



Cabinet

CAB Min (08) 14/1(16)

Minute of Decision

Copy No:

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2008 Budget Package: Vote Economic, Industry and Regional Development

On 14 April 2008, Cabinet:

1. **approved** the Budget initiatives for the above Vote for inclusion in the 2008 Budget package, as listed in the summary below and detailed in the attached initiative documents;

Summary of initiatives included in the attached initiative documents:

Operating Initiatives (Impact on Operating Balance)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2007/08	2008/09	2009/10	2010/11	2011/12 & Outyears
4643	Globally Competitive Firms – New Zealand Firms Operating More Effectively in Global Markets	-	15.500	13.000	13.000	13.000
4678	Administration of Seed Co-Investment Fund	-	0.700	0.700	0.700	0.700
4680	Major Events Development Fund – Continuation and Development of a Bid Programme	-	0.655	5.244	4.783	4.783
4681	Business Capability Assessment Tool	-	0.900	0.900	0.900	0.900
4684	Expanding Design Services for Firms	-	2.000	2.000	2.000	2.000
5231	Feasibility and Funding Studies Regarding Events in Manukau and Wanganui	-	0.500	-	-	-
5232	Transfer for Vote Commerce Capability Pressures	-	-	-	-	-
5234	Baseline Savings	(6.500)	(6.000)	(9.844)	(9.383)	(9.383)
Total Operating		(6.500)	14.255	12.000	12.000	12.000

Capital Initiatives (Impact on Debt)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2007/08	2008/09	2009/10	2010/11	2011/12 & Outyears
5291	International Visitor Survey (IVS) and Domestic Travel Survey (DTS) Development	-	0.400	-	-	-
5292	Implementing Initiatives from the Standards and Conformance Infrastructure Review	-	0.700	-	-	-
5293	Intellectual Property Electronic Registry System	-	1.000	3.500	-	-
5294	Establishment of Financial Regulation Infrastructure	-	1.500	1.000	0.400	-
5295	Enterprise Project	-	3.500	1.000	-	-
Total Capital		-	7.100	5.500	0.400	-

2. **agreed** to establish new appropriations where required to implement these initiatives, as described in the attached initiative documents;
3. **approved** the changes to appropriations and/or projected balances of net assets of the administering department (where applicable) to implement the initiatives, as set out in the attached initiative documents;
4. **approved** the additional recommendations to give effect to the initiatives, as set out in the attached initiative documents;
5. **agreed** that the proposed changes to appropriations and/or projected balances of net assets for 2007/08 above be included in the 2007/08 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
6. **authorised** the Minister of Finance and the Vote Minister to approve jointly any technical adjustments to baselines necessary to remove any errors or inconsistencies identified while finalising the 2007/08 Supplementary Estimates, the 2008/09 Estimates and the fiscal forecasts;
7. **noted** that all communications relating to the 2008 Budget are co-ordinated by a Budget communications committee, and that any requests for early announcement will need to have both the written approval of the Minister of Finance and sign-off from the Prime Minister's office;
8. **agreed** that the initiatives in the following table be set aside as contingency items, that corresponding funding for them be set aside in the between-Budget spending contingency, and that they be submitted to the appropriate Cabinet committee for consideration at a later stage;

Operating Contingency

Initiative Name	\$m - increase/(decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12 & Outyears
<i>[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]</i>					
Standard Business Reporting - Investigation of Introduction/Implementation	-	4.000	-	-	-
<i>[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]</i>					
Total Operating	-	4.745	0.500	-	-

Capital Contingency

Initiative Name	\$m - increase/(decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12 & Outyears
<i>[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]</i>					
Standard Business Reporting - Investigation of Introduction/Implementation	-	3.000	-	-	-
Total Capital	(7.200)	6.100	3.100	-	-

9. **noted** that Vote Economic, Industry and Regional Development relates to both the Economic Development and the Industry and Regional Development portfolios that existed prior to November 2007;
10. **agreed** that as there is no longer a separate Industry and Regional Development portfolio, this Vote should be renamed Vote Economic Development.

