



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



# Briefing for Incoming Minister for Economic Development

**November 2020**



# MBIE Karakia

Tāwhia tō mana kia mau, kia māia

Ka huri taku aro ki te pae kahurangi,  
kei reira te oranga mōku

Mā mahi tahi, ka ora, ka puāwai

Ā mātau mahi katoa, ka pono, ka tika

**TIHEI MAURI ORA**

**TRANSLATION:**

*Retain and hold fast to your mana, be bold, be brave*

*We turn our attention to the future, that's where the  
opportunities lie*

*By working together we will flourish and achieve greatness*

*Taking responsibility to commit to doing things right*

*TIHEI MAURI ORA*

**MĀIA**  
BOLD & BRAVE

**PAE  
KAHURANGI**  
BUILD OUR FUTURE

**MAHI TAHI**  
BETTER TOGETHER

**PONO  
ME TE TIKA**  
OWN IT

## Contents

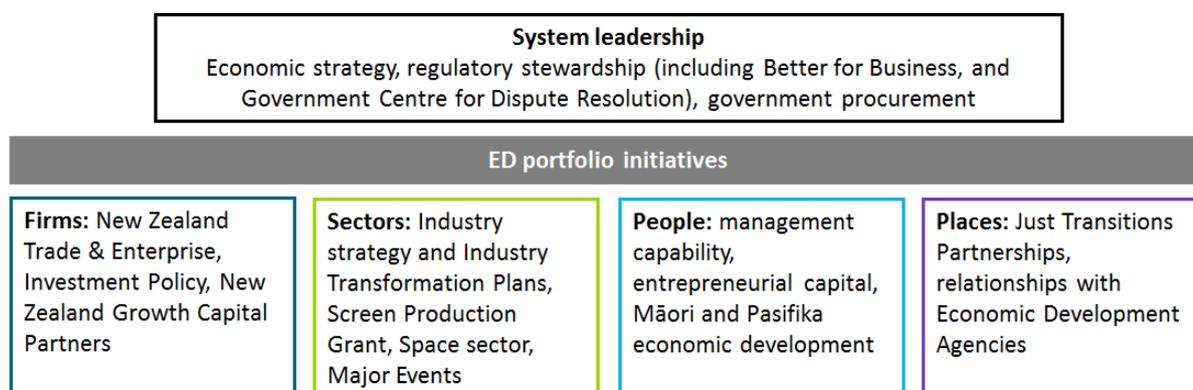
---

<b>1. Portfolio overview .....</b>	<b>4</b>
Introduction .....	4
New Zealand’s economic development overview .....	4
Your role as Minister for Economic Development .....	11
<b>2. Portfolio responsibilities .....</b>	<b>19</b>
<b>3. Major links with other portfolios .....</b>	<b>20</b>
<b>4. How MBIE assists you .....</b>	<b>22</b>
Senior Leadership Team – key contacts .....	22
Key general manager contacts .....	23
<b>5. Immediate priorities and deliverables .....</b>	<b>24</b>
<b>Annex 1: Economic Plan .....</b>	<b>28</b>
<b>Annex 2: Funds and Appropriations .....</b>	<b>29</b>
<b>Annex 3: Relevant legislation .....</b>	<b>30</b>
<b>Annex 4: Crown entities and statutory bodies .....</b>	<b>32</b>

# 1. Portfolio overview

## Introduction

1. This briefing provides you with information about the Economic Development portfolio. We would welcome an early discussion with you on your portfolio priorities (including for Budget 2021) and forward work plan. More detailed briefing and discussion can be provided on any aspect of this briefing, including your manifesto priorities of industry policy, increasing efforts around investment attraction, and the new Regional Strategic Partnerships Fund.
2. The Economic Development portfolio has a diverse set of responsibilities, many relevant to the Government’s five point economic recovery plan. The overall aim of the portfolio is to achieve more productive, sustainable and inclusive economic outcomes for New Zealand by supporting our firms, sectors, people and places to realise economic aspirations that align with these goals. There is a strong emphasis on capability building to improve long-term wellbeing, and the role government has to play in this. Many of the levers that government has to support economic development sit in other portfolios, so effective coordination across portfolios is an essential part of achieving these goals.
3. Your main portfolio responsibilities are:
  - system leadership, in particular co-leading the development of government’s economic strategy (with the Minister of Finance), as well as other cross-cutting responsibilities
  - leading specific initiatives to influence firms, sectors, people and places to seize the opportunities and address the challenges they face, including with active support.



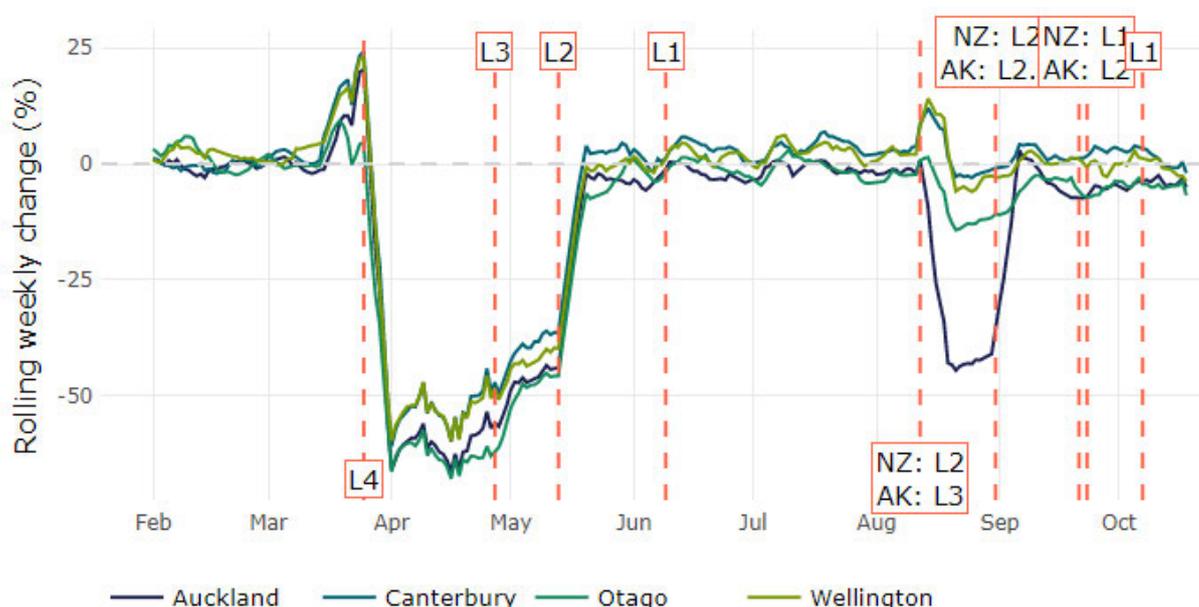
## New Zealand’s economic development overview

### New Zealand is facing the largest recession in a generation

4. The economic impacts of the COVID-19 pandemic are generating the largest recession in the New Zealand economy in a generation. Restrictions on domestic activity under higher Alert Levels, border restrictions, and the weakened global economy have had a significant impact on economic activity and created widespread uncertainty.
  - **Restrictions on domestic activity:** New Zealand’s go hard, go early approach to COVID-19 restrictions has seen economic activity severely curtailed, particularly during the most restrictive Alert Levels 3 and 4. The success of New Zealand’s response allowed the economy to return to Alert Level 1 relatively quickly and for activity to recover.

Nonetheless the restrictions were material, with economic activity, as measured by gross domestic product (GDP), declining 12.2% in the June 2020 quarter – the largest quarterly decline in GDP on record.

**Figure 1: Annual consumer spending growth by region**



Source: Marketview

- Border restrictions:** While New Zealand’s elimination focus has enabled a relatively open *domestic* economy, restrictions on international people flows has a significant impact on demand for some sectors (e.g. tourism, international education) and access to labour in sectors reliant on temporary migrant workers to fill shortages and/or specialised skills (e.g. in the primary sector, IT, and infrastructure). Border restrictions both here and in other countries create challenges for exporters and importers in retaining market access or opening new markets, and constraints on offshore travel are inhibiting New Zealand’s international connections more generally.
  - Deterioration in the global economy:** Globally, COVID-19 infection rates remain troubling, with daily case numbers recently hitting all-time highs in Europe. The outbreak and the various trade and travel restrictions are having wide-reaching effects on the global economy, with most forecasts expecting global GDP to contract by about 5% this year (IMF, OECD, World Bank).
  - Fiscal constraints:** Many governments, including New Zealand, have implemented significant support for businesses and workers to help cushion them from the immediate economic impacts of COVID-19. As a result, governments around the world are likely to be fiscally constrained in the future.
5. The impacts of this recession are not evenly distributed across the economy, with some places (e.g. Central Otago, West Coast and Auckland), sectors (tourism, international education, retail, accommodation and hospitality) and groups of people (Māori and Pasifika communities, women and young people) being more heavily impacted.

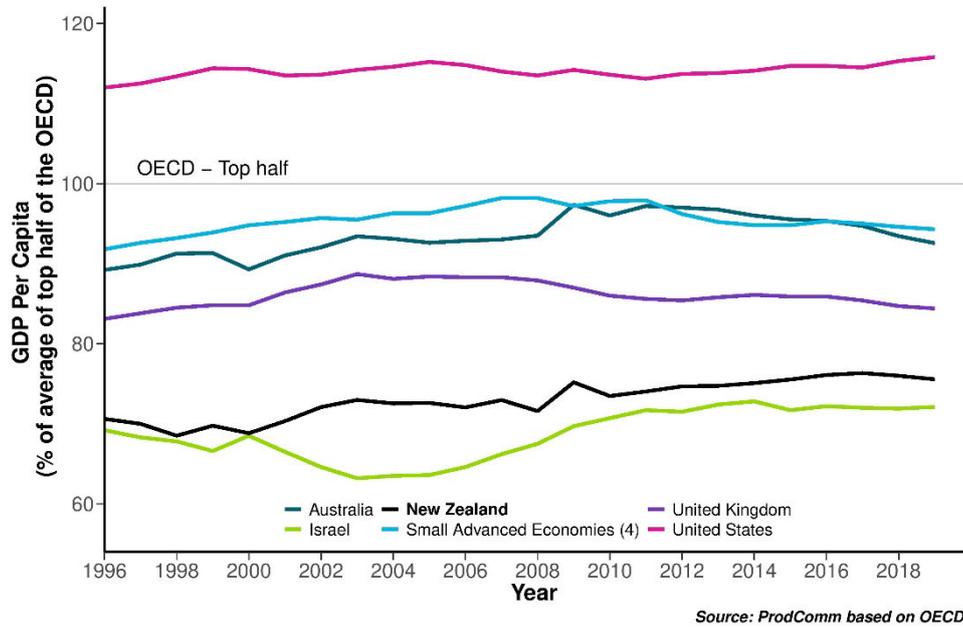
### The economic impacts of COVID-19 are still unfolding

6. While the economic impact has been significant, New Zealand has, to date, fared better than many other countries. Our successful elimination approach has meant that domestic restrictions have eased, and economic activity looks to have recovered well from the Alert Level 3 and 4 restrictions implemented in the June quarter. Unemployment, while moving higher, has not increased to the extent seen offshore.
7. That said, significant risks and challenges remain – including an increasingly complex global environment – which will affect the severity of the recession and New Zealand’s ability to recover. The long term impacts will depend on factors such as:
  - the timing and effectiveness of any vaccine
  - the frequency and intensity of any resurgence of COVID-19 in New Zealand and our response, including management at the border
  - the ability of firms and communities to adapt
  - the numerous and severe second waves being seen in many other countries.
8. New Zealand needs to be prepared for a scenario in which COVID-19 continues to negatively affect economic activity for some time to come.

