō hoki, i te whakatinana o te whakahoutanga whānui a te Kāwanatanga i ngā ture mahi. Kua whakamahi mātou i ngā arotake ki ngā utu hikohiko me te tuku nama konihi kia whakarite e mahi ana mātou i ngā mahi katoa e taea ai e mātou ki te whakapai ake i te oranga o ngā tāngata katoa o Aotearoa. Waihoki neke atu i te kotahi miriona pane uruwhenua i hātepetia ai e mātou i tēnei tau, me te arotahi tonu ki te whakahāwini manene.

E pai ana te tūāhua o te ōhanga o Aotearoa ina whakatairitea ki ētahi atu motu. Heoi anō, e anganui ana tātou ki ngā wero kia pupuri i te whakatipu tika, te whakanui whaihuatanga mahi, ā, e pā ana ki te tohatoha i ngā hua o te tipu. E mōhio ana hoki mātou me whakarite ngā tōpūtanga katoa kia urutau ki te whānuitanga o ngā wero āhuarangi, hangarau, rāngai mahi hoki kei mua i a rātou aroaro.

Hei āwhina i ēnei ahumahi ki te urupare ki ēnei wero, kua tīmata mātou i te mahi ki ngā mahere whakaahua ahumahi, e āwhina ai i ngā pakihi ki ngā rāngai matua e whakateri i te wā e heke mai nei. I tautoko hoki mātou i te whakatūranga o te Tahua Moni Tōpū Hinonga hou e \$300 miriona te uara, hei āwhina i ngā pakihi auaha kātahi anō ka tīmata kia whiwhi ki te moni tōpū, ā, kia kaua e wehe ki tāwāhi. Kei te whakarato tonu te Tuawhenua te whakahiki o ngā ōhanga ā-rohe. Ko ngā whakangao ki te pūtaiao me te auahatanga e whakatō mai ana i ngā kaiauaaha ātea, ngā kaipūtaiao āhuarangi me ētahi atu tāngata me ngā hinonga whakaihiihi, tino whakahirahira ki Aotearoa.

He mea nui ā mātou mahi ki Hīkina Whakatutuki, ā, pērā hoki te āhuatanga o te whakamahi. Kei te whai āheinga mātou ki te ārahi me te whakaatu i te whakaharatau tino pai, kaua ko te whakariterite me te whakatinana kaupapa here anake, engari ka pēhea tātou e tāuteute, whiwhi me te whakangao ai ki ō tātou tāngata.

Ko te mea nui ko ngā tauoranga o ngā tāngata ko ō mātou uara. Kei te tino ngākau manawanui au ki ngā mātapono e ō tātou tāngata i tēnei tau e kōrero ai mō te mahi tahi, moemoeā, māia me to rātou kaha. Kei te whakatakoto ō tātou mātapono he aha ngā mea nui, ā, me pēhea tātou e mahi ai ki a tātou, tae atu ki ō tātou kiritaki me ō tātou hoa.



Carolyn Tremain | Kaihautū

CHIEF EXECUTIVE'S FOREWORD

It gives me great pleasure to present the Ministry of Business, Innovation and Employment's (MBIE) 2018/19 Annual Report.

In October 2018 we released our Statement of Intent 2018–2022 to reflect changes to our strategic direction and a broader understanding of economic wellbeing. This report shows how we are delivering on those outcomes.

I want to thank our capable and committed team at MBIE, who make the wellbeing of people and our communities a priority, and have worked tirelessly in an often challenging environment. In addition to our frontline teams, we have people who work behind the scenes providing insight, information and services which enable us to respond with agility and make informed decisions. The concept of spirit of service is important to the culture of MBIE and was perhaps best demonstrated this year by our response to the Christchurch attacks. MBIE people were called upon to respond in a range of ways – quickly, professionally and with empathy.

Our purpose to Grow New Zealand for All remains the same. We support the New Zealand Government to grow an economy in which people's skills, knowledge and labour, our natural resources, and our financial and physical capital are used in a productive and sustainable way – for everyone's benefit.

This year we have continued to evolve our work to respond to the Government's priorities. We are leading the largest review of the building and construction regulatory system in a generation. We continue to advise on and support the implementation of the Government's wide-ranging reform of labour laws. We have undertaken reviews into electricity prices and predatory lending to ensure we do all we can to improve the wellbeing of New Zealanders. And we facilitated over one million visa applications this year, while continuing to focus on migrant exploitation.

The New Zealand economy is well positioned in relation to many countries. However, we face challenges in maintaining sound growth, increasing labour productivity, and in relation to how the benefits of growth are shared. We also know that all organisations need to be ready to adapt to the range of climate, technology and work force challenges that are in front of them.

To help industries to respond to these challenges, we have initiated work on industry transformation plans, which will help businesses within key sectors navigate the future. We also supported the establishment of a new \$300 million Venture Capital Fund, which will help innovative early-stage businesses to access capital without having to go offshore. The Provincial Growth Fund continues to provide a boost to regional economies, and investments in science and innovation are bringing space innovators, climate scientists and other exciting and critically important people and projects to New Zealand.

What we do at MBIE matters, and so does how we do it. We have an opportunity to lead and to demonstrate best practice not only in the way we regulate and implement policy, but in the way we employ, procure and invest in our people.

Crucial to making a difference to people's lives will be our strong values. I am especially proud of the core set of values defined by our people this year that speak of collaboration, vision, courage and responsibility. Our values set out what is important and how we will behave not only towards each other, but with our customers and our partners.



Carolyn Tremain | Chief Executive



MĀIA
**BOLD &
BRAVE**

PAE KAHURANGI
**BUILD OUR
FUTURE**

MAHI TAHI
**BETTER
TOGETHER**

PONO
ME TE TIKA
OWN IT

OUR YEAR IN REVIEW – EXECUTIVE SUMMARY

Some clear themes have emerged over the past year as we have put in place policies, projects and people to help us Grow New Zealand for All. We are operating in a fast-changing world and our economy must be able to respond as quickly. We need to be future-focused, innovative and collaborative to meet this challenge.

We are working across government to confront the impact of economic and social challenges resulting from the changing nature of trade, digitisation, automation, demographic shifts, and climate change. We are planning with our eyes on the future, anticipating the kinds of industries, work and products that will develop. We must ensure that everyone has an opportunity to benefit from economic growth. We must also look for the connections and partnerships in New Zealand and globally that will allow us not just to keep up with the changes, but ready to take full advantage of the opportunities they will bring.

MBIE is focused on creating a strong economy in which we utilise people's skills and knowledge, our natural resources, and our financial and physical capital in a productive way. We must also balance our use of resources against future availability, to improve the wellbeing of current and future generations. And we have a role to ensure the right incentives are in place.

The type of growth matters. We want a more productive economy, but not at the expense of people or the environment. New technology and more productive use of resources can facilitate this new type of growth.

We know that **prosperous and adaptable people, sectors and regions** are important contributors to growth. So it has been a priority for us to make headway on resolving claims dating back to the Christchurch earthquakes. The Greater Christchurch Claims Resolution Service has the homeowner at the centre of everything it does in a transparent and open process to support them in their claim. Supporting families and both local and national responses following the mosque attacks in March was also a priority. Immigration New Zealand staff dealt directly with families and moved rapidly to grant visitor visas to more than 200 family members of victims. In the regions, we are backing initiatives that will support great business ideas and provide employment. Ten regional Māori business meetings held this year were to encourage innovators in Māori business, and the Hastings Development Hub is connecting young wāhine with job training and employers in Hawke's Bay.



When people are **skilled and engaged in safe and fulfilling work**, they will contribute to economic growth. Fair and adequate pay is key to fulfilling and satisfying work, and pay equity is an important factor in achieving this. The Equal Pay Amendment Bill introduced to Parliament last year aims to tackle this issue. A wide-ranging programme on employment law reform and action to protect migrant workers and others from exploitation has been an important focus for MBIE. Funding is also being directed at skills training to meet labour shortages. A \$2.8 million investment from the Provincial Growth Fund will help unlock the economic potential of the Manawatū-Whanganui regions by training skilled drivers and machinery operators. A new 10-year Health and Safety at Work Strategy is designed to reduce the high rates of death and injury at work. We are also making this a priority within MBIE and have dedicated teams addressing the gender pay gap and opportunities for progression.



Increasing New Zealand’s productivity, raising participation in markets, and making our prosperity more sustainable requires improvements in the domestic economy as well as increased international connectedness. This means we need **informed consumers and businesses interacting with confidence**. MBIE has a critical role to play in well-functioning markets, including finance, goods and services, and labour markets. The review of consumer credit law led by MBIE this year recommends changes to protect vulnerable people from predatory lenders. Tenants and landlords have also been supported to know their rights and responsibilities, including information about new home insulation standards provided in 15 languages to support our diverse communities. In the construction sector, we face skills and labour shortages, unclear regulations and flow of work, a lack of coordinated leadership, and a culture of shifting risk rather than managing it. The Construction Sector Accord between government and industry is tackling the challenges facing this sector.

Our environment is our economic foundation. It is part of every New Zealander’s identity, the country’s brand and te ao Māori. It also supports our major exporters who rely on the use of the natural resources. Our future growth will need to be more sustainable and support a clean, green and low-emissions economy. MBIE’s work in this area is to ensure that **value is sustainably derived from the natural environment**. This is where a lot of our future-focused work is happening. Our Just Transitions work is closely related to this. It involves planning with our communities – businesses, councils, Māori and households – how we will manage the impacts and opportunities brought about by a transition to a low-emissions economy. The role of the Future of Work Tripartite Forum is to identify the full effects of forces such as automation, artificial intelligence, and globalisation on the nature of work.



Economic growth needs to be based on a more diversified economy supplying goods and services to a broader range of international markets. Our prosperity depends on having a thriving business sector prepared to invest in new products and services, clever ideas and skilled and innovative people. MBIE’s role is to create **a dynamic business environment fostering innovation and international connections**. We are doing this successfully through our Innovative Partnerships Programme and Global Impact Visas, connecting talented people and creative companies with local businesses. Local firms have access to foreign government contracts through government free trade agreements supported by New Zealand Government Property and Procurement. At home, MBIE is connecting industry directly to researchers through the Science for Technological Innovation Mission Labs and exploring the use of digital service delivery to make it easier for businesses to work with government regulations.



OUR YEAR AT A GLANCE

OVER 4,700 PEOPLE (4,326 ONSHORE AND 403 OFFSHORE)	
WE ARE RESPONSIBLE FOR 106 ACTS AND ADMINISTER 14 PORTFOLIOS ACROSS 9 MINISTERS	
OVER 15,000 REQUESTS FOR INFORMATION FROM PARLIAMENT AND THE PUBLIC	
46 OFFICES WITHIN NEW ZEALAND	WE WORK IN PARTNERSHIP WITH 25 CROWN ENTITIES



Our people and organisation
The motivation, resilience and commitment of our workforce

116 GRANTS TO LOCAL COMMUNITIES TO BETTER MANAGE TOURISM GROWTH	
OVER 2,000,000 CUSTOMER CONTACTS HANDLED ACROSS 40 DIFFERENT SUBJECTS BY OUR INTEGRATED SERVICE CENTRE	
MORE THAN 54,000 COMPANIES REGISTERED	4,601 EMPLOYMENT MEDIATIONS COMPLETED
30,331 TENANCY TRIBUNAL APPLICATIONS LODGED	3,445 DIGITAL SECURITY REPORTS MADE TO CERT NZ



Working for New Zealand
The work we do to support New Zealand

\$838 MILLION DEPARTMENTAL REVENUE	
\$814 MILLION DEPARTMENTAL OPERATING EXPENDITURE AND \$74 MILLION OF CAPITAL SPEND	
68 DEPARTMENTAL AND 114 NON-DEPARTMENTAL APPROPRIATIONS	\$4.3 BILLION NON-DEPARTMENTAL OPERATING EXPENDITURE
15 MEMORANDUM ACCOUNTS	9 OFF-BALANCE SHEET TRUSTS



Our finances
The amount of money we receive from the Crown and from providing services to our customers



Our social connections

The connections we have to support regional development and economic performance

75% OF NEW ZEALANDERS CAN NOW ACCESS ULTRA-FAST BROADBAND	RESETTLED 1,007 MANDATED REFUGEES IN NEW ZEALAND
\$855,525,007 OF PROVINCIAL GROWTH FUNDING INVESTED IN PROJECTS TO BOOST THE ECONOMIES OF REGIONAL NEW ZEALAND THROUGH THE PROVINCIAL DEVELOPMENT UNIT PROCESS*	
4 INTERNS WERE SENT TO NASA UNDER MBIE'S NZ SPACE SCHOLARSHIP PROGRAMME	
1,005,962 IMMIGRATION VISA APPLICATIONS INVOLVING 1,967,024 PEOPLE WERE DECIDED	



Our environment

The supporting role we have in the sustainable management of our natural resources

552 ATTENDEES AT THE JUST TRANSITION SUMMIT	90 NEW PLANT VARIETY RIGHTS GRANTED
\$2 MILLION IN UNPAID MINERALS ROYALTIES, FEES AND LEVIES RECOVERED	4 CHARGES FOR MINERALS ROYALTIES FRAUD WERE LAID AT COURT
939 MINERALS PERMITS ACTIVELY MANAGED	
84% OF ELECTRICITY GENERATION DERIVED FROM RENEWABLE SOURCES (UP FROM 82% IN 2017)	



Our stewardship

The commitment to providing fair markets and strong regulatory systems

CONDUCTED OVER 700 SURVEILLANCE ACTIVITIES ON ACCREDITED PERSONS WHO VERIFY AND CERTIFY WEIGHING AND MEASURING INSTRUMENTS	
25,000 LICENSED BUILDING PRACTITIONERS	599 EMPLOYMENT STANDARDS INVESTIGATIONS COMPLETED
4,620 PEOPLE ACROSS CENTRAL AND LOCAL GOVERNMENT ENROLLED IN G-REG QUALIFICATIONS	PREVENTED 3,269 PEOPLE FROM BOARDING AIRCRAFT FOR NEW ZEALAND DUE TO IMMIGRATION CONCERNS
\$362 MILLION CRIMINAL PROCEEDS ASSETS UNDER MANAGEMENT	MANAGED A \$333 MILLION CROSS-GOVERNMENT PROPERTY PORTFOLIO

*Note, other agencies also administer parts of the PGF.

OUR ORGANISATION

MBIE is a large ministry entrusted with a big responsibility – to grow New Zealand’s economy and to share the benefits with everyone who lives here. MBIE is working towards delivering an integrated approach to both regulation and service delivery, leveraging our size and scope.

We are leaders, advisors, investors and regulators. We lead economic strategy. We advise on business, sector and regional development. We invest in provincial growth, science and technology and digital communications. We regulate to protect consumers and workers and businesses.

This year we released our Statement of Intent 2018–2022 and released a new Four-Year Plan to reflect changes to our strategic direction and the broader understanding of economic wellbeing.

Our role

MBIE has a diverse range of policy and service delivery responsibilities, with a significant influence on the economic success of New Zealand and the broader economic, social and environmental wellbeing of our people.

We advise the Government on economic development and its economic strategy in partnership with the Treasury. We are forward-looking and help MBIE and the Government to identify and respond to medium- to long-term opportunities and risks to the economy.

MBIE is one of the biggest regulatory departments in New Zealand. About three-quarters of what we do relates to designing and delivering regulatory systems that cover interests ranging from mines to outer space.

The quality of the regulatory environment is important for New Zealand’s long-term prosperity and one we can shape, unlike other factors such as our size and distance from markets. MBIE’s goal is to set the highest standards for stewardship of regulation – to be a world-leading regulatory steward.

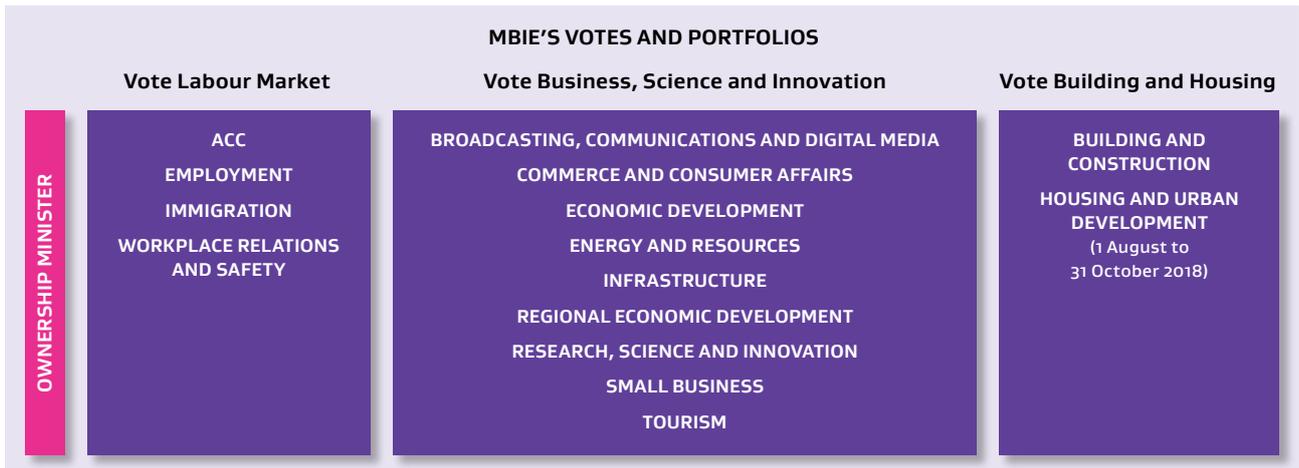
We work across the breadth of government from early identification of issues through to dispute resolution. This complexity is one of our strengths, and we have the opportunity to leverage our size and scope to deliver the best service for New Zealanders. MBIE’s functions cover:

- › **Policy delivery** – We identify opportunities for policy development and support Ministers to carry out their ministerial functions by implementing policy and strategy to meet the Government’s objectives.
- › **Regulation** – We are responsible for the ongoing health and performance of 17 regulatory systems and we take an all-of-government leadership role to improve the quality of regulatory practice.
- › **Service delivery** – We provide a range of front-line services, including Immigration New Zealand, the Companies Office, the Intellectual Property Office of New Zealand, the Insolvency and Trustee Service, mediation services, consumerprotection.govt.nz, employment.govt.nz, and business.govt.nz. Our internal teams support our frontline people by harnessing data, analytics and insights to improve decision-making, develop organisational capability and ensure we are responsive to change.
- › **Dispute resolution** – We house the Government Centre for Dispute Resolution (GCDR). The GCDR provides leadership and stewardship across government to support a systems-based, best practice approach to dispute resolution. MBIE is responsible for around a third of the 56 or more dispute resolution schemes in New Zealand. The GCDR’s role includes helping other agencies to review, design and develop their dispute resolution thinking, policies and schemes.
- › **Monitoring** – We monitor and oversee 25 Crown entities and a range of statutory and advisory boards.
- › **Stewardship responsibilities** – We are required by the *State Sector Act 1988* to take a long-term view of the policy issues of interest to MBIE so we can provide free and frank advice to government.

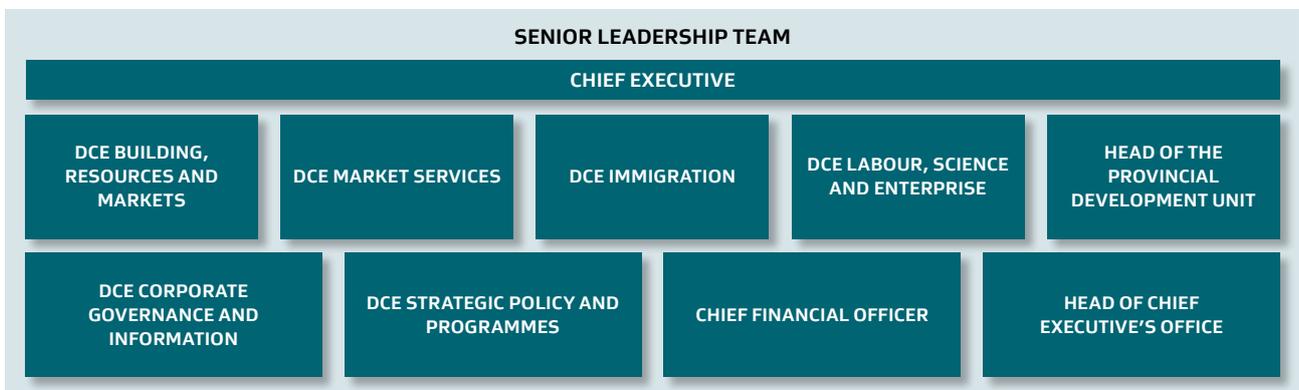
MBIE has a functional leadership role to improve the effectiveness of cross-government procurement and property management. Improvements in the way government departments purchase goods and services and manage property help shape the business environment and bring substantial benefits for business and government. We are always aware that adding cost and complexity to government contracts impacts significantly on business.

Our statutory and operating framework

MBIE administers 14 portfolios across 9 Ministers, previously 15 portfolios until the creation of the Ministry of Housing and Urban Development on 1 October 2018. MBIE’s ownership Minister, the Minister for Economic Development, is accountable to Parliament to ensure we carry out our functions properly and efficiently. MBIE’s Chief Executive is accountable for the leadership and overall performance of the organisation.



The Senior Leadership Team ensures we focus our efforts and resources in the right areas at the right time. It also works to establish systems and processes so MBIE can perform effectively.



SLT’s governance structure includes a number of subcommittees and advisory boards whose purpose is to support SLT to strategically govern MBIE and support effective and informed decisions.



Managing risk

Well-managed risk helps us achieve our objectives and enables quality decision-making. We are committed to developing and embedding risk management in our culture, governance, business planning, reporting and improvement processes and practices.

Our Risk Management Policy, Enterprise Risk Management Framework and Risk Management Guidelines collectively express the way we manage risk. Managing risk is the responsibility of everyone at MBIE, and our staff are supported in this by our Risk and Compliance team.



MBIE's Senior Leadership Team

From left to right: Megan Main, Deputy Chief Executive Corporate Governance and Information; Paul Stocks, Deputy Chief Executive Labour, Science and Enterprise; Carolyn Tremain, Chief Executive; Greg Patchell, Deputy Chief Executive Immigration New Zealand; Melleny Black, Head of the Chief Executive's Office; Chris Bunny, Deputy Chief Executive Building, Resources and Markets; and Suzanne Stew, Deputy Chief Executive Market Services.

Not pictured: Joanne Hughes, Deputy Chief Executive Strategic Policy and Programmes; Robert Pigou, Head of the Provincial Development Unit; and Stewart McRobie, Chief Financial Officer.

Our culture and values

Every organisation has a culture, or behaviour that shapes the organisation and determines its working environment. This culture shapes how people in the organisation interact with each other.

Making our values explicit is the start of shaping our culture. We are stating what is important to us and defining how we will behave towards each other and with our customers and the partners we work with.

This year MBIE staff defined a new set of values for our organisation that express what we aspire to be and how we will work to serve the people of New Zealand. They are:

- › **Māia – Bold and Brave**
We are curious and strive to be innovative, challenge the status quo and explore new ideas.
- › **Pae Kahurangi – Build Our Future**
We learn from the past to shape the future and listen to lead the way.
- › **Mahi Tahī – Better Together**
We will work more collaboratively, sharing our knowledge, treating each other with respect and connecting with others in the public sector and with our communities.
- › **Pono me te Tika – Own It**
We will take responsibility for our decisions and actions and be accountable to ourselves and to the public we serve.



Our workforce

We want to make sure MBIE is a great place to work, and our organisational priorities ensure we keep our people safe and well, make them feel a valued part of the team, and nurture their ‘spirit of service’. We are committed to using and developing people’s skills.

- › **Wellbeing, health and safety:** We want everyone to enjoy work and go home safely every day. Our Ora wellness strategy and training programme addresses bullying and harassment, along with mental health, fatigue, drugs and alcohol misuse, stress and health monitoring. Our Te Puna Ora hub provides a range of supporting materials and access to help.

- › **Inclusion and diversity:** There is great value in diversity – it makes us a stronger organisation. We are aiming to create a workplace where diversity is nurtured and celebrated. We seek, utilise and celebrate diverse and inclusive thinking, people and behaviours. We are focusing on five work streams – people, environment, policies, communication and education and monitoring and evaluation. These work streams are laying the foundations needed to achieve sustainable and embedded inclusion and diversity. We encourage staff-led networks and have the following operating:

- Ngāi Kahukura – Rainbow Network
- Mindfulness at MBIE
- Women in Leadership
- Te Aumangea – Mental Health Network
- Te Aka Matua – Māori Staff Network

- › **MBIE’s Gender Pay Action Plan:** Following the launch of the Government’s five gender pay principles, we’ve developed a Gender Pay Action Plan with particular focus on:

- increasing the number of women in senior roles
- no pay gaps in starting salaries
- removal of bias from human resources practices
- gender pay gaps closed.

We’re working in partnership with unions to deliver on the action plan.

- › **Spirit of service:** At MBIE we are privileged to help people and New Zealand flourish through the work we do. In June we held a week of events to talk about what the spirit of service means to us and to recognise people who show outstanding spirit of service. Our aim is to recognise and understand how our professionalism and our contributions help us to Grow New Zealand for All. Having a spirit of service means being open to the experiences and needs of our communities.

- › **Growing great talent:** To meet our business goals it is crucial that we develop and support our greatest asset – our people. We need people with a range of skills to meet the challenges of our changing environment and to deliver effectively to the communities we serve. To support personal and professional development, MBIE offers:
 - online learning and development resources through Learn@MBIE
 - graduate programmes, including a focus on attracting Māori and Pasifika graduates
 - support for staff and managers to map their career pathways. The public sector-wide Leadership Success Profile is integrated into our recruitment and performance and development processes.

OUR PARTNERSHIPS

– WORKING ACROSS GOVERNMENT

MBIE can make the most impact by coordinating and sharing information within our organisation, across government and with industry and communities.

Sharing information, good practice and business intelligence within MBIE and across government improves all our operational functions and regulatory stewardship.

Cooperation was critical to help create a new Ministry



MBIE was part of a cross-agency team that set up the Ministry of Housing and Urban Development (HUD) this year. Working to a tight timeframe, the Ministry was established on 1 August 2018 and was operational by 1 October 2018.

MBIE, the Treasury, the Ministry of Social Development and the State Services Commission worked together to identify the teams and policy groups that would be needed to set up a new Ministry. MBIE provided the corporate infrastructure for a seamless transition of teams and services.

The new Ministry is the Government's lead advisor on housing and urban development, helping to improve access to affordable housing and to lift the performance of our urban areas.



Unlocking regional New Zealand's potential through the Provincial Growth Fund



With the establishment of the Provincial Growth Fund (PGF), the Government is supporting our regions so all New Zealanders, regardless of where they live, can participate fully in an economy that is sustainable, inclusive and productive.

The PGF is investing \$3 billion in New Zealand's regions.

The majority of the PGF is administered by the Provincial Development Unit (PDU). The PDU was established in 2018 as a business unit of MBIE and works across government and with industry, communities, iwi and local government.

The PDU is set up to drive sustainable regional economic development by supporting projects that create employment, increase environmental sustainability, diversify and develop the regional economy and raise the wellbeing of people living in the regions.

The PDU works with other government agencies, such as the Ministry for Primary Industries, the Ministry of Transport, Te Puni Kōkiri and the Department of Conservation to ensure PGF-funded projects are coordinated and effective.

The PDU regularly monitors and engages with successful applicants to ensure projects are progressing well. The PDU also reports regularly on the PGF's performance to Ministers and Cabinet. Confirmation of the PGF evaluation framework is underway to ensure the impact of its investments and their outcomes can be tracked. There will be an evaluation of the PGF completed by the end of 2020 to give an early indication of the short-term effectiveness of the fund's operations and investments. A longer-term evaluation will also be done at a later date when the impacts of the PGF's investments can be fully assessed.

The PDU received 854 funding proposals in the 2018/19 financial year, its first full year of operation. 215 proposals were approved for funding in the 2018/19 year, resulting in an investment in New Zealand's regions of \$855,525,007. (Note, other agencies also administer parts of the PGF).

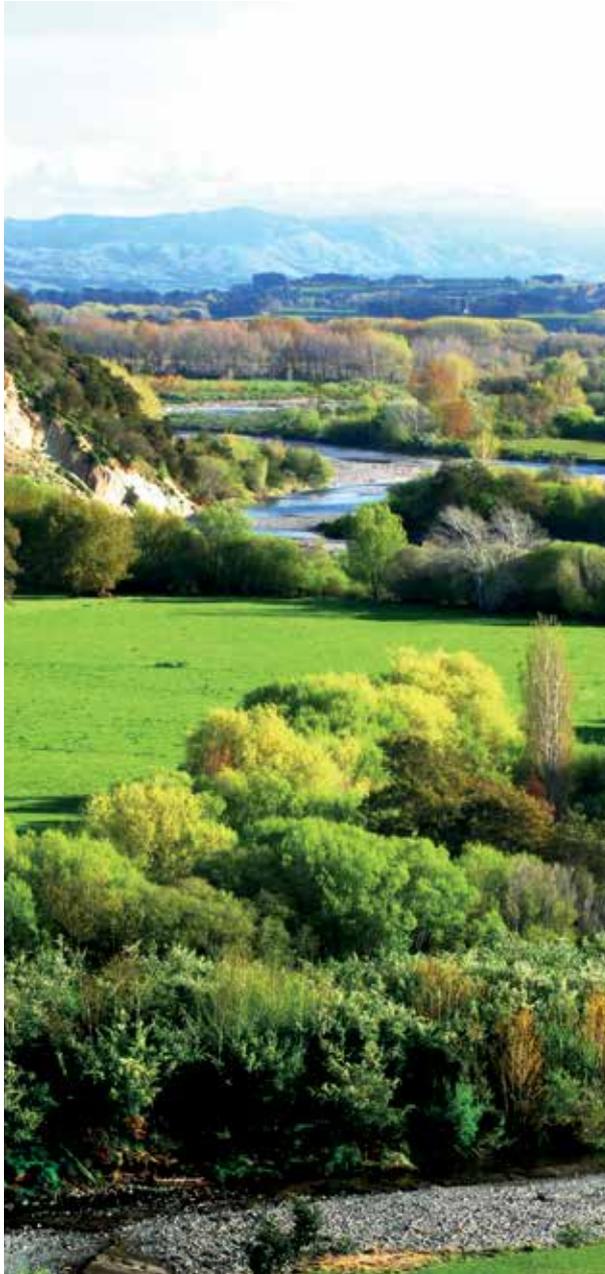


Photo: www.ManawatuNZ.co.nz

Better for business – better for everyone



Better for Business (B4B) is an MBIE-led cross-agency programme focused on making it easier for businesses to deal with government. The 10 participating agencies collectively make up 83 per cent of the interactions a business would normally have with government.

Together the agencies work on initiatives that make services to businesses more consistent and coordinated. The use of digital technologies and innovative approaches to service design and delivery are important to achieving these goals.

Small businesses make up 97 per cent of all New Zealand businesses, and when they thrive so do our communities and whānau. We want to enable firms to be more productive by spending less time dealing with government and more time on their business.

Key B4B partners include the New Zealand Business Number (NZBN) and business.govt.nz. The work includes the long-term business research monitor; business life events framework; Better rules – better outcomes initiative; and its core initiative Business Connect.

B4B links to several Public Sector strategies, including a Unified Public Service; the Small Business strategy and the strategy for a Digital Public Service.

Innovation event showcases the latest ideas

The latest in new ideas, products and services were showcased in April at the third All-of-Government Innovation Showcase in Wellington. Led by B4B and the Office of the Government Chief Digital Officer, the showcase focused on government-wide digital, innovative and collaborative projects. The showcase was an opportunity to be inspired by how agencies are working together to make access to government services easier, more consistent and more coordinated.



Banks join attack on fraudsters

A nationwide campaign to tackle fraud was boosted this year with the Banking Ombudsman joining 12 government agencies to spread the word about scams, raise awareness through banks and telecommunications channels, and to launch the first television campaign.

MBIE's Consumer Protection team has been coordinating the cross-agency campaign for the past five years.

In addition to Fraud Awareness Week, the team collaborates with government agencies, non-governmental organisations (NGOs) and the private sector on the Interagency Fraud Working Group to inform consumers and businesses about scams in New Zealand, work on interventions and share insights. They also ensure people who have been affected by scams find the most appropriate place to get help.

G-REG: building the professionalism and lifting the capability of the New Zealand regulatory practice



G-REG, the Government Regulatory Practice Initiative, is improving the quality and consistency of regulatory practice in the public sector. This year G-REG launched its website: g-reg.govt.nz.

G-REG was set up in 2015 by central and local government chief executives to improve regulatory practice across three pillars: developing people capability, developing organisational capability and building a professional community.

One of G-REG's key features is joining up central and local government in a way that has not happened before. Annual conferences are held each year in Wellington, Christchurch and Auckland; regulatory stewardship and best practice guidelines have been developed; and opportunities for cross-agency peer-to-peer learning contribute towards the aim of improving the professionalisation of the regulatory workforce.

MBIE hosts the G-REG Secretariat and is one of several agencies collaborating on the initiative and building a community of regulators.

Crown entities we partner with

We work in partnership with 25 Crown entities providing oversight and support.



GROW NEW ZEALAND

Hīkina Wh

ECONOMIC PERFORMANCE

Productive and sustainable use of resources across New Zealand.



WHAT SUCCESS

Prosperous and adaptable people, sectors, and regions.

People are skilled and engaged in safe and fulfilling work.

Informed consumers and businesses interacting with confidence.

LAND FOR ALL

akatutuki

PARTICIPATION

People are confident to participate in fair and thriving markets.



LOOKS LIKE

Value is sustainably derived from the natural environment.

A dynamic business environment fostering innovation and international connections.

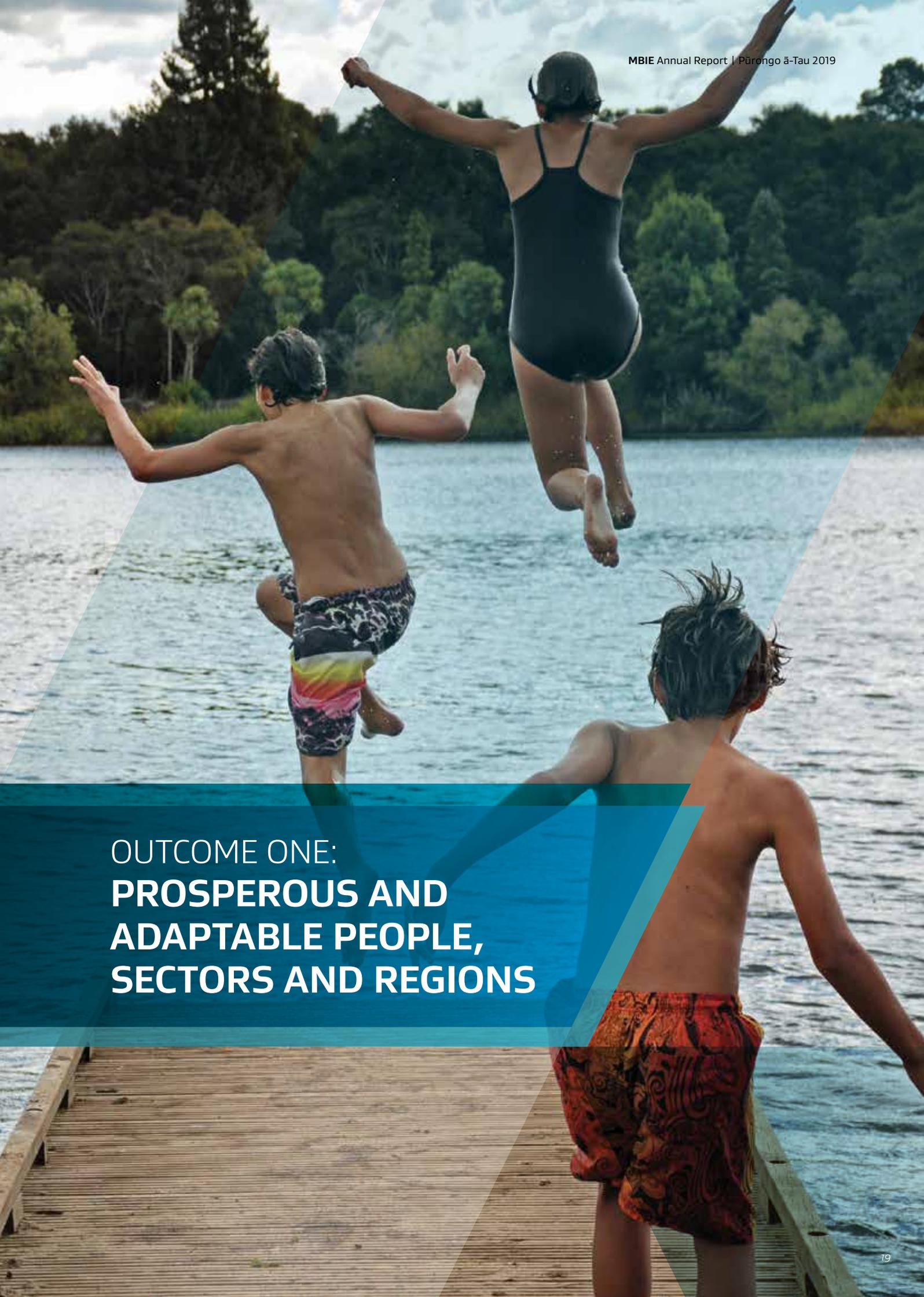
MBIE OUTCOMES

Our strategic intentions are underpinned by our purpose and outcomes framework. To pursue these goals, MBIE focuses on five outcome areas. This section of the report provides information on our progress towards these outcomes.

A suite of outcome indicators were developed for our refreshed outcome framework and included in our Statement of Intent 2018–2022. Outcome indicators and our output performance measures are different ways of assessing performance and therefore cannot necessarily be looked at together.

Our output performance measures assess whether we have achieved specific services or functions that collectively support the overall achievement of our outcomes. These services and functions tend to be under our direct influence and over a shorter time period.

Our outcome indicators represent movement towards our longer-term goals and are trend-based. They need to be viewed over the long term (multi-year) and are not wholly within MBIE's control. However, they provide a view of whether we are moving in the right direction towards the outcomes.

A photograph of three children jumping from a wooden pier into a lake. A girl in a black one-piece swimsuit is in mid-air at the top, with her arms raised. A boy in patterned shorts is jumping below her. In the foreground, another boy in red patterned shorts is standing on the pier, looking out over the water. The background shows a dense forest of trees under a cloudy sky. The image is overlaid with a teal geometric shape containing text.

OUTCOME ONE:
**PROSPEROUS AND
ADAPTABLE PEOPLE,
SECTORS AND REGIONS**

OUTCOME ONE: PROSPEROUS AND ADAPTABLE PEOPLE, SECTORS AND REGIONS



SPEND: \$336 million

PROGRESS: 67% of outcome indicators are in line with the desired trend

In the future, New Zealand's economy will have a different mix of sectors, jobs and skills. We will help communities to adapt and to benefit from the changes as we move to a knowledge-intensive, low-emissions economy.

One way we can improve our prosperity and community wellbeing is by helping regions to grow – and tourism and investment is an important part of this. We are delivering regional development programmes and creating economic opportunities through the work of the PDU.

Income inequality in New Zealand is well above the OECD average, and for some people poor social and economic outcomes persist across generations. When people are unable to reach their full potential, it is a loss to them, their communities and to New Zealand. MBIE is focusing on identifying groups in need.

Māori have distinct knowledge and cultural approaches. This understanding – mātauranga Māori – has potential to help us prosper, and we are working with Te Puni Kōkiri to foster Māori economic development.

MBIE is responsible for immigration policy. We balance the desire to encourage new migrants, who bring skills that businesses need to grow, with the need to protect New Zealand's interests and ease the way for legitimate travellers.

We are supporting businesses to move into areas that show higher growth or require greater knowledge to increase productivity and generate more fulfilling jobs. Diversification will ensure that New Zealand is more resilient to shocks, and better placed to adopt, adapt and respond to new technologies.

MBIE encourages innovation

To encourage a growing appetite for innovation among Māori businesses, MBIE hosted 10 regional Māori business meetings this year to talk about government funding opportunities.

Māori businesses are increasingly investing in the digital space; collaborations with pharmaceutical companies and universities; traditional food and fauna technology; and projects with national and multi-national companies.

Around 700 people representing Māori land trusts, Māori-owned small and medium-sized enterprises, the private sector, and tertiary institutions attended meetings in Tauranga, Gisborne, Hastings, Nelson, Whāngārei, Kaikohe, Hamilton, Whanganui, Masterton and Christchurch.

Cross-agency delivery was led by Te Kupenga – MBIE's Māori Economic Development Unit – and supported by He kai kei aku ringa – the Crown–Māori Economic Development Strategy and the Māori Innovation Fund.





Photo: Wellingtonians at a vigil in support of the Christchurch attack victims, by Malcolm Wood

Families took priority after Christchurch attacks

We moved rapidly to grant emergency visitor visas to more than 200 family members of victims of the March 2019 Christchurch attacks.

Immigration New Zealand staff dealt directly with families and worked with the Ministry of Social Development to provide government-funded access to lawyers and immigration advisers to help them apply for New Zealand permanent residence.

The Christchurch Response (2019) special visa category was set up for three groups:

- › New Zealand-based families in which an immediate family member died
- › people living in New Zealand who were physically injured in the attacks and their New Zealand-based immediate families
- › people living in New Zealand who were physically present at one of the mosques at the time of the attacks but were not physically injured, and their immediate families living in New Zealand.

Community Organisation Refugee Sponsorship (CORS) – next steps for the pilot

In mid-2018, 25 refugees arrived in New Zealand under the CORS category pilot. Four community organisations were approved as sponsors to help the refugee families to settle and become self-sufficient. Six refugee families were settled: one in Hamilton, one in Nelson, three in Christchurch, and one family in Timaru.

Findings from the process evaluation report (February 2019) showed that the CORS category had met its short-term objectives, with the sponsored refugees doing well three months on from their arrival. The families were making progress in learning English and were navigating their communities successfully. Key stakeholders and the public were largely supportive of the category, and the concept of community sponsorship had been well received. The process evaluation also found that more information was needed on long-term community capacity and refugee outcomes to determine if the category has met all of its objectives.

The evaluation of settlement outcomes for this group will continue over the next three years to assess the longer-term outcomes from the pilot.

Next steps will be engaging with stakeholders (community organisations, refugee advocacy groups and other members of the public) ahead of providing advice to government on the next stage.



Development Hub connects wāhine to jobs

The Hastings Development Hub is matching young wāhine with job training in Hawke’s Bay and making a difference to their lives.

Thirty-six young wāhine took part in the Initiate pre-employment programme this year. Thirty-three completed the course and 27 have been in continuous employment or education since then.

The Development Hub received \$195,000 from He Poutama Rangatahi for Initiate, which supports young people (rangatahi) aged 15–24 at risk of long-term unemployment and tackles local labour shortages, particularly in the horticulture, agriculture and forestry industries.

The Hub is partnering with local businesses, including Heinz Wattie’s, Tumu ITM, and T&G Global (formerly Turners and Growers).

Tourism can future proof our regions

Tourism can invigorate our national and regional economies. It creates jobs, boosts prosperity and allows New Zealanders to celebrate who we are. But recent visitor growth has also highlighted some pressure points.

The New Zealand–Aotearoa Government Tourism Strategy wants tourism to grow sustainably, and that means making sure the benefits of growth are shared and the challenges managed. Its goals are that tourism:

- › supports regions to thrive
- › improves sector productivity
- › delivers exceptional visitor experiences
- › protects, restores and champions New Zealand–Aotearoa’s natural environment, culture and historical heritage
- › improves New Zealanders’ lives.

100-plus visas processed for LGBTI delegates

Wellington hosted more than 500 delegates from almost 100 countries in March for the International Lesbian, Gay, Bisexual, Trans and Intersex Association World Conference. Immigration New Zealand worked with organisers months in advance to identify the 100 attendees who required a visa to ensure their visas were processed in time for the conference. Other conference attendees were from visitor waiver countries.

CASE STUDY**Independent service to help homeowners settle their claims****Our aim**

To provide free and impartial advice to homeowners still struggling to settle their Earthquake Commission (EQC) and/or insurance claims from the Christchurch earthquake sequence.

Our role

The Greater Christchurch Claims Resolution Service (GCCRS), launched late last year, gives homeowners access to specialist case managers, engineering advice, wellbeing support, legal expertise and an internal dispute resolution service to help them settle their claims. GCCRS works with the homeowner and the insurer or EQC to help identify any barriers that may exist to settlement and then supports the homeowner on the pathway that best suits them to get these issues resolved. GCCRS has the homeowner at the centre of everything it does in a transparent and open process to support them in their claim. The purpose-built GCCRS portal provides the homeowner with up-to-date information on their claim, including who is managing their claim at EQC or the insurer, what the next steps are with their claim, who is going to be doing it by when, what documents and reports are being relied on for the claim, and any other pertinent details. The homeowner is kept informed of progress at each stage of their claim.

The outcome

GCCRS works with homeowners for as long as they want, to help them achieve either a cash settlement that allows them to move on or a repair/rebuild strategy to get them back into their homes. Around 70 per cent of the 1,150 homeowners GCCRS is working with have been referred by other homeowners or from lawyers within Christchurch. Early indications from exit surveys suggest that around 80 per cent of homeowners report that they were able to make informed decisions following support from GCCRS with 70 per cent reporting their wellbeing has improved as a result of the support provided by GCCRS.

What this means for New Zealanders

GCCRS has provided solutions for homeowners to allow them to move on with their lives following the Christchurch earthquake sequence and has worked to increase the public trust in EQC and insurers across Canterbury. GCCRS works with homeowners to provide them the correct advice so that they can protect their most valuable asset and return their value to pre-earthquake levels.