Secretary of the Cabinet

Reference: 2008 Budget package tabled
by the Minister of Finance**Distribution:**

Prime Minister
 Chief Executive, DPMC
 Director PAG, DPMC
 Minister of Finance
 Secretary to the Treasury
 Hon Jim Anderton
 Minister of Trade
 Secretary of Foreign Affairs and Trade
 Minister for Economic Development
 Chief Executive, MED
 Associate Minister of Finance (Hon Trevor Mallard)
 Minister of Commerce
 Controller and Auditor-General

Vote:	Economic, Industry and Regional Development			
Title:	Globally Competitive Firms – New Zealand Firms Operating More Effectively in Global Markets			
Description:	Market access and capability development to increase business internationalisation and improve productivity and competitiveness of New Zealand firms.			
Theme:	Economic Transformation	Theme Objective:	Globally competitive firms: other action	

Performance Information

Performance Text

The outcomes sought are:

- increasing the number of New Zealand firms competing successfully in international markets; and
- increasing the number of very large New Zealand firms based in New Zealand.

The outputs to be delivered are:

- international market access through provision of networks of offshore market expertise, collaborative relationships between firms, shared in market infrastructure, and research, science and technology intelligence in key markets;
- case management to develop firm capability and firm resources for international expansion, improved finance for growth, specialised skills and expertise, technology and innovation and knowledge of market information and market trends; and
- management education to executive management; scholarships for international study.

Appropriation Changes

	\$m - increase/(decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12 & Outyears
Operating Balance Impact	-	15.500	13.000	13.000	13.000
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	15.500	13.000	13.000	13.000

	\$m - increase/(decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12 & Outyears
Non-Departmental Output Expenses: Analysis and Development Services for Firms	-	2.960	0.460	0.460	0.460
Identification and Coordination of International Market Opportunities	-	11.390	11.390	11.390	11.390
Regional and Sector Development Services	-	1.150	1.150	1.150	1.150
Total Operating	-	15.500	13.000	13.000	13.000
Total Capital	-	-	-	-	-

Additional Recommendations

noted that New Zealand Trade and Enterprises' (NZTE's) offshore representation was reviewed in 2006 and a number of changes were proposed to maximise the value of the network to exporting firms;

noted that NZTE operates a hub and spoke management model, with a view to maximising effectiveness in key markets;

noted that NZTE, in conjunction with the Ministry of Foreign Affairs and Trade, the Ministry of Economic Development, and Treasury, will review its offshore services, as part of the implementation of the Globally Competitive Firms internationalisation proposals;

agreed that as part of the review of NZTE's offshore services, the Minister for Economic Development and the Minister of Trade report to the appropriate Cabinet committee by July 2008 with advice on potential implications for NZTE off-shore support for New Zealand exporters including the location of off-shore services.

Vote: Economic, Industry and Regional Development

Title: Administration of Seed Co-Investment Fund

Description: For programme management costs of the Seed Co-Investment Fund to support an increase in incremental investment activity.

Theme: Economic Transformation

Theme Objective: Globally competitive firms: other action

Performance Information

Performance Text

The output includes but is not limited to the delivery of services and performance of activities including: good governance of the company in accordance with its Constitution, Statement of Intent and the expectations of shareholding Ministers; selection of investment managers and management of investment programmes; and promotion and support of the developing New Zealand venture capital and early stage industries.

Appropriation Changes

	\$m - increase/(decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12 & Outyears
Operating Balance Impact	-	0.700	0.700	0.700	0.700
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	0.700	0.700	0.700	0.700

	\$m - increase/(decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12 & Outyears
Non-Departmental Output Expenses: Investment Fund Management	-	0.700	0.700	0.700	0.700
Total Operating	-	0.700	0.700	0.700	0.700
Total Capital	-	-	-	-	-

Additional Recommendation

[Information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]

Vote: Economic, Industry and Regional Development

Title: Major Events Development Fund – Continuation and Development of a Bid Programme

Description: Ongoing support for the Major Events Development Fund (MEDF), for which funding was scheduled to cease in 2008/09. In addition, funding will support the establishment of an international event bidding programme based within New Zealand Major Events.

Theme: Economic Transformation

Theme Objective: Globally competitive firms:
business internationalisation

Performance Information

Performance Text

Continued MEDF funding will ensure a sustained flow of benefits through event support and provide certainty to government involvement in events beyond this year. Government co-ordination and funding is necessary to capture national benefits generated through hosting and leveraging from major events. Bidding activity will generate an increase in economic, socio-cultural, international exposure/profiling benefits derived from events.

