

Business Case

Project No.	Project Name	Business Group	Sponsor	Business Owner	Project Manager	Date
4871	Callaghan Innovation Transition Project	Business and Consumer Branch	Ross van der Schyff	Privacy of natural persons		21 July 2025

Business Case Purpose					
This business case seeks to deliver on the Government’s decision to reform the Science Investment and Technology sector through the disestablishment of Callaghan Innovation and transition of agreed programmes and grants to MBIEs ownership by 30 June 2026. Opex funding of \$7m has been secured in Budget 2025. The delivery stage of the project commenced on 22 April 2025 and is expected to be completed by 30 June 2026.					
Problem and Opportunity					
Callaghan Innovation is a Crown entity that has historically delivered a range of innovation programmes and services to support New Zealand businesses. The government has decided to disestablish Callaghan Innovation as an innovation agency by 30 June 2026. Some of these programmes are now being transitioned into the Ministry of Business, Innovation and Employment (MBIE), specifically into the Business and Consumer (B&C) branch. This transition presents the following challenges: Risk of service disruption if a structured and well-resourced transition project is not established, potentially impacting businesses and stakeholders who rely on these innovation services. Loss of institutional knowledge and capability if Callaghan Innovation employees leave due to uncertainty, affecting the continuity and quality of programme delivery. Implementing a comprehensive transition project will ensure a smooth and timely transfer of programmes, people, systems, funding and responsibilities into MBIE, preserving service continuity and institutional expertise. It also provides the opportunity to align innovation services with MBIE’s broader business support functions, enhancing efficiency, integration, and customer experience across the innovation ecosystem.					
Impact of Not Proceeding					
If MBIE does not proceed with this project, there will be significant disruption to critical innovation services, loss of institutional knowledge, and failure to deliver on key Government Science, Innovation and Technology reform objectives.					
Complexity	Med	Treasury RPA	Low	Business Impact	Low
Project Start Date	22 April 2025	Indicative Closure Date	20 July 2026	Privacy Threshold Assessment	Low

Recommendation	Decision
Approve: commitment of Business Case and funding to deliver the project	
1. Opex of \$7 million across FY24/25 (\$2.5m) and FY25/26 (\$4.5m) to fund the Callaghan Innovation Transition Project. Use of cost centre 9351 Callaghan Transition	Approved/Not Approved
2. The benefits claimed and the associated measures as stated in the Benefits Table	Approved/Not Approved
a) Note: that the opex funding availability of \$7m has been confirmed by Finance.	Noted/Not Noted
b) Note: that Cabinet authorised the transfer of up to \$2.5 million in underspends from 2024/25 to 2025/26, to be reconfirmed through the 2025 October Baseline Update.	Noted/Not Noted
c) Note: that the capex is currently unknown (should be known by October 2025 once we have confirmed a migration approach).	Noted/Not Noted
d) Note: that the Technology workstream will determine whether any capital expenses are required and if so a source of funding will be requested. This potentially could be met from the funding allocated through Budget 2025.	Noted/Not Noted
e) Note: the next governance document submitted to DGB will be a Closure Report on 20 July 2026	Noted/Not Noted
f) Note: the project closure date of 20 July 2026	Noted/Not Noted

Project Overview (Short)			
The Callaghan Innovation Transition Project has been established to manage the transfer of selected innovation programmes from Callaghan Innovation into MBIE following the Government’s decision to disestablish Callaghan Innovation by 30 June 2026. The project, led by MBIE’s B&C branch, aims to ensure a seamless transition of people, systems, services, and responsibilities, preserving service continuity and institutional knowledge while aligning with broader Science, Innovation and Technology sector reforms.			
Funding Source: Capex	Funding Source: Opex	Associated Memo Account	FIC Approval Needed?
TBD	Source: Callaghan Transition Cost centre: 9351	Not Applicable	No

