



COVERSHEET

Minister	Hon Dr Shane Reti	Portfolio	Science, Innovation and Technology
Title of Document	Fiscal transfers to implement the SI&T reforms	Date to be published	06 August 2025

List of documents that have been proactively released

Date	Title	Author
16 July 2025	0015548 Fiscal transfers to implement the SI&T reforms	MBIE

Information redacted

YES/NO (please select)

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Some information has been withheld for the following reasons: Privacy of Natural Persons, Confidential advice to Government, Negotiations.



BRIEFING

Fiscal transfers to implement the SI&T reforms

Date:	16 July 2025	Priority:	High
Security classification:	In Confidence	Tracking number:	REQ-0015548

Action sought		
	Action sought	Deadline
Hon Nicola Willis Minister of Finance Hon Dr Shane Reti Minister of Science, Innovation and Technology	Approve fiscal transfers within the Vote Business, Science and Innovation – Science Innovation and Technology (SI&T) portfolio, to provide for the budget of the new advanced technology public research organisation Approve fiscal transfers within the Vote Business, Science and Innovation – Science Innovation and Technology (SI&T) portfolio, to provide a functional ICT system for the new gene technology regulator	17 July 2025

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Dean Ford	General Manager, Technology and Innovation	Privacy of natural persons	✓
Sarah Box	Principal Policy Advisor	04 897 5046	

The following departments/agencies have been consulted
Treasury

Minister's office to complete:

☐ Approved

☐ Declined

☐ Noted

☐ Needs change

☐ Seen

☐ Overtaken by Events

☐ See Minister's Notes

☐ Withdrawn

Comments



BRIEFING

Fiscal transfers to implement the SI&T reforms

Date:	16 July 2025	Priority:	High
Security classification:	In Confidence	Tracking number:	REQ-0015548

Purpose

To seek your approval of fiscal transfers within the Vote Business, Science and Innovation – Science Innovation and Technology (SI&T) portfolio, to provide for:

- the budget of the new advanced technology public research organisation, and
- a functional ICT system for the new gene technology regulator.

Executive summary

The Government's science system reforms are proceeding at pace. They are aimed at modernising the science, innovation and technology (SI&T) system, to contribute to the Government's goals of lifting economic growth, positioning New Zealand for the future, and improving the lives of everyday New Zealanders.

Fiscal transfers are required to continue implementing Cabinet's decisions to establish a new public research organisation (PRO) on advanced technology (the New Zealand Institute for Advanced Technology – NZIAT) and to create a dedicated gene technology regulator within the Environmental Protection Authority. The transfers will:

- establish the initial \$150.4 million of the NZIAT's total \$231.72 million budget, enabling it to quickly begin its functions to drive investment in new advanced fields of science and technology, boost New Zealand's innovative capabilities, and grow high-tech exports; and
- provide **Negotiations** as a one-off establishment cost for ICT systems critical for the new gene tech regulator in the Environmental Protection Authority to perform its functions effectively to support a more enabling and modern regulatory system for managing the use of gene technology.

Cabinet has agreed that the SI&T reforms will be funded by reprioritising funding from existing appropriations. A Budget 2025 authorisation allows you, as joint Ministers, to agree to further reprioritisation decisions to continue the implementation of the SI&T reforms [Rec 22, CAB-225-MIN-0126.08].

Further fiscal transfers for the NZIAT's budget will be submitted for joint Ministers' approval, related to activities retained from Callaghan Innovation. Discussions are underway with Callaghan on timing to transfer staff, processes and systems, to minimise disruption to transferring activities. Approval for fiscal transfers will be requested once those discussions are completed and timing for transfers is known. The total NZIAT budget of \$231.72 million over the forecast period will be established once those transfers are made.

The totality of the transfers is neutral over the forecast period and are contained within the Vote Business, Science and Innovation – Science, Innovation and Technology portfolio.