### Prior to COVID-19, New Zealand’s economy was performing well on some measures, but with long-standing economic challenges

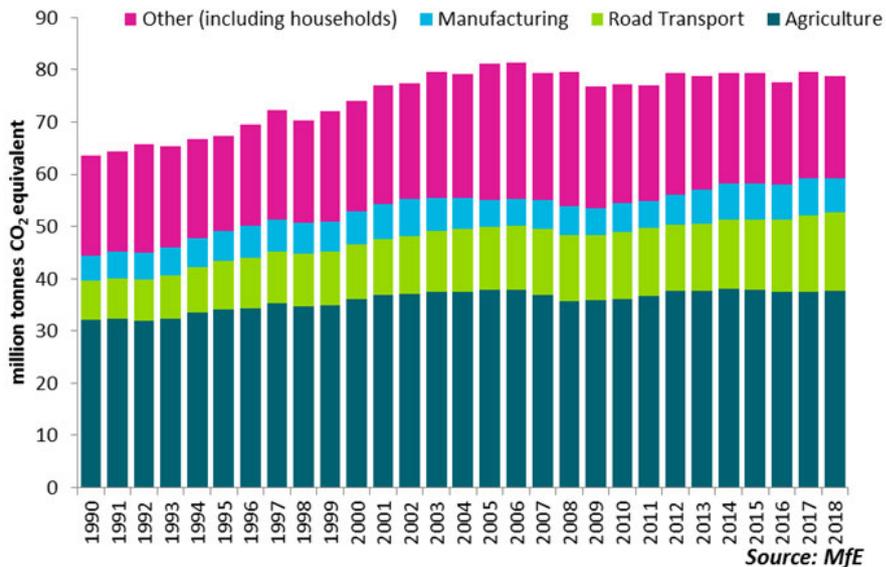
9. Prior to the COVID-19 pandemic, New Zealand’s economy was performing well on some measures, enabling high levels of wellbeing compared to the OECD average. New Zealand has had steady employment growth and increasing labour force participation, and performs well in measures of perceived health, social support, air quality, and life satisfaction. Conversely, New Zealand remains below the OECD average for earnings and household income, housing affordability, labour market security, and the incidence of long working hours.
10. New Zealand’s economy has experienced strong growth over the past eight years, with low public debt and a balanced budget. We have also observed improving outcomes among Māori and Pasifika. However, New Zealand’s economic growth has largely been driven by increasing inputs – such as population growth through high net immigration, increasing labour market participation, and strong employment growth – rather than improving productivity.
11. Long-standing economic challenges are impacting our current and future wellbeing, and will require sustained effort across a range of levers to address.
  - New Zealand’s **productivity performance** has fallen short of that seen in other OECD countries for many years, and is reflected in a persistent gap between our GDP per capita and that seen in comparator economies (Figure 2). The causes of New Zealand’s poor productivity performance are well understood. We have only a small domestic market, weak international connections, a lack of large firms relative to other small economies, under investment in knowledge assets and infrastructure, weak technology and knowledge diffusion, shallow capital markets and suffer skills mismatch in our labour market.

Figure 2: GDP per capita, New Zealand and comparator economies



- Environmental costs** have not all been factored into economic activity, resulting in high emissions intensity, waste, and impacts on water quality and native biodiversity. New Zealand has one of the highest emissions per capita in the OECD, and gross emissions have increased 24% since 1990 (Figure 3). By contrast, in some other countries (e.g. the UK and Germany) emissions are now below 1990 levels.

Figure 3: Gross emissions by source

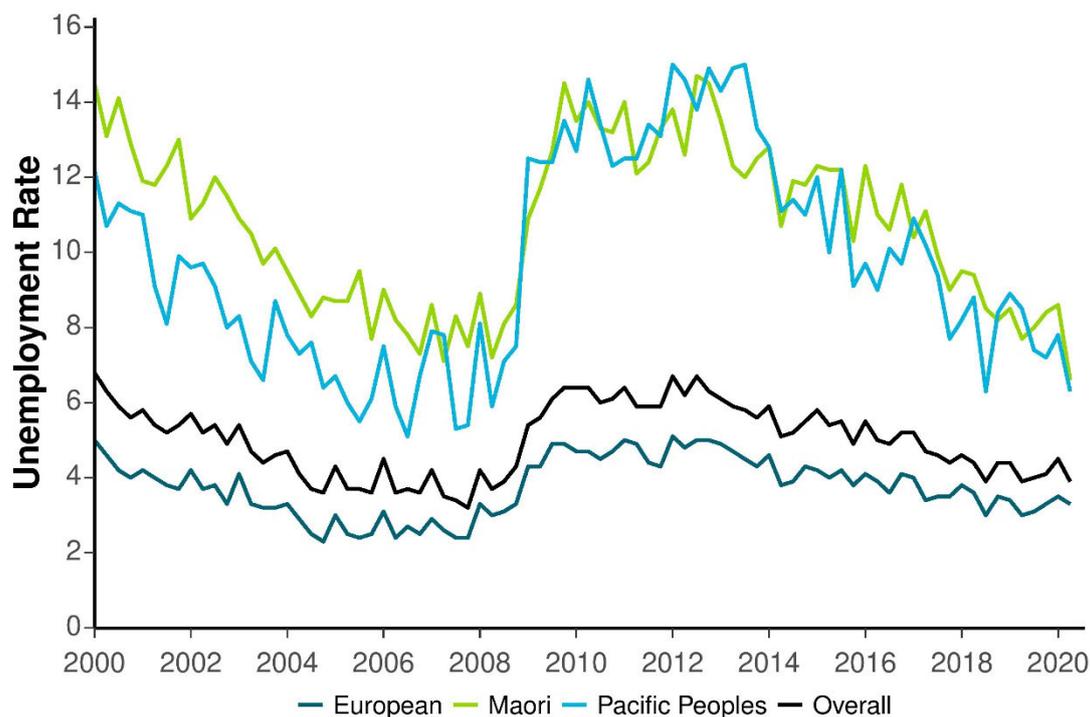


- Despite a responsive labour market, **New Zealanders suffer from relatively severe wage scarring during downturns**. Following a recession, the New Zealand labour market has historically recovered more rapidly than many other OECD countries. However, there is a risk that people return to work in lower skilled, lower waged roles than what their

experience and skill would suggest. This results in persistent wage scarring impacts that last well beyond when headline figures have returned to ‘normal’.

- **Economic outcomes are not evenly distributed** across groups of people and regions, and income distribution is more unequal than the OECD average. Education, health and housing outcomes vary strongly by socio-economic background and ethnicity – Māori and Pasifika tend to fare worse. The unemployment rate for Māori and Pasifika is typically more than twice as high than for New Zealand Europeans (Figure 4).

**Figure 4: Unemployment rate by ethnicity**



Source: StatsNZ

- COVID-19 has compounded these challenges. Border restrictions, disrupted freight routes, and overseas economies focusing their attention inward has only made New Zealand more remote from trading partners and global value chains; financial pressure across the economy reduces the ability of firms to absorb costs of decarbonisation and risks short-termism in business planning; and Māori and Pacific communities are likely to be disproportionately affected by the recession. COVID-19 also emphasises the importance of digitisation and digital enablement of New Zealand businesses.

### COVID-19 presents a pivotal opportunity for New Zealand

- In our economic response to the impacts of COVID-19 we have a unique opportunity to reset the New Zealand economy away from a volume-based growth model towards a high value, high-quality employment and low emissions economy.
- Government’s response to COVID-19 has included significant micro-economic interventions to protect jobs, support people and businesses, and stimulate demand. This has been combined with significant macro-economic interventions such as the Reserve Bank’s quantitative easing programme.

