

VOTE *Economic, Industry and Regional Development*

Terms and Definitions Used

BIZ	The Business Development programme established to enhance the management capability, business skills, and knowledge of small and medium sized enterprises
CEO	Chief Executive Officer
FDI	Foreign Direct Investment
GIAB	Growth and Innovation Advisory Board
GIF	Growth and Innovation Framework
ICT	Information Communications Technology
INZ	Industry New Zealand, a former Crown entity responsible for the delivery of industry and regional development programmes and activities
MED	Ministry of Economic Development
NZTE	New Zealand Trade and Enterprise
NZVIF	New Zealand Venture Investment Fund
RMA	Resource Management Act 1991
RWC 2011	Rugby World Cup 2011
SCIF	Seed Co-investment Fund
SMEs	Small and Medium Enterprises
TNZ	Trade New Zealand, a former Crown entity responsible for the New Zealand Trade Development Board
VIF	Venture Investment Fund

Footnotes

Note 1	This Multi-year Appropriation was made in the Appropriation (2004/05 Estimates) Act 2004. The appropriation is still in force and operates on a GST inclusive basis. The figures here include GST.
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Minister Portfolio Table

39	Minister for Industry and Regional Development
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Economic, Industry and Regional Development

ADMINISTERING DEPARTMENT: Ministry of Economic Development

The Minister for Economic Development is the Responsible Minister for the Ministry of Economic Development

Part B - Statement of Appropriations

Summary of Financial Activity

	2006/07	2006/07 Appropriations to be Used				Total \$000
	Main Estimates \$000	By the Department Administering the Vote		For Non-Departmental Transactions		
		Annual \$000	Other \$000	Annual \$000	Other \$000	
Appropriations						
Output Expenses	152,405	17,406	-	143,488	-	160,894
Benefits and Other Unrequited Expenses	-	N/A	N/A	-	-	-
Borrowing Expenses	-	N/A	N/A	-	-	-
Other Expenses	99,220	-	-	108,498	-	108,498
Capital Expenditure	34,870	N/A	N/A	61,337	-	61,337
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	N/A	N/A	-
Total Appropriations	286,495	17,406	-	313,323	-	330,729
Crown Revenue and Receipts						
Tax Revenue	-	N/A	N/A	N/A	N/A	-
Non-Tax Revenue	-	N/A	N/A	N/A	N/A	-
Capital Receipts	-	N/A	N/A	N/A	N/A	-
Total Crown Revenue and Receipts	-	N/A	N/A	N/A	N/A	-

Part B1 - Details of Appropriations

Appropriations	2006/07						Scope of and Reasons for Change in 2006/07 Appropriations
	Main Estimates		Supplementary Estimates		Cumulative Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Departmental Output Expenses (General)							
Policy Advice - Economic Development MCOA							Basis: Both output classes are directed at the same set of defined outcomes.
Policy Advice - Small Business	1,646	-	-	-	1,646	-	- 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.
Policy Advice and Sector Leadership - Firm Capability, Sectoral and Regional Development	11,633	-	4,127	-	15,760	-	- 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. Reason for Change: Refer to Part C1.
Policy Advice - Economic Development (M39)	13,279	-	4,127	-	17,406	-	
Total Departmental Output Expenses (General)	13,279	-	4,127	-	17,406	-	
Non-Departmental Output Expenses							
Enabling Services - Facilitating the Development and Implementation of Sector and Regional Strategies (M39)	40,192	-	8,225	-	48,417	-	- 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. Reason for Change: Refer to Part C2.
Enabling Services - Promotion of New Zealand Business and Development of Investment Opportunities (M39)	25,169	-	2,563	-	27,732	-	- Promotion of New Zealand's products and services, a culture of entrepreneurship and business success, and the fostering of international trade and investment. Reason for Change: Refer to Part C2.
Foundation Services - Business Information and Advice (M39)	8,220	-	863	-	9,083	-	- 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. Reason for Change: Refer to Part C2.