The NZIAT funding will sit in the Strategic Science Investment Fund (SSIF) MCA (Programmes) appropriation, with a small provision allocated to the Policy Advice and Related Services to Ministers in 2025/26 to provide for the NZIAT's set-up. The transfers proposed in this briefing are

the amounts coming to these appropriations from other appropriations in the SI&T portfolio, totalling \$85.515m over the period. The remaining \$64.885m to make up the initial \$150.4m budget for the NZIAT, is coming from freed-up SSIF MCA (Infrastructure and Programmes) funding and is therefore not requiring fiscal transfers. Annex One presents a summary table of both these elements.

Recommended action

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

- a **Note** that the new advanced technology public research organisation being created as part of the Government's science system reforms will deliver research, capability and commercial outreach around advanced technologies and will focus on commercialising cutting edge technology and creating economic value for New Zealand.
- b **Note** that \$85.515 million of the budget for establishing the New Zealand Institute for Advanced Technology will be created through changes between appropriations in the Science, Innovation and Technology portfolio, to provide adequate time-limited funding throughout 2025/26-2028/29, and that these changes are fiscally neutral.
- c **Approve** the following changes to appropriations to provide a time-limited budget for 2025/26-2028/29 for establishing the New Zealand Institute for Advanced Technology, with no impact on the operating balance and/or net core Crown debt.

	\$ million – increase / (decrease)				
Vote Business Science and Innovation	2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
Minister for Science, Innovation and Technology					
Multi-Category Expenses and Capital Expenditure: Policy Advice and Related Services to Ministers MCA: Departmental Output Expense: Policy Advice and Related Services to Ministers - Science Innovation and Technology (funded by revenue Crown)	5.200	-	-	-	-
Non-Departmental Output Expenses:					
Research, Science and Innovation: New to R&D Grant 2023-2028 (MYA)	(5.364)	(1.960)	(10.760)	-	-
Science, Innovation and Technology: Endeavour Fund	-	-	-	(13.489)	-

Science, Innovation and Technology: Health Research Fund	-	-	-	(11.487)	-
Science, Innovation and Technology: Marsden Fund	-	0.537	(0.537)	(15.119)	-
Science, Innovation and Technology: Callaghan Innovation - Operations (MCA) Non-Departmental Output Expenses: Research and Development Services and Facilities for Business Industry	-	-	(12.168)	(12.168)	-
Total Multi-Category Expenses and Capital Expenditure: Science, Innovation and Technology: Callaghan Innovation - Operations (MCA)	-	-	(12.168)	(12.168)	-
Science, Innovation and Technology: Contract Management (MCA) Non-Departmental Output Expenses: Research Contract Management	-	(1.000)	(1.000)	(1.000)	-
Total Multi-Category Expenses and Capital Expenditure: Science, Innovation and Technology: Contract Management (MCA)	-	(1.000)	(1.000)	(1.000)	-
Science, Innovation and Technology: Strategic Science Investment Fund (MCA) Non-Departmental Output Expenses: Strategic Science Investment Fund - Programmes	0.164	2.423	24.465	53.263	-

Total Multi-Category Expenses and Capital Expenditure: Science, Innovation and Technology: Strategic Science Investment Fund (MCA)	0.164	2.423	24.465	53.263	-
Total Operating	-	-	-	-	-

- d **Note** the remainder \$64.885 million of the budget will be created through changes within an appropriation in the Science, Innovation and Technology portfolio, to provide adequate time-limited funding throughout 2025/26-2028/29, and that these changes are fiscally neutral.
- e **Note** the following reprioritisation within an appropriation to provide a time-limited funding throughout 2025/26-2028/29, with no impact on the operating balance and/or net core Crown debt.

	\$ million – increase / (decrease)				
Vote Business Science and Innovation	2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
Minister for Science, Innovation and Technology					
Science, Innovation and Technology: Strategic Science Investment Fund (MCA)					
Non-Departmental Output Expenses:					
Strategic Science Investment Fund – Programmes	10.836	24.577	13.335	16.137	-
Total Multi-Category Expenses and Capital Expenditure: Science, Innovation and Technology: Strategic Science Investment Fund (MCA)	10.836	24.577	13.335	16.137	-

- f **Approve** the following fiscally neutral adjustment to further provide a time-limited budget for 2025/26-2028/29 for establishing the New Zealand Institute for Advanced Technology, with no impact on the operating balance and/or net core Crown debt.