Strategic Case	In January 2025, Cabinet approved the disestablishment of Callaghan Innovation by 30 June 2026 as part of the Government’s broader Science, Innovation and Technology (SIT) sector reform programme, which aims to streamline and strengthen the delivery of innovation services across the public sector. The strategic intent of this reform is to align innovation programmes with MBIE’s existing business support functions, enabling a more integrated and impactful service offering to New Zealand businesses. The transition of key programmes—such as the Research & Development Tax Incentive (RDTI), Ārohia Trailblazer Grant, and Founder & Start-up Support—into MBIE’s B&C branch supports this alignment and ensures continuity of service. This business case is essential to delivering on Cabinet’s direction, preserving institutional knowledge, and positioning MBIE to lead a unified and efficient innovation system that better serves the needs of the economy.
Economic Case (Preferred Option)	Three options were considered, with Option 3: Establish a formal transition project within MBIE being selected as the preferred option. This option will: a) Ensure continuity of critical innovation programmes such as the RDTI and Ārohia Trailblazer Grant, avoiding disruption to services that support New Zealand businesses. b) Preserve institutional knowledge and capability by supporting the timely and structured transfer of Callaghan Innovation employees, systems, and agreements into MBIE. The other two options considered were: Option 1: Do Nothing / Status Quo: let the transition occur informally without a structured project. Risks include service disruption and loss of staff. Option 2: Minimal Coordination: provide limited oversight or coordination without a formal project structure. Lower cost but higher risk of fragmentation.
Commercial Case	The commercial case for this transition centres on the effective transfer of contracts, and operational responsibilities from Callaghan Innovation to MBIE. All relevant commercial arrangements—including funding agreements and service contracts will be transferred to ensure continuity of service. MBIE’s Legal and Commercial teams will have input into the process, supported by clear recommendations on timing and mechanisms for each class of arrangement. This approach ensures that MBIE can assume full operational and financial responsibility for the programmes without disruption to stakeholders or service delivery. As a backstop measure, the SIT legislation will provide for the transfer of any contracts not transferred prior to enactment of the legislation.
Management Case	The project will be managed in alignment with MBIE project governance, management, and quality assurance disciplines. This project will be delivered using a phased approach aligned to key transition milestones, including discovery, planning, implementation, and completion, with dedicated workstreams for people, technology, communications, legal, and finance. Governance will be provided by an internal MBIE Management Working Group and a Steering Group with representation from both MBIE and Callaghan Innovation to ensure timely decision-making and oversight.
Financial Case	The total funding allocated from Budget 2025 for the MBIE Callaghan Innovation Transition Project is \$7 million, comprising \$2.5 million in FY24/25 and \$4.5 million in FY25/26. This funding will cover operational costs associated with the transition, including people change processes, technology integration, legal and commercial arrangements, and communications. While the capital expenditure component is currently unknown, it will be determined by the Technology workstream and if required a source of funding will be requested. This potentially could be met from the funding allocated through Budget 2025. Financial oversight will be provided by MBIE’s Finance Business Partner team, ensuring that all costs are tracked, reported, and aligned with the project’s delivery milestones. As part of the project the relevant Callaghan Innovation appropriations will be transferred to MBIE and will cover ongoing operational costs and the ongoing management of grants.

Project Objectives		
#	Title	Description
1	People Transition Support	Ensure a smooth and supportive transition for all impacted employees through effective change management, onboarding, and communication.
2	Systems Integration Enablement & Implementation	Establish and integrate the necessary technological and financial systems to support the seamless transfer and continued operation of programmes and business processes within MBIE.
3	Process and Governance Alignment	Ensure all process, governance, documentation requirements are met to enable a compliant and efficient transition of responsibilities to MBIE.

Business Change Summary (Impact on culture, systems, policy, processes and people) within the B&C branch	
The transition of Callaghan Innovation programmes into MBIE’s B&C branch will bring significant changes across multiple dimensions.	
a) Culture: The integration of Callaghan Innovation employees into MBIE will require a focus on cultural alignment, ensuring that incoming employees feel welcomed and supported, and that MBIE’s values and ways of working are clearly communicated and embraced.	
b) Systems: Technology systems currently operated by Callaghan Innovation will be transferred or replicated within MBIE, requiring updates to infrastructure, access protocols, and data migration to ensure continuity and functionality.	
c) Policy: Legislative and policy changes will be required to formally transfer mandates and responsibilities, including updates to Ministerial Directions and Memoranda of Understanding.	
d) Processes: Operational processes will be adapted to incorporate the new programmes, including grant management, customer engagement, and reporting workflows.	
e) People: A comprehensive people change process will be implemented, including consultation, employment offers, onboarding, and training to ensure a smooth transition for affected employees and minimal disruption to service delivery.	
Cross-Agency Involvement	
The transition of Callaghan Innovation programmes involves collaboration across several government agencies to ensure a coordinated and effective process.	
Callaghan Innovation is leading the disestablishment programme of work under the Science Innovation and Technology Reforms. Within this programme, Callaghan Innovation is also leading this joint transition project which includes servicing the governance group, providing operational insights, programme documentation, and support for employee movements.	
Inland Revenue plays a key role in enabling the transfer of the RDTI function, including navigating legislative provisions under the Tax Administration Act 1994. The Parliamentary Counsel office is involved in drafting the necessary legislation to disestablish Callaghan Innovation as an innovation agency and providing for the transfer of staff, assets and liabilities to receiving agencies.	

