



10 October 2022

Ref: DOIA 2223-0393

Tim

fyi-request-20327-f641c140@requests.fyi.org.nz

Dear Tim

Thank you for your email of 27 August 2022 to the Ministry of Business, Innovation and Employment (MBIE) requesting, under the Official Information Act 1982 (the Act), the following information:

I am interested to understand how much money has been spent on industry transformation plans to date, and how much is budgeted.

Could this request please be extended to any other ministry / government entity that has budget for this work. E.g. Min Primary Industries is doing forestry and food and beverage plans.

Please include in this request,

- how many full time equivalent staff are working on industry transformation plans, listed by organisation*
- what is the annual cost of staff working on industry transformation plans, listed by Ministry, including salary and non-salary costs (e.g. overheads).*
- what has been the spending to date on external contractors on industry transformation plans, listed by external contractor and service provided.*
- what are the different budgets for industry transformation plans and how much is in each budget, over each year etc.*

Finally, has any review been done by MBIE of the success of 'Industrial Policy' overseas and in New Zealand's own history and the return on investment? If reports have been done considering such matters, is it please possible to have a copy? Has MBIE relied on reports that exist already and if so, which reports?

We contacted you on 15 September 2022 to inform you that the due date for a response was extended under section 15A(1)(a) and section 15A(1)(b) of the Act until 14 October 2022.

I have addressed each part of your request as follows:

How much money has been spent on industry transformation plans to date, and how much is budgeted?

What are the different budgets for industry transformation plans and how much is in each budget, over each year etc?

What has been the spending to date on external contractors on industry transformation plans, listed by external contractor and service provided?

As noted on MBIE's website (www.mbie.govt.nz/business-and-employment/economic-development/industry-policy/industry-transformation-plans/), there are multiple Industry Transformation Plans (ITPs). MBIE leads the Advanced Manufacturing, Agritech, Construction, Digital Technologies and Tourism ITPs, as well as the cross-ITP Enabling Māori Fund. As such, MBIE has provided information in relation to the ITPs it leads, and has transferred your request to the Ministry for Primary Industries in relation to information it holds about the ITPs for which they are the lead agency.

Information regarding the funding allocated to ITPs in each Budget is publicly available in the Estimates documents published with each year's Budget. As an example, documents on the Budget 2022 website list the appropriations with spend relating to ITPs provided to MBIE in 2021/22 and 2022/23 for Business, Science and Innovation (<https://budget.govt.nz/budget/2022/by/vote/buscin.htm>) and Building and Construction (<https://budget.govt.nz/budget/2022/by/vote/buicon.htm>). For MBIE-led ITPs, funding is allocated into Vote Business, Science and Innovation through the *Economic Development: Industry Transformation Plans* and *Policy Advice and Related Services to Ministers* appropriations, and into Vote Building and Construction through the *Building Policy, Regulation and Advice* appropriation.

To summarise this information, the following table shows the funding that has been allocated to MBIE-led ITPs to date through Budgets and including also any out-of-cycle funding provided. Please note that some figures for the 2022/23 financial year are tagged contingencies that may be drawn down.

ITP	Lead Agency	Budget 2020 (\$m)	Budget 2021 (\$m)	Budget 2022 (\$m)	Total (\$m)
Advanced Manufacturing	MBIE	–	–	30*	30
Agritech	MBIE and MPI	11.4	–	5*	16.4
Construction	MBIE	8.5	–	37.49	46.4
Digital Technologies	MBIE	5	–	20	25
Tourism	MBIE	–	10	–	10
Cross-ITP Programme Funding (Enabling Māori Fund, engagement funding, near-term initiatives, programme capability)	MBIE	16.5	–	15.42	31.92
Total		41.4	10	107.91	159.72

* Indicates tagged contingency funding.

The table below shows spend to date for each ITP:

ITP	Total spend to date (as at August 2022) (\$)
Advanced Manufacturing	0
Agritech	5,765,293
Construction	8,470,577
Digital Technologies	4,602,807
Tourism	800,000*
Near-term initiatives	1,387,396
Enabling Māori Fund	4,755,268
Engagement and programme capability	539,482

* Approximate.

The table below provides information on three ITPs where contracted spend has been used, namely the Agritech, Construction, and Tourism ITPs. The services provided were in relation to project management.