	2006/07						Scope of and Reasons for Change in 2006/07 Appropriations
	Main Estimates		Supplementary Estimates		Cumulative Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Appropriations							
Foundation Services - Training and Capability Building (M39)	11,784	-	294	-	12,078	-	- Training to improve the management capabilities of small businesses, entrepreneurs, start-ups and new exporters. Reason for Change: A fiscally neutral transfer reflecting the financial impact of NZTE's strategy on the allocation of funding between outputs.
Grant Administration and Management (M39)	3,949	-	863	-	4,812	-	- Administration and monitoring of business assistance grants and provision of support to government policy development. Reason for Change: Refer to Part C2.
Growth Services - Customised Information and Advice (M39)	20,480	-	(8,050)	-	12,430	-	- 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. Reason for Change: Refer to Part C2.
Growth Services - Identifying and Leveraging New Business Opportunities (M39)	27,442	-	(496)	-	26,946	-	- Support for New Zealand businesses with medium to high growth potential, to identify and pursue new international business opportunities. Reason for Change: Refer to Part C2.
Investment Fund Management (M39)	1,890	-	-	-	1,890	-	- Operational costs of the Venture Investment and Seed Co-investment Funds.
New Zealand's Participation At Expo 2010 Shanghai, China (M39)	-	-	100	-	100	-	- Funding for New Zealand's participation at Expo 2010 in Shanghai, China. Reason for Change: Refer to Part C2.
Total Non-Departmental Output Expenses	139,126	-	4,362	-	143,488	-	
Other Expenses to be Incurred by the Crown							
Enterprise Development Fund (M39)	5,274	-	(1,600)	-	3,674	-	- Assistance for entrepreneurs and businesses to undertake advanced training, engage a business mentor or specific management advice and/ or undertake international market development activities. Reason for Change: Reprioritised savings to fund other Economic Transformation initiatives.
Enterprise, Culture and Skills Activities Fund (M39)	1,511	-	-	-	1,511	-	- Support of enterprise education initiatives to encourage a culture of enterprise and entrepreneurship.
Film New Zealand (M39)	578	-	-	-	578	-	- Operation of an independent structure for Film NZ, development of a marketing plan for the film sector and coordination of regional film offices.
GIF Industry Governed Bodies Fund (M39)	1,014	-	-	-	1,014	-	- Operation of GIF industry governed bodies to oversee the implementation of their individual sector growth strategies within the ICT, biotechnology, design and screen sectors.

Appropriations	2006/07						Scope of and Reasons for Change in 2006/07 Appropriations
	Main Estimates		Supplementary Estimates		Cumulative Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Other Expenses to be Incurred by the Crown - cont'd							
GIF Sector Project Fund (M39)	933	-	-	-	933	-	Implementation of specific projects arising out of industry issues as requested by the established GIF industry governed bodies within the ICT, biotechnology, design and screen sectors.
Growth Services Fund (M39)	9,427	-	-	-	9,427	-	Medium to high growth potential firms to purchase external advice and expertise and marketing intelligence and development services.
International Biotechnology Partnerships (M39)	4,000	-	-	-	4,000	-	Facilitation of joint ventures between Australia and New Zealand companies in biotechnology development, manufacturing and marketing.
Large Budget Screen Production Fund (M39)	35,556	-	-	-	35,556	-	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.
Major Events Development Fund (M39)	3,022	-	-	-	3,022	-	Support for major events that provide economic, social, cultural and international profiling benefits to New Zealand.
Management Development Fund (M39)	1,156	-	-	-	1,156	-	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.
Market Development Assistance Fund (M39)	25,907	-	10,400	-	36,307	-	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. Reason for Change: Refer to Part D3.
Regional and Industry Development Fund (M39)	1,867	-	2,820	-	4,687	-	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, but are not eligible to be funded through other government assistance programmes. Reason for Change: Refer to Part D3.
Regional Partnerships and Facilitation (M39)	2,756	-	-	-	2,756	-	Support of the development of business incubators and regional clusters.
Sector Strategies and Facilitation (M39)	6,219	-	(2,342)	-	3,877	-	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. Reason for Change: Refer to Part D3.
Total Other Expenses to be Incurred by the Crown	99,220	-	9,278	-	108,498	-	