Appropriation Changes

	\$m - increase/(decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12 & Outyears
Operating Balance Impact	-	0.655	5.244	4.783	4.783
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	0.655	5.244	4.783	4.783

	\$m - increase/(decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12 & Outyears
Departmental Output Expenses (General):					
Policy Advice and Sector Leadership - Firm Capability, Sectoral and Regional Development (funded by Revenue Crown)	-	0.655	1.012	1.012	1.012
Other Expenses to be Incurred by the Crown:					
Major Events Development Fund	-	-	4.232	3.771	3.771
Total Operating	-	0.655	5.244	4.783	4.783
Total Capital	-	-	-	-	-

Vote: Economic, Industry and Regional Development

Title: Business Capability Assessment Tool

Description: Administration of a business capability assessment tool.

Theme: Economic Transformation

Theme Objective: Globally competitive firms: other action

Performance Information

Performance Table

	Unit of Measurement	Performance Specification				
		2007/08	2008/09	2009/10	2010/11	2011/12
Quantity						
Business Capability Assessment Tool - New Capability Assessments Completed	Number	0	3000	5000	5000	5000

Performance Text

The successful implementation of the Business Capability Assessment Tool will require high levels of utilisation of it by business capability service providers. In addition to the numbers of completed new assessments, the key performance measure for the Tool will be the providers' level of satisfaction with it.

Appropriation Changes

	\$m - increase/(decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12 & Outyears
Operating Balance Impact	-	0.900	0.900	0.900	0.900
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	0.900	0.900	0.900	0.900

	\$m - increase/(decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12 & Outyears
Non-Departmental Output Expenses: Standardised Training and Advisory Services	-	0.900	0.900	0.900	0.900
Total Operating	-	0.900	0.900	0.900	0.900
Total Capital	-	-	-	-	-

Vote: Economic, Industry and Regional Development

Title: Expanding Design Services for Firms

Description: Expansion of the Better By Design programme to assist New Zealand firms to create value through design-led innovation.

Theme: Economic Transformation

Theme Objective: Globally competitive firms: other action

Performance Information

Performance Table

	Unit of Measurement	Performance Specification				
		2007/08	2008/09	2009/10	2010/11	2011/12
Quantity						
Better by Design firms implementing change projects after Design 360	Percentage	-	80	80	80	80
New firms entering the Better by Design programme	Number	-	35	35	35	35
Quality						
Better by Design firms earning revenue from new products & services	Percentage	-	75	75	75	75
Better by Design firms increasing annual spend on design and Research and Development	Percentage	-	80	80	80	80

Appropriation Changes

	\$m - increase/(decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12 & Outyears
Operating Balance Impact	-	2.000	2.000	2.000	2.000
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	2.000	2.000	2.000	2.000

	\$m - increase/(decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12 & Outyears
Non-Departmental Output Expenses: Regional and Sector Development Services	-	2.000	2.000	2.000	2.000
Total Operating	-	2.000	2.000	2.000	2.000

Total Capital	-	-	-	-	-
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Initiative No: 5231

Vote: Economic, Industry and Regional Development

Title: Feasibility and Funding Studies Regarding Events in Manukau and Wanganui

Description: Feasibility and Funding Studies Regarding Events at the Manukau TelstraClear Pacific stadium and the Wanganui Velodrome.

Theme: Economic Transformation

Theme Objective: World class infrastructure: other action

Performance Information

Performance Text

Feasibility and funding studies will be undertaken that provide decision makers with satisfactory information on the potential for attracting major events at the Manukau TelstraClear Pacific stadium and the Wanganui Velodrome.

Appropriation Changes

	\$m - increase/(decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12 & Outyears
Operating Balance Impact	-	0.500	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	0.500	-	-	-

	\$m - increase/(decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12 & Outyears
Other Expenses to be Incurred by the Crown:					
Major Events Development Fund	-	0.500	-	-	-
Total Operating	-	0.500	-	-	-
Total Capital	-	-	-	-	-

Additional Recommendation

agreed that funding will be drawn down subject to joint Ministerial approval from the Minister of Finance and the Minister of Economic Development.

Vote: Economic, Industry and Regional Development

Title: Transfer for Vote Commerce Capability Pressures

Description: Funding to mitigate Vote Commerce Capability Pressures from the residual allocated for the Strategic Investment Fund.

