

# *Performance Information for Appropriations*

## *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

## Part 1 - Summary of the Vote

### Part 1.1 - Overview of the Vote

The Minister for Economic Development is responsible for appropriations in the Vote for the 2012/13 financial year covering the following:

- a total of just over \$22 million for policy advice on economic, industry and regional development policies, services to support the Minister, monitoring the performance and compliance of Crown entities and initiatives to promote sustainable economic development and issues related to small and medium enterprises
- a total of just over \$144 million for New Zealand Trade and Enterprise operating expenses
- a total of just under \$36 million for New Zealand Trade and Enterprise cash grant schemes
- a total of just under \$77 million for other services related to firms and industry
- a total of \$12 million for capital expenditure in the Ministry of Economic Development and
- a total of just over \$20 million for capital investments in the early stage equity finance markets and offshore market development assistance to business.

Details of these appropriations are set out in Parts 2-6 below.

### Part 1.2 - High-Level Objectives of the Vote

#### Government Priorities and Outcomes - Links to Appropriations

Government Priorities	Government Outcomes	Appropriations
Build a more competitive and productive economy	A world-class business environment	Policy Advice - Sectoral Leadership and Development, Firm Capability, and Regional Development Sectoral Leadership, Firm Capability, and Regional Development operational policy, ministerial servicing and Crown entity monitoring Policy Advice - Small Business Enhancing Small Business Capability and Performance
	Productive and competitive businesses	Policy Advice - Sectoral Leadership and Development, Firm Capability, and Regional Development Sectoral Leadership, Firm Capability, and Regional Development operational policy, ministerial servicing and Crown entity monitoring Policy Advice - Small Business Enhancing Small Business Capability and Performance
Rebuild Christchurch	A world-class business environment Productive and competitive businesses	Policy Advice - Sectoral Leadership and Development, Firm Capability, and Regional Development Sectoral Leadership, Firm Capability, and Regional Development operational policy, ministerial servicing and Crown entity monitoring

Note 1 - The Government Priorities are also referred to as the Government Goals.

## **Objectives of the Vote**

The Government's key goals for this term of government include building a more competitive and productive economy, and rebuilding Christchurch.

Work under Vote Economic Development directly contributes to these goals by helping to develop a world-class business environment and productive and competitive businesses.

The Vote provides advice on how the government can promote economic development across the economy as a whole, as well as through businesses, sectors, regions and cities.

## Part 1.3 - Trends in the Vote

### Summary of Financial Activity

	2007/08	2008/09	2009/10	2010/11	2011/12		2012/13			2013/14	2014/15	2015/16
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Budgeted \$000	Estimated Actual \$000	Departmental Transactions Budget \$000	Non- Departmental Transactions Budget \$000	Total Budget \$000	Estimated \$000	Estimated \$000	Estimated \$000
<b>Appropriations</b>												
Output Expenses	178,447	186,425	197,811	209,808	183,754	173,867	22,072	146,603	168,675	166,529	164,994	164,777
Benefits and Other Unrequited Expenses	-	-	-	-	-	-	N/A	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	299,348	114,413	153,712	186,525	209,413	187,164	-	110,432	110,432	102,029	101,249	101,249
Capital Expenditure	200,806	25,924	34,102	17,901	60,012	29,140	12,000	20,172	32,172	23,760	20,550	20,550
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	N/A	-	-	-	-
<b>Total Appropriations</b>	<b>678,601</b>	<b>326,762</b>	<b>385,625</b>	<b>414,234</b>	<b>453,179</b>	<b>390,171</b>	<b>34,072</b>	<b>277,207</b>	<b>311,279</b>	<b>292,318</b>	<b>286,793</b>	<b>286,576</b>
<b>Crown Revenue and Capital Receipts</b>												
Tax Revenue	-	-	-	-	-	-	N/A	-	-	-	-	-
Non-Tax Revenue	-	-	-	-	-	-	N/A	-	-	-	-	-
Capital Receipts	-	-	-	-	9,581	9,581	N/A	-	-	-	-	-
<b>Total Crown Revenue and Capital Receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,581</b>	<b>9,581</b>	<b>N/A</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## New Policy Initiatives

Policy Initiative	Appropriation	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
America's cup leveraging and legacy	Services to Support Sector Development and Special Events	-	1,390	1,390	-	-
Return of savings and transfer to Canterbury Business Support	Canterbury Earthquake Recovery - Business Support	-	1,000	-	-	-
Return of savings and transfer to Canterbury Business Support	Regional Partnerships and Facilitation	(3,686)	(3,680)	(3,680)	(9,250)	(9,250)
Return of savings and transfer to Canterbury Business Support	Transformational Initiatives Fund	(2,586)	(1,200)	-	-	-
Reprioritisation for Rugby World Cup (RWC), Procurement, Convention Centre and savings	International Growth Fund	(4,193)	-	-	-	-
Reprioritisation for RWC, Procurement, Convention Centre and savings	Major Events Development Fund	(2,000)	-	-	-	-
Reprioritisation for RWC, Procurement, Convention Centre and savings	Management Development Fund	(1,133)	-	-	-	-
Reprioritisation for RWC and Convention Centre	International Business Growth Services	(800)	-	-	-	-
Reprioritisation for RWC and Procurement	Policy Advice and Sectoral Leadership - Firm Capability, Sectoral and Regional Development	1,246	-	-	-	-
Reprioritisation for Convention Centre	Policy Advice and Sectoral Leadership - Firm Capability, Sectoral and Regional Development	1,014	-	-	-	-
Reprioritisation for Convention Centre	Sectoral Leadership, Firm Capability, and Regional Development operational policy, ministerial servicing and Crown entity monitoring	-	507	362	217	-
Efficiency Dividend	Policy Advice - Sectoral Leadership and Development, Firm Capability, and Regional Development	-	(105)	(105)	(105)	(105)
Efficiency Dividend	Sectoral Leadership, Firm Capability, and Regional Development operational policy, ministerial servicing and Crown entity monitoring	-	(105)	(105)	(105)	(105)
Efficiency Dividend	Enhancing Small Business Capability and Performance	-	(3)	(3)	(3)	(3)
Efficiency Dividend	Policy Advice - Small Business	-	(17)	(17)	(17)	(17)
Transfer responsibility for Futureintech from NZTE to Min of Science & Innovation	International Business Growth Services	-	(1,244)	(1,244)	(1,244)	(1,244)
Towards Improved Capital Management Capabilities: Proposed Changes to NZTE's Capital Management Services	Services to Develop Business Capability	(1,654)	(1,754)	(1,854)	(1,854)	(1,854)