Photo: ChristchurchNZ

What we're working towards

PERFORMANCE MEASURE	INDICATOR	TREND	COMMENTARY
Increase household incomes Split by ethnicity, region	Total real household median weekly income from all sources, by region	Current  Desired 	Total real household median income (from all sources, based on 2012 prices) in the year to June 2019 was \$1,628 per week – a \$25 or 1.6% increase on 2018. This was the eighth consecutive yearly increase since 2012.
Increase labour productivity	Labour productivity growth	Current  Desired 	Labour productivity growth was 0.3% in the year to March 2018, down from 0.6% in the previous year. The five-year (2013–2018) compound annual growth rate was 0.8%.
Decrease income inequality	Percentile ratio (P80:20) of household income after housing costs for all households	Current  Desired 	Income for the top 20% of households was 2.88 times that of the lowest 20% (after adjusting for housing costs) in 2017. This ratio is a measure of household income inequality and has had a largely downward trend (becoming less unequal) since its peak in 2014.



**OUTCOME TWO:
PEOPLE ARE SKILLED
AND ENGAGED IN SAFE
AND FULFILLING WORK**

OUTCOME TWO: PEOPLE ARE SKILLED AND ENGAGED IN SAFE AND FULFILLING WORK



SPEND: \$1,990 million

PROGRESS: 60% of outcome indicators are in line with the desired trend

People need work that provides fair pay. But work is more than simply income; it can also give people a sense of purpose and allow them to develop skills, experience and social connections.

Skilled people do better socially and economically and are more resilient to change. They will also help businesses to drive innovation, productivity, growth and global competitiveness.

MBIE is responsible for ensuring that the labour market is functioning well to provide people with a safe and fair working environment. Accidents at work and poor employment relations damage workers, businesses and society.

We also influence the market to make sure people and businesses have access to the skills they need. Initiatives to boost skills are directed at specific groups, such as youth not in employment, education or training (NEET). Immigration is part of this picture, and we provide advice on overseas skills that Aotearoa-New Zealand may need.

Pasifika interns bring 'diversity of thinking' to policymaking

Pasifika tertiary students are making a unique and valuable contribution to public policy while they learn what it's like to work for government.

The Tupu Tai Pasifika Public Sector Internship Programme provides an opportunity for top Pasifika students to explore public sector policy careers. As a result of the internship experience, 23 Tupu Tai graduates are now employed in permanent and fixed-term roles throughout the public service, while 32 students joined the 2018/2019 cohort as interns.

Agencies value the experiences and insights that interns bring to public policy work. By 2026 Pacific peoples are expected to make up 10 per cent of New Zealand's population, yet only 1.2 per cent of all policy analysts in New Zealand are of Pacific descent.

Tupu Tai was a finalist in the Institute of Public Administration New Zealand Awards 2018.





Skilled drivers will help deliver big projects

A \$2.8 million investment from the Provincial Growth Fund is helping unlock the economic potential of the Manawatū-Whanganui regions by training skilled drivers and machinery operators. Big projects, including the Manawatū Gorge Road Project and a new KiwiRail hub, will maximise Palmerston North’s potential to act as a major distribution centre for the lower North Island.

The funding will expand a national driver programme near Palmerston North to meet local and national labour shortages. The National Driver Training Centre (NDTC) at Manfeild Park in Feilding will train up to 700 drivers and machine operators a year. The NDTC ran more than 400 car and motorbike licences and more than 200 defensive driver training courses for the year ended June 2019. By the end of 2019 this will be expanded to deliver truck, digger, 4WD, forklift and roller training.



MBIE acts to protect migrant workers

Temporary migrant workers may be particularly vulnerable as they are less likely to be aware of their rights and entitlements than their New Zealand colleagues.

MBIE is investigating how they are being exploited in New Zealand, and what we can do to protect them.

Workers in the sex industry are particularly at risk, and this has been an area of focus for Immigration New Zealand over the last year. Only New Zealand citizens and permanent residents can legally work in the sex industry, so temporary migrants working unlawfully can be exposed to unscrupulous employers and clients.

This programme of work has included commissioning independent research, gathering information to better understand the particular challenges within this industry, and educating the industry itself to ensure employers, facilitators of service, and workers all understand their rights and legal obligations.

MBIE is leading a review into temporary migrant worker exploitation, which will result in draft recommendations to the Minister of Immigration on ways to better address temporary migrant worker exploitation.

Prosecutions for slavery, trafficking and exploitation

Arrests and prosecutions for slavery and human trafficking after joint action by Immigration New Zealand and New Zealand Police send a strong message to traffickers.

A New Zealand citizen was convicted for exploiting Indian workers he employed. The man was sentenced to nine months' home detention, 200 hours of community service and ordered to pay \$150,000 in victim reparation.

A Bangladeshi couple running a sweet-making business in Auckland were found not guilty in March of two human-trafficking charges but found guilty of exploiting migrants and jailed for four years and five months and two years and six months respectively.

A Samoan man was arrested in December 2018 and charged with human trafficking and slavery of Samoan nationals in the horticulture industry. The victims allege they were not paid, had passports taken, and were assaulted and threatened. The trial is pending.

In August 2018, as part of a broader joint investigation into this case, Fiji Police working with Immigration New Zealand investigations arrested a Fijian national in Fiji and charged her with a number of crimes, including human trafficking. In addition, in September 2018, a 10-month home detention sentence was handed down on five charges of providing false or misleading information to Immigration New Zealand.

New Zealand is committed to eliminating people trafficking and has a comprehensive all-of-government approach to combatting all forms of trafficking in persons.

Employment law under scrutiny

MBIE is leading the Government's changes to employment law to deliver fair pay and conditions, working with the New Zealand Council of Trade Unions and BusinessNZ.

We have supported working groups on sector-level collective bargaining, improvements to the *Holidays Act 2003*, and bargaining rights for film production workers. We have helped develop legislation on employment relations, pay equity and pay for Members of Parliament.

The Film Industry Working Group has now agreed on a model that allows screen sector workers to continue as contractors with the right to bargain collectively and use a dispute-resolution scheme.

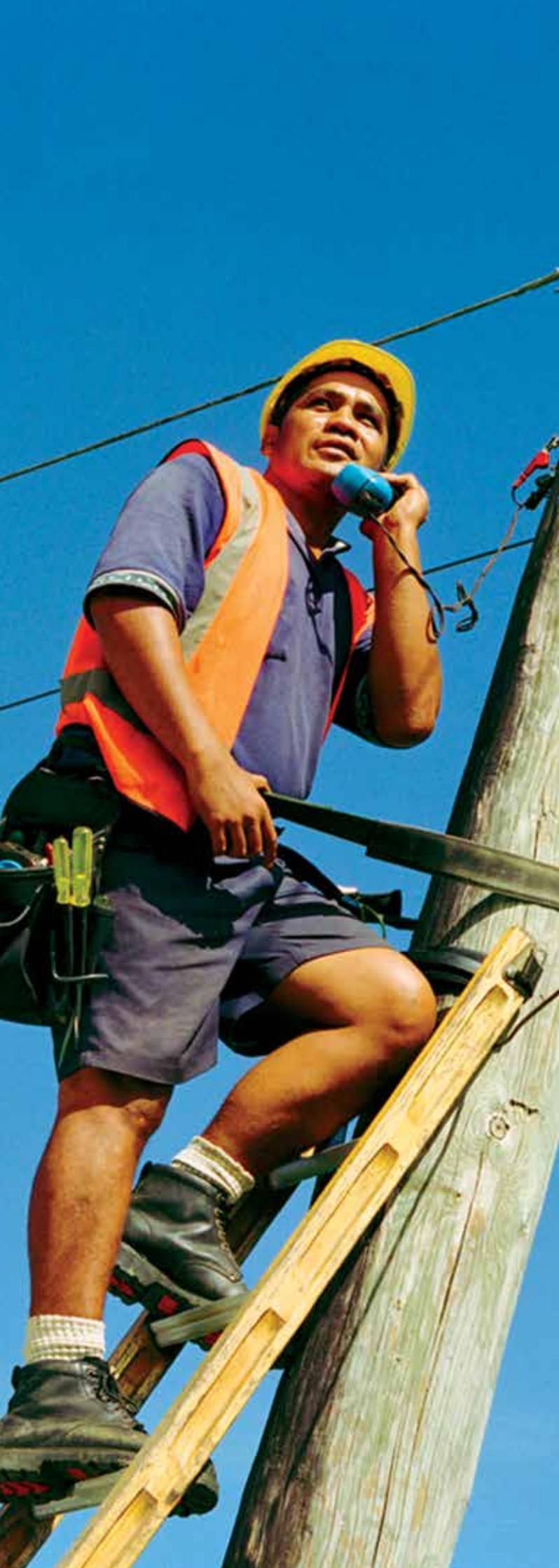
The Fair Pay Agreement Working Group, which was established to recommend a system of bargaining that sets minimum terms and conditions across industries or occupations, reported back in December 2018. The Holidays Act Taskforce is carrying out a review of the law and will report back in mid-2019.

MBIE has also provided support on the Equal Pay Amendment Bill. The Bill would allow workers to make a pay equity claim within New Zealand's existing bargaining framework.

Strategy launched to reduce workplace accidents

The Government's *Health and Safety at Work Strategy 2018–2028* aims to reduce the number of injuries and deaths at work, and improve the wellbeing of all New Zealanders. MBIE developed the strategy with WorkSafe New Zealand and other stakeholders. It was launched in December 2018.





CASE STUDY

Operation targets broadband sub-contractors

Our aim

To make sure sub-contractors working for Chorus on the Government’s fibre broadband network rollout are employing staff according to minimum employment standards.

Our role

Following advice from E tū Union that sub-contractors were breaching employment standards, MBIE’s Intelligence and Risk Unit led an operation in June 2018 with labour inspectors, immigration officers, the Companies Office and Inland Revenue investigators. Seventy-two employers were identified as likely to be in breach. Since then a further 14 referrals have been received. Eleven cases remain under investigation.

The outcome

As at 30 June 2019 there were:

- › 13 infringement notices issued, with total penalties of \$22,000
- › 47 improvement notices issued
- › 3 enforceable undertakings issued
- › 6 cases lodged with the Employment Relations Authority (ERA)
- › 70 cases closed, 11 cases open

Chorus has since tabled an independent review into the employment practices of its sub-contractors in the fibre broadband network rollout. The review has promised a range of systems and process improvements for its subcontracting operations.

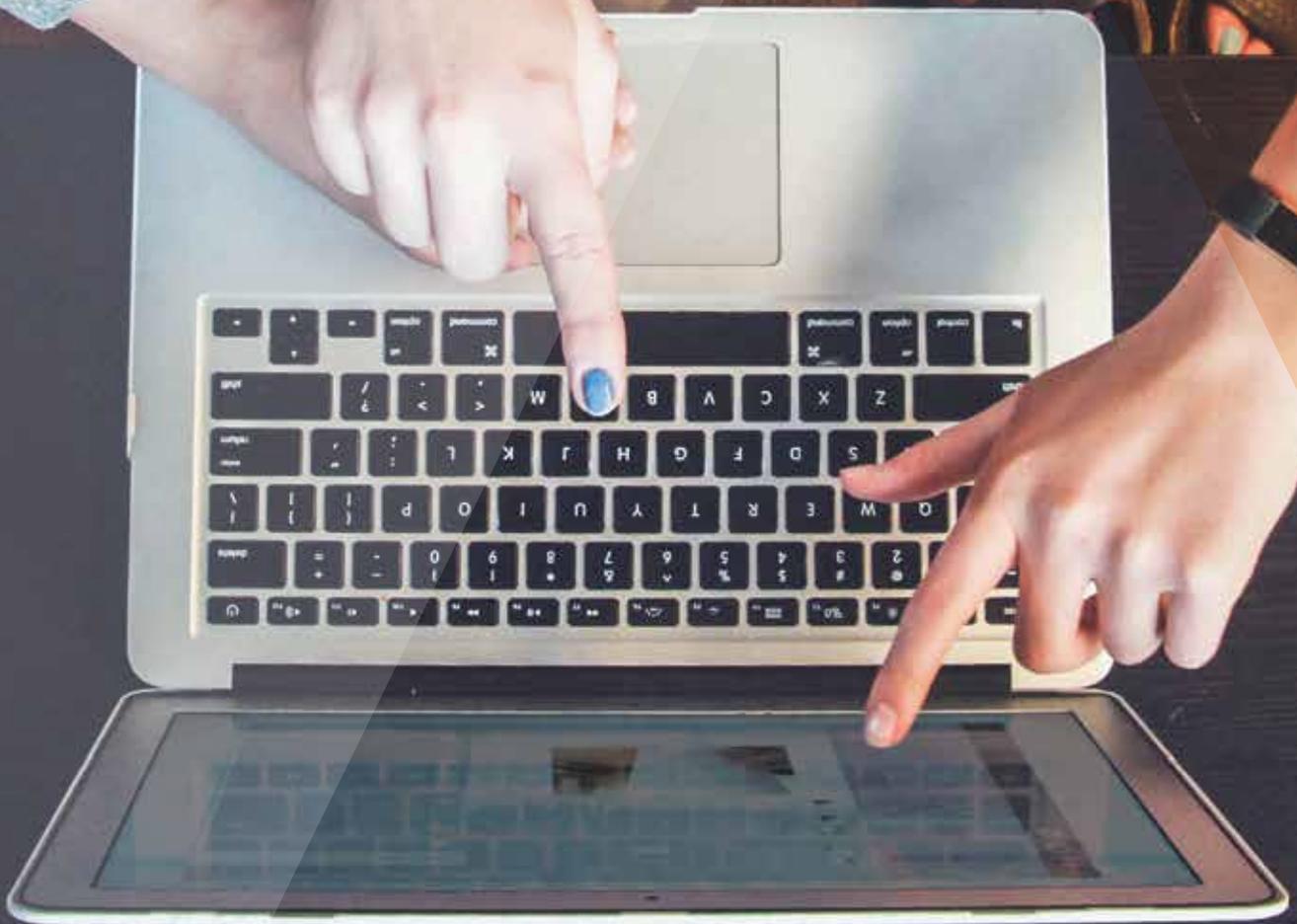
What this means for New Zealanders

The Labour Inspectorate is using the Chorus report as a case study to help other employers avoid the pitfalls of the sub-contracting model and show what they need to do to comply with employment standards.

What we're working towards

PERFORMANCE MEASURE	INDICATOR	TREND	COMMENTARY
Increase skilled workforce	Qualification attainment rate: Percentage of 25–34-year-olds with New Zealand Qualifications Framework (NZQF) level 4 qualifications or above	Current  Desired 	The qualification attainment rate for young adults (measured by the percentage of 25–34-year-olds with NZQF level 4 qualifications or above) was 59.3% in the quarter to June 2019, 0.4 percentage points higher than in the quarter to June 2018. This is the highest recorded figure for a June quarter since 2004, continuing the consistent upward trend since 2015.
	Skilled occupation rate	Current  Desired 	The skilled occupation rate is the proportion of people employed in an occupation assessed as 'skilled or higher' by the Australian and New Zealand Standard Classification of Occupations (ANZSCO). In the quarter to June 2019 it was 63.1%, 0.2 percentage points higher than in the quarter to June 2018. This rate has been increasing steadily since 2004.
Increase skill matching of migrants	Proportion of employed principal migrants whose occupations in New Zealand match their skills and NZ-ready qualifications	Current  Desired 	The proportion of employed principal migrants whose occupations in New Zealand match their skills and New Zealand-ready qualifications continued to increase. The proportion in 2018 was 88%, an increase from 85% in 2017.
Increase employment Split by ethnicity, region	Total employment rate	Current  Desired 	The seasonally adjusted employment rate in the quarter to June 2019 was 67.7%, compared to 67.8% in the quarter to June 2018. Despite this slight decrease, the employment rate is still near its highest level in over 20 years.
Reduce underutilisation Split by ethnicity, region	Total underutilisation rate	Current  Desired 	The seasonally adjusted underutilisation rate in the quarter to June 2019 was 11.0%, the lowest June quarter rate since 2009. The underutilisation rate has been improving since 2012.
Reduce unemployment Split by ethnicity, region	Total unemployment rate	Current  Desired 	The unemployment rate continued to improve by showing a further decline. The seasonally adjusted unemployment rate was 3.9% in the quarter to June 2019, falling from 4.4% in the quarter to June 2018. This is the lowest June quarter unemployment rate since 2009, close to the level it was prior to the global financial crisis in 2008.
Reduce proportion of people not in employment, education or training (NEET) Split by ethnicity, region	NEET rate (15–24 years)	Current  Desired 	The proportion of youth (aged 15 to 24 years old) not in employment, education or training (NEET rate) continues to improve by showing a further decline. The seasonally adjusted NEET rate was 10.3% in the quarter to June 2019, the lowest June quarter rate in this decade.
Increase pay equity Split by ethnicity, region	Difference in median hourly earnings for men and women	Current  Desired 	The gender pay gap (measured by the percentage difference between men's and women's median hourly earnings) was 9.3% in the year to June 2019. This is slightly higher than in 2018 when it was 9.2%, but is still close to the lowest level seen in the last decade (which was 9.1% in 2012).
Reduce fatal and serious work-related injury	Fatal injury rate (age standardised rate per 100,000 FTE workers)	Current  Desired 	The three-year average fatal injury rate (age standardised rate per 100,000 full-time equivalent (FTE) workers) remained at 2.1 for the period 2015–2017 (provisional figures), the same as it was in the 2014–2016 period, and the lowest it has been since 2002–2004 period.
	Serious non-fatal injury rate (age standardised rate per 100,000 FTE workers)	Current  Desired 	In 2017, the serious non-fatal injury rate (age standardised rate per 100,000 FTE workers) increased to 16.9, from the decade low rate of 14.3 in 2016.

OUTCOME THREE:
**INFORMED CONSUMERS AND
BUSINESSES INTERACTING
WITH CONFIDENCE**



OUTCOME THREE: INFORMED CONSUMERS AND BUSINESSES INTERACTING WITH CONFIDENCE



SPEND: \$788 million

PROGRESS: 38% of outcome indicators are in line with the desired trend

The Government promotes fair and thriving markets by setting rules and defining rights that allow businesses to operate effectively and protect people from harm.

This gives people confidence to purchase goods and services, employ people or be an employee, be a landlord or tenant, or run a business. Confidence is essential to economic growth and for safe and healthy communities. It also delivers broader benefits such as civic engagement and trust in institutions.

To feel confident, people and businesses need to know their rights and responsibilities and that mechanisms are in place to protect them, including ways to resolve disputes. It is also important that buyers have accurate information about the goods and services they purchase.

MBIE supports consumers, tenants, landlords, workers and businesses by providing information and services. We help to set and enforce market rules and regulations across a range of areas, including the building and construction market and telecommunications sector.

The Construction Skills Strategy

It's important that sectors like construction have the right people with the right skills where they are needed, thriving in their work. The Construction Skills Strategy is about government and industry working together to grow the capacity and capability of the construction workforce. To support the Strategy, the Construction Skills Action Plan established six initiatives with the goal of supporting an additional 4,000 people into construction careers.

MBIE is responsible for three of the six initiatives in the Action Plan – Leveraging Government Procurement, Establishing Additional Jobs and Skills Hubs and Immigration Settings. We're working closely with the Tertiary Education Commission and the Ministry of Social Development to support the remaining three initiatives, and deliver the construction workforce we need for the 21st century. The next Action Plan is now being developed and will focus on lifting capability across the sector.

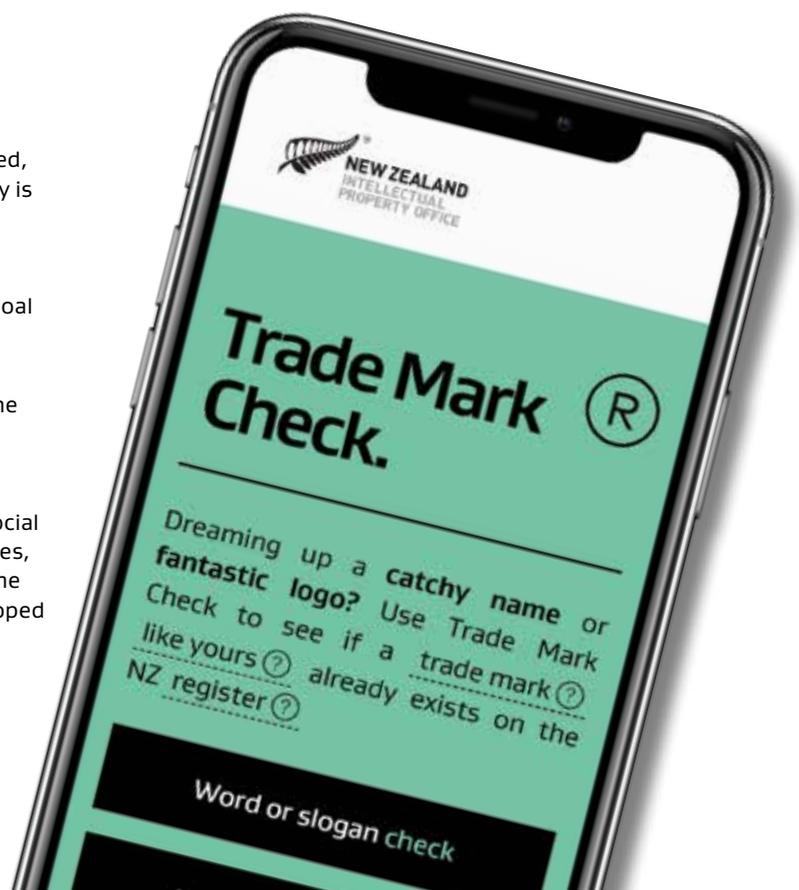
Check a trade mark in a few clicks

The new Trade Mark Check online tool lets people check a trade mark from their phone, tablet or laptop.

This world-first logo and word mark search service has been developed by the Intellectual Property Office of New Zealand (IPONZ). With Trade Mark Check, businesses can search word marks and images or even roughly drawn logo ideas using the IPONZ search engine and database. The tool identifies features in your logo and trade mark words that are phonetically similar.

Trade Mark Check is an advance on ONECheck, already available from Business.govt.nz. ONECheck allows start-up businesses to check on business names. Trade Mark Check drills down to provide a valuable answer on the uniqueness of a trade mark idea – word or logo.

For the past two years, IPONZ has been rated number one in the world for online service by World Trademark Review.





Law changes target predatory lenders

Predatory lenders and truck shops will face tighter controls following Government changes to the *Credit Contracts and Consumer Finance Act 2003* (CCCFA).

An MBIE review of the CCCFA in 2018 found excessive credit costs, continued irresponsible lending, irresponsible mobile truck-shop behaviour, unreasonable fees, and harmful debt-collection behaviour.

The law changes include a cap on high-cost loans to stop debt spirals, clearer responsible lending requirements, tougher penalties for breaking the law, and more accountability for mobile traders. The changes, now before Parliament, will support child poverty reduction initiatives.

MBIE teams worked on the review with lenders, consumers, the Commerce Commission, the Citizens Advice Bureau, Community Legal Centres, FinCap, the New Zealand Bankers Association and the Financial Services Federation.

Subtitled videos a hit with ethnic groups

A video campaign that aimed to encourage insulation of rental properties by 1 July 2019 had enormous interest from landlords and tenants who don't speak English as a first language.

The Tenancy Services video advertisement was subtitled into 15 languages, with each version linked to translated information on the Tenancy Services website. Of the more than 40,000 people who visited the insulation pages on tenancy.govt.nz, a third used the translated pages. Overall, the ad was viewed more than 1.6 million times in two months.

Minority ethnic groups are represented disproportionately among tenants. Based on the identified need, Tenancy Services plans to continue translating videos to add to their many other translated resources available at tenancy.govt.nz.



Sustainable and inclusive government spend

Government spends approximately \$41 billion on goods and services from our suppliers. This significant spend gives us the ability to set the standards of behaviour and business practices that the Government wants to support and promote across New Zealand to ensure sustainable and inclusive government procurement that delivers for New Zealand and New Zealanders.

In May 2019, we introduced a government-wide Supplier Code of Conduct which sets out the minimum standards of conduct that we expect from suppliers the Public Sector engages with. This includes suppliers providing safe working conditions, treating their workers with respect and conducting their business in an environmentally responsible way.

Our suppliers are an extension of our business and by having them adopt this Code we can help deliver a fairer, more ethical and just society that also advances social and environmental outcomes.

New tool for smart investors

Smart Investor is a new online tool that lets investors search and compare investments such as KiwiSaver, shares, bonds and other types of managed products. Located on the Sorted website, the tool is designed to help KiwiSaver members build their financial capability by allowing them to make informed choices about their investments. Fees are broken down and compared against those of other providers, along with returns. The tool was created by MBIE, the Companies Office, the Financial Markets Authority and the Commission for Financial Capability.

The tool won the Good Design Australia 'Digital Web Design and Development' award for 2019.



CASE STUDY

Construction Sector Accord tackles challenges

Our aim

The Construction Sector Accord between government and industry is tackling the challenges facing the sector. These include skills and labour shortages; outdated regulations and uncertainty about flow of work; a lack of coordinated leadership; and a culture of shifting risk rather than managing it.

Our role

MBIE is involved in changes to regulations to support the performance of the sector and improve its role in bringing together government and industry. MBIE is leading specific Accord initiatives to make government procurement practices fair, efficient and predictable, and to create a more visible pipeline on construction work. MBIE also established the Construction Skills Action Plan to lead the collective action and commitment across government agencies to help the sector address its current and future workforce capacity and capability issues.

The outcome

The Accord vision is for a high-performing sector for a better New Zealand to provide safe, secure and rewarding careers for the workforce; a competitive market for industry customers; successful businesses for industry; and a construction sector that supports the wellbeing of New Zealanders.

What this means for New Zealanders

It means safe and healthy homes, and buildings and infrastructure that support the wellbeing of our communities.

Boosting the construction sector’s workforce capacity and capability

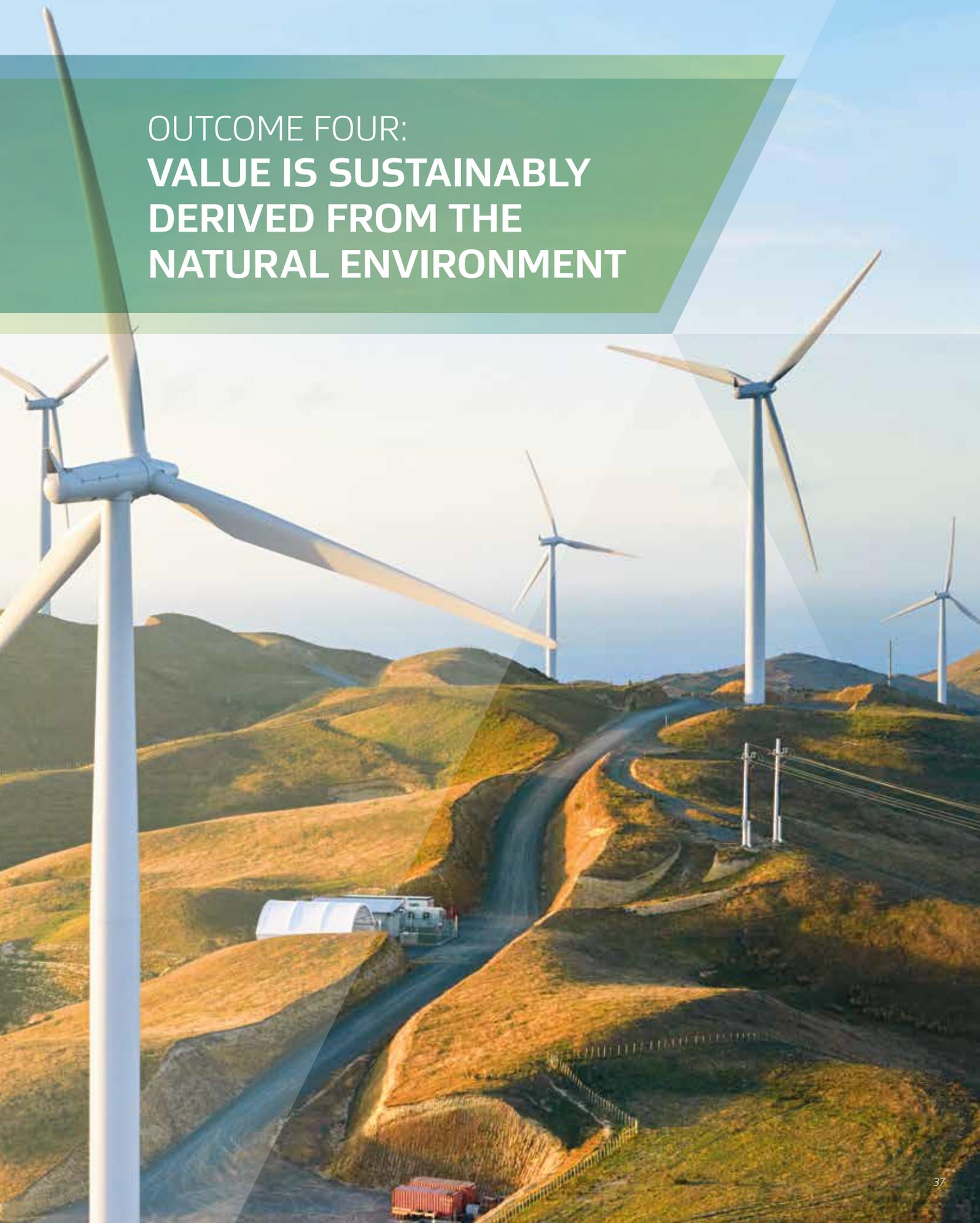
Lifting the capacity and capability of the construction workforce is a priority for the Government and key to the achievement of the Government’s goals for KiwiBuild, health, education, transport and regional development.

What we're working towards

PERFORMANCE MEASURE	INDICATOR	TREND	COMMENTARY
Increase consumer awareness	Percentage of adult consumers that know at least a moderate amount about their rights as a consumer	Current  Desired 	Less than half (46%) of adult consumers feel they know at least a moderate amount about their rights as consumers. This is lower than in 2016, when 51% of consumers said they knew at least a moderate amount.
Increase consumer confidence in business	Percentage of adult consumers that agree that in New Zealand you can generally buy products and services and feel confident that businesses will do the right thing and not try to mislead or cheat you	Current  Desired 	In 2018, 74% of consumers agreed that New Zealand businesses will do the right thing and not try to mislead or cheat them. This is slightly lower than 75% in 2016.
Improve access to dispute resolution services	Percentage of consumers that agree there is adequate access to services that help to resolve disputes between consumers and business	Current  Desired 	In 2018, 44% of consumers agreed that there was adequate access to services that help resolve disputes between consumers and businesses (down from 49% in 2016).
Increase tenancy mediation satisfaction	Percentage of clients satisfied based on their last interaction with the tenancy mediation services ¹	Current  Desired 	The percentage of clients satisfied with the overall quality of tenancy mediation services in the year to June 2019 was 76.3%, an increase from 75.6% in the year to June 2018.
Increase employment mediation customer satisfaction	The percentage of clients satisfied based on their last interaction with the employment mediation services	Current  Desired 	The percentage of clients satisfied with the overall quality of employment mediation services in the quarter to March 2019 was 91.6%, 4.1 percentage points higher than in the quarter to March 2018.
Improve the business experience when dealing with government	Customer Experience Index (CXI)	Current  Desired 	The B4B Customer Experience Index, which measures the quantity and quality of overall customer experiences for businesses when dealing with government or complying with government requirements, decreased to 55 in the 6 months to June 2019, compared to 57 in the 6 months to June 2018.
Improve the experience for applicants applying for visas	The percentage of visa applicants satisfied with their overall experience of applying for a visa	Current  Desired 	In the year to June 2019, 81% of visa applicants were satisfied with their overall experience of applying for an Immigration New Zealand visa. This is the same level of satisfaction as the previous year (ie, year to June 2018).
Reduce burden of government regulations on institutions	Burden of government regulations on institutions	Current  Desired 	The burden of government regulation index measures how burdensome it is for companies to comply with public administration requirements (1 = extremely burdensome, 7 = not burdensome at all). New Zealand scored 4.4 in 2018 (6th in the OECD), compared to its score of 4.3 (7th) in 2017.

¹ The methodology for this indicator has been refined since the MBIE Statement of Intent 2018–2022. Satisfaction is defined as a score of 4 and 5 for the Common Measurements Tool (CMT) scale, and the reporting period has been changed from the quarter to June to the year to June.

OUTCOME FOUR:
**VALUE IS SUSTAINABLY
DERIVED FROM THE
NATURAL ENVIRONMENT**



OUTCOME FOUR: VALUE SUSTAINABLY DERIVED FROM THE NATURAL ENVIRONMENT



SPEND: \$168 million

PROGRESS: 33% of outcome indicators are in line with the desired trend

New Zealand's natural environment is important to our sense of identity and has great cultural and recreational significance. It also supports much economic activity. Some of our biggest contributors to export growth, such as tourism and the primary sector, rely heavily on using the natural environment.

As well, natural resources dominate energy production, with most of our electricity coming from renewable sources. Using our natural resources more productively and sustainably is critical to achieving growth in the economy that benefits all New Zealanders.

MBIE's role is to support New Zealand's transition to a low-carbon economy while managing the impact on the future of work and workers.

We are responsible for seeing that businesses and residents have access to secure, affordable and environmentally responsible energy, and we oversee the responsible development of New Zealand's petroleum and mineral resources.

It is also our job to work with scientists and innovators to develop technologies that will more efficiently manage natural resources, such as precision agriculture and water monitoring.

At the same time, we want to explore opportunities in the tourism sector that are sustainable and protect New Zealand's natural environment.

Scientists armed to fight kauri dieback and myrtle rust

Scientists have been armed with research funds to fight two diseases threatening some of Aotearoa's iconic native species – kauri dieback and myrtle rust. Kauri dieback threatens kauri with extinction, while myrtle rust infects species such as pōhutukawa, mānuka, rātā and kānuka.

In November 2018, the Government invested \$13.75 million over three years to find a way to stop the diseases spreading. A further \$20.75 million was announced in Budget 2019 for strategic research to fight kauri dieback. The research will focus on breeding resistant species and improving our understanding of the diseases and plant resistance to myrtle rust and kauri dieback.

New Zealand's Biological Heritage National Science Challenge will oversee the research, working collaboratively with scientists, Māori and stakeholders including the Department of Conservation and the Ministry for Primary Industries. Research will be aligned with priorities identified in the kauri dieback and myrtle rust science plans developed by Strategic Science Advisory Groups.



Photo: Northland Inc



Antarctic experts to study climate impact

New Zealand’s world-leading Antarctic researchers are gearing up to start critical research this year on the impact of Antarctica on the global climate system.

The work is driven by the need to better understand Antarctica’s impact on the global earth system, and how this might change in a warming, +2°C world.

The Antarctic Science Platform, an MBIE-funded initiative, has four priority areas. It aims to increase our understanding of:

- › the stability of the West Antarctic Ice Sheet
- › changes in the Antarctic atmosphere and the Southern Ocean
- › threats to ecosystem dynamics in the Ross Sea
- › connections between terrestrial and near-shore Antarctic environments, including sea ice.

MBIE has contracted Antarctica New Zealand to host the Platform. The investment of \$49 million is over seven years through the Strategic Science Investment Fund.

Public can track government fleet emissions

A new website tool will let everyone check how well government agencies are doing in switching their vehicle fleets to low emissions.

In February, the chief executives of 136 agencies signed up to target the purchase of replacement vehicles with CO₂ emission profiles 20 per cent below their fleet average.

A dashboard containing the average CO₂ emissions for each government agency’s fleet of light vehicles was released in April and is hosted on the New Zealand Government Procurement (NZGP) website. The Government’s target is that by 2025/26, with few exceptions, light vehicles entering the government fleet should be emissions-free.

The dashboard, developed by NZGP with the New Zealand Transport Agency, is part of the Broader Outcomes programme to prioritise areas where the annual procurement spend can help achieve broader social, economic and environmental outcomes.



Expert panel advises on fairer power prices

Electricity prices rising faster than inflation have put pressure on household budgets. The Electricity Price Review panel has reported to the Government on how to provide affordable power to all consumers – especially households, small businesses, and people struggling to pay for power.

The independent panel commissioned by the Minister of Energy and Resources made 32 recommendations in its report in May. MBIE managed the review process.

The recommendations are designed to strengthen the voice of consumers; reduce hardship; increase retail competition; reinforce wholesale market competition; improve transmission and distribution; improve the regulatory system; and help New Zealand prepare for a low-carbon economy.



Mine plans database will keep tabs

A national catalogue of mine plans has been set up to improve health and safety and the supervision of mining activities. Mine plans map the layout of underground and opencast mines.

The NZ Mine Plans database has been assembled over three years by WorkSafe and MBIE on recommendations from the Pike River Royal Commission. It holds 5,543 plans (at 30 June 2019).

We have strengthened standards for when mine plans are submitted, a repository for all current plans and a catalogue of historical plans, and better access to important information for government agencies, local authorities, mine operators and the public.

The plans allow better consideration of such things as environmental factors and resource optimisation when assessing compliance or permit applications.

The database is available online on MBIE's New Zealand Petroleum and Minerals website.

CASE STUDY**Working into the future****Our aim**

We aim to be ready for changes to the way we work with the arrival of automation, artificial intelligence, globalisation and a transition to a low-emissions economy.

Our role

Our role is to identify what impact these changes will have on workers and on New Zealand, and to plan the way forward with communities, businesses, councils, Māori and households. The Future of Work Tripartite Forum, involving MBIE, BusinessNZ and the Council of Trade Unions, provides advice on a number of initiatives, including the Just Transitions programme.

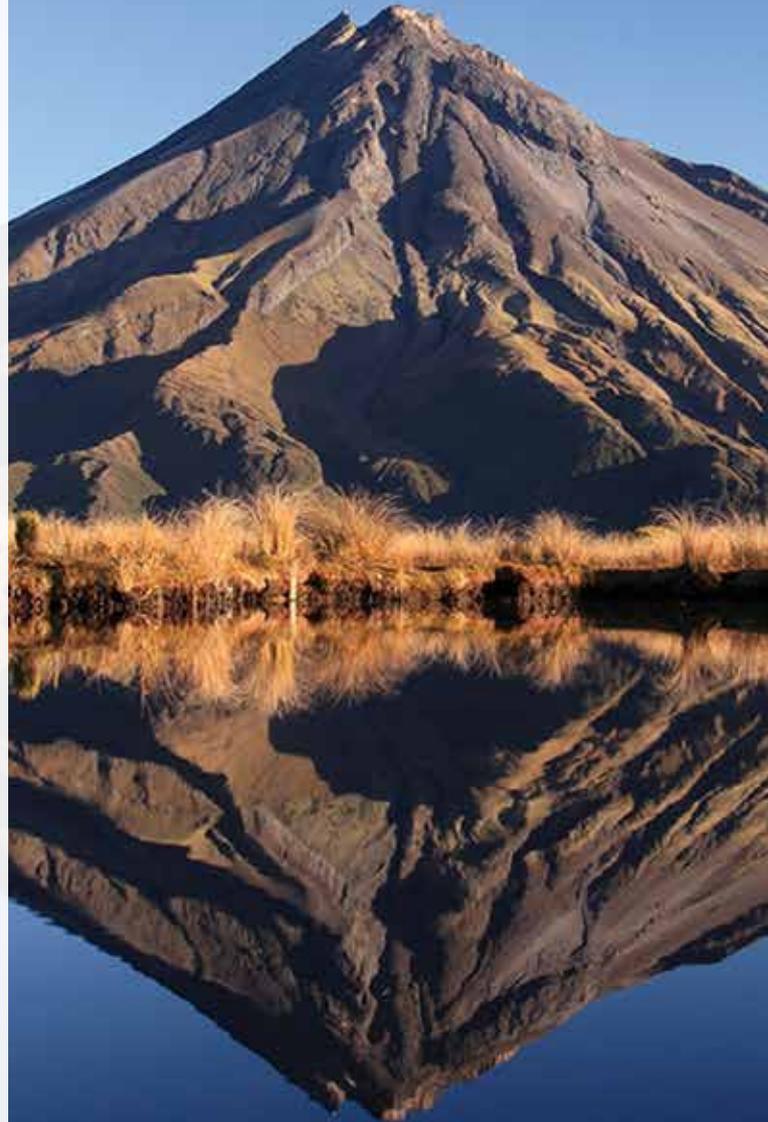
The outcomes

The purpose of the Forum is to support the work of government, business, workers and others to meet the challenges and seize the opportunities in a rapidly changing world of work. The tripartite nature of the Forum means it works differently from traditional approaches to policy development. It was designed to reflect the concept that business, workers and government will create better solutions for economic and social challenges if they work together in partnership, through processes of cooperation, consultation, negotiation and compromise.

What this means for New Zealanders

Just Transitions is one of the main themes of the Forum's work programme. A changing economy is a natural thing and a long-term process, and a just transition means making sure everyone can participate in whatever the future of work will look like. We are looking out over a 20- to 30-year period to prepare for shifts in technology, urbanisation, globalisation and demographics, as well as climate change. It is vitally important for central and local government, business and workers to collaborate to achieve a fair transition so that no one gets left behind. A Just Transition Summit in Taranaki in May 2019 brought together more than 500 people to kick-start this conversation.

Photo: Mt Taranaki reflected in Pouākai Tarns – Pouākai Crossing
by Jeremy Beckers



What we're working towards

PERFORMANCE MEASURE	INDICATOR	TREND	COMMENTARY
Reduce net greenhouse gas emissions (using levers that MBIE has available)	Net greenhouse gas emissions	Current  Desired 	New Zealand net greenhouse gas emissions (including land use, land-use change and the forestry sector) were 56,895 kilotons (kt) carbon dioxide equivalent (CO ₂ -e) in 2017. This is the second highest recorded level, next only to 57,443 kt CO ₂ -e in 2013.
Increase sustainability of New Zealand's energy system	Percentage of total primary energy supply (TPES) coming from renewables	Current  Desired 	In 2017, the percentage of TPES from renewable energy sources (including hydro, wind, geothermal, solar, woody biomass, biogas and liquid biofuels) was 40%, the same as in 2015 and 2016.
Increase efficiency of New Zealand's energy system	Energy intensity (based on mega joules per dollar of GDP in real 2009/10 prices)	Current  Desired 	Energy intensity in the year to March 2017 was 2.45 mega joules used per dollar of GDP (in real 2009/10 prices). This figure continues a long downward trend.



**OUTCOME FIVE:
A DYNAMIC BUSINESS ENVIRONMENT
FOSTERING INNOVATION AND
INTERNATIONAL CONNECTIONS**

OUTCOME FIVE: A DYNAMIC BUSINESS ENVIRONMENT FOSTERING INNOVATION AND INTERNATIONAL CONNECTIONS



SPEND: \$1,624 million

PROGRESS: 73% of outcome indicators are in line with the desired trend

New Zealand companies need investment and the right connections to be able to imagine more, produce more and achieve more for New Zealand.

Innovative firms drive competition. They develop new products and services for consumers, and they are important cultivators of international connections. Strong international connections allow New Zealand to tap into skills, capital and value chains that are not able to be nurtured or replicated here.

Our role is to create a business environment that will encourage innovation. To achieve this, we develop initiatives that make it easier for businesses to work with government and help to identify opportunities for improving the performance of the business sector.

We can also influence the business environment through our leading role in government purchasing and procurement, which account for 18 per cent of GDP.

We need more investment in business, and we are working on reducing the barriers. Ensuring safe and stable financial markets will allow firms to secure domestic and overseas capital at reasonable cost. This will then allow them to invest and grow.

Exporters go global with bids for government contracts

New Zealand exporters have direct access to foreign government contracts through free trade agreements negotiated by the Ministry of Foreign Affairs and Trade, with support from New Zealand Government Procurement and Property (NZGPP).

This year NZGPP has been involved in the European Union Free Trade Agreement, Pacific Alliance, Regional Comprehensive Economic Partnership, China Free Trade Agreement upgrade and the Association of Southeast Asian Nations (ASEAN), Australia and New Zealand Free Trade Agreement upgrade.

NZGPP also represents New Zealand in international forums through membership to the OECD and World Trade Organization Agreement on Government Procurement (GPA). GPA membership gives New Zealand businesses the right to bid for government contracts in 47 countries, including the United States, which would not otherwise be directly accessible.

Access to these sizeable government markets across a wide range of goods and services opens the way for greater diversification of New Zealand's economy.

Visas enabling global impact from New Zealand

Immigration New Zealand is bringing entrepreneurs and investors from around the world who are looking to make a positive global impact from New Zealand.

The Global Impact Visa is targeted at highly talented individuals who do not fit traditional visa requirements. Immigration New Zealand works with the Edmund Hillary Fellowship (EHF) to select and arrange entry for the EHF Fellows. Immigration New Zealand approved 45 Global Impact Visas in the year ended 30 June 2019, the same number as in the previous 12 months.

Seventy-nine per cent of the international EHF Fellows are working in fast-growing technology fields such as agritech, digital tech, health tech, high-value nutrition, aerospace, education tech, clean tech, and advanced manufacturing and robotics. They have invested \$2.43 million into Kiwi start-ups, and \$16.5 million has been raised by Kiwi start-ups with their guidance.

The Fellows include SpaceBase, who are the delivery partners for the New Zealand Aerospace Challenge 2019, powered by Airbus and hosted by ChristchurchNZ. The Challenge focuses on space data and emerging technology for sustainable agriculture, and is a first critical delivery of a Letter of Intent signed between Airbus and MBIE's Innovative Partnerships programme in October 2018.

As well, top environmental scientists and technologists from the Stockholm Resilience Centre are collaborating with local Fellows to implement the Planetary Boundaries Framework, a tool to map New Zealand’s performance in areas such as land use, water quality, biodiversity management, and intensive agricultural impact on the environment.