Theme: Economic Transformation

Theme Objective: Non-specific theme objective

Performance Information

Performance Text

Not applicable - savings identified.

Appropriation Changes

	\$m - increase/(decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12 & Outyears
Operating Balance Impact	-	-	-	-	-
Debt Impact	-	-	-	-	-
No Impact	(1.718)	-	-	-	-
Total	(1.718)	-	-	-	-

	\$m - increase/(decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12 & Outyears
Other Expenses to be Incurred by the Crown: Sector Strategies and Facilitation	(1.718)	-	-	-	-
Total Operating	(1.718)	-	-	-	-
Total Capital	-	-	-	-	-

Initiative No: 5234

Vote: Economic, Industry and Regional Development**Title:** Baseline Savings**Description:** Baseline Savings identified from the Growth Services, Enterprise Development, Market Development and Regional and Industry Development funds. These savings are being used to support other high priority initiatives across this Vote.**Theme:** Economic Transformation**Theme Objective:** Non-specific theme objective**Performance Information****Performance Text**

Not applicable - savings identified.

Appropriation Changes

	\$m - increase/(decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12 & Outyears
Operating Balance Impact	(6.500)	(6.000)	(9.844)	(9.383)	(9.383)
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	(6.500)	(6.000)	(9.844)	(9.383)	(9.383)

	\$m - increase/(decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12 & Outyears
Non-Departmental Output Expenses: Regional Partnership and Facilitation	-	-	(2.200)	(2.200)	(2.200)
Other Expenses to be Incurred by the Crown: Enterprise Development Fund	(1.500)	(2.500)	(2.500)	(2.500)	(2.500)
Growth Services Fund	(1.000)	(3.500)	(3.500)	(3.500)	(3.500)
Market Development Assistance Fund	(4.000)	-	-	-	-
Regional and Industry Development Fund	-	-	(1.644)	(1.183)	(1.183)
Total Operating	(6.500)	(6.000)	(9.844)	(9.383)	(9.383)
Total Capital	-	-	-	-	-

Initiative No: 5234

Additional Recommendations

authorised the Minister of Finance and the Minister for Economic Development jointly to transfer any lapsed unspent appropriation up to \$2.000 million relating to the Growth Services Fund, the Enterprise Development Fund and the Market Development Assistance Fund from the 2007/08 to 2008/09 financial year only;

agreed that this funding can be transferred to fund the Globally Competitive Firms budget initiative;

noted that the final amount to be transferred will be confirmed as part of the 2008 October baseline update, following the presentation of the 2007/08 audited financial statements of the departmental activities administered by the Ministry of Economic Development.

Initiative No: 5291

Vote: Economic, Industry and Regional Development

Title: International Visitor Survey (IVS) and Domestic Travel Survey (DTS) Development

Description: Improve management of the International Visitor Survey (IVS) and the Domestic Travel Survey (DTS).

Theme: Economic Transformation

Theme Objective: Globally competitive firms: other action

Performance Information

Performance Text

The objective of changing the management of the IVS and DTS processes is to improve data quality, better accountability and transparency, and increase the flexibility to continuously improve surveys. Progress in achieving this will be measured by:

improved standing as rated against other Tier 1 Statistics as part of the Official Statistical System;

improved timeliness of the releases from 90 days to 21 days;

improved access to data (from 40% of the total data available to 100%).

Appropriation Changes

	\$m - increase/(decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12 & Outyears
Operating Balance Impact	-	-	-	-	-
Debt Impact	-	0.400	-	-	-
No Impact	-	-	-	-	-
Total	-	0.400	-	-	-

	\$m - increase/(decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12 & Outyears
Net Asset Schedule:					
Capital Investment	-	0.400	-	-	-
Total Operating	-	-	-	-	-
Total Capital	-	0.400	-	-	-

Vote: Economic, Industry and Regional Development

Title: Implementing Initiatives from the Standards and Conformance Infrastructure Review

Description: An information clearing house for the Standards and Conformance sector.

Theme: Economic Transformation

Theme Objective: Globally competitive firms: other action

Performance Information

Performance Text

Establish an information clearing house that facilitates better access to technical and regulatory information at product level and is well-integrated with the information delivery systems of regulators and Standards and Conformance bodies.