High-level Project Scope (Target Outcomes)	
Title	Description
Transition of selected Callaghan Innovation programmes to MBIE (details of the Callaghan Innovation programmes and grants being transferred to MBIE are identified in the Benefits Map Appendix)	Programmes not selected for transfer to MBIE
Transfer of relevant Callaghan Innovation employees to MBIE	Broader MBIE workforce changes unrelated to the transition
Migration or replication of technology systems to support programme delivery	Development of new technology platforms that are not aligned to the technology and architectural roadmap
Novation or transfer of commercial agreements	Renegotiation of existing agreements not related to the transition
Transfer of public records and documentation	Historical records not relevant to the transferring programmes
Communications to affected employees and stakeholders	General MBIE communications unrelated to the transition
Legislative and policy changes to support the transition	Broader legislative reform outside the scope of Callaghan Innovation transition
Onboarding and integration of transferring employees	Recruitment of new employees not part of the transition

Project Category (Highlight one)		Run	Grow	Transform
Mandatory	Legislated, regulated, or directed by Government or the MBIE SLT, or is essential to health and safety compliance, security or disaster recovery, or will result in or cause failure or reputational risk to MBIE if this is not undertaken			
Discretionary	An initiative that will improve how MBIE operates or replaces an existing system or asset. Initiatives may be able to be deferred and revisited later when resources are available but may become non-discretionary over time			

Resourcing – How will this project be resourced?(Highlight selection)		
Internal	Contractors	Outsourced / Consultants
Medium	Resource required to deliver would be a mix of internal / external resources	
High	Resource required to deliver need to be dedicated and have specialist skills and knowledge	

Funding Information			FY 24/25	FY 25/26	FY xx/xx	FY xx/xx	FY xx/xx	Total
A	Approved Investment Planning Bid	Capex						
		Opex	\$2.5m	\$4.5m				\$7.0m
B	Previously Approved: Project Brief	Capex						
		Opex						
C	Previously Approved: Business Case (if applicable)	Capex						
		Opex						
D	Previously Approved: Change Requests (if applicable)	Capex						
		Opex						
E	Carry-forwards (if applicable)	Capex						
F	Total Previously Approved Funding (B+C+D+E)	Capex						
		Opex						
G	Funding requested in this Submission	Capex						
		Opex	\$2.5m	\$4.5m				\$7.0m
H	Total Project Funding Requirement (F+G)	Capex						
		Opex	\$2.5m	\$4.5m				\$7.0m
I	Estimated Ongoing Operating Costs	Opex						
J	Depreciation							
K	Capital Charge							
L	Estimated Whole of Life Cost (H+I)	Opex	\$2.5m	\$4.5m				\$7.0m

Project Objectives			Rating (pre-treatment)
Theme	Description	Treatment & Controls	
People	Uncertainty due to extended timelines or unclear employment offers may lead to employee attrition and loss of institutional knowledge.	Implement a comprehensive and supportive people change process; communicate clearly and early with affected employees. Ensure we have knowledge transfer and training in place for any new employees	High
Technology	Programmes may not operate in MBIE if relevant CI technology or equivalent functionality is not transferred in time	Establish a comprehensive technology workstream; ensure early resourcing and planning to provide options for decision-makers.	High
Degradation of transferring programmes	Transferred programmes may underperform due to attrition, low morale, market confusion, or process changes, risking MBIE’s reputation.	Ensure public awareness through communications; apply best change management practices; monitor employees wellbeing and performance; support people managers.	Med
Communications	Transition may not be supported or understood if progress and decisions are not clearly communicated to stakeholders.	Develop a comprehensive communications plan; use existing channels including people leaders and MBIE business communications.	Med

Constraints - Description	Treatment	Impact
Fixed transfer date for Callaghan Innovation people (23 Oct 2025)	Ensure all onboarding, employment offers, and Day One readiness are completed before this date.	High — delays would disrupt employee transition and operational continuity.
Final deadline for full transition (30 June 2026)	Establish clear milestones and monitor progress across all workstreams.	High — failure to meet deadline risks non-compliance with government mandate.

