



BRIEFING

Invest NZ incubation arrangements

Date:	10 January 2025	Priority:	Medium
Security classification:	In Confidence	Tracking number:	0007923

Action sought		
	Action sought	Deadline
Hon Judith Collins KC Minister of Science, Innovation and Technology	Forward and discuss this briefing and the annexed letter to the Ministers for Trade and Economic Development to socialise Invest New Zealand incubation arrangements with them	20 January 2025

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Michael Contaldo	Manager, Investment Policy	Privacy of natural persons	✓
Darius Paschke	Senior Policy Advisor, Innovation Policy		

The following departments/agencies have been consulted

Minister's office to complete:

☐ Approved

☐ Noted

☐ Seen

☐ See Minister's Notes

☐ Declined

☐ Needs change

☐ Overtaken by Events

☐ Withdrawn

Comments



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Purpose

To set out how Invest New Zealand (Invest NZ) can be incubated in New Zealand Trade and Enterprise (NZTE), and to seek your agreement to the necessary steps to do so.

Recommended action

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

- a **Agree** to the proposed arrangements for incubating Invest NZ set out in this briefing.
Agree / ~~Disagree~~
- b **Agree** to forward this briefing to the Ministers for Trade and Economic Development, and to meet as soon as practicable with them to discuss proposed incubation arrangements.
Agree / ~~Disagree~~
- c **Agree** to sign, subject to any feedback you may have, the attached letter to the Ministers for Trade and Economic Development to formalise agreement on incubation arrangements once discussion has been concluded.
Agree / ~~Disagree~~

Michael Contaldo
Manager, Investment Policy
Labour, Science and Enterprise, MBIE

10 / 01 / 2025

Hon Judith Collins KC
Minister of Science, Innovation and
Technology

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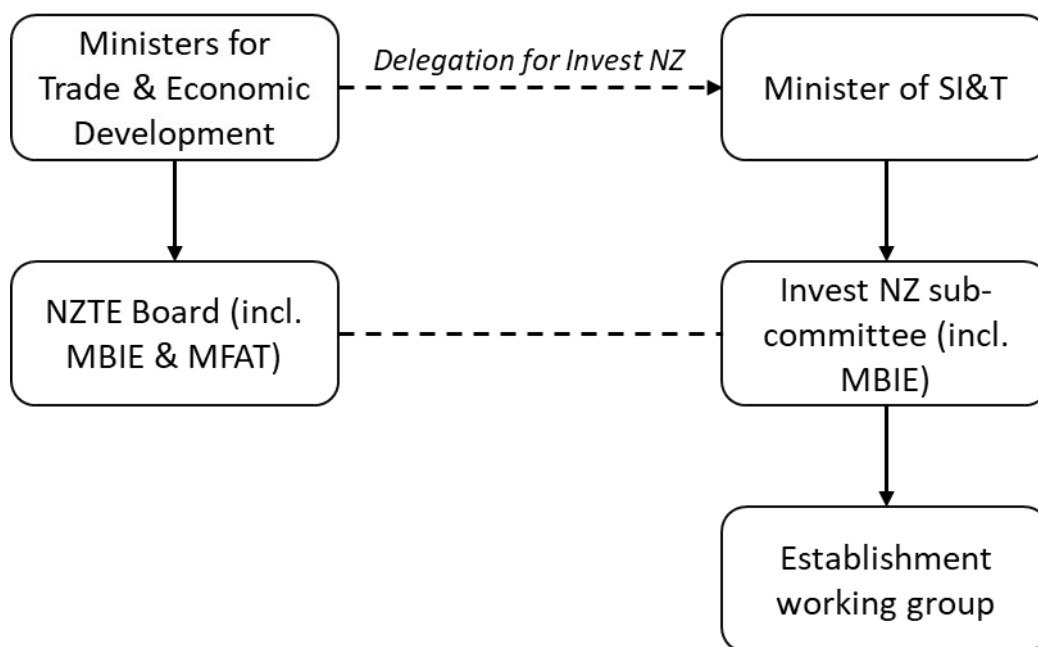
Background

1. On 18 November 2024, Cabinet agreed to progress work to establish Invest NZ as a new investment attraction agency [*ECO-24-MIN-0242 refers*]. On 11 December 2024, Cabinet noted further details of Invest NZ's purpose and establishment, including that you will report back in early 2025 with details of its functions and that it would come into effect in the second half of 2025 [*ECO-24-MIN-0302*]. You also noted that you had agreed with the Ministers for Trade and Economic Development ("responsible Ministers") that NZTE will incubate Invest NZ and run its establishment process. This briefing suggests details and arrangements for the incubation process.
2. We recommend agreeing these arrangements with responsible Ministers as soon as practicable. This will ensure there are agreed Ministerial expectations for NZTE, and that arrangements are formally established to guide the process before any significant work is conducted. MBIE officials are currently working to provide you with further advice on an accelerated legislative bid which would allow the establishment of Invest NZ later this year as you have previously requested.

