



## BRIEFING

### Confirmation of decisions regarding Callaghan Innovation's RDS Division

<b>Date:</b>	4 March 2025	<b>Priority:</b>	High
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	BRIEFING-REQ-0010629

Minister	Action sought	Deadline
Hon Dr Shane Reti <b>Minister of Science, Innovation and Technology</b>	<p>Confirm decisions in response to previous advice.</p> <p>Agree to formally communicate this decision to Callaghan Innovation.</p> <p>Confidential advice to Government            [REDACTED]            [REDACTED]            [REDACTED]</p>	5 March 2025

Contact for telephone discussion (if required)				
Name	Position	Telephone		1st contact
Dean Ford	General Manager, Technology and Innovation	04 901 9882	Privacy of natural persons [REDACTED]	✓
Iain Cossar	Science System Reforms Programme Director			
Gina Williamson	Manager, Innovation Policy	04 901 8203		

The following departments/agencies have been consulted

Minister's office to complete:

- |   |  |
|---|--|
| <input type="checkbox"/> Approved             | <input type="checkbox"/> Declined            |
| <input type="checkbox"/> Noted                | <input type="checkbox"/> Needs change        |
| <input type="checkbox"/> Seen                 | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn           |

Comments



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#### Purpose

To confirm decisions in response to BRIEFING-REQ-0010034 “Further advice regarding Callaghan Innovation’s Research and Development Solutions Division”, set out fiscal implications of these decisions, and to agree to communicate these decisions to Callaghan Innovation with urgency.

#### Recommended action

The Ministry of Business, Innovation and Employment recommends that you:

a **Confirm** your decision to:

- a. Close the Applied Technologies group of RDS Division as of 30 June 2025, with funding reprioritised from 30 September 2025.
- b. Continue funding the Biotechnologies Group for a further two years to 30 June 2027, at which point it must be fully commercially viable or be closed.

c. **Confidential advice to Government**

*Yes / No*

b **Note** that continuing funding of the Biotechnologies for two years will require transfer to a PRO on 30 June 2026 when Callaghan Innovation is formally disestablished.

*Noted*

c **Agree** to transfer the Biotechnologies Group to the Bioeconomy PRO on 30 June 2026.

*Agree / Disagree*

d **Agree** to MBIE informing the Board Chair and (Acting) Chief Executive of Callaghan Innovation of your decision and to them informing staff and customers in due course.

*Agree / Disagree*

**Confidential advice to Government**

8

*Agree / Disagree*

*Noted*

**Agree** to MBE informing the Board Chair and Chief Executive of the CRIS that will comprise the Bioeconomy PRO of your decision.

**Note** that MBE will provide you a draft letter on Wednesday 5 March for your review and to send to the Chair of the Callaghan Innovation Board formally informing them of this decision and your expectations.

Gina Williamson

**Manager, Innovation Policy**

Labour Science and Enterprise, MBE

4 / 3 / 2025

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Hon Dr Shane Reti

**Minister of Science, Innovation and Technology**

## Background

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1. We provided advice on options regarding the future of the Biotechnologies and Applied Technologies Groups of Callaghan Innovation's Research and Development Solutions Division (RDS). This briefing confirms your decisions in response to that advice and provides further information about the fiscal and operational implications.

## Confirmed decisions

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2. You have decided that:
  - a. The Applied Technologies Group will close but at the deferred date of 30 June 2025, with funding reprioritised from 30 September 2025 (per Option 2 in BR-REQ-0010034).
  - b. The Biotechnologies Group will continue with government funding for a further two years, to 30 June 2027, at which point it must be fully commercially viable (i.e. operating without government funding) or be closed.

## Implications

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### Fiscal implications

3. Confidential advice to Government

4.

5.

## Operational implications

6. Closure of the Applied Technologies Group can be managed by Callaghan Innovation within the timeframes above.
7. Extending the operations of the Biotechnologies Group beyond end-June 2026 will require transfer of this Group to one of the public research organisations. This is because it will continue beyond the point at which Callaghan Innovation is formally disestablished as an innovation agency and R&D services provider.
8. Considering the nature of services provided through the Biotechnologies Group, the most appropriate PRO to take responsibility for the group is the Bioeconomy PRO.
9. As set out in previous advice, the cost and complexity of a transfer of this nature is lower if done via legislation. We therefore recommend that to give effect to your decision, the Biotechnologies Group transfers from Callaghan Innovation to the Bioeconomy PRO at the end of the 2025/26 fiscal year. And, per your decision above, if the Group is not commercially viable by the end of the 2026/27 fiscal year, it will be wound down from within the Bioeconomy PRO.

## Communication of your decision

10. This decision may have implications for the consultation processes currently underway at Callaghan Innovation. As such, it is essential that this decision is communicated formally to the Callaghan Innovation Board with urgency allowing them to communicate with staff and customers in due course. It will also need to be communicated to the relevant Crown Research Institutes that will comprise the Bioeconomy PRO.
11. We will provide you a letter that can be sent to the Chair of the Callaghan Innovation Board that:
  - a. Communicates your decision above for the Applied Technologies and Biotechnologies Groups,
  - b. Sets clear expectations regarding the Biotechnologies Group, including that Callaghan Innovation can continue to commit to new master agreements and statements of work,
  - c. Enables the Board and Executive to communicate this decision to staff and customers.

## Next steps

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12. **Confidential advice to Government**
13. MBIE will inform the Board Chair and (Acting) Chief Executive of Callaghan Innovation of your decision, as well as the Board Chair and Chief Executives of the relevant CRIs. We will provide you a draft letter on Wednesday 5 March for your review and to send to the Chair of the Callaghan Innovation Board informing them of this decision and your expectations.