



## COVERSHEET

<b>Minister</b>	Hon Dr. Shane Reti	<b>Portfolio</b>	Science, Innovation and Technology
<b>Title of Cabinet paper</b>	Establishment of Invest New Zealand	<b>Date to be published</b>	30 May 2025

### List of documents that have been proactively released

<b>Date</b>	<b>Title</b>	<b>Author</b>
February 2025	Establishment of Invest New Zealand	Office of the Minister for Science, Innovation and Technology
5 March 2025	Establishment of Invest New Zealand ECO-25-MIN-0016 Minute	Cabinet Office
24 February 2025	Regulatory Impact Statement – Establishment of Invest New Zealand	MBIE

### 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. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld for the reasons of Confidential advice to Government, free and frank expressions.

## Budget - Sensitive

Office of the Minister for Trade and Investment

Cabinet Economic Policy Committee

## Establishment of Invest New Zealand

### Proposal

- 1 This paper seeks Cabinet agreement to final policy design decisions to support the establishment of Invest New Zealand; and authority to issue drafting instructions for an Invest New Zealand Bill (the Bill) which will allow for the creation of this new entity.
- 2 The overall goal of Invest New Zealand will be to increase all forms of foreign direct investment into New Zealand, subject to the Overseas Investment Act and guided by priorities set by Cabinet.

### Relation to government priorities

- 3 The Government is committed to driving economic growth in New Zealand to strengthen local businesses, lift incomes and make New Zealand a more attractive and predictable destination for investors. Pillar Three of *Going for Growth: Unlocking New Zealand's Potential* is focussed on promoting global trade and investment. The Government has a target to double the value of New Zealand's exports by 2034.
- 4 Foreign investment is crucial because it brings in new capital to support the growth of New Zealand firms. It also strengthens our international connections, facilitates technology transfer and the commercialisation of our science base, creates jobs and builds capabilities, enhances infrastructure development, and contributes overall to boosting New Zealand's productive capacity and competitiveness on a global scale.

### Background

- 5 As part of the Government's science, innovation and technology system reforms, Cabinet agreed at the end of 2024 to progress with the establishment of Invest New Zealand [*CAB-24-MIN-0445 and CAB-24-MIN-0504.02 refers*].
- 6 Cabinet agreed that Invest New Zealand's high-level objectives will be focussed on achieving:
  - greater investment into truly innovative activities in both "traditional" sectors as well as sectors with high potential to raise productivity and drive economic growth,
  - greater research and development (R&D) investment and innovative activity in New Zealand by multinational corporations, and
  - more skilled professionals to New Zealand who will help foster innovation, raise domestic capabilities and improve international connections.

- 7 Cabinet agreed in principle to establish Invest New Zealand as an Autonomous Crown Entity (ACE), with accelerated legislation enabling the entity to come into force as soon as practicable.

**Invest New Zealand will be nimble, and solutions focused**

- 8 This initiative will look to make New Zealand a premier destination for foreign direct investment (FDI) that will create higher paying jobs and grow the economy.
- 9 It will help unlock tens of billions of dollars in global investment opportunities, significantly increase the capital available to support key investment projects and make New Zealand a more attractive and predictable destination for investors. It will streamline processes and support investors to navigate our legal and commercial landscape. It will also look to support the attraction of FDI into high-potential sectors to boost domestic productivity and innovation.
- 10 This will aim to address some of the findings of the Science System Advisory Group that noted that a core barrier to rapid growth in innovation-led productivity is the lack of multinational corporations (MNCs) undertaking significant R&D in New Zealand. They have skills and capacity in global market project, support and create an ecosystem of local innovative SMEs, and they produce high paying jobs.
- 11 Invest New Zealand will need to take a nimble, fast-paced approach with a clear focus for engagement. I want it to achieve more for the resource we spend. It will be free to identify potential deals and investment of any size which the market would not otherwise take forward by itself.
- 12 While I believe there is sufficient expertise within the private sector to structure deals, there is a role for Invest New Zealand in helping prepare some of those deals by connecting parties and smoothing out barriers – engaging with both national and regional government agencies and partners where necessary. It will also have a role in some cases in getting businesses ready for investment, especially high-growth startups.
- 13 Finally, Invest New Zealand will have deep knowledge of New Zealand's investment landscape and regulatory systems, allowing it to effectively connect and engage foreign investors with investment opportunities and government agencies.
- 14 I would like to be clear, however, that it will not work to attract investment into sectors that could pose national security risks to New Zealand, and I expect Invest New Zealand to work closely with the Overseas Investment Office and other relevant bodies.

**While Invest New Zealand will be open to all investment, it will focus on areas of importance to New Zealand**

- 15 Invest New Zealand will be established as an ACE, an entity which under the Crown Entities Act 2004 must have regard to a government policy that relates to the entity's functions and objectives when directed by the responsible Minister. This balanced level of Ministerial oversight and entity independence will better create a stable and

predictable platform for foreign investors to invest over the long-term and is consistent with models used in other countries such as Ireland.