Our recommendations for incubation

3. To incubate Invest NZ, NZTE's Board will be responsible for approving key aspects of Invest NZ's transition and early delivery, such as developing its business model, strategy, organisational needs (e.g. back-office support), and transitional arrangements. In doing so, NZTE will seek Ministerial approval of key aspects. MBIE and MFAT (as NZTE's monitoring departments) will work closely with NZTE in developing these proposals to ensure they align with your desired policy intent.
4. We recommend that you meet early in 2025 with responsible Ministers and agree with them the arrangements for incubating Invest NZ in NZTE. Through the Budget 25 process, an appropriation for Invest NZ (including NZTE's current investment funding) is being created and will be tagged to you, which will ensure you have clear responsibility for this work. Until this appropriation change is finalised, we recommend that responsible Ministers formally delegate the responsibility to you for NZTE's current investment attraction activities and NZTE's role in establishing Invest NZ. We recommend responsible Ministers also write to NZTE about this as soon as practicable, and that you exchange formal letters with responsible Ministers to lay out clearly what you are proposing and what this means for their portfolios and NZTE. Annex One provides a draft letter for this purpose.
5. We further recommend that expectations are conveyed to NZTE's Chair that the NZTE Board form a sub-committee to drive Invest NZ's establishment process. Note that the NZTE Board as a whole will remain formally responsible for decisions taken. To support this aspect of the establishment process, we recommend that you engage with responsible Ministers to together appoint one or multiple Directors to NZTE's Board who have the skills to lead Invest NZ's incubation, including as lead Director(s) on the sub-committee.
6. We recommend that an appropriate representative strongly familiar with Ireland's Industrial Development Authority (IDA) will also be involved with the Board sub-committee at a strategic level, and that this expectation is conveyed to NZTE's Chair.

7. We recommend you send a letter of expectations to the NZTE Chair to set clear up-front timeframes and 'goalposts' for the establishment process, including that governance arrangements align with your expectations. Once you are content, then officials will provide a draft letter that can be sent.
8. A stylised diagram of this governance to support discussions is set out below:¹



Next steps

9. We recommend that next steps are, in order:
 - a. You meet with responsible Ministers early in 2025 to discuss and agree incubation arrangements, including appointment(s) to the NZTE Board, which you follow-up with a letter (*a suggested draft is attached at Annex One*);
 - b. Responsible Ministers confirm delegation of relevant matters to you through a letter to the Chair of NZTE;
 - c. You and Responsible Ministers together send a letter to the Chair of NZTE outlining expectations for incubation, we will work with your office to finalise a draft for this;
 - d. The NZTE Board sets up a sub-committee to lead Invest NZ's incubation, including MBIE as an observer.

Annexes

Annex One: Draft letter to responsible Ministers agreeing incubation arrangements.

¹ Note that the Secretaries of MFAT and MBIE are special advisors to the NZTE Board, rather than members.

Hon Judith Collins KC

Attorney General
Minister of Defence
Minister for Digitising Government
Minister Responsible for the GCSB
Minister Responsible for the NZSIS
Minister of Science, Innovation and Technology
Minister for Space



Hon Todd McClay, Minister for Trade
Hon Melissa Lee, Minister for Economic Development

Dear Ministers

Incubation of Invest New Zealand

I am writing to you as NZTE's responsible Ministers to confirm establishment arrangements for Invest New Zealand (Invest NZ).

As you are aware, Cabinet has agreed in principle to establish Invest NZ as a new investment attraction agency, with accelerated legislation to establish the entity as soon as practicable. I will report back to Cabinet in early 2025 with proposals around Invest NZ's core functions.

I have already agreed with you that NZTE's investment function and its funding of \$11.15 million per annum will be transferred to Invest NZ. We have also agreed that Invest NZ will be incubated in NZTE, which will see NZTE run Invest NZ's establishment process.

To give effect to these decisions and to ensure clear lines of responsibility and reporting, I ask that you write to the Chair of NZTE and convey that responsibility for NZTE's current investment attraction functions and any NZTE work to help set up the new entity will shift to the Science, Innovation and Technology portfolio. Additionally, I consider it would be appropriate for myself to be consulted in decisions on appointments to NZTE's Board to ensure the Board has the right mix of skills and experience to enable the successful establishment of Invest NZ and its operations.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Judith Collins'.

Hon Judith Collins KC

Minister for Science, Innovation and Technology

cc:

Rt Hon Christopher Luxon

Chief Executives of MBIE, DPMC, and MFAT