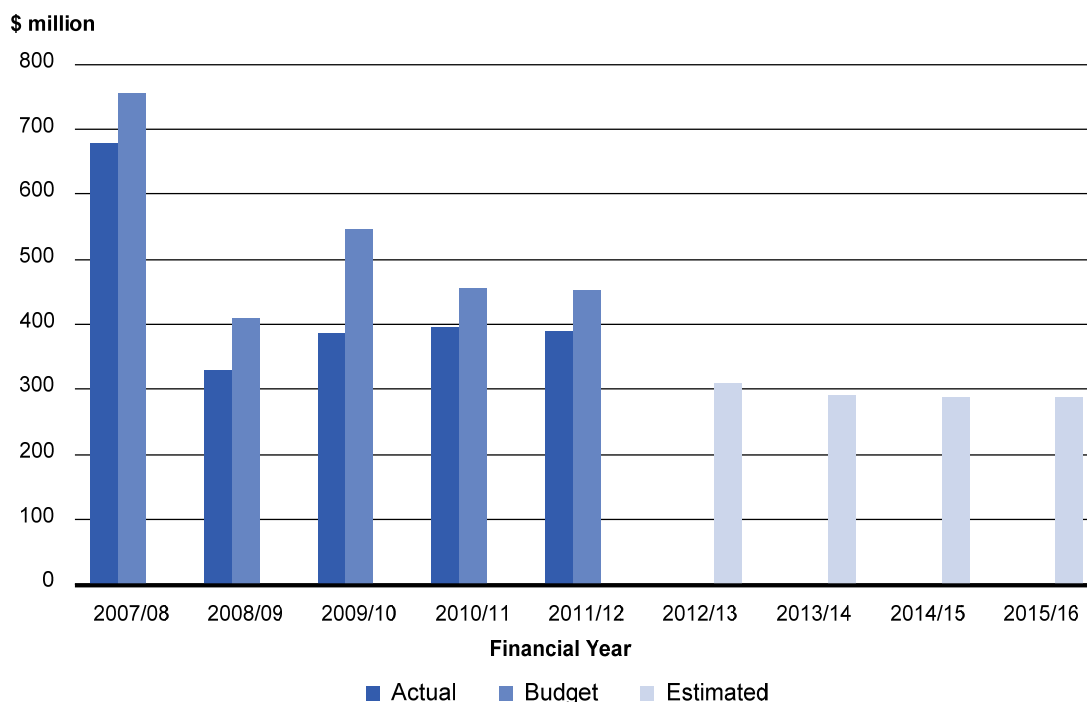
Policy Initiative	Appropriation	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Towards Improved Capital Management Capabilities: Proposed Changes to NZTE's Capital Management Services	International Business Growth Services	1,654	1,754	1,854	1,854	1,854
Establishing baseline funding for the new International Education Crown Agent in Vote Tertiary Education]	International Business Growth Services	(417)	(500)	(500)	(500)	(500)
Government Procurement Reform Programme Update - Expanding All-of-Government Contracts	Policy Advice and Sectoral Leadership - Firm Capability, Sectoral and Regional Development	1,200	1,200	1,200	1,200	1,200
Reprioritisation for Square Kilometre Array (SKA), RWC & Procurement	Policy Advice and Sector Leadership - Firm Capability, Sectoral and Regional Development	600	-	-	-	-
Reprioritisation for SKA, RWC & Procurement	Square Kilometre Array	1,250	1,250	1,250	1,250	1,250
Reprioritisation for SKA, RWC & Procurement	Rugby World Cup Leverage and Legacy Programmes	750	-	-	-	-
Canterbury Earthquake Short to Medium Term Business Support Measures	Canterbury Earthquake Recovery - Business Support	1,200	-	-	-	-
Functions related to the Rugby World Cup Authority	Rugby World Cup	1,114	-	-	-	-
Supporting the Delivery of a Successful Rugby World Cup 2011	Identification and Co-ordination of International Market Opportunities	2,450	-	-	-	-
Canterbury Earthquake Business Support Package	Canterbury Earthquake Recovery - Business Support	550	-	-	-	-
Increasing the Benefit to New Zealand from Major Events	Major Events Development Fund	6,679	6,679	6,679	6,679	6,679
Canterbury Earthquake National Level Co-ordination Mechanisms	Policy Advice and Sector Leadership - Firm Capability, Sectoral and Regional Development	500	-	-	-	-
Canterbury Earthquake National Level Co-ordination Mechanisms	Canterbury Earthquake Recovery Commission	200	-	-	-	-
Government Procurement Reform Agenda	Policy Advice and Sector Leadership - Firm Capability, Sectoral and Regional Development	5,700	5,700	5,700	5,700	5,700
Petroleum Action Plan	Regional and Sector Development Services	-	(2,000)	(4,000)	(4,000)	(4,000)
Petroleum Action Plan	International Biotechnology Partnerships	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)
Queen's Wharf Development	Temporary Rugby World Cup showcase and Festival building on Auckland's Queens Wharf	1,800	-	-	-	-
Queen's Wharf Development	Depreciation on Auckland's Queens Wharf	2,000	2,000	2,000	2,000	2,000

Policy Initiative	Appropriation	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Queen's Wharf Development	Depreciation on the temporary Rugby World Cup showcase and festival building on Auckland's Queens Wharf	4,900	4,900	-	-	-
Funding for the Kiwi Expats Association	Regional and Industry Development Fund	400	200	-	-	-
Transfer of responsibility for Government Procurement from Vote Commerce	Policy Advice and Sector Leadership - Firm Capability, Sectoral and Regional Development	1,041	1,041	1,041	1,041	1,041
RWC Free-to-Air Broadcasting Rights	Rugby World Cup Free-to-Air Broadcasting Rights	960	-	-	-	-
Contribution to the Establishment of the Productivity Commission	Identification and Co-ordination of International Market Opportunities	(140)	(150)	(151)	(151)	(151)
Contribution to the Establishment of the Productivity Commission	Regional Partnerships and Facilitation	(94)	(100)	(100)	(100)	(100)
Food Innovation Network	Establishment and operation of the Food Innovation Network New Zealand	5,360	950	780	-	-
Food Innovation Network	Regional Partnerships and Facilitation	(5,360)	(950)	(780)	-	-
Square Kilometre Array	Square Kilometre Array	700	700	600	-	-
Square Kilometre Array	Regional Partnerships and Facilitation	(700)	(700)	(600)	-	-
Funding for the NZ 2011 Office	Policy Advice and Sector Leadership - Firm Capability, Sectoral and Regional Development	1,500	-	-	-	-
Funding for the NZ 2011 Office	Rugby World Cup Leverage and Legacy Programmes	7,950	-	-	-	-
<b>Total Initiatives</b>		<b>25,965</b>	<b>12,763</b>	<b>5,717</b>	<b>(1,388)</b>	<b>(1,605)</b>

## Analysis of Significant Trends

### Total Vote: All Appropriations

**Figure 1** - Trends in actual, budget and estimated expenses and capital expenditure

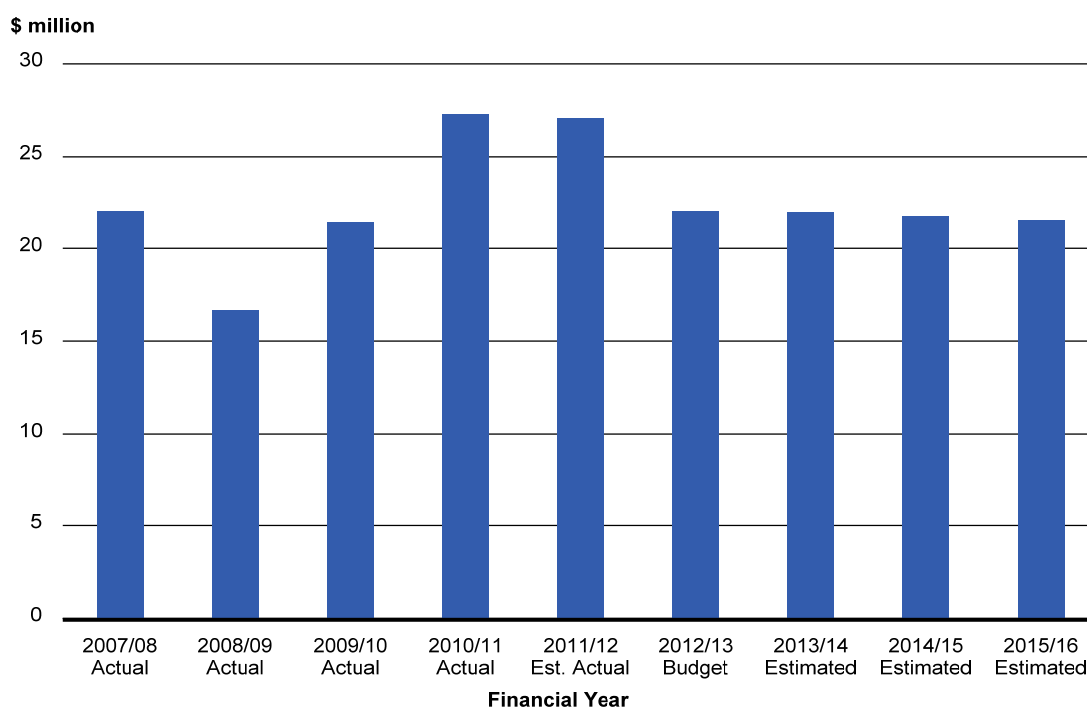


Source: MED

The departmental and non-departmental appropriations in Vote Economic Development, which are detailed in the Summary of Financial Activity table above, show the following significant changes below:

