

# *Vote Economic Development*

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MINISTER(S) RESPONSIBLE FOR APPROPRIATIONS: Minister for Economic Development (M25),  
Minister for Small Business (M62)

ADMINISTERING DEPARTMENT: Ministry of Economic Development

MINISTER RESPONSIBLE FOR MINISTRY OF ECONOMIC DEVELOPMENT: Minister for Economic  
Development

## Overview of the Vote

The Minister for Economic Development is responsible for appropriations in the Vote for the 2007/08 financial year covering the following:

- a total of just over \$20 million for policy advice on economic, industry and regional development policies and initiatives to promote sustainable economic development and issues related to small and medium enterprises
- a total of nearly \$152 million for services from New Zealand Trade and Enterprise and the New Zealand Venture Investment Fund Limited
- a total of just over \$140 million for targeted assistance programmes to New Zealand industry and regions
- a total of just over \$29 million for capital investments in the early stage equity finance markets, and offshore market development assistance to business, and
- a total of \$7 million over three years for research and development of commercial projects that build on New Zealand's existing strength in 3D digital graphics technology.

Details of these appropriations are set out in Parts 2-6 for Vote Economic Development in the Information Supporting the Estimates of Appropriations.

# Details of Appropriations

## Details of Annual and Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2007/08		2008/09
	Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Departmental Output Expenses</b>			
<b>Policy Advice - Small Business (M62)</b> This appropriation is limited to policy advice on issues relating to lifting the capability and performances of Small to Medium Enterprises (SMEs), including ministerial servicing and advice on the development, coordination and implementation of policies and programmes that affect SMEs.	-	-	1,646
<b>Policy Advice and Sector Leadership - Firm Capability, Sectoral and Regional Development (M25)</b> This appropriation is limited to policy advice and ministerial servicing in relation to the development, evaluation and overview of sustainable, economic, industry and regional development policies and initiatives. It also includes ownership and purchase advice on Crown-owned entities.	-	-	17,193
<b>Policy Advice - Economic Development MCOA (M25)</b>	24,205	22,826	-
<i>Policy Advice - Small Business</i> Policy advice on issues relating to lifting the capability and performance of Small to Medium Enterprises (SMEs), including development, coordination and implementation of policy advice concerning SMEs.	1,935	1,906	-
<i>Policy Advice and Sector Leadership - Firm Capability, Sectoral and Regional Development</i> Policy advice encompassing the development, evaluation and overview of economic, industry and regional development policies and initiatives to promote sustainable economic development. This includes implementation of the Economic Transformation Agenda, factors influencing the capability and performance of firms, sectors and regions, and the monitoring of New Zealand Trade and Enterprise.	22,270	20,920	-
<b>Total Departmental Output Expenses</b>	24,205	22,826	18,839
<b>Non-Departmental Output Expenses</b>			
<b>Analysis and Development Services for Firms (M25)</b> The appropriation is limited to customised advice and support to firms based on analysis of opportunities, issues and risks facing them in their growth and internationalisation, including advice and support for firms to access business assistance grants.	-	-	22,530
<b>Identification and Coordination of International Market Opportunities (M25)</b> This appropriation is limited to the identification and coordination of international market opportunities for firms through market analysis and intelligence, facilitation into international business networks and marketing and support of New Zealand's presence at significant international events.	-	-	68,446
<b>International Investment Facilitation Services (M25)</b> This appropriation is limited to coordination and analysis of opportunities for investment into New Zealand and investment by New Zealand firms into international markets.	-	-	16,724
<b>Investment Fund Management (M25)</b> Operational costs of the Venture Investment and Seed Co-investment Funds.	1,890	1,890	2,590