Appropriations	2006/07						Scope of and Reasons for Change in 2006/07 Appropriations
	Main Estimates		Supplementary Estimates		Cumulative Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Capital Expenditure							
Capital Growth Facility (M39)	-	-	12,467	-	12,467	-	- To facilitate loans to Right Hemisphere and Protenix. Reason for Change: The increase represents the transfer from operating to capital to fund the Right Hemisphere and Protenix initiatives (\$13.500 million) offset by a fiscally neutral transfer reflecting the cessation of negotiations with Protenix (-\$1.033 million).
New Zealand Trade and Enterprise (M39)	1,870	-	-	-	1,870	-	- Investment for the development of the business (biz) portal website.
Seed Co-investment Fund (M39)	8,000	-	-	-	8,000	-	- Support the development of the market for early stage equity finance.
Stadium Development (M39)	-	-	14,000	-	14,000	-	- Provision of a funding facility associated with the development activities in relation to the RWC 2011 Finals venue.
Venture Investment Fund (M39)	25,000	-	-	-	25,000	-	- 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.
Total Capital Expenditure	34,870	-	26,467	-	61,337	-	
Total Appropriations	286,495	-	44,234	-	330,729	-	

Part B2 - Details of Multi-Year Appropriations

Appropriations	Current Appropriation \$000	Scope of Appropriations
Other Expenses to be Incurred by the Crown		
Regional Partnerships and Facilitation (M39)		Provision of advice and grants to assist regional partnerships to identify, develop and implement sustainable economic growth strategies.
Original Appropriation	56,625	Reason for Change: A reduction of \$8.425 million was made to contribute to the 2007 Export Year Initiatives (\$3.375 million) and as part of the 2007 Budget Initiatives Package for the Economic Transformation Initiatives (\$5.050 million).
Commences	1 July 2004	
Expires	30 June 2007	
Adjustments 2006/07	(8,425)	
Appropriation	38,200	
Actual to 2005/06 Year End	21,476	
Estimated Actual to 2006/07 Year End	38,200	

Part C - Explanation of Appropriations for Output Expenses

Part C1 - Departmental Output Expenses

Policy Advice and Sector Leadership - Firm Capability, Sectoral and Regional Development

The change represents:

- Buy Kiwi Made Programme - approval from the 2006 Budget Contingency for the first stage of Buy Kiwi Made (\$670,000) related to staging a series of regional events and the development of initiatives, and for the mass media marketing programme and associated research (\$1.200 million).
- Rugby World Cup finals venue - project preliminary work and pre-staging activities associated with the national stadium project (\$500,000) and the finals venue (\$1 million).
- Rugby World Cup Tournament Office - support for the RWC 2011 tournament office relating to the coordination of activity across the public sector (\$300,000).
- Auckland - Rugby World Cup legacy - support aimed at using the RWC 2011 tournament to leverage longer term benefits for Auckland and New Zealand (\$100,000).
- Implementation and Operational Costs associated with the boost to the Market Development Assistance Fund as an Export Year 2007 initiative (\$90,000).
- Economic Transformation Agenda - support aimed at strengthening the development and implementation of the Economic Transformation theme and for leading the engagement on a broad suite of Auckland related economic development issues (\$170,000).
- An inter-departmental transfer for support of aquaculture priority projects (\$97,000).

Part C2 - Non-Departmental Output Expenses

Enabling Services - Facilitating the Development and Implementation of Sector and Regional Strategies

The change relates to a fiscally neutral transfer reflecting the financial impact of NZTE's strategy on the allocation of funding between outputs (\$8.118 million) and offset by revised tax obligations relating to overseas allowances (\$231,000); reduced costs as a result of foreign exchange movements (-\$74,000); and a transfer of the Government Electronic Tenders Service responsibilities to Vote Commerce (-\$50,000).

Enabling Services - Promotion of New Zealand Business and Development of Investment Opportunities

The change relates to costs associated with the expansion of the Market Development Assistance Fund (\$150,000) and the implementation of the NZTE Strategy (\$2.300 million) as Export Year 2007 initiatives; a fiscally neutral transfer reflecting the financial impact of NZTE's overall strategy on the allocation of funding between outputs (\$926,000); revised tax obligations relating to overseas allowances (\$32,000); reduced costs as a result of foreign exchange movements (-\$345,000); and savings reprioritised to fund other outyear Economic Transformation initiatives (-\$500,000).