High-level Project Deliverables		Date
1	Finalisation of people change plan and consultation	31 Aug 2025
2	Employment offers and onboarding preparation	30 Sept 2025
3	Communications plan and stakeholder messaging	30 Sept 2025
4	Financial advice and appropriation distribution	30 Sept 2025
5	Day One employee onboarding (access, hardware, security, policies)	23 Oct 2025
6	Interim technology access and support for transferred employees	31 Oct 2025
7	Update customer interface process	31 Dec 2025
8	Updated website and promotional content	28 Feb 2026
9	Full technology transfer or migration to MBIE system	31 March 2026
10	Transfer of all relevant contracts	30 June 2026

Key Project Milestones		Date
1	Project Start	22 April 2025
2	Transfer of Callaghan Innovation employees to MBIE	23 Oct 2025
3	Transfer of Customer Operations (websites branding etc)	31 Dec 2025
4	Completion of technology transfer and system integration	31 March 2026
5	Final transfer of contracts, records, and documentation	30 June 2026
6	Completion of financial and policy arrangements	30 June 2026
7	Project Closure	20 July 2026

Reference Documentation (M=Mandatory)	Mako Link
Governance Group Terms of Reference (M)	In draft form. An internal MBIE Management Working Group and a Steering Group will govern this project, with representation from both MBIE and Callaghan Innovation to ensure timely decision-making and oversight.
Project Brief (M for medium and high complexity)	NA
Business Case Playbook (M for medium and high complexity)	NA
Finance Project Workbook (M)	In development – link to be provided later
Treasury Risk Profile Assessment (M)	Internal Links
Project Initiation Document (M)	In development – link to be provided later
Benefits Map (M)	Internal Links
Benefits Realisation Plan (M for medium and high complexity)	NA
Assurance Plan (M for medium and high complexity)	Will be incorporated in the PID
Business Change Impact Assessment (M)	Internal Links
Privacy Threshold Assessment (M)	[INT-TOOL] Privacy Threshold Assessment app - Power Apps
Stakeholder Analysis and Register (M)	Will be incorporated in the PID
Resource Management Plan (M)	Will be incorporated in the PID

Benefits (Between 1 – 3 Maximum)				
#	Type	Benefit Name	Description	Target Measure & Date
1	Improved Service: External	Efficiency of business support and innovation programmes and services by bringing them together in the MBIE Business and Consumer Branch	The number of agencies is being reduced from two to one agency.	One agency by 30 June 2026

Dependencies - Description	Impact	Date Needed
Integrated communication plan and execution	A shared communication plan with the Callaghan Innovation Disestablishment programme ensures stakeholders and employees understand the transition and its implications	Ongoing, starting mid-2025
Financial arrangements and appropriation setup	Ongoing operational costs for the programmes are dependent on funding continuity from existing Callaghan Innovation appropriations to be transferred to MBIE	Prior to programme handover to MBIE
People change process (consultation, decisions, employment offers)	Critical for retaining institutional knowledge and supporting employee’s transition and business continuity	23 Oct 2025
Clear scope of technology systems and data transfer to MBIE	The project is dependent on the Callaghan Innovation Disestablishment Programme to clearly identify and partition the required Callaghan Innovation systems and data to ensure operational continuity for transferred programmes	30 June 2026
Transfer of Callaghan Innovation contracts and business processes	Legal continuity of services and obligations	30 June 2026
Transfer of public records and documentation	Maintains historical and operational integrity of programmes	30 June 2026

Endorser / Reviewer	Endorsed?	Endorser / Reviewer	Endorsed?
All endorsements received Endorsements in Confluence link below Internal Links	Yes <MAKO link>	Project Steering Group (PSG minutes) Provided to the Steering Group for their information.	NA
Project Sponsor: Ross van der Schyff	Yes	PMO Quality, Benefits & Assurance: Privacy of natural persons	Yes
Business Owner Privacy of natural persons	Yes	Business Strategy Alignment: Privacy of natural persons	Yes
owner (if different from above) Privacy of natural persons	Yes	Technology Strategy Alignment: Privacy of natural persons	Yes
Finance Business Partner Privacy of natural persons	Yes	Workstream Manager: Privacy of natural persons	Yes
Procurement & Commercial Privacy of natural persons	Yes	Digital Operations: Privacy of natural persons	Yes