Titles and Scopes of Appropriations by Appropriation Type	2007/08		2008/09
	Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Non-Departmental Output Expenses - cont'd</b>			
<b>Regional and Sector Development Services (M25)</b> This appropriation is limited to customised advice and support to regional institutions for the development of regional economic development strategies, and to sectoral industry bodies and groups of firms for the development and implementation of plans to improve the performance of sectors.	-	-	<b>44,906</b>
<b>Standardised Training and Advisory Services (M25)</b> This appropriation is limited to standardised training and advisory services provided by third parties to firms on a range of business development needs including business incubation, capital acquisition, finance brokering and exporting.	-	-	<b>16,137</b>
<b>Enabling Services - Facilitating the Development and Implementation of Sector and Regional Strategies (M25)</b> Services to support collaboration, linkages and the development of strategies between and among sectors, regions and clusters of businesses and government aimed at exploiting opportunities for growth and overcoming constraints to growth.	54,613	54,613	-
<b>Enabling Services - Promotion of New Zealand Business and Development of Investment Opportunities (M25)</b> Promotion of New Zealand's products and services, a culture of entrepreneurship and business success, and the fostering of international trade and investment.	29,883	29,133	-
<b>Foundation Services - Business Information and Advice (M25)</b> Provision of a range of business assistance services and oversight of a range of programmes that provide information and advice to business, with particular focus on small businesses, entrepreneurs, start-ups and new exporters.	11,544	11,544	-
<b>Foundation Services - Training and Capability Building (M25)</b> Training to improve the management capabilities of small businesses, entrepreneurs, start-ups and new exporters.	12,078	12,078	-
<b>Grant Administration and Management (M25)</b> Administration and monitoring of business assistance grants and provision of support to government policy development.	5,377	5,377	-
<b>Growth Services - Customised Information and Advice (M25)</b> Provision of customised information and advice to enable New Zealand businesses which are committed to achieving medium to high growth, to identify and address opportunities and constraints in achieving their growth objectives.	14,099	14,099	-
<b>Growth Services - Identifying and Leveraging New Business Opportunities (M25)</b> Support for New Zealand businesses with medium to high growth potential, to identify and pursue new international business opportunities.	32,354	31,585	-
<b>New Zealand's Participation At Expo 2010 Shanghai, China (M25)</b> Funding for New Zealand's participation at Expo 2010 in Shanghai, China.	1,600	600	-
<b>Total Non-Departmental Output Expenses</b>	<b>163,438</b>	<b>160,919</b>	<b>171,333</b>
<b>Non-Departmental Other Expenses</b>			
<b>Enterprise Development Fund (M25)</b> Assistance for entrepreneurs and businesses to undertake advanced training, engage a business mentor or specific management advice and/ or undertake international market development activities.	3,074	3,074	<b>2,774</b>
<b>Enterprise, Culture and Skills Activities Fund (M25)</b> Support of enterprise education initiatives to encourage a culture of enterprise and entrepreneurship.	1,511	1,511	<b>1,511</b>

Titles and Scopes of Appropriations by Appropriation Type	2007/08		2008/09
	Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Film New Zealand (M25)</b> Operation of an independent structure for Film NZ, development of a marketing plan for the film sector and coordination of regional film offices.	750	750	750
<b>Growth Services Fund (M25)</b> Medium to high growth potential firms to purchase external advice and expertise and marketing intelligence and development services.	5,927	5,927	5,927
<b>International Biotechnology Partnerships (M25)</b> Facilitation of joint ventures between Australia and New Zealand companies in biotechnology development, manufacturing and marketing.	4,000	4,000	4,000
<b>Large Budget Screen Production Fund (M25)</b> Assistance to film and television productions that spend over \$15 million in New Zealand, if that expenditure equals or exceeds 70% of the production's total budget.	35,556	23,742	35,556
<b>Major Events Development Fund (M25)</b> Support for major events that provide economic, social, cultural and international profiling benefits to New Zealand.	5,126	5,126	4,500
<b>Management Development Fund (M25)</b> Assistance to address the management capability gap in New Zealand, through the commissioning of research, stimulation of business interest and supply of management development services.	1,496	1,327	756
<b>Market Development Assistance Fund (M25)</b> Encouragement for the integration of more New Zealand businesses into global markets by facilitating the creation, development and expansion of overseas markets for New Zealand goods, services, intellectual property and know-how.	53,851	53,851	54,341
<b>Promotion of New Zealand Associated with the America's Cup (M25)</b> This appropriation is limited to meeting costs associated with the proposed sponsorship of Team New Zealand's participation in the next multi-challenger America's Cup.	10,000	10,000	26,000
<b>Regional and Industry Development Fund (M25)</b> Support of industry and regional specific projects that are likely to have the ability to contribute to government economic objectives and to unlock high growth potential, including support of Buy Kiwi Made sectoral and regional initiatives.	3,244	2,433	2,274
<b>Regional Partnerships and Facilitation (M25)</b> Provision of advice and grants to support the development of business incubators and regional clusters, and to support regional partnerships to develop and implement sustainable economic growth strategies.	17,756	13,331	18,182
<b>Sector Strategies and Facilitation (M25)</b> Assistance with the facilitation of specific sector initiatives, particularly in the areas of major events, pre-feasibility and feasibility studies and guarantees for significant projects to access funding through other government programmes and cash grants.	1,500	1,500	3,218
<b>Impairment of Loan to the Eden Park Redevelopment Board (M25)</b> This appropriation is limited to the impairment to the fair value of zero of the Crown's loan to the Eden Park Redevelopment Board for this redevelopment of Eden Park for the 2011 Rugby World Cup.	190,000	184,604	-
<b>Total Non-Departmental Other Expenses</b>	333,791	311,176	159,789
<b>Departmental Capital Expenditure</b>			
<b>Ministry of Economic Development - Capital Expenditure PLA (M25)</b> This appropriation is limited to the purchase or development of assets by and for the use of the Ministry of Economic Development, as authorised by section 24(1) of the Public Finance Act 1989	8,080	7,507	15,850
<b>Total Departmental Capital Expenditure</b>	8,080	7,507	15,850