### Departmental output expense

**Figure 2** - Departmental output expenses from 2007/08 to 2015/16



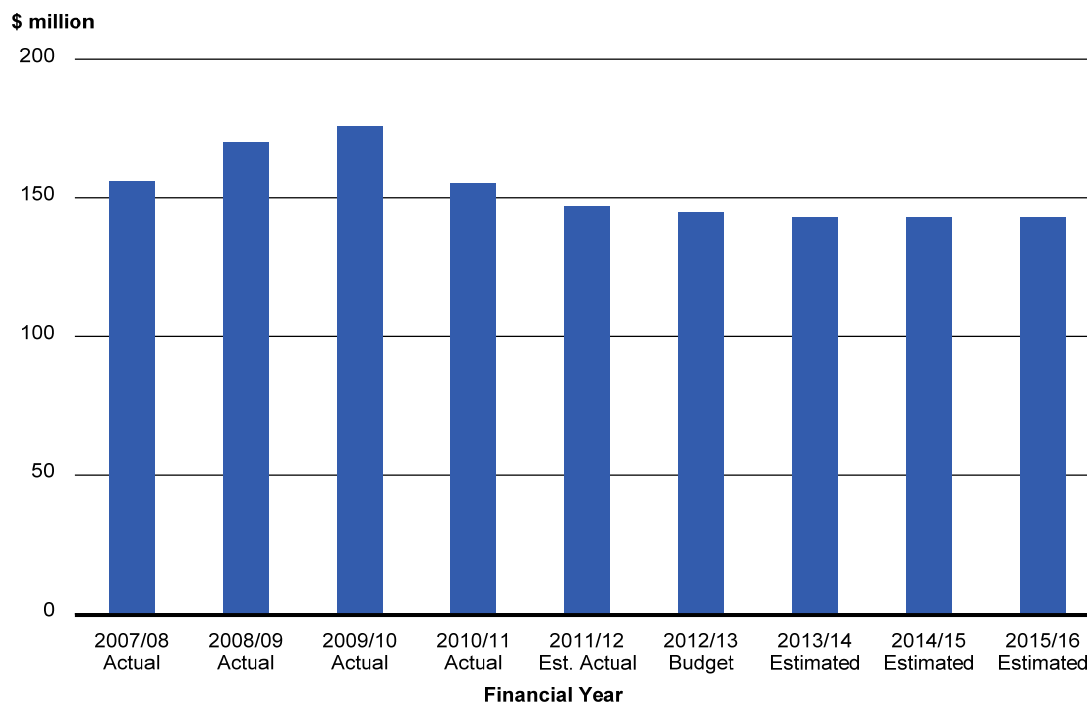
Source: MED



The decrease between 2007/08 and 2008/09 mainly reflects the reduction to the Buy Kiwi Made Marketing Programme of \$6 million, offset by increased Rugby World Cup costs of \$1 million. The increase between 2008/09 and 2009/10 mainly reflects the Government Procurement Reform Programme \$5 million, the Rugby World Cup NZ 2011 office of \$2 million offset by the cessation of the Buy Kiwi Made Marketing Programme of \$1 million. The increase between 2009/10 and 2010/11 mainly reflects the Government Procurement Reform Programme of \$2 million, Canterbury Earthquake funding of \$1 million and the Rugby World Cup 2011 of \$4 million offset by decreases in Small Business policy of \$1 million. The decrease between 2011/12 and 2012/13 mainly reflects the reductions to the Rugby World Cup NZ 2011 office of \$2 million, Government Procurement Reform Programme of \$1 million and the Convention Centre of \$1 million.

### Non-departmental expense

**Figure 3** - Non-departmental output expenses from 2007/08 to 2015/16

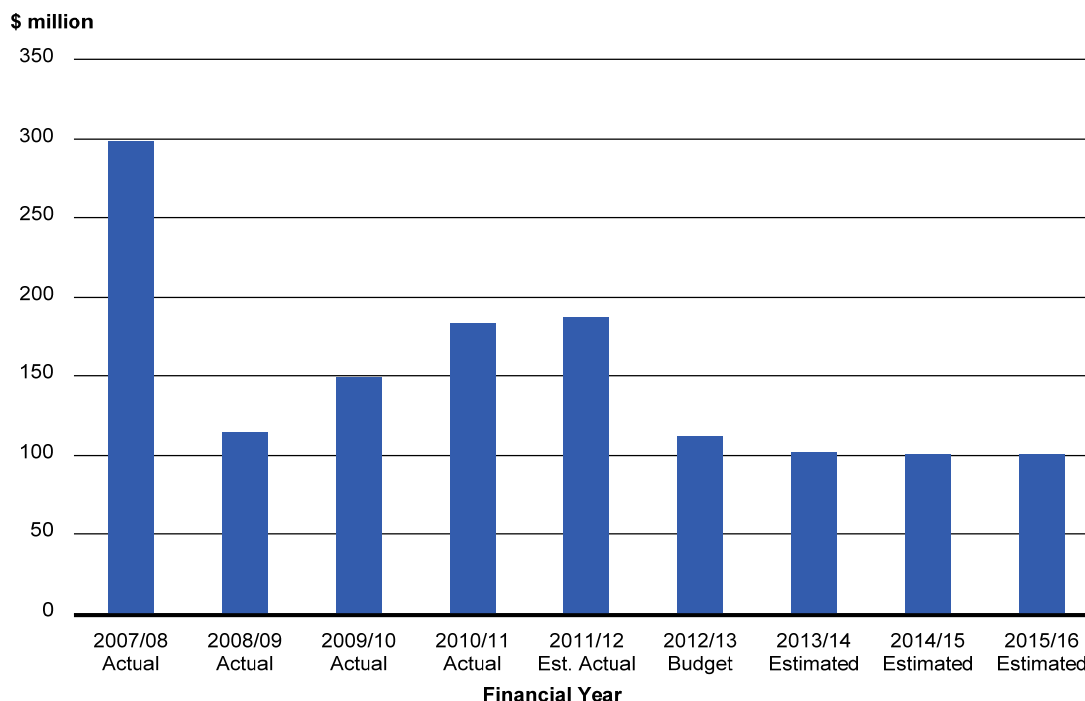


Source: MED

The increase in 2008/09 of \$13 million mainly reflects cost pressures in New Zealand Trade and Enterprise's (NZTE) offshore offices eg, movements in exchange rates that affect the foreign currency of New Zealand dollar funding provided are adjusted each year. The increase in 2009/10 relates to New Zealand's participation at the 2010 Expo at Shanghai, China of \$13 million offset by NZTE savings of \$4 million. The decrease in 2010/11 mainly reflects New Zealand's participation at the 2010 Expo at Shanghai, China of \$16 million and NZTE savings of \$5 million. The decrease in 2011/12 reflects funding of \$2 million for the 2010 Expo at Shanghai, China ceasing at the end of 2010/11, and completion of the Food and Beverage Taskforce project in 2010/11.