## BRIEFING FOR INCOMING MINISTER FOR ECONOMIC DEVELOPMENT

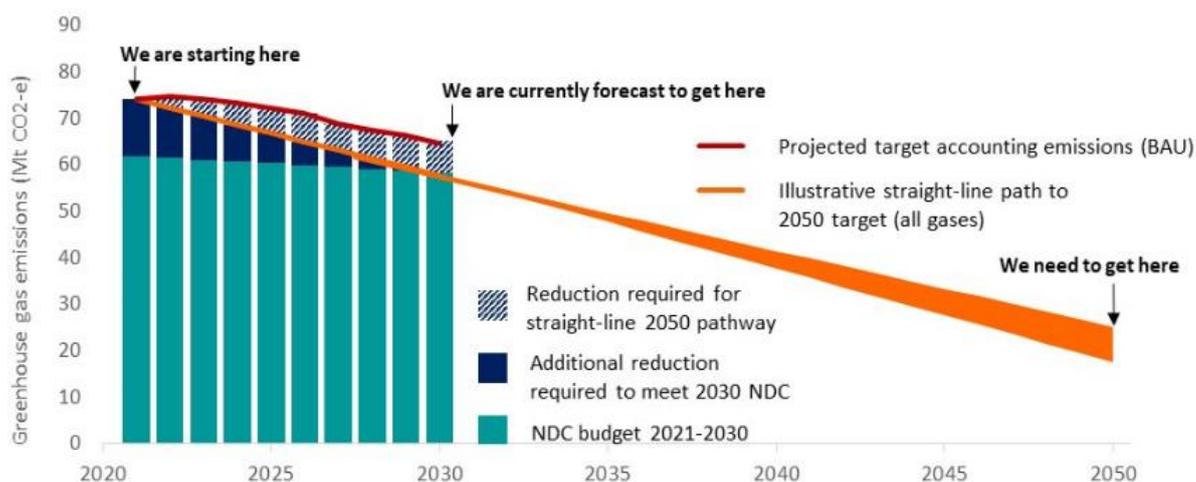
15. Specifically, in the Economic Development portfolio an extra \$55m was provided for the Regional Business Partner network, allowing small businesses to obtain free expert advice to help them adapt and innovate to deal with the impact of COVID-19. A further \$216m has been provided to New Zealand Trade and Enterprise (over 4 years) to revitalise the international business sector. In addition, Economic Development officials were involved in setting up the Essential Services regime at Alert Level 4 and developing safe working guidelines for Alert Levels 2 and 3. We were also involved in advice on immigration and border restrictions, on the wage subsidy scheme and business support schemes.
16. Seizing the opportunity to reset requires strategic decisions to balance immediate support measures to boost activity and employment, while driving for a higher-quality recovery. These strategic decisions include:
  - **Identifying sectors** to prioritise and promote through recovery, and sectors to reset or transition away from. A high-value recovery involves a focus on growing sectors that are more productive, have lower emissions and provide higher quality jobs. It also means helping other sectors (and most affected regions) to transition.
  - Appropriately balancing policy support for **the creation of high value jobs** with measures to maintain attachment to existing jobs and drive rapid redeployment of those unemployed. Well-targeted training and skills development, career advisory and job brokerage, and other active labour market programmes can help workers meet their greatest potential and avoid prolonged unemployment or wage scarring.
  - Ensuring that **immigration settings** are optimising the use of migrant workers to supplement the domestic workforce where there is real need or advantage. Migration policies that allow New Zealand firms to access low-cost foreign labour, while of short-term benefit to the individual business, are likely to inhibit the incentives to improve labour productivity through training and capital investment. Conversely, immigration settings that target highly skilled workers and entrepreneurs can have positive spill-over benefits, including lifting labour productivity, attracting quality investment and helping support economic recovery.
  - Aligning the recovery with longer-term commitments to **reduce emissions and adapt to the impacts of climate change**. MBIE is assessing the likely distributional impacts associated with transitioning to a low emissions economy, and leading the development of several sections of the Emissions Reduction Plan, which will set out how New Zealand will achieve emissions reductions in line with emissions budgets. There is an opportunity to align the recovery measures to accelerate New Zealand's transition to a low emissions economy while creating jobs and stimulating the economy.
17. As noted in the five point recovery plan, it will also be important that New Zealand can strengthen its international connections, despite our border likely remaining closed to some extent for some time yet. Government can play a role in:
  - supporting the retention of existing export customers, as well as helping establish new contacts and markets
  - attracting international investment, including from large anchor firms wanting to establish themselves in New Zealand
  - establishing industry ecosystems as a basis for scaling up firms to compete internationally.

18. Taking deliberate actions to support New Zealand firms to lift management and entrepreneurial capability, and to ensure access to finance, will also enable them to adapt in the changing economy and to grow, innovate and internationalise. Government's role in pushing for broader outcomes in procurement is also relevant.
19. The current economic environment will be challenging for many New Zealanders, and many communities will face significant disruption. Government can play a role in making transitions fair, equitable and inclusive (a just transition). Key to this is empowering those facing change and working in partnership with relevant stakeholders (e.g. industry, communities, workers, iwi/Māori, local government, other Ministers and their agencies). MBIE is using this approach in a number of areas including through the Industry Transformation Plans (para 41), the Future of Work Tripartite Forum (para 51), and Just Transitions Partnerships (para 58).

**The response to COVID-19 sits alongside a need for significant and long-term structural adjustment to meet our domestic and international climate change goals**

20. Under the Paris Agreement (an agreement within the United Nations Framework Convention on Climate Change), New Zealand committed to reduce emissions to 30% below 2005 levels across the period 2021-2030. In contrast, New Zealand's gross emissions have remained stubbornly flat over the last decade or more (see figure 3 above).
21. New Zealand is not currently on track to meet our Paris Agreement obligations through domestic emissions reduction (figure 5). Even with strengthened domestic action, we will likely need to use offshore mitigation to meet this target. This potentially poses a large fiscal risk to the Government if they are required to bear the cost of purchasing international units.

**Figure 5: Tracking towards climate targets and obligations**



22. New Zealand has also established domestic emissions targets under the Climate Change Response (Zero Carbon) Amendment Act 2019: a 24 – 47% reduction in biogenic methane and net zero for all other greenhouse gases by 2050.
23. Meeting our domestic and international emissions reduction obligations and adapting to the physical impacts of climate change will require significant structural and investment decisions to be made over the course of the next three years. Delayed action will likely require more abrupt and costly adjustments in the future.

24. As Minister for Economic Development you have an active role to play in shaping New Zealand's recovery from COVID-19 in a way that facilitates the economic adjustments needed to meet the Government's climate change goals and obligations.

### Your role as Minister for Economic Development

#### You co-lead government's economic strategy

25. As Minister for Economic Development you co-lead the development and delivery of the Government's economic strategy with the Minister of Finance. Many levers pivotal to driving economic transitions sit in other portfolios, and through co-leading economic strategy you have an important system leadership role in setting direction and driving alignment and coordination across portfolios.
26. Government has set out its economic recovery plan in response to COVID-19, centred around five pillars: Investing in people; creating jobs; preparing for the future; supporting small businesses; and positioning New Zealand globally. We welcome an early discussion with you on progressing your recovery plan and longer-term economic strategy.
27. It will be important to continue to align the economic recovery with longer-term economic objectives. In September 2019, the Ministers of Economic Development and Finance jointly launched Government's long-term economic strategy – the Economic Plan. The Economic Plan aims to improve the wellbeing of all New Zealanders and sets out eight long-term economic shifts that are necessary for building a more productive, sustainable and inclusive economy (see Annex 1).
28. Since the launch of the Plan, COVID-19 has created new challenges and exacerbated existing ones, and Government has responded by implementing the five point economic recovery plan. There is an opportunity to take a fresh look at the Economic Plan in light of this, and build on the foundation of the Plan to strengthen its impact as a mechanism for coordinating across portfolios to continue to progress long-term economic objectives through the economic recovery and rebuild.
29. The Economic Chief Executives group<sup>1</sup>, chaired by the chief executives of MBIE and the Treasury, supports a system leadership approach to economic development across the public sector. The Economic Chief Executives group would welcome the opportunity for you to attend their next meeting alongside the Minister of Finance to speak to the Government's economic priorities.

#### Specific Economic Development initiatives also provide significant scope to transform the economy

30. You lead specific Economic Development initiatives to:
- support **firms** both through creating an enabling and supportive business environment and providing direct support to accelerate growth

---

<sup>1</sup> The Economic Chief Executives group includes chief executives of the following agencies: The Treasury, MBIE, Department of Prime Minister and Cabinet, Ministry of Foreign Affairs and Trade, New Zealand Customs Service, Te Puni Kōkiri, Ministry of Social Development, Ministry of Education, Stats NZ, Inland Revenue, New Zealand Trade and Enterprise, Ministry of Transport, Ministry for Primary Industries, Tertiary Education Commission, and the Ministry for the Environment.

## BRIEFING FOR INCOMING MINISTER FOR ECONOMIC DEVELOPMENT

- support sectors to grow or transition
- support people to develop their capabilities so they can thrive
- partner with places to shape and realise their economic aspirations, and adapt to changing conditions.

31. In terms of expenditure, the portfolio's biggest levers are primarily for funding NZTE and the New Zealand Screen Production Grant:

	Lever	ED portfolio funding
Firms	<b>Support for firms to grow and internationalise</b> , administered by NZTE	Approx. \$260m p.a.
	<b>Expansion capital for firms to grow beyond the start-up phase</b> through the provision of Seed and Venture co-investment funds, administered by New Zealand Growth Capital Partners (NZGCP)	\$300m to be deployed in conjunction with private capital over the next 5 years
Sectors	<b>New Zealand Screen Production Grant – International (NZSPG)</b> , which supports the screen sector by encouraging international production activity	Currently around \$170m p.a.
	<b>Industry Strategy and Industry Transformation Plans</b> aimed at growing more innovative industries in New Zealand and lifting productivity in key sectors (agritech, digital technologies and advanced manufacturing, construction, food and beverage manufacturing, forestry and wood processing)	\$40m over both 2020/21 and 2021/22
	<b>Contestable funding for Major Events</b> , plus: <ul style="list-style-type: none"> <li>- funding for the 36<sup>th</sup> America's Cup</li> <li>- funding for the FIFA Women's World Cup 2023</li> </ul>	\$10m p.a. \$136.5m \$25m
People	<b>The Auckland Pacific Skills Shift</b> – supports Auckland Pacific peoples in low skilled precarious work, to transition into quality employment	\$22m over 4 years
System leadership	<b>Procurement Functional Leadership</b> programme which aims to improve procurement capability, the business environment, and deliver government's objectives through procurement activity	\$30m p.a.

32. A full summary of the Economic Development portfolio appropriations is provided in Annex 2. Given the evolving impacts of COVID-19 on the economy, it is important to ensure that we have the appropriate balance of priorities across the different lenses (firms, sectors, people, places), as well as within each. We welcome the opportunity to discuss this with you further.

### *Enabling firms to thrive*

33. Government can help firms to thrive by supporting the development of strong foundational capabilities.
34. Government has a series of work programmes, active across a number of portfolios, which support the development of systems that **enable firms to accelerate their growth-enabling activities**. This includes initiatives within the Small Business (information and advice), Research, Science and Innovation (new knowledge and innovation), and Trade and Export Growth (internationalisation) portfolios. Your Economic Development portfolio leads work on investment and business capability.
35. NZTE has extensive programmes to help firms grow and internationalise. It has been funded an additional \$54m per year to lead an export-led recovery from COVID-19. This will require

## BRIEFING FOR INCOMING MINISTER FOR ECONOMIC DEVELOPMENT

NZTE to transform its operating model to provide more intensive support to more export-oriented firms, increase staffing in key markets, enable more co-investment to accelerate international projects and allow the development of key centres of excellence for digital commerce and logistics.