Bike park tourists are boosting businesses

A bike park drawing tourists to a Northland forest was boosted with a \$490,000 investment this year from the PGF.

Waitangi Mountain Bike Park is creating business and employment opportunities in the region. PGF funds have helped build a new Trail Hub, with a café, park office, toilets and bike-hire facilities, which is providing better facilities for visitors and positive flow-on effects for businesses.

The bike park has transformed an area of forest into a valuable tourist attraction for domestic and international tourists and is receiving international recognition for its trails.



Innovative partnerships programme attracting global R&D investment in New Zealand

The Government is committed to developing New Zealand as a hub for high-value, knowledge-intensive businesses that create value through innovation and research and development (R&D). MBIE’s Innovative Partnerships programme, formally launched in 2018, seeks to attract international individuals and firms to invest, collaborate and conduct R&D in New Zealand.

The team works with globally leading firms and innovators that are pushing the boundaries of technology and assists them in finding their New Zealand opportunity. An example is American space innovator LeoLabs, that as a result of engaging with Innovative Partnerships in September 2018 announced they would build a phased-array radar in New Zealand to track small satellites and space debris – the first of its kind in the Southern Hemisphere. LeoLabs’ presence in New Zealand will be hugely beneficial to New Zealand’s emerging space industry.

The attraction of innovative and research-focused companies like LeoLabs not only provides significant opportunities for our local talent and industries but will significantly grow the capability of our science and innovation ecosystem.

Better rules for the digital world

Not all regulations are easy to deal with. This makes it hard for businesses and citizens to understand their rights and obligations and how to comply, and to have certainty they got it right.

Better Rules – Better Outcomes is an initiative exploring how to make government regulations work better for people through digital channels. It takes a human-centred approach to the policy and legislative design process and develops regulations in human and machine-consumable versions – also known as ‘legislation as code’.

This initiative is being led by MBIE’s B4B programme and the Service Innovation Lab within the Department of Internal Affairs.

Also working for Kiwi businesses is the NZBN, which is a digital enabler changing the way New Zealanders do business. A globally unique identifier, it makes doing business faster and easier as it links to core information that businesses are most often asked for, such as trading names and addresses. The NZBN is continuing to make it easier for businesses to connect with each other and with government.

Monthly Regional Tourism Estimates

MBIE has developed Monthly Regional Tourism Estimates (MRTEs), which take a range of administrative data and uses it to track international and domestic tourist spend at a regional level by type of spending and country/region of origin of the visitors. The innovative methodology is world-leading, and MBIE has been asked to speak at international conferences to share the process and how the results are being used.

CASE STUDY

Mission Labs is building the best team

Our aim

MBIE's aim is to create a dynamic science system that enriches New Zealand, making a measurable contribution to productivity and wellbeing through excellent science. Through the National Science Challenges, MBIE is supporting collaborative mission-led research tackling New Zealand's biggest science-based issues and opportunities.

Our role

MBIE is investing \$106 million over 10 years into the Science for Technological Innovation (SfTI) National Science Challenge to improve New Zealand's ability to use physical sciences and engineering research for economic growth.

The outcome

SfTI's Mission Labs builds collaborative teams to identify 'technology missions' that support the next step change in the economy. Mission Labs is a bold new process that welcomes the early involvement of industry and Māori as partners to identify what research is needed.

SfTI enables researchers to expand their relational skills to co-innovate with industry and Māori. There is a growing cohort of researchers who are developing skills to create high-value, high-impact products and services. SfTI is seeing high Māori and industry engagement with the projects at all stages of the R&D process.

What this means for New Zealanders

SfTI is shifting traditional engineering and physical sciences research from a competitive system towards a more negotiated and co-developed approach to accelerate progress towards a high-tech economy.

The National Science Challenges are changing the way science is done, creating new models and methods for developing collaborative projects and engaging with Māori and stakeholders to benefit all New Zealanders.



What we're working towards

PERFORMANCE MEASURE	INDICATOR	TREND	COMMENTARY
Increasing the proportion of businesses exporting	Percentage of firms exporting	Current  Desired 	The percentage of firms exporting improved to 24.0% in the year to August 2018, up from the recent low of 23.7% in 2017.
Increase in firms collaborating internationally for innovation	Percentage of firms collaborating internationally for innovation ²	Current  Desired 	The percentage of firms collaborating internationally for innovation in 2017 decreased to 4.2%, from the decade high of 4.7% in 2015. The 2017 measure of 4.2% is the same as the 10-year average from 2007 to 2017.
Increase in firms reporting innovative activity	Firm innovation rate	Current  Desired 	In the year to August 2017, the total innovation rate, which is the proportion of businesses that innovate, was 47%, down from 49% in the year to August 2015. Innovation includes developing and implementing new products, business processes, and marketing methods.
Increase business research and development expenditure	Business expenditure on research and development as a percentage of GDP	Current  Desired 	Business expenditure on research and development as a percentage of GDP increased from 0.62% in the year to June 2016, to 0.74% in the year to June 2018.
Increase access to ultra-fast broadband	Percentage of households and businesses able to connect to ultra-fast broadband in New Zealand	Current  Desired 	The percentage of households and businesses able to connect to ultra-fast broadband in New Zealand increased to approximately 78% in the quarter to June 2019, up from 70% in the quarter to June 2018.
Increase business dynamism	Average five-year growth in employment in new businesses ²	Current  Desired 	The average five-year employment growth rate for the period 2012–2017 was 27.6%, continuing the upward trend seen since the average rate for the period 2008–2013.
Increase capital intensity	Net capital stock per capita	Current  Desired 	Net capital stock per capita (an indicator of New Zealanders' wealth) increased to \$139,474 in the year to March 2018, up 0.9% on the previous year, which is consistent with a five-year compound annual growth rate of 0.9% over the 2013–2018 period.
Increase productive capital investment	Proportion of net capital stock that is not residential	Current  Desired 	The proportion of net capital stock that is not residential buildings (an indicator of productive capital investment) remained at the high level of 56.3% in the year to March 2018, which is the second record high since 1972.

² The two indicated performance measures under outcome five are not official statistics; they have been created for research purposes from the Integrated Data Infrastructure (IDI) managed by Statistics New Zealand.

The opinions, findings, recommendations and conclusions expressed in this report are those of the author(s), not Statistics NZ.

Access to the anonymised data used for these measures was provided by Statistics NZ in accordance with security and confidentiality provisions of the *Statistics Act 1975*. Only people authorised by the *Statistics Act 1975* are allowed to see data about a particular person, household, business or organisation, and the results in this report have been confidentialised to protect these groups from identification.

Careful consideration has been given to the privacy, security and confidentiality issues associated with using administrative and survey data in the IDI. Further detail can be found in the privacy impact assessment for the Integrated Data Infrastructure available from www.stats.govt.nz.

The results are based in part on tax data supplied by Inland Revenue to Statistics NZ under the *Tax Administration Act 1994*. This tax data must be used only for statistical purposes, and no individual information may be published or disclosed in any other form, or provided to Inland Revenue for administrative or regulatory purposes.

Any person who has had access to the unit-record data has certified that they have been shown, have read, and have understood section 81 of the *Tax Administration Act 1994*, which relates to secrecy. Any discussion of data limitations or weaknesses is in the context of using the IDI for statistical purposes, and is not related to the data's ability to support Inland Revenue's core operational requirements.

PERFORMANCE MEASURE	INDICATOR	TREND	COMMENTARY
Increase early stage capital investment	Capital investment in early stage companies ³	Current  Desired 	The capital investment in early stage companies, estimated by PwC's <i>Startup Investment</i> magazine, was \$111.3 million in 2018. This is a 28% increase from \$87.0 million in 2017 and is the highest growth rate in the past five years.
Improve quality of foreign direct investment (FDI)	Potential direct economic impact (pDEI) multiplier: ratio of pDEI to FDI	Current  Desired 	The potential direct economic impact (pDEI) multiplier, measured by the ratio of pDEI to FDI (foreign direct investment), was 3.9 in the year to June 2019. This is a 39% increase compared to the ratio value of 2.8 in the year to June 2018.
Maintain position in the World Bank Ease of Doing Business Survey	Ease of doing business ranking	Current  Desired 	New Zealand ranked top in the World Bank Ease of Doing Business survey in 2019 for the fifth consecutive year. The Ease of Doing Business survey assesses the regulations of 190 different nations for the ease with which business is done.

³ The methodology for this indicator has been refined since the MBIE Statement of Intent 2018–2022. The refined version directly uses the start-up investment estimated by PwC's *Startup Investment* magazine as proxy for capital investment in early stage companies.

OUR SERVICES AND FUNCTIONS

OUTPUT MEASURES AND STATEMENT OF BUDGETED AND ACTUAL EXPENSES AND CAPITAL EXPENDITURE INCURRED

This section of the report includes information on the performance for services delivered through the year that contributed to the achievement of our outcomes. This includes information on some services delivered by Crown entities where they were funded by multi-category appropriations (MCAs), multi-year appropriations (MYAs), and permanent legislative authorities (PLAs).

Performance information replicates wording as set out in the 2019 Supplementary Estimates and Main Estimates across Votes Building and Housing; Business, Science and Innovation; and Labour Market.

OUTCOME ONE: PROSPEROUS AND ADAPTABLE PEOPLE, SECTORS AND REGIONS



Achieved 32 out of 35 output performance targets

VOTE BUSINESS, SCIENCE AND INNOVATION		2018/19		2017/18
Appropriation	Performance measures	Target	Actual	Actual
Regional Economic Development: Regional Economic Development Programme (M101) This appropriation is intended to support the implementation of the Regional Economic Development Programme.	Number of reports to DEV ⁴ on progressions ⁵ with the Fund per year	Three	Three	New measure for 2018/19
	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95%	98%	100%
	Ministerial <i>Official Information Act 1982</i> requests	95%	96% ⁶	96%
	Parliamentary questions	95%	100% ⁷	100%
	Satisfaction of the Minister for Regional Economic Development with policy and operational advice, and material provided to support decision making on projects ⁸	70%	80% ⁹	45%
Policy Advice and Related Outputs MCA This appropriation is intended to achieve effective policy advice and support to Ministers, and ensure Crown entities are appropriately monitored.	Average satisfaction of the Ministers annually	Reaching, or exceeding 70%	84% ¹⁰	72%
	Total cost per hour of producing policy outputs	No more than \$155	Not reported ¹¹	\$153
Policy Advice – Tourism This category is intended to achieve the provision of high quality policy advice to support Ministerial decision-making on government policy matters relating to tourism.	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	74%	73%
	The satisfaction of the Minister of Tourism with the policy advice service, as per the common satisfaction survey	At least 70%	89%	79%

4 Cabinet Economic Development Committee.

5 Under this performance measure the PDU prepares a report-back for the Minister for Regional Economic Development to bring to DEV on a four-monthly basis. The report-back includes updates on PDU activities and reporting on PGF allocation and performance.

6 The PDU has been subject to significant volumes of *Official Information Act 1982* requests; the PDU received and responded to 84 requests in the 2018/19 financial year.

7 The PDU has been subject to significant volumes of written Parliamentary questions; the PDU received and responded to 3,901 such questions in the 2018/19 financial year.

8 The annual Ministerial Satisfaction Survey asks the Minister to rate the PDU's performance on a scale of 1 to 10 across a number of categories, with a particular focus on policy advice. For 2018/19, the PDU received 8/10 across all categories.

9 The PDU has carried out significant policy and governance work in 2018/19, notably 11 Regional Economic Development Ministers meetings, 13 Independent Advisory Panel meetings and 12 Senior Regional Official meetings, and overall the PDU completed 143 briefings.

10 Result excludes Economic Development Portfolio result.

11 This measure has been discontinued as it no longer provides sufficient value relative to the costs of data collection and is therefore no longer required by the Treasury: www.treasury.govt.nz/information-and-services/state-sector-leadership/guidance/implementation-management-monitoring-guidance/policy-advice-measurement. The measure has been removed from 2019/20 Estimates.

VOTE BUSINESS, SCIENCE AND INNOVATION		2018/19		2017/18
Appropriation	Performance measures	Target	Actual	Actual
Related Services to Ministers – Tourism This category is intended to provide effective and efficient ministerial services, and to monitor the performance and compliance of Crown entities.	Ministers receive advice on entities' accountability documents within statutory timeframes	100%	100%	100%
	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	97%	100%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	100%	100%
	Parliamentary questions	95% or above	100%	100%
Sector Analysis and Facilitation MCA This appropriation is intended to achieve the generation of more trust and confidence in markets, allow business to assess and develop markets with ease, and increase international trade and investment.	Increased access and use of data	Achieved	Achieved	Achieved
Sectoral and Regional Data and Analysis – Economic Development This category is intended to achieve the generation of more trust and confidence in markets, allow business to assess and develop markets with ease, and increase international trade and investment.	Number of page views and screen views of regional and sector data pages, web-apps and mobile-apps	400,000 – 450,000	484,500	472,500
Tourism Data and Analysis – Tourism This category is intended to achieve knowledge and understanding that enables businesses to assess and develop markets with ease and increases international trade and investment.	Meet Statistics New Zealand's Official Statistics Standards and Protocols for all core Tourism datasets published by the Ministry of Business, Innovation and Employment	Achieved	Achieved	Achieved
	Deliver on agreed tourism data improvement programme	Achieved	Achieved	Achieved
Tourism Facilities MCA This appropriation is intended to achieve reliable, sustainable and high quality tourism facilities and infrastructure that attract tourists to a region or New Zealand.	Increase in the number of new tourism facilities and infrastructure	Achieved	Achieved ¹²	34 grants approved
Tourism Growth Partnership This category is intended to achieve the increased provision of facilities, infrastructure and services in the tourism sector.	Percentage of contracts assessed against their objectives and critical steps as per the monitoring plan	100%	100%	100%
National Cycleway Fund – Development and Extension of Ngā Haerenga, the New Zealand Cycle Trail This category is intended to achieve the completion of the Great Rides and the development, enhancement and extension of Ngā Haerenga, the New Zealand Cycle Trail, to New Zealand design standards.	Ministers are satisfied that the quality of the advice received on any funding proposal is sufficient to allow decisions to be made	Achieved	Achieved	Achieved
	Ngā Haerenga, the New Zealand Cycle Trail, continues to expand	Increase in kilometres of trail	Achieved ¹³	On track
	The Great Rides continue to deliver economic and social benefits for New Zealand	Evaluation of Great Rides demonstrates benefits	Achieved	Not able to be reported
Tourism Facilities Development Grants This category is intended to achieve an improvement in the quality and reliability of tourism facilities and services.	Improvements in the quality of existing tourism facilities and infrastructure	Achieved	Achieved	Achieved

¹² 114 grants were approved.

¹³ The trail increased by 113 kilometres in 2018/19 to a total of 3,069 kilometres.

VOTE BUSINESS, SCIENCE AND INNOVATION		2018/19		2017/18
Appropriation	Performance measures	Target	Actual	Actual
Regional Economic Development: Provincial Growth Fund MCA This appropriation is intended to achieve a lift in the productivity potential of the regions.	Percentage of contracts monitored against their milestones and reporting requirements	100%	100% ¹⁴	New measure for 2018/19
	Percentage of applications that are assessed against all relevant criteria	100%	100% ¹⁵	New measure for 2018/19
Operational Support of Regional and Sector Investments This category is intended to support regional economic development through regional sectoral and infrastructure initiatives.	Percentage of contracts monitored against their milestones and reporting requirements	100%	100% ¹⁴	New measure for 2018/19
	Percentage of applications that are assessed against all relevant criteria	100%	100% ¹⁵	New measure for 2018/19
Provincial Growth Fund Investment Management This category is intended to fund the establishment administration and management costs of the Provincial Growth Fund Limited.	Services are provided to the service levels and timeframes agreed with Provincial Growth Fund Limited	At least a '3' using the Common Measurement Tool	Not applicable ¹⁶	New measure for 2018/19
Supporting Regional and Sector Initiatives This appropriation is intended to support regional economic development by providing operational funding to regional, sectoral and infrastructure initiatives that lift regional productivity potential.	Percentage of contracts monitored against their milestones and reporting requirements	100%	100% ¹⁴	New measure for 2018/19
	Percentage of applications that are assessed against all relevant criteria	100%	100% ¹⁵	New measure for 2018/19
Provincial Growth Fund Limited Capital Investment This category is intended to fund the Crown's investment in Provincial Growth Fund Limited.	Services are provided to the service levels and timeframes agreed with Provincial Growth Fund Limited	At least a '3' using the Common Measurement Tool	Not applicable ¹⁶	New measure for 2018/19
Supporting Capital Projects This appropriation is intended to support regional economic development by providing capital funding for regional, sectoral and infrastructure initiatives that lift regional productivity potential.	Percentage of contracts monitored against their milestones and reporting requirements	100%	100% ¹⁴	New measure for 2018/19
	Percentage of applications that are assessed against all relevant criteria	100%	100% ¹⁵	New measure for 2018/19

14 This measure shows that for each contract, we have evidence to show each contractual milestone is being actively monitored. Supplementary information relating to the PGF is under 'Unlocking regional New Zealand's potential' on page 12 of the Annual Report.

15 This measure relates to applications declined and approved by the PDU decision-makers. These applications have had an Evaluation Form, Cover Sheet and Minutes of Decision completed. For approved applications a due diligence is also completed (Local and central government agencies do not require due diligence). The application process also includes elements of peer review at various stages including technical advice from other government agencies, internal consultation and review within the PDU, consultation with Senior Regional Officials, and the Independent Advisory Panel's review of all decisions that go to Regional Economic Development Ministers.

16 Provincial Growth Fund Limited was incorporated under the *Companies Act 1993* on 3 September 2019. Directors were appointed from 1 August. We expect to be able to report on this measure for 2019/20.

VOTE BUILDING AND HOUSING		2018/19		2017/18
Appropriation	Performance measures	Target	Actual	Actual
Temporary Accommodation Services MCA This appropriation is intended to achieve coordination and provision of temporary accommodation to people displaced by a civil emergency.	Percentage of users of the service who are satisfied or very satisfied	75%	80% ¹⁷	New measure for 2018/19
<i>Readiness, Response and Recovery</i> This category is intended to achieve fulfilment of MBIE's fundamental temporary accommodation responsibilities and roles.	Percentage of users of the service who are satisfied or very satisfied	75%	80% ¹⁷	55%

How much we spent

Actual 2017/18 \$000	Our expenditure summary	Actual 2018/19 \$000	Supplementary Estimates 2018/19 \$000	Main Estimates 2018/19 \$000
14,027	Departmental expenses	36,552	38,618	14,374
163,106	Non-departmental expenses	288,570	728,455	555,359
	– Departmental capital	–	–	–
1,096	Non-departmental capital	11,348	106,123	88,205
178,229	Total expenditure for outcome	336,470	873,196	657,938

Our services and functions – Departmental

Actual 2017/18 \$000	Appropriation name	Note	Actual 2018/19 \$000	Supplementary Estimates 2018/19 \$000	Main Estimates 2018/19 \$000
	Departmental outputs				
	Regional Economic Development:				
2,823	Regional Economic Development Programme		2,300	2,305	2,800
2,823	Total departmental output expenditure		2,300	2,305	2,800
	Multi-category expenses and capital expenditure				
6,018	Temporary Accommodation Services MCA		1,384	2,625	1,775
	<i>Departmental output expenses</i>				
1,718	› Readiness, Response and Recovery		982	1,000	1,000
	<i>Non-departmental output expenses</i>				
3,204	› Temporary Accommodation Housing Initiatives – Operations		402	500	500
	<i>Non-departmental other expenses</i>				
	– › Temporary Accommodation Housing Initiatives – Depreciation		–	325	275
	<i>Non-departmental capital expenditure</i>				
1,096	› Temporary Accommodation Housing Initiatives – Capital		–	800	–

17 A SurveyMonkey-based survey was used for this measure.

Actual 2017/18 \$000	Appropriation name	Note	Actual 2018/19 \$000	Supplementary Estimates 2018/19 \$000	Main Estimates 2018/19 \$000
3,409	Policy Advice and Related Outputs MCA – Vote Business, Science and Innovation	A	4,391	4,533	3,927
	<i>Departmental output expenses</i>				
2,491	› Policy Advice – Tourism		3,037	3,144	2,542
918	› Related Services to Ministers – Tourism		1,354	1,389	1,385
6,077	Sector Analysis and Facilitation MCA		6,155	6,531	6,647
	<i>Departmental output expenses</i>				
1,509	› Sectoral and regional data and analysis – Economic Development		1,954	2,536	3,453
4,568	› Tourism Data and Analysis – Tourism		4,201	3,995	3,194
14,321	Tourism Facilities MCA		21,704	30,202	19,202
	<i>Non-departmental output expenses</i>				
6,038	› Tourism Growth Partnership		2,862	2,435	2,435
	<i>Non-departmental other expenses</i>				
2,259	› Maintaining the Quality of the Great Rides		2,645	3,500	2,000
814	› National Cycleway Fund – Development and Extension of Ngā Haerenga, The New Zealand Cycle Trail		7,256	15,250	10,250
400	› New Zealand Cycle Trail Incorporated Funding		250	250	250
4,810	› Tourism Facilities Development Grants		8,691	8,767	4,267
3,834	Regional Economic Development: Provincial Growth Fund MCA		80,266	550,746	383,342
	<i>Departmental output expenses</i>				
–	› Operational Support of Regional and Sector Investments		22,724	24,249	–
	<i>Non-departmental output expenses</i>				
–	› Provincial Growth Fund Investment Management		64	250	–
	<i>Non-departmental other expenses</i>				
3,834	› Regional Projects and Capability		–	–	9,605
–	› Supporting Regional and Sector Initiatives		57,478	420,924	285,532
	<i>Non-departmental capital expenditure</i>				
–	› Provincial Growth Fund Limited Capital Investment		–	500	–
–	› Supporting Capital Projects		11,348	104,823	88,205
33,659	Total multi-category expenses and capital expenditure		125,248	594,637	414,893
36,482	Total expenditure		127,548	596,942	417,693

A The full result for the whole MCA is \$59.222 million for 2017/18 actuals, \$58.798 million for 2018/19 actuals, \$60.690 million for 2018/19 Supplementary Estimates, and \$56.901 million for 2018/19 Main Estimates.

Other services – Non-departmental

Actual 2017/18 \$000	Appropriation name	Location of year-end performance information	Actual 2018/19 \$000	Supplementary Estimates 2018/19 \$000	Main Estimates 2018/19 \$000
Non-departmental output expenses					
	Economic Development: Assistance with Hosting – of the 36th America's Cup – MYA	1	60,174	67,000	60,000
44	Economic Development: Hurunui/Kaikōura Earthquakes Response – Tourism Support Package		–	–	–
117,350	Tourism: Marketing of New Zealand as a Visitor Destination	2	111,450	111,450	111,450
117,394	Total non-departmental output expenses		171,624	178,450	171,450
Non-departmental other expenses					
2,000	Economic Development: Depreciation on Auckland's Queens Wharf	3	2,000	2,000	2,000
8,836	Economic Development: Major Events Development Fund 2017–2022 – MYA	1	5,953	6,989	9,500
1,938	Economic Development: Ōpōtiki Harbour Development		–	–	–
654	Economic Development: Regional Growth Initiatives 2016–2021 – MYA	1	–	–	3,295
5,000	Economic Development: Support for Team New Zealand		–	–	–
1,206	Economic Development: Māori Innovation Fund	3	2,212	4,042	1,000
1,002	Employment – He Poutama Rangatahi/Youth Employment Pathways	4	6,925	12,273	8,000
	– Regional Economic Development: Fair Value Write Down	3	–	36,000	–
3,717	Tourism Infrastructure Fund	5	20,208	36,500	45,000
24,353	Total non-departmental other expenses		37,298	97,804	68,795
141,747	Total non-departmental annual and MYA expenses		208,922	276,254	240,245
178,229	Total expenditure for outcome		336,470	873,196	657,938

Location of year-end performance information:

- 1 Minister of Economic Development in the Vote Business, Science and Innovation Non-Departmental Appropriations Report
- 2 Tourism New Zealand's annual report
- 3 Exemption granted under section 15(D)(2)(b) of the *Public Finance Act 1989*
- 4 Minister of Employment in the Vote Labour Market Non-Departmental Appropriations Report
- 5 Minister of Tourism in the Vote Business, Science and Innovation Non-Departmental Appropriations Report

Multi-year appropriations

Appropriation name	Actual 2019 \$000	Actual 2018 \$000
Economic Development: Assistance with Hosting of the 36th America's Cup (2018–2022) – MYA		
Original appropriation	100,000	100,000
Cumulative adjustments	36,500	–
Total adjusted appropriation	136,500	100,000
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	60,174	–
Cumulative actual expenditure 30 June	60,174	–
Appropriation remaining 30 June	76,326	100,000
Economic Development: Major Events Development Fund (2017–2022) – MYA		
Original appropriation	52,000	52,000
Cumulative adjustments	(6,675)	325
Total adjusted appropriation	45,325	52,325
Cumulative actual expenditure 1 July	8,836	–
Current year actual expenditure	5,953	8,836
Cumulative actual expenditure 30 June	14,789	8,836
Appropriation remaining 30 June	30,536	43,489
Economic Development: Regional Growth Initiatives (2016–2021) – MYA		
Original appropriation	40,000	44,000
Cumulative adjustments	(38,524)	(9,286)
Total adjusted appropriation	1,476	34,714
Cumulative actual expenditure 1 July	1,476	822
Current year actual expenditure	–	654
Cumulative actual expenditure 30 June	1,476	1,476
Appropriation remaining 30 June	–	33,238

OUTCOME TWO: SKILLED PEOPLE ENGAGED IN SAFE AND FULFILLING WORK



Achieved 30 out of 43 output performance targets

VOTE LABOUR MARKET		2018/19		2017/18
Appropriation	Performance measures	Target	Actual	Actual
ACC – Regulatory Services This appropriation is intended to achieve timely advice that manages the Crown's risk and contributes to skilled and safe workplaces, and trusted, competitive and well-functioning markets.	The Accident Insurance Regulator will respond to all complaints and enquiries, including notices of insurers failing to comply with their obligation under the <i>Accident Insurance Act 1998</i> , within five days of receipt	100%	100%	No complaints or enquiries received to date
Employment – Employment Sector Analysis and Facilitation This appropriation is intended to achieve productive and successful people, communities and regions through the provision of labour market information.	Labour market information is provided to the Minister's Office within agreed timeframes	100%	100%	100%
Workplace Relations and Safety – Employment Relations Services This appropriation is intended to achieve well-functioning workplaces through services to educate and advise employers and employees of their rights and obligations.	Percentage of investigations into suspected breaches of regulatory standards of employment legislation completed within six months	90%	66% ¹⁸	84%
	Proportion of investigations that involve a regulatory partner	30%	55% ¹⁹	26%
	Recorded settlements through mediation services are completed within three working days	80%	92% ²⁰	New measure for 2018/19
	The number of interventions, both proactive and reactive, aimed at ensuring minimum compliance with employment standards	At least 2,000	1,651 ²¹	New measure for 2018/19
	The percentage of customers satisfied with overall quality and timeliness of mediation services	80%	76% ^{22, 23}	87%

¹⁸ 395 out of 599 investigations were completed within six months. The Labour Inspectorate was expanded in 2018/19 which has resulted in new staff taking 18 months to two years to become fully competent in their role. This has reduced investigator resourcing. This extra demand, along with the increase in the complexity and size of the files the Labour Inspectorate staff are working on continues to impact upon this measure adversely. The measure has been adjusted for 2019/20 to reflect the case complexity better. Quality management of file progression will be enhanced.

¹⁹ Interest in regulator partnerships has increased due to a drive for collective impact within MBIE which has resulted in interest from other regulators in partnering during the year.

²⁰ 8,185 out of 8,931 recorded settlements.

²¹ The result does not include 641 Recognised Seasonal Employer (RSE) assessments that were completed in 2018/19 because we only started to input RSE assessments into the system from midyear. A reduction in the ability of the Service Centre to answer presented calls has seen a significant drop in complaints referred to the Labour Standards Team, which has resulted in a downturn in the files opened.

²² A SurveyMonkey-based survey was used for this measure.

²³ The performance standard of 80 percent was set at the beginning of the financial year when the satisfaction rating was defined as a score of 3, 4 and 5 for the CMT scale. This has since been reviewed with satisfaction now being defined as 4 and 5, excluding 3 from the final result.

VOTE LABOUR MARKET		2018/19		2017/18
Appropriation	Performance measures	Target	Actual	Actual
Workplace Relations and Safety – Shared Services Support This appropriation is intended to achieve the provision of corporate services on behalf of WorkSafe New Zealand, the Pike River Recovery Agency, and other agencies with which arrangements are made.	Services are provided to the service levels and timeframes agreed with WorkSafe New Zealand	Achieved	Not achieved ²⁴	Achieved
	Services are provided to the service levels and timeframes agreed with the Pike River Recovery Agency	Achieved	Achieved	Achieved
Policy Advice and Related Outputs MCA This appropriation is intended to achieve effective policy advice and support to Ministers, and ensure Crown entities are appropriately monitored.	Average satisfaction of Ministers annually	Reaching, or exceeding 70%	90%	80%
	Total cost of producing policy outputs per hour	No more than \$155	Not reported ²⁵	\$153
<i>Policy Advice – ACC</i> This category is intended to achieve the provision of high quality policy advice to support Ministerial decision-making on government policy matters relating to the accident compensation system.	The satisfaction of the Minister for ACC with the policy advice service, as per the common satisfaction survey	At least 70%	95%	80%
	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	72% ²⁶	76%
<i>Policy Advice – Employment</i> This category is intended to achieve the provision of high quality policy advice to support Ministerial decision-making on government policy matters relating to employment.	The satisfaction of the Minister of Employment with the policy advice service, as per the common satisfaction survey	At least 70%	78%	80%
	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	71% ²⁵	70%
<i>Policy Advice – Immigration</i> This category is intended to achieve the provision of high quality policy advice to support Ministerial decision-making on government policy matters relating to the immigration system.	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	74% ²⁵	73%
	The satisfaction of the Minister of Immigration with the policy advice service, as per the common satisfaction survey	At least 70%	96%	78%
<i>Policy Advice – Workplace Relations and Safety</i> This category is intended to achieve the provision of high quality policy advice to support Ministerial decision-making on government policy matters relating to workplace relations and safety, and international labour commitments.	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	69% ²⁵	73%
	The satisfaction of the Minister for Workplace Relations and Safety with the policy advice service, as per the common satisfaction survey	At least 70%	90%	80%
	Tripartite partners and senior officials are satisfied with the quality of support, and representation, including stakeholder consultation, provided to meet New Zealand’s labour-related international commitments	Satisfied	Satisfied	Achieved
	Meet New Zealand’s International Labour Organisation’s related commitments through protecting and promoting New Zealand’s labour interests, including submitting all required reports and questionnaires within specified timeframes	100% met	100% met	100%
	Provide support to the Ministry of Foreign Affairs and Trade in negotiation of trade labour agreements as part of all free trade agreements, and implemented in accordance with each agreement	Support provided as requested	Achieved – Support provided as requested	Achieved

24 Service levels for the Contact Centre were not met as a result of call demand exceeding the number of staff available to answer the calls.

25 This measure has been discontinued as it no longer provides sufficient value relative to the costs of data collection and is therefore no longer required by the Treasury: www.treasury.govt.nz/information-and-services/state-sector-leadership/guidance/implementation-management-monitoring-guidance/policy-advice-measurement. The measure has been removed from 2019/20 Estimates.

26 Variance is not statistically significant; the Ministry is continuing to provide ongoing professional development to staff to improve the technical quality of policy papers.

VOTE LABOUR MARKET		2018/19		2017/18	
Appropriation	Performance measures	Target	Actual	Actual	
Related Services to Ministers – ACC This category is intended to achieve the provision of effective and efficient ministerial services to enable Ministers to discharge their accident compensation portfolio responsibilities.	Percentage of requests completed within either specified or statutory timeframes:				
	Ministerial correspondence	95% or above	93% ²⁷	100%	
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	100%	100%	
	Parliamentary questions	95% or above	100%	100%	
Related Services to Ministers – Employment This category is intended to achieve the provision of effective and efficient ministerial services to enable Ministers to discharge their employment portfolio responsibilities.	Percentage of requests completed within either specified or statutory timeframes:				
	Ministerial correspondence	95% or above	100%	100%	
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	100%	100%	
	Parliamentary questions	95% or above	100%	100%	
Related Services to Ministers – Immigration This category is intended to achieve the provision of effective and efficient ministerial services to enable Ministers to discharge their immigration portfolio responsibilities.	Percentage of requests completed within either specified or statutory timeframes:				
	Ministerial correspondence	95% or above	99%	100%	
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	94% ²⁶	100%	
	Parliamentary questions	95% or above	99%	100%	
Related Services to Ministers – Workplace Relations and Safety This category is intended to achieve the provision of effective and efficient ministerial services to enable Ministers to discharge their workplace relations and safety portfolio responsibilities, and monitor the performance of Crown entities and statutory bodies.	Ministers receive advice on entities' accountability documents within statutory timeframes	100%	100%	100%	
	Percentage of requests completed within either specified or statutory timeframes:				
	Ministerial correspondence	95% or above	97%	97%	
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	94% ²⁸	100%	
Immigration Services MCA This appropriation is intended to achieve flows of people to New Zealand that generate positive economic and social outcomes.	Percentage of visa applicants satisfied with the overall experience of applying for a visa	80%	81%	81%	
	Assessment and Processing Services This category is intended to achieve quality decisions on visa applications efficiently.	Quality of residence visa decisions: percentage rated as accurate	90%	86% ²⁹	86%
		Quality of temporary visa decisions: percentage rated as accurate	90%	87% ³⁰	86%
	Percentage of low risk visitor and student visa applications decided within 15 days	85%	90%	New measure for 2018/19	
Integrity and Security of the New Zealand Immigration System This category is intended to maintain the integrity and security of New Zealand's immigration system and processes.	Number of people, liable for deportation, who were deported or departed voluntarily after compliance activity	1,500–2,000	1,776	2,952	
Services for the Attraction of Migrants This category is intended to achieve immigration to New Zealand of persons who match the priorities of New Zealand's immigration strategies.	Average monthly percentage of new registrations entered into the NZ Now database whose occupations match those at skill levels 1–3 under the Australian and New Zealand Standard of Occupations	80%	82%	79%	

27 A significant increase in volume meant that this measure could not be achieved within current resources. Additional resource has been put in place to address the increase.

28 The performance standard was not met for this measure due to two *Official Information Act* requests responded to outside statutory timeframes. The number of *Official Information Act* requests for this portfolio was 34.

29 Work is underway to assist Immigration New Zealand visa processing offices to improve and maintain quality ratings through the strengthening of pre-decision quality control checks.

30 MBIE is continuing to assist Immigration New Zealand visa processing offices to improve and maintain quality ratings through the strengthening of pre-decision quality control checks.

VOTE LABOUR MARKET		2018/19		2017/18
Appropriation	Performance measures	Target	Actual	Actual
Settlement and Integration of Refugees and Other Migrants This category is intended to achieve the integration into New Zealand of migrants and refugees who settle permanently in New Zealand.	The annual quota of United Nations High Commissioner for Refugees (UNHCR) mandated refugees and their immediate families who travelled to New Zealand is met	Achieved	Achieved (Quota of 1,000; 1,007 travelled)	Achieved (1,020)
	Percentage of migrants who are satisfied with the settlement services they have accessed	90%	95%	95%

How much we spent

Actual 2017/18 \$000	Our expenditure summary	Actual 2018/19 \$000	Supplementary Estimates 2018/19 \$000	Main Estimates 2018/19 \$000
406,758	Departmental expenses	423,295	439,603	426,303
1,454,485	Non-departmental expenses	1,567,090	1,567,629	1,565,855
	– Departmental capital	–	–	–
9,552	Non-departmental capital	–	–	–
1,870,795	Total expenditure for outcome	1,990,385	2,007,232	1,992,158

Our services and functions – Departmental

Actual 2017/18 \$000	Appropriation name	Note	Actual 2018/19 \$000	Supplementary Estimates 2018/19 \$000	Main Estimates 2018/19 \$000
Departmental outputs					
78	ACC – Regulatory Services		81	128	122
3,836	Employment – Employment Sector Analysis and Facilitation		3,378	3,486	2,984
35,842	Workplace Relations and Safety – Employment Relations Services		38,241	39,736	39,873
11,667	Workplace Relations and Safety – Shared Services Support		11,007	12,750	10,500
51,423	Total departmental output expenditure		52,707	56,100	53,479
Multi-category expenses and capital expenditure					
18,267	Policy Advice and Related Outputs MCA – Vote Labour Market		19,970	20,906	21,449
<i>Departmental output expenses</i>					
1,633	› Policy Advice – ACC		1,719	1,933	1,926
1,292	› Policy Advice – Employment		1,869	2,007	2,179
6,372	› Policy Advice – Immigration		6,177	5,413	5,869
6,849	› Policy Advice – Workplace Relations and Safety		7,555	7,496	7,494
215	› Related Services to Ministers – ACC		223	346	301
559	› Related Services to Ministers – Employment		764	1,529	1,504
726	› Related Services to Ministers – Immigration		950	1,381	1,376
621	› Related Services to Ministers – Workplace Relations and Safety		713	801	800

Actual 2017/18 \$000	Appropriation name	Note	Actual 2018/19 \$000	Supplementary Estimates 2018/19 \$000	Main Estimates 2018/19 \$000
337,068	Immigration Services MCA		350,618	362,597	351,375
	<i>Departmental output expenses</i>				
242,845	› Assessment and Processing Services	A	253,014	256,880	247,198
45,431	› Integrity and Security of the New Zealand Immigration System	B	45,154	52,628	52,930
11,472	› Services for the Attraction of Migrants		11,539	12,180	11,579
37,320	› Settlement and Integration of Refugees and Other Migrants		40,911	40,909	39,668
355,335	Total multi-category expenses and capital expenditure		370,588	383,503	372,824
406,758	Total expenditure		423,295	439,603	426,303

A In addition to the above expenditure, this appropriation has a remeasurement loss of \$401,000 relating to foreign exchange movements, taking the total expenditure on this appropriation to \$253.415 million for 2018/19.

B In addition to the above expenditure, this appropriation has a remeasurement loss of \$36,000 relating to foreign exchange movements, taking the total expenditure on this appropriation to \$45.190 million for 2018/19.

Other services – Non-departmental

Actual 2017/18 \$000	Appropriation name	Location of year-end performance information	Actual 2018/19 \$000	Supplementary Estimates 2018/19 \$000	Main Estimates 2018/19 \$000
	Non-departmental output expenses				
167,716	ACC – Case Management and Supporting Services	1	165,393	165,393	165,393
14,459	ACC – Case Management and Supporting Services – Treatment Injuries for Non-Earners	1	16,191	16,191	16,191
293,858	ACC – Public Health Acute Services	1	310,286	310,286	310,286
1,776	ACC – Public Health Acute Services – Treatment Injuries for Non-Earners	1	1,822	1,822	1,822
630,766	ACC – Rehabilitation Entitlements and Services	1	723,117	723,117	723,717
128,131	ACC – Rehabilitation Entitlements and Services – Treatment Injuries for Non-Earners	1	159,352	159,352	159,352
44,900	ACC – Sexual Abuse Assessment and Treatment Services	1	7,100	7,100	5,000
	ACC – Supporting Equitable Pay for Care and Support Workers		–	–	–
869	Workplace Relations and Safety – Health and Safety at Work Levy – Collection Services	2	869	869	869
92,968	Workplace Relations and Safety – Workplace Health and Safety	3	93,288	93,288	93,288
1,375,443	Total non-departmental output expenses		1,477,418	1,477,418	1,475,918
	Benefits or related expenses				
58,941	ACC – Compensation Entitlements	2	68,304	68,304	68,304
13,891	ACC – Compensation Entitlements – Treatment Injuries for Non-Earners	2	15,217	15,217	15,217
72,832	Total benefits or related expenses		83,521	83,521	83,521

Actual 2017/18 \$000	Appropriation name	Location of year-end performance information	Actual 2018/19 \$000	Supplementary Estimates 2018/19 \$000	Main Estimates 2018/19 \$000
Non-departmental other expenses					
	Provision of ACC – Equivalent Cover for New Zealand – Employees Working Overseas PLA	2	–	49	–
	– Crown Debt Write-Offs	2	7	125	125
4,072	Workplace Relations and Safety – Employment Relations Authority Members’ Salaries and Allowances Permanent Legislative Authority PLA	2	4,023	4,340	4,180
396	Workplace Relations and Safety – Equal Employment Opportunities Trust	2	396	396	396
1,447	Workplace Relations and Safety – International Labour Organization	2	1,430	1,465	1,400
15	Workplace Relations and Safety – New Zealand Industrial Relations Foundation	2	15	15	15
280	Workplace Relations and Safety – Remuneration Authority Members’ Fees, Salaries and Allowances	2	280	300	300
6,210	Total non-departmental other expenses		6,151	6,690	6,416
Non-departmental capital expenditure					
9,552	Workplace Relations and Safety – WorkSafe Capability Change Programme		–	–	–
9,552	Total non-departmental capital expenditure		–	–	–
1,464,037	Total non-departmental annual and MYA expenses		1,567,090	1,567,629	1,565,855
1,870,795	Total expenditure for outcome		1,990,385	2,007,232	1,992,158

Location of year-end performance information:

- 1 ACC’s annual report
- 2 Exemption granted under section 15(D)(2)(b) of the *Public Finance Act 1989*
- 3 WorkSafe New Zealand’s annual report

OUTCOME THREE: INFORMED CONSUMERS AND BUSINESSES INTERACTING WITH CONFIDENCE

73%
ACHIEVED

Achieved 50 out of 69³¹ output performance targets

VOTE BUILDING AND HOUSING		2018/19		2017/18
Appropriation	Performance measures	Target	Actual	Actual
Administering the Legacy Social Housing Fund This appropriation is intended to achieve safe, healthy and affordable homes through the effective and efficient administration of the Legacy Social Housing Fund.	Effective and efficient administration of the Legacy Social Housing Fund	Achieved	Not reported ³²	Achieved
Building Regulation and Control This appropriation is intended to achieve a regulatory system that ensures safe and healthy building practice in the construction sector.	Percentage of users satisfied that information provided on matters relating to Building Control has met their needs	At least 72% of users surveyed	81% ³³	85%
	Percentage of determinations successfully appealed	Less than 2%	0% ³⁴	0%
	Percentage of determinations subject to clarification due to inadequate coverage of issues	Less than 3%	1.5%	0%
Community Housing Regulatory Authority This appropriation is intended to achieve efficient registration and regulation of Community Housing providers in order to ensure that their tenants are appropriately housed, and support the growth of a fair, efficient, and transparent community housing sector.	Applications for registration of Community Housing providers are processed within 60 working days	90%	Not reported ³⁵	100%
Establishment of the Ministry of Housing and Urban Development This appropriation is intended to establish the Ministry of Housing and Urban Development.	Establish new Ministry of Housing and Urban Development	1 October 2018	1 October 2018	New measure for 2018/19
Greater Christchurch Recovery This appropriation is intended to provide information and advice that supports the recovery of greater Christchurch to progress in a timely and efficient way.	Ministers and the Department of the Prime Minister and Cabinet (DPMC) are satisfied with the advice and quarterly reports showing progress in residential rebuild, repair and insurance issues	Satisfied or very satisfied	Satisfied	Achieved

³¹ This excludes measures reported by the Ministry of Housing and Urban Development.

³² Reported in the Ministry of Housing and Urban Development's Annual Report 2018/19.

³³ The measure is collated based on results of three different types of surveys. One of the surveys is the building control website surveys which experienced glitches and spam results that were excluded in the calculation of the result. The impact of this on the reported performance cannot be quantified.

³⁴ No determinations have been successfully appealed in the financial year, this is out of a total of 67 determinations issued in the same period.

³⁵ Reported in the Ministry of Housing and Urban Development's Annual Report 2018/19.

VOTE BUILDING AND HOUSING		2018/19		2017/18
Appropriation	Performance measures	Target	Actual	Actual
<p>KiwiBuild Unit</p> <p>This appropriation is intended to achieve a new KiwiBuild Unit to develop a sustainable approach for delivering 100,000 affordable dwellings to first-home buyers over the next ten years. Initially the Unit will expand existing government-led opportunities, work to free up underutilised land and purchase or underwrite affordable homes in current developments.</p>	Number of greenfield and urban regeneration projects investigated or due diligence completed	5	Not reported ³⁶	New measure for 2018/19
<p>Occupational Licensing</p> <p>This appropriation is intended to achieve certainty and confidence for the industry and the public that licensed practitioners and workers in the building, construction and electrical sectors are competent and contribute to safe, healthy and affordable homes and buildings.</p>	An internal audit and assurance rating received on the quality and timeliness of administration of licensed building practitioners and electrical workers regimes	Rating of acceptable or better	Acceptable level of compliance	New measure 2018/19
<p>Redevelopment of Surplus Crown Land</p> <p>This appropriation is intended to achieve safe, healthy and affordable homes by the effective and efficient redevelopment of surplus Crown land.</p>	Compliance with relevant legislation, Government policy and Treaty settlement provisions in relation to acquisition, development and disposal of land	100%	Not reported ³⁷	100%
<p>Residential Advisory Services</p> <p>This appropriation is intended to achieve access to insurance-related broker and advisory services to help progress residential rebuild following a civil emergency.</p>	Users satisfied or very satisfied with the residential advisory service	75%	78% ³⁸	77%
<p>Residential Tenancy and Unit Title Services</p> <p>This appropriation is intended to achieve an environment in which residential tenancy and unit title consumers and businesses are well informed, understand their rights, and meet their regulatory obligations through the provision of information, education, advice, compliance, bond processing and mediation services.</p>	Percentage of customers who are satisfied or very satisfied with overall quality and timeliness of mediation services	80%	76% ^{39, 40}	76% ⁴¹
<p>Special Housing Areas</p> <p>This appropriation is intended to achieve certainty and assurance to the public that resource consenting will be carried out for Special Housing Areas.</p>	Resource consents issued according to statutory timeframes	Achieved	Not reported ⁴²	None processed

36 Reported in the Ministry of Housing and Urban Development's Annual Report 2018/19.

37 Reported in the Ministry of Housing and Urban Development's Annual Report 2018/19.

38 A SurveyMonkey-based survey was used for this measure.

39 The reported result is for overall satisfaction experience and does not specify timeliness. This will be revised for the 2019/20 results.