## Non-departmental other expense

**Figure 4** - Non-departmental other expenses from 2007/08 to 2015/16

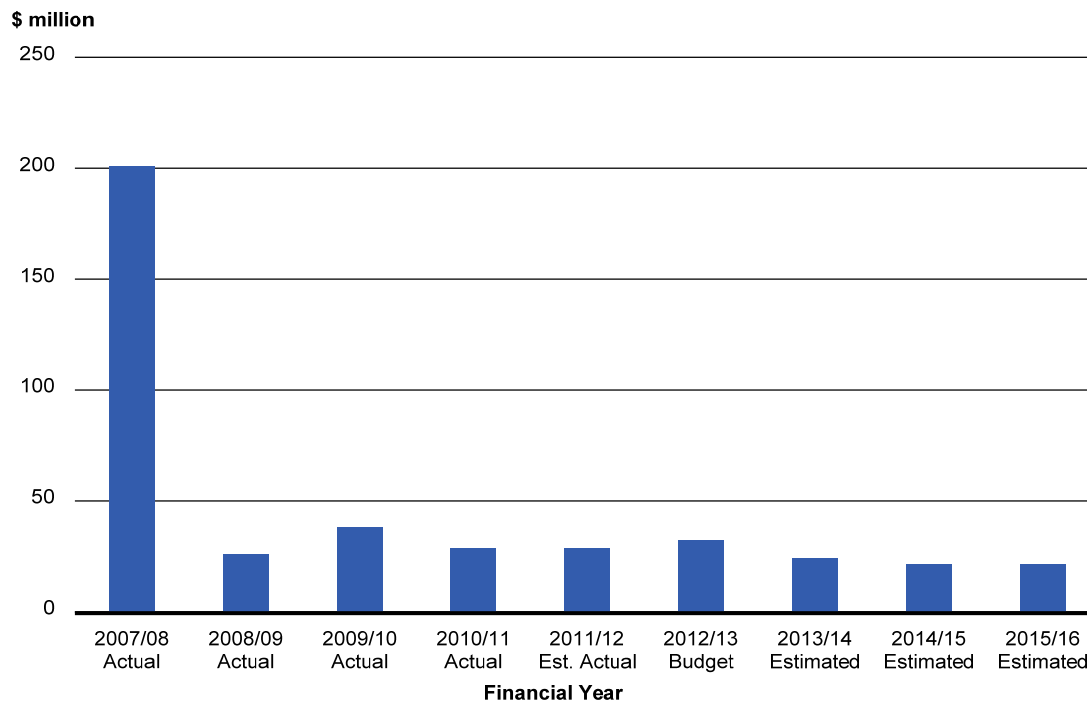


Source: MED

A substantial level of reprioritisation has occurred to redirect resources from less effective programmes towards those shown to be more effective. This has seen a reduction in some NZTE operational expenditure and the closure of a number of grant programmes. The decrease from 2007/08 to 2008/09 mainly reflects the 2007/08 write off associated with the Eden Park suspensory loan of \$185 million. The increase from 2008/09 to 2009/10 is due primarily to one-off funding for the Dunedin and Christchurch Stadiums and similar infrastructure projects of \$34 million. The increase between 2009/10 and 2010/11 is due primarily to increased funding for the Large Budget Screen Production Fund of \$69 million, the establishment and operation of the Food and Innovation Network of \$14 million, the International Growth Fund of \$16 million, and Rugby World Cup Leverage and Legacy Programme of \$5 million. This is offset by closure of the Market Development Assistance Fund of \$35 million and one-off funding in 2009/10 of \$34 million for the Dunedin and Christchurch Stadiums and similar infrastructure projects. The increase from 2010/11 to 2011/12 is due primarily to the Promotion of New Zealand Associated with the America's Cup of \$18 million, increased funding for the Major Events Development Fund of \$2 million, the International Growth Fund of \$6 million, depreciation on the temporary Rugby World Cup showcase and festival building of \$5 million, the Regional and Industry Development fund of \$3 million, the Rugby World Cup Leverage and Legacy Programme of \$3 million and the Transformation Initiatives fund of \$3 million. This is offset by reduced costs related to the establishment and operation of the Food and Innovation Network of \$8 million and the Large Budget Screen Production Fund of \$30 million. The decrease between 2011/12 and 2012/13 is due primarily to reductions in funding for the Large Budget Screen Production Fund of \$41 million, Promotion of New Zealand Associated with the America's Cup of \$20 million and the Rugby World Cup Leverage and Legacy Programme of \$8 million. The decrease between 2012/13 and 2013/14 is due primarily to reductions for depreciation on the temporary Rugby World Cup showcase and festival building of \$5 million, Film New Zealand of \$1 million, Canterbury Earthquake Recovery - Business Support of \$1 million and Square Kilometre Array funding of \$1 million.

## Trends in capital expenditure

**Figure 5** - Capital expenses from 2007/08 to 2015/16



Source: MED

The decrease between 2007/08 and 2008/09 mainly reflects the 2007/08 loan to the Eden Park Redevelopment Board of \$185 million. The increase between 2008/09 and 2009/10 mainly reflects the purchase of Queen's Wharf at Auckland for \$20 million, and increased Departmental Capital expenditure of \$7 million offset by a decrease in the Venture Investment Fund of \$14 million. The decrease between 2009/10 and 2010/11 mainly reflects the 2009/10 purchase of Queen's Wharf for \$20 million and decreased Departmental Capital expenditure of \$2 million offset by increases for the temporary Rugby World Cup showcase and festival building of \$8 million and the Venture Investment Fund of \$5 million. The increase between 2011/12 and 2012/13 relates to Departmental Capital expenditure of \$3 million and increased Seed Co-Investment Fund of \$3 million, offset by decreases for temporary Rugby World Cup showcase and festival building of \$2 million and the Venture Investment Fund of \$1 million. The decrease between 2012/13 and 2013/14 relates to Seed Co-Investment Fund of \$7 million and Departmental Capital expenditure of \$2 million. The decrease between 2013/14 and 2014/15 mainly relates to the Venture Investment Fund of \$2 million.

For further details of new initiatives agreed, refer to the "New Policy Initiatives by Appropriations".

## Part 1.4 - Reconciliation of Changes in Appropriation Structure

2011/12 Appropriations in the 2011/12 Structure	2011/12 (Current) \$000	Appropriations to which Expenses (or Capital Expenditure) have been Moved from or to	Amount Moved \$000	2011/12 Appropriations in the 2012/13 Structure	2011/12 (Restated) \$000	2012/13 \$000
<b>Departmental Output Expense</b>						
Policy Advice and Sector Leadership - Firm Capability, Sectoral and Regional Development	23,404	Transferred to Policy Advice - Sectoral Leadership and Development, Firm Capability, and Regional Development	(9,201)			
		Transferred to Sectoral Leadership, Firm Capability, and Regional Development Operational Policy, Ministerial Servicing and Crown Entity Monitoring	(13,803)			
		Transferred from Policy Advice and Sector Leadership - Firm Capability, Sectoral and Regional Development	9,201	Policy Advice - Sectoral Leadership and Development, Firm Capability, and Regional Development	9,201	9,201
		Transferred from Policy Advice and Sector Leadership - Firm Capability, Sectoral and Regional Development	13,803	Sectoral Leadership, Firm Capability, and Regional Development Operational Policy, Ministerial Servicing and Crown Entity Monitoring	13,803	11,068
Policy Advice - Small Business	1,609	Transferred to Enhancing Small Business Capability and Performance	(224)			
		Transferred to Policy Advice - Small Business	(1,385)			
		Transferred from Policy Advice - Small Business	224	Enhancing Small Business Capability and Performance	224	224
		Transferred from Policy Advice - Small Business	1,385	Policy Advice - Small Business	1,385	1,285

The Review of Expenditure on Policy Advice recommended the reorganisation of Policy Advice appropriations. As a result new appropriations have been created for the 2012/13 year and out years.

Explanations of the reasons for changing the appropriation structure are noted in the details of each appropriation in Parts 2-6.

## Part 2 - Details and Expected Performance for Output Expenses

### Part 2.1 - Departmental Output Expenses

#### Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
Reduced barriers to opportunities in overseas markets An improved local business environment in cities and regions. Improved business access to finance for growth. More efficient and effective government procurement. Increased ability and opportunities for key economic sectors to grow and compete internationally.	Policy Advice - Sectoral Leadership and Development, Firm Capability, and Regional Development. Sectoral Leadership, Firm Capability, and Regional Development Operational Policy, Ministerial Servicing and Crown Entity Monitoring.
A more efficient and effective regulatory environment	Policy Advice - Small Business. Enhancing Small Business Capability and Performance
Increased business investment in innovation. Improved business management and strategic capability.	Policy Advice - Sectoral Leadership and Development, Firm Capability, and Regional Development. Sectoral Leadership, Firm Capability, and Regional Development Operational Policy, Ministerial Servicing and Crown Entity Monitoring. Policy Advice - Small Business. Enhancing Small Business Capability and Performance

For further information on the intended impacts, outcomes and objectives of the departmental output expense appropriations; please see the Statement of Intent for the Ministry of Economic Development.

#### Enhancing Small Business Capability and Performance (M62)

##### *Scope of Appropriation*

This appropriation is limited to development of operational policies to lift the capability and performance of Small to Medium Enterprises and services to support the Minister.

##### *Expenses and Revenue*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	-	-	221
Revenue from Crown	-	-	221
Revenue from Other	-	-	-

##### *Reasons for Change in Appropriation*

The Review of Expenditure on Policy Advice recommended the reorganisation of Policy Advice appropriations. As a result this new appropriation has been created for the 2012/13 year and out years. This has been funded by way of a fiscally neutral transfer from the Policy Advice - Small Business appropriation \$224,000 less \$3,000 reflecting the Efficiency Dividend.

*Output Performance Measures and Standards*

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Timeliness of submission to the Minister of draft Ministerial correspondence, draft responses to parliamentary questions and draft Ministerial Official Information Act (OIA) responses	95% of draft correspondence and draft Parliamentary questions submitted to the Minister by due date	Achieved	95% of draft correspondence and draft Parliamentary questions submitted to the Minister by due date

*Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
<b>Current Government</b>						
Efficiency Dividend	2012/13	-	(3)	(3)	(3)	(3)

**Policy Advice - Sectoral Leadership and Development, Firm Capability, and Regional Development (M25)***Scope of Appropriation*

This appropriation is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters relating to policy areas of development, evaluation and overview of economic, industry and regional development policies and initiatives to achieve short and long term economic growth and stability, and improving and leading the public sector procurement policy.

*Expenses and Revenue*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	-	-	9,096
Revenue from Crown	-	-	9,096
Revenue from Other	-	-	-

*Reasons for Change in Appropriation*

The Review of Expenditure on Policy Advice recommended the reorganisation of Policy Advice appropriations. As a result this new appropriation has been created for the 2012/13 year and out years. This has been funded by way of a fiscally neutral transfer from the Policy Advice - Sectoral Leadership, Firm Capability, and Regional Development appropriation.