36. To support the country's economic recovery and transformation, firms, sectors, people and regions will also need timely **access to capital** to innovate and grow. It is important to align and improve our various investment settings to ensure investment capital flows toward the most productive areas of the economy. This could include ensuring that the enabling environment and regulatory settings are efficient and create confidence and certainty, changing institutional settings and mandates, or direct incentives (e.g. tax settings or co-investment vehicles).
37. The Economic Development portfolio directly supports investment in early stage capital markets through New Zealand Growth Capital Partners (NZGCP). This Crown-owned Entity manages two funds (Elevate and Aspire) which invest in high-growth start-ups and seed stage companies, alongside private capital. Further information on NZGCP and these funds is provided in Annex 4. MBIE has also begun investigating options for addressing the gap in access to capital for business in the \$3m-\$30m annual revenue range. This could rectify the long-term structural issue for expansion capital and would potentially allow recapitalisation of the balance sheets of companies either struggling as a result of COVID-19, or needing capital to adjust or pivot.
38. To achieve the step-change in investment required to realise our economic transformation objectives, we will also need high quality foreign investment. We note the manifesto commitment to expand the Innovative Partnership programme (within the Research, Science and Innovation portfolio) and the investment attraction work of NZTE, and look forward to an early discussion on this with you.
39. As part of your role supporting firms, you also lead advice on whether Government ought to provide time-limited support to businesses where there has been an unexpected disruption to the local economy that is beyond the scope of local resources to respond. You work closely with the Minister of Civil Defence in developing this advice. Recent examples of support include in Whakatāne following the eruption of Whakaari/White Island in December 2019 and in Christchurch following the 15 March 2019 Mosque Terror Attacks.

### *Working with sectors to diversify and transform the economy*

40. A sector-level lens on economic development provides a rich and deep understanding of our economy, which informs **both horizontal and sector-based policy decisions**. Considering economic opportunities and challenges at sector-level enables us to strike a balance between outcomes for individual firms and New Zealand as a whole – be that in creating quality jobs, raising skill levels, lifting productivity performance, or improving environmental outcomes.
41. The Government's response to COVID-19 can leverage our continued work with tripartite partners on industry policy. We are taking active strategic decisions to prioritise a higher-value recovery using our knowledge of the attributes of different sectors. The right approach for transformation or transition will vary by sector because, for example, the different impacts of COVID-19 across sectors, some sectors being more interconnected than others, or where sectors might require multiple kinds of support.
42. **Our refreshed industry strategy** involves strategic partnerships with industries, workers and Māori in key sectors. The industry strategy focuses on two core objectives: supporting industries in transition, and transforming industries to lift aggregate productivity.

## BRIEFING FOR INCOMING MINISTER FOR ECONOMIC DEVELOPMENT

43. In supporting transitions and driving transformation across these sectors, the Government has a range of choices, including:
- the scope and extent of support to provide to any given sector, including whether to support sectors that may no longer be viable or globally competitive
  - whether interventions are best applied at a system or sector level
  - choosing to support projects that best promote industry growth, albeit recognising that these projects may particularly advantage particular firms or groups
  - choosing to not support practices (at sector or firm level) known to impede productivity growth or produce poor labour market outcomes, e.g. through applying different immigration settings to visas
  - supporting initiatives that might quickly create jobs versus the (potentially slower burn) development of higher quality employment.
44. The government is working on **Industry Transformation Plans** in six sectors, with your Economic Development officials leading on Agritech, Digital Technologies and Advanced Manufacturing. These are at different stages of development, and we are learning and adapting as we advance this work with tripartite partners.
45. Achieving transformation in sectors draws on a range of policy levers from across government. It requires effective coordination across portfolios such as skills and education; research, science and innovation; primary industries, and immigration.
46. We are also looking to take a **more strategic approach to our support for the screen sector**. This includes how we can leverage our investment in the sector to improve the number and quality of jobs, respond to the Aotearoa Screen Sector Strategy 2030, consider how best to address studio space capacity constraints, and our ongoing measurement of the size of the sector. The government makes significant investment in the screen sector through the New Zealand Screen Production Grant (NZSPG). This is an uncapped grant, the value of which is around \$170 million per annum for international productions to locate in New Zealand. While the screen sector has been steadily growing over recent years, it is constrained by the available infrastructure to host screen productions. Any expansion of studio infrastructure intended to boost the sector will place a corresponding expansion in the annual call on the NZSPG. A review of the sustainability of the NZSPG is required to be reported to Cabinet by the end of 2020, and you will need to seek additional funding for the NZSPG on or before Budget 2021.
47. You also have scope to **maximise the benefits to New Zealand from the use of space**, a sector which adds \$1.7 billion annually to the economy (total contribution), and employs 5,000 people directly, while indirectly supporting a further 7,000 jobs. As the Responsible Minister for Space, you have specific regulatory duties under the Outer Space and High-altitude Activities Act 2017 (see Annex 3). The New Zealand Space Agency within MBIE supports you in these functions and provides advice on how government can facilitate the development of the sector to enable wider national benefits from the use of space. Our domestic engagement has increasingly been in the context of opportunities in the wider aerospace sector and we will provide early advice on pathways to grow this high value industry.
48. **Major events** have the potential to generate direct and indirect economic, social and cultural benefits. The contestable Major Events Fund is a \$10 million per annum multi-year appropriation for the government to support events which can be used to achieve specific

## BRIEFING FOR INCOMING MINISTER FOR ECONOMIC DEVELOPMENT

outcomes that align with wider priorities. The fund has a prioritisation framework for sporting, creative and cultural events, and includes an “incubator” fund to grow the pool of significant creative and cultural events for New Zealand. You have investment decision making responsibilities (with input from relevant Ministers) on:

- events that align with the prioritisation framework that seek investment over a certain threshold, and
  - events that do not align with this framework.
49. Officials make investment decisions on events that align with this framework that seek an investment below \$750,000.
  50. “Mega-events” are funded separately by specific budget bids. Two upcoming mega-events are the 36th America’s Cup (funding both delivery and infrastructure development) and the FIFA Women’s World Cup 2023 (which includes event investment and an allocation for Crown operational costs and leverage and legacy).
  51. The event sector is greatly impacted by COVID-19 as shifting Alert Levels place tight and immediate restrictions on gathering numbers, and border restrictions limit the ability to secure sellable content (particularly for events of scale). This has the potential to force cancellations, including for events which are directly supported by government (e.g. through the contestable Major Events Fund).

### *Supporting people to realise their potential*

52. Supporting people to develop the skills and capabilities needed to realise their potential, succeed in the economy and adapt to change is also essential. Applying a people lens to economic development can include considering both the skills and capabilities individuals need to thrive in the economy, as well as the targeted support communities may need to seize the opportunities and address the challenges they face.
53. We have started work on an emerging area of policy, called **Entrepreneurial Capital**, which looks to the foundational capabilities necessary for all New Zealanders to participate in and help determine firm-level decisions and shape our future economy. This aligns with work we undertake on **management capability**, which further develops foundational capabilities so that growing New Zealand businesses are well placed to take on more growth-enabling activities.
54. The skills and capabilities workers and businesses require in the future are likely to be different to that needed today. The **Future of Work Tripartite Forum’s** current priorities are: Industry Transformation Plans, support for displaced workers, in-work training, and better protection for contractors. As a member of the Forum Governance Group (with the Ministers of Finance and Education, Kirk Hope of BusinessNZ and Richard Wagstaff of the CTU), you have a role in setting the Forum’s direction and work programme. The next Forum meeting could provide an opportunity to re-assess the direction of the Forum, to reflect priorities of the incoming Government.
55. He Kai Kei Aku Ringa (HKKAR), the Crown-Māori Economic Growth Partnership, is the Government’s **Māori Economic Development** Strategy. HKKAR is jointly led by the Minister for Regional Economic Development and the Minister for Māori Development, supported by an independent Māori Economic Development Advisory Board. As Minister for Economic Development and ownership Minister of MBIE, you also have an opportunity to champion actions across your portfolio to enable Māori economic prosperity. Specific activity can be

## BRIEFING FOR INCOMING MINISTER FOR ECONOMIC DEVELOPMENT

undertaken via collaborative relationships or partnerships with Māori (e.g. around Treaty settlements), leading delivery of policy or programmes to ensure that they are supporting the full potential of the Māori economy (including the role of New Zealand Trade and Enterprise (NZTE), and data stewardship), and in enabling strategic pathways for Māori economic prosperity (e.g. the Enabling Māori Framework for ITPs, social procurement).

56. There are opportunities to support Māori economic prosperity through:
- Partnership – collaborative relationships to partner with Māori to lift the Māori economy in a productive sustainable and inclusive way. This includes the Crown/Māori relations work with Te Arawhiti.
  - Leadership – economic thought leadership on policy development and delivery to grow the Māori economy as a leading contributor to Aotearoa’s economy.
  - Enabling – enabling strategic pathways for Māori economic prosperity working with Iwi, large Māori owned entities and Māori small medium enterprises.
57. Through the Economic Development portfolio, you can also support the long-term wellbeing of **Pasifika** communities. Pasifika aspirations are expressed in the Pacific Aotearoa Lalanga Fou strategy, developed by the Ministry for Pacific Peoples. The goal area of ‘Prosperous Pacific Communities’ articulates a vision of Pacific economic success across entrepreneurship, education and employment, and contribution to community.
58. You can provide strategic leadership for Pacific economic development by coordinating across Government’s economic investments and policy initiatives that impact Pacific peoples’ wellbeing. You also work with the Minister for Pacific Peoples to ensure approaches to economic development are reflective of Pacific culture and aspirations.
59. COVID-19 has the potential to amplify pre-existing divides between Pasifika and the rest of New Zealand. However, Budget 2020 has provided significant opportunities to meet these challenges – for example, the Auckland Pacific Skills Shift, an initiative that supports Pacific peoples in low-skilled, precarious work, to transition into quality employment. Opportunities can be further leveraged through active partnerships which enable Pacific peoples to realise their economic aspirations and by applying distinct Pasifika lenses that consider the individual within their whānau and community. Partnership activity can include providing resourcing and devolving greater decision-making to Pasifika groups, NGOs, firms and entrepreneurs to enable them to generate local economic solutions by and for Pasifika peoples.