Appropriation Changes

	\$m - increase/(decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12 & Outyears
Operating Balance Impact	-	-	-	-	-
Debt Impact	-	0.700	-	-	-
No Impact	-	-	-	-	-
Total	-	0.700	-	-	-

	\$m - increase/(decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12 & Outyears
Net Asset Schedule: Capital Investment	-	0.700	-	-	-
Total Operating	-	-	-	-	-
Total Capital	-	0.700	-	-	-

Additional Recommendation

authorised the Minister of Finance and Minister for Economic Development to approve the details of the implementation of this project, including assurance that all associated operating costs can be met without additional Crown funding, prior to any costs being incurred.

Initiative No: 5293

Vote: Economic, Industry and Regional Development

Title: Intellectual Property Electronic Registry System

Description: Replacement of the existing Intellectual Property Registry System with a new system that provides increased functionality both for the Intellectual Property (IP) right holder and the government agency responsible for the granting of IP rights.

Theme: Economic Transformation

Theme Objective: Globally competitive firms: other action

Performance Information

Performance Text

A new Intellectual Property Registry System will be implemented by 2010 which will provide increased functionality and ease of use, and lower costs for users and the administering government agency.

Appropriation Changes

	\$m - increase/(decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12 & Outyears
Operating Balance Impact	-	-	-	-	-
Debt Impact	-	1.000	3.500	-	-
No Impact	-	-	-	-	-
Total	-	1.000	3.500	-	-

	\$m - increase/(decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12 & Outyears
Net Asset Schedule: Capital Investment	-	1.000	3.500	-	-
Total Operating	-	-	-	-	-
Total Capital	-	1.000	3.500	-	-

Vote: Economic, Industry and Regional Development

Title: Establishment of Financial Regulation Infrastructure

Description: Establishment of a Financial Service Providers electronic registry system and support for the establishment of Approved Professional Bodies

Theme: Economic Transformation

Theme Objective: Globally competitive firms: other action

Performance Information

Performance Text

An electronic register of financial service providers is established which meets legislative requirements and timeframes in an efficient and effective manner and appropriate financial support is provided to establish Approved Professional Bodies.

Appropriation Changes

	\$m - increase/(decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12& Outyears
Operating Balance Impact	-	-	-	-	-
Debt Impact	-	1.500	1.000	0.400	-
No Impact	-	-	-	-	-
Total	-	1.500	1.000	0.400	-

	\$m - increase/(decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12& Outyears
Net Asset Schedule:					
Capital Investment	-	1.500	1.000	0.400	-
Total Operating	-	-	-	-	-
Total Capital	-	1.500	1.000	0.400	-

Additional Recommendations

agreed that the drawdown of \$1.500 million in 2008/09 for the initiative 'Establishment of Financial Regulation Infrastructure' be subject to the joint approval of the Minister of Finance and the Minister of Commerce of a report on the integration of this component of the initiative with the initiative 'Enterprise Project';

noted that the funding of \$1.000 million in 2009/10 and \$0.400 million in 2010/11 to provide appropriate financial support to Approved Professional Bodies is intended to be fully cost-recovered over time and accordingly no associated operating funding has been appropriated.

Vote: Economic, Industry and Regional Development

Title: Enterprise Project

Description: Enterprise would be a wholly electronic core registry system replacing the Companies register and the remaining seventeen manual registries for other corporate entities.

Theme: Economic Transformation

Theme Objective: Innovative and productive workplaces: other action

Performance Information

Performance Text

A wholly electronic core registry system will be implemented on a phased basis over the period June - December 2009. It will provide risk mitigation, increased functionality and lower compliance costs for external stakeholders and greater inter-operability with other jurisdictions and Government departments.

Appropriation Changes

	\$m - increase/(decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12 & Outyears
Operating Balance Impact	-	-	-	-	-
Debt Impact	-	3.500	1.000	-	-
No Impact	-	-	-	-	-
Total	-	3.500	1.000	-	-

	\$m - increase/(decrease)				
	2007/08	2008/09	2009/10	2010/11	2011/12 & Outyears
Net Asset Schedule: Capital Investment	-	3.500	1.000	-	-
Total Operating	-	-	-	-	-
Total Capital	-	3.500	1.000	-	-