- 16 I recognise, however, that many portfolios will likely benefit from overseas investment in different ways. In order to ensure that Invest New Zealand is directed in an orderly manner, I propose we allow discussion in Cabinet on a regular basis to agree what the Government's priority areas for investment attraction will be and communicate accordingly. This is likely to consider where the Government has identified a particular need or priority sector, where there is some competitive advantage or capability within New Zealand, and where we already have entrepreneurs or firms to make use of that investment. This will reduce the risk of resource in Invest New Zealand being over-stretched and unfocused.
- 17 Cabinet has agreed that Invest New Zealand will not have a mandate to lead specifically on the attraction of investment into public infrastructure, as this is the remit of the recently established National Infrastructure Funding and Financing Limited (NIFFCo). However, I recognise that it must play an important role in connecting interested investors to NIFFCo and other key infrastructure agencies, using knowledge and contacts it will develop and maintain overseas. [REDACTED]  
Confidential advice to Government [REDACTED]  
[REDACTED]
- 18 Finally, it was previously agreed by Cabinet that Invest New Zealand will have clear incentives to employees to ensure that the Government is paying for performance, including paid incentives for individual performance based on how much capital they have attracted to New Zealand. However, it will be critical as part of this that we develop measures that are attributable to actions by employees in Invest New Zealand to ensure that we do realise increased FDI into New Zealand. While this does not need to be specified in legislation, officials will continue to work through this issue over coming months to provide advice on how the proposal will operate effectively in practice.
- 19 More generally, Invest New Zealand will help New Zealand companies, institutions and government agencies connect with foreign investors, including through triaging inquiries.

**The functions of Invest New Zealand will be set out in legislation establishing the entity**

- 20 To achieve the objectives set out, I envisage that Invest NZ will undertake a number of activities that are likely to include:
  - **Attracting Foreign Direct Investment (FDI)** – Increasing all forms of FDI into New Zealand by marketing New Zealand internationally as an ideal location for business and innovation.
  - **Encouraging Multinational Corporations (MNCs)** to set up operations in New Zealand, particularly key sectors identified by government.
  - **Acting as a One-stop-shop for all unsolicited investment enquiries.**

- **Maintaining a pipeline of investable opportunities** (excluding infrastructure) so that international investors have impactful proposals to invest in.
- **Investor onboarding** by helping investors find suitable locations in New Zealand and to navigate the regulatory environment.
- **Facilitating collaboration** – Encouraging partnerships between MNCs, New Zealand businesses, and research institutions.
- **Supporting existing investors** – Assisting multinational companies already in New Zealand with expansions, new projects, and innovation.
- **Acting as a source of expertise** – Providing insights into government around the policies needed to improve New Zealand’s investment attractiveness, including by identifying and developing regulatory reforms to enable further investment.

21 I therefore intend to enshrine a set of high-level functions in legislation as the need for Invest New Zealand to be:

- knowledgeable about the offshore investment community;
- knowledgeable about New Zealand’s investment opportunities and related agencies; and
- able to work to connect foreign investors with investable opportunities and government agencies.

**I intend to proceed quickly with legislation to establish Invest New Zealand**

22 This paper seeks Cabinet’s approval to issue drafting instructions to the Parliamentary Counsel Office to draft legislation that would establish Invest New Zealand in 2025. I have discussed with colleagues including the Leader of the House, the Attorney General and the Minister of Finance and propose this legislation be introduced to the House and passed under urgency as part of the Budget in May 2025, to be enacted by 1 July 2025. I propose that the legislation does not go to Select Committee as I believe it is relatively straightforward and non-controversial.

23 Such a timetable signals stability and minimises disruption to the international investment community who will value certainty and clarity when they invest. Additionally, the Bill will contain provisions to ensure the effective transfer of relevant staff and resources from New Zealand Trade and Enterprise (NZTE) into Invest New Zealand where necessary.

**I propose to convene an informal reference group to support me in the incubation and establishment of Invest New Zealand**

24 Invest New Zealand will be incubated in NZTE while legislation is passed and NZTE will provide ongoing support throughout the transition process.

25 Alongside this I will convene an informal reference group who can advise me on the key issues that will be most important to the global investment community to ensure

Invest New Zealand is credible and effective. Free and frank opinions

### Cost-of-living Implications

- 26 There are no direct cost of living implications from this proposal.

### Financial Implications

- 27 If Invest New Zealand is to operate effectively then it is important to scale up resource supporting investment activity, in line with the findings we have made about IDA Ireland, the Irish FDI agency. It is important that Invest New Zealand is well-resourced and has a strong presence in key inbound capital markets. IDA Ireland has 360 staff in 21 countries. Without sufficient scale then there are risks around the impact of Invest New