	\$ million – increase / (decrease)				
Vote Business Science and Innovation	2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
Minister for Science, Innovation and Technology					
Science, Innovation and Technology: Strategic Science Investment Fund (MCA)					
Non-Departmental Output Expenses:					
Strategic Science Investment Fund - Infrastructure	(1.062)	(0.149)	(1.035)	(3.500)	-
Strategic Science Investment Fund - Programmes	1.062	0.149	1.035	3.500	-

- g **Agree** that the proposed changes to appropriations for 2025/26 shown in recommendation c, e and f be included in the 2025/26 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply.
- h **Agree** that a modernised, fit-for-purpose ICT system for the new Gene Technology Regulator is essential to the effective functioning of the new regulatory regime, and to support compliance, monitoring and oversight to build and support trust and transparency for all New Zealanders.
- i **Approve** the following fiscal neutral adjustments to provide adequate budget to further support Gene Technology regulatory functions, with no impact on the operating balance and/or net core Crown debt.

	\$ million – increase / (decrease)				
Vote Business Science and Innovation Minister for Science, Innovation and Technology	2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
Non-Departmental Output Expenses: Research, Science and Innovation: Gene technology regulatory functions	Negotiations	-	-	-	-
Science, Innovation and Technology: Strategic Science Investment Fund (MCA) Non-Departmental Output Expenses: Strategic Science Investment Fund - Infrastructure		-	-	-	-
Strategic Science Investment Fund - Programmes		-	-	-	-
Total Multi-Category Expenses and Capital Expenditure: Science, Innovation and Technology: Strategic Science Investment Fund (MCA)		-	-	-	-
Total Operating		-	-	-	-

- j **Agree** that the proposed changes to appropriations for 2025/26 in recommendation i be included in the 2025/26 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply.



Dean Ford
**General Manager, Technology and
Innovation**
Labour, Science and Enterprise, MBIE
16 / 07 / 2025

Hon Nicola Willis
Minister of Finance
..... / /

Hon Dr Shane Reti
**Minister of Science, Innovation and
Technology**
..... / /

Background

1. The Government is leading an ambitious set of reforms to New Zealand's SI&T system to help drive stronger economic growth in New Zealand. Late last year, Cabinet agreed to a suite of changes, including to establish a PRO focused on advanced technologies [ECO-24-MIN-0242 refers]. Cabinet has also agreed to reforms to enable the greater use of gene technologies in New Zealand [CAB-24-MIN-0296 refers].
2. Fiscal transfers within the SI&T portfolio are needed to continue implementing those decisions. Consistent with Cabinet's decisions last year, these transfers will reflect reprioritisation of funding. This means ceasing underperforming investments and moving taxpayer's money to SI&T activities with a higher expected pay-off for New Zealand.
3. Transfers related to the advanced tech PRO were not included in Budget 25, pending more detailed costing. During the Budget 25 process, Treasury advised the Minister of Finance to support the intent of the reprioritisation process to enable the SI&T reforms to be advanced in a fiscally neutral way. A subset of the proposed reprioritisation package was implemented through Budget 25 (including, for example, the Prime Minister's Science, Innovation and Technology Advisory Council – PMSITAC, the Gene Technology regulator, and the 2024/25 disestablishment costs for Callaghan Innovation). Other parts of the package were left for later approval.
4. Treasury has advised that the transfers proposed in this paper can be approved through a joint Ministers process. This is based on the Budget 2025 authorisation allowing you to agree to further reprioritisation decisions after Budget 2025 to continue the implementation of the SI&T reforms [Rec 22, CAB-25-MIN-0126.08].

