



BRIEFING

Preparing for Budget 2025

Date:	3 October 2024	Priority:	High
Security classification:	Budget - Sensitive	Tracking number:	BRIEFING-REQ-0004408

Action sought		
	Action sought	Deadline
Hon Judith Collins KC Minister of Science, Innovation and Technology	Note no decisions are needed at this stage. Note that feasibility and potential impact of reprioritising science, innovation and technology funding to support your potential initiatives in Budget 25.	11 October 2024

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Iain Cossar	General Manager, Science and Space	Privacy of natural persons	✓
Lee Robinson	Policy Director, Science and Space		

The following departments/agencies have been consulted

Minister's office to complete:

☐ Approved

☐ Declined

☐ Noted

☐ Needs change

☐ Seen

☐ Overtaken by Events

☐ See Minister's Notes

☐ Withdrawn

Comments



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Preparing for Budget 2025

Date:	3 October 2024	Priority:	Medium
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Purpose

To advise you of the feasibility and potential impact of reprioritising within the science, innovation and technology appropriations to fund new initiatives, such as those signalled in your Cabinet paper "Driving Economic Growth through Science, Innovation and Technology", in Budget 25.

Recommended action

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

- a **Note** you have undertaken to fund your gene technology and science, innovation and technology system reforms by reprioritising within your science, innovation and technology appropriations.

Noted

- b **Note** that although proposed reprioritisation is feasible, it will result in a notable decrease, in particular, to funding re-invested each year Confidential advice to Government

Noted

Confidential advice to Government

Noted

Lee Robinson
Policy Director, Science and Space
Labour, Science and Enterprise, MBIE

03 / 10 / 2024

Hon Judith Collins, KC
Minister of Science, Innovation and Technology

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Background

1. Treasury has not yet confirmed the Budget 25 process nor government's expectations around savings.
2. You are planning to implement a series of initiatives relating to gene technology and reform of the science, innovation and technology system, and have undertaken to fund them by reprioritising science, innovation and technology appropriations funding.
3. You will need to confirm your reprioritisation package as part of the Budget 25 process. This paper tests the feasibility and potential impact of reprioritising funding.
4. All costings to support the proposed initiatives are estimates and will shift as our understanding of the final form of each initiative develops and government's expectations around savings are confirmed.
5. Our analysis **does not** include potential savings you may be asked to contribute from the science, innovation and technology portfolio.

Proposed initiatives

6. We will seek your agreement to a list of initiatives for reprioritisation once the Budget 25 process has been confirmed.
7. For this exercise, we have developed a working list of likely initiatives to test the feasibility and potential impact of reprioritising within the science, innovation and technology appropriations. The initiatives include establishing:
 - a. A gene technology regulator and compliance regime.
 - b. A Prime Minister's Science, Innovation and Technology Advisory Council.
 - c. Three public research organisations by consolidating and/or re-purposing the existing crown research institutes.
 - d. An advanced technology focused public research organisation, which will start as a platform of research and capability funded under the Strategic Science Investment Fund.
8. You are also planning to establish *Invest New Zealand*, which will be funded through a mix of reprioritised science, innovation and technology and economic development appropriations. *Enterprise New Zealand* will be established within the economic development appropriations and is not covered in this paper.
9. A summary of the working list of initiatives and estimated high level costs is provided in first section of Table One.

Reprioritisation sources

10. The majority of funding needing to be reprioritised for the proposed initiatives can sourced from similar (like-for-like) areas and are, therefore, largely cost neutral. For example:
 - a. Confidential advice to Government

- b. **Invest New Zealand** and the administration of the business R&D grants could be funded by re-purposing Callaghan Innovation's operational funding Confidential advice to Government per year).

11. Other significant sources of potential re-prioritisation include:

Confidential advice to Government

12. A summary of the potential reprioritisation sources is provided in the second section of Table One.

Table One: Overview of estimated costs of potential initiatives and potential reprioritisation sources after reprioritisation from like-for-like sources have been taken into account. *Note, these figures are estimates and will change.*

	2024/25 \$000	2025/26 \$000	2026/27 \$000	2027/28 \$000	2028/29 \$000
Initiative					
Gene technology	800	4,294	3,182	3,012	3,012
SI&T system reform*	500	5,000	12,000	Confidential advice to Government	
Other	500	22,000	22,000		
Total	1,800	31,294	37,182		
Reprioritisation source					
Strategic Science Investment Fund	Confidential advice to Government				
Contestable**					
Other					
Total					

* SI&T system reforms once cost neutral, like-for-like reprioritised funding sources are removed.

** Endeavour, Health Research, Marsden funds.

Potential impact

Confidential advice to Government

18. We will provide you with advice on both the investment mechanisms and institutions likely to be impacted by the reprioritisation as we move through Budget 25.

Conclusion

19. Our analysis does not account for the potential that we will be asked to provide savings in Budget 25. If savings **are required**, we will re-run the analysis and provide you with updated figures and implications.
20. If savings **are not required**, you can feasibly reprioritise the funding needed to support the proposed initiatives.
21. Much of the reprioritised funding can be drawn from “like” sources and therefore retained within the same part of the system.

Next steps

23. Once the Budget 25 process has been confirmed by Treasury, we will:
 - a. Update you on implications for the science, innovation and technology portfolio.
 - b. Seek your agreement to a list of potential new initiatives and potential costs.