40 A SurveyMonkey-based survey was used for this measure.

41 The 2017/18 result has been restated. This is due to the 2017/18 result included the satisfaction rating 3 in error. Satisfaction is defined as a score of 4 and 5 for the CMT scale. This measure is also reported in the Outcome Three section of this report (page 36).

42 Reported in the Ministry of Housing and Urban Development's Annual Report 2018/19.

VOTE BUILDING AND HOUSING		2018/19		2017/18
Appropriation	Performance measures	Target	Actual	Actual
Tenant Health and Safety Information This appropriation is intended to achieve an environment in which tenants and landlords are aware of their rights and regulatory obligations to ensure residential rental homes are warm, dry and safe, by providing information, education, advice and compliance.	Deliver annual information campaigns to promote warm, dry and safe residential rental homes by 30 June	Achieved	Achieved ⁴³	Achieved
Weathertight Services This appropriation is intended to achieve a reduction in the number of weathertight issues in New Zealand.	The number of short assessments (Eligibility) completed within 60 working days of being allocated to an assessor	80%	100% ⁴⁴	New measure for 2018/19
	The number of long assessments (full, follow-up full, addendum, concise, cost update and supplemental) completed within 120 working days of being allocated to an assessor	80%	94%	94%
Policy Advice and Related Outputs MCA This appropriation is intended to achieve effective policy advice and support to Ministers, and ensure Crown entities are appropriately monitored.	Average satisfaction of Ministers annually	Reaching, or exceeding 70 percent	80% ⁴⁵	86%
	Total cost of producing policy outputs per hour	No more than \$155	Not reported ⁴⁶	\$153
Policy Advice – Building and Housing This category is intended to achieve the provision of high quality policy advice to support Ministerial decision-making on government policy matters relating to building and housing.	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	71% ⁴⁷	71%
Related Services to Ministers – Building and Housing This category is intended to achieve the provision of effective and efficient ministerial services to enable Ministers to discharge their building and housing portfolio responsibilities.	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	98%	50%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	98%	100%
	Parliamentary questions	95% or above	99%	100%

⁴³ Two campaigns were delivered: Winter 2018 campaign (June 2018 to October 2018) and Summer 2018/19 campaign (December 2018 to February 2019).

⁴⁴ Four eligibility assessments were completed during the year.

⁴⁵ From 1 October 2018, housing-related policy advice and related outputs were delivered and funded through Vote Housing and Urban Development. As such, this result reflects the average satisfaction rating from the Minister for Building and Construction only.

⁴⁶ This measure has been discontinued as it no longer provides sufficient value relative to the costs of data collection and is therefore no longer required by the Treasury: <https://treasury.govt.nz/information-and-services/state-sector-leadership/guidance/implementation-management-monitoring-guidance/policy-advice-measurement>. The measure has been removed from 2019/20 Estimates.

⁴⁷ Variance is not statistically significant; the Ministry is continuing to provide ongoing professional development to staff to improve the technical quality of policy papers

VOTE BUSINESS, SCIENCE AND INNOVATION		2018/19		2017/18
Appropriation	Performance measures	Target	Actual	Actual
<p>Commerce and Consumer Affairs: Consumer Information</p> <p>This appropriation is intended to achieve a trading environment in which consumers are well informed, adequately protected, trading is fair, and in which there is effective competition.</p>	Increase in visits year-on-year to consumerprotection.govt.nz for access to information and programmes that increase the ability of consumers to transact with confidence	10%	18%	New measure for 2018/19
<p>Commerce and Consumer Affairs: Official Assignee Functions</p> <p>This appropriation is intended to increase business confidence through the discharge of the Official Assignee's statutory responsibilities.</p>	Audit rating of acceptable or better, for compliance with statutory and best practice management functions across all Insolvency Offices	Achieved	Achieved	Achieved
<p>Commerce and Consumer Affairs: Registration and Granting of Intellectual Property Rights</p> <p>This appropriation is intended to achieve the protection of robust intellectual property rights to promote innovation, technology creation, transfer and dissemination, and support economic development.</p>	Percentage of decisions by the Intellectual Property Office and the Plant Variety Rights Office to accept, grant or register intellectual property rights that are upheld	99%	100%	100%
<p>Commerce and Consumer Affairs: Registration and Provision of Statutory Information</p> <p>This appropriation is intended to achieve effective and efficient interaction between business and government through the management of registers and provision of access to authoritative information.</p>	Percentage of online company name approvals and consents processed within 35 minutes of receipt during normal business hours	95%	99% ⁴⁸	99%
	Availability of the Companies and Personal Property Securities online registers (excludes agreed outages for scheduled maintenance)	99%	100%	100%
	Increase in visits year-on-year to Business.govt.nz for access to information and advice, and to interact or transact with government	10%	18%	22%
<p>Commerce and Consumer Affairs: Standards Development and Approval</p> <p>This appropriation is intended to achieve the development of, and access to, standards in New Zealand that meet the needs of business, regulators and consumers.</p>	Percentage of draft NZ standards submitted for approval by the Standards Executive meet the statutory criteria as specified in the <i>Standards and Accreditation Act 2015</i>	100%	100%	100%
	Report annually to the Minister on standards, the standards work programme, and current and emerging trends in standards by 30 June	Achieved	Achieved	New measure for 2018/19
<p>Commerce and Consumer Affairs: Trading Standards</p> <p>This appropriation is intended to achieve a trading environment in which businesses and consumers are well informed, adequately protected, trading is fair, and there is effective competition.</p>	An internal audit and assurance rating received on the quality and timeliness of administration of product safety, weights and measures legislation, and fuel quality monitoring	Rating of acceptable or better	Acceptable level of compliance	Achieved
<p>Communications: Management and Enforcement of the Radiocommunications Act 1989</p> <p>This appropriation is intended to achieve the provision of effective and efficient allocation and licensing of the radio spectrum.</p>	An internal audit and assurance rating received on the quality and timeliness of administration of submitted licensing applications, interference investigations, and license and supplier audits	Rating of acceptable or better	Acceptable level of compliance	New measure for 2018/19
<p>Communications: Management of Emergency Telecommunications Services</p> <p>This appropriation is intended to achieve management of ongoing effective and efficient operations of the telecommunications capabilities of emergency services</p>	Operational service levels and key performance indicators are achieved	Achieved	Achieved	New measure for 2018/19

48 295,423 approvals and consents were processed.

VOTE BUSINESS, SCIENCE AND INNOVATION		2018/19		2017/18
Appropriation	Performance measures	Target	Actual	Actual
Communications: Emergency Telecommunications Services This appropriation is intended to achieve improved telecommunications capabilities for the public to communicate with emergency services.	Milestones achieved as per the project plan	Achieved	Achieved	New measure for 2018/19
Commerce and Consumer Affairs: Enforcement of General Market Regulation MCA⁴⁹ This appropriation is intended to achieve support for markets working well and consumer and business confidence.	The performance for this appropriation will be assessed by case studies of the Commerce Commission's contribution to markets working well and consumer and business confidence	Achieved	Achieved ⁵⁰	New measure for 2018/19
Enforcement of Competition Regulation This category is intended to achieve the prevention, identification, investigation and remediation of market behaviour that is anticompetitive.	Average number of working days from date of decision to date of publication of reasons for declined merger clearance applications	10 days	Not applicable ⁵¹	27 days
	Number of <i>Commerce Act 1986</i> cases completed	5–20	14	13
	Percentage of merger clearance decisions made within 40 working days when no letter of issues is sent to parties ⁵²	75%	100% ⁵³	20%
	Percentage of competition investigations decided within 18 months of the investigation being opened	95%	100% ⁵⁴	New measure for 2018/19
Enforcement of Consumer Regulation This category is intended to achieve the prevention, identification, investigation and remediation of market behaviour that is harmful for consumers.	Number of <i>Credit Contracts and Consumer Finance Act 2003</i> cases completed	50–100	63	131
	Number of <i>Fair Trading Act 1986</i> cases completed	175–300	230	206
	Number of product safety and information standards matters completed	75–150	90	103
	Percentage of investigations decided within 12 months of the investigation being opened	95%	94% ⁵⁵	88%
Services and Advice to Support Well-functioning Financial Markets MCA This appropriation is intended to achieve fair, efficient, and transparent financial markets.	Investor Confidence Index (a composite measure of the confidence of New Zealanders in financial markets)	Meeting at least 71%	58% ⁵⁶	64%
Performance of Investigation and Enforcement Functions This category is intended to achieve fair, efficient, and transparent financial markets through Financial Markets Authority's (FMA) regulatory and enforcement actions.	Investigation and enforcement activities are undertaken and completed according to agreed timeframes and standards	Achieved	Not achieved ⁵⁷	Achieved

49 The 2017/18 performance measure results for this appropriation were reported by Commerce Commission New Zealand in its 2017/18 Annual Report.

50 Six case studies were completed.

51 There were no declined clearance applications in 2018/19.

52 This measure includes a 'stop the clock' provision. The criteria for stopping the clock are:

- › requests from the merger parties or third parties for further time to respond to information requests if this would cause a delay to the Commerce Commission's investigation
- › time spent assessing divestment undertakings, or
- › if the review of the merger by another jurisdiction(s) is causing delays to the Commerce Commission's investigation.

53 Six merger clearance decisions were made.

54 Seven competition investigations were decided.

55 This target was not met due to complexity of investigatory work required in credit cases. The Commerce Commission is considering how the credit reform might improve the timeliness of these cases.

56 The standard recorded in the FMA's 2018/19 Statement of Performance Expectations was 66%, not 71%, but this was not amended in the Supplementary Estimates. This year's score reflects volatile global markets, a focus on the culture and conduct of major financial institutions in Australia and New Zealand, and a lower than expected portion of licensed market participants showing how they achieve good customer outcomes.

57 Ninety-three per cent of misconduct cases were evaluated within two working days of the information received date (target 95%), and 73% of misconduct cases were closed within 39 days of the information received date (target 80%) staffing levels were a factor in these targets being missed, with existing resources allocated to the Conduct and Culture reviews of banks and life insurers carried out by the Reserve Bank of New Zealand (RBNZ)/FMA. The FMA met all other targets in this category.

VOTE BUSINESS, SCIENCE AND INNOVATION		2018/19		2017/18
Appropriation	Performance measures	Target	Actual	Actual
<p><i>Performance of Licensing and Compliance Monitoring Functions</i></p> <p>This category is intended to achieve compliance of market participants and frontline regulators with their regulatory obligations.</p>	Fully completed licence applications, regulated offers and completed applications for exemptions are processed within agreed timeframes and standards	Achieved	Achieved ⁵⁸	Achieved
	FMA provides substantive feedback on licensing applications, regulated offers and disclosures that result in improvements being made or documents withdrawn	Achieved	Achieved ⁵⁹	Achieved
<p><i>Performance of Market Analysis and Guidance, Investor Awareness, and Regulatory Engagement Functions</i></p> <p>This category is intended to achieve investors having access to resources that help them make more informed decisions.</p>	The FMA undertakes at least 20 industry or business presentations or speeches per year, with the aim of providing better information and insight for regulated populations	Achieved	Achieved ⁶⁰	Achieved
	Market participants within the entity-based relationship management programme say they have benefitted from the relationship	95%	100%	89%
	Percentage of FMA website visitors surveyed who rate the content they accessed as useful in helping them to comply, or to make informed investment decisions	95%	92% ⁶¹	94%
<p>Commerce Commission Litigation Funds</p> <p>This appropriation is intended to achieve the best possible outcomes for New Zealanders in competitive and regulated markets by enabling the Commerce Commission to undertake major or complex litigation where appropriate.</p>	Litigation Funds are used in accordance with the Litigation Fund criteria	Achieved	Achieved	Achieved
<p><i>Commerce Commission Externally-Sourced Litigation</i></p> <p>This category is intended to achieve the best possible outcomes for New Zealanders in competitive and regulated markets by enabling the Commerce Commission to undertake major or complex externally-sourced litigation where appropriate.</p>	Using the Fund according to conditions for use	Achieved	Achieved	Achieved
<p><i>Commerce Commission Internally-Sourced Litigation Fund</i></p> <p>This category is intended to achieve the best possible outcomes for New Zealanders in competitive and regulated markets by enabling the Commerce Commission to undertake major or complex internally-sourced litigation where appropriate.</p>	Using the Fund according to conditions for use	Achieved	Achieved	Achieved
<p>Communications: Services for Deaf, Hearing-Impaired and Speech-Impaired People MCA</p> <p>This appropriation is intended to achieve the removal of barriers to telecommunications services for deaf and hearing-impaired people.</p>	Call minutes (across all services) monitored for trends of use	Achieved	Achieved	New measure for 2018/19

58 Achievement of this measure is based on meeting four service level targets.

59 Achievement of this measure is based on meeting two service level targets.

60 31 presentations were delivered.

61 The FMA is responding to this result by making improvements to how their web content is structured and displayed along with enhancements to make content easier to find from search engines, as well as the site search function.

VOTE BUSINESS, SCIENCE AND INNOVATION		2018/19		2017/18
Appropriation	Performance measures	Target	Actual	Actual
Investigative Services – Trade Remedies This category is intended to achieve a fair international trading environment for New Zealand manufacturers through the imposition of anti-dumping and countervailing duties on imported goods, and to allow New Zealand manufacturers time to adjust to competition from surges of imported goods through the imposition of temporary safeguard measures, where an investigation has established that either action is justified.	No successful court challenges or successful World Trade Organisation (WTO) dispute settlement actions related to the <i>Dumping and Countervailing Duties Act 1988</i> or the <i>Trade (Safeguard Measures) Act 2014</i>	Achieved	Not achieved ⁶²	Achieved
	Timeliness of investigations allowed interested parties to appropriately contribute, and the Minister of Commerce and Consumer Affairs to make final timely determinations	In accordance with statutory timeframes	Not achieved ⁶³	100%
Policy Advice – Commerce and Consumer Affairs This category is intended to achieve the provision of high quality policy advice to Ministers.	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	73%	74%
	The satisfaction of the Minister of Commerce and Consumer Affairs with the policy advice service, as per the common satisfaction survey	At least 70%	83%	81%
Policy Advice – Communications This category is intended to achieve the provision of high quality policy advice to Ministers.	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	73%	73%
	The satisfaction of the Minister for Broadcasting, Communications and Digital Media with the policy advice service, as per the common satisfaction survey	At least 70%	70%	Not available
Policy Advice – Small Business This category is intended to achieve the provision of high quality policy advice to Ministers.	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	71% ⁶⁴	67%
	The satisfaction of the Minister for Small Business with the policy advice service, as per the common satisfaction survey	At least 70%	85%	84%
Related Services to Ministers – Commerce and Consumer Affairs This category is intended to achieve effective and efficient ministerial services, and to monitor the performance and compliance of Crown entities and statutory bodies.	Ministers receive advice on entities' accountability documents within statutory timeframes	100%	85% ⁶⁵	100%
	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	99%	99%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	100%	100%
Parliamentary questions	95% or above	100%	100%	
Related Services to Ministers – Communications This category is intended to achieve effective and efficient ministerial services, and to monitor the performance and compliance of Crown entities.	Ministers receive advice on entities' accountability documents within statutory timeframes	100%	100%	100%
	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	96%	61%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	97%	100%
Parliamentary questions	95% or above	99%	95%	

62 One of MBIE's investigations and one of MBIE's sunset reviews were the subject of successful challenges at judicial review. In the case of a third further judicial review, MBIE settled with the applicant. In all three cases, MBIE has reconsidered or is reconsidering its original findings.

63 Two of MBIE's trade remedies investigations breached statutory timeframes. Extra time was necessary in order to fully respond to the High Court's judgment in a judicial review concerning an earlier investigation. MBIE's approach in extending timeframes was consistent with the Court's decision in another judicial review on a separate earlier investigation.

64 Variance is not statistically significant; the Ministry is continuing to provide ongoing professional development to staff to improve the technical quality of policy papers

65 The performance standard was not met due to the timing of advice relating to one Crown entity's draft 2019/20 Statement of Performance Expectations. The timing did not involve a statutory breach but the process will be strengthened to reduce the likelihood of a repeat.

VOTE BUSINESS, SCIENCE AND INNOVATION		2018/19		2017/18
Appropriation	Performance measures	Target	Actual	Actual
<i>Related Services to Ministers – Small Business</i> This category is intended to achieve effective and efficient ministerial services.	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	94% ⁶⁶	98%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	90% ⁶⁷	100%
	Parliamentary questions	95% or above	96%	100%

VOTE LABOUR MARKET		2018/19		2017/18
Appropriation	Performance measures	Target	Actual	Actual
Immigration – Regulation of Immigration Advisers This appropriation is intended to achieve certainty and confidence for the industry and the public that licensed immigration advisers are competent and professional, and that action is taken against unlicensed advice.	An internal audit and assurance rating received on the quality and timeliness of administration of the <i>Immigration Advisers Licensing Act 2007</i>	Rating of acceptable or better	Acceptable level of compliance	New measure for 2018/19

How much we spent

Actual 2017/18 \$000	Our expenditure summary	Actual 2018/19 \$000	Supplementary Estimates 2018/19 \$000	Main Estimates 2018/19 \$000
216,856	Departmental expenses	232,200	248,492	247,153
208,655	Non-departmental expenses	310,589	225,079	510,330
	– Departmental capital	–	–	–
309,800	Non-departmental capital	245,176	245,341	515,165
735,311	Total expenditure for outcome	787,985	718,912	1,272,648

66 A significant increase in volume meant that this measure could not be achieved within current resources. Additional resource has been put in place to address the increase.

67 The performance standard was not met for this measure due to one *Official Information Act* request responded to outside statutory timeframes. The number of *Official Information Act* requests for this portfolio was 10.

Our services and functions – Departmental

Actual 2017/18 \$000	Appropriation name	Notes/ Location of year-end performance information	Actual 2018/19 \$000	Supplementary Estimates 2018/19 \$000	Main Estimates 2018/19 \$000
Departmental outputs					
	– Administering the Legacy Social Housing Fund		77	77	600
24,788	Building Regulation and Control		26,354	28,954	28,954
821	Community Housing Regulatory Authority		298	321	700
	Establishment of the Ministry of Housing and Urban – Development		373	400	–
1,016	Greater Christchurch Recovery		5,880	9,540	3,640
1,697	KiwiBuild Unit		5,681	5,781	7,697
9,545	Occupational Licensing		10,575	11,612	9,546
	Professional Engineering Input Toward the Resolution 334 of Canterbury Residential Rebuild Design Uncertainty		–	–	–
1,931	Redevelopment of Surplus Crown Land		1,410	1,424	2,503
1,232	Residential Advisory Services		486	504	–
29,448	Residential Tenancy and Unit Title Services	A	34,172	34,498	35,095
	– Special Housing Areas		–	–	3,000
890	Tenant Health and Safety Information – MYA		472	641	614
8,125	Weathertight Services		7,397	9,200	9,350
2,487	Commerce and Consumer Affairs: Consumer Information		2,416	2,429	2,427
16,235	Commerce and Consumer Affairs: Official Assignee Functions		18,471	18,471	17,641
	Commerce and Consumer Affairs: Registration and Granting 20,521 of Intellectual Property Rights		22,567	23,601	21,172
38,768	Commerce and Consumer Affairs: Registration and Provision of Statutory Information		41,795	44,475	43,422
6,462	Commerce and Consumer Affairs: Standards Development and Approval		6,423	7,009	5,409
4,916	Commerce and Consumer Affairs: Trading Standards		4,922	4,930	4,928
6,983	Communications: Management and Enforcement of the <i>Radiocommunications Act 1989</i>		7,374	9,611	9,611
	Communications: Management of Emergency 529 Telecommunications Services		125	133	133
2,571	Immigration – Regulation of Immigration Advisers		3,414	3,972	3,972
179,299	Total departmental output expenditure		200,682	217,583	210,414
Multi-category expenses and capital expenditure					
Policy Advice and Related Outputs MCA					
15,840	– Vote Building and Housing		9,017	9,238	16,725
<i>Departmental output expenses</i>					
15,627	› Policy Advice – Building and Housing		8,966	9,164	16,465
213	› Related Services to Ministers – Building and Housing		51	74	260

Actual 2017/18 \$000	Appropriation name	Notes/ Location of year-end performance information	Actual 2018/19 \$000	Supplementary Estimates 2018/19 \$000	Main Estimates 2018/19 \$000
21,717	Policy Advice and Related Outputs MCA – Vote Business, Science and Innovation		22,521	21,671	20,014
	<i>Departmental output expenses</i>				
845	› Investigative Services – Trade Remedies		1,007	562	562
8,898	› Policy Advice – Commerce and Consumer Affairs		9,555	9,266	9,211
7,958	› Policy Advice – Communications		7,939	8,358	6,782
1,568	› Policy Advice – Small Business		1,684	1,252	1,234
	› Related Services to Ministers				
1,874	– Commerce and Consumer Affairs		2,010	1,948	1,946
79	› Related Services to Ministers – Communications		84	63	62
495	› Related Services to Ministers – Small Business		242	222	217
36,000	Services and Advice to Support Well-functioning Financial Markets MCA		36,000	36,000	36,000
	<i>Non-departmental output expenses</i>				
8,065	› Performance of Investigation and Enforcement Functions		6,196	6,196	6,196
15,833	› Performance of Licensing and Compliance Monitoring Functions		16,072	16,072	16,072
12,102	› Performance of Market Analysis and Guidance, Investor Awareness, and Regulatory Engagement Functions		13,732	13,732	13,732
9,119	Commerce Commission Litigation Funds MCA		7,111	11,000	11,000
	<i>Non-departmental other expenses</i>				
5,802	› Commerce Commission Externally-Sourced Litigation		3,621	7,500	7,500
3,317	› Commerce Commission Internally-Sourced Litigation		3,490	3,500	3,500
	Commerce and Consumer Affairs: Enforcement of General – Market Regulation MCA		19,187	19,187	19,187
	<i>Non-departmental output expenses</i>				
	– › Enforcement of Competition Regulation		8,043	8,043	8,043
	– › Enforcement of Consumer Regulation		11,144	11,144	11,144
4,031	Communications: Services for Deaf, Hearing-Impaired and Speech-Impaired People MCA		3,497	4,684	4,684
	<i>Non-departmental output expenses</i>				
1,274	› Administrative Support for Telecommunications Relay Equipment and Services		1,455	1,519	1,519
	<i>Non-departmental other expenses</i>				
2,757	› Telecommunications Development Levy Funded Procurement – Deaf Relay Service Telecommunications Service Obligations (TSO)		2,042	3,000	3,000
	<i>Non-departmental capital expenditure</i>				
	– › Acquisition of Textphone Equipment		–	165	165
86,707	Total multi-category expenses and capital expenditure		97,333	101,780	107,610
266,006	Total expenditure		298,015	319,363	318,024

A In addition to the above expenditure, this appropriation has a remeasurement gain of \$4,000 relating to foreign exchange movements, taking the total expenditure on this appropriation to \$34.176 million for 2018/19.

Other services – Non-departmental

Actual 2017/18 \$000	Appropriation name	Location of year-end performance information	Actual 2018/19 \$000	Supplementary Estimates 2018/19 \$000	Main Estimates 2018/19 \$000
Non-departmental output expenses					
9,719	HNZC Housing Support Services	1	2,348	2,348	11,698
	– KiwiBuild Housing – MYA	2	81	81	210,000
268	KiwiBuild Operations		–	–	5,000
4,410	Commerce and Consumer Affairs: Accounting and Assurance Standards Setting	3	4,410	4,410	4,410
1,494	Commerce and Consumer Affairs: Administration of the Takeovers Code	4	1,494	1,494	1,494
	– Commerce and Consumer Affairs: Competition Studies	5	1,368	1,500	1,500
	– Commerce and Consumer Affairs: Economic Regulation Inquiries		–	–	1,000
566	Commerce and Consumer Affairs: Enforcement of Dairy Sector Regulation and Auditing of Milk Price Setting	5	429	757	757
18,573	Commerce and Consumer Affairs: Enforcement of General Market Regulation		–	–	–
7,422	Commerce and Consumer Affairs: Retirement Commissioner	6	8,622	8,622	8,622
4,374	Communications: Emergency Telecommunications Services	7	9,352	12,345	2,090
6,229	Communications: Enforcement of Telecommunications Sector Regulation	7	5,689	6,621	6,000
1,290	Economic Regulation of Specified Airport Services 2014–2019 – MYA	7	315	504	683
5,274	Economic Regulation of Electricity Line Services 2014–2019 – MYA	7	7,493	7,723	7,713
1,998	Economic Regulation of Gas Pipeline Services 2014–2019 – MYA	7	1,082	1,485	1,767
	– Enforcement of Telecommunications Sector Fibre and Broadcasting Transmission Service Regulation – MYA	7	3,200	3,200	–
61,617	Total non-departmental output expenses		45,883	51,090	262,734
Benefits or related expenses					
80,574	KiwiSaver HomeStart grant	5	22,421	22,421	106,120
80,574	Total benefits or related expenses		22,421	22,421	106,120
Non-departmental other expenses					
3,071	Christchurch City Council Housing Initiatives		–	–	–
987	Housing Assistance	5	290	290	1,159
	– Housing Infrastructure Fund – Fair Value Write-Down – MYA	2	151,862	–	–
	– Payments in respect of the Weathertight Services Loan Guarantees PLA	5	–	1,700	1,700
161	Remediation of Facades and Parapets of Unreinforced Masonry Buildings in at risk areas	5	1,950	2,838	–
	– Social Housing Provider Development		1,800	1,800	4,000
1,000	Unwind of Discount Rate Used in the Present Value Calculation of Direct Payments Under the Weathertight Homes Financial Assistance Package	5	900	1,659	1,659

Actual 2017/18 \$000	Appropriation name	Location of year-end performance information	Actual 2018/19 \$000	Supplementary Estimates 2018/19 \$000	Main Estimates 2018/19 \$000
1,788	Commerce and Consumer Affairs: Financial Markets Authority Litigation Fund	8	1,636	2,000	2,000
-	Commerce and Consumer Affairs: Takeovers Panel Litigation Fund	4	-	200	200
328	Communications: Telecommunications Development Levy Funded Procurement – Non-Urban Infrastructure		-	-	52
9,877	Communications: Telecommunications Development Levy Funded Procurement – Telecommunications Infrastructure Investment – MYA	9	16,354	68,675	60,000
(8)	Economic Development: Earthquake Business Recovery Grants		-	-	-
110	Economic Development: Edgcumbe Business Support		-	-	-
-	Infrastructure: Regional Digital Connectivity Improvements – MYA	9	1,698	1,700	-
17,314	Total non-departmental other expenses		176,490	80,862	70,770
	Non-departmental capital expenditure				
-	Housing Infrastructure Fund Loans – MYA	2	176	176	-
-	KiwiBuild Capital – MYA		-	-	270,000
162,800	Vacant or Underutilised Crown Land Programme 2017–2022 – MYA		-	-	-
45,000	Communications: Broadband Investment (Crown Fibre Holdings Capital Costs) 2016–2021 – MYA		-	-	-
100,000	Infrastructure: Broadband Investment – MYA	9	245,000	245,000	245,000
2,000	Investment in the Financial Markets Authority		-	-	-
309,800	Total non-departmental capital expenditure		245,176	245,176	515,000
469,305	Total non-departmental annual and MYA expenses		489,970	399,549	954,624
735,311	Total expenditure for outcome		787,985	718,912	1,272,648

Location of year-end performance information:

- 1 Housing New Zealand Corporation’s annual report
- 2 Minister of Housing and Urban Development in the Vote Housing and Urban Development Non-Departmental Appropriations Report
- 3 External Reporting Board’s annual report
- 4 Takeovers Panel’s annual report
- 5 Exemption granted under section 15(D)(2)(b) of the *Public Finance Act 1989*
- 6 Retirement Commissioner’s annual report
- 7 Commerce Commission’s annual report
- 8 Financial Markets Authority’s annual report
- 9 Crown Infrastructure Partners’ annual report

Multi-year appropriations

Appropriation name	Actual 2018/19 \$000	Actual 2017/18 \$000
Communications: Broadband Investment (Crown Fibre Holdings Capital Costs) (2016–2021) – MYA		
Original appropriation	417,500	417,500
Cumulative adjustments	(372,500)	(372,500)
Total adjusted appropriation	45,000	45,000
Cumulative actual expenditure 1 July	45,000	–
Current year actual expenditure	–	45,000
Cumulative actual expenditure 30 June	45,000	45,000
Appropriation remaining 30 June	–	–
Communications: Telecommunications Development Levy Funded Procurement – Telecommunications Infrastructure Investment (2017–2022) – MYA		
Original appropriation	150,000	150,000
Cumulative adjustments	(71,448)	30,000
Total adjusted appropriation	78,552	180,000
Cumulative actual expenditure 1 July	9,877	–
Current year actual expenditure	16,354	9,877
Cumulative actual expenditure 30 June	26,231	9,877
Appropriation remaining 30 June	52,321	170,123
Economic Regulation of Specified Airport Services (2014–2019) – MYA		
Original appropriation	2,763	2,763
Cumulative adjustments	306	127
Total adjusted appropriation	3,069	2,890
Cumulative actual expenditure 1 July	1,968	678
Current year actual expenditure	315	1,290
Cumulative actual expenditure 30 June	2,283	1,968
Appropriation remaining 30 June	786	922
Economic Regulation of Electricity Line Services (2014–2019) – MYA		
Original appropriation	28,311	28,311
Cumulative adjustments	772	782
Total adjusted appropriation	29,083	29,093
Cumulative actual expenditure 1 July	14,116	8,842
Current year actual expenditure	7,493	5,274
Cumulative actual expenditure 30 June	21,609	14,116
Appropriation remaining 30 June	7,474	14,977
Economic Regulation of Gas Pipeline Services (2014–2019) – MYA		
Original appropriation	9,684	9,684
Cumulative adjustments	464	182
Total adjusted appropriation	10,148	9,866

Appropriation name	Actual 2018/19 \$000	Actual 2017/18 \$000
Cumulative actual expenditure 1 July	7,083	5,085
Current year actual expenditure	1,082	1,998
Cumulative actual expenditure 30 June	8,165	7,083
Appropriation remaining 30 June	1,983	2,783
Enforcement of Telecommunications Sector Fibre and Broadcasting Transmission Service Regulation (2019–2022) – MYA		
Original appropriation	12,300	–
Cumulative adjustments	–	–
Total adjusted appropriation	12,300	–
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	3,200	–
Cumulative actual expenditure 30 June	3,200	–
Appropriation remaining 30 June	9,100	–
Housing Infrastructure Fund - Fair Value Write Down – MYA		
Original appropriation	127,265	–
Cumulative adjustments	(127,265)	–
Total adjusted appropriation	–	–
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	151,862	–
Cumulative actual expenditure 30 June	151,862	–
Appropriation remaining 30 June	–	–
Housing Infrastructure Fund Loans – MYA		
Original appropriation	176	–
Cumulative adjustments	–	–
Total adjusted appropriation	176	–
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	176	–
Cumulative actual expenditure 30 June	176	–
Appropriation remaining 30 June	–	–
Infrastructure: Broadband Investment (2018–2021) – MYA		
Original appropriation	582,500	582,500
Cumulative adjustments	–	–
Total adjusted appropriation	582,500	582,500
Cumulative actual expenditure 1 July	100,000	–
Current year actual expenditure	245,000	100,000
Cumulative actual expenditure 30 June	345,000	100,000
Appropriation remaining 30 June	237,500	482,500
Infrastructure: Regional Digital Connectivity Improvements (2018–2021) – MYA		
Original appropriation	80,000	–
Cumulative adjustments	–	–
Total adjusted appropriation	80,000	–

Appropriation name	Actual 2018/19 \$000	Actual 2017/18 \$000
Cumulative actual expenditure 1 July		–
Current year actual expenditure	1,698	–
Cumulative actual expenditure 30 June	1,698	–
Appropriation remaining 30 June	78,302	–
KiwiBuild Capital – MYA		
Original appropriation	1,865,755	1,865,755
Cumulative adjustments	(1,865,755)	–
Total adjusted appropriation	–	1,865,755
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	–	–
Cumulative actual expenditure 30 June	–	–
Appropriation remaining 30 June	–	1,865,755
KiwiBuild Housing (2018–2022) – MYA		
Original appropriation	210,000	210,000
Cumulative adjustments	(209,919)	–
Total adjusted appropriation	81	210,000
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	81	–
Cumulative actual expenditure 30 June	81	–
Appropriation remaining 30 June	–	210,000
Tenant Health and Safety Information (2015–2020) – MYA		
Original appropriation	2,740	2,740
Cumulative adjustments	–	–
Total adjusted appropriation	2,740	2,740
Cumulative actual expenditure 1 July	2,099	1,209
Current year actual expenditure	472	890
Cumulative actual expenditure 30 June	2,571	2,099
Appropriation remaining 30 June	169	641
Vacant or Underutilised Crown Land Programme (2017–2022) – MYA		
Original appropriation	167,104	167,104
Cumulative adjustments	(4,304)	51,050
Total adjusted appropriation	162,800	218,154
Cumulative actual expenditure 1 July	162,800	–
Current year actual expenditure	–	162,800
Cumulative actual expenditure 30 June	162,800	162,800
Appropriation remaining 30 June	–	55,354

OUTCOME FOUR: VALUE IS SUSTAINABLY DERIVED FROM THE NATURAL ENVIRONMENT



Achieved 10 out of 13 output performance targets

VOTE BUSINESS, SCIENCE AND INNOVATION		2018/19		2017/18
Appropriation	Performance measures	Target	Actual	Actual
Energy and Resources: Information Services This appropriation is intended to achieve the provision of information and technical advice on energy and resources.	New Zealand's obligations for reporting energy information to international organisations, including the International Energy Agency, Asia Pacific Economic Cooperation and United Nations Framework Convention on Climate Change, are met to an agreed standard	All international requirements are met	All international requirements are met	Achieved
Energy and Resources: Management of the Crown Mineral Estate This appropriation is intended to achieve the efficient allocation and management of Crown-owned petroleum and mineral resources.	80% of mineral permit applications received this year are granted or declined 120 working days ⁶⁸	Achieved	Not achieved 74% ⁶⁹	Achieved
	80% of petroleum applications are granted or declined within 120 working days ⁷⁰	Achieved	Achieved	Achieved
	Iwi are consulted in a timely manner in appropriate circumstances ⁷¹	90%	93%	New measure for 2018/19
	Iwi/Hapū enquiries are responded to within 10 working days of receipt	Achieved	Achieved	New measure for 2018/19
	Treaty Settlement obligations pertaining to the minerals estate are recorded and operationalized ⁷²	Achieved	Not achieved ⁷³	New measure for 2018/19
	Energy and Resource Markets statutory consultation requirements are met	Achieved	Achieved	New measure for 2018/19
Policy Advice – Energy and Resources This category is intended to achieve timely, high quality policy advice as measured by the satisfaction of the Minister, external review of the Ministry's policy advice, and hourly cost of policy advice.	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	70% ⁷⁴	69%
	The satisfaction of the Minister of Energy and Resources with the policy advice service, as per the common satisfaction survey	At least 70%	76%	65%

68 Excludes the time waiting for information from applicants or third parties.

69 This measure could not be achieved due to prioritising resource to evaluate this year's annual summary returns. A renewed focus on this process should ensure this is remedied in the next financial year.

70 Excludes the time waiting for information from applicants or third parties.

71 (a) All iwi on Energy and Resource Markets' register identified as an affected party are sent consultation documents.

(b) Consultation is sent out within 15 working days of Sector Development Policy being assigned an Activity or Task request in Rapid to contact iwi.

72 All treaty settlement obligations for Energy and Resource Markets are implemented and actioned when requested by iwi (MBIE tracks incoming requests and logs all legislative iwi obligations through the Post Settlement Commitments Unit at the Ministry of Justice).

73 MBIE has had approximately 52 Treaty settlement relationship agreements, and work continues with Te Arawhiti on further settlement agreements. Not all of our commitments were met this year, and a plan is in place to remedy this. To further support this work going forward, an iwi database tool was launched in June which incorporates direct links to Te Arawhiti's settlement database *Te Haeata*, which will allow us to have better visibility on our obligations and plan our resources.

74 Variance is not statistically significant; the Ministry is continuing to provide ongoing professional development to staff to improve the technical quality of policy papers.

VOTE BUSINESS, SCIENCE AND INNOVATION		2018/19		2017/18
Appropriation	Performance measures	Target	Actual	Actual
<i>Related Services to Ministers – Energy and Resources</i> This category is intended to achieve effective and efficient ministerial services, and to monitor the performance and compliance of Crown entities.	Ministers receive advice on entities' accountability documents within statutory timeframes	100%	100%	100%
	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	98%	41%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	100%	100%
	Parliamentary questions	95% or above	98%	100%

How much we spent

Actual 2017/18 \$000	Our expenditure summary	Actual 2018/19 \$000	Supplementary Estimates 2018/19 \$000	Main Estimates 2018/19 \$000
27,044	Departmental expenses	26,183	28,513	27,844
117,526	Non-departmental expenses	139,817	148,970	133,242
	– Departmental capital	–	–	–
1,740	Non-departmental capital	1,747	2,000	2,000
146,310	Total expenditure for outcome	167,747	179,483	163,086

Our services and functions – Departmental

Actual 2017/18 \$000	Appropriation name	Actual 2018/19 \$000	Supplementary Estimates 2018/19 \$000	Main Estimates 2018/19 \$000
Departmental outputs				
2,592	Energy and Resources: Information Services	2,471	2,506	2,505
18,352	Energy and Resources: Management of the Crown Mineral Estate	16,654	18,636	18,424
20,944	Total departmental output expenditure	19,125	21,142	20,929
Multi-category expenses and capital expenditure				
Policy Advice and Related Outputs MCA				
6,100	– Vote Business, Science and Innovation	7,058	7,371	6,915
<i>Departmental output expenses</i>				
5,354	› Policy Advice – Energy and Resources	6,438	6,584	6,128
746	› Related Services to Ministers – Energy and Resources	620	787	787
6,100	Total multi-category expenses and capital expenditure	7,058	7,371	6,915
27,044	Total expenditure	26,183	28,513	27,844

Other services – Non-departmental

Actual 2017/18 \$000	Appropriation name	Location of year-end performance information	Actual 2018/19 \$000	Supplementary Estimates 2018/19 \$000	Main Estimates 2018/19 \$000
Non-departmental output expenses					
70,937	Energy and Resources: Electricity Industry Governance and Market Operations	1	70,792	74,270	74,270
29,444	Energy and Resources: Energy Efficiency and Conservation	2	30,584	30,584	30,584
	Energy and Resources: Implementation of the Grant Scheme for Warm, Dry Homes – MYA	2	900	900	900
500	Energy and Resources: Implementation of the Home Insulation Programme		–	–	–
8,560	Energy and Resources: Management of IEA Oil Stocks	3	19,835	20,000	13,000
	Energy and Resources: Managing the Security of New Zealand’s Electricity Supply 2017–2022 – MYA	1	–	2,400	1,200
223	Resource Data Acquisition and Management 2015–2018 – MYA	3	1,342	1,863	1,094
109,664	Total non-departmental output expenses		123,453	130,017	121,048
Non-departmental other expenses					
	– Energy and Resources: Electricity Litigation Fund	1	–	1,000	444
	– Energy and Resources: Grant Scheme for Warm, Dry Homes – MYA	2	16,187	17,703	11,600
7,847	Energy and Resources: Home Insulation 2016–2018 – MYA		–	–	–
15	Energy and Resources: International Energy Agency Contribution	4	177	250	150
7,862	Total non-departmental other expenses		16,364	18,953	12,194
Non-departmental capital expenditure					
1,740	Energy and Resources: Crown Energy Efficiency	2	1,747	2,000	2,000
1,740	Total non-departmental capital expenditure		1,747	2,000	2,000
119,266	Total non-departmental annual and MYA expenses		141,564	150,970	135,242
146,310	Total expenditure for outcome		167,747	179,483	163,086

Location of year-end performance information:

- 1 Electricity Authority’s annual report
- 2 Energy Efficiency and Conservation Authority’s annual report
- 3 Minister of Energy and Resources in the Vote Business, Science and Innovation Non-Departmental Appropriations Report
- 4 Exemption granted under section 15(D)(2)(b) of the *Public Finance Act 1989*

Multi-year appropriations

Appropriation name	Actual 2018/19 \$000	Actual 2017/18 \$000
Energy and Resources: Grant Scheme for Warm, Dry Homes (2018–2022) – MYA		
Original appropriation	132,240	–
Cumulative adjustments	6,103	–
Total adjusted appropriation	138,343	–
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	16,187	–
Cumulative actual expenditure 30 June	16,187	–
Appropriation remaining 30 June	122,156	–
Energy and Resources: Home Insulation Fund (2016–2018) – MYA		
Original appropriation	–	16,500
Cumulative adjustments	–	178
Total adjusted appropriation	–	16,678
Cumulative actual expenditure 1 July	–	2,728
Current year actual expenditure	–	7,847
Cumulative actual expenditure 30 June	–	10,575
Appropriation remaining 30 June	–	6,103
Energy and Resources: Implementation of the Grant Scheme for Warm, Dry Homes (2018–2022) – MYA		
Original appropriation	10,260	10,260
Cumulative adjustments	–	–
Total adjusted appropriation	10,260	10,260
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	900	–
Cumulative actual expenditure 30 June	900	–
Appropriation remaining 30 June	9,360	–
Energy and Resources: Managing the Security of New Zealand's Electricity Supply (2017–2022) – MYA		
Original appropriation	6,000	6,000
Cumulative adjustments	–	–
Total adjusted appropriation	6,000	6,000
Cumulative actual expenditure 1 July	–	–
Current year actual expenditure	–	–
Cumulative actual expenditure 30 June	–	–
Appropriation remaining 30 June	6,000	6,000
Resource Data Acquisition and Management (2015–2018) – MYA		
Original appropriation	7,700	7,700
Cumulative adjustments	(455)	–
Total adjusted appropriation	7,245	7,700
Cumulative actual expenditure 1 July	5,037	4,814
Current year actual expenditure	1,342	223
Cumulative actual expenditure 30 June	6,379	5,037
Appropriation remaining 30 June	866	2,663

OUTCOME FIVE: A DYNAMIC BUSINESS ENVIRONMENT FOSTERING INNOVATION AND INTERNATIONAL CONNECTIONS



Achieved 37 out of 50 output performance targets

VOTE BUSINESS, SCIENCE AND INNOVATION		2018/19		2017/18
Appropriation	Performance measures	Target	Actual	Actual
Communications: Cyber Security Services This appropriation is intended to achieve the operation of a New Zealand CERT to enhance New Zealand's cyber security and resilience and help prevent cybercrime.	Percentage of incidents responded to within 4 hours of being received during operating hours (based on the conditions outlined in CERT NZ's operational policies)	90%	99% ⁷⁵	New measure for 2018/19
	Number of cyber threat landscape reports produced for public consumption	4	4	New measure for 2018/19
	Year on year increase in consumption of CERT NZ's content and services (measured by web traffic, social media engagement and advisory subscribers)	10%	60%	New measure for 2018/19
Economic Development: Implementation of Improvements in Public Sector Procurement and Services to Business This appropriation is intended to achieve better public services and encourage business growth.	Business customers experience more coordinated and consistent services (ie, seamless) from government, as measured by year-on-year increases in the cross-agency Business Customer Experience Index (CXI) 'seamless' measures, relative to June 2017	CXI seamless measures increase	Not achieved ⁷⁶	Baselines established and actions agreed
	Percentage of participating agencies satisfied or very satisfied	70%	71% ^{77, 78}	71%
	Savings target across public sector agencies identified through the Government Procurement Reform agenda for the financial year	\$90m	\$186m ^{79, 80}	\$146m
	Year on year improvement in business feedback about the quality of government procurement practice from the annual government procurement business survey	Achieved	Not achieved ⁸¹	Achieved

75 This is a new measure introduced for 2018/19. During the year 4,637 events were reported to CERT NZ via its tracking system of which approximately 3,431 events (74 percent) required a response under this performance standard. The remaining 1,205 events (26 percent) did not require a response (e.g. notifications about a phishing website that has already been taken down), or a response could not be provided (e.g. an anonymous report). CERT NZ receives events via its online tool, email and telephone. Email and telephone events are manually entered on the incident reporting system. CERT NZ's incident reporting tool is designed with the intention to ensure a prompt response. The main aspect of this design is an automated response mechanism that enables triage and a timely incident response. The design of the tool provides CERT NZ with assurance around the overall response rate for the financial year. Response rates have been monitored during the financial year through regular samples and checks.

76 Analysis indicates the measure has reduced due to the increased time and contact business has had with government due to a variety of system, service and regulatory changes. It is anticipated that the newly launched 'Business Connect' platform will improve the score as more businesses use it over coming years.

77 A SurveyMonkey-based survey was used for this measure

78 MBIE contacted 859 agencies (including schools) and 223 valid responses were received.

79 MBIE relies on information provided by suppliers to calculate savings. MBIE reviews information provided for reasonableness, but cannot confirm the accuracy of the data.

80 This result was due to forecast assumptions not reflecting new contracts and renewals delivering savings; an overall increase in agency spend in some categories (and the associated saving); and a minor increase in overall agency participation.

81 There has been a small decrease in feedback from business this year compared to the previous year. Overall, business feedback remains more positive since 2015.