### Output Performance Measures and Standards

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Quality of policy, as assessed by the Minister twice during the year against the agreed standards for Policy Advice and Ministerial Servicing	No less than a 4 (met and sometimes exceeded my expectations)	Achieved	No less than a 4 (met and sometimes exceeded my expectations)
Quality of Regulatory Impact Statements which are subject to assessment by the Treasury or by MED's Regulatory Impact Analysis Review Panel against criteria of completeness, convincing, consulted and clear and concise	80% fully meet the criteria and the remaining 20% at least partially meet them	Achieved	80% fully meet the criteria and the remaining 20% at least partially meet them
Quality of policy briefings as assessed independently by the New Zealand Institute of Economic Research (NZIER) - or an equivalent organisation	A median score of at least 7.5 (halfway between 'adequate' and 'good - goes beyond the task at hand somewhat')	Achieved	A median score of at least 7.5 (halfway between 'adequate' and 'good - goes beyond the task at hand somewhat')

### Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
<b>Current Government</b>						
Efficiency Dividend	2012/13	-	(105)	(105)	(105)	(105)

### Policy Advice - Small Business (M62)

#### Scope of Appropriation

This appropriation is limited to the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters relating to areas of development, coordination and implementation of policies and programmes that affect Small to Medium Enterprises.

#### Expenses and Revenue

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	1,609	1,419	1,285
Revenue from Crown	1,586	1,396	1,285
Revenue from Other	23	23	-

#### Reasons for Change in Appropriation

The \$324,000 decrease in appropriation between 2011/12 and 2012/13 is a result of:

- a transfer of \$224,000 to Enhancing Small Business Capability and Performance due to the reorganisation of the Policy Advice appropriations

- the efficiency dividend of \$17,000
- a one-off funding transfer of \$80,000 to 2011/12 due to delays in the SME Information Booklet, and
- a reduction of \$3,000 due to reductions in the State Sector Retirement Savings Scheme reimbursement and a reduction in the GSF non-funding employer contribution rate.

### *Output Performance Measures and Standards*

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Quality of policy, as assessed by the Minister twice during the year against the agreed standards for Policy Advice and Ministerial Servicing	No less than a 4 (met and sometimes exceeded my expectations)	Achieved	No less than a 4 (met and sometimes exceeded my expectations)
Quality of Regulatory Impact Statements which are subject to assessment by the Treasury or by MED's Regulatory Impact Analysis Review Panel against criteria of completeness, convincing, consulted and clear and concise	80% fully meet the criteria and the remaining 20% at least partially meet them	Achieved	80% fully meet the criteria and the remaining 20% at least partially meet them
Quality of policy briefings as assessed independently by the New Zealand Institute of Economic Research (NZIER) - or an equivalent organisation	A median score of at least 7.5 (halfway between 'adequate' and 'good - goes beyond the task at hand somewhat')	Achieved	A median score of at least 7.5 (halfway between 'adequate' and 'good - goes beyond the task at hand somewhat')

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
<b>Current Government</b>						
Efficiency Dividend	2012/13	-	(17)	(17)	(17)	(17)
Baseline Savings	2008/09	(130)	(130)	(130)	(130)	(130)
<b>Previous Government</b>						
Build capability for small to medium business policy advice	2005/06	356	356	356	356	356

## **Sectoral Leadership, Firm Capability, and Regional Development Operational Policy, Ministerial Servicing and Crown Entity Monitoring (M25)**

### *Scope of Appropriation*

This appropriation is limited to development of operational policies to achieve short and long term economic growth and stability, services to support the Minister, monitoring the performance and compliance of Crown Entities, administering grants programmes, providing support for statutory bodies and improving and leading the public sector procurement practises.



*Expenses and Revenue*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	-	-	11,470
Revenue from Crown	-	-	4,570
Revenue from Other	-	-	6,900

Note - Revenue from Other represents Procurement Revenue: All of Government Administration Fee.

*Reasons for Change in Appropriation*

The Review of Expenditure on Policy Advice recommended the reorganisation of Policy Advice appropriations. As a result this new appropriation has been created for the 2012/13 year and out years. This has been funded by way of a fiscally neutral transfer from the Policy Advice - Sectoral Leadership and Development, Firm Capability, and Regional Development appropriation.

*Output Performance Measures and Standards*

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Timeliness of submission to the Minister of draft Ministerial correspondence, draft responses to parliamentary questions and draft Ministerial Official Information Act (OIA) responses	New Measure	New Measure	95% of draft correspondence and draft Parliamentary questions submitted to the Minister by the due date
Meet the financial targets identified through the Government Procurement Reform Agenda	New Measure	New Measure	Agency savings \$41.548m All-of-Government Income \$7.248m
Administer grants and funding according to best practice.	New Measure	New Measure	Risk and Business Assurance Review confirms that grants and funding are administered according to best practice

*Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
<b>Current Government</b>						
Reprioritisation for Convention Centre	2012/13	-	507	362	217	-
Efficiency Dividend	2012/13	-	(105)	(105)	(105)	(105)

*Memorandum Account*

Name of Memorandum Account	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Opening Balance at 1 July	(4,345)	(4,345)	(8,102)
Revenue	2,670	2,670	7,200
Expenses	(6,427)	(6,427)	(6,747)
Transfers and Adjustments	-	-	-
Closing Balance at 30 June	(8,102)	(8,102)	(7,649)

**Part 2.2 - Non-Departmental Output Expenses****Intended Impacts, Outcomes and Objectives**

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
NZTE works with firms to develop and grow their international business and exports to generate economic benefits for New Zealand.	International Business Growth Services*
Enterprising and competitive businesses whose success will underpin productivity gains and economic growth. Improved business access to capital. Early stage capital markets in New Zealand continue to develop in order to better enable new enterprising and competitive businesses to access finance for growth.	Investment Fund Management**
NZTE assists firms to develop business and management capability to improve individual firm and wider business performance and generate economic benefit for New Zealand.	Services to Develop Business Capability*
NZTE provides support for key sector initiatives and special events which provide significant economic benefit for New Zealand.	Services to Support Sector Development and Special Events*

For further information on the intended impacts, outcomes and objectives of the non-departmental output expense appropriations, please see the Statements of Intent for New Zealand Trade and Enterprise (\*) and New Zealand Venture Investment Fund (\*\*).

**International Business Growth Services (M25)***Scope of Appropriation*

This appropriation is limited to helping firms export and internationalise by identifying and exploiting market and investment opportunities; overcoming internationalisation barriers; providing customised advice and support; and enabling access to international business networks.

*Expenses*

Total Appropriation	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
	105,108	101,656	99,702

### *Reasons for Change in Appropriation*

The \$5.406 million decrease in appropriation between 2011/12 and 2012/13 is due to:

- one-off funding in 2011/12 of \$2.460 million for supporting the delivery of a successful Rugby World Cup
- a negative foreign exchange movement between 2011/12 and 2012/13 of \$1.535 million
- a transfer of \$1.244 million and responsibilities in 2012/13 for the Futureintech to the Ministry of Science and Innovation
- one-off funding in 2011/12 of \$900,000 in 2011/12 for delays in the RWC Leveraging and Legacy Programme
- one-off transfer of \$84,000 in 2011/12 from MFAT for WTO and FTA / CEP Negotiations, and
- increased contribution of funding in 2012/13 of \$83,000 for the new Crown Agent (Education NZ) to Vote Tertiary Education.

These decreases are partially offset by the following increases:

- \$800,000 given up as savings in the previous year 2011/12, and
- \$100,000 from 2011/12 to 2012/13 for improved NZTE Capital Management Capabilities and Services.

### *Output Performance Measures and Standards*

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Number of intensively account managed customers in NZTE's customer portfolio.	New Measure	New Measure	475 - 525
Total number of customers in NZTE's customer portfolio (excluding those intensively managed).	New Measure	New Measure	1,500 - 2,000 (demand driven)
Percentage of intensively account managed customers that agree or strongly agree that NZTE has added value to their business.	85%	85%	Exceeds 2011/12 result
Percentage of NZTE customers that agree or strongly agree that NZTE has added value to their business (excluding those intensively account managed).	New Measure	New Measure	Baseline 2012/13
Annual growth in international revenue for NZTE's intensively account managed customers.	New Measure	New Measure	Two percentage points higher than New Zealand's overall total export growth
Total value of deals effected with NZTE involvement.	New Measure	New Measure	Baseline 2012/13
Value of investment deals in key sectors committed within the financial year.	\$220m	\$220m	Exceeds 2011/12 result
Case studies completed that demonstrate positive net economic impact to New Zealand.	10	10	10

*Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
<b>Current Government</b>						
Reprioritisation for RWC and Procurement	2011/12	(800)	-	-	-	-

**Investment Fund Management (M25)***Scope of Appropriation*

Operational costs of the Venture Investment and Seed Co-investment Funds.