### *Partnering with places (regions and cities) to realise economic aspirations and build resilience*

60. COVID-19 presents an opportunity for government to continue to work with regions and places to support job creation without losing focus on what will make a higher value, more resilient region in the medium-to-long term (e.g. smart specialisation). The new Regional Strategic Partnership Fund will be very relevant to this.
61. Through the co-creation of regional economic development plans through Urban Growth Partnerships, investments from the Regional Strategic Partnerships Fund, and Just Transitions Partnerships, we have an opportunity to work with our regional partners (such as new Regional Skills Leadership Groups and local Economic Development Agencies) to capitalise on regional strengths, opportunities for investment and networks. MBIE is:

## BRIEFING FOR INCOMING MINISTER FOR ECONOMIC DEVELOPMENT

- partnering with regions, its people and key industries, to plan and manage their economic transitions. Interventions range from refreshing existing regional development planning through to developing a transition strategy and action plan, as occurred in Taranaki.
  - engaging with several large industrial employers that are facing challenges about their long-term viability (e.g. Tiwai Point Aluminium Smelter, Marsden Point Oil Refinery, Glenbrook Steel Mill). This work has both a regional and sectoral dimension.
62. MBIE's Just Transitions Unit is funded through the Economic Development appropriation, given the Portfolio's interest in ensuring fair, equitable and inclusive transitions. When a particular project is especially relevant to the work of another portfolio or Minister – as was the case with Taranaki 2050 and the Future of Work Tripartite Forum – the Unit can temporarily report to that Minister. We would welcome a conversation on who Just Transitions Unit should report to for various upcoming transitions work.

### **You also have other system leadership responsibilities that can support government's economic development objectives**

#### *Delivering government's objectives through procurement activity*

63. The public sector spends around \$42 billion each year through **government procurement** of goods and services from third parties. Effective management of this spend is critical both in terms of achieving greater public value from government expenditure and supporting the Government's economic development goals.
64. Responsibility for leading improvements in the government procurement system rests with the Chief Executive of MBIE as the Procurement Functional Lead (PFL) for the Crown. New Zealand Government Procurement (NZGP), a branch within MBIE, operationalises the PFL's role and implements a collaborative, centre-led approach to procurement initiatives. To date, this has largely been achieved through the settings in the Government Procurement Rules (the Rules), which govern the way in which mandated agencies procure goods, services and works, as well as other initiatives like the All-of-Government panels, guidance, tools, templates and training of government procurement personnel.
65. Revised Rules came into force in October 2019 and place greater emphasis on achieving broader economic, environmental and social outcomes for New Zealand from government procurement. This aligned the Rules with the government's objectives of a sustainable and inclusive economy, and the priorities set for the 2019 Wellbeing Budget. It also signalled a move away from the previous focus on 'value for money' to a focus on 'public value'.
66. NZGP is supporting New Zealand's economic and social recovery from COVID-19. In order to accelerate the response to the pandemic and spur on economic growth in the recovery period, Cabinet directed NZGP to consult on the provision of additional authority to the PFL under the Rules enabling it to respond to an emergency, crisis or wider policy priority, and the implications of an extension of the PFL mandate to potentially include all public sector entities.
67. A number of specific initiatives are underway, as directed by Cabinet, to support the recovery. These include setting up an assurance function in NZGP to identify and mitigate procurement system risk and recommend remedial action where required. MBIE is also working with key stakeholders and agencies to develop appropriate guidance on assessing carbon emissions generated by building materials and construction processes in government funded new builds. Lastly, Cabinet agreed to a new Government Procurement Rule that will require mandated

## BRIEFING FOR INCOMING MINISTER FOR ECONOMIC DEVELOPMENT

government agencies to consider how their procurement and related supply chains will create quality employment opportunities for New Zealanders.

68. The majority of funding for the PFL programme is provided by an administration fee charged to agencies using All-of-Government contracts. s 9(2)(g)(i)

69. We welcome the opportunity to discuss your priorities for the Procurement work programme.

### *Improving the regulatory environment*

70. As the ownership Minister for MBIE, you oversee MBIE's **regulatory stewardship** responsibilities. One of New Zealand's important advantages is the good quality of its institutions, including regulatory systems which often rate well in comparison with other countries. High quality regulation is an important enabler of economic development.
71. The Minister of Finance has the lead role in providing oversight of the quality of regulation across government, but the Economic Development portfolio also plays an important role in encouraging investment to maintain and enhance the quality of New Zealand's regulation. The benefits of some of this investment are medium to long term so they can sometimes be overlooked in the pursuit of short term gains. Further detail on MBIE's regulatory stewardship activities is included in a separate briefing provided to you in your capacity as ownership Minister for MBIE.
72. In addition to the role the Economic Development portfolio plays as an advocate for investment in high quality regulation, the portfolio has some specific roles in relation to regulation:

- Improving the experience of regulation for business: **Better for Business (B4B)** represents the voice of New Zealand businesses and works with a collective of government agencies to make it easier and more seamless for business to deal with government. B4B is part of MBIE's Small Business Collective – the overarching name for MBIE's Small Business activities encompassing the New Zealand Business Number, Business.govt.nz, Business Connect, e-Invoicing, Small Business Policy, and B4B.
- Improving the performance of dispute resolution: the **Government Centre for Dispute Resolution (GCDR)** works across government to support regulatory systems to deliver fair, effective and mana-enhancing dispute resolution services. There are at least 56 different dispute resolution schemes, most of which are provided by government. Disputes are harmful and time consuming for individuals, businesses and government, and cost tax payers over \$200m annually. As dispute resolution is a function in most regulatory systems, work to grow the maturity of this function can help MBIE and other agencies to meet their regulatory stewardship responsibilities.

The GCDR is focussing on developing best practice standards and a maturity framework to assess the performance of the system. This best practice framework will support the system to continually improve and respond to the diverse and changing needs of New Zealanders, which will contribute to the recovery of the country from the impacts of COVID-19 on businesses and individuals.

## 2. Portfolio responsibilities

---

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

### **Vote Business, Science and Innovation**

74. The Minister for Economic Development is currently the lead minister for Vote Business, Science and Innovation (BSI). This involves submitting baseline updates and budget estimates content to the Minister of Finance on behalf of all appropriation Ministers within the Vote as well as appearing in front of select committee when discussing the Vote. A separate briefing has been provided to you in your capacity as ownership Minister for MBIE.

75. As Minister for Economic Development, you are responsible for appropriations that fall within Vote BSI that relate to the economic development portfolio. The Economic Development appropriations within Vote BSI are listed in Annex 2. You are also responsible for the Crown Debt Write Offs appropriation within Vote Labour Market.

### **Legislative responsibilities**

76. As Minister for Economic Development you are responsible for the administration of the following legislation:

- New Zealand Trade and Enterprise Act 2003
- Major Events Management Act 2007
- New Zealand International Convention Centre Act 2013
- Outer Space and High-altitude Activities Act 2017.

77. More detail on the legislation can be found in Annex 3.

### **Crown entities and statutory bodies**

78. You are also responsible for monitoring the following Crown Entity and Crown-Owned Company:

- New Zealand Trade and Enterprise
- New Zealand Growth Capital Partners Limited.

79. Further information on these entities is attached in Annex 4.

80. In addition, the NZSPG-International is administered on MBIE's behalf by the New Zealand Film Commission (which is monitored by the Ministry for Culture and Heritage). MBIE also funds NZFC for undertaking international screen attraction and servicing work (\$1.3 million per annum).

### 3. Major links with other portfolios

81. Achieving government’s economic objectives requires working across the wide range of portfolios with critical levers that contribute to economic development:

**Working across portfolios and departments is key to ensuring Government supports our firms, sectors, communities and places**

Firms	Sectors	People	Places
<p><b>Portfolios:</b> Economic &amp; Regional Development, Small Business, Social Development &amp; Employment, Workplace Relations, Revenue, Primary Industries, Māori Development, Commerce</p> <ul style="list-style-type: none"> <li>• MBIE</li> <li>• Treasury</li> <li>• MPI</li> <li>• NZTE</li> <li>• IRD</li> <li>• WorkSafe</li> <li>• MPacific</li> <li>• TPK</li> <li>• NZ Growth Partners</li> <li>• Callaghan Innovation</li> <li>• ACC</li> </ul>	<p><b>Portfolios:</b> Economic &amp; Regional Development, Small Business, Social Development and Employment, R+S+I, Workplace Relations, Finance, Trade, Primary Industries, Māori Development, Transport, Culture, Education, Tourism</p> <ul style="list-style-type: none"> <li>• MBIE</li> <li>• Treasury</li> <li>• MPI</li> <li>• NZTE</li> <li>• MoE</li> <li>• TEC</li> <li>• TPK</li> <li>• Callaghan Innovation</li> <li>• McH</li> <li>• MoH</li> <li>• MoT</li> </ul>	<p><b>Portfolios:</b> Māori Development, Pacific Peoples, Economic &amp; Regional Development, Small Business, Social Development &amp; Employment, Primary Industries, Education, Immigration</p> <ul style="list-style-type: none"> <li>• MBIE</li> <li>• Treasury</li> <li>• MPI</li> <li>• NZTE</li> <li>• MPacific</li> <li>• TPK</li> <li>• MoE/TEC</li> <li>• MSD</li> </ul>	<p><b>Portfolios:</b> Economic &amp; Regional Development, Small Business, Social Development &amp; Employment, Revenue, Primary Industries, Māori Development, Local Govt</p> <ul style="list-style-type: none"> <li>• MBIE</li> <li>• Treasury</li> <li>• MPI</li> <li>• MoE</li> <li>• NZTE</li> <li>• TPK</li> <li>• ACC</li> <li>• DIA</li> <li>• Transport</li> <li>• MHUD</li> </ul>

Logos at the bottom of the infographic include: CallaghanInnovation, NEW ZEALAND TRADE & ENTERPRISE, WORKSAFE, MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT, Ministry for Primary Industries, THE TREASURY, Te Puni Kōkiri, MINISTRY OF SOCIAL DEVELOPMENT, Tertiary Education Commission, PROVINCIAL DEVELOPMENT UNIT, INTERNAL AFFAIRS, and Ministry of Transport.