VOTE BUSINESS, SCIENCE AND INNOVATION		2018/19		2017/18
Appropriation	Performance measures	Target	Actual	Actual
Economic Development: Implementation of Improvements in Public Sector Procurement and Services to Business This appropriation is intended to achieve better public services and encourage business growth. (continued)	Engagement with stakeholders on proposed financial reporting standards	9	Not measured ⁸²	New measure for 2018/19
	Timeliness of responding to complaints within 5 working days	100%	Not measured ⁸²	New measure for 2018/19
Economic Development: Property Management Services This appropriation is intended to achieve efficient and effective shared accommodation services in the state sector.	The cost of shared accommodation services are recovered from participating tenant agencies	Achieved	Achieved	Achieved
Economic Development: Property Management within the State Sector This appropriation is intended to achieve improved property management practices across government.	The Government Property Group (GPG) will ensure all property plans submitted by mandated government agencies, and approved by GPG, align with the Government National Property Strategy	Achieved	Achieved	Achieved
	The GPG will encourage consistency in government agency property solutions by producing and maintaining system wide property strategies, standards and tools for use by government agencies	Achieved	Not achieved ⁸³	New measure 2018/19
	The GPG will progress to feasibility stage and/or pilot with a small number of government agencies a Property Capability Index which assesses an agencies property management capability and that highlights development areas for an agency to focus on	Achieved	Not achieved ⁸⁴	New measure for 2018/19
Economic Development: Shared Support Services This appropriation is intended to achieve the efficient provision of support services to enable the Ministry of Housing and Urban Development to deliver on its outputs.	Services are provided to the service levels and timeframes agreed with the Ministry of Housing and Urban Development	Achieved	Achieved	New measure for 2018/19
Research, Science and Innovation: Innovative Partnerships This appropriation is intended to achieve the attraction of overseas investment in Research and Development to New Zealand.	Cumulative number of companies attracted; goal of 10 companies by 2020	10	9 ⁸⁵	New measure 2018/19
Research, Science and Innovation: National Research Information System This appropriation is intended to enhance the value of the government's expenditure on research, science and innovation by providing more accessible, accurate and timely information on New Zealand's research investments.	Research information is collected, processed and made available to users (eg, science investment agencies, policy makers) according to the scope of the 2016 Research, Science and Innovation Domain Plan	Achieved or 80% completed for the financial year	Not yet available ⁸⁶	New measure for 2018/19

82 This measure was added in error during the 2018/19 Supplementary Estimates process and will be removed during the 2019/20 Supplementary Estimates process.

83 Two out of four documents required to achieve the standard have been completed. The two remaining pieces of work, *The Workplace Change Framework* and the review of existing guidance to reflect the updated NZGPP structure and operating model changes, are due for completion in August 2019. The guidance will be released in October as part of the GPG website refresh.

84 The feasibility study for the Draft Property Capability Index was intended to run a mock process with a small number of agencies. Instead, a number of agencies were contacted by email to collect feedback on the proposed structure of the Index, which was not deemed to meet the requirements of conducting a feasibility study.

85 The performance measure sets a goal of 10 companies by 2020 and is on track to being achieved.

86 The New Zealand Research Information System is a four-year project. This performance measure cannot be reported on in this financial year. Phase one is due for completion in December 2019.

VOTE BUSINESS, SCIENCE AND INNOVATION		2018/19		2017/18
Appropriation	Performance measures	Target	Actual	Actual
Ministry of Business, Innovation and Employment – Capital Expenditure PLA This appropriation is intended to achieve the implementation of the Ministry of Business, Innovation and Employment’s capital expenditure plan.	Percentage of MBIE projects delivered on time, scope and budget	85%	97% ⁸⁷	85%
<i>Policy Advice – Economic Development</i> This category is intended to achieve the provision of high quality policy advice to Ministers.	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	72% ⁸⁸	71%
	The satisfaction of the Minister for Economic Development with the policy advice service, as per the common satisfaction survey	At least 70%	Not reported ⁸⁹	75%
<i>Policy Advice – Science and Innovation</i> This category is intended to achieve the provision of high quality policy advice to Ministers.	Technical quality of policy advice papers assessed by a survey with a methodological robustness of 80%	At least an average of 73%	70% ⁹⁰	71%
	The satisfaction of the Minister of Research, Science and Innovation with the policy advice service, as per the common satisfaction survey	At least 70%	100%	78%
<i>Related Services to Ministers – Economic Development</i> This category is intended to achieve effective and efficient ministerial services, and to monitor the performance and compliance of Crown entities.	Ministers receive advice on entities’ accountability documents within statutory timeframes	100%	100%	100%
	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	96%	98%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	98%	100%
	Parliamentary questions	95% or above	100%	100%
<i>Related Services to Ministers – Science and Innovation</i> This category is intended to achieve effective and efficient ministerial services, and to monitor the performance and compliance of Crown entities.	Ministers receive advice on entities’ accountability documents within statutory timeframes	100%	100%	100%
	Percentage of requests completed within either specified or statutory timeframes:			
	Ministerial correspondence	95% or above	99%	99%
	Ministerial <i>Official Information Act 1982</i> requests	95% or above	94% ⁹¹	100%
	Parliamentary questions	95% or above	98%	100%
Research, Science and Innovation: Contract Management MCA This appropriation is intended to achieve efficient and effective management of the science and innovation system.	Contracts are monitored through agreed reporting programmes	Achieved	Achieved	New measure for 2018/19
<i>Science and Innovation Contract Management</i> This category is intended to achieve the efficient and effective allocation and contracting of research, science and technology grants to maximise their returns to New Zealand.	Contracts are monitored through agreed reporting programmes.	Achieved	Achieved	New measure for 2018/19

87 Fifty-six projects were delivered.

88 Variance is not statistically significant; the Ministry is continuing to provide ongoing professional development to staff to improve the technical quality of policy papers.

89 Due to the change of portfolio responsibilities in July 2019, the survey was not undertaken for this portfolio.

90 Variance is not statistically significant; the Ministry is continuing to provide ongoing professional development to staff to improve the technical quality of policy papers.

91 A significant increase in volume meant that this measure could not be achieved within current resources. Additional resource has been put in place to address the increase.

VOTE BUSINESS, SCIENCE AND INNOVATION		2018/19		2017/18
Appropriation	Performance measures	Target	Actual	Actual
<p><i>Research Contract Management</i></p> <p>This category is intended to achieve the efficient and effective allocation and contracting of research, science and technology grants to maximise their returns to New Zealand.</p>	Percentage of contracts that have been monitored and performance assessed within agreed timeframes	100%	100% ⁹²	New measure 2018/19
<p>Support the Growth and Development of New Zealand Firms, Sectors and Regions MCA</p> <p>This appropriation is intended to achieve significant economic benefits for New Zealand through increasing levels of firm internationalisation.</p>	Percentage point difference between the international revenue growth of Focus700 customers (with annual international revenue of under \$500m) and the NZ export benchmark	Three percentage points higher	Not reported ⁹³	9.2 percentage points higher
<p><i>Collaborative Activity and Special Events</i></p> <p>This category is intended to achieve economic benefits through key sector initiatives and special events.</p>	Cumulative value of contracts secured through the Government to Government Partnership Office for the period 1 July 2017 – 30 June 2019	\$16 million by 30 June 2019	\$23.7 million ⁹⁴	\$24.7 million between 1 July 2014 and 30 June 2018
<p><i>International Business Growth Services</i></p> <p>This category is intended to achieve increased internationalisation for New Zealand businesses and matching of capital with investment opportunities.</p>	Number of international growth outcomes achieved with NZTE assistance	700	902 ⁹⁴	917
	Total potential Direct Economic Impact from Investment deals	\$2 billion	\$2.5 billion ⁹⁴	\$2.3 billion
	Total value of deals effected with New Zealand Trade and Enterprise's involvement	\$1.5 billion	\$2.4 billion ^{94, 95}	New measure 2018/19
<p><i>Services to Support the Growth and Development of New Zealand Businesses</i></p> <p>This category is intended to achieve increased business and management capability that improves individual firm and wider business performance.</p>	Total net promoter score for the Regional Partner Network	50	72 ^{94, 96}	64
<p>Seed Co-Investment Fund MCA</p> <p>This appropriation is intended to achieve the provision of funds to be co-invested with the private sector for emerging high growth New Zealand companies that require new risk capital for growth.</p>	Number of new investments in companies from the Seed Co-investment Fund	Reaching or exceeding 15	21	28 new investments
<p>Support New Market Opportunities to Grow Firms and Sectors for the Benefit of New Zealand MCA</p> <p>This appropriation is intended to achieve developed and capable businesses that deliver benefits for New Zealand's economy.</p>	Realised direct economic impact ratio for approved International Growth Fund grants	Exceeding 4:1	7.6:1 ⁹⁴	6:1
<p><i>International Growth Fund</i></p> <p>This category is intended to achieve market development and business capability development activities required for growth of New Zealand firms in international markets.</p>	Number of International Growth Fund grants awarded	80 (demand driven)	107 ⁹⁴	109
	Potential direct economic impact ratio for approved International Growth Fund grants	Exceeds 4:1	5.7:1 ⁹⁴	New measure 2018/19

92 Nine contracts.

93 The result is due at the end of September and will be reported in New Zealand Trade and Enterprise's 2018/19 Annual Report.

94 The actual result has not been audited. The audited result will be reported in New Zealand Trade and Enterprise's 2018/19 Annual Report.

95 A trade deal is a sale of goods and services with a dollar value over a defined time period, achieved with the assistance of New Zealand Trade and Enterprise. The deal value should generally be calculated over a 12-month period, but can be calculated beyond this period if it is specified in an agreed signed contract. New Zealand Trade and Enterprise relies on information supplied by the customer to calculate this measure. New Zealand Trade and Enterprise reviews the information for reasonableness but cannot confirm the accuracy of the data.

96 The Net Promoter Score is calculated by taking the percentage of promoters (those that gave a score of 9 or 10) and subtracting the percentage of detractors (those that gave a score of 0 to 6). This is a measure of how likely customers are to promote the service to others, and is an indicator of the perceived value added by that service.

VOTE BUSINESS, SCIENCE AND INNOVATION		2018/19		2017/18
Appropriation	Performance measures	Target	Actual	Actual
<p><i>Sector Strategies and Facilitation</i></p> <p>This category is intended to achieve co-fund feasibility studies which are used to develop and present the business case for investment in New Zealand.</p>	Number of Strategic Investment Fund grants awarded	Up to 6 grants	10 ^{94, 97}	6
<p>Research, Science and Innovation: Talent and Science Promotion</p> <p>This appropriation is intended to achieve high-quality engagement between scientists and the public, contributing to the development of talented, skilled individuals and their organisations.</p>	Percentage of contracts that have been monitored and performance assessed within agreed timeframes	100%	100%	New measure for 2018/19
<p><i>Fellowships for Excellence</i></p> <p>This category is intended to achieve an improvement in career development opportunities for New Zealand's early to midcareer researchers.</p>	Percentage of contracts that have been monitored and performance assessed within agreed timeframes	100%	100% ⁹⁸	New measure for 2018/19
<p><i>Science in Society</i></p> <p>This category is intended to achieve the increased engagement by New Zealanders with science and technology.</p>	Percentage of contracts that have been monitored and performance assessed within agreed timeframes	100%	100% ⁹⁹	New measure for 2018/19
<p><i>Vision Mātauranga Capability Fund</i></p> <p>This category is intended to achieve development of skilled people and organisations undertaking research that supporting the four themes of Vision Mātauranga.</p>	Percentage of contracts that have been monitored and performance assessed within agreed timeframes	95%	95.5% ¹⁰⁰	New measure for 2018/19
<p>Research, Science and Innovation: Strategic Science Investment Fund</p> <p>This appropriation is intended to achieve the support of longer-term programmes of mission-led science that contribute to New Zealand's economy, environment and well-being; including the infrastructure that enables high-impact science.</p>	Percentage of contracts that have been monitored and performance assessed within agreed timeframes	100%	100%	New measure for 2018/19
<p><i>Strategic Science Investment Fund – Infrastructure</i></p> <p>This category is intended to achieve access for researchers to resources and information that require national-scale, nationally coordinated, multi-user financial support.</p>	Percentage of contracts that have been monitored and performance assessed within agreed timelines	100%	100% ¹⁰¹	100%
<p><i>Strategic Science Investment Fund – Programmes</i></p> <p>This category is intended to achieve the support of longer-term programmes of mission-led science which contribute to the future of New Zealand's economy, environment and wellbeing.</p>	Percentage of contracts that have been monitored and performance assessed within agreed timelines	100%	100% ¹⁰²	100%

97 The Strategic Investment Fund is used for feasibility studies. The additional feasibility studies are due to a focus on 'greenfields' opportunities, particularly in the regions, aligned with New Zealand Trade and Enterprise's response to government priorities.

98 Two contracts.

99 Thirteen contracts.

100 Sixty-three out of sixty-six contracts.

101 Seven contracts.

102 Seven contracts.

How much we spent

Actual 2017/18 \$000	Our expenditure summary	Actual 2018/19 \$000	Supplementary Estimates 2018/19 \$000	Main Estimates 2018/19 \$000
85,353	Departmental expenses	94,637	106,762	88,599
1,375,918	Non-departmental expenses	1,434,116	1,447,576	1,513,303
71,269	Departmental capital	74,484	79,528	68,728
24,023	Non-departmental capital	21,152	24,169	21,162
1,556,563	Total expenditure for outcome	1,624,389	1,658,035	1,691,792

Our services and functions – Departmental

Actual 2017/18 \$000	Appropriation name	Location of year-end performance information	Actual 2018/19 \$000	Supplementary Estimates 2018/19 \$000	Main Estimates 2018/19 \$000
Departmental outputs					
5,035	Communications: Cyber Security Services		6,316	6,328	5,904
21,290	Economic Development: Implementation of Improvements in Public Sector Procurement and Services to Business		24,113	28,424	21,029
8,221	Economic Development: Property Management Services		7,473	9,514	7,875
3,397	Economic Development: Property Management within the State Sector		3,103	3,753	3,752
	– Economic Development: Shared Support Services		4,663	6,200	–
387	Research, Science and Innovation: Innovative Partnerships		1,866	1,886	2,000
	Research, Science and Innovation: National Research – Information System		2,270	2,901	2,900
38,330	Total departmental output expenditure		49,804	59,006	43,460
Departmental capital					
71,269	Ministry of Business, Innovation and Employment – Capital Expenditure PLA		74,484	79,528	68,728
71,269	Total departmental capital		74,484	79,528	68,728
Multi-category expenses and capital expenditure					
27,996	Policy Advice and Related Outputs MCA – Vote Business, Science and Innovation		24,828	27,115	26,045
<i>Departmental output expenses</i>					
14,364	› Policy Advice – Economic Development		12,921	12,788	13,126
5,532	› Policy Advice – Science and Innovation		5,121	5,799	5,148
5,469	› Related Services to Ministers – Economic Development		4,005	5,916	5,163
2,631	› Related Services to Ministers – Science and Innovation		2,781	2,612	2,608
173,244	Support the Growth and Development of New Zealand Firms, Sectors and Regions MCA		172,192	172,192	168,265
<i>Non-departmental output expenses</i>					
5,956	› Collaborative Activity and Special Events		6,119	6,119	5,786
15,181	› Services to Support the Growth and Development of New Zealand Businesses		15,181	15,181	15,181
152,107	› International Business Growth Services	1	150,892	150,892	147,298

Actual 2017/18 \$000	Appropriation name	Location of year-end performance information	Actual 2018/19 \$000	Supplementary Estimates 2018/19 \$000	Main Estimates 2018/19 \$000
2,330	Seed Co-Investment Fund MCA		2,330	2,330	2,330
	<i>Non-departmental output expenses</i>				
2,330	› Investment Fund Management		2,330	2,330	2,320
	<i>Non-departmental capital expenditure</i>				
–	› Seed Co-Investment Fund		–	–	10
	Support New Market Opportunities to Grow Firms and Sectors for the Benefit of New Zealand MCA				
24,225	<i>Non-departmental other expenses</i>		26,172	26,731	31,231
24,002	› International Growth Fund		25,382	25,527	30,027
223	› Sector Strategies and Facilitation		790	1,204	1,204
	Research, Science and Innovation: Talent and Science Promotion MCA				
25,857	<i>Non-departmental output expenses</i>		25,503	26,519	27,886
10,378	› Fellowships for Excellence		10,378	11,370	12,570
8,563	› Science in Society		9,706	9,099	8,849
6,416	› Vision Mātauranga Capability Fund		4,919	5,550	5,967
	<i>Non-departmental other expenses</i>				
500	› Royal Society of New Zealand	1	500	500	500
	Research, Science and Innovation: Strategic Science Investment Fund MCA				
246,675	<i>Non-departmental output expenses</i>		263,100	263,364	271,263
47,781	› Strategic Science Investment Fund – Infrastructure		55,476	55,739	65,709
198,894	› Strategic Science Investment Fund – Programmes		207,624	207,625	205,554
	Research, Science and Innovation: Callaghan Innovation – Operations MCA				
59,951	<i>Non-departmental output expenses</i>		59,651	61,064	59,651
25,978	› Building Business Innovation		32,378	32,378	32,378
10,230	› Business Research and Development Contract Management		7,750	7,750	7,750
23,743	› Research and Development Services and Facilities for Business and Industry		19,523	20,936	19,523
28,289	Research, Science and Innovation: Contract Management MCA		30,280	31,162	29,615
	<i>Departmental output expenses</i>				
910	› Multi-National Corporation R&D Attraction		–	–	–
18,117	› Science and Innovation Contract Management		20,005	20,641	19,094
	<i>Non-departmental output expenses</i>				
9,262	› Research Contract Management		10,275	10,521	10,521
588,567	Total multi-category expenses and capital expenditure		604,056	610,477	616,286
698,166	Total expenditure		728,344	749,011	728,474

Other services – Non-departmental

Actual 2017/18 \$000	Appropriation name	Location of year-end performance information	Actual 2018/19 \$000	Supplementary Estimates 2018/19 \$000	Main Estimates 2018/19 \$000
Non-departmental output expenses					
106	Management of Crown Properties held under the <i>Housing Act 1955</i>	1	4	3	1,395
73,367	National Science Challenges 2013–2018 – MYA		–	–	–
4,220	Repayable Grants for Start-Ups – MYA	2	4,753	29,310	13,996
172,268	Research and Development Growth Grants – MYA	2	182,940	158,776	166,353
195,674	Research, Science and Innovation: Endeavour Fund	3	216,576	216,654	216,363
92,986	Research, Science and Innovation: Health Research Fund	4	100,641	100,641	100,641
63,405	Research, Science and Innovation: Marsden Fund	3	70,545	70,545	70,545
5,464	Research, Science and Innovation: National Measurement Standards	2	7,069	7,069	7,069
–	Research, Science and Innovation: National Science Challenges	3	66,246	66,246	73,466
33,427	Research, Science and Innovation: Partnered Research Fund	3	31,793	33,846	37,771
24,624	Targeted Business Research and Development Funding – MYA	2	35,720	64,211	32,500
665,541	Total non-departmental output expenses		716,287	747,301	720,099
Benefits or related expenses					
–	Research, Science and Innovation: R&D Tax Incentive		–	–	70,000
–	Total benefits or related expenses		–	–	70,000
Non-departmental other expenses					
1,300	Economic Development: Attracting International Screen Productions	1	1,300	1,300	1,300
1,676	Economic Development: International Subscriptions and Memberships	1	1,668	1,760	1,760
547	Economic Development: Management Development Fund	1	881	1,106	756
147,386	Economic Development: New Zealand Screen Production Grant – International MYA 2017–2021 – MYA	3	138,530	113,614	120,000
8,425	Research, Science and Innovation: Catalyst Fund	3	7,204	10,751	8,251
9,499	Research, Science and Innovation: Regional Research Institutes	3	9,023	9,023	20,000
168,833	Total non-departmental other expenses		158,606	137,554	152,067
Non-departmental capital expenditure					
13,570	Research, Science and Innovation: Callaghan Innovation	2	21,152	24,169	21,152
10,453	Venture Investment Fund 2014–2018 – MYA		–	–	–
24,023	Total non-departmental capital expenditure		21,152	24,169	21,152
858,397	Total non-departmental annual and MYA expenses		896,045	909,024	963,318
1,556,563	Total expenditure for outcome		1,624,389	1,658,035	1,691,792

Location of year-end performance information:

- 1 Exemption granted under section 15(D)(2)(b) of the *Public Finance Act 1989*
- 2 Housing New Zealand Corporation’s annual report
- 3 Callaghan Innovation’s annual report
- 4 Minister of Research, Science and Innovation in the Vote Business, Science and Innovation Non-Departmental Appropriations Report
- 5 Health Research Council of New Zealand’s annual report

Multi-year appropriations

Appropriation name	Actual 2018/19 \$000	Actual 2017/18 \$000
Economic Development: New Zealand Screen Production Grant–International (2017–2021) – MYA		
Original appropriation	323,112	323,112
Cumulative adjustments	134,970	4,970
Total adjusted appropriation	458,082	328,082
Cumulative actual expenditure 1 July	147,386	–
Current year actual expenditure	138,530	147,386
Cumulative actual expenditure 30 June	285,916	147,386
Appropriation remaining 30 June	172,166	180,696
National Science Challenges (2013–2018) – MYA		
Original appropriation	252,722	252,722
Cumulative adjustments	(60,480)	(60,480)
Total adjusted appropriation	186,446	192,242
Cumulative actual expenditure 1 July	186,256	112,889
Current year actual expenditure	–	73,367
Cumulative actual expenditure 30 June	186,256	186,256
Appropriation remaining 30 June	5,986	5,986
Repayable Grants for Start-Ups (2017–2019) – MYA		
Original appropriation	27,992	27,992
Cumulative adjustments	5,538	5,538
Total adjusted appropriation	33,530	33,530
Cumulative actual expenditure 1 July	4,220	–
Current year actual expenditure	4,753	4,220
Cumulative actual expenditure 30 June	8,973	4,220
Appropriation remaining 30 June	24,557	29,310
Research and Development Growth Grants (2017–2022) – MYA		
Original appropriation	802,860	802,860
Cumulative adjustments	20,939	25,789
Total adjusted appropriation	823,799	828,649

Appropriation name	Actual 2018/19 \$000	Actual 2017/18 \$000
Cumulative actual expenditure 1 July	291,929	119,661
Current year actual expenditure	182,940	172,268
Cumulative actual expenditure 30 June	474,869	291,929
Appropriation remaining 30 June	348,930	536,720
Targeted Business Research and Development Funding (2017–2022) – MYA		
Original appropriation	187,500	187,500
Cumulative adjustments	3,835	–
Total adjusted appropriation	191,335	187,500
Cumulative actual expenditure 1 July	47,428	22,804
Current year actual expenditure	35,720	24,624
Cumulative actual expenditure 30 June	83,148	47,428
Appropriation remaining 30 June	108,187	140,072
Venture Investment Fund (2014–2018) – MYA		
Original appropriation	–	37,453
Cumulative adjustments	–	(12,000)
Total adjusted appropriation	–	25,453
Cumulative actual expenditure 1 July	–	15,000
Current year actual expenditure	–	10,453
Cumulative actual expenditure 30 June	–	25,453
Appropriation remaining 30 June	–	–

Policy Advice and Related Outputs MCA – Vote Business, Science and Innovation

Actual 2017/18 \$000	Appropriation name	Actual 2018/19 \$000	Supplementary Estimates 2018/19 \$000	Main Estimates 2018/19 \$000
Policy Advice and Related Outputs MCA				
– Vote Business, Science and Innovation				
<i>Departmental output expenses</i>				
2,491	› Policy Advice – Tourism	3,037	3,144	2,542
918	› Related Services to Ministers – Tourism	1,354	1,389	1,385
845	› Investigative Services – Trade Remedies	1,007	562	562
8,898	› Policy Advice – Commerce and Consumer Affairs	9,555	9,266	9,211
7,958	› Policy Advice – Communications	7,939	8,358	6,782
1,568	› Policy Advice – Small Business	1,684	1,252	1,234
1,874	› Related Services to Ministers – Commerce and Consumer Affairs	2,010	1,948	1,946
79	› Related Services to Ministers – Communications	84	63	62
495	› Related Services to Ministers – Small Business	242	222	217
5,354	› Policy Advice – Energy and Resources	6,438	6,584	6,128
746	› Related Services to Ministers – Energy and Resources	620	787	787
14,364	› Policy Advice – Economic Development	12,921	12,788	13,126
5,532	› Policy Advice – Science and Innovation	5,121	5,799	5,148
5,469	› Related Services to Ministers – Economic Development	4,005	5,916	5,163
2,631	› Related Services to Ministers – Science and Innovation	2,781	2,612	2,608
Total Policy Advice and Related Outputs MCA				
59,222	– Vote Business, Science and Innovation	58,798	60,690	56,901

OUR INVESTMENT AND ASSET PERFORMANCE

MBIE's assets support our ability to deliver successfully against our strategic intentions. MBIE manages two major asset portfolios: Information and Communications Technology (ICT), and Property.

Property assets

The measures relate to staff-occupied properties and ensure that they are being well managed and heading towards achieving the targets.

MEASURE	2018/19 TARGET	2018/19 ACTUAL	2017/18 ACTUAL
Office space utilisation per square metre per employee. The square metre per employee is a utilisation measure that helps MBIE to understand how efficiently we are using space by dividing the square metres by the number of employees. Customer-facing space is excluded from this calculation. We also use this figure to help project space for future staff demands.	14.0m ²	13.2m ²	12.0m ²
Staff office space will be above 70% New Building Standard (NBS). It is important that MBIE houses our staff in buildings that have a sufficient seismic rating. A property at 70% of NBS, which is the benchmark we have set, should preserve life and be largely functional following a large earthquake. An earthquake that would structurally damage a building beyond 70% of NBS would likely affect the surrounding areas of the property, thus creating a red zone and therefore the building may be tenatable but unable to be accessed for a period of time.	100%	99% ¹⁰³	100%
Staff offices with a building warrant of fitness (BWOFF). A BWOFF demonstrates that the property has compliant mechanical and life safety systems. Depending on the specific item (such as air conditioning), the systems need to be checked either monthly or quarterly, and then again annually by an independently qualified person. Only once all of the annual checks have been completed can a BWOFF be issued.	100%	95%	95%

¹⁰³ Two properties were going through the renewal process as at 30 June 2019. These renewals were completed in July 2019 and BWOFFs subsequently issued.

Information and Communications Technology assets

The measures below show that ICT services across MBIE are operationally stable and performing to, or close to, target services levels.

MEASURE	2018/19 TARGET	2018/19 ACTUAL	2017/18 ACTUAL
System availability across critical business systems. Percentage service availability measured against agreed targets, measured monthly and aggregated to a full year.	99.90%	99.97%	99.98%
System availability across non-critical business systems. Percentage service availability measured against agreed targets, measured monthly and aggregated to a full year.	97.50%	99.94%	99.80%
Fault resolution performance for critical systems – Priority 1. Percentage of Priority 1 outage restorations that are within target timeframes. Priority 1 = failure of a core business service, security breach or environmental incident (eg, earthquake).	100%	100%	98%
Fault resolution performance for critical systems – Priority 2. Percentage of Priority 2 outage restorations that are within target timeframes. Priority 2 = partial failure or degradation of a core business service.	90%	98%	97%
ICT system warrant of fitness assessment. 100% of systems are classified as having the expected capability for the position they are in within their asset lifecycle. Systems having the expected capability must be considered to be one of the following: <ul style="list-style-type: none"> › meeting requirements with some limited level of operational enhancements scheduled › have planned continuous improvement programme in place › have an end of life in line with life expectancy for the system, with a planned replacement. 	100%	100%	100%

The actual results included in the tables have not been audited. 2017/18 comparatives have been restated to ensure consistency with the preparation of 2018/19 actual results.

FINANCIAL STATEMENTS

FINANCIAL COMMENTARY

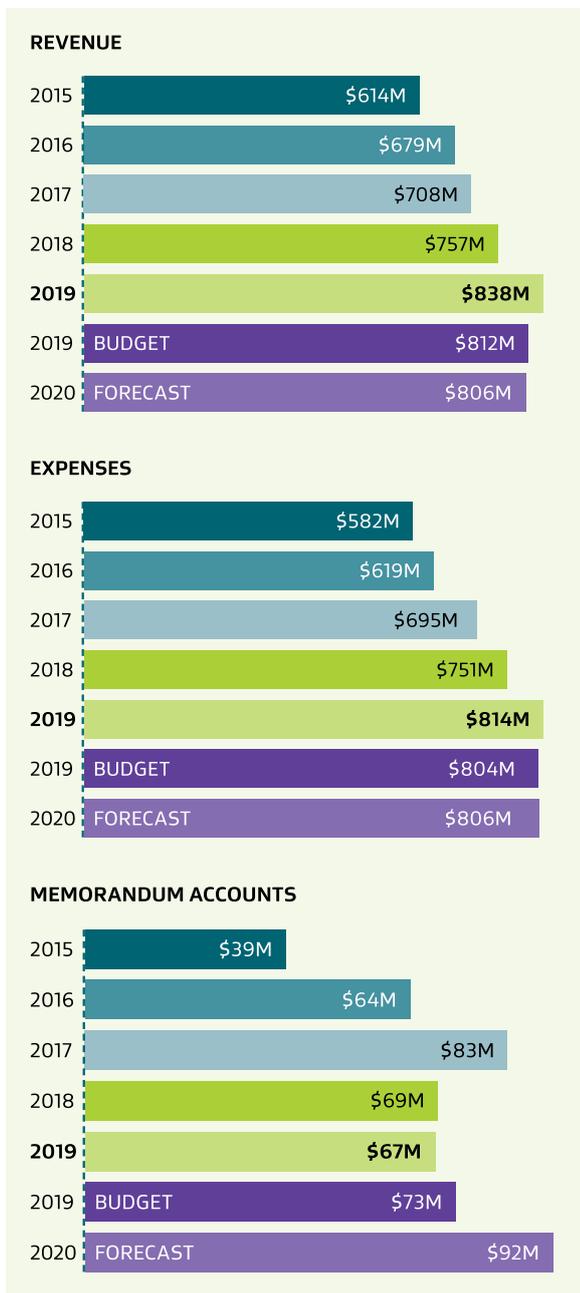
This section of the Annual report provides a commentary on MBIE’s 2018/19 financial results and a view of our forecast financial plans for 2019/20.

This commentary compares financial performance for the year with:

- › The previous financial year, 2017/18
- › The 2018/19 budget set in May 2018 as part of the Government’s Budget. This is referred to as Main Estimates
- › The 2019/20 budget set in May 2019 as part of the Government’s Budget. This is referred to as Forecast

Information is also provided in this commentary on non-departmental operations, where we administer activities on behalf of the Crown.

MBIE’S DEPARTMENTAL ACTIVITIES



MBIE’s departmental activities are funded through 68 appropriations across 16 Ministerial portfolios. In 2018/19 our revenue was \$838 million and we spent \$814 million, resulting in a net surplus of \$24 million. Unspent funding has been approved to be carried forward into the next financial year to match the timing of the activities which has also rolled over into 2019/20.

There were two key activities in the year which impacted on our finances compared to last year:

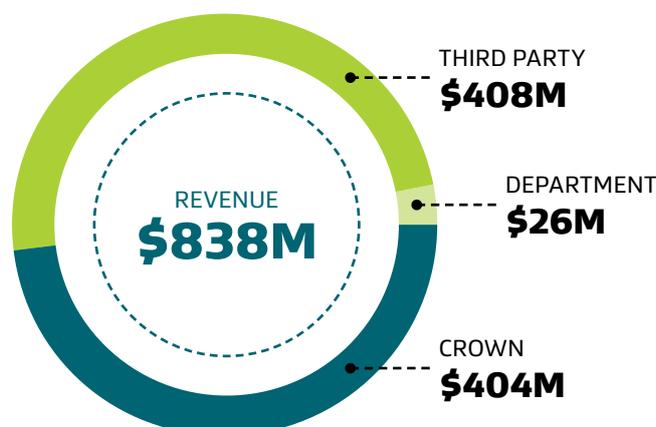
- › The establishment of PDU has resulted in increased operating costs and related funding
- › The transfer of several activities to HUD on 1 October 2018 has reduced spend and related funding accordingly.

Other factors such as the fees and levies review increased immigration fees, and combined with increasing visa applications, has increased third party funding.

In 2019/20 we expect \$806 million of operating expenses and are forecasting \$81 million of capital expenditure.

14 memorandum accounts we administer have a surplus of \$67 million. Fees charged are to cover the cost of delivering the services and therefore memorandum accounts balances should trend, in the longer term, towards zero. There are three memorandum accounts with relatively large balances; two in surplus and one in deficit. Plans are in place to reduce those balances.

THE MONEY WE RECEIVE TO FUND OUR DEPARTMENTAL OPERATIONS



MBIE receives funding to deliver services and functions on behalf of the Government. The majority of our funding comes from the Crown and from fees and levies charged to third parties for our services.

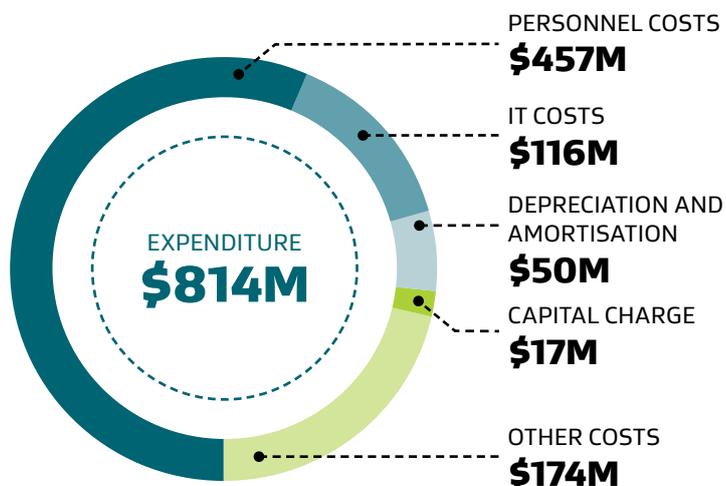
	Actual 2015 \$000	Actual 2016 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2019 \$000	Unaudited Main Estimates 2019 \$000	Unaudited Forecast 2020 \$000
Crown revenue	270,733	302,461	328,998	365,888	404,190	381,139	384,659
Third party revenue	340,326	368,833	370,537	376,501	408,472	413,642	401,845
Department revenue	3,139	7,386	8,148	14,533	25,502	16,889	19,709
Total revenue	614,198	678,680	707,683	756,922	838,164	811,670	806,213

In 2018/19 Crown revenue increased by \$38.302 million from 2017/18 and was \$23.051 million above the Main Estimates. This increase included additional funding to establish the PDU and this was partly offset by housing functions that were transferred from MBIE to HUD on 1 October 2018. Funding for the PDU was not finalised when the Main Estimates were published, and as a result, the 2019/20 forecast is expected to increase by \$37.739 million.

In 2018/19 revenue from third parties was \$31.971 million higher than 2017/18 mainly due to an increase in immigration fees as a result of the recent fees and levies review and increased visa applications. The 2018/19 Main Estimates and 2019/20 forecast are in line with 2018/19 actuals. In 2019/20, additional revenue is expected through the Electronic Travel Authority, which will be reflected in the updated forecast.

Revenue from other departments significantly increased in 2018/19 compared to the prior year (\$10.969 million) and to the 2018/19 Main Estimates (\$8.613 million) due to MBIE leading improvements in public sector procurement and shared support services provided to HUD. The 2019/20 revenue forecast from other departments is estimated to be similar to the current year.

HOW WE SPENT THE FUNDING WE RECEIVED FOR OUR DEPARTMENTAL OPERATIONS



Over two thirds of our total costs relate to personnel and IT services.

	Actual 2015 \$000	Actual 2016 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2019 \$000	Unaudited Main Estimates 2019 \$000	Unaudited Forecast 2020 \$000
Personnel costs	308,517	321,657	399,971	433,634	456,787	462,697	461,846
IT costs	97,210	111,956	94,310	98,222	115,806	109,539	109,649
Depreciation, amortisation and impairment	27,887	32,689	40,541	45,264	50,490	45,748	48,208
Capital charge	14,731	16,122	14,095	12,566	16,580	13,946	20,082
Other operating costs	133,826	136,228	145,631	160,839	174,542	172,343	166,428
Total expenditure	582,171	618,652	694,548	750,525	814,205	804,273	806,213

In 2018/19 MBIE underwent organisational changes which included an expansion of the PDU's operations and transfer of housing functions to HUD. Reflecting an increase in the number of employees across MBIE, 2018/19 personnel costs were \$23.153 million higher than in 2017/18 and in line with the 2018/19 Main Estimates.

Our IT costs increased by \$17.584 million in 2018/19 compared to 2017/18 and were \$6.267 million above 2018/19 Main Estimates. This was largely due to additional funding received by Immigration New Zealand in the 2018 Budget to enable IT investment to provide better services to applicants.

Other operating costs for the 2018/19 year were \$13.703 million higher than 2017/18 and were in line with the 2018/19 Main Estimates. The increase for 2018/19 mainly relates to the new administration and use agreements through which MBIE provides the PGF-related funding to the other participating agencies. Other cost increases relate to the external provision of general services, including security, scanning and imaging, and document and website content production.

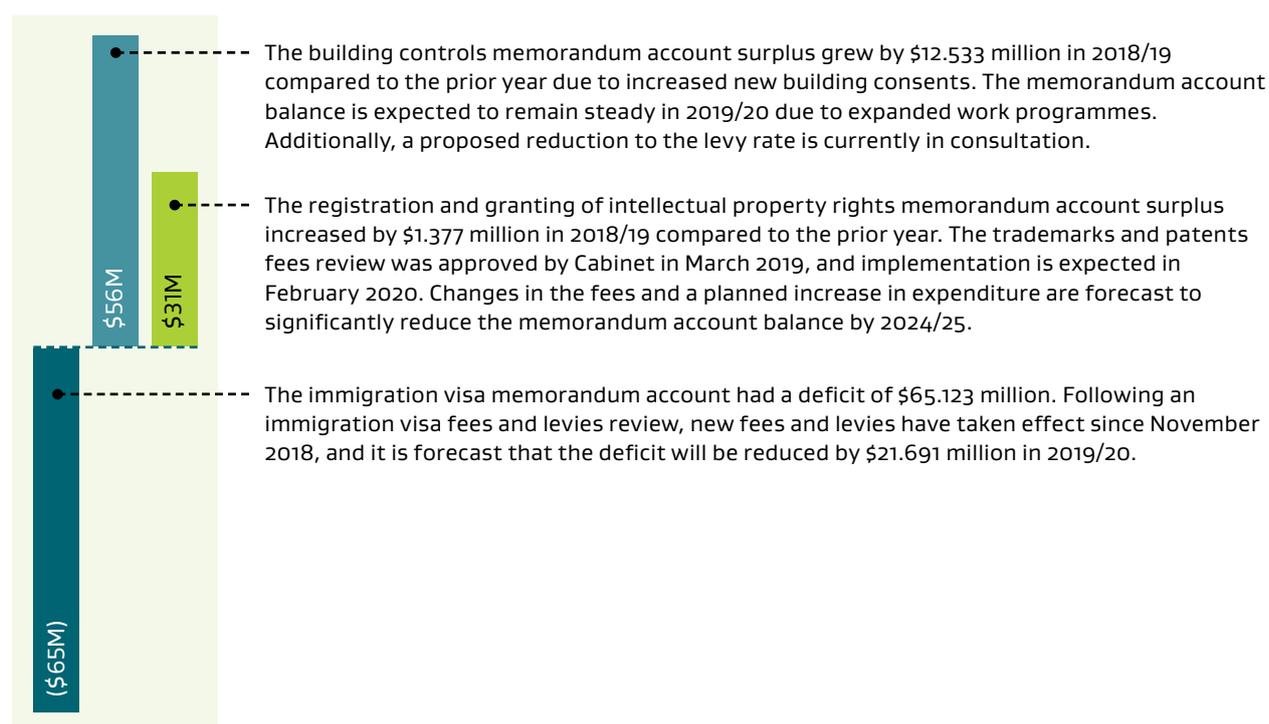
THE MEMORANDUM ACCOUNTS WE ADMINISTER

	Actual 2015 \$000	Actual 2016 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2019 \$000	Unaudited Main Estimates 2019 \$000	Unaudited Forecast 2020 \$000
Immigration visa	(14,732)	(4,697)	(11,709)	(45,724)	(65,123)	(34,066)	(43,432)
Building controls	16,632	25,288	32,010	43,015	55,548	43,740	55,841
Registration and granting of intellectual property rights	17,284	22,389	27,510	29,804	31,181	32,658	33,110
Other revenue associated with a memorandum account	19,888	20,604	34,925	41,623	46,452	30,203	46,193
Memorandum account balance at 30 June	39,072	63,584	82,736	68,718	67,251	72,535	91,712

Memorandum accounts record the cumulative surplus or deficit of MBIE services that are intended to be fully cost recovered from third parties through fees, levies or other charges. Memorandum accounts provide transparency around these services and, in the long term, the balance of each memorandum account is expected to trend towards zero.

MBIE introduced the Electronic Travel Authority memorandum account in 2019/20. The programme will screen travellers for border and immigration risks whilst making the border entry as seamless as possible. It will be funded by fees paid by international visitors.

In 2018/19 MBIE administered 14 memorandum accounts with a cumulative net surplus of \$67.251 million. As at 30 June 2019:

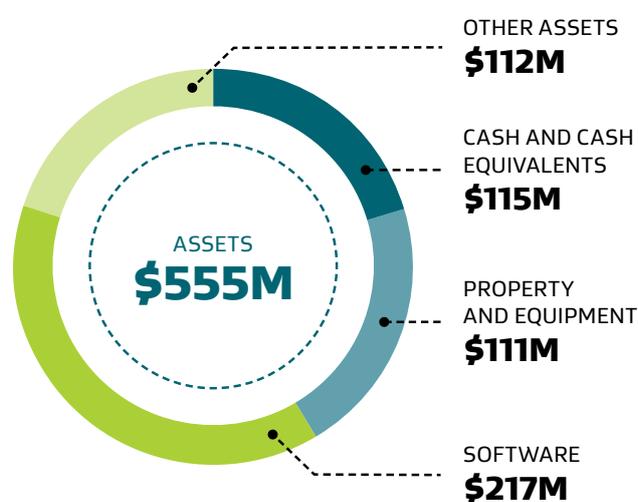


THE DEPARTMENTAL ASSETS WE MANAGE TO SUPPORT OUR OPERATIONS

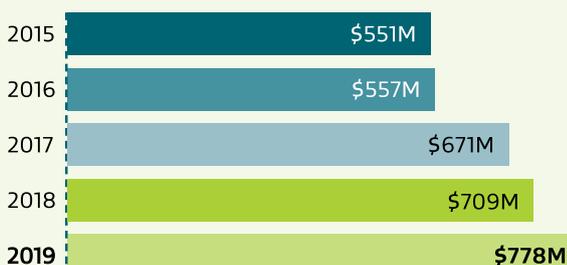
	Actual 2015 \$000	Actual 2016 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2019 \$000	Unaudited Main Estimates 2019 \$000	Unaudited Forecast 2020 \$000
Cash and cash equivalents	61,480	61,362	27,342	97,171	115,285	48,493	51,776
Property and equipment	52,042	69,668	88,463	96,710	110,977	99,153	134,377
Software assets	146,461	168,466	185,349	203,189	216,880	230,780	229,349
Other assets	81,960	118,627	105,079	106,821	111,480	88,742	127,755
Total assets	341,943	418,123	406,233	503,891	554,622	467,168	543,257
Capital expenditure	68,636	68,334	76,999	71,269	74,484	68,728	81,252

MBIE manages \$554.622 million of departmental assets. Software assets and our property and equipment represent over half of our assets. Our software assets are the systems we run to support the operation of MBIE and the services we provide. Most of the software is developed internally rather than purchased. Our property and equipment are the land, buildings, leasehold improvements, furniture and fittings, vehicles and computer hardware we use in our daily operations. Most of the other assets we control relate to debtors and other receivables due to us.

In 2018/19 our capital expenditure increased by \$3.215 million compared to the prior year and was \$5.756 million higher than the 2018/19 Main Estimates. This was largely due to leasehold improvements to our buildings. We forecast that we will spend \$6.768 million more in 2019/20 than 2018/19, which relates to a large one-off cross-government property-related project.

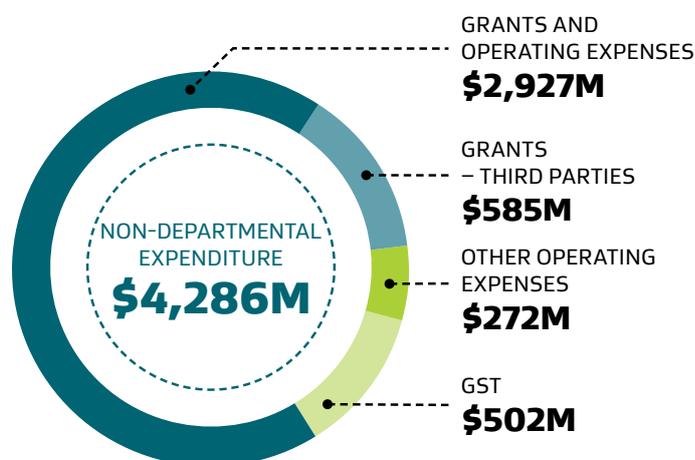


OFF-BALANCE SHEET TRUST ACCOUNTS



MBIE manages nine off-balance sheet trust accounts. As at 30 June 2019 most of the funds held in trust relate to the Residential Tenancies Trust Account (\$587.690 million) and the Criminal Proceeds (Recovery) Trust Account (\$166.611 million).