The recommended transfers will establish the NZIAT's budget

5. The new advanced tech PRO – to be named the New Zealand Institute for Advanced Technology (NZIAT) – will have a relentless focus on commercialising cutting edge technology and creating economic value for New Zealand. It will play a central role in enabling New Zealand to keep up with – and in some areas, lead – technological advances. It will position New Zealand for the future, delivering research, capability and commercial outreach around advanced technologies such as artificial intelligence, synthetic biology, and quantum.
6. Standing up the NZIAT is proceeding at pace. A team in MBIE is working on establishing the NZIAT Board, setting up the NZIAT's legal form (a Crown entity company), and delivering initial advanced technology advice. The NZIAT will take on PRO status once the enabling legislation (the Science, Innovation and Technology Bill) is in place, likely mid-2026.
7. The total budget for the NZIAT is \$231.72 million over the forecast period. The transfers proposed here help establish an initial \$150.4 million of that budget, Confidential advice to Government

[REDACTED]

[REDACTED]

[REDACTED]

The NZIAT aims to deliver advanced tech research for commercialisation

8. The NZIAT will have a laser focus on bringing New Zealand closer to the global technological frontier. It will:
 - Comprise a lean central hub providing leadership, coordination and funding allocation, and a set of spokes undertaking world-leading research with strong industry relevance and economic potential.

- Leverage existing expertise in universities and research organisations across New Zealand, tapping our regional strengths and capabilities and ensuring the benefits of NZIAT are felt nationally.
- Make strategy-led investment decisions, implementing the directions and priorities set by Cabinet and informed by the PMSITAC.
- Apply rigorous performance criteria to spoke investments, with the NZIAT Board weeding out underperforming projects and ensuring resources flow to the most promising and effective research activities.

The proposed transfers will help establish an initial \$150.4 million of the NZIAT's budget

9. The transfers will contribute funding for the establishment and operation of the NZIAT and investments in research spokes. A summary of the NZIAT's budget is set out below. The funding for spokes includes \$40 million of the \$71 million already announced for the Robinson Research Institute, which is designated as the first NZIAT spoke.

\$million	2025/26	2026/27	2027/28	2028/29	Total
Establishment and operation	5.200	6.000	6.800	8.400	26.400
Spokes	10.000	20.000	30.000	60.000	120.000
Confidential advice to Government					
Total	16.200	27.000	37.800	69.400	150.400

10. The transfers – totalling \$85.515m over the period – come from several SI&T appropriations, including reallocations from the Endeavour Fund, Health Research Fund, Marsden Fund, the New to R&D Grant, Callaghan Innovation Operations MCA (R&D Services and Facilities for Business Industry), and Contract Management MCA (Research Contract Management).
11. Approving these transfers will enable the rapid establishment of the NZIAT hub, whose activities include providing advice on advanced technology to the PMSITAC regarding new spoke investment priorities and a critical technologies “watch list”. Establishing the budget is also essential to provide financing for the next spoke investments and to integrate and manage the performance of the investment already made in the Robinson Research Institute.
12. The initial budget of \$150.4m also draws on reprioritisation within the Strategic Science Investment Fund (SSIF) MCA (Programmes), where the bulk of the NZIAT funding will be held, and from SSIF MCA (Infrastructure) to SSIF MCA (Programmes). This within-appropriation reprioritisation does not require fiscal transfers. Under that appropriation, a total of \$64.885m funding over the period 2025/26 to 2028/29 has been reprioritised to the NZIAT from:
- Unallocated National Science Challenge funding (\$21.603m)
 - New Zealand Agricultural Greenhouse Gas Research Centre (NZAGGRC) (\$2.865m)
 - Infectious Disease Research (\$1.468)
 - CRI Platforms (\$1.438)

- Data Science Platform (\$14m)
- Advanced Energy Platform (\$15m)
- IRO Platform (2.766m)
- SSIF MCA (Infrastructure) (5.746m)

13. Annex One presents a summary table of the movements.

Additional transfers related to Callaghan Innovation initiatives will be proposed shortly and will establish the full NZIAT budget