Foundation Services - Business Information and Advice

The change relates to a fiscally neutral transfer reflecting the financial impact of NZTE's strategy on the allocation of funding between outputs (\$968,000); offset by reduced costs as a result of foreign exchange movements (-\$5,000) and a transfer of costs to 2007/08 relating to the BIZ portal project (-\$100,000).

Grant Administration and Management

The change relates to a transfer from Vote Foreign Affairs and Trade for activities under the Growth and Innovation Framework in support of negotiating and implementing trade agreements (\$121,000); increased costs associated with the expansion of the Market Development Assistance Fund both in Budget 2006 and as an Export Year 2007 initiative (\$930,000); offset by a fiscally neutral transfer reflecting the financial impact of NZTE's strategy on the allocation of funding between outputs (-\$188,000).

Growth Services - Customised Information and Advice

The change relates to a fiscally neutral transfer reflecting the financial impact of NZTE's strategy on the allocation of funding between outputs (-\$8.237 million); reduced costs as a result of foreign exchange movements (-\$20,000); and revised tax obligations relating to overseas allowances (\$207,000).

Growth Services - Identifying and Leveraging New Business Opportunities

The change relates to a fiscally neutral transfer reflecting the financial impact of NZTE's strategy on the allocation of funding between outputs (-\$1.881 million); reduced costs as a result of foreign exchange movements (-\$34,000); offset by a transfer from the Ministry of Foreign Affairs and Trade to support ongoing Aichi leveraging post Expo 2005 (\$889,000) and revised tax obligations relating to overseas allowances (\$530,000).

New Zealand's Participation at Expo 2010 Shanghai, China

This is a new appropriation since the 2006/07 Main Estimates. The increase in funding is to cover costs related to New Zealand's participation in Shanghai Expo 2010, incurred in the current financial year.

Part D - Explanation of Appropriations for Other Operating Flows

Part D3 - Other Expenses

Market Development Assistance Fund

The change relates to a transfer from 2005/06 due to timing of commitments within the grant scheme (\$1.200 million); and increased support associated with the expansion of the Market Development Assistance Fund as an Export Year 2007 initiative (\$13.500 million); offset by savings reprioritised to fund other outyear Economic Transformation initiatives (-\$4.300 million).

Regional and Industry Development Fund

The change relates to a transfer from 2005/06 due to timing of commitments within the Project Probe grant program (\$1.280 million); implementation of the Buy Kiwi Made Sector and Regional Initiatives Fund (\$1.500 million) and a transfer from the Ministry of Foreign Affairs and Trade for activities under the Growth and Innovation Framework in support of negotiating and implementing trade agreements (\$40,000).

Sector Strategies and Facilitation

The change represents an expense transfer from 2005/06 (\$12.125 million) and the transfer from operating to capital to fund the Right Hemisphere and Protemix initiatives (-\$13.500 million); a fiscally neutral adjustment from capital to operating reflecting the cessation of negotiations with Protemix (\$1.033 million); a transfer supporting increased costs associated with the implementation of the NZTE Strategy (-\$1 million) as an Export Year 2007 initiative, and savings reprioritised to fund other Economic Transformation initiatives (-\$1 million).

Part E - Explanation of Capital Flows

Part E1 - Explanation of Movements in Departmental Net Asset Schedules

Details of Net Asset Schedule for Ministry of Economic Development	2006/07 Main Estimates Projections \$000	2006/07 Supplementary Estimates Projections \$000	Explanation of Projected Movements in 2006/07
Opening Balance	19,952	19,878	2006/07 Supplementary Estimates opening balance reflects the audited results as at 30 June 2006.
Capital Injections	9,522	10,667	Deficits incurred on Departmental Output Expenses where memorandum accounts are in operation (\$9.467 million); and funding for a capital expenditure project (\$1.200 million).
Capital Withdrawals	(3,081)	(5,215)	Provision for repayment of surplus (-\$5.076 million); and transfer of Electrical Workers Registration functions and net assets to the Department of Building and Housing from 1 September 2006 (-\$139,000).
Surplus to be Retained (Deficit Incurred)	(5,824)	(4,391)	Deficit for the year. Comprised of deficit in Departmental Output Expenses where memorandum accounts are in operation (-\$9.467 million); offset by Departmental Outputs surplus earned (\$5.076 million).
Other Movements	-	-	
Closing Balance	20,569	20,939	