THE NON-DEPARTMENTAL EXPENDITURE WE ADMINISTER ON BEHALF THE CROWN



Activities administered by MBIE on behalf of the Crown are referred to as non-departmental. MBIE administers 114 non-departmental appropriations. Funding is distributed to third parties, state-owned Enterprises and 25 Crown entities to support their operations and the grants they administer.

	Actual 2015 \$000	Actual 2016 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2019 \$000	Unaudited Main Estimates 2019 \$000	Unaudited Forecast 2020 \$000
Grants and operating expenses – Crown entities and state-owned enterprises	2,208,147	2,420,151	2,608,988	2,780,254	2,927,341	3,034,918	3,091,959
Grants – third parties	383,856	407,886	411,331	471,464	584,986	894,256	1,422,699
Other operating expenses	82,227	65,457	93,520	96,542	272,182	325,615	473,981
GST	350,276	394,806	422,218	466,018	501,378	636,022	646,896
Total non-departmental expenditure	3,024,506	3,288,300	3,536,057	3,814,278	4,285,887	4,890,811	5,635,535

Grants and other expenses we provide to Crown entities and state-owned enterprises increased \$147.087 million in 2018/19 compared to 2017/18, largely relating to additional operating funding for ACC and an increase in grants given out for the Endeavour Fund and the Grant Scheme for Warm, Dry Homes. 2018/19 actual grants and operating expenses to Crown entities and state-owned enterprises were \$107.577 million lower than 2018/19 Main Estimates. This is mainly because at the time the Main Estimates were set it was not known that a number of activities, including funding provided to the Housing New Zealand Corporation, would be transferred to HUD. In Budget 2019 a number of science-related initiatives were approved, and it is forecast that expenditure will increase by \$164.618 million compared to 2018/19 actuals.

Grants we provide to third parties increased by \$113.522 million in 2018/19 mainly relating to the hosting of the 36th America's Cup and the Provincial Growth Fund (PGF) programme, as well as an increase in grants given for the Tourism Infrastructure Fund, which started in March 2018.

In 2018/19 the Research and Development Tax Incentive was transferred to Inland Revenue and PGF grants have been provided later than expected. As a result, 2018/19 actual grants to third parties were \$309.270 million lower than Main Estimates. Some PGF funding for 2018/19 has been deferred to 2019/20, and there has been additional funding approved for 2019/20, which is the main driver of the forecast increase of \$837.713 million.

The other operating expenses incurred on behalf of the Crown increased by \$175.640 million in 2018/19 due to the Housing Infrastructure Fund loans fair value write down. The 2018/19 other operating expenses were \$53.433 lower than 2018/19 Main Estimates. This is mainly due to the transfer of the Crown Land Development Programme to HUD in 2018/19. In 2019/20 other operating expenses are forecast to increase by \$201.799 million, reflecting the estimated recognition of the expected interest concession on PGF loans.

STATEMENT OF MANAGEMENT RESPONSIBILITY

I am responsible, as Chief Executive of the Ministry of Business, Innovation and Employment (MBIE) for:

- › the preparation of MBIE's financial statements, and statements of expenses and capital expenditure, and for the judgements expressed in them
- › having in place a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting
- › ensuring that end-of-year performance information on each appropriation administered by MBIE is provided in accordance with sections 19A to 19C of the *Public Finance Act 1989*, whether or not that information is included in this annual report
- › the accuracy of any end-of-year performance information prepared by MBIE, whether or not that information is included in the annual report.

In my opinion:

- › the financial statements fairly reflect the financial position of MBIE as at 30 June 2019 and its operations for the year ended on that date
- › the forecast financial statements fairly reflect the forecast financial position of MBIE as at 30 June 2020 and its operations for the year ending on that date.



Carolyn Tremain

Chief Executive
Ministry of Business, Innovation and Employment
30 September 2019

INDEPENDENT AUDITOR'S REPORT

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

To the readers of the Ministry of Business, Innovation and Employment's annual report for the year ended 30 June 2019

The Auditor-General is the auditor of the Ministry of Business, Innovation and Employment (the Ministry). The Auditor-General has appointed me, Clint Ramoo, using the staff and resources of Audit New Zealand, to carry out, on his behalf, the audit of:

- › the financial statements of the Ministry on pages 106 to 136, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2019, the statement of comprehensive revenue and expense, statement of changes in equity, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- › the performance information prepared by the Ministry for the year ended 30 June 2019 on pages 20 to 48; 50 to 53; 57 to 60; 63 to 70; 78 to 79; and 82 to 86;
- › the statements of expenses and capital expenditure of the Ministry for the year ended 30 June 2019 on pages 53 to 56; 60 to 62; 70 to 77; 79 to 81; 87 to 92; 134 and 153;
- › the schedules of non-departmental activities which are managed by the Ministry on behalf of the Crown on pages 138 to 152 and 162 to 163 that comprise:
 - the schedules of assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2019;
 - the schedules of expenses; and revenue for the year ended 30 June 2019;
 - the statement of trust monies for the year ended 30 June 2019; and
 - the notes to the schedules that include accounting policies and other explanatory information.

OPINION

In our opinion:

- › the financial statements of the Ministry on pages 106 to 136:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2019; and
 - its financial performance and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- › the performance information of the Ministry on pages 20 to 48; 50 to 53; 57 to 60; 63 to 70; 78 to 79; and 82 to 86:
 - presents fairly, in all material respects, for the year ended 30 June 2019:
 - what has been achieved with the appropriation; and
 - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and
 - complies with generally accepted accounting practice in New Zealand.
- › the statements of expenses and capital expenditure of the Ministry on pages 53 to 56; 60 to 62; 70 to 77; 79 to 81; 87 to 92; 134 and 153 are presented fairly, in all material respects, in accordance with the requirements of section 45A of the Public Finance Act 1989.
- › the schedules of non-departmental activities which are managed by the Ministry on behalf of the Crown on pages 138 to 152 and 162 to 163 present fairly, in all material respects, in accordance with the Treasury Instructions:
 - the assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2019; and
 - expenses; and revenue for the year ended 30 June 2019; and
 - the statement of trust monies for the year ended 30 June 2019.

Our audit was completed on 30 September 2019. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Chief Executive and our responsibilities relating to the information to be audited, we comment on other information, and we explain our independence.

BASIS FOR OUR OPINION

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

RESPONSIBILITIES OF THE CHIEF EXECUTIVE FOR THE INFORMATION TO BE AUDITED

The Chief Executive is responsible on behalf of the Ministry for preparing:

- › financial statements that present fairly the Ministry's financial position, financial performance, and its cash flows, and that comply with generally accepted accounting practice in New Zealand.
- › performance information that presents fairly what has been achieved with each appropriation, the expenditure incurred as compared with expenditure expected to be incurred, and that complies with generally accepted accounting practice in New Zealand.
- › statements of expenses and capital expenditure of the Ministry, that are presented fairly, in accordance with the requirements of the Public Finance Act 1989.
- › schedules of non-departmental activities, in accordance with the Treasury Instructions, that present fairly those activities managed by the Ministry on behalf of the Crown.

The Chief Executive is responsible for such internal control as is determined is necessary to enable the preparation of the information to be audited that is free from material misstatement, whether due to fraud or error.

In preparing the information to be audited, the Chief Executive is responsible on behalf of the Ministry for assessing the Ministry's ability to continue as a going concern. The Chief Executive is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Ministry, or there is no realistic alternative but to do so.

The Chief Executive's responsibilities arise from the Public Finance Act 1989.

RESPONSIBILITIES OF THE AUDITOR FOR THE INFORMATION TO BE AUDITED

Our objectives are to obtain reasonable assurance about whether the information we audited, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of the information we audited.

For the budget information reported in the information we audited, our procedures were limited to checking that the information agreed to the Ministry's Statement of Intent 2018-2022, the Estimates and Supplementary Estimates of Appropriations 2018/19 and the forecast financial figures included in the Ministry's 2017/18 Annual Report.

We did not evaluate the security and controls over the electronic publication of the information we audited.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- › We identify and assess the risks of material misstatement of the information we audited, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- › We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control.
- › We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive.
- › We evaluate the appropriateness of the reported performance information within the Ministry's framework for reporting its performance.

- › We conclude on the appropriateness of the use of the going concern basis of accounting by the Chief Executive and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ministry's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Ministry to cease to continue as a going concern.
- › We evaluate the overall presentation, structure and content of the information we audited, including the disclosures, and whether the information we audited represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Chief Executive regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

OTHER INFORMATION

The Chief Executive is responsible for the other information. The other information comprises the information included on pages 1 to 170, but does not include the information we audited, and our auditor's report thereon.

Our opinion on the information we audited does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the information we audited or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENCE

We are independent of the Ministry in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit we have carried out engagements in the areas of assurance over the tender process for the Register of Radio Frequencies Replacement, which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in the Department.



Clint Ramoo

Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 30 June 2019

Unaudited Main Estimates 2019 \$000	Unaudited Forecast 2020 \$000		Notes	Actual 2019 \$000	Actual 2018 \$000
Revenue					
381,139	384,659	Crown		404,190	365,888
16,889	19,709	Department		25,502	14,533
413,552	401,642	Other revenue	3	408,354	376,170
90	203	Finance income		118	331
811,670	806,213	Total revenue	3	838,164	756,922
Expenditure					
462,697	460,731	Personnel costs	4	456,787	422,836
172,343	166,428	Other operating expenses	5	172,237	160,820
109,539	109,649	IT costs and technical support		115,806	98,222
45,748	48,208	Depreciation, amortisation and impairment	8, 9, 10	50,490	45,264
13,946	20,082	Capital charge	7	16,580	12,566
–	1,115	Restructuring costs		2,299	10,798
–	–	Finance costs		6	19
804,273	806,213	Total expenditure		814,205	750,525
7,397	–	Net surplus		23,959	6,397
Other comprehensive revenue and expense					
–	–	Gain on revaluation of property and equipment		4,193	–
7,397	–	Total comprehensive revenue and expense		28,152	6,397

A discussion of major variances against Main Estimates can be found in the relevant notes.

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

Unaudited Main Estimates 2019 \$000	Unaudited Forecast 2020 \$000		Notes	Actual 2019 \$000	Actual 2018 \$000
Assets					
Current assets					
48,493	51,776	Cash and cash equivalents	17	115,285	97,171
83,780	122,953	Debtors and other receivables	11	101,308	95,703
4,802	4,802	Prepayments		7,246	7,829
160	–	Foreign exchange contracts	17	4	36
137,235	179,531	Total current assets		223,843	200,739
Non-current assets					
–	–	Debtors and other receivables	11	2,922	3,253
99,153	134,377	Property and equipment	8, 10	110,977	96,710
230,780	229,349	Intangible assets	9	216,880	203,189
329,933	363,726	Total non-current assets		330,779	303,152
467,168	543,257	Total assets		554,622	503,891
Liabilities					
Current liabilities					
47,515	36,362	Creditors and other payables	12	61,898	61,955
17,245	25,245	Unearned income	13	22,355	16,456
935	–	Return of operating surplus	14	19,088	23,294
2,497	12,190	Provisions	15	8,199	22,383
24,029	24,029	Employee entitlements	16	32,747	24,535
–	160	Foreign exchange contracts	17	–	–
92,221	97,986	Total current liabilities		144,287	148,623
Non-current liabilities					
–	345	Creditors and other payables	12	80	345
2,296	2,296	Provisions	15	2,852	2,952
6,689	6,689	Employee entitlements	16	5,208	6,707
8,985	9,330	Total non-current liabilities		8,140	10,004
101,206	107,316	Total liabilities		152,427	158,627
365,962	435,941	Net assets		402,195	345,264
Equity					
283,574	334,376	Taxpayers' funds	18	320,898	266,693
72,535	91,712	Memorandum accounts	18	67,251	68,718
9,853	9,853	Property revaluation reserves	18	14,046	9,853
365,962	435,941	Total equity		402,195	345,264

A discussion of major variances against Main Estimates can be found in the relevant notes.

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

Unaudited Main Estimates 2019 \$000	Unaudited Forecast 2020 \$000		Actual 2019 \$000	Actual 2018 \$000
353,347	393,131	Balance at 1 July	345,264	291,841
7,397	–	Net surplus	23,959	6,397
6,153	42,810	Capital injections	47,867	70,320
(935)	–	Return of operating surplus to the Crown	(19,088)	(23,294)
–	–	Gain on revaluation of property	4,193	–
365,962	435,941	Balance at 30 June	402,195	345,264

A discussion of major variances against Main Estimates can be found in the relevant notes.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

Unaudited Main Estimates 2019 \$000	Unaudited Forecast 2020 \$000		Actual 2019 \$000	Actual 2018 \$000
Cash flows from operating activities				
399,139	384,659	Receipts from the Crown	404,589	365,888
430,441	419,150	Receipts from other revenue	434,024	392,294
(283,030)	(290,240)	Payments to suppliers	(279,798)	(322,481)
(461,549)	(461,115)	Payments to employees	(466,539)	(359,693)
(13,946)	(20,082)	Payments for capital charge	(16,580)	(12,566)
–	–	Goods and services tax (net)	(6,670)	9,016
71,055	32,372	Net cash flows from operating activities	69,026	72,458
Cash flows from investing activities				
–	–	Receipts from sale of property and equipment	183	104
90	–	Interest received from investing activities	118	331
(19,165)	(37,165)	Purchase of property and equipment	(23,804)	(21,367)
(49,563)	(44,087)	Purchase of intangible assets	(50,690)	(49,902)
(68,638)	(81,252)	Net cash flows from investing activities	(74,193)	(70,834)
Cash flows from financing activities				
6,153	42,810	Capital injections	47,867	70,320
(5,578)	(24,209)	Return of operating surplus	(23,294)	(1,893)
–	–	Interest paid	(6)	(19)
575	18,601	Net cash flows from financing activities	24,567	68,408
2,992	(30,279)	Net (decrease)/increase in cash	19,400	70,032
45,501	82,055	Cash at the beginning of the year	97,171	27,342
–	–	Effect of foreign exchange movements on cash balances	(1,286)	(203)
48,493	51,776	Cash at the end of the year	115,285	97,171

A discussion of major variances against Main Estimates can be found in the relevant notes.

The accompanying notes form part of these financial statements.

RECONCILIATION OF NET SURPLUS TO NET CASH FLOWS FROM OPERATING ACTIVITIES

For the year ended 30 June 2019

	Actual 2019 \$000	Actual 2018 \$000
Net surplus	23,959	6,397
Add/(less) non-cash items		
Depreciation, amortisation and impairment	50,490	45,091
Other non-cash items	–	(749)
Total non-cash items	50,490	44,342
Add/(less) non-operating activities		
Net interest received	(112)	(312)
Net other (gains)/losses	1,318	56
Net loss on sale of property and equipment	56	736
Total non-operating activities	1,262	480
Add/(less) movements in working capital		
Decrease/(increase) in prepayments	583	(3,049)
(Increase)/decrease in debtors and receivables	(5,274)	1,343
(Decrease)/increase in creditors and payables	(322)	13,482
Increase/(decrease) in unearned income	5,899	(1,111)
(Decrease)/increase in provisions	(14,284)	10,403
Increase in current employee entitlements	6,713	171
Total movements in working capital	(6,685)	21,239
Net cash flows from operating activities	69,026	72,458

STATEMENT OF COMMITMENTS

As at 30 June 2019

	Actual 2019 \$000	Actual 2018 \$000
Capital commitments		
Buildings	138	3,986
Software	8,471	8,038
Total capital commitments	8,609	12,024
Non-cancellable operating lease commitments		
Not later than one year	37,795	36,629
Later than one year and not later than five years	85,071	87,919
Later than five years	40,892	54,296
Total non-cancellable operating lease commitments	163,758	178,844
Total commitments	172,367	190,868

The accompanying notes form part of these financial statements.

CAPITAL COMMITMENTS**Buildings**

MBIE is developing the extra accommodation blocks project at Mangere Refugee Resettlement Centre in anticipation of the increased refugee quota. Building commitments at 30 June 2019 relate to the remaining works that should be completed within the 2019/20 financial year.

Software

MBIE has a number of software projects to upgrade, enhance and replace existing systems to improve the efficiency and effectiveness of current and future operations. These are expected to be completed within the 2019/20 financial year.

NON-CANCELLABLE OPERATING LEASE COMMITMENTS

MBIE's non-cancellable operating leases have varying terms, escalation clauses, and renewal rights. There are no restrictions placed on MBIE by any of its leasing arrangements. The amounts disclosed as future commitments are based on current lease payments.

The total minimum future sub-lease payments expected to be received under non-cancellable sub-leases at balance date is \$26.558 million (2018: \$27.820 million).

STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

As at 30 June 2019

	Actual 2019 \$000	Actual 2018 \$000
Legal proceedings and disputes	3,770	3,065
Other contingent liabilities	200	200
Total quantifiable contingent liabilities	3,970	3,265

QUANTIFIABLE CONTINGENT LIABILITIES**Legal proceedings and disputes**

Legal proceedings and disputes represent amounts claimed by plaintiffs in relation to the performance of MBIE's statutory roles and associated estimated legal costs. In addition, this includes various contingent liabilities relating to employment matters. Contingent liabilities relating to employment are assessed by taking into account the merits of each case, known risk factors and previous payments made in similar matters.

Other contingent liabilities

Other contingent liabilities represent obligations for the State Coal Reserve Land, prior to the transfer to Land Information New Zealand in 2011, for site mitigation that if not addressed by mine owners, will be sought from MBIE by Land Information New Zealand.

UNQUANTIFIABLE CONTINGENT LIABILITIES

MBIE has given indemnities in relation to the Canterbury Earthquake Building Performance Technical Investigation. These indemnities cover the four consultants carrying out the investigations and the twelve members of the expert panel including one member representing each consultant. The indemnities cover costs from claims by third parties against the contractors or their staff in relation to the reports produced, as well as media releases made by the expert panel chair. There is no stated limit on the amount of each indemnity. The indemnities only apply where the contractor has complied with all obligations under the contract. These unquantifiable contingent liabilities are substantially unchanged from the year ended 30 June 2018.

Additionally, MBIE is defending one unquantifiable legal proceeding regarding a judicial review for relief including the awarding of costs (2018: nil).

CONTINGENT ASSETS

MBIE has no contingent assets as at 30 June 2019 (2018: nil).

WHO WE ARE

MBIE is the Government's lead business-facing public sector agency and our purpose is to Grow New Zealand for All. We are a public benefit entity as our primary objective is to provide goods and services for the New Zealand community rather than for a financial return.

This section provides information on the legislation governing MBIE's operations as well as the concepts, rules and procedures that underlie the preparation and presentation of the financial statements.

NOTE 1: REPORTING ENTITY

The Ministry of Business, Innovation and Employment (MBIE) is a New Zealand government department as defined by section 2 of the *Public Finance Act 1989* and is domiciled and operates in New Zealand. The legislation governing MBIE's operations includes the *Public Finance Act 1989* for 2019. The ultimate parent of MBIE is the New Zealand Crown.

MBIE's primary objective is to provide services to the public. MBIE does not operate to make a financial return and is a public benefit entity (PBE) for financial reporting purposes. The financial statements cover all activities of MBIE as set out in the 2018/19 Main and Supplementary Estimates of Appropriations, for Votes Building and Housing; Business, Science and Innovation; and Labour Market.

In addition, MBIE has reported the Crown activities and trust monies that it administers.

The financial statements of MBIE are for the year ended 30 June 2019. They were authorised for issue by the Chief Executive of MBIE on 30 September 2019.

NOTE 2: BASIS OF PREPARATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the year.

Statement of compliance

The financial statements have been prepared in accordance with the requirements of the *Public Finance Act 1989*, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP) and Treasury Instructions.

The financial statements of MBIE have been prepared in accordance with Tier 1 PBE accounting standards.

Measurement base

The financial statements have been prepared on the historical cost basis modified by the revaluation of land and buildings and prepared on an accrual basis unless otherwise specified.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of MBIE is New Zealand dollars.

Comparative amounts

Certain amounts in the comparative information have been reclassified to ensure consistency with the current year's presentation.

New accounting standards and interpretations

RECOGNITION AND MEASUREMENT OF FINANCIAL INSTRUMENT

MBIE has adopted Public Benefit International Financial Reporting Standard (PBE IFRS) 9 *Financial Instruments* with effect from 1 July 2018. The standard replaces Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) 29 *Financial Instruments: Recognition and Measurement* and includes revised guidance on the classification and measurement of financial instruments as well as a new impairment model for financial assets based on expected future credit losses. The financial statements have not been materially affected by the adoption of this standard.

IMPAIRMENT OF REVALUED ASSETS

In April 2017, the External Reporting Board issued *Impairment of Revalued Assets* (Amendments to PBE IPSASs 21 and 26). This standard amends PBE IPSAS 21 *Impairment of Non-Cash-Generating Assets* and PBE IPSAS 26 *Impairment of Cash-Generating Assets* so that assets measured at revalued amounts under the revaluation model in PBE IPSAS 17 *Property, Plant and Equipment* and PBE IPSAS 31 *Intangible Assets* are within the scope of these standards. Previously, only items of property, plant, and equipment measured at cost were within the scope of these standards. Under the amendment, a revalued asset can be impaired without having to revalue the entire class of asset to which the asset belongs.

This standard is effective for the periods beginning on or after 1 January 2019.

The financial statements have not been materially affected by the adoption of this standard.

NOTE 2: BASIS OF PREPARATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been applied. Where an accounting policy is specific to one note, the policy is described in the note to which it relates and marked with a symbol (P).

Administration and use arrangements

Administration and use arrangements enable a government department to incur expenses against an appropriation administered by another government department. MBIE has entered into a number of these arrangements as both a user and an administrator.

Under those arrangements, the user department records expenditure with corresponding revenue reimbursed by the administering department. The administering department then records the expenditure in the Statement of Comprehensive Revenue and Expense, as well as reporting the expenditure against appropriation.

Commitments

Expenses yet to be incurred on non-cancellable contracts that have been entered into at balance date are disclosed as commitments.

Cancellable contracts that have penalty or exit costs are included in the Statement of Commitments at the lower of the remaining contractual commitment or the value of the penalty or exit costs.

Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are reported at the point at which the contingency is evident or when a present liability is unable to be measured with sufficient reliability to be recorded in the financial statements.

Contingent liabilities are not disclosed if the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Foreign currency transactions

Foreign currency transactions, including those for which foreign exchange forward contracts are held, are translated to New Zealand dollars at the rate applicable on the day of settlement.

Monetary assets and liabilities denominated in foreign currencies at balance date are translated to New Zealand dollars at the foreign exchange rate at balance date.

Foreign exchange gains or losses arising from the settlements of such transactions and from the translation of foreign currency monetary assets and liabilities are recognised in net surplus or deficit.

Goods and Services Tax (GST)

All items in the financial statements, except for receivables and payables, are stated exclusive of GST, including appropriation statements and commitments and contingencies. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Income tax

Government departments are exempt from income tax as public authorities and no income tax has been provided for.

Cost accounting policies

MBIE has determined the cost of outputs using the cost allocation system outlined below.

Input costs can be classified as direct and indirect.

Direct costs are those that are directly linked to the production of an output; for example, the cost of staff working in a business unit that can be directly linked to the outputs. Direct costs are charged directly to outputs.

Indirect costs are incurred in the operation of MBIE as a whole and are not able to be linked directly to a specific output. They are charged to outputs based on cost drivers and related activity or usage information.

To ensure that corporate costs are allocated as accurately as possible, MBIE has adopted a three-tier corporate allocation methodology:

- › directly attributable – if a particular group uses a corporate resource such as dedicated people or software licence agreements, the costs will be directly charged to the relevant business group and spread according to the business group's assessment of usage across outputs
- › controllable allocated – costs that can be allocated on a cost driver basis in accordance with usage
- › uncontrollable allocated – costs that are not impacted directly by individual business group activity but tend to be MBIE-wide costs. Examples of these are various types of insurance and the costs of annual audit. These costs are allocated based on various cost drivers which reflect the type of cost.

NOTE 2: BASIS OF PREPARATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical accounting estimates, assumptions and judgements in applying accounting policies

In preparing these financial statements, critical accounting estimates, assumptions and judgements have been made concerning the future and may differ from the subsequent actual results. Critical accounting estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Where critical accounting estimates, assumptions and judgements are specific to one note, they are disclosed in the note to which they relate.

Budget and forecast figures

BASIS FOR THE BUDGET AND FORECAST FIGURES

The 2019 budget figures (Main Estimates) are for the year ended 30 June 2019 and were published in the 2017/18 annual report. They are consistent with MBIE's best estimate financial forecast information submitted to the Treasury for the Budget Economic and Fiscal Update (BEFU) 2018 for this year.

The 2020 forecast figures are for the year ending 30 June 2020, which are consistent with the best estimate financial forecast information submitted to the Treasury for the BEFU 2019 for this year.

The budget and forecast figures are unaudited and have been prepared using the accounting policies adopted in preparing these financial statements.

SIGNIFICANT ASSUMPTIONS USED IN PREPARING THE UNAUDITED FORECAST FINANCIAL STATEMENTS

The forecast financial statements have been prepared as required by the *Public Finance Act 1989* to communicate forecast financial information for accountability purposes and comply with Public Benefit Entity Financial Reporting Standard (PBE FRS) 42 *Prospective Financial Information*.

The forecast figures reflect MBIE's activities and are based on a number of assumptions on what may occur during the 2019/20 year. The forecast figures have been compiled on the basis of existing government policies and ministerial expectations at the time the Main Estimates were finalised.

The main assumptions were as follows:

- › MBIE's activities and output expectations will remain substantially the same as the previous year focusing on the Government's priorities.
- › Personnel costs were based on current wages and salary costs, adjusted for anticipated remuneration changes.
- › Operating costs were based on historical experience and other factors that are believed to be reasonable in the circumstances and MBIE's best estimate of future costs that will be incurred.

Factors that could lead to material differences between the forecast financial statements and actual financial statements for the period ending 30 June 2020 include changes to the baseline budget through transfers of funding across financial years, technical adjustments or new initiatives.

AUTHORISATION STATEMENT

The forecast financial statements were approved for issue by the Chief Executive on 10 April 2019. The Chief Executive is responsible for the forecast financial statements, including the appropriateness of assumptions underlying them and all other required disclosures.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual financial results achieved for the period covered are likely to vary from the information presented, and the variations may be material.

HOW WE WERE FUNDED

Our activities are funded mainly by revenue from the Crown and other revenue received from third parties. Crown revenue is received from the Government and is classified as a non-exchange transaction. It consists of amounts appropriated for the year. Other revenue consists mainly of fees and levies paid by third parties. We collect fees in exchange for the services we provide to the community; for example, issue of immigration visas or the provision of online systems via the Companies Office website to make it easier for businesses to manage and update their records. Levies are collected without a direct exchange of services; for example, a building levy is paid on successful building consent application for a project exceeding a specified threshold.

NOTE 3: REVENUE

P

Revenue – Exchange transactions

Fees

Revenue from fees is recognised as income in the period when the service was provided.

Visa application fees

Revenue from visa application fees is recognised to the extent that the application has been processed by MBIE at balance date. Application fees received in advance are recognised as unearned income in the Statement of Financial Position.

Shared service recoveries

Shared service recoveries are recognised in the accounting period in which the service is provided, by reference to the completion of specific transactions, assessed on the basis of actual services provided as a proportion of the total services to be provided.

Revenue – Non-exchange transactions

Revenue from the Crown

Revenue from the Crown is treated as a non-exchange transaction. The amount of revenue recognised takes into account any amendments to appropriations approved in the *Appropriation (Supplementary Estimates) Act* for the year and certain other unconditional funding adjustments formally approved prior to balance date.

There are no conditions attached to the funding from the Crown. However, MBIE can incur expenses only within the scope and limits of its appropriations.

The fair value of Revenue Crown has been determined to be equivalent to the funding entitlement.

Levies

Revenue from the collection of levies is a non-exchange transaction as the payment of these levies does not entitle the payer to a direct benefit from the Crown. The revenue recognition point is when the obligation to pay a levy has been incurred, and this is guided by multiple Acts that MBIE administers.

Other revenue – Residential Tenancies Trust Account

MBIE administers a trust account for tenancy bonds under the *Residential Tenancies Act 1986*. Any interest earned by the Residential Tenancies Trust Account is passed on to MBIE to cover costs.

NOTE 3: REVENUE (CONTINUED)**Other revenue**

		Actual 2019 \$000	Actual 2018 \$000
Other revenue associated with a memorandum account			
Memorandum account	Revenue		
Immigration visa	Immigration fees	226,263	202,045
	Other revenue	90	–
Total immigration visa		226,353	202,045
Building controls	Building levies	38,594	35,574
Registration and provision of statutory information	Personal property securities register fees	9,003	9,253
	Companies annual return fees	10,400	10,031
	Companies incorporation fees	6,242	5,516
	Other revenue and fees	3,729	4,590
Total registration and provision of statutory information		29,374	29,390
Registration and granting of intellectual property rights	Trademark fees	15,343	15,051
	Patent fees	5,777	6,471
	Intellectual Property Office NZ fees	2,405	–
	Other fees	361	622
Total registration and granting of intellectual property rights		23,886	22,144
Government procurement reform agenda	Government procurement reform income	20,339	18,224
	Other revenue	545	–
Total government procurement reform agenda		20,884	18,224
Management and enforcement of the <i>Radiocommunications Act 1989</i>	Radio apparatus licence fees	3,897	4,413
	Right to transmit radio waves fees	1,966	3,002
Total management and enforcement of the Radiocommunications Act 1989		5,863	7,415
Standards New Zealand	Sale of Standards	5,731	6,077
Management of the Crown mineral estate	Mineral permit fees	3,668	3,501
	Petroleum permit fees	1,868	2,245
Total management of the Crown mineral estate		5,536	5,746
Occupational licensing – building practitioners	Licensed building practitioners levies and fees	5,525	5,159
Occupational licensing – electrical workers	Electrical workers fees	5,099	1,875
Motor vehicle traders (MVT) register	MVT registration fees	1,161	1,228
Motor vehicle traders (MVT) information programme	MVT registration fees	207	219
Unit Titles Act 2010	Unit titles application fees	127	140
National multi-use approvals	National multi-use approval fees	150	60
Total other revenue associated with a memorandum account		368,490	335,296
Other revenue not associated with a memorandum account			
	Revenue from Residential Tenancies Trust Account	21,573	20,197
	Shared services recovery	9,252	10,243
	Other fees	6,689	6,623
	Other revenue	2,350	3,811
Total other revenue not associated with a memorandum account		39,864	40,874
Total other revenue		408,354	376,170
Total other revenue from exchange transactions		337,145	313,579
Total other revenue from non-exchange transactions		71,209	62,591
Total other revenue		408,354	376,170

NOTE 3: REVENUE (CONTINUED)



Explanation of major variances against Main Estimates

Total revenue is \$26.494 million higher than the Main Estimates (2018/19 Actual: \$838.164 million; Main Estimates: \$811.670 million).

› Revenue from the Crown is \$23.051 million higher than the Main Estimates (2018/19 Actual: \$404.190 million; Main Estimates: \$381.139 million) mainly due to the approval of additional funding for the PDU, which administers the PGF. This is partially offset by the transfer of funding to HUD upon their establishment on 1 October 2018.

› Revenue from other departments is \$8.613 million higher than the Main Estimates (2018/19 Actual: \$25.502 million; Main Estimates: \$16.889 million) mainly due to MBIE's lead role in the initiative to improve public sector procurement and the reimbursement of shared support services MBIE provided to HUD.

Main Estimates for the 2018/19 year are disclosed in the Statement of Comprehensive Revenue and Expense on page 106.

THE COSTS WE INCUR TO ACHIEVE OUR GOALS

Our activities are funded through appropriations, which are funds set aside by the Government for a specific purpose. Our largest areas of spend are on personnel, IT and technical support, and various professional services.

NOTE 4: PERSONNEL COSTS

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Employee benefits

Employee entitlements to salaries and wages, bonuses, annual leave, long service leave, retiring leave and other similar benefits are recognised as an expense when they accrue to employees.

Obligations for contributions to the State Sector Retirement Savings Scheme, KiwiSaver and the Government Superannuation Fund are recognised as an expense as they fall due.

Termination benefits

Termination benefits are recognised as an expense only when there is a demonstrable commitment to either terminate employment prior to normal employment date or to provide such benefits as a result of a position becoming redundant.

Termination benefits settled within 12 months are reported at the amount expected to be paid.

	Actual 2019 \$000	Actual 2018 \$000
Salaries and wages	370,531	331,786
Contractors	62,698	64,784
Employer contributions to defined contribution schemes	11,741	11,495
Training and professional development	6,318	5,555
Other personnel	5,499	9,216
Total personnel costs	456,787	422,836

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Explanation of major variances against Main Estimates

Personnel costs are \$5.910 million below the Main Estimates (2018/19 Actual: \$456.787 million; Main Estimates: \$462.697 million) mainly due to the transfer of the KiwiBuild Unit and housing-related operations to HUD from 1 October 2018. This is offset

in part by an increase in personnel costs due to increases in MBIE staff.

Main Estimates for the 2018/19 financial year are disclosed in the Statement of Comprehensive Revenue and Expense on page 106.

NOTE 5: OTHER OPERATING EXPENSES

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Other operating expense recognition

Other operating expenses are recognised when goods and services are received.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to

ownership of an asset. Payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives for accommodation are recognised evenly over the term of the lease as a reduction in rental expense. The unexpired portion of an operating lease is shown in the Statement of Commitments.

NOTE 5: OTHER OPERATING EXPENSES (CONTINUED)

	Actual 2019 \$000	Actual 2018 \$000
Professional services	55,079	47,894
Rental and operating lease costs	41,376	38,757
Travel – domestic and overseas	18,769	17,415
Other operating costs	16,157	12,056
Consulting services	13,790	15,963
Property maintenance and operation costs	13,743	15,086
Supplies and services	11,115	11,894
Net foreign exchange losses	1,318	56
Loss on disposal of property and equipment	60	203
Provision for impairment of debtors and other receivables	54	736
Auditor’s remuneration		
Audit fees – MBIE financial statements	757	708
Audit fees – other services	6	38
Audit fees – Residential Tenancies Trust Account financial statements	14	14
Total other operating expenses	172,237	160,820

NOTE 6: CONTRACTORS AND CONSULTANTS

MBIE uses contractors and consultants to provide backfill for vacant positions or cover short-term demand, where specialist skills or independent external advice are needed (such as for specific programmes or projects), and in periods of peak demand.

A contractor is a person who is not considered an employee, providing backfill or extra capacity in a role

that exists within MBIE or acts as an additional resource for a time-limited piece of work.

A consultant is a person or firm who is not considered a contractor or employee, engaged to perform a piece of work with a clearly defined scope and provide expertise, in a particular field, not readily available from within MBIE.

	Notes	Actual 2019 \$000	Actual 2018 \$000
Operating expense			
Contractors		38,823	40,634
Contractors working on ICT projects		23,875	24,150
Total operating expense – contractors	4	62,698	64,784
Consulting services	5	13,790	15,963
Total operating expense – contractors and consultants		76,488	80,747
Capital expense			
Contractors and consulting services capitalised to assets	9	22,240	14,332
Total capital expense – contractors and consultants		22,240	14,332
Total contractors and consultants		98,728	95,079

NOTE 7: CAPITAL CHARGE

MBIE pays a capital charge to the Crown on its taxpayers’ funds at 31 December and 30 June each financial year.

The capital charge rate for the year ended 30 June 2019 was 6 per cent (2018: 6 per cent).

The capital charge is recognised as an expense in the financial year to which it relates.

LONG-TERM ASSETS THAT SUPPORT OUR OPERATIONS

In order to efficiently carry out our operations, we invest in physical assets and software. Assets of a similar nature are grouped into categories. These assets are used for more than one year. Their cost is spread over the asset's useful life, which is the expected period that the asset is available for use.

NOTE 8: PROPERTY AND EQUIPMENT

P Property and equipment consist of land, buildings, equipment, leasehold improvements, furniture and fittings, computer hardware and motor vehicles.

Measurement

Land is measured at fair value, and buildings are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

Additions

Items of property and equipment are recognised at cost if it is probable that future economic benefits or service potential will flow to MBIE. Where an item of property and equipment is acquired at no cost (or for a nominal amount), it is recognised at its fair value on the date of acquisition.

Costs incurred subsequent to the initial recognition of an item of property and equipment are only recognised where it can be demonstrated that there has been an increase in the future economic benefits or service potential that will flow to MBIE. Costs relating to the servicing or maintenance of items of property and equipment are recognised in net surplus or deficit when incurred.

Work in progress is recognised at cost less impairment losses.

Depreciation

Depreciation is charged on a straight-line basis, at rates that will write off the cost (or valuation) of the assets to their estimated residual value over their useful lives. Land and work in progress are not depreciated. The useful lives of major categories of property and equipment have been estimated as follows.

<i>Asset class</i>	<i>Useful life</i>
Buildings	30–50 years
Computer hardware	3–6 years
Furniture and fittings	3–7 years
Leasehold improvements (shorter of lease period or estimated useful life)	2–12 years
Motor vehicles	4–6 years
Equipment	3–10 years

Revaluation

Land and buildings are revalued at least once every three years, by an independent registered valuer, to ensure that their carrying amount does not differ materially from their fair value. The net revaluation results are included in other comprehensive revenue and expense and a property revaluation reserve in equity for that class of asset. However, if this would result in the reserve being exhausted, then it is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously recognised, and then recognised in other comprehensive revenue and expense.

The useful life of an asset is reassessed following revaluation.

Impairment

Property and equipment is reviewed for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impaired asset's carrying amount is written down to its recoverable amount, which is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is recognised immediately in the surplus or deficit.

Disposals

Gains and losses on disposal of an item of property and equipment represent the difference between disposal proceeds, if any, and the carrying value of the asset at the time of disposal and are recognised in net surplus or deficit.

If a previously revalued asset is disposed of, the relevant amount held in the asset revaluation reserve is transferred to taxpayers' funds.

Work in progress (WIP)

Work in progress (WIP) is capital expenditure for assets that are not in use or completed at balance date. During the year items are transferred from WIP into asset classes as completed.

NOTE 8: PROPERTY AND EQUIPMENT (CONTINUED)

	Land \$000	Building \$000	Equipment \$000	Leasehold improvements \$000	Furniture & fittings \$000	Computer hardware \$000	Motor vehicles \$000	WIP \$000	Total \$000
Year ended 30 June 2018									
Cost	9,878	22,514	6,098	49,302	11,041	32,996	2,513	19,310	153,652
Accumulated depreciation	–	(863)	(4,717)	(28,818)	(4,132)	(25,044)	(1,615)	–	(65,189)
Opening net book value	9,878	21,651	1,381	20,484	6,909	7,952	898	19,310	88,463
Additions	–	–	518	7	3,882	3,493	–	14,244	22,144
Transfers from WIP	–	–	1,044	13,599	1,153	5,991	531	(22,318)	–
Disposals	–	–	(397)	(8,436)	(747)	(4,991)	(399)	–	(14,970)
Depreciation	–	(758)	(425)	(4,759)	(2,240)	(4,780)	(266)	–	(13,228)
Depreciation released on disposals	–	–	397	7,846	721	4,991	346	–	14,301
Closing net book value	9,878	20,893	2,518	28,741	9,678	12,656	1,110	11,236	96,710
Cost	9,878	22,514	7,263	54,472	15,329	37,489	2,645	11,236	160,826
Accumulated depreciation	–	(1,621)	(4,745)	(25,731)	(5,651)	(24,833)	(1,535)	–	(64,116)
Closing net book value	9,878	20,893	2,518	28,741	9,678	12,656	1,110	11,236	96,710
Year ended 30 June 2019									
Additions	–	487	26	1,282	873	–	2	21,139	23,809
Transfers from WIP	–	7,935	419	170	118	2,657	–	(11,299)	–
Revaluation	1,136	653	–	–	–	–	–	–	1,789
Disposals	–	–	(204)	(939)	–	(15,515)	(683)	(2)	(17,343)
Depreciation	–	(783)	(589)	(4,997)	(2,728)	(4,218)	(292)	–	(13,607)
Depreciation released on disposals	–	–	206	871	(1)	15,520	619	–	17,215
Accumulated depreciation reversed on revaluation	–	2,404	–	–	–	–	–	–	2,404
Closing net book value	11,014	31,589	2,376	25,128	7,940	11,100	756	21,074	110,977
Cost	11,014	31,589	7,504	54,985	16,320	24,631	1,964	21,074	169,081
Accumulated depreciation	–	–	(5,128)	(29,857)	(8,380)	(13,531)	(1,208)	–	58,104
Closing net book value	11,014	31,589	2,376	25,128	7,940	11,100	756	21,074	110,977

The most recent valuation of land and buildings was performed by two independent registered valuers' – Kane Sweetman of Colliers International as at 30 June 2019, and Ramesh Behari of Fairview Valuations as at 15 April 2019. Note there is no significant difference in Ramesh Behari of Fairview Valuations between 15 April 2019 and 30 June 2019.

Land is valued at fair value based on its highest and best use with reference to comparable land values.

One building is valued at fair value using sales comparison approach, and the other building is valued at fair value using depreciated replacement cost approach.

There are no other restrictions over the title of MBIE's property and equipment, nor are they pledged as security for liabilities.

i Explanation of major variances against estimates

Property and equipment is \$11.824 million higher than the Main Estimates (2018/19 Actual: \$110.977 million; Main Estimates: \$99.153 million) mainly due to the revaluation of land and property as at 30 June 2019.

Main Estimates for the 2018/19 financial year are disclosed in the Statement of Financial Position on page 107.

NOTE 9: INTANGIBLE ASSETS**P Measurement**

Intangible assets are measured at cost, less accumulated amortisation and any impairment losses.

Additions

Purchased computer software is capitalised on the basis of the costs incurred to acquire and bring the software into use. Internally generated intangible assets are recognised at the cost associated with bringing the asset into use, including the cost of all materials used in construction, employee costs and an appropriate proportion of overheads. Costs relating to the maintenance of intangible assets are recognised in net surplus or deficit when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. The amortisation charge for each year is recognised in net surplus or deficit.

The useful lives of major classes of intangible assets have been estimated as follows.

<i>Asset class</i>	<i>Useful life</i>
Purchased computer software	3–8 years
Internally generated computer software	4–10 years

Impairment

Intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised as an expense if the carrying amount exceeds the recoverable service amount. The recoverable service amount is the higher of the fair value less costs to sell and value in use.

	Actual 2019				Actual 2018			
	Purchased \$000	Internally generated \$000	WIP \$000	Total \$000	Purchased \$000	Internally generated \$000	WIP \$000	Total \$000
Cost	80,816	190,746	31,545	303,107	133,198	164,066	31,852	329,116
Accumulated depreciation	(52,842)	(47,076)	–	(99,918)	(106,107)	(37,660)	–	(143,767)
Opening net book value	27,974	143,670	31,545	203,189	27,091	126,406	31,852	185,349
Additions	7,722	16,137	26,816	50,675	1,882	21,107	26,913	49,902
Transfers from WIP	6,695	19	(6,714)	–	11,508	15,712	(27,220)	–
Disposals	(896)	–	–	(896)	(65,772)	(10,139)	–	(75,911)
Impairment	–	–	(1,205)	(1,205)	–	–	–	–
Amortisation	(12,264)	(23,414)	–	(35,678)	(12,486)	(19,550)	–	(32,036)
Amortisation released on disposals	795	–	–	795	65,751	10,134	–	75,885
Closing net book value	30,026	136,412	50,442	216,880	27,974	143,670	31,545	203,189
Cost	94,337	206,902	51,647	352,886	80,816	190,746	31,545	303,107
Accumulated depreciation	(64,311)	(70,490)	(1,205)	(136,006)	(52,842)	(47,076)	–	(99,918)
Closing net book value	30,026	136,412	50,442	216,880	27,974	143,670	31,545	203,189

MBIE develops and maintains internally generated software, which is classified as an asset under construction and capitalised at the in-service date.

There are no restrictions over the title of MBIE's intangible assets, nor are any intangible assets pledged as security for liabilities.

Included in internally generated intangible assets are \$22.240 million of capitalised contractors and consultants costs (2018: \$14.332 million) (refer to Note 6).

NOTE 9: INTANGIBLE ASSETS (CONTINUED)

i Explanation of major variances against Main Estimates

Intangible assets are \$13.900 million lower than the Main Estimates (2018/19 Actual: \$216.880 million; Main Estimates: \$230.780 million) mainly due to the payroll replacement project being delayed until the 2019/20 financial year.

Main Estimates for the 2018/19 financial year are disclosed in the Statement of Financial Position on page 107.

NOTE 10: FINANCE LEASES

P A lease is classified as a finance lease if it transfers substantially all the risks and rewards of ownership of an asset to MBIE, even if actual ownership is not transferred.

At the commencement of a lease term, finance leases are recognised as assets and liabilities in the Statement of Financial Position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether MBIE will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term or its useful life.

There are no restrictions placed on MBIE by any of the finance leasing arrangements.

Finance lease liabilities are effectively secured, as the rights to the leased assets revert to the lessor in the event of default in payment.

Critical accounting estimates, assumptions and judgements in applying accounting policies

Determining whether a lease agreement is a finance lease or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to MBIE. Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not a renewal option is included

in the lease terms, and determination of an appropriate discount rate to calculate the present value of the minimum lease payments.

Classification as a finance lease means the asset is recognised in the Statement of Financial Position as a property, plant or equipment item, whereas with an operating lease no such asset is recognised.

MBIE has exercised its judgement on the appropriate classification of equipment leases and determined that one of these arrangements for the provision of

telecommunication services includes an embedded finance lease. The leased items are included within the net carrying amount of computer hardware.