82. Some of the key linkages are:

- Finance:** you co-lead the Government’s economic strategy with the Minister of Finance. The Economic Development portfolio has a focus on the micro-economic policy settings for developing the economy, while the Finance portfolio has a focus on macro-economic settings. You will need to work closely with the Minister of Finance to develop, communicate and drive progress towards Government’s economic strategy. You and the Minister of Finance are the current members of the newly-established Economic Development Ministers Group.
- Labour market portfolios:** A well-functioning labour market and skills development system is a core component of economic development. A number of portfolios have significant levers to influence the labour market and skills development (Social Development and Employment, Education, Immigration, Workplace Relations and Safety). You attend the Employment, Education and Training Ministers group and will need to work with these Ministers to ensure that labour market programmes are consistent with broader economic development objectives. You are also a member of the Future of Work Tripartite Forum Governance Group (with the Ministers of Finance and Education) and the Ministerial Group considering exemptions to New Zealand’s border restrictions (either for critical workforces

## BRIEFING FOR INCOMING MINISTER FOR ECONOMIC DEVELOPMENT

or other groups, or changes to the existing criteria applying to individuals). Membership of all these groups provides the opportunity to ensure alignment across portfolios.

- **Research, Science and Innovation:** The research, science and innovation (RSI) system is critical to achieving economic development outcomes by generating knowledge and new or improved ways of doing things. Innovation is essential to unlocking long-term productivity improvements, and can be targeted to drive sustainability and inclusiveness goals. The RSI portfolio has significant levers to drive and target the RSI system, and you have an opportunity to work with the portfolio to drive the development of the RSI system to support longer-term economic development goals.
  - **Regional Economic Development:** A large portion of New Zealanders live in regions with distinct opportunities and challenges. Taking a place-based view of economic development is essential to achieving economic development outcomes.
  - **Sector portfolios:** You will need to work closely with portfolios focussed on the development of particular sectors including Primary Industries; Building and Construction; Tourism; and Arts, Culture and Heritage (screen sector). You have a role in ensuring that government's role in the development of these sectors supports broader economic objectives.
  - **Small Business portfolio:** Economic Development policy aims to cultivate an environment where firms of all sizes can accelerate their growth enabling activities, including small businesses (which constitute 97% of all firms, and 28% of employees are employed by enterprises with fewer than 20 employees).
83. We welcome a discussion with you on how you want to approach cross-portfolio coordination to progress Government's economic strategy, including how to best use the Economic Development Ministers Group.

## 4. How MBIE assists you

84. The broad range of responsibilities within the Economic Development portfolio are supported by a number of different groups within MBIE.

### Senior Leadership Team – key contacts

Contact	Role	Portfolio responsibilities	Contact details
<p>Carolyn Tremain</p> 	Chief Executive	All  Co-chair of Economic Sector Leadership Group	E <a href="mailto:carolyn.tremain@mbie.govt.nz">carolyn.tremain@mbie.govt.nz</a> s 9(2)(a)
<p>Paul Stocks</p> 	Deputy Chief Executive, Labour, Science and Enterprise	Industry Policy (inc ITPs), Enterprise, Investment, NZTE, NZGCP, Space, Major Events  Also responsible for Labour and Science, Research and Innovation portfolios	E <a href="mailto:paul.stocks@mbie.govt.nz">paul.stocks@mbie.govt.nz</a> s 9(2)(a)
<p>Oliver Valins</p> 	Acting Deputy Chief Executive, Strategic Policy and Programmes	Economic Strategy, Regulatory Stewardship, Māori Economic Development, Pacific Economic Development, Better for Business, Government Centre for Dispute Resolution	E <a href="mailto:oliver.valins@mbie.govt.nz">oliver.valins@mbie.govt.nz</a> s 9(2)(a)
<p>Chris Bunny</p> 	Deputy Chief Executive, Building Resources and Markets	Government Procurement	E <a href="mailto:chris.bunny@mbie.govt.nz">chris.bunny@mbie.govt.nz</a> s 9(2)(a)
<p>Robert Pigou</p> 	Head of Provincial Development Unit	Regional Economic Development	E <a href="mailto:robert.pigou@mbie.govt.nz">robert.pigou@mbie.govt.nz</a> s 9(2)(a)

## Key general manager contacts

Topic	Contact	Role	Contact details
Industry Policy, Enterprise and Investment (NZTE, NZGCP), Just Transitions	Dean Ford	General Manager, Economic Development and Transitions	E dean.ford@mbie.govt.nz s 9(2)(a)
Economic Strategy, Pacific Economic Development, Transitions Strategy	Kirsty Flanagan	General Manager, Economic Strategy	E kirsty.flanagan@mbie.govt.nz s 9(2)(a)
Major Events	Iain Cossar	General Manager, Tourism	E iain.cossar@mbie.govt.nz s 9(2)(a)
Space	Peter Crabtree	General Manager, Science, Innovation and International	E peter.crabtree@mbie.govt.nz s 9(2)(a)
Economic Performance and Productivity	Donna Purdue	MBIE Chief Economist	E donna.purdue@mbie.govt.nz s 9(2)(a)
NZGCP, NZTE ownership interests and advisory board appointments	Michael Bird	General Manager, Entity Performance and Investment	E michael.bird@mbie.govt.nz s 9(2)(a)
Government Procurement	Wendy Venter	General Manager, NZ Government Procurement and Property	E wendy.venter2@mbie.govt.nz s 9(2)(a)
Regulatory Stewardship	Mark Steel	Director, Regulatory Systems	E mark.steel@mbie.govt.nz s 9(2)(a)
Better for Business	AJ Millward	General Manager, Small Business and Strategic Programmes	E aj.millward@mbie.govt.nz s 9(2)(a)
Government Centre for Dispute Resolution	Matalena Leaupepe	Director, Government Centre for Dispute Resolution	E matalena.leaupepe@mbie.govt.nz s 9(2)(a)
Māori Economic Development	Shar Amner	General Manager, Te Tumu Houkura	E shar.amner@mbie.govt.nz s 9(2)(a)

## 5. Immediate priorities and deliverables

85. The table below lists the major decisions and actions that will arise during your first 100 days as the Minister for Economic Development. These cover the day-to-day operational requirements of your role – board appointments, funding decisions, significant policy decisions, and other matters.

### Key decisions and appointments

Topic	Description	Driver	Timing
<b>Things that are going to happen</b>			
Board appointments	<p>There are a number of upcoming board appointment decisions required for your portfolio:</p> <p>The New Zealand Growth Capital Partners Ltd Board currently consists of a Chair and two directors, whose terms expire on 30 June 2021. There are also two potential vacancies on the board.</p> <p>The terms of the Chair and one member of the NZTE Board expired in June 2020, however they have both agreed to remain on the board until appointment decisions are confirmed. There is also a member vacancy on the board.</p> <p>These appointment decisions provide you with several opportunities to influence the strategic direction of the entities. We will soon provide you with advice regarding these appointments.</p>	Board appointments (statutory)	Given appointment processes can take between six and twelve months, we would like to start engaging with you on these appointments at your earliest convenience
Industry Transformation Plans	Decisions to execute current ITP initiative and set ambition for the programme going forward	Manifesto initiative	November
Investment Attraction Strategy	Set strategy and design enhanced programme, including regular Ministerial decision making and oversight	Manifesto initiative	November
Letters of Expectation	Sending Letters of Expectation (LoE) to NZTE and NZGCP. A LoE provides an opportunity to participate in an entity's process of setting strategic intentions and to influence its performance for the short-to-medium term. Letters enable boards to align their work programme to your priorities and expectations.	Inform entity's planning and accountability processes	December
New Zealand Food Innovation Network	A briefing outlining options for the future shape and funding of the New Zealand Food Innovation Network will be presented to you with the intention of seeking your view on which option to pursue.	Budget 2021	December
Sustainability of the New Zealand Screen Production Grant	You will present a report to Cabinet on the fiscal sustainability of the New Zealand Screen Production Grant in late 2020.	Cabinet direction given in Budget 2019 and 2020 requires this report back	December

**BRIEFING FOR INCOMING MINISTER FOR ECONOMIC DEVELOPMENT**

Topic	Description	Driver	Timing
s 9(2)(j)			
Things currently scheduled to happen			
s 9(2)(f)(iv)			
s 9(2)(f)(iv)			
Industry Transformation Plans	A briefing regarding the early findings and suggested Steering Group membership for the Advanced Manufacturing ITP will be presented to you with the intention of seeking your feedback and approval.	Development of the Advanced Manufacturing ITP, as part of the Refreshed Industry Strategy Cabinet Paper	December
Industry Transformation Plans	Draft Digital Tech ITP will be presented to you with the intention of seeking approval from Cabinet for public consultation.	Briefing from officials containing draft Digital Tech ITP	December
Investigating options for smaller firms in the \$3-\$30 m revenue range	You and the Minister of Finance are scheduled to provide a progress update to Cabinet on the investigation.	Cabinet report back	December
Government Procurement – Supplier diversity update	MBIE and Te Puni Kōkiri (TPK) are working together to prototype a social procurement approach for Māori businesses focusing on projects to be considered by the Provincial Development Unit. MBIE and TPK will provide an update on progress in November 2020.	Briefing update	By end 2020

## BRIEFING FOR INCOMING MINISTER FOR ECONOMIC DEVELOPMENT

Topic	Description	Driver	Timing
s 9(2)(f)(iv) and s 9(2)(j)			
Government Procurement – Supporting New Zealand’s COVID-19 economic and social recovery	<p>You are scheduled to update Cabinet on:</p> <ul style="list-style-type: none"> <li>• options and implications of extending the mandate of the Government Procurement Rules to the wider public sector</li> <li>• progress with implementing specific procurement recovery initiatives</li> </ul> <p>the implementation of a carbon emissions policy in respect of new government builds.</p>	Cabinet report back	February 2021
Government Procurement – Broader Outcomes	You are scheduled to update Cabinet on progress across the Broader Outcomes programme of work.	Cabinet Report Back	March 2021
s 9(2)(f)(iv)			