14. The previous Minister of Science, Innovation and Technology decided which of the innovation-support activities currently provided through Callaghan Innovation would continue to be funded and transferred to other parts of the SI&T system and subsequently advised Cabinet of these decisions [CAB-24-MIN-0504.02 refers].
15. The New Zealand Product Accelerator, Technology Incubator programme, and Health Tech Activator were deemed of sufficiently high value to be continued, and their administration and funding is transferring to MBIE. Given the alignment of these activities with the NZIAT's goals, these three initiatives will be subsequently integrated into the NZIAT.
16. MBIE and Callaghan Innovation are continuing detailed planning and preparation for the transfer of activities from Callaghan Innovation. We aim to minimise disruption to these activities, which are providing important innovation services to businesses. Once we have agreed timing with Callaghan Innovation, we anticipate sending you a paper seeking joint approval for the related fiscal transfers.
17. These transfers will add a further \$81.32 million to the NZIAT's budget over the forecast period. Together with the \$150.4 million established by the transfers proposed in the current paper, the total NZIAT budget will be \$231.72 million over the forecast period.

Transfers will also remedy an ICT establishment shortfall for the gene technology regime

18. The Gene Technology Bill expected to be passed by the end of 2025 establishes a new regulatory regime for gene technologies and creates a Gene Technology Regulator (the Regulator) within the Environmental Protection Authority to be the independent decision-maker within the regime. An appropriate ICT system is essential to the effective functioning of the new regime for the Regulator and users, and to support compliance, monitoring and oversight to build and support trust and transparency for all New Zealanders.
19. The current ICT system used by the EPA to support its Hazardous Substances and New Organism Act 1996 responsibilities is outdated, unsupported, and is neither automated or able to accept online submissions, requiring significant manual intervention and document management. It lacks reporting capabilities (making it difficult to track application progress) and creates challenges in tracking and updating approvals. It is not fit for purpose to manage the requirements of the new gene technology regime.

20.

Negotiations

21. In addition to discounting the EPA's existing HSNO system and the Fast-track solution, acquisition of a specialised solution, or the adoption of the Australian-equivalent Regulator's system were also investigated, assessed, then discounted.

22. Confidential advice to Government

23. Negotiations

Negotiations

Next steps

25. MBIE will confirm timing of the transfer of Callaghan Innovation activities and will propose further fiscal transfers to bring those activities into the NZIAT.

Annexes

Annex One: Summary table of funding movements

Annex One: Summary table of funding movements

Appropriation	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s	2028/29 \$000s	Total
Science, Innovation and Technology: Endeavour Fund	0.000	0.000	0.000	-13.489	-13.489
Science, Innovation and Technology: Health Research Fund	0.000	0.000	0.000	-11.487	-11.487
Science, Innovation and Technology: Marsden Fund	0.000	0.537	-0.537	-15.119	-15.119
Research, Science and Innovation: New to R&D Grant 2023-2028 (MYA Expense)	-5.364	-1.960	-10.760	0.000	-18.084
Science, Innovation and Technology: Callaghan Innovation - Operations MCA - Research and Development Services and Facilities for Business Industry	0.000	0.000	-12.168	-12.168	-24.336
Science, Innovation and Technology: Contract Management MCA - Research Contract Management	0.000	-1.000	-1.000	-1.000	-3.000
Total	-5.364	-2.423	-24.465	-53.263	-85.515*

Science, Innovation and Technology: Strategic Science Investment Fund MCA - Strategic Science Investment Fund - Programmes (represents funding reprioritised within the appropriation's Programme category)	-11.468	-14.689	-16.513	-16.470	-59.140*
Science, Innovation and Technology: Strategic Science Investment Fund MCA - Strategic Science Investment Fund – Infrastructure (represents funding reprioritised from the appropriation's Infrastructure to Programme category)	-1.062	-0.149	-1.035	-3.500	-5.746*
Science, Innovation and Technology: Strategic Science Investment Fund MCA - Strategic Science Investment Fund - Programmes	11.000	27.000	37.800	69.401	145.201
Policy Advice and Related Services to Ministers MCA - Policy Advice and Related Services to Ministers – Science Innovation and Technology	5.200				5.200
Total	3.670	12.162	20.252	49.431	85.515

*These figures represent the initial \$150.4m funding available for the NZIAT, resulting from fiscal transfers and reprioritisation within the SSIF MCA appropriation.