

# The Treasury

## Budget 2022 Information Release

August 2022

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- [1] 6(a) - to avoid prejudice to the security or defence of New Zealand or the international relations of the government
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- [25] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
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- [33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment;
- [36] 9(2)(h) - to maintain legal professional privilege
- [37] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [38] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
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- [41] 18(c)(i) - that the making available of the information requested would be contrary to the provisions of a specified enactment
- [42] 18(d) - information is already publicly available or will be publicly available soon

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Reference: T2022/423 SH-11-0

Date: 2 March 2022

To: Minister of Finance (Hon Grant Robertson)  
Associate Minister of Finance (Hon Dr Megan Woods)

Deadline: None  
(if any)

## **Aide Memoire: Industry Transformation Plans – advice following Budget bilateral**

This Aide Memoire provides the Minister of Finance and Associate Minister of Finance further Treasury advice on three Budget 2022 bids, following the Economic and Regional Development bilateral meeting on Monday 28 February 2022. The three bids are part of the Industry Transformation Plans (ITPs) work programme.

[33]

[33]

**Digital Technologies ITP (13792) (Digital Economy and Communications portfolio)**

*What were the separate components of this initiative, and what was the rationale for Treasury support/not support of the separate bits?*

4. The below table provides the components of the initiative, their description, and Treasury's rationale for our recommended approach. Our assessments of these components were informed by the principles for industry policy (refer DEV-21-MIN-0222, attached to the Bilateral TR).

Item	Description	Treasury rationale (recommended option)
[33]		
<b>Software as a Service (SaaS) Ecosystem</b>	Year 2/3 funding to build upon the initial foundations of the SaaS Community initiative, a physical and virtual network that leverages existing sector knowledge and entrepreneurial experience, both local and overseas, to lift the commercial success rate of start-up and early-stage businesses.	<b>Support:</b> Based on conversations with MBIE, we agree that the SaaS Ecosystem is an area of high growth potential, where government support can increase export revenue and resilience. As this is year 2/3 funding and is based on existing programmes, delivery risks are minimal.
[33]		
<b>Tech Story</b>	Year 2/3 funding for the international element of the Tech Story, an action designed to raise awareness of New Zealand's innovative tech sector in targeted overseas markets, and Year 1/2 funding for similar work to develop a separate but related domestic version of the Tech Story.	<b>Support:</b> Based on conversations with MBIE, we agree that this component supports the growth of the sector. Specifically, that the international story supports export growth and the domestic story can support information gaps and the skills pipeline.

[33]		
<b>Programme Management</b>	Fund programme management FTEs (2) to manage the overall programme of digital technologies ITP actions.	<b>Support scaled</b> (1 FTE): Due to our recommended scaling of the bid overall and existing baseline resource, we do not believe 2 additional FTEs are required.

***ITPs Implementation Provision (13890)***

*What are the components of this bid you have not supported in the scaled option? And what would be the implications of not supporting those components?*

5. We recommended \$50.42 million of new funding for this bid in Budget 2022. Our assessment also noted that we supported \$12.8 million of expense transfers within the components of the bid, based on information provided by MBIE. These are being done through the March Baseline Update (MBU) process. [33]
  
6. The most significant way we have scaled this bid is by recommending funding until 2025/26, rather than baselined as requested, given concerns we have highlighted across the ITP work programme. This can support the role of effective monitoring and evaluation and planning for the transition to an industry led approach.

7. The components of this initiative and recommended funding (total over the forecast period, comprising Budget 2022 funding and transfers of underspends) are:
- Sector engagement and programme monitoring and evaluation [33]
  - ITP programme capability [33]
  - Enabling Māori Framework [33]
  - Tagged contingency: Agritech [33] \$5m in 23/24) and Advanced Manufacturing (\$15m in 22/23 and \$15m in 23/24).
8. We recommend funding the first two components, to support effective management and monitoring and evaluation across the ITP work programme. Not funding these could negatively impact on the management of the ITPs and the quality of initiatives as a result. The Enabling Māori Framework has provided evidence of high value deliverables to date, and its existing structure mitigates delivery concerns. Not supporting this component is likely to decrease the opportunity for Māori to benefit from the ITPs.
9. We have recommended fully funding the tagged contingency, [33]

The tagged contingency could be scaled, either by;

- reducing the level of funding. [33]
- by only providing funding for 22/23 [33]

This may slow progress to develop and implement these ITPs or impact the partnership approach with industry. However, labour constraints and other pressures on MBIE may also slow progress, regardless of the level of funding.

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