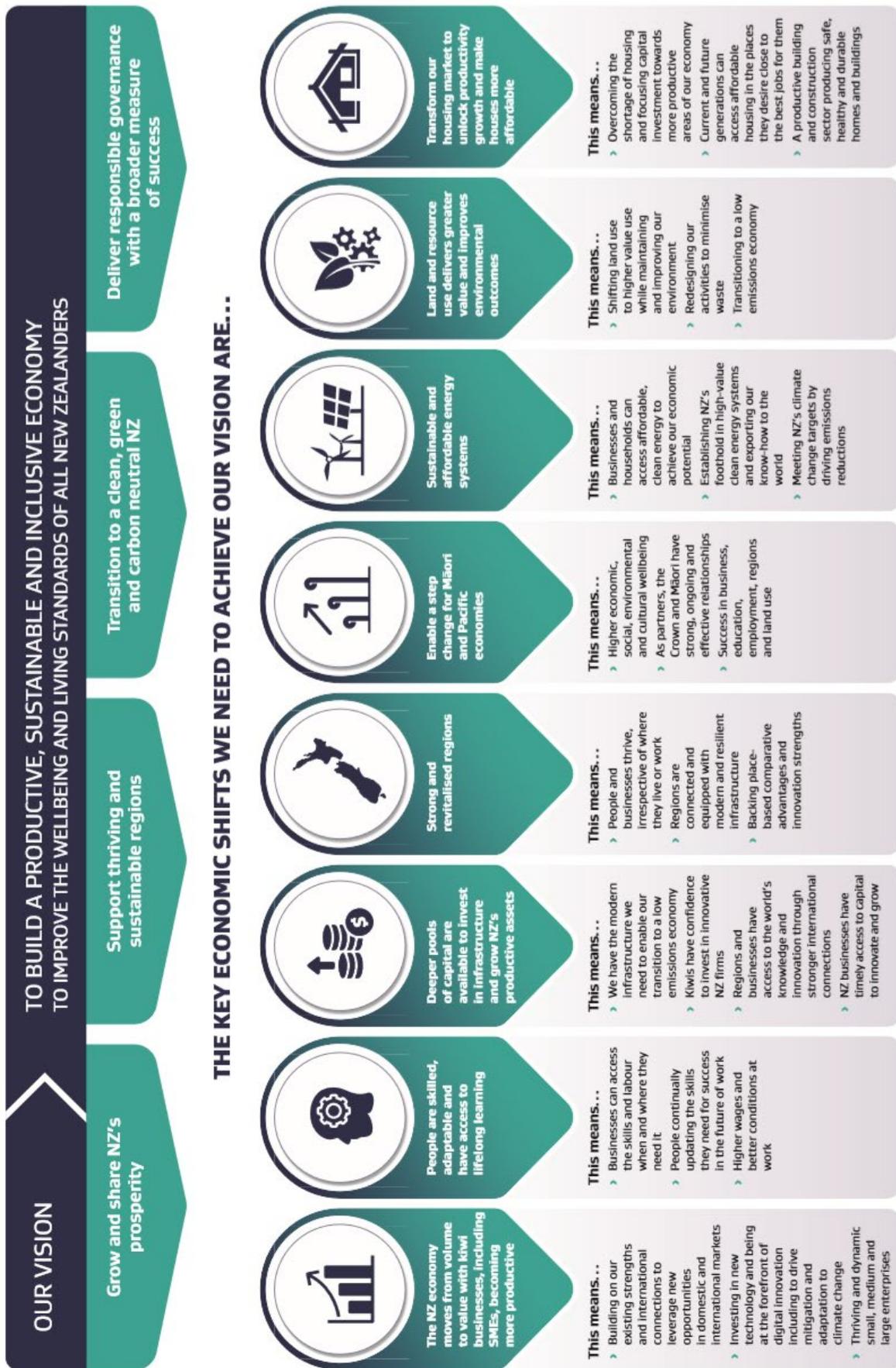
### Upcoming meetings, events, publications, workshops and announcements

Topic	Description	Driver	Timing
<b>Things to be aware of</b>			
Economic Chief Executives – discuss economic priorities	The Economic Chief Executives group, chaired by the Chief Executives of MBIE and the Treasury, invite you to attend their next meeting, alongside the Minister of Finance, to speak to government’s economic priorities.	Upcoming meetings	17 November
Tripartite Future of Work Forum	<p>The Government, BusinessNZ and the Council of Trade Unions meet three times a year to discuss the future challenges and opportunities facing the labour market and the required policy responses. The Forum’s current priorities are: industry transformation plans, support for displaced workers, in-work training, and better protection for contractors.</p> <p>Forum partners will need to agree on the timing and agendas for upcoming meetings.</p>	Upcoming meetings	Next Governance Group meeting currently scheduled for 14 December

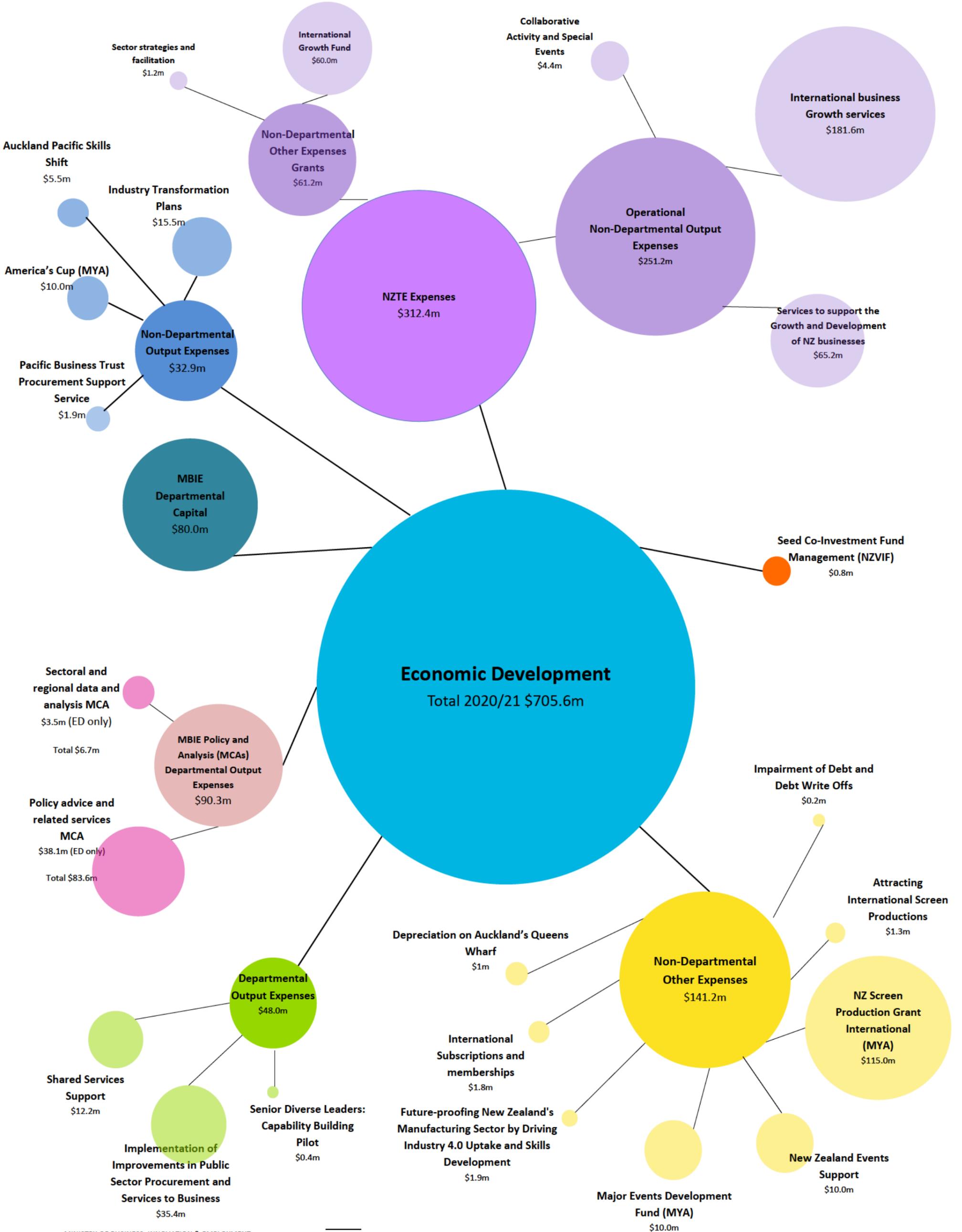
## BRIEFING FOR INCOMING MINISTER FOR ECONOMIC DEVELOPMENT

Topic	Description	Driver	Timing
Asia Pacific Economic Cooperation (APEC) 2021	<p>New Zealand is hosting APEC in 2021. MBIE has a strong interest across a range of areas, including:</p> <ul style="list-style-type: none"> <li>• the APEC Structural Reform Ministerial Meeting. Structural reform touches on issues that are relevant across both the Economic Development and Commerce portfolios, such as competition and regulatory reform.</li> <li>• New Zealand will lead the development of the APEC Economic Policy Report on the future of work. Each year, the APEC Economies agree on a topic for the APEC Economic Policy Report, and the host economy leads and oversees the development of the Report. We are proposing that the 2021 APEC Economic Policy Report focus on the impact of COVID-19 on sectors in transition and draw out policy implications from future of work perspectives.</li> </ul>	Upcoming meetings	2021

# Annex 1: Economic Plan



Annex 2: Funds and Appropriations



## Annex 3: Relevant legislation

---

There are four acts where the Minister for Economic Development has been formally assigned responsibility for the Act's administration.

### **New Zealand Trade and Enterprise Act 2003**

The New Zealand Trade and Enterprise Act 2003 (NZTE Act), established NZTE, and states the purpose and functions of the organisation. The Minister for Economic Development and the Minister for Trade and Export Growth are both responsible Ministers for NZTE, with the Minister for Economic Development leading the relationship for funding and board appointments. Under the Crown Entities Act 2004, the functions and powers of responsible Ministers include:

- the appointment, removal and remuneration of board members
- where necessary, directing NZTE to give effect to government policy
- participating in the process of setting and monitoring NZTE's strategic direction and targets
- reviewing NZTE's operations and performance and requesting associated information.

As your agent, MBIE (and the Ministry of Foreign Affairs and Trade for the Minister for Trade and Export Growth) provides advice to you on policies and strategies for achieving industry and regional development goals and supports you in carrying out your responsibilities under the NZTE Act.

The NZTE Act also provides that the Minister may appoint the Secretary of Foreign Affairs and Trade and the Chief Executive of MBIE as special advisors to assist the NZTE Board in aligning its strategy and activities with government policy. Currently MBIE's attendance at NZTE Board meetings is delegated to Paul Stocks, DCE Labour, Science and Enterprise.

### **Major Events Management Act 2007**

The purpose of the Major Events Management Act 2007 (MEM Act) is to provide certain protections for events that are declared to be 'major events' under the Act in order to:

- obtain maximum benefits from the major event for New Zealanders
- prevent unauthorised commercial exploitation at the expense of either a major event organiser or a major event sponsor
- ensure the smooth running of the event.