Total minimum lease payments payable

	Actual 2019 \$000	Actual 2018 \$000
Not later than one year	59	288
Later than one year and not later than five years	84	384
Total	143	672

Present value of minimum lease payments

	Actual 2019 \$000	Actual 2018 \$000
Present value of minimum lease payments		
Not later than one year	51	259
Later than one year and not later than five years	80	345
Total	131	604

OTHER ASSETS AND LIABILITIES

Other assets and liabilities disclosed in this section are those that are used and recorded as part of the course of our day-to-day operations. These include the balance of money due to MBIE for goods or services provided to the public and our obligation to settle balances owing to our suppliers and the Crown.

NOTE 11: DEBTORS AND OTHER RECEIVABLES

P Debtors and other receivables

Debtors and other receivables are non-derivative financial assets classified as amortised cost and initially recorded at their face value. Debtors and other receivables are subsequently revalued to face value less any allowance for expected future credit losses when there is objective evidence that the asset is impaired.

Impairment relating to expected future credit losses occurs when there is evidence that MBIE will not be able to collect the full amount due. The amount of the impairment is the difference between the carrying amount and the present value of the amount expected to be collected.

	Actual 2019 \$000	Actual 2018 \$000
Current		
Debtor Crown	46,407	46,806
Residential Tenancies Trust Account revenue receivable	34,843	26,974
Trade debtors and other receivables	10,557	11,497
Accrued receivables from exchange transactions	6,387	7,553
Accrued receivables from non-exchange transactions	3,421	3,201
Less provision for impairment	(307)	(328)
Total current debtors and receivables	101,308	95,703
Non-current		
Bonds provided for offshore property leases	2,922	3,253
Total non-current debtor and other receivables	2,922	3,253
Total debtors and other receivables	104,230	98,956
Total debtors and other receivables from exchange transactions	19,559	21,975
Total debtors and other receivables from non-exchange transactions	84,671	76,981
Total debtors and other receivables	104,230	98,956

The carrying value of debtors and other receivables approximates their fair value.

The non-current portion of debtors and other receivables relates to bonds given to property owners to secure offshore rental accommodation and offices.

All debtors and other receivables greater than 30 days in age are considered to be past due. At 30 June 2019, \$3.406 million of debtors and other receivables were past due (2018: \$3.227 million).

The provision for impairment of debtors and other receivables consists of specific individual impairment provisions, based on a review of overdue receivables, and a collective impairment provision based on an analysis of past collection history and debt write-offs.

The collective provision for impairment of \$0.307 million (2018: \$0.328 million) relates to debts greater than 90 days.

MBIE does not hold the collateral for debts greater than 90 days.

NOTE 11: DEBTORS AND OTHER RECEIVABLES (CONTINUED)

i Explanation of major variances against Main Estimates

Debtors and other receivables are \$20.450 million higher than the Main Estimates (2018/19 Actual: \$104.203 million; Main Estimates: \$83.780 million) mainly due to the increase of receivables from the Residential Tenancies Trust Account (RTTA). This is a timing difference as the RTTA transfers interest

earned from the tenancy bonds to MBIE only when cash is received.

Main Estimates for the 2018/19 financial year are disclosed in the Statement of Financial Position on page 107.

NOTE 12: CREDITORS AND OTHER PAYABLES

P Short-term creditors and other payables are recorded at face value.

	Notes	Actual 2019 \$000	Actual 2018 \$000
Current			
Accrued expenses		41,605	28,341
Trade creditors		18,496	25,198
GST payable		1,746	8,416
Finance leases payable	10	51	-
Total current creditors and other payables		61,898	61,955
Non-current			
Finance leases payable	10	80	345
Total non-current creditors and other payables		80	345
Total creditors and other payables		61,978	62,300

Creditors and other payables are non-interest bearing. The carrying value of creditors and other payables approximates their fair value.

i Explanation of major variances against Main Estimates

Creditors and other payables are \$14.463 million higher than the Main Estimates (2018/19 Actual: \$61.978 million; Main Estimates: \$47.515 million) mainly due to increased expenses in 2018/19, of which a

large portion was accrued as at 30 June.

Main Estimates for the 2018/19 financial year are disclosed in the Statement of Financial Position on page 107.

NOTE 13: UNEARNED INCOME

P Unearned income relates to cash received in advance of the period in which it will be recognised as revenue.

	Actual 2019 \$000	Actual 2018 \$000
Immigration visa and other application processing	18,569	11,890
Radio operations fees	3,403	3,302
Other revenue	383	1,264
Total unearned income	22,355	16,456

NOTE 13: UNEARNED INCOME (CONTINUED)

Immigration visa and other application processing fees are recognised progressively, upon the completion of each visa processing phase.

Radio operations fees relate to annual licence fees invoiced at the beginning of the period to which they relate and are recognised as unearned income where fees are paid for periods after 30 June 2019.

i Explanation of major variances against Main Estimates

Unearned income is \$5.110 million higher than the Main Estimates (2018/19 Actual: \$22.355 million; Main Estimates: \$17.245 million) mainly due to an increase in deferred revenue for visa applications, which relates to visa processing work yet to be completed. This change

is mainly due to a visa fees and levies review that introduced new fee and levy rates since November 2018.

Main Estimates for the 2018/19 financial year are disclosed in the Statement of Financial Position on page 107.

NOTE 14: RETURN OF OPERATING SURPLUS

P MBIE’s obligation to return a portion of its operating surplus in accordance with the *Public Finance Act 1989*

is recognised at face value as it is required to be paid by 31 October of each year, per Treasury Instructions.

	Actual 2019 \$000	Actual 2018 \$000
Net surplus/(deficit)	23,959	6,397
<i>Add back:</i>		
Net operating deficit in memorandum accounts	1,467	17,553
Unrealised net foreign exchange gains/(losses)	962	(656)
Retention of surplus	(7,300)	–
Return of operating surplus to the Crown	19,088	23,294

NOTE 15: PROVISIONS

P Provisions

MBIE recognises a provision when there is a present obligation, either legal or constructive, as the result of a past event and it is probable that an outflow of resources will be required to settle the obligation but the timing or the amount of obligation is uncertain.

Where the effect of the time value of money is material, provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the liability.

Restructuring provision

MBIE recognises provisions for restructuring when an approved, detailed, formal plan for a restructure has either been announced publicly to those affected or when implementation has already commenced.

Onerous contracts provision

MBIE recognises a provision for an onerous contract when the expected benefits or service potential to be derived from a contract are lower than the unavoidable costs associated with meeting the obligations of the contract. Such a provision is measured at the lower of the expected cost of terminating the contract and the net expected cost of continuing with the contract.

NOTE 15: PROVISIONS (CONTINUED)

	2019			2018		
	Current \$000	Non- current \$000	Total \$000	Current \$000	Non- current \$000	Total \$000
Restructuring	3,715	–	3,715	8,740	–	8,740
Lease make-good	598	2,833	3,431	1,165	2,935	4,100
Payroll remediation	2,395	–	2,395	11,989	–	11,989
Onerous lease	1,133	–	1,133	–	–	–
Other provisions	245	–	245	388	–	388
ACC partnership programme	113	19	132	101	17	118
Total provisions	8,199	2,852	11,051	22,383	2,952	25,335

	Restructuring \$000	Lease Make-Good \$000	Payroll Remediation \$000	Onerous Lease \$000	Other Provisions \$000	ACC Partnership Programme \$000	Total \$000
Balance at 1 July 2017	1,559	2,756	10,159	–	315	143	14,932
Additional provisions made	8,593	1,344	2,830	–	92	–	12,859
Provision utilised during the year	(1,412)	–	–	–	(19)	(25)	(1,456)
Other movement	–	–	(1,000)	–	–	–	(1,000)
Balance at 30 June 2018	8,740	4,100	11,989	–	388	118	25,335
Additional provisions made	3,204	–	606	2,372	275	14	6,471
Provision utilised during the year	(7,324)	(178)	(2,892)	(1,239)	(418)	–	(12,051)
Reversal of previous provision	(905)	(491)	(7,308)	–	–	–	(8,704)
Balance at 30 June 2019	3,715	3,431	2,395	1,133	245	132	11,051

Payroll remediation project

In November 2018 all affected current MBIE employees received remediation payments under the *Holiday Act 2013* for the period between August 2008 and June 2018. Affected former MBIE employees have been paid out where they have been contacted, verified and for whom the required documentation has been received.

Ongoing remediation calculations are being performed by MBIE for the period after June 2018. The provision at 30 June 2019 represents MBIE's best estimate of the remaining remediation costs to be paid out.

Lease make-good

MBIE is required, at the expiry of its leases, to make-good any damage caused and remove any fixtures or fittings installed by it. In many cases MBIE has the option to renew these leases, which may change the timing of the expected cash outflows to make-good the premises.

Onerous lease

The provision for onerous lease arose from a non-cancellable lease where the unavoidable costs of meeting the lease contract exceeded the economic benefits to be received from it.

The lease is onerous due to closing of the offshore immigration processing office. No additional sublease cash inflows on the vacant floor have been included in measuring the provision as there is insufficient certainty this floor will be let. MBIE has 12 months remaining on this lease from 20 June 2019.

Restructuring

The restructuring provision arises from internal restructuring programmes. The restructuring provision relates to the expected redundancies resulting from reductions in the number of offshore immigration offices and other change programmes within MBIE. Management expects this to happen in the next 12 months.

i Explanation of major variances against Main Estimates

Provisions are \$6.258 million above the Main Estimates (2018/19 Actual: \$11.051 million; Main Estimates: \$4.793 million) mainly due to the payroll remediation project which is still in progress and an onerous lease provision for a non-cancellable lease

of MBIE's Shanghai office that was closed during the year.

Main Estimates for the 2018/19 financial year are disclosed in the Statement of Financial Position on page 107.

NOTE 16: EMPLOYEE ENTITLEMENTS

P Sick leave, annual leave, vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Current employee entitlements

Current employee entitlements are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date; annual leave earned but not yet taken at balance date; retiring and long service leave entitlements expected to be settled within 12 months; sick leave; and performance payments.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that MBIE anticipates it will be used by staff to cover those future absences.

A liability for performance payments is recognised where MBIE has a contractual obligation or where there is a past practice that has created a constructive obligation.

Non-current employee entitlements

Non-current employee entitlements, such as long service leave and retiring leave, are calculated on an actuarial basis. The calculations are based on:

- › likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlements information
- › the present value of the estimated future cash flows.

Termination benefits

Termination benefits are recognised in the surplus or deficit only when there is a demonstrable commitment to either terminate employment prior to normal employment date or to provide such benefits as a result of a position becoming redundant. Termination benefits settled within 12 months are reported at the amount expected to be paid.

	2019			2018		
	Current \$000	Non- Current \$000	Total \$000	Current \$000	Non- Current \$000	Total \$000
Annual leave	21,558	–	21,558	19,735	–	19,735
Accrued salary	8,799	–	8,799	2,443	–	2,443
Long service leave	1,112	2,440	3,552	1,197	2,602	3,799
Retirement leave	943	2,768	3,711	946	4,105	5,051
Sick leave	335	–	335	214	–	214
Total employee entitlements	32,747	5,208	37,955	24,535	6,707	31,242

An independent actuarial valuation was undertaken by Linda Caradus of Melville Jessup Weaver as at 30 June 2019 to estimate the present value of retirement leave and long service leave. The key assumptions used in determining the present values were:

- › term-specific discount rates derived from yields on Treasury Bills and Government Bonds
- › a salary growth rate of 2.5 per cent per annum.

Sensitivity analysis

If the discount rate were to increase or decrease by 1 per cent more than MBIE's estimates, with all other factors held constant, the carrying amount of the liability would

be \$0.360 million lower and \$0.407 million higher respectively (2018: \$0.544 million lower and \$0.627 million higher).

If the salary growth rate were to increase or decrease by 1 per cent more than MBIE's estimates, with all other factors held constant, the carrying amount of the liability would be \$0.398 million higher and \$0.360 million lower respectively (2018: \$0.623 million higher and \$0.550 million lower).

The current liability represents the amount due for potential settlement within the next 12 months.

FINANCIAL RISK MANAGEMENT

We are exposed to various financial risks. This section discusses how financial risks can affect our financial position and net surplus or deficit and how we manage risks in order to minimise risk exposure.

NOTE 17: FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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MBIE has adopted PBE IFRS 9 *Financial Instruments* effective from 1 July 2018. The standard replaces PBE IPSAS 29 *Financial Instruments: Recognition and Measurement* and includes revised guidance on the classification and measurement of financial instruments as well as a new impairment model for financial assets based on expected future credit losses.

Classification of financial instruments

Financial instruments are initially recognised at fair value and subsequently measured at amortised cost or at fair value either through surplus or deficit, or through comprehensive revenue and expense. This classification is made by reference to the purpose and nature of the financial instrument or group of financial instruments.

The table below compares the classification of financial assets and financial liabilities between the two standards.

Financial Instrument Category	PBE IFRS 9 (New)	PBE IPSAS 29 (Previous)
Cash and cash equivalents	Amortised cost	Loans and receivables
Loans and receivables	Amortised cost	Loans and receivables
Derivative financial instruments	Fair value through surplus or deficit	Fair value through surplus or deficit
Creditors and other payables	Other financial liabilities at amortised cost	Other financial liabilities at amortised cost

Non-derivative financial assets and liabilities

Financial assets are subsequently measured at amortised cost if they are held for the purpose of collecting contractual cash flows and those cash flows are solely related to payments of principal and interest. Interest, impairment losses and foreign exchange gains and losses are recognised in the Statement of Comprehensive Revenue and Expense.

Non-derivative financial liabilities are subsequently measured at amortised cost.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are measured at amortised cost and include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Balances denominated in foreign currencies are translated to New Zealand dollars at the foreign exchange rate at balance date. MBIE is only permitted to spend its cash and cash equivalents within the scope and limits of its appropriations.

ALLOWANCES FOR EXPECTED LOSSES

An expected credit loss model is used to recognise and calculate impairment losses for financial assets subsequently measured at amortised cost with the simplified approach to providing credit losses being applied to trade and other receivables.

MBIE has adopted the simplified approach to impairment provision for trade and other receivables. The provision is recognised at an amount equal to lifetime expected credit losses. The allowance for doubtful debts on individually significant trade and other receivables is determined on an individual basis, and those deemed to be not individually significant are assessed on a portfolio basis.

NOTE 17: FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**P Derivative financial assets and liabilities**

Derivative financial instruments are used to manage the exposure to foreign exchange risk arising from MBIE's operational activities. MBIE does not hold or issue derivative financial instruments for trading purposes. MBIE has not adopted hedge accounting.

Derivative financial instruments are recognised and subsequently measured at fair value. Movements in the fair value are recognised as gains or losses in the Statement of Comprehensive Revenue and Expense. When the fair value of the derivative is positive, it is treated as an asset, and when the fair value is negative, it is treated as a liability. Fair values are obtained from quoted market prices in active markets. Derivative financial instruments are not used for hedging.

Market risk

MBIE has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

MBIE's largest direct foreign exchange exposure arises from the offshore branch and agency network that provides immigration services. Application fees are collected in more than 20 currencies through this network. The offshore branch network incurs local expenses, providing a natural hedge for the branch revenue. MBIE's convention is for branches to retain buffers in foreign currency accounts up to the value of an average month's expenditure.

Under MBIE's foreign exchange management policy, MBIE returns excess funds to New Zealand and converts them to New Zealand dollars.

Application fees are set by regulation in New Zealand dollars. Foreign currency equivalent fees are set by MBIE to reflect the New Zealand amount. Foreign currency transaction exposure is also mitigated to some extent by the ability of MBIE to initiate updates of foreign currency fees to bring them into line with prevailing market conditions.

Interest rate risk

Interest rate risk is the risk that the fair value of, or cash flows from, a financial instrument will fluctuate due to changes in market interest rates. MBIE has no significant exposure to interest-bearing financial instruments and therefore does not experience interest rate risk.

Credit risk

Credit risk is the risk that a third party will default on its obligations to MBIE, resulting in a loss. In the ordinary course of MBIE's business, it is exposed to credit risk in association with financial assets held. MBIE is not exposed to significant concentrations of credit risk. MBIE is potentially exposed to credit risk for undrawn credit card facilities equal to the undrawn balance. The credit card facilities limit as at 30 June 2019 was \$5.640 million (2018: \$5.640 million).

MBIE uses Westpac as its main bank, which has a Standard & Poor's credit rating of AA-, and MBIE enters into foreign exchange contracts with the Treasury, which has a Standard & Poor's credit rating of AA.

MBIE's maximum credit exposure is the carrying value of its financial assets. MBIE does not hold collateral as security against its financial assets.

Liquidity risk

Liquidity risk is the risk that MBIE will encounter difficulty raising liquid funds to meet its commitments as they fall due. In meeting its liquidity requirements, MBIE closely monitors its forecast cash requirements with expected cash drawdowns from the Treasury. MBIE maintains a target level of available cash to meet liquidity requirements.

MBIE expects to settle all of its financial liabilities in a timely manner.

NOTE 17: FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The carrying amounts of financial assets and financial liabilities in each financial instrument category are as follows.

	Notes	Actual 2019 \$000	Actual 2018 \$000
Financial assets measured at amortised cost			
Cash and cash equivalents		115,285	97,171
Debtors and other receivables	11	104,230	98,956
Financial assets measured at fair value through surplus or deficit			
Foreign exchange contracts		4	36
Total financial assets		219,519	196,163
Financial liabilities measured at amortised cost			
Creditors and other payables	12	61,978	62,300
Total financial liabilities		61,978	62,300

The notional principal amounts of outstanding foreign exchange forward contracts are as follows.

	Actual 2019 \$000		Actual 2018 \$000	
	Foreign Currency	NZD	Foreign Currency	NZD
Australian dollar	177	302	4,260	4,592
Euro	–	–	50	86

Sensitivity analysis

The impact of a 5 per cent movement, both up and down, in the New Zealand dollar against various other currencies held by MBIE in its foreign currency account with all other variables held constant at 30 June 2019 is not material for MBIE's net surplus (2018: not material).

OTHER DISCLOSURES

This section provides further information on MBIE's equity and how our capital is managed.

A number of our services are not funded by the Crown but by third-party users of those services. The revenue we receive for service and the costs we incur to provide it will not necessarily agree in each financial year. We therefore use memorandum accounts to record accumulated surpluses or deficits. Over the long term, memorandum account balances are expected to trend towards zero. Memorandum accounts provide transparency around outputs for which costs are fully recovered by fees, levies and other charges from third parties.

NOTE 18: EQUITY

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Equity

Equity is the Crown's investment in MBIE and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified as taxpayers' funds, memorandum accounts and revaluation reserves.

Revaluation reserves

Revaluation reserves relate to the revaluation of land and buildings to their fair value.

Memorandum accounts

Memorandum accounts reflect the cumulative surplus or deficit of those departmental services that are intended to be fully cost recovered from third parties through fees, levies or charges. The balance of each memorandum account is expected to trend towards zero over time.

Taxpayers' funds

	Actual 2019 \$000	Actual 2018 \$000
Balance at 1 July	266,693	199,252
Net surplus	23,959	6,397
Capital contributions	47,867	70,320
Equity transfer	–	(3,535)
Transfer of net memorandum account accumulated deficits for the year	1,467	17,553
Return of operating surplus to the Crown	(19,088)	(23,294)
Balance at 30 June	320,898	266,693

Note: MBIE pays a capital charge to the Crown on its taxpayers' funds at 31 December and 30 June each financial year (refer to Note 7).

Revaluation reserves

	Actual 2019 \$000	Actual 2018 \$000
Balance at 1 July	9,853	9,853
Revaluation reserve movement	4,193	–
Balance at 30 June	14,046	9,853

NOTE 18: EQUITY (CONTINUED)

Memorandum accounts	Balance at 1 July \$000	Other revenue \$000	Departmental revenue and finance income \$000	Expenses \$000	Surplus/ (deficit) for the year \$000	Capital contribution \$000	Balance at 30 June \$000
Year ended 30 June 2018							
Building controls	32,010	35,574	–	(24,569)	11,005	–	43,015
Registration and granting of intellectual property rights	27,510	22,144	–	(19,850)	2,294	–	29,804
Registration and provision of statutory information	19,936	29,390	19	(30,102)	(693)	–	19,243
Management and enforcement of the Radiocommunications Act 1989	11,552	7,415	32	(6,869)	578	–	12,130
Government procurement reform agenda	1,114	18,224	843	(12,217)	6,850	–	7,964
Standards New Zealand	–	6,077	60	(6,454)	(317)	3,535	3,218
Occupational licensing – electrical workers	3,360	1,875	–	(4,102)	(2,227)	–	1,133
Motor vehicle traders register	1,174	1,228	–	(1,719)	(491)	–	683
Motor vehicle traders information programme	435	219	–	(209)	10	–	445
Occupational licensing – building practitioners	(152)	5,159	14	(4,897)	276	–	124
Unit titles Act 2010	74	140	–	(210)	(70)	–	4
National multi-use approvals	(1,301)	60	–	(196)	(136)	–	(1,437)
Management of the Crown mineral estate	(1,267)	5,746	11	(6,374)	(617)	–	(1,884)
Immigration visa	(11,709)	202,045	420	(236,480)	(34,015)	–	(45,724)
Closing balance	82,736	335,296	1,399	(354,248)	(17,553)	3,535	68,718
Year ended 30 June 2019							
Building controls	43,015	38,594	–	(26,061)	12,533	–	55,548
Registration and granting of intellectual property rights	29,804	23,886	58	(22,567)	1,377	–	31,181
Registration and provision of statutory information	19,243	29,374	96	(30,696)	(1,226)	–	18,017
Government procurement reform agenda	7,964	20,884	613	(14,935)	6,562	–	14,526
Management and enforcement of the Radiocommunications Act 1989	12,130	5,863	8	(7,230)	(1,359)	–	10,771
Standards New Zealand	3,218	5,731	29	(6,420)	(660)	–	2,558
Occupational licensing – electrical workers	1,133	5,099	–	(5,022)	77	–	1,210
Motor vehicle traders information programme	445	207	–	(154)	53	–	498
Occupational licensing – building practitioners	124	5,525	22	5,211	336	–	460
Motor vehicle traders register	683	1,161	–	(1,859)	(698)	–	(15)
Unit titles Act 2010	4	127	–	(232)	(105)	–	(101)
Management of the Crown mineral estate	(1,884)	5,536	–	(4,375)	1,161	–	(723)
National multi-use approvals	(1,437)	150	–	(269)	(119)	–	(1,556)
Immigration visa	(45,724)	226,353	244	(245,996)	(19,399)	–	(65,123)
Closing balance	68,718	368,490	1,070	(371,027)	(1,467)	–	67,251

NOTE 18: EQUITY (CONTINUED)**Action taken to address surpluses/(deficits)****Building controls (surplus)**

The surplus has continued to grow as a result of large volumes for new building consents but is expected to remain constant in the 2019/20 financial year reflecting expanded work programmes within the existing scope of the levy. In addition, a proposed reduction to the levy rate is currently in consultation.

Registration and granting of intellectual property rights (surplus)

The fee review for the trademarks and patents was approved in March 2019. There has been a delay in updating the new fees in regulations (*Patents Act 2013*) and they are expected to be implemented in February 2020. The fee review resulted in a reduction in trademark fees and an increase in patent fees. This, combined with an approval of additional expenditure, is expected to reduce the memorandum account balance by the 2024/25 financial year.

Registration and provision of statutory information (surplus)

New reduced fees which took effect on 1 July 2017 as well as expected expenditure for annual New Zealand Business Number costs in the 2019/20 financial year is expected to reduce the memorandum account balance to near zero by the 2023/24 financial year.

Government procurement reform agenda (surplus)

The memorandum account is in surplus, with administration fee income exceeding costs. Higher volumes are increasing operational support requirements, and costs are expected to increase, which will result in a reduction in the memorandum account balance from the 2019/20 financial year onwards.

Management and enforcement of the *Radiocommunications Act 1989* (surplus)

The new fees which took effect on 1 October 2017 are starting to have an impact with a desired reduction in the memorandum account balance. The revised fees were set to reduce the memorandum account balance to zero over a six- year period, but this is now likely to be seven to eight years.

Standards New Zealand (surplus)

Standards New Zealand had operated as an informal memorandum account until it was approved and formalised in the 2017/18 financial year. The memorandum account has been used to fund business transformation projects, and it is expected that these activities will reduce the memorandum account surplus further from the 2019/20 financial year onwards.

Occupational licensing – electrical workers (surplus)

A fee review was approved in October 2018 and the new fees have taken effect during the 2018/19 financial year.

Management of Crown mineral estate (deficit)

The memorandum account balance has reduced in the 2018/19 financial year as a result of deliberate cost reduction. The deficit is expected to increase in the next financial year due to additional costs to maintain the supporting ICT infrastructure and expected revenue reduction as a result of the ‘no new mines’ policy (announced in 2018). A fee review is planned following the outcome of the *Crown Minerals Act 1991* review.

National multi-use approvals (deficit)

A review is currently underway to determine the best way forward to address the memorandum account deficit and ensure full cost recovery of the scheme in the future. A paper on options will be presented to the appropriation Minister during the 2019/20 financial year.

Immigration visa (deficit)

A fee and levy review was undertaken in 2018 with the new fees effective from November 2018. The memorandum account is forecast to remain in deficit in the short term due to costs associated with changes to the Visa Services operating model.

NOTE 19: CAPITAL MANAGEMENT

The objective of managing MBIE's equity is to ensure that MBIE achieves its goals and objectives efficiently, while remaining a going concern. Where MBIE identifies that it does not have sufficient resources to achieve this objective, a capital injection is sought.

As general government policy, with the exception of the balances retained in memorandum accounts and unrealised foreign exchange gains less losses, MBIE is not permitted to retain any operating surplus. MBIE has not received any capital injections during the year without, or in excess of, authority (2018: \$nil).

Statement of departmental capital injections	Actual 2019 \$000	Actual 2018 \$000	Unaudited Main Estimates 2019 \$000
Vote Business, Science and Innovation			
MBIE – capital injection	47,867	70,320	6,153

NOTE 20: DISCONTINUED ACTIVITIES

KiwiBuild Unit was originally created under MBIE in March 2018. On 1 October 2018 MBIE transferred the following departmental functions to the Ministry of Housing and Urban Development: housing and urban policy roles,

administering the legacy social housing fund, the KiwiBuild Unit, redevelopment of surplus Crown land, and the Community Housing Regulatory Authority. The effects of these operations are shown in the following table.

Discontinued Statement of Comprehensive Revenue and Expenses	Continued Activities Actual 2019 \$000	Discontinued Activities Actual 2019 \$000	Total Actual 2019 \$000	Continued Activities Actual 2018 \$000	Discontinued Activities Actual 2018 \$000	Total Actual 2018 \$000
Revenue						
Crown	394,948	9,242	404,190	355,256	10,632	365,888
Department	25,494	8	25,502	14,103	430	14,533
Other revenue	408,354	–	408,354	376,163	7	376,170
Finance income	118	–	118	331	–	331
Total revenue	828,914	9,250	838,164	745,853	11,069	756,922
Expenditure						
Personnel costs	453,081	3,706	456,787	416,088	6,748	422,836
Other operating expenses	166,693	5,544	172,237	156,499	4,321	160,820
IT costs and technical support	115,806	–	115,806	98,222	–	98,222
Depreciation and amortisation	50,490	–	50,490	45,264	–	45,264
Capital charge	16,580	–	16,580	12,566	–	12,566
Restructuring costs	2,299	–	2,299	10,798	–	10,798
Finance costs	6	–	6	19	–	19
Total expenditure	804,955	9,250	814,205	739,456	11,069	750,525
Net surplus	23,959	–	23,959	6,397	–	6,397
Other comprehensive revenue and expense						
Gain on revaluation of property and equipment	4,193	–	4,193	–	–	–
Total comprehensive revenue and expense	28,152	–	28,152	6,397	–	6,397

	Continued Activities Actual 2019 \$000	Discontinued Activities Actual 2019 \$000	Total Actual 2019 \$000	Continued Activities Actual 2018 \$000	Discontinued Activities Actual 2018 \$000	Total Actual 2018 \$000
Discontinued Statement of Cash Flow						
Cash flows from operating activities						
Receipts from the Crown	395,693	8,896	404,589	355,256	10,632	365,888
Receipts from other revenue	433,931	93	434,024	391,955	339	392,294
Payments to suppliers	(274,263)	(5,535)	(279,798)	(315,888)	(6,593)	(322,481)
Payments to employees	(462,824)	(3,715)	(466,539)	(355,386)	(4,307)	(359,693)
Payments for capital charge	(16,580)	–	(16,580)	(12,566)	–	(12,566)
Goods and services tax (net)	(6,670)	–	(6,670)	9,016	–	9,016
Net cash flows from operating activities	69,287	(261)	69,026	72,387	71	72,458
Cash flows from investing activities						
Receipts from sale of property and equipment	183	–	183	99	5	104
Interest received from investing activities	118	–	118	331	–	331
Purchase of property and equipment	(23,804)	–	(23,804)	(21,367)	–	(21,367)
Purchase of intangible assets	(50,690)	–	(50,690)	(49,902)	–	(49,902)
Net cash flows from investing activities	(74,193)	–	(74,193)	(70,839)	5	(70,834)
Cash flows from financing activities						
Capital injection	47,867	–	47,867	70,320	–	70,320
Return of operating surplus	(23,294)	–	(23,294)	(1,893)	–	(1,893)
Interest paid on finance lease	(6)	–	(6)	(19)	–	(19)
Net cash flows from financing activities	24,567	–	24,567	68,408	–	68,408
Net (decrease)/increase in cash	19,661	(261)	19,400	69,956	76	70,032
Cash at the beginning of the year	96,910	261	97,171	27,157	185	27,342
Effect of foreign exchange movements on cash balances	(1,286)	–	(1,286)	(203)	–	(203)
Cash at the end of the year	115,285	–	115,285	96,910	261	97,171

NOTE 21: RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL

All related party transactions have been entered into on an arm's-length basis.

MBIE is a wholly owned entity of the Crown.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect MBIE would have adopted in dealing with the party at arm's-length in the same circumstances. Further, transactions with other government agencies are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

The Treasury has advised that the responsible Ministers – Hon David Parker, Hon Kelvin Davis, Hon Kris Faafoi, Hon Willie Jackson, Hon Shane Jones, Hon Iain Lees-Galloway, Hon Stuart Nash, Hon Jenny Salesa, Hon Phil Twyford, Hon Dr Megan Woods and Hon Chris Hipkins – have certified that there have been no related party transactions for the year ended 30 June 2019 (2018: nil).

Related party transactions involving key management personnel or their close family members

There are no related party transactions involving key management personnel or their close family members.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

NOTE 21: RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL (CONTINUED)

	Actual 2019 \$000	Actual 2018 \$000
Key management personnel compensation		
Leadership Team, including the Chief Executive		
Remuneration	3,791	3,465
Full-time equivalent staff	11	10

The above key management personnel disclosure excludes the Ministers' remuneration. The remuneration of Ministers and other benefits are set by the Remuneration Authority under the *Members of*

Parliament (Remuneration of Services) Act 2013 and are paid under Permanent Legislative Authority (PLA), and not paid by MBIE.

NOTE 22: EVENTS AFTER BALANCE DATE

There were no events after balance date that required adjustment or disclosure in the financial statements.

NON-DEPARTMENTAL SCHEDULES

Why we include non-departmental schedules

MBIE administers non-departmental activities on behalf of the Crown. As such, MBIE is responsible for the effective and efficient administration of contracts or payments for non-departmental activities or of non-departmental revenue or receipts. The *Public Finance Act 1989* makes the Chief Executive of MBIE accountable for the financial management of non-departmental activities.

We include the non-departmental schedules in our annual report to provide information on the financial extent of these activities.

What are non-departmental schedules

The non-departmental schedules are prepared in accordance with Treasury Instructions and disclose non-departmental activities in the form of six separate schedules for revenue, expenses, assets, liabilities, commitments and contingencies.

The non-departmental schedules do not, and are not intended to, constitute a set of financial statements and therefore do not include elements that would be expected to be found in financial statements such as details of the surplus/(deficit) or a balance sheet.

What principles are applied

The measurement and recognition rules applied to the non-departmental schedules are consistent with NZ GAAP.

SCHEDULE OF NON-DEPARTMENTAL REVENUE

For the year ended 30 June 2019

Unaudited Main Estimates 2019 \$000	Notes	Actual 2019 \$000	Actual 2018 \$000
Non-departmental revenue			
335,513	3	459,719	332,316
143,295		258,625	217,964
35,767		36,286	36,698
30,000		15,122	32,331
29,660		26,367	26,377
–		1,811	3,023
222,380		18,977	15,408
796,615		816,907	664,117
Total non-departmental revenue			

A discussion of major variances against Main Estimates can be found in the relevant notes.

SCHEDULE OF NON-DEPARTMENTAL EXPENDITURE

For the year ended 30 June 2019

Unaudited Main Estimates 2019 \$000	Notes	Actual 2019 \$000	Actual 2018 \$000
Non-departmental expenditure			
2,348,632		1,984,109	1,765,121
341,499		182,058	99,090
1,564,658		1,574,008	1,455,487
–		45,491	29,815
		185	(672)
636,022		501,378	466,018
–		(1,342)	(581)
4,890,811		4,285,887	3,814,278
Total non-departmental expenditure			

A discussion of major variances against Main Estimates can be found in the relevant notes.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2019.

The accompanying notes form part of these non-departmental schedules.

SCHEDULE OF NON-DEPARTMENTAL ASSETS

As at 30 June 2019

Unaudited Main Estimates 2019 \$000	Notes	Actual 2019 \$000	Actual 2018 \$000
Non-departmental assets			
Current assets			
162,662	9	366,106	677,867
165,786	4, 9	312,068	132,586
543,094		–	193,909
–		297	892
4,204		1,254	8,838
–	9	140	629
4,733	9	1,670	1,682
880,479		681,535	1,016,403
Non-current assets			
3,031	4, 9	–	10,256
27,281	5	8,417	5,013
850	9	9,922	3,120
31,162		18,339	18,389
911,641		699,874	1,034,792

SCHEDULE OF NON-DEPARTMENTAL LIABILITIES

As at 30 June 2019

Unaudited Main Estimates 2019 \$000	Notes	Actual 2019 \$000	Actual 2018 \$000
Non-departmental liabilities			
Current liabilities			
150,561	6, 9	234,512	246,722
101,863	8	241,034	198,863
35,579	7	36,957	36,970
192		272	295
135	9	–	–
288,330		512,775	482,850
Non-current liabilities			
349,317	7	326,264	362,970
38,792	8	53,590	51,830
10		–	–
–			
388,119		379,854	414,800
676,449		892,629	897,650

The accompanying notes form part of these non-departmental schedules.

SCHEDULE OF NON-DEPARTMENTAL CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at 30 June 2019

	Actual 2019 \$000	Actual 2018 \$000
Quantifiable contingent liabilities		
Guarantees and indemnities	333	249
Legal proceedings and disputes	–	25
Total quantifiable contingent liabilities	333	274

Quantifiable contingent liabilities

Guarantees and indemnities

In the event that New Zealand Post does not agree to pay the annual membership contribution (Swiss Francs 217,630) to the Universal Postal Union, then the Crown would be obliged to pay.

Legal proceedings and disputes

Legal proceedings and disputes represent amounts claimed by plaintiffs in relation to the performance of MBIE on behalf of the Crown. There are no outstanding claims as at 30 June 2019 (2018: one claim).

Unquantifiable contingent liabilities

Funding or part-funding of rehabilitation of mine sites that were subject to mining licences under the *Mining Act 1971* or the *Coal Mines Act 1979* is also a contingent liability. Although this is primarily the responsibility of local authorities, there are limited circumstances where there may be a residual liability for the Crown.

There is an unquantifiable indemnity under section 63 of the *Corporations Act 1989*.

There is an historical claim for breaches of fiduciary duties and for a constructive trust. A decision on the allocation of any potential liability rests with Cabinet. Both the extent of the potential liability and the proportion MBIE would be responsible for are unknown.

Contingent assets

MBIE on behalf of the Crown has no non-departmental contingent assets (2018: nil).

SCHEDULE OF NON-DEPARTMENTAL COMMITMENTS

As at 30 June 2019

MBIE on behalf of the Crown has two non-departmental loan commitments relating to the PGF totalling \$1.761 million (2018: a loan commitment of \$10 million).

The accompanying notes form part of these non-departmental schedules.

NOTE 1: REPORTING ENTITY

The non-departmental schedules present financial information on public funds managed by MBIE on behalf of the Crown.

The non-departmental balances are consolidated into the Financial Statements of the Government for the year ended 30 June 2019. For a full understanding of the Crown's financial position, results of operations and cash flows for the year, reference should be made to the Financial Statements of the Government.

NOTE 2: BASIS OF PREPARATION AND ACCOUNTING POLICIES**Basis of preparation**

The non-departmental schedules have been prepared in accordance with Crown accounting policies, Treasury Instructions, and Treasury Circulars.

Measurement and recognition rules applied in the preparation of these non-departmental schedules are consistent with New Zealand generally accepted accounting practice (Tier 1 Public Sector Benefit Entity Accounting Standards) as appropriate for public benefit entities.

Significant accounting policies

The following significant accounting policies have been applied. Where an accounting policy is specific to one note, the policy is described in the note to which it relates.

Certain non-departmental accounting policies are substantially the same as those disclosed in the departmental financial statements. The following accounting policies can be found in Note 2 to the departmental financial statements:

- › Functional and presentation currency
- › Changes in accounting policies
- › Foreign currency transactions
- › Contingent liabilities
- › Critical accounting estimates, assumptions and judgements in applying accounting policies

Additionally, where an accounting policy that is disclosed in a specific note is substantially the same as that disclosed in the departmental financial statements, reference is provided as to where that accounting policy can be found in the departmental financial statements.

Grant expenditure

Non-discretionary grants are those grants awarded if the grant application meets the specified criteria for the grant. They are recognised as expense when the application has been received.

Discretionary grants are those grants where MBIE has no obligation to award a grant on receipt of a grant application. For discretionary grants without substantive conditions, the total committed funding is recognised as expense when the grant is approved and the approval has been communicated to an applicant. Discretionary grants with substantive conditions are recognised as an expense at the earlier of the grant payment date or when the grant conditions have been satisfied.

Commitments

Expenses yet to be incurred on non-cancellable contracts that have been entered into at balance date are disclosed as commitments to the extent that there are equally unperformed obligations. These are measured at the lower of remaining contractual commitments and the value of penalty or exit costs.

Goods and Services Tax (GST)

All items in the non-departmental schedules are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. In accordance with Treasury Instructions, GST is returned on revenue received on behalf of the Crown, where applicable. However, an input tax deduction is not claimed on non-departmental expenditure. Instead, the amount of GST applicable to non-departmental expenditure is recognised as a separate expense and eliminated against GST revenue on consolidation of the Financial Statements of the Government.

Critical accounting estimates, assumptions and judgements in applying accounting policies

In preparing these financial statements, critical accounting estimates, assumptions and judgements have been made concerning the future and may differ from the subsequent actual results. Critical accounting estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Where critical accounting estimates, assumptions and judgements are specific to one note, they are disclosed in the note to which they relate.

Budget figures

The 2019 budget figures (Main Estimates) are for the year ended 30 June 2019 and are consistent with MBIE's best estimate financial forecast information submitted to the Treasury for the Budget Economic and Fiscal Update (BEFU) 2018 for this year.

NOTE 3: LEVIES REVENUE

P

Revenue – Non-exchange transactions

Levies

Revenue from the collection of levies is a non-exchange transaction because the payment of these levies does not entitle the payer to a direct benefit

from the Crown. The revenue recognition point is when the obligation to pay a levy has been incurred.

Fees

Revenue from fees is recognised as income in the period when the service was provided.

	Actual 2019 \$000	Actual 2018 \$000
Levies		
Health and safety at work levy	226,197	97,706
Electricity Authority levy	74,010	84,871
Telecommunications development levy	49,890	50,058
Immigration and migrant levies	31,471	26,170
Energy safety levy	28,899	25,998
Financial Markets Authority levy	25,407	23,586
Levy on electricity line business	8,152	4,092
Telecommunications regulation levy	7,480	9,848
External Reporting Board levy	3,696	3,580
Major hazards facilities levy	2,649	2,699
Levy on natural gas services	1,167	1,704
Levy on regulated airports	701	2,004
Total levies revenue	459,719	332,316

i

Explanation of major variances against Main Estimates

Total non-departmental revenue is \$20.292 million lower than the Main Estimates (2018/19 Actual: \$816.907 million; Main Estimates: \$796.615 million) due to the transfer of the KiwiBuild programme to HUD from 1 October 2018. At the time the forecasts for the Main Estimates were finalised, MBIE was unaware of

the proposal to establish HUD. The reduction in non-tax revenue is partly offset by higher-than-forecast revenue from petroleum royalties.

Main Estimates for the 2018/19 financial year are disclosed in the Schedule of Non-Departmental Revenue on page 138.

NOTE 4: DEBTORS AND OTHER RECEIVABLES**P Debtors and other receivables**

Debtors and other receivables are non-derivative financial assets classified as amortised cost and initially recorded at their face value. Debtors and other receivables are subsequently revalued to face value less any allowance for expected future credit losses when there is objective evidence that the asset is impaired.

Impairment relating to expected future credit losses occurs when there is evidence that the full amount due is not collectable. The amount of the impairment is the difference between the carrying amount and the present value of the amount expected to be collected.

	Actual 2019 \$000	Actual 2018 \$000
Receivables from exchange transactions		
Other receivables	67,492	72,874
Less provision for impairment	(283)	(98)
Net receivables from exchange transactions	67,209	72,776
Receivables from non-exchange transactions		
Fine, levy and penalties receivables	243,736	68,837
Overclaimed income-related rent subsidy	22,890	23,248
Less provision for impairment	(21,767)	(22,019)
Net receivables from non-exchange transactions	244,859	70,066
Total debtors and other receivables	312,068	142,842

The carrying value of debtors and other receivables approximates fair value.

As at 30 June 2019, debtors and other receivables of \$309.092 million were not past due (2018: \$139.766 million). All debtors and other receivables greater than 30 days in age are considered to be past due but not impaired. The provision for impairment of debtors and other receivables consists of specific individual impairment provisions based on a review of overdue

receivables, and a collective impairment provision based on an analysis of past collection history and debt write-offs. The collective provision for impairment of \$21.797 million (2018: \$22.019 million) and the individual provision for impairment of \$0.210 million (2018: \$0.098 million) relates to debts greater than 90 days.

MBIE does not hold the collateral for debts greater than 90 days.

Movements in the provision for impairment of receivables are as follows.

	Actual 2019 \$000	Actual 2018 \$000
Balance at 1 July	22,117	22,837
Increase in the provision made during the year	210	98
Provision reversed during the year	(277)	(818)
Balance at 30 June	22,050	22,117

i Explanation of major variances against Main Estimates

Non-departmental debtors and other receivables is \$143.251 million higher than the Main Estimates (2018/19 Actual: \$312.068 million; Main Estimates: \$168.817 million) mainly due to the revenue recognised for Health and safety at work levy

for 2018/19 year is not payable to MBIE until past 30 June 2019.

Main Estimates for the 2018/19 financial year are disclosed in the Schedule of Non-Departmental Assets on page 139.

NOTE 5: PROPERTY AND EQUIPMENT

P Property and equipment consist of land, buildings, temporary accommodation, textphone equipment and infrastructure assets.

Measurement

Land is measured at fair value, and buildings are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

Additions

Items of property and equipment are recognised at cost if it is probable that future economic benefits or service potential will flow to MBIE. Where an item of property and equipment is acquired at no cost (or for a nominal amount), it is recognised at its fair value on the date of acquisition.

Costs incurred subsequent to the initial recognition of an item of property and equipment are only recognised where it can be demonstrated that there has been an increase in the inflow of future economic benefits or service potential. Costs relating to the servicing or maintenance of items of property and equipment are recognised in the Schedule of Non-Departmental Expenditure when incurred.

Depreciation

Depreciation is charged on a straight-line basis, at rates that will write off the cost (or valuation) of the assets to their estimated residual value over their useful lives. Land is not depreciated. The useful lives of major categories of property and equipment have been estimated as follows.

<i>Asset class</i>	<i>Useful life</i>
Buildings	50 years
Temporary accommodation	2–4 years
Infrastructure assets	10 years
Textphone equipment	4 years

Revaluation

Land and buildings are revalued by an independent registered valuer at least once every three years, to ensure that their carrying amount does not differ materially from their fair value. The net revaluation results are included in the Schedule of Non-Departmental Revenue or the Schedule of Non-Departmental Expenditure and a property revaluation reserve in equity. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the Schedule of Non-Departmental Expenditure. For assets not carried at a revalued amount, the total impairment loss is recognised in the Schedule of Non-Departmental Expenditure.

Impairment

Property and equipment are reviewed for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impaired asset's carrying amount is written down to its recoverable amount, which is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is recognised immediately in the Schedule of Non-Departmental Expenditure.

Disposals

Gains and losses on disposal of an item of property and equipment represent the difference between disposal proceeds, if any, and the carrying value of the asset at the time of disposal and are recognised in the Schedule of Non-Departmental Expenditure. If a previously revalued asset is disposed of, the relevant amount held in the asset revaluation reserve is transferred to taxpayers' funds.