*Expenses*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	2,330	2,330	2,330

*Reasons for Change in Appropriation*

No change for this appropriation.

*Output Performance Measures and Standards*

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Selection of Venture Capital Fund Managers - Selection methodology and due diligence to select investment managers; investment charters and governance processes conform to industry "standard practice".	Standard practices are followed	Achieved	Standard practices are followed
Selection of Seed Fund Co-investment partners - Selection methodology and due diligence to select investment managers; investment charters and governance processes conform to industry "standard practice".	Standard practices are followed	Achieved	Standard practices are followed
Manage the Venture Investment Fund and the Seed Co-investment Fund - Fund management conforms to industry "standard practice" for venture capital "fund of funds" and angel co-investment portfolio.	Standard practices are followed	Achieved	Standard practices are followed
Monitor the performance and results achieved by the seed fund managers and the angel networks.	100% adherence with agreed performance measures. Compliance monitoring as specified in the Output Agreement	Achieved	100% adherence with agreed performance measures. Compliance monitoring as specified in the Output Agreement
Provision of advice to the Minister as required will be delivered within 15 working days of the formal request, unless otherwise agreed, and will be of a standard acceptable to the Minister.	100% within agreed timelines	Achieved	100% within agreed timelines

## Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
<b>Current Government</b>						
Baseline Savings	2009/10	(260)	(260)	(260)	(260)	(260)
<b>Previous Government</b>						
Administration of Seed Co-Investment Fund	2008/09	700	700	700	700	700
Operating funding for Seed Co-investment Fund and Venture Investment Fund	2006/07	400	400	400	400	400
Improving access to finance - establish the Seed Co-investment Fund	2005/06	512	512	512	512	512
Transfer administration of the NZ Venture Investment Fund from Vote Research, Science and Technology	2005/06	978	978	978	978	978

## Services to Develop Business Capability (M25)

### Scope of Appropriation

This appropriation is limited to building and enhancing business and management capability through providing access to effective assessment, advice, training, mentoring and information.

### Expenses

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	15,005	11,705	14,905

### Reasons for Change in Appropriation

The \$100,000 decrease in appropriation between 2011/12 and 2012/13 is a result of a transfer to the International Business Growth Services appropriation relating to the improved NZTE Capital Management Capabilities and Services initiative.

### Output Performance Measures and Standards

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Number of businesses receiving business development services through the Regional Partner Network.	New Measure	New Measure	2,500 (demand driven)
Percentage of businesses that give a positive satisfaction rating to services provided through the Regional Partner Network.	85%	85%	Exceeds 2011/12 result
Percentage of businesses that have changed or intend to make changes to improve their business as a result of their interaction with a Regional Partner.	Baseline 2011/12	Baseline 2011/12	Exceeds 2011/12 result

## Services to Support Sector Development and Special Events (M25)

### *Scope of Appropriation*

This appropriation is limited to securing and capitalising on significant economic development opportunities for New Zealand, with a focus on sectors and special events.

### *Expenses*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	32,924	31,093	29,666

### *Reasons for Change in Appropriation*

The \$3.258 million decrease in appropriation between 2011/12 and 2012/13 is a result of:

- an increased outflow of funding of \$2 million from 2011/12 to 2012/13 for the Petroleum Action Plan: Implementing the recommendations of the Agency Capability Review
- a one-off transfer of \$1.166 million from 2010/11 to 2011/12 due to delays in the Food and Beverage Taskforce Activities
- a one-off transfer of \$600,000 from 2010/11 to 2011/12 due to delays in the Global Agribusiness Research Programme
- a reduction in the NZTE foreign exchange movements from 2011/12 to 2012/13 of \$582,000, and
- a one-off transfer of \$300,000 from 2010/11 to 2011/12 due to delays in the North Asia scoping activities.

These decreases are partially offset by the following increase:

- funding of \$1.390 million for America's cup leveraging and legacy activities.

### *Output Performance Measures and Standards*

Performance Measures	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Number of high-impact programmes funded by NZTE.	New Measure	New Measure	10
Percentage of deliverables achieved for high-impact programmes.	New Measure	New Measure	85%
Case studies completed that demonstrate positive net economic impact to New Zealand from high-impact programmes	New Measure	New Measure	At least 3

*Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
America's cup leveraging and legacy	2012/13	-	1,390	1,390	-	-

**Summary of Service Providers for Non-Departmental Outputs**

Provider	2011/12 Budgeted \$000	2011/12 Estimated Actual \$000	2012/13 Budget \$000	Reporting Mechanism	Expiry of Funding Commitment
<b>Crown Entities</b>					
New Zealand Trade and Enterprise					
<ul style="list-style-type: none"> <li>• Services to Develop Business Capability</li> </ul>	15,005	11,705	14,905	Provider's Annual Report	Ongoing
<ul style="list-style-type: none"> <li>• International Business Growth Services</li> </ul>	105,108	101,656	99,702	Provider's Annual Report	Ongoing
<ul style="list-style-type: none"> <li>• Services to Support Sector Development and Special Events</li> </ul>	32,924	31,093	29,666	Provider's Annual Report	Ongoing
New Zealand Venture Investment Fund Limited Investment Fund Management	2,330	2,330	2,330	Provider's Annual Report	Ongoing
<b>Total</b>	<b>155,367</b>	<b>146,784</b>	<b>146,603</b>		

The above table summarises funding to be allocated through Vote Economic Development to non-departmental providers, along with an indication of the mechanism to be used for reporting actual performance and (where determined) the length of the funding commitment.

## Part 5 - Details and Expected Results for Other Expenses

### Part 5.2 - Non-Departmental Other Expenses

#### Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
The Ministry assists with the management of, and response to, the Canterbury earthquake recovery and, in particular, supports businesses and the wider economic recovery.	Canterbury Earthquake Recovery - Business Support
To provide funding for depreciation expense on Auckland's Queens Wharf.	Depreciation on Auckland's Queen Wharf
To provide funding for depreciation expense on the Showcase and festival building on Auckland's Queens Wharf.	Depreciation on the temporary Rugby World Cup showcase and festival building on Auckland's Queens Wharf
Reduced barriers to new product development in the food and beverage industry.	Establishment and operation of the Food Innovation Network New Zealand
Overseas investment in New Zealand firms continues and grows more enterprising and productive businesses. Improved business access to capital.	Film New Zealand
The firms that NZTE works with grow faster, are more successful internationally and deliver higher economic benefit to New Zealand. The New Zealand sectors NZTE works with are stronger and better able to compete internationally.	International Growth Fund
Increased opportunities for key economic sectors to grow and compete internationally. Overseas investment in New Zealand firms continues and grows more enterprising and competitive businesses. A strengthened New Zealand brand in global markets.	Large Budget Screen Production Fund
Improved environment for enterprise and growth.	Major Events Development Fund
Improved business management and strategic capability.	Management Development Fund
Improved environment for industry and regional development initiatives to support economic development.	Regional and Industry Development Fund
The firms that NZTE works with grow faster, are more successful internationally and deliver higher economic benefit to New Zealand. The New Zealand sectors NZTE works with are stronger and better able to compete internationally. Increased business investment in innovation. Improved business management and strategic capability.	Regional Partnerships and Facilitation
The firms that NZTE works with grow faster, are more successful internationally and deliver higher economic benefit to New Zealand. The New Zealand sectors NZTE works with are stronger and better able to compete internationally.	Sector Strategies and Facilitation
A joint bid is supported with Australia to host the Square Kilometre Array radio telescope project.	Square Kilometre Array

#### Canterbury Earthquake Recovery - Business Support (M25)

##### *Scope of Appropriation*

This appropriation is limited to providing support for the recovery of businesses affected by the Canterbury Earthquake.



*Expenses*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	1,950	1,950	1,000

*Reasons for Change in Appropriation*

The \$950,000 decrease in appropriation is due to one-off funding for the Business Support Package for 2011/12.

*Expected Results*

	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Following the Canterbury earthquakes that occurred on 4 September 2010 and 22 February 2011, business recovery support packages were developed and made available to affected businesses, in conjunction with Canterbury Employers' Chamber of Commerce and Canterbury Development Corporation.	100% achieved	100% achieved	100% achieved

*Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
<b>Current Government</b>						
Return of savings and transfer to Canterbury Business Support	2011/12	-	1,000	-	-	-
Canterbury Earthquake: Short to medium Term Business Support Measures	2010/11	1,200	-	-	-	-
Canterbury Earthquake: Business Support Package	2010/11	550	-	-	-	-

**Depreciation on Auckland's Queens Wharf (M25)***Scope of Appropriation*

This appropriation is limited to depreciation expenses associated with Auckland's Queens Wharf.