Titles and Scopes of Appropriations by Appropriation Type	2007/08		2008/09
	Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Non-Departmental Capital Expenditure</b>			
<b>New Zealand Trade and Enterprise (M25)</b> To increase NZTE's in-market assistance for New Zealand firms in China, India and Japan.	1,420	-	3,314
<b>Seed Co-investment Fund (M25)</b> Support the development of the market for early stage equity finance.	12,292	12,292	8,000
<b>Venture Investment Fund (M25)</b> Capital Investment to accelerate the development of the New Zealand Venture Capital Market. Public funds will be co-invested with the private sector to increase the rate of formation of new businesses based on high added value goods and services.	27,550	27,550	20,000
<b>Loan to the Eden Park Redevelopment Board (M25)</b> This appropriation is limited to a loan to the Eden Park Redevelopment Board for the redevelopment of Eden Park for the 2011 Rugby World Cup; the loan will be interest-free and will be written off upon completion of the redevelopment so long as certain contractually specified conditions are met by the Eden Park Redevelopment Board.	190,000	184,604	-
<b>Total Non-Departmental Capital Expenditure</b>	231,262	224,446	31,314
<b>Total Annual and Permanent Appropriations</b>	760,776	726,874	397,125

## Multi-Year Appropriations

Type, Title, Scope and Period of Appropriations	Appropriation	\$'000
<b>Non-Departmental Output Expenses</b>		
<b>New Zealand's Participation at Expo 2010 Shanghai, China (M25)</b> This appropriation is limited to New Zealand's participation at Expo 2010 in Shanghai, China. Commences: 1 July 2008 Expires: 30 June 2011	Original Appropriation	26,600
	Adjustments to 2006/07	-
	Adjustments for 2007/08	-
	Adjusted Appropriation	26,600
	Actual to 2006/07 Year End	-
	Estimated Actual for 2007/08	-
	Estimated Actual for 2008/09	5,600
	Estimated Appropriation Remaining	21,000
<b>Non-Departmental Capital Expenditure</b>		
<b>3D Digital Graphics Cluster (M25)</b> To research and develop commercial projects that build on New Zealand's existing strength in 3D digital graphics technology. Commences: 1 July 2007 Expires: 30 June 2010	Original Appropriation	7,000
	Adjustments to 2006/07	-
	Adjustments for 2007/08	-
	Adjusted Appropriation	7,000
	Actual to 2006/07 Year End	-
	Estimated Actual for 2007/08	3,000
	Estimated Actual for 2008/09	2,000
	Estimated Appropriation Remaining	2,000

# Details of Projected Movements in Departmental Net Assets

## Ministry of Economic Development

Details of Net Asset Schedule	Estimated Actual 2007/08 \$000	Projected 2008/09 \$000	Explanation of Projected Movements in 2008/09
Opening Balance	20,939	20,939	
Capital Injections	4,430	16,093	Deficits incurred on Departmental Output Expenses where memorandum accounts are in operation \$4.403 million (\$4.430 million in 2007/08) and funding for capital contribution for capital expenditure \$11.690 million (\$0 for 2007/08).
Capital Withdrawals	-	-	
Surplus to be Retained (Deficit Incurred)	(4,430)	(4,403)	Deficit for the year. Comprised of memorandum account deficits \$4.403 million (\$4.430 million for 2007/08), departmental output expenses where surplus is earned \$2.386 million (\$1.423 million for 2007/08), less provision for repayment of surplus \$2.386 million (\$1.423 million for 2007/08).
Other Movements	-	-	
Closing Balance	20,939	32,629	