ITP	Contractor spend to date (August 2022)
Agritech	\$154,527.87
<i>The Johnson Group Ltd</i>	<i>\$95,697.10</i>
<i>Robert Walters NZ Limited</i>	<i>\$58,830.77</i>
Construction	\$587,939.34
<i>Manpower Services Ltd</i>	<i>\$96,402.43</i>
<i>Momentum Consulting</i>	<i>\$2,735.60</i>
<i>Talent International (NZ) Limited</i>	<i>\$189,325.19</i>
<i>Gemtech Solutions</i>	<i>\$238,353.71</i>
<i>Robert Walters</i>	<i>\$2,696.01</i>
<i>TSA Management</i>	<i>\$54,742.00</i>
<i>Other individual contractors*</i>	<i>\$3,684.40</i>
Tourism	\$114,738.03
<i>OCG Consulting Ltd (Chandler Macleod Group company)</i>	<i>\$114,738.03</i>

* Names of individual contractors have not been provided on the basis of privacy.

Please note that MBIE undertakes work as part of the yearly Annual Review process (which provides information to Parliament about MBIE that is also made publicly available). One of the responses to Annual Review questions lists all consultants and contractors who have worked within MBIE each year, which includes those who worked on ITPs. Information on spend for all MBIE contractors for the 2020/21 year is available on Parliament's website at the following link: www.parliament.nz/resource/en-NZ/53SCED_EVI_119680_ED8679/afb27f6a0e154e9e1197b3b455d79e4e7cce1f63. Information on the 2021/22 year is likely to be published on Parliament's website in late November 2022, though please note that this process can sometimes be delayed into approximately February of the following year.

Could this request please be extended to any other ministry / government entity that has budget for this work. E.g. Min Primary Industries is doing forestry and food and beverage plans.

We contacted you on 14 September 2022 advising you that this part of your request has been transferred under section 14(b)(i) of the Act to the Ministry for Primary Industries.

How many full time equivalent staff are working on industry transformation plans, listed by organisation;

What is the annual cost of staff working on industry transformation plans, listed by Ministry, including salary and non-salary costs (e.g. overheads);

We have various teams at MBIE that have some staff working in some capacity on ITPs. It is not possible to calculate how many full-time equivalent staff (including contractors) work solely on ITPs, because the teams and roles involved encompass a wider range of tasks and projects. MBIE staff may also work across several different ITPs at the same time (e.g. in the programme secretariat or for the administration of the Enabling Māori Fund), and contribute to cross-agency ITP work. Therefore, aside from the information on contractors as noted above, MBIE is unable to provide accurate information on the annual cost of staff working on ITPs and a breakdown of salary and overhead costs. This aspect of your request is therefore subject to a technical refusal under 18(e) of the Act, as the information does not exist or cannot be found.

Finally, has any review been done by MBIE of the success of 'Industrial Policy' overseas and in New Zealand's own history and the return on investment? If reports have been done considering such

matters, is it please possible to have a copy? Has MBIE relied on reports that exist already and if so, which reports?

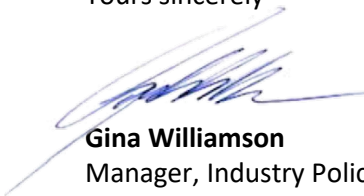
In developing the Government's Industry Strategy, MBIE has considered similar industry policy and industry transformation programmes in other countries, for example, Industry Transformation Maps in Singapore and the United Kingdom Industry Strategy.

We have provided references below to some of the reports and papers:

- Related Cabinet papers and minutes, as noted on the MBIE ITP website (mbie.govt.nz): www.mbie.govt.nz/business-and-employment/economic-development/industry-policy/industry-transformation-plans/
- "Industrial Policy for the 21st century" paper by Dani Rodrik, John F. Kennedy School of Government, Harvard University (harvard.edu): drodrik.scholar.harvard.edu/files/dani-rodrik/files/industrial-policy-twenty-first-century.pdf
- "Frontier firms: An international small advanced economy perspective" paper by Dr David Skilling (Landfall Strategy Group) for New Zealand Productivity Commission Te Kōmihana Whai Hua o Aotearoa (productivity.govt.nz): www.productivity.govt.nz/assets/Documents/frontier-firms/2580acf490/Frontier-firms_David-Skilling.pdf
- "New Zealand firms: Reaching for the frontier" by the New Zealand Productivity Commission Te Kōmihana Whai Hua o Aotearoa (productivity.govt.nz): <https://www.productivity.govt.nz/assets/Documents/Final-report-Frontier-firms.pdf>
- "Beyond Industrial Policy" by Ken Warwick, OECD Science, Technology and Industry Policy Papers, No. 2, OECD Publishing (enterprise-development.org): www.enterprise-development.org/wp-content/uploads/Beyond_Industrial_Policy.pdf.

I trust you will find this information useful. You have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at www.ombudsman.parliament.nz or freephone 0800 802 602.

Yours sincerely



Gina Williamson
Manager, Industry Policy
Labour, Science and Enterprise