*Expenses*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	2,000	2,000	2,000

*Reasons for Change in Appropriation*

No change for this appropriation.

*Expected Results*

	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
This appropriation is a technical requirement and reflects the depreciation expense associated with the Auckland Queens Wharf asset base	Recognised in accordance with Crown accounting policies	Met	Recognised in accordance with Crown accounting policies

*Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
<b>Current Government</b>						
Queens Wharf Development	2010/11	2,000	2,000	2,000	2,000	2,000

### Depreciation on the temporary Rugby World Cup showcase and festival building on Auckland's Queens Wharf (M25)

*Scope of Appropriation*

This appropriation is limited to depreciation expenses associated with the temporary Rugby World Cup showcase and festival building on Auckland's Queens Wharf.

*Expenses*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	4,900	4,900	4,900

*Reasons for Change in Appropriation*

No change for this appropriation.

*Expected Results*

	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
This appropriation is a technical requirement and reflects the depreciation expense associated with the RWC showcase and festival building asset base	Recognised in accordance with Crown accounting policies	Met	Recognised in accordance with Crown accounting policies

*Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
<b>Current Government</b>						
Queens Wharf Development	2011/12	4,900	4,900	-	-	-

**Establishment and operation of the Food Innovation Network New Zealand (M25)***Scope of Appropriation*

This appropriation is limited to the establishment and operation of the Food Innovation Network New Zealand.

*Expenses*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	6,447	4,000	950

*Reasons for Change in Appropriation*

The \$5.497 million decrease in appropriation between 2011/12 and 2012/13 is a result of an expense transfer of \$1.087 million in 2011/12 of 2010/11 unspent funds and a decrease of \$4.410 million as a result of the phasing of funding.

*Expected Results*

	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Funding agreements in place for Manukau hub and Network company establishment.	Funding agreement in place and Network Company operational.	Achieved	N/A
One funding agreement and two hubs established and operational.	1 funding agreement established. 2 hubs operational.	Achieved	N/A
Food Innovation facilities in Auckland, Hamilton and Palmerston North meet planned targets for 2012/13.	New Measure	New Measure	Meeting planned targets for utilisation
NZ Food Innovation South Island Limited will have established or otherwise a case for a physical facility in the South Island.	New Measure	New Measure	Decision made by 30 June 2013

*Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
<b>Current Government</b>						
Food Innovation Network	2009/10	5,360	950	780	-	-

## Film New Zealand (M25)

### Scope of Appropriation

Operation of an independent structure for Film NZ, development of a marketing plan for the film sector and coordination of regional film offices.

### Expenses

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	1,133	1,133	1,133

### Reasons for Change in Appropriation

No change for this appropriation.

### Expected Results

	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Facilitate and coordinate access to New Zealand by international and domestic large scale film productions to help New Zealand be one of the world's best screen production destinations.	Meet the objectives outlined in the Film NZ funding agreement	Achieved	Meet the objectives outlined in the Film NZ funding agreement

## International Growth Fund (M25)

### Scope of Appropriation

This appropriation is limited to support for high growth firms to undertake additional market development and business capability activities required for growth in new markets, that deliver benefits for both the firm and the wider New Zealand economy.

### Expenses

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	25,834	25,834	30,027

### Reasons for Change in Appropriation

The \$4.193 million increase in appropriation between 2011/12 and 2012/13 is a result of savings given up in 2011/12.

*Expected Results*

	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Number of businesses receiving grant funding as part of a wider assistance package.	55-60 businesses receive funding	60	Up to 60 businesses receive funding
Percentage of businesses that give their experience with the International Growth Fund a positive rating.	85% of survey respondents are satisfied with NZTE's delivery of the International Growth Fund	85%	Exceeds 2011/12 result
International Growth Fund grant applications are assessed and processed in accordance with specified criteria and guidelines.	100% adherence with specified criteria and guidelines. Compliance monitoring as specified in NZTE's Agreement with Ministers	100%	100% adherence with specified criteria and guidelines. Compliance monitoring as specified in NZTE's Output Agreement with Ministers
Positive direct economic impact ratio for approved International Growth Fund grants.	New Measure	New Measure	Baseline 2012/13

*Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
<b>Current Government</b>						
Reprioritisation for RWC, Procurement, Convention Centre and savings	2011/12	(4,193)	-	-	-	-

**Large Budget Screen Production Fund (M25)***Scope of Appropriation*

Assistance to film and television productions that spend over \$15 million in New Zealand.

*Expenses*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	106,660	91,660	50,556

*Reasons for Change in Appropriation*

This is a demand-driven appropriation and the amount of funding depends on the number of films that meet the criteria for funding in any given year.

*Expected Results*

	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
International and domestic large scale film productions located in New Zealand.	At least 4 large scale productions located in New Zealand	Achieved	At least 4 large scale productions located in New Zealand

**Major Events Development Fund (M25)***Scope of Appropriation*

Support for major events that provide economic, social, cultural and international profiling benefits to New Zealand.

*Expenses*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	18,331	13,529	10,000

*Reasons for Change in Appropriation*

The \$8.331 million decrease in this appropriation between 2011/12 and 2012/13 is due an increase in 2011/12 only of \$4.331 million related to a delay in the funding application process for Major Event initiatives, a transfer of \$6 million in 2011/12 only from Foreign Affairs and Trade to assist with RWC 2011 and a decrease of \$2 million of savings given up in 2011/12.

*Expected Results*

	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Additional economic, social and cultural, and international exposure benefits are leveraged from new and existing major events.	Funding directed to 10 to 15 major events to achieve a portfolio of major events where 100% achieve additional net social, cultural or economic benefits	Achieved	Funding directed to 10 to 15 major events to achieve a portfolio of major events where 100% achieve additional net social, cultural or economic benefits

*Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
<b>Current Government</b>						
Reprioritisation for RWC, Procurement, Convention Centre and savings	2011/12	(2,000)	-	-	-	-

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
Increasing the Benefits to New Zealand from Major Events	2010/11	6,679	6,679	6,679	6,679	6,679
Continuation and Development of a Bid Programme	2009/10	3,771	3,771	3,771	3,771	3,771
Baseline Savings	2009/10	(200)	(200)	(200)	(200)	(200)

## Management Development Fund (M25)

### *Scope of Appropriation*

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.

### *Expenses*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	223	223	756

### *Reasons for Change in Appropriation*

The \$533,000 increase in this appropriation between 2011/12 and 2012/13 relates to \$1.133 million of savings in 2011/12 that were reprioritised in the Four Year Budget Plan offset by a one-off expense transfer from 2010/11 to 2011/12 of \$600,000 as a result of delays in the Prime Ministers Business Scholarships programme.

### *Expected Results*

	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Management of an annual round of scholarships that develop management capability in export oriented New Zealand businesses. Approval criteria will ensure high calibre applicants are approved.	Application round conducted during 2011 based on the agreed guidelines and selection criteria. An increase of at least 50% more applications are received compared with 2010	Achieved	Application round undertaken during 2012 based on agreed guidelines and selection criteria

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
<b>Current Government</b>						
Reprioritisation for RWC, Procurement, Convention Centre and savings	2011/12	(1,133)	-	-	-	-

## Regional and Industry Development Fund (M25)

### Scope of Appropriation

This appropriation is limited to the provision of funding to support industry and regional specific projects that are intended to contribute to economic growth.

### Expenses

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	3,900	3,900	200

### Reasons for Change in Appropriation

The \$3.700 million decrease in appropriation between 2011/12 and 2012/13 is related to a \$3.500 million transfer from the Transformational Initiatives MYA to assist with the West Coast Economic Support package in 2011/12. There is also a decrease of \$200,000 phasing of funding to the Kiwi Expats Association (KEA).

### Expected Results

	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Funding agreement in place for Kea build on the momentum gained through the previous three years' government funding and assists Kea to achieve self-sufficiency.	Funding agreement in place and continued assistance provided	Achieved	N/A
Support Kea to realise its mission to become a world leader in diaspora engagement by a small nation.	New Measure	New Measure	Met project tasks and milestones of the funding agreement

Note 1 - New performance measure for this appropriation in 2012/13.

### Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
<b>Current Government</b>						
Funding for the West Coast Economic Development Support package	2011/12	3,500	-	-	-	-
Funding for Kiwi Expats Association	2010/11	400	200	-	-	-
<b>Previous Government</b>						
Baseline Savings	2008/09	(1,644)	(1,644)	(1,644)	(1,644)	(1,644)
Establish Regional and Industry Development Fund	2005/06	1,644	1,644	1,644	1,644	1,644



## Regional Partnerships and Facilitation (M25)

### Scope of Appropriation

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.