NOTE 5: PROPERTY AND EQUIPMENT (CONTINUED)

	Temporary Accommodation \$000	Infrastructure Assets \$000	Textphone Equipment \$000	Land \$000	Buildings \$000	Work In Progress \$000	Total \$000
Year ended 30 June 2018							
Cost	1,329	20,000	1,734	33,755	9,800	-	66,618
Accumulated depreciation	(1,271)	(14,000)	(1,733)	-	(9,800)	-	(26,804)
Opening net book value	58	6,000	1	33,755	-	-	39,814
Additions	960	-	-	-	-	268	1,228
Disposals	(1,329)	-	-	-	-	-	(1,329)
Other transfers	(88)	-	-	(33,755)	-	-	(33,843)
Depreciation	(127)	(2,000)	(1)	-	-	-	(2,128)
Depreciation released on disposals	1,271	-	-	-	-	-	1,271
Closing net book value	745	4,000	-	-	-	268	5,013
Year ended 30 June 2019							
Cost	872	20,000	1,734	-	9,800	268	32,674
Accumulated depreciation	(127)	(16,000)	(1,734)	-	(9,800)	-	(27,661)
Opening net book value	745	4,000	-	-	-	268	5,013
Additions	115	-	-	-	-	-	115
Transfers from WIP	224	-	-	-	-	(224)	-
Revaluation	-	-	-	-	(4,206)	-	(4,206)
Other transfers	-	-	-	-	-	(44)	(44)
Depreciation	(261)	(2,000)	-	-	-	-	(2,261)
Accumulated depreciation reversed on revaluation	-	-	-	-	9,800	-	9,800
Closing net book value	823	2,000	-	-	5,594	-	8,417
Cost	1,211	20,000	1,734	-	5,594	-	28,539
Accumulated depreciation	(388)	(18,000)	(1,734)	-	-	-	(20,122)
Closing net book value	823	2,000	-	-	5,594	-	8,417

The most recent valuation of buildings was performed by an independent registered valuer Lionel Musson of Beca Projects NZ Limited with an effective date of 30 June 2019.

Buildings are valued at fair value using depreciated replacement costs and the valuation has been completed in accordance with the Public Benefit Entity International Public Sector Accounting Standard 17 'Property, Plant and Equipment'.

NOTE 6: CREDITORS AND OTHER PAYABLES (CONTINUED)

P Short-term creditors and other payables are recorded at face value.

	Actual 2019 \$000	Actual 2018 \$000
Accrued expenses	114,451	200,643
Grant payable	116,161	12,793
GST payable	2,767	3,263
Trade creditors	1,133	29,572
Levies refundable	–	451
Total creditors and other payables	234,512	246,722

Creditors and other payables are non-interest bearing. The carrying value of creditors and other payables approximates their fair value.

i **Explanation of major variances against Main Estimates**

Creditors and other payables are \$83.951 million higher than the Main Estimates (2018/19 Actual: \$234.512 million; Main Estimates: \$150.561 million) mainly due to a large amount of expenses were accrued and invoices were yet to be received by MBIE for payment.

Main Estimates for the 2018/19 financial year are disclosed in the Schedule of Non-Departmental Liabilities on page 139.

NOTE 7: UNEARNED INCOME

P Unearned income relates to cash received in advance of the period in which it will be recognised as revenue.

	Actual 2019 \$000	Actual 2018 \$000
Radio spectrum sales – current	36,957	36,970
Radio spectrum sales – non-current	326,264	362,970
Total unearned income	363,221	399,940

Under the *Radiocommunications Act 1989*, sales of management rights over portions of the radio spectrum occur from time to time. The rights extend for varying periods and carry implementation requirements. Once

these requirements have been fulfilled, the holder retains the rights through to the end of the specific term, after which they revert to the Crown and may be reoffered for sale.

i **Explanation of major variances against Main Estimates**

Unearned income is \$21.675 million below the Main Estimates (2018/19 Actual: \$363.221 million; Main Estimates: \$384.896 million) and is due to a slower than expected unwind of the sale of radio spectrum liability that will be carried forward to 2019/20.

Main Estimates for the 2018/19 financial year are disclosed in the Schedule of Non-Departmental Liabilities on page 139.

NOTE 8: PROVISIONS

P MBIE recognises a provision when there is a present obligation, either legal or constructive, as the result of a past event and it is probable that an outflow of resources will be required to settle the obligation but the timing or the amount of obligation is uncertain.

Where the effect of the time value of money is material, provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the liability.

Critical accounting estimates, assumptions and judgements

The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of provisions within the next financial year are disclosed below.

Provision for Weathertight Services Financial Assistance Package (FAP)

The provision relating to Weathertight Services is calculated based on three critical assumptions:

- › an estimate of the cost to remediate leaky homes for claims made as part of the FAP scheme

- › the present value of future cash flows that is estimated using a discount rate
- › the discontinuance transition rate of applicants that cease progressing their claim.

New Zealand Screen Production Grant provision

Actual expenditure is sensitive both to the number and size of qualifying productions. The approximate amount of the grants and timing of payments are estimated in advance.

	Actual 2019 \$000	Actual 2018 \$000
Current		
New Zealand Screen Production Grant	200,866	165,616
Weathertight Services FAP	40,168	32,306
Make-good provision	–	941
Total current provisions	241,034	198,863
Non-current		
Weathertight Services FAP	53,590	51,830
Total non-current provisions	53,590	51,830
Total provisions	294,624	250,693

Weathertight Services FAP provision

This provision represents the Government’s obligation to contribute 25 per cent of agreed repair costs to eligible owners of leaky homes under the Weathertight Services FAP.

Description of Weathertight Services FAP

The package offers qualifying homeowners a share of the agreed actual repair cost of repairing leaky homes. The Government and the territorial authority (if the territorial authority is participating in the FAP) each pay 25 per cent of the agreed repair cost and the homeowner pays the remaining 50 per cent. Under the FAP, the homeowner agrees not to sue contributing territorial authorities and the Government, although homeowners can still pursue other liable parties such as builders, developers or manufacturers of defective products.

The scheme became available to homeowners on 29 July 2011, and eligible homeowners were required to lodge claims with MBIE prior to 29 July 2016. The 10-year limitation on lodging a weathertight claim means that over time the forecast eligible claims will reduce.

Key assumptions

There is still considerable uncertainty surrounding the estimate of the Government’s likely contribution. There are three critical assumptions: the remediation cost estimate, the discount rate, and the discontinuance transition rate (the rate at which applicants cease to progress their application).

Uncertainties

There are several reasons why the estimates are subject to a high level of uncertainty:

NOTE 8: PROVISIONS (CONTINUED)

- › the ultimate costs of leaky buildings claims are inherently uncertain
- › the financial projection model is a simplification of the complex reality of the actual claims processes, and to the extent that hidden or un-modelled relationships are present, the model will be unreliable
- › past experience may not be a good guide as to what will happen in the future
- › the data on which the analysis is based, and from which the assumptions are derived, is limited.

Sensitivity analysis

If the remediation cost estimate were to increase/decrease by 10 per cent compared to MBIE's estimates, with all other factors held constant, the estimate would be \$1.200 million higher and \$1.200 million lower respectively.

If the discount rate were to increase/decrease by 2 per cent compared to MBIE's estimates, with all other factors held constant, the estimate would be \$3.700 million higher and \$4.900 million lower respectively.

If the discontinuance transition rate were to double/halve compared to MBIE's estimates, with all other factors held constant, the estimate would be \$8.400 million higher and \$6.700 million lower respectively.

Movements in the provision are as follows.

New Zealand Screen Production Grant

The New Zealand Screen Production Grant scheme provides grants for high-profile film productions, such as Marvel's *Avengers: Infinity War* and *Avengers: Endgame*.

Under the scheme, productions may receive a grant equivalent to 20 per cent of their New Zealand-based expenditure. The grants are non-discretionary, applicants cannot be refused if they meet the criteria, and the scheme is uncapped. To be eligible, feature films must spend \$15 million or more in New Zealand.

The productions which will make claims under the scheme typically signal their intention to apply to the New Zealand Film Commission, as administrator of the scheme, in advance of any application. The approximate amount of the grants and timing of payments are estimated in advance.

Actual expenditure is very sensitive both to the number and size of qualifying productions. The provision is MBIE's best assessment of projects that will qualify for a grant rebate and the expenditure patterns of the individual productions. It is only once applications have been received and verified that the exact expenditure can be confirmed.

	Weathertight Services FAP \$000	New Zealand Screen Production Grant \$000	Make-good provision \$000	Total \$000
Balance at 1 July 2017				
Additional provisions made	29,815	158,645	–	188,460
Provision utilised during the year	(27,502)	(149,266)	(731)	(177,499)
Reversal of provision	–	(11,259)	–	(11,259)
Unwind of discount rate and effect of the changes in discount rate	1,000	–	–	1,000
Balance at 30 June 2018	84,136	165,616	941	250,693
Additional provisions made	45,491	144,001	–	189,492
Provision utilised during the year	(36,769)	(103,281)	–	(140,050)
Reversal of provision	–	(5,470)	(941)	(6,411)
Unwind of discount rate and effect of the changes in discount rate	900	–	–	900
Balance at 30 June 2019	93,758	200,866	–	294,624

NOTE 8: PROVISIONS (CONTINUED)



Explanation of major variances against Main Estimates

Provisions are \$153.969 million above the Main Estimates (2018/19 Actual: \$294.624 million; Main Estimates: \$140.655 million) due to the revision of the Weathertight Services FAP assumptions model as a result of a revaluation of the provision in 2018/19 and the assumptions that a number of large film

productions that are expected to claim against the New Zealand Screen Production Grant provision.

Main Estimates for the 2018/19 financial year are disclosed in the Schedule of Non-Departmental Liabilities on page 139.

NOTE 9: FINANCIAL INSTRUMENTS

P MBIE has adopted PBE IFRS 9 *Financial Instruments* effective from 1 July 2018. The standard replaces PBE IPSAS 29 *Financial Instruments: Recognition and Measurement* and includes revised guidance on the classification and measurement of financial instruments as well as a new impairment model for financial assets based on expected future credit losses.

Classification of financial instruments

Financial instruments are initially recognised at fair value and subsequently measured at amortised cost or at fair value either through surplus or deficit, or through comprehensive revenue and expense. This classification is made by reference to the purpose and nature of the financial instrument or group of financial instruments.

The following table compares the classification of financial assets and financial liabilities between the two standards.

Financial Instrument Category	PBE IFRS 9 (New)	PBE IPSAS 29 (Previous)
Cash and cash equivalents	Amortised cost	Loans and receivables
Loans and receivables	Amortised cost	Loans and receivables
Derivative financial instruments	Fair value through surplus or deficit	Fair value through surplus or deficit
Creditors and other payables	Other financial liabilities at amortised cost	Other financial liabilities at amortised cost

Non-derivative financial assets and liabilities

Financial assets are subsequently measured at amortised cost if they are held for the purpose of collecting contractual cash flows and those cash flows are solely related to payments of principal and interest. Interest, impairment losses and foreign exchange gains and losses are recognised in the Statement of Comprehensive Revenue and Expense.

Non-derivative financial liabilities are subsequently measured at amortised cost.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are measured at amortised cost and include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Balances denominated in foreign currencies are translated to New Zealand dollars at the foreign exchange rate at balance date. MBIE is only permitted to spend its cash and cash equivalents within the scope and limits of its appropriations.

ALLOWANCES FOR EXPECTED LOSSES

An expected credit loss model is used to recognise and calculate impairment losses for financial assets subsequently measured at amortised cost with the simplified approach to providing credit losses being applied to trade and other receivables.

MBIE has adopted the simplified approach to impairment provision for trade and other receivables. The provision is recognised at an amount equal to lifetime expected credit losses. The allowance for doubtful debts on individually significant trade and other receivables is determined on an individual basis, and those deemed to be not individually significant are assessed on a portfolio basis.

NOTE 9: FINANCIAL INSTRUMENTS (CONTINUED)

The carrying amounts of financial assets and financial liabilities in each of the financial instrument categories are as follows:

	Actual 2019 \$000	Actual 2018 \$000
Financial assets measured at amortised cost		
Cash and cash equivalents	366,106	677,867
Debtors and other receivables	312,068	142,842
Loans	11,592	4,802
Financial assets measured at fair value through surplus or deficit		
Foreign exchange contracts	140	629
Total financial assets	689,906	826,140
Financial liabilities measured at amortised cost		
Creditors and other payables	234,512	246,722
Total financial liabilities	234,512	246,722

MBIE's activities expose it to a variety of financial instrument risks, including market risk, currency risk, credit risk and liquidity risk. MBIE has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises from contracts for the supply of future goods and services that are denominated in a foreign currency. MBIE, on behalf of the Crown, purchases capital expenditure and goods and services internationally and is exposed to currency risk arising from various currency exposures, primarily with respect to the US dollar, the Australian dollar and the euro.

Sensitivity analysis

The impact of a 5 per cent movement, both up and down, in the New Zealand dollar against various other currencies held by MBIE in its foreign currency account with all other variables held constant at 30 June 2019 is not material.

The notional principal amount of outstanding foreign exchange contracts is as follows.

	Actual 2019 \$000		Actual 2018 \$000	
	Foreign Currency	NZD	Foreign Currency	NZD
US dollar	7,803	11,582	7,242	10,666

Contractual maturity analysis of financial liabilities

Non-departmental financial liabilities consist solely of creditors and other payables. At balance date, the remaining periods to the contractual maturity dates were less than three months for all creditors and other payables. The amounts, disclosed above, are the contractual undiscounted cash flows.

Credit risk

Credit risk is the risk that a third party will default on its obligation to MBIE, causing MBIE to incur a loss.

In the normal course of its business, credit risk arises from debtors and other receivables, deposits with banks, and foreign exchange contracts.

MBIE generally deposits funds with Westpac (Standard & Poor's credit rating of AA-), a registered bank, and enters into foreign exchange forward contracts with the Treasury (Standard & Poor's credit rating of AA). These entities have high credit ratings. For its other financial instruments, MBIE does not have significant concentrations of credit risk.

MBIE's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents, debtors and other receivables, and foreign exchange contracts.

NOTE 10: TRANSFER TO THE MINISTRY OF HOUSING AND URBAN DEVELOPMENT

On 1 October 2018 administration responsibility for the following non-departmental functions were transferred from MBIE to the Ministry of Housing and Urban Development: the administration of funding for KiwiSaver HomeStart and Welcome Home Loans, Housing

New Zealand Corporation Support Services, Housing assistance, KiwiBuild operations, housing and capital, and the Management of Crown properties. The prior period information has also been restated for comparability purposes.

Expenditure relating to discontinued activities are as follows.

	Actual 2019 \$000	Actual 2018 \$000
Expenditure		
Vote Building and Housing	26,859	91,356
Total non-departmental expenditure	26,859	91,356

NOTE 11: EVENTS AFTER BALANCE DATE

There were no events after balance date that required adjustment in the financial statements.

STATEMENT OF EXPENSES AND CAPITAL EXPENDITURE INCURRED WITHOUT, OR IN EXCESS OF, APPROPRIATION OR OTHER AUTHORITY

The table below contains expenses incurred without, or in excess of, appropriation for the year ended 30 June 2019.

	Actual 2019 \$000	Appropriation Voted 2019 \$000	Unappropriated 2019 \$000
VOTE BUILDING AND HOUSING			
Non-departmental other expenses			
Housing Infrastructure Fund – Fair Value Write-Down – MYA	151,862	–	151,862
Remediation of Facades and Parapets of Unreinforced Masonry Buildings in At-Risk Areas	1,950	2,838	926
VOTE BUSINESS, SCIENCE AND INNOVATION			
Multi-category appropriation			
Regional Economic Development: Provincial Growth Fund MCA – Operational Support of Regional and Sector Investments Category	80,257	550,746	2,527

Housing Infrastructure Fund – Fair Value Write-Down – MYA

Between 1 July and 30 September 2018, MBIE signed seven Housing Infrastructure Fund loan agreements to provide interest-free loan facilities of up to \$539.400 million. MBIE was required to, but did not recognise the loss on the concessionary loans and the entire *Housing Infrastructure Fund – Fair Value Write-Down* appropriation (which was established for this purpose), was transferred to the new Ministry of Housing and Urban Development. Therefore, since no appropriation was retained by MBIE, the fair value write down is in excess of appropriation.

Remediation of Facades and Parapets of Unreinforced Masonry Buildings in At-Risk Areas.

An in-principle expense transfer of up to \$3.000 million from the 2017/18 financial year to the 2018/19 financial year in the Non-Departmental Other Expense: Remediation of Facades and Parapets of Unreinforced Masonry Buildings in At-Risk Areas appropriation was approved by Cabinet in December 2017. However, this appropriation had no baseline in the 2018/19 financial year, and the final amount of \$2.838 million available for transfer was only confirmed in the 2018 October Baseline Update. Therefore, the expenditure incurred before the in-principle expense transfer confirmation was unappropriated, as MBIE did not request early confirmation.

Regional Economic Development: Provincial Growth Fund MCA

On 12 August 2018 the Minister of Finance approved the PDU's request for departmental operational funding of \$24.230 million in the new *Regional Economic Development: Provincial Growth Fund MCA: Operational Support of Regional and Sector Investments* category. Though this funding was approved, the approval to establish the new category was missed out in the paper. This was discovered in September 2018 and, to correct the omission, the initial paper was revoked. On 7 October 2018, the Minister of Finance approved the establishment of the new category and the breach was remediated. However, the expenses incurred against the *Regional Economic Development: Provincial Growth Fund MCA: Operational Support of Regional and Sector Investments* category before 7 October 2018 are considered unappropriated.

APPENDIX 1: RESIDENTIAL TENANCIES TRUST ACCOUNT



INDEPENDENT AUDITOR'S REPORT

To the readers of the Residential Tenancies Trust Account's financial statements for the year ended 30 June 2019

The Auditor-General is the auditor of the Residential Tenancies Trust Account (the Trust Account). The Auditor-General has appointed me, Clint Ramoo, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Trust Account on his behalf.

OPINION

We have audited the financial statements of the Trust Account on pages 157 to 161, that comprise the statement of financial position as at 30 June 2019, the statement of comprehensive revenue and expense, statement of movements in bondholders fund and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion, the financial statements of the Trust Account on pages 157 to 161:

- › present fairly, in all material respects:
 - its financial position as at 30 June 2019; and
 - its financial performance and cash flows for the year then ended; and
- › comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards with disclosure concessions.

Our audit was completed on 30 September 2019. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Chief Executive of the Ministry of Business, Innovation and Employment, and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

BASIS FOR OUR OPINION

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF THE CHIEF EXECUTIVE OF THE MINISTRY OF BUSINESS, INNOVATION AND EMPLOYMENT FOR THE FINANCIAL STATEMENTS

The Chief Executive of the Ministry of Business, Innovation and Employment is responsible on behalf of the Trust Account for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Chief Executive of the Ministry of Business, Innovation and Employment is responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive of the Ministry of Business, Innovation and Employment is responsible on behalf of the Trust Account for assessing the Trust Account's ability to continue as a going concern. The Chief Executive of the Ministry of Business, Innovation and Employment is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Chief Executive of the Ministry of Business, Innovation and Employment intend to wind up the Trust Account or to cease operations, or have no realistic alternative but to do so.

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- › We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- › We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust Account's internal control.
- › We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive of the Ministry of Business, Innovation and Employment.
- › We conclude on the appropriateness of the use of the going concern basis of accounting by the Chief Executive of the Ministry of Business, Innovation and Employment and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust Account's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust Account to cease to continue as a going concern.
- › We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Chief Executive of the Ministry of Business, Innovation and Employment regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

OTHER INFORMATION

The Chief Executive of the Ministry of Business, Innovation and Employment is responsible for the other information. The other information comprises the information included on pages 1 to 170, but does not include the financial statements, and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENCE

We are independent of the Trust Account in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Trust Account.



Clint Ramoo

Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 30 June 2019

	Actual 2019 \$000	Actual 2018 \$000
Revenue		
Interest earned from bank deposits	21,573	20,197
Expenditure		
Interest to MBIE	21,573	20,197
Net surplus	–	–
Other comprehensive revenue and expenses	–	–
Total comprehensive revenue and expenses	–	–

STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	Actual 2019 \$000	Actual 2018 \$000
Current assets			
Cash and cash equivalents		13,120	11,446
Investments	4	144,000	145,500
Interest receivable		32,995	25,668
Total current assets		190,115	182,614
Non-current assets			
Investments	4	432,500	390,500
Total non-current assets		432,500	390,500
Total assets		622,615	573,114
Current liabilities			
Interest payable to MBIE		34,843	26,974
Other current liabilities		82	190
Total current liabilities		34,925	27,164
Total liabilities		34,925	27,164
Net assets		587,690	545,950
Bondholders' funds			
Opening balance		545,950	509,097
Net increase		41,740	36,853
Total bondholders' funds		587,690	545,950

The accompanying notes form part of these financial statements.

RECONCILIATION OF MOVEMENTS IN BONDHOLDERS' FUNDS

For the year ended 30 June 2019

	Actual 2019 \$000	Actual 2018 \$000
Bondholders' funds at 1 July	545,950	509,097
Bonds lodged	255,782	245,211
Bonds refunded	(210,822)	(208,358)
Unclaimed bonds paid to the Treasury	(3,220)	–
Bondholders' funds at 30 June	587,690	545,950

STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	Actual 2019 \$000	Actual 2018 \$000
Cash flows from operating activities		
Interest received	14,183	21,787
Interest payments to MBIE	(13,704)	(23,153)
Net cash flows from operating activities	479	(1,366)
Cash flows from investing activities		
Proceeds from maturity of investments	145,500	157,000
Purchase of investments	(186,000)	(193,000)
Net cash flows from investing activities	(40,500)	(36,000)
Cash flows from financing activities		
Lodgement bonds	255,767	245,211
Refund of bonds	(214,027)	(208,358)
Provision for incorrect forfeiture	(45)	(6)
Net cash flows from financing activities	41,695	36,847
Net increase in cash held	1,674	(519)
Cash at the beginning of the year	11,446	11,965
Cash at the end of the year	13,120	11,446

RECONCILIATION OF OPERATING SURPLUS TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	Actual 2019 \$000	Actual 2018 \$000
Net surplus	–	–
Add/(less) movements in working capital		
Decrease/(increase) in interest receivable	(7,066)	1,591
Increase/(decrease) in interest payable	7,545	(2,957)
Net cash flows from operating activities	479	(1,366)

The accompanying notes form part of these financial statements.

NOTE 1: REPORTING ENTITY

The Ministry of Business, Innovation and Employment (MBIE) was established and commenced operations on 1 July 2012, and manages the Residential Tenancies Trust Account (RTTA) pursuant to the *Public Finance Act 1989* and the *Residential Tenancies Act 1986*.

The financial statements of the RTTA are for the year ended 30 June 2019 and were authorised for issue by the Chief Executive of MBIE on 30 September 2019.

NOTE 2: BASIS OF PREPARATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**Basis of preparation****Statement of compliance**

The financial statements of the RTTA have been prepared in accordance with the requirements of the *Residential Tenancies Act 1986* and the *Public Finance Act 1989*, which include the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statements have been prepared in accordance with, and comply with, Tier 2 PBE accounting standards on the basis that expenditure exceeds \$2 million, but is less than \$30 million with Reduced Disclosure Regime concessions applied.

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the year.

Measurement base

The financial statements have been prepared on a historical cost basis.

Functional and presentation currency

The financial statements are presented in New Zealand dollars, and all values are rounded to the nearest thousand dollars (\$000). The functional currency of the RTTA is New Zealand dollars.

Changes in accounting policies

There have been no changes in accounting policies. All policies have been applied on a basis consistent with the previous year.

Significant accounting policies

The following significant accounting policies have been applied consistently to all periods presented in these financial statements. Where an accounting policy is specific to a note, the policy is described in the note to which it relates.

Revenue – exchange transactions

The RTTA derives revenue from interest on investments. Interest on investments is accrued on a monthly basis.

Taxation

The RTTA is exempt from income tax in terms of the *Income Tax Act 2007*.

NOTE 3: FINANCIAL INSTRUMENTS

P

Financial instruments

The RTTA is party to financial instruments as part of its normal operations. These financial instruments include accounts payable and receivable, cash and cash equivalents and investments. Revenue and expenditure in relation to all financial instruments is recognised in the Statement of Comprehensive Revenue and Expense.

All financial instruments are shown at estimated fair value except for those items covered by a separate accounting policy.

Cash

Cash is defined as coins, notes and demand deposits in the RTTA bank accounts and other deposits held on call or with maturities less than three months.

Receivables

Receivables are stated at estimated realisable value.

NOTE 3: FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk

Financial instruments that are potentially subject to credit risk principally consist of cash and cash equivalents,

accounts receivable and investments. There are no major concentrations of credit risk for accounts receivable.

Credit risk is the risk that a third party will default on its obligations. The maximum exposures to credit risk at balance date were as follows.

	Actual 2019 \$000	Actual 2018 \$000
Cash held	13,120	11,446
Accounts receivable	32,734	25,668
Investments	576,500	536,000
Total financial assets	622,354	573,114

Currency risk

Currency risk is the risk that the value of debtors and creditors due in foreign currency will fluctuate because of changes in foreign exchange rates.

The RTTA has no currency risk, given that any financial instruments it deals with are denominated in New Zealand dollars.

Interest rate risk

Interest rate risk is the risk that the return on the funds invested will fluctuate due to changes in market interest rates. As all investments are held to maturity, the RTTA has no interest rate risk other than at the point of maturity and reinvestment of individual deposits. Deposits are held with authorised New Zealand banks.

Fair value

The fair value of all financial instruments is equivalent to the carrying amount disclosed in the Statement of Financial Position.

NOTE 4: INVESTMENTS

P Investments are not generally traded and are held to maturity. Investments in bank deposits are initially measured at fair value plus transaction costs (if any).

After initial recognition, investments in bank deposits are measured at amortised cost using the effective interest rate, less any provision for impairment.

Investments are undertaken in line with MBIE's investment policy. Investments were held with the following counterparties as at 30 June 2019.

	Actual 2019 \$000	Actual 2018 \$000
Current		
ANZ	35,500	34,000
ASB	18,000	13,500
BNZ	31,000	33,000
Kiwibank	15,000	–
Westpac	44,500	65,000
Total current	144,000	145,500
Non-current		
ANZ	163,000	103,500
ASB	32,000	36,000
BNZ	109,000	70,000
Kiwibank	35,000	50,000
Westpac	93,500	131,000
Total non-current	432,500	390,500
Total investments by counterparty	576,500	536,000
Weighted average interest rates:		
Short-term deposits	3.59%	3.60%
Long-term deposits	3.75%	3.88%

NOTE 5: CAPITAL MANAGEMENT

The RTTA's capital is its bondholders' funds.

NOTE 6: AUDIT FEES

Audit fees are paid by MBIE (refer to Note 5 in MBIE's Departmental Financial Statements).

NOTE 7: COMMITMENTS AND CONTINGENT LIABILITIES

There were no commitments or contingent liabilities as at 30 June 2019 (2018: nil).

NOTE 8: EVENTS AFTER THE BALANCE DATE

No events have occurred between the balance date and date of signing these financial statements that materially affect the financial statements.

APPENDIX 2: STATEMENT OF TRUST MONIES

MBIE operates trust accounts as an agent under section 66 of the *Public Finance Act 1989*. They are not consolidated in MBIE's own financial statements. In addition to funds held in trust accounts operated by MBIE, the Official Assignee holds a significant number and value of assets in relation to the administration of bankruptcies, liquidations and assets restrained or forfeited under criminal proceeds legislation.

Movements in these accounts during the year ended 30 June 2019 were as follows.

	Opening Balance 1 July 2018 \$000	Capital Increase \$000	Distributions Made \$000	Receipts \$000	Expenditure \$000	Closing Balance 30 June 2019 \$000
Coal and Minerals Deposits Trust Account	291	26	(1)	–	–	316
Employment Relations Service Trust Account	676	659	(592)	12	(20)	735
New Zealand Immigration Trust Account	696	87	(324)	10	–	469
Official Assignee's Office Trust Account	24,719	26,482	(15,061)	701	(14,365)	22,476
Patent Cooperation Treaty Fees Trust Account	248	836	(939)	7	(47)	105
Petroleum Deposits Trust Account	80	–	–	–	–	80
Criminal Proceeds (Recovery) Trust Account	136,262	50,629	(15,114)	2,201	(7,367)	166,611
Residential Tenancies Trust Account	545,950	255,782	(214,042)	21,573	(21,573)	587,690
Weathertight Financial Assistance Package Trust Account	–	12,536	(12,536)	–	–	–

Coal and Minerals Deposits Trust Account

This trust account was established in its present form following the introduction of the *Crown Minerals Act 1991*. Pursuant to the *Mining Act 1971*, the *Coal Mines Act 1979* or the *Crown Minerals Act 1991*, all existing mining and exploration licences are required to lodge a bond with MBIE. These bonds are returned with interest once the licence has expired, cancelled or declined provided that all licence conditions have been complied with.

Employment Relations Service Trust Account

This trust account was established in September 1988 for monies received by labour inspectors on behalf of workers.

New Zealand Immigration Trust Account

This trust account was established in 1999 for bonds paid by visitors with a higher risk profile.

Official Assignee's Office Trust Account

This trust account was established to hold monies for individuals or companies subject to bankruptcy or liquidation proceedings. All financial matters of declared bankrupts and companies in liquidation are handled by the Official Assignee's Office. All distributions and settlements are processed through this account. This trust combines the No Asset Procedure Account, Summary Instalment Order Account and Official Assignee Account.

Patent Cooperation Treaty Fees Trust Account

This trust account was established in December 1992 to collect and distribute fees under the Patent Cooperation Treaty Rules. The fees are collected from International Patent Authorities and remitted to the World Intellectual Property Organization, which administers the Treaty.

Petroleum Deposits Trust Account

This trust account was established in the 1970s for deposits pursuant to sections 8, 16 and 47(h) of the *Petroleum Act 1937*. Applicants are required to lodge bonds for all petroleum prospecting and mining licences issued under the Act. These bonds are returned with interest once the licence has ended, provided that all conditions of the licence have been met.

Criminal Proceeds (Recovery) Trust Account

This trust account has been established to manage the financial arrangements of restraining and forfeiture orders made by the courts under the *Criminal Proceeds (Recovery) Act 2009*. Under the Act, courts have the power to order seizure of assets of individuals and companies that have been derived directly or indirectly from criminal offending, and place the assets into the custody and control of the Official Assignee. These assets can then be ordered to be sold or disposed of by the Official Assignee and the resulting monies transferred to other approved parties and the Crown.

Residential Tenancies Trust Account

This trust account was established to hold bonds lodged under the *Residential Tenancies Act 1986*. A full set of audited financial statements for the RTTA, prepared on an accrual accounting basis in conformity with generally accepted accounting practice, is provided in Appendix 1.

Weathertight Financial Assistance Package

This trust account is used to temporarily hold the building consent authorities' 25 per cent share of repair costs claimed by eligible owners of leaky homes under the Government's Weathertight Services FAP, once approved, but prior to payment to the eligible home owners.

APPENDIX 3: EMPLOYEE INFORMATION

The table below presents information on the gender, age and remuneration banding (in \$10,000 bands) of all permanent and fixed-term staff, employed under New Zealand terms and conditions, at 30 June 2019. The allocation of a remuneration band is based on employee's base salary only (and is not FTE adjusted); it does not include allowances or employer superannuation contributions.

Salary bands above \$300,000 have been combined to protect the privacy of those employees.

Age Bracket	Under 30		30–39		40–49		Over 50		Unknown		Total
	F	M	F	M	F	M	F	M	F	M	
Salary band											
\$30,000–\$39,999	–	–	–	–	–	–	–	–	–	–	–
\$40,000–\$49,999	182	89	131	45	78	20	73	19	13	4	654
\$50,000–\$59,999	171	67	138	56	93	31	84	26	9	4	679
\$60,000–\$69,999	120	78	107	66	73	35	69	42	17	4	611
\$70,000–\$79,999	51	37	83	65	65	45	86	51	4	3	490
\$80,000–\$89,999	26	14	56	43	45	29	39	41	4	1	298
\$90,000–\$99,999	15	9	64	54	56	26	46	53	4	3	330
\$100,000–\$109,999	7	5	45	34	37	33	44	35	4	6	250
\$110,000–\$119,999	3	2	29	20	37	39	35	44	5	2	216
\$120,000–\$129,999	5	2	25	17	39	28	24	20	2	4	166
\$130,000–\$139,999	–	–	15	19	30	25	22	22	4	4	141
\$140,000–\$149,999	–	–	7	3	22	10	14	22	3	–	81
\$150,000–\$159,999	–	–	8	5	19	16	16	16	5	1	86
\$160,000–\$169,999	–	–	2	4	13	16	11	19	–	2	67
\$170,000–\$179,999	–	–	7	5	10	10	6	16	–	–	54
\$180,000–\$189,999	–	–	1	1	8	12	11	12	2	1	48
\$190,000–\$199,999	–	–	–	–	5	5	3	6	–	2	21
\$200,000–\$209,999	–	–	1	–	1	3	3	7	–	–	15
\$210,000–\$219,999	–	–	–	2	5	–	2	2	–	–	11
\$220,000–\$229,999	–	–	2	–	1	1	1	3	–	–	8
\$230,000–\$239,999	–	–	–	–	2	2	–	2	–	–	6
\$240,000–\$249,999	–	–	–	–	4	2	–	2	–	–	8
\$250,000–\$259,999	–	–	–	–	–	1	1	4	–	–	6
\$260,000–\$269,999	–	–	–	–	–	1	1	1	–	–	3
\$270,000–\$279,999	–	–	–	–	–	–	–	1	–	–	1
\$280,000–\$289,999	–	–	–	1	–	–	2	4	–	–	7
\$290,000–\$299,999	–	–	–	–	–	–	–	–	–	–	–
Over \$300,000	–	–	–	–	2	2	2	6	–	1	13
Total	580	303	721	440	645	392	595	476	76	42	4,270

APPENDIX 4: IMMIGRATION AND MIGRANT LEVIES

Under the *Immigration Act 2009*, a report must be provided in respect of the financial year outlining the total amount collected through the levy and how it has been applied. The following tables detail the allocation of the levies and summarise the amounts collected.

ALLOCATION OF IMMIGRATION LEVIES

Vote	Programme	Actual 2017 \$000	Actual 2018 \$000	Actual 2019 \$000	Forecast 2020 \$000
Labour Market	Immigration Research Programme, including evaluation	1,200	2,200	2,200	2,200
Labour Market	Settlement services	1,780	–	863	863
Labour Market	Levy administration	310	–	–	–
Labour Market	Border security	4,625	4,625	10,966	10,530
Labour Market	Immigration compliance	4,998	4,998	8,451	7,991
Labour Market	Marketing and attraction	6,768	6,768	6,840	6,840
Labour Market	Global Impact Visas	2,024	854	792	330
Internal Affairs	Language Line	833	–	–	–
Education	English for Speakers of Other Languages (ESOL) for adults (home and community based)	426	426	426	426
Education	ESOL in the compulsory school sector	2,460	2,460	2,460	2,460
Education	ESOL in schools (material for parents and professional development)	222	–	–	–
Education	ESOL resources	177	–	–	–
Social Development	Migrant employment assistance	782	–	–	–
Labour Market	Regional skills matching and job assistance services	–	1,227	1,227	1,227
Labour Market	Multi-lingual settlement information programmes	–	650	650	650
Labour Market	National level support for organisations that facilitate migrant participation in host communities	–	100	100	100
Education	Migrant Futures – Work Connect Programme	–	1,613	1,613	1,613
Education	Bilingual support workers	–	514	514	514
	Total Immigration Levy allocation	26,605	26,435	37,102	35,744

SUMMARY OF IMMIGRATION LEVY

	Actual 2017 \$000	Actual 2018 \$000	Actual 2019 \$000	Forecast 2020 \$000
Balance at 1 July	1,282	825	(532)	(7,203)
Revenue	26,148	25,078	30,431	36,793
Allocations	(26,605)	(26,435)	(37,102)	(35,744)
Balance at 30 June	825	(532)	(7,203)	(6,154)

The Immigration Levy replaced the Migrant Levy in December 2015.

The Immigration Levy funds migrant settlement and migration research. It also contributes to Immigration New Zealand functions, including border, compliance, marketing and attraction functions. It is charged to principal applicants on temporary (including visitor,

student and work) and residence (including skilled migrant, family and some international/humanitarian) visa applications. Levy rates are differentiated based on the immigration functions each broad visa category generates the need for or benefits from.

ALLOCATION OF MIGRANT LEVIES

Vote	Programme	Actual 2017 \$000	Actual 2018 \$000	Actual 2019 \$000	Forecast 2020 \$000
Labour Market	ESOL information tool	35	–	–	–
Justice	Tackling Casual Racism	100	300	–	–
Education	Migrant Futures (Careers NZ)	381	–	–	–
Labour Market	Language Assistance Project	200	848	862	–
Police	District Safety Patrols	210	301	292	–
Labour Market	Welcoming Communities Pilot	–	500	500	835
Health	Stocktake of Migrant Health Info	–	48	–	–
Labour Market	Settlement Services	–	767	–	–
Labour Market	Cross-Government Cultural Capability	–	–	600	–
Internal Affairs	Language Line	–	–	–	215
Social Development	National Consultation with Migrant Youth	–	–	–	70
Justice	Research on the drivers of migrants' experience of discrimination	–	–	–	170
Education	Information about the New Zealand education system for recent migrants	–	–	–	30
Total Migrant Levy allocation		926	2,764	2,254	1,320

SUMMARY OF MIGRANT LEVY

	Actual 2017 \$000	Actual 2018 \$000	Actual 2019 \$000	Forecast 2020 \$000
Balance at 1 July	8,169	8,454	5,864	3,624
Revenue	1,211	174	14	–
Allocations	(926)	(2,764)	(2,254)	(1,320)
Balance at 30 June	8,454	5,864	3,624	2,304

Residual amounts of Migrant Levy revenue were received in 2018/19 (while visa applications made under the Migrant Levy continued to be processed), and funds are held in a tagged account. These funds are used to fund

innovative one-off and small-scale settlement initiatives and enable an evidence base to be built to inform potential longer-term funding allocations.

APPENDIX 5: BUILDING ADVISORY PANEL

The Building Advisory Panel (BAP) is a statutory body that provides independent advice to the Chief Executive of MBIE. The BAP is focused on strategic issues facing the construction sector and provides guidance, advice and direction on the ways MBIE can support an innovative and high-performing sector. The current members are:

- › Dr Helen Anderson
- › Richard Aitken
- › Connal Townsend
- › David Kelly
- › Pamela Bell
- › Steve Evans
- › Geoff Hunt
- › Andrew Reding
- › Peter Fehl
- › Dean Kimpton
- › Janine Stewart

Meetings and advice

The BAP has met four times in the 2018/19 financial year, and members took part in a number of related meetings and workshops. The BAP meetings have focused on challenging and enhancing proposed improvements. In March 2019, the BAP agreed revisions to its terms of reference to more clearly articulate the role and purpose of the panel; strengthen its role in leading the regulatory parts of the sector; and set the expectation that the panel will actively communicate with the sector with a collective voice.

Over the last year, the BAP has provided direct support and practical advice to MBIE, as it has addressed areas for improvement in building system regulation. BAP feedback has been incorporated into relevant changes.

The BAP has also focused on providing an industry lens on the Construction Skills Strategy and provided early advice on other projects, including identifying other industry input that could improve policy while it was under development, and on evolving issues, such as the Construction Sector Accord.

Remuneration

The BAP is a statutory board for the purposes of the *Fees and Travelling Allowances Act 1951*. In accordance with the Act, the following fees have been agreed for the BAP:

- › Chairperson: \$810 per day, or an hourly pro-rata rate as required.
- › Panel members: \$540 per day or \$123.75 per an hourly pro-rata rate as required.

In the 2018/19 year, the following payments were made to BAP members.

	Actual Meeting Fees (incl. GST)	Actual Other expenses (incl. GST)
Panel Member		
Helen Anderson – Chair	6,614	892
Andrew Reding	3,338	1,502
Richard Aitken	1,620	2,234
Dean Kimpton	3,443	1,279
Pamela Bell	1,397	–
Connal Townsend	4,038	1,753
Peter Fehl	1,242	748
Geoff Hunt	810	57
Total BAP fees and other expenses for 2018/19	22,502	8,465

APPENDIX 6: OTHER DISCLOSURES

Immigration Act 2009

Changes to the *Immigration Act 2009* have meant that from May 2016, immigration officers have certain powers to search employers' premises for named employees who are not entitled to work in New Zealand or are in breach of their visas. There have been no instances this year where immigration officers have needed to exercise these new provisions.

Victims' Rights 2002

MBIE is a member of the Victims of Crime interagency group led by the Ministry of Justice. The Victims Code was released by the Ministry of Justice in September 2015 and explains 11 victims' rights contained in various Acts. The Code also explains how victims can make a complaint, and contains eight principles that guide how all agencies and organisations that provide a service to victims of crime should treat victims.

MBIE identified the units within MBIE that might have obligations under the *Victims' Rights Act 2002* and set up a centralised process so that it can ensure it complies with the reporting obligations under section 50A of the Act. MBIE is able to report that it has not received any complaints during the reporting year.

Vulnerable Children's Act 2014

MBIE has developed a draft Child Protection Policy to comply with the *Vulnerable Children's Act 2014* as MBIE considers that the Mangere Refugee Resettlement Centre includes the provision of services (namely, residential settlement services) to the children that come through this centre. While the draft policy has not yet been formally promulgated across MBIE, the Mangere Refugee Resettlement Centre is in line with the draft policy and operationalised the draft policy. Steps are being taken to refresh and promulgate a Child Protection Policy across MBIE and publish this on the MBIE website.

ABBREVIATIONS

ACC	Accident Compensation Corporation
ANZSCO	Australian and New Zealand Standard Classification of Occupations
ASEAN	Association of Southeast Asian Nations
B4B	Better for Business
BAP	Building Advisory Panel
BEFU	Budget Economic and Fiscal Update
BWOF	building warrant of fitness
CCCFA	<i>Credit Contracts and Consumer Finance Act 2003</i>
CERT	Computer Emergency Response Team
CMT	Common Measurements Tool
CORS	Community Organisation Refugee Sponsorship
CXI	Customer Experience Index
DEV	Cabinet Economic Development Committee
DPMC	Department of the Prime Minister and Cabinet
EHF	Edmund Hillary Fellowship
EQC	Earthquake Commission
ERA	Employment Relations Authority
ESOL	English for speakers of other languages
FAP	Financial Assistance Package
FDI	foreign direct investment
FMA	Financial Markets Authority
FTE	full-time equivalent
GCCRS	Greater Christchurch Claims Resolution Service
GCDR	Government Centre for Dispute Resolution
GDP	gross domestic product
GPA	World Trade Organization Agreement on Government Procurement
GPG	Government Property Group
G-REG	Government Regulatory Practice Initiative
GST	goods and services tax
HNZC	Housing New Zealand Corporation
HSW	Health and Safety at Work
HUD	Ministry of Housing and Urban Development
ICT	information and communications technology
IDI	Integrated Data Infrastructure
IEA	International Energy Agency
IPONZ	Intellectual Property Office of New Zealand
IRD	Inland Revenue Department
MCA	multi-category appropriation
MRTEs	Monthly Regional Tourism Estimates
MYA	multi-year appropriation

MVT	motor vehicle trader
NBS	New Building Standard
NDTC	National Driver Training Centre
NEET	not in employment, education or training
NGO	non-governmental organisation
NZ GAAP	New Zealand generally accepted accounting practice
NZBN	New Zealand Business Number
NZGP	New Zealand Government Procurement
NZGPP	New Zealand Government Procurement and Property
NZQF	New Zealand Qualifications Framework
OECD	Organisation for Economic Co-operation and Development
PBE	public benefit entity
PBE FRS	Public Benefit Entities Financial Reporting Standard
PBE IFRS	Public Benefit Entities International Financial Reporting Standard
PBE IPSAS	Public Benefit Entities International Public Sector Accounting Standard
pDEI	potential direct economic impact
PDU	Provincial Development Unit
PGF	Provincial Growth Fund
PLA	permanent legislative authority
R&D	research and development
RBN	Reserve Bank of New Zealand
RSE	Recognised Seasonal Employer
RTTA	Residential Tenancies Trust Account
SfTI	Science for Technological Innovation
SLT	Senior Leadership Team
TPES	total primary energy supply
TSO	telecommunications service obligations
UNHCR	United Nations High Commissioner for Refugees
WIP	work in progress
WTO	World Trade Organization

GLOSSARY OF TERMS

Outcome

The outcome describes what we are trying to achieve and what this looks like.

Intermediate outcome

The intermediate outcome describes the outcome in more detail.

Gross domestic product (GDP)

The total value of goods produced and services provided in a country during one year.

Departmental expenses

Expenses incurred by MBIE in delivering services and functions on behalf of the government.

Expenses incurred by entities other than MBIE in delivering services and functions on behalf of the government.

Types of expenses:

Output

A term for goods, services or functions purchased by the government. Outputs include policy advice, administration of contracts, and the provision of specific services.

Other expense

A term for operating expenses that are not outputs, such as interest expenses and grants.

Appropriation

An appropriation is a sum of money allocated for a particular use and includes a description of what is being purchased, why it is being purchased and how performance will be assessed. It authorises Ministers to consume public resources, and ensures that Parliament knows how money will be spent and that government is held accountable for the spending.

Types of appropriations

Annual appropriation

This is the most common type of appropriation and is limited to one financial year, consistent with the annual Budget cycle.

MCA – multi-category appropriation

Multi-category appropriations consist of two or more categories of spending within a single appropriation that contribute to the same overarching purpose.

MYA – multi-year appropriation

Multi-year appropriations allow expenses or capital expenditure to be incurred during a specified period of no more than five financial years. MYAs are generally used where uncertainties or dependencies are likely to affect when costs are incurred (eg, milestone payments for a multi-year project).

PLA – permanent legislative authority

Permanent appropriations are authorised by legislation other than an Appropriation Act and continue in effect for an indefinite period. Generally, the authorising legislation will impose limits on the scope of the appropriation and not its amount.

Main Estimates

The Main Estimates are the Government's approved set of appropriations for a year. They are approved and published before the start of the financial year to which they relate.

Supplementary Estimates

The Supplementary Estimates are the Government's approved changes to appropriations within a financial year and supersede the information in the Main Estimates for that year.



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

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