



COVERSHEET

Minister	Hon Megan Woods	Portfolio	Research, Science and Innovation
Title of Cabinet paper	Proactive Release of the Proposed Changes to the Technology Incubator Programme Cabinet Paper and Related Cabinet minutes	Date to be published	28 March 2019

List of documents that have been proactively released

Date	Title	Author
13 February 2019	Proposed Changes to the Technology Incubator Programme	Office of the Minister of Research, Science and Innovation
18 February 2019	Extract from Cabinet Minute CAB-19-MIN-0033	Secretary of Cabinet
13 February 2019	DEV-19-MIN-0001 Minute	Committee Secretary of DEV

Information redacted

YES

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982.



Cabinet Economic Development Committee

Minute of Decision

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Technology Incubator Programme: Proposed Changes

Portfolio **Research, Science and Innovation**

On 13 February 2019, the Cabinet Economic Development Committee:

Background

- 1 **noted** that a more knowledge intensive economy is integral to achieve the government's objectives of:
 - 1.1 supporting a thriving nation in the digital age through innovation, and economic opportunities;
 - 1.2 creating opportunities for productive businesses to enable transition to a sustainable and low-emissions economy;
- 2 **noted** that there is a gap between generating knowledge, and the impact of knowledge;
- 3 **noted** that the Technology Incubator programme is designed to bridge this gap to create more innovative companies based around complex research;

Proposed changes to the Technology Incubator programme

- 4 **noted** that while the pilot Technology Incubator programme has had some successes, the Ministry of Business, Innovation and Employment's review of the pilot has highlighted opportunities to improve on the programme and its impact;
- 5 **agreed** to implement changes to the programme via a request for proposals (RFP) process, to be administered by Callaghan Innovation early in 2019;
- 6 **agreed** to establish more ambitious requirements for Technology Incubator providers to have expertise, international connections, and a pathway to success beyond the incubator;
- 7 **noted** that repayable grants of up to \$450,000 are available to incubated companies, recognising the difficulty of pricing early-stage technology and the high degree of risk involved in investing in technology at this stage;
- 8 **noted** that repayable grants are currently provided on the basis that the investment is matched on a 1:3 basis by the technology incubator (meaning a total investment of \$600,000);

- 9 **noted** that many stakeholders consulted through the Ministry of Business, Innovation and Employment’s review felt that total investment of \$600,000 was insufficient to take early-stage technology companies to the next stage of investment;
- 10 **agreed** to increase the maximum amount of repayable grants available to incubated companies from \$450,000 (matched by \$150,000 of co-funding from the incubator) to \$750,000 (matched by \$250,000 of co-funding from the incubator);
- 11 **agreed** to reduce the proportion of this total funding a technology incubator may charge in incubation fees from 15 percent (a current maximum of \$90,000) to 5 percent (a maximum under the new grant limit of \$50,000);
- 12 **agreed** to increase direct funding to technology incubators for operational costs, up to a total of \$3 million per annum across all incubators;
- 13 **agreed** to allow Callaghan Innovation to determine operational funding for each technology incubator, on the basis of the RFP process;
- 14 Confidential advice to Government [Redacted]
- 15 Confidential advice to Government [Redacted]
- 16 Confidential advice to Government [Redacted]
- 17 Negotiations [Redacted]
- 17.1 Negotiations [Redacted]
- 17.2 Negotiations [Redacted]
- 17.3 Negotiations [Redacted]
- 18 **agreed** that decisions on successful providers be made by an assessment panel comprising Callaghan Innovation, independent experts (preferably with international experience), and senior officials from relevant government agencies;

Financial implications

- 19 **noted** that:
 - 19.1 Confidential advice to Government [Redacted]

19.2 Confidential advice to Government

Janine Harvey
Committee Secretary

Present:

Hon Kelvin Davis
Hon Grant Robertson (Chair)
Hon Phil Twyford
Hon Dr Megan Woods
Hon David Parker
Hon Nanaia Mahuta
Hon Iain Lees-Galloway
Hon Jenny Salesa
Hon Damien O'Connor
Hon Shane Jones
Hon Kris Faafoi
Hon James Shaw
Hon Eugenie Sage

Officials present from:

Office of the Prime Minister
Officials Committee for DEV

Hard-copy distribution:

Minister of Research, Science and Innovation

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