### Expenses

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	4,556	4,556	4,556

### Reasons for Change in Appropriation

No change for this appropriation.

### Expected Results

	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Provide funding for large-scale regional projects which at a local and regional level support development attraction and retention of productive firms and globally competitive firms.	Milestones met as per funding agreements	Achieved	Milestones met as per funding agreements
Number of incubators funded.	Up to 8 incubators funded	8	Up to 8 incubators funded
Number of business entities that meet the high growth standard that have exited the incubator network.	15-20 exits	15	15

### Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
<b>Current Government</b>						
Return of savings and transfer to Canterbury Business Support	2011/12	(3,686)	(3,680)	(3,680)	(9,250)	(9,250)
Contribution to the Establishment of the Productivity Commission	2010/11	(94)	(100)	(100)	(100)	(100)
Food Innovation Network	2009/10	(5,360)	(950)	(780)	-	-
Square Kilometre Array	2010/11	(700)	(700)	(600)	-	-
Funding for the NZ 2011 Office	2010/11	-	-	-	-	-
Savings	2008/09	(3,450)	(3,450)	(3,450)	(3,450)	(3,450)

## Sector Strategies and Facilitation (M25)

### *Scope of Appropriation*

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.

### *Expenses*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	1,204	1,204	1,204

### *Reasons for Change in Appropriation*

No change for this appropriation.

### *Expected Results*

	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Number of Strategic Investment Fund (SIF) grants awarded.	4-6 grants	5	Up to 6 grants

## Square Kilometre Array (M25)

### *Scope of Appropriation*

This appropriation is limited to supporting New Zealand's contribution to the joint bid with Australia to host the Square Kilometre Array.

### *Expenses*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	864	864	3,150

### *Reasons for Change in Appropriation*

The \$2.286 million increase in appropriation between 2011/12 and 2012/13 is related to an expense transfer due to a delay in the decision on the preferred site to host the Square Kilometre Array resulting in a decrease of \$1.200 million in 2011/12 and an increase of \$1.200 million in 2012/13 (a net movement of \$2.400 million) offset by an expense transfer of \$114,000 from 2010/11 to 2011/12 due to the delay in the International Square Kilometre Array forum.

## Expected Results

	2011/12		2012/13
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Comprehensive joint international strategy promoting the Australia and New Zealand bid fully implemented (over the period leading up to the siting decision, expected in 2012).	New Zealand participates in activities and events promoting the joint bid as outlined in the strategy	Achieved	N/A
New Zealand undertakes the necessary preparation to host the SKA, demonstrating that we have viable locations and infrastructure.	New Zealand identifies potential feasible sites by 2012, including infrastructure	Achieved	N/A
New Zealand builds its capability to benefit from participation in the SKA project, including our capability in science and industry.	New Zealand capability is identified, action plans are developed and implemented	Achieved	N/A

## Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
<b>Current Government</b>						
Reprioritisation for SKA, RWC and Procurement	2010/11	1,250	1,250	1,250	1,250	-
Square Kilometre Array	2010/11	700	700	600	-	-

## Reporting Mechanisms

Appropriation	Reporting Mechanism
Depreciation on Auckland's Queen Wharf	Annual Report - MED
Depreciation on the temporary Rugby World Cup showcase and festival building on Auckland's Queens Wharf	Annual Report - MED
Establishment and operation of the Food Innovation Network New Zealand	Annual Report - MED
Film New Zealand	Annual Report - MED
International Growth Fund	Annual Report - NZTE
Large Budget Screen Production Fund	Annual Report - MED
Major Events Development Fund	Annual Report - MED
Management Development Fund	Annual Report - MED
Regional and Industry Development Fund	Annual Report - MED
Regional Partnerships and Facilitation	Annual Report - NZTE
Sector Strategies and Facilitation	Annual Report - NZTE
Square Kilometre Array	Annual Report - MED

The above table indicates the mechanisms to be used for reporting actual performance for each non-departmental other expenses appropriation.

## Part 6 - Details and Expected Results for Capital Expenditure

### Part 6.1 - Departmental Capital Expenditure

#### Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
<ul style="list-style-type: none"> <li>Internally funded capital projects integral to the delivery of the Ministry's strategic objectives.</li> <li>Implementation and operation of administration of the New Zealand Emissions Trading Scheme - (NZETS).</li> <li>The Intellectual Property Registry System will enable IPONZ to introduce new and effective tools, systems, and processes to facilitate the law reform requirements, increased application volumes, and will provide client-centric online interaction with IPONZ to enhanced service to IP rights holders and their agents - (Intellectual Property Electronic Registry System (Compass)).</li> </ul>	Ministry of Economic Development - Capital Expenditure

#### Ministry of Economic Development - Capital Expenditure PLA (M25)

##### *Scope of Appropriation*

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.

##### *Capital Expenditure*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	3,350	1,389	3,500
Intangibles	13,900	7,596	8,500
Other	-	-	-
<b>Total Appropriation</b>	<b>17,250</b>	<b>8,985</b>	<b>12,000</b>

##### *Reasons for Change in Appropriation*

The \$5.250 million decrease in appropriation between 2011/12 and 2012/13 is due to:

- a forecast change of \$2.462 million in 2011/12 only
- a capital transfer of \$2 million from 2010/11 to 2011/12 for the New Zealand Emissions Trading Scheme
- a capital transfer of \$2 million from 2010/11 to 2011/12 for the IPONZ Compass capital project, and
- a net movement of \$788,000 as a result of a forecast change processed through the 2011 Budget process.

The decrease is partially offset by \$2 million in 2012/13 for implementing the Petroleum Action Plan: Implementing the Recommendations of the Agency Capability Review.

## Part 6.2 - Non-Departmental Capital Expenditure

### Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
The firms that NZTE works with grow faster, are more successful internationally and deliver higher economic benefit to New Zealand.  The New Zealand sectors NZTE works with are stronger and better able to compete internationally.	New Zealand Trade and Enterprise
Improved business access to capital <ul style="list-style-type: none"> <li>New Zealand firms can access early stage equity for growth.</li> </ul>	Seed Co-investment Fund
A temporary building is constructed to accommodate Rugby World Cup events.	Temporary Rugby World Cup showcase and festival building on Auckland's Queens Wharf
Improved business access to capital <ul style="list-style-type: none"> <li>New Zealand firms can access early stage equity for growth.</li> </ul>	Venture Investment Fund

### New Zealand Trade and Enterprise (M25)

#### Scope of Appropriation

To increase NZTE's in-market assistance for New Zealand firms in China, India and Japan.

#### Capital Expenditure

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	3,619	-	172

#### Reasons for Change in Appropriation

The \$3.447 million decrease in appropriation between 2011/12 and 2012/13 is due to a one-off capital transfer to 2011/12 of \$3.447 million for the Asia Strategy Expansion Project - New Concept Centre in Shanghai.

#### Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2011/12 Budgeted \$000	2012/13 Budget \$000	2013/14 Estimated \$000	2014/15 Estimated \$000	2015/16 Estimated \$000
<b>Previous Government</b>						
In-market assistance for New Zealand firms in China, India and Japan.	2007/08	172	172	172	172	172

## Seed Co-investment Fund (M25)

### *Scope of Appropriation*

Support the development of the market for early stage equity finance.

### *Capital Expenditure*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	20,830	4,681	7,600

### *Reasons for Change in Appropriation*

The \$13.230 million decrease in appropriation between 2011/12 and 2012/13 is a direct result of a capital transfer of \$13.510 million from 2010/11 into 2011/12, offset by a rephasing reduction from 2011/12 to 2012/13 of \$280,000.

## Venture Investment Fund (M25)

### *Scope of Appropriation*

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.

### *Capital Expenditure*

	2011/12		2012/13
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	16,513	13,674	12,400

### *Reasons for Change in Appropriation*

The \$4.113 million decrease in appropriation between 2011/12 and 2012/13 is a direct result of a capital transfer of \$4.493 million from 2010/11 into 2011/12, and a rephasing increase from 2011/12 to 2012/13 of \$380,000.

## Reporting Mechanisms

Appropriation	Reporting Mechanism
New Zealand Trade and Enterprise	Annual Report NZTE
Seed Co-investment Fund	Annual Report of NZVIF Limited
Venture Investment Fund	Annual Report of NZVIF Limited

The above table indicates the mechanisms to be used for reporting actual results for each non-departmental capital expenditure appropriation.