More specifically, the MEM Act provides protections against ambush marketing by association, ambush marketing by intrusion, ticket scalping protections and pitch invasion.

Under the MEM Act, the functions and powers of the Minister for Economic Development include:

- recommending to the Governor General that an event be declared a major event
- recommending to the Governor General that certain words and/or emblems be declared major event words and/or emblems
- declaration of clean zones, clean transport routes and clean periods by notice in the Gazette.

## BRIEFING FOR INCOMING MINISTER FOR ECONOMIC DEVELOPMENT

Before making such recommendations, you are required to consult with the Minister of Commerce and Consumer Affairs and "persons the Minister considers are likely to be substantially affected by the recommendation".

There are currently two events declared under the MEM Act: Rugby World Cup 2021 and the 36<sup>th</sup> America's Cup.

### **New Zealand International Convention Centre Act 2013**

The New Zealand International Convention Centre Act 2013 (NZICC Act) gives effect to elements of the New Zealand International Convention Centre (NZICC) and Licensing Agreement (the Agreement) entered into between the Crown and SkyCity Entertainment Group Ltd (SkyCity).

In particular it enables the agreed gaming concessions granted to SkyCity in return for designing, constructing and operating the NZICC, to be given force. The NZICC Act confirms that SkyCity has agreed to adopt certain additional harm minimisation and anti-money laundering mechanisms. It also provides for the protection of, and control over the use of, the names 'New Zealand International Convention Centre' and 'NZICC'.

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

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

### **The Outer Space and High-altitude Activities Act 2017**

The purpose of the Outer Space and High-altitude Activities Act 2017 (OSHAA) is to facilitate the development of a space industry and provide for its safe and secure operation.

The OSHAA establishes a system for the regulation of outer space activities and high-altitude activities, including providing the Responsible Minister the powers to grant, suspend or revoke licences or permits for: launch vehicles, launch facilities, high-altitude vehicles, and payloads (e.g. satellites). Licence and permit applications are determined by the Responsible Minister, which is currently the Minister for Economic Development, with advice and administrative processes provided by the New Zealand Space Agency (a unit within MBIE), in consultation with other government agencies.

The regulatory regime and New Zealand's international obligations under the United Nations space treaties are extraterritorial in extent. They apply to activities taking place from New Zealand and also to New Zealand entities launching space objects from overseas jurisdictions.

## Annex 4: Crown entities and statutory bodies

---

The Entity Performance and Investment team in the Labour, Science and Enterprise Branch monitors the financial and non-financial performance of NZTE and NZGCP. This includes advising Ministers on board appointments and key accountability processes.

### **New Zealand Trade and Enterprise (NZTE) – Crown Entity**

NZTE was formally established as a Crown Entity by the NZTE Act 2003 which integrated the services previously provided by Industry New Zealand and Trade New Zealand. NZTE is the government's international business development agency supporting companies to grow internationally for the benefit of New Zealand. NZTE increases New Zealand companies' international success by helping them boost their global reach and build capability. This includes:

- using connections and government influence on behalf of businesses, and applying local knowledge – from the NZTE team and a network of private sector experts – to help companies enter and grow in international markets
- linking businesses with services designed to improve efficiency and operations, spark innovation, refine strategy, enhance leadership, and access capital – thereby enabling them to build the capability they need to be successful.

NZTE's budget for 2020/21 comprises \$251.2m for operating expenses, \$61.4m for grants and \$14.2m funding for Expo 2020 (delayed until 2021) administered by the Ministry of Foreign Affairs and Trade (MFAT).

In Budget 2020 NZTE received an increase in its operating budget of \$24m, and \$30m for International Growth Fund grants. Funding for the 2022/23 year and out-years is held in an operating contingency, which expires on 30 June 2021. The Minister of Finance and Minister for Trade and Export Growth have the authority to draw-down this tagged contingency on their satisfaction that the initiative is achieving its goals and that it continues to be necessary. The former Ministers for Economic Development and Trade and Export Growth instructed NZTE to operate on the assumption that the contingency will be granted, given the structural changes and ambition necessary for the programme to be successful. For 2020/21 NZTE has also received additional funding of \$40m for their Regional Business Partners programme as part of the COVID-19 response programme, with \$13m carried over from 2019/20.

NZTE's budget for 2021/22 comprises \$201.2 million for operating expenses and \$61.2million for grants.

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

- Andrew Ferrier (Chair) (term ends 30/6/2021)
- Charles Holmes Finny (term ends 30/6/2020) - remains on Board due to COVID-19 and until new appointment made
- Jennifer Rose Kerr (term ends 30/09/2021)
- Wayne Stephen Norrie (Deputy Chair) (term ends 16/12/2021)

## BRIEFING FOR INCOMING MINISTER FOR ECONOMIC DEVELOPMENT

- Charlotte Ann Walshe (term ends 16/12/2021)
- Traci Houpapa (term ends 16/12/2021)

Under the Crown Entities Act 2004, members of the NZTE Board remain on the board despite the expiry of their terms. Charles Finny has agreed to remain on the NZTE Board until decisions regarding the board's membership have been confirmed. Jennifer Kerr is also the Deputy Chair of the board of Callaghan Innovation (a Crown Entity in the Science and Innovation portfolio).

The Chief Executive of NZTE is Peter Chrisp.

MBIE, in consultation with MFAT, works closely with NZTE in developing and delivering economic development policy. MBIE and MFAT also provide monitoring advice to the responsible Ministers under the Crown Entities Act. In addition MBIE has the responsibilities of a Vote-managing department, and evaluates the impact of programmes delivered by NZTE on a periodic basis.

Two Ministers have delegated, joint responsibility for NZTE: the Minister for Economic Development and the Minister for Trade and Export Growth. Jointly, Ministers are responsible for:

- ensuring that an effective board is in place to govern NZTE
- participating in setting the direction of NZTE
- monitoring and reviewing NZTE operations and performance
- managing risks on behalf of the Crown.

As Minister responsible for NZTE, working with the Minister for Trade and Export Growth, you will be asked to:

- table a Statement of Performance Expectations in Parliament, outlining what NZTE intends to achieve in 2020/21
- table the NZTE Annual Report for 2019/20 in Parliament, outlining how NZTE has performed against the performance measures set out in its 2019/20 Statement of Performance Expectations
- send a Letter of Expectation for NZTE near the beginning of the annual planning process for 2021/22
- make decisions on potential reappointments and new appointments to the NZTE Board.

### **New Zealand Growth Capital Partners Limited - Crown-owned company**

Until very recently, the New Zealand Growth Capital Partners (NZGCP) managed two programmes aimed at accelerating the development of early-stage capital markets: the Venture Investment Fund (VIF) and the Seed Co-Investment Fund (SCIF). The SCIF was renamed to Aspire NZ Seed Fund (Aspire Fund) in 2020.

In March 2020, the Government established the Elevate NZ Venture Fund (Elevate Fund) – a \$300m fund of funds, to close the current funding gap in Series A and Series B rounds for New Zealand high-growth businesses.

## BRIEFING FOR INCOMING MINISTER FOR ECONOMIC DEVELOPMENT

The Guardians of New Zealand Superannuation (the Guardians) are tasked with delivering the objectives of the Elevate Fund by investing into the venture capital market in accordance with best-practice investment management approaches. The Guardians have in turn appointed the NZGCP to manage the Elevate Fund through a fund of funds model.

NZGCP's role will be to manage the Elevate Fund and the investment of public funds into private funds (on a matching basis), whilst ensuring that the Fund meets the performance obligations as set out in contractual terms with the Guardians.

NZGCP will continue to operate the Aspire Fund which invests into New Zealand seed stage companies alongside angel networks and other private investors. The Aspire Fund is structured as an evergreen fund that can continue to invest indefinitely as long as it generates returns. The Crown mandate for this fund stipulates that all investments must be made alongside a private investor that is leading the round, with investment caps on an annual and per portfolio company basis. Following the establishment of the Elevate Fund the historic VIF is now being phased out, which we expect will take a number of years.

The Minister for Economic Development (the responsible Minister) and the Minister of Finance are the shareholding Ministers<sup>2</sup> of NZGCP. NZGCP is governed by a board of private sector directors, appointed by the government. The board members, selected for their investment experience and commercial acumen, are responsible for governance and oversight of NZGCP's operations.

The current board members are:

- Murray Gribben (Chair) (term ends 30/06/2021)
- Debbie Birch (term ends 30/06/2021)
- Emma Loisel (term ends 30/06/2021)

In accordance with the company's constitution, directors of the NZGCP Board are unable to remain on the board beyond the expiry of their terms, unless they are reappointed by the shareholding Ministers.

As at 30 June 2020, the Aspire Fund has invested \$77m into 258 companies, with an annual investment cap of \$12m per year. The investment cap was increased to \$20m for the 2020/21 financial year only, alongside other changes to the NZGCP's Aspire Fund mandate due to the impacts of COVID-19 on early stage capital markets. Other amendments include allowing NZGCP to invest up to \$2.5m into any one company, previously \$1.5m; altering the public/private investment ratio from 1:1 to up to 2:1; and allowing the Aspire Fund to take a co-lead role in investment deals it is participating in.

Investments in the VIF (legacy fund) are likely to be materially impacted by COVID-19 and forecasted exits are likely to be delayed in order to protect the value and avoid exits in unfavourable market conditions.

---

<sup>2</sup> The Minister of Finance is the responsible Minister for the Guardians, and the Guardians are responsible for the Elevate Fund.

## BRIEFING FOR INCOMING MINISTER FOR ECONOMIC DEVELOPMENT

NZGCP receives \$750,000 in Crown funding on an annual basis to develop and implement an early stage capital markets development programme. Costs related to the Elevate Fund are reimbursed at cost from the Elevate Fund capital pool. The balance of NZGCP's operational costs is met out of the entity's balance sheet.

As the responsible Minister for NZGCP, and one of two shareholding Ministers for the company, you will be asked to:

- table a Statement of Performance Expectations and Statement of Intent (SOI) in Parliament, outlining what NZGCP intends to achieve in 2020/21, including relevant performance measures
- table the NZGCP Annual Report 2019/20, outlining how NZGCP has performed against the performance measures set out in its 2019/20 Statement of Performance Expectations and SOI
- attend the NZGCP Annual General Meeting (date to be confirmed)
- send a Letter of Expectation for NZGCP near the beginning of the annual planning process for 2021/22
- make decisions on potential reappointments and new appointments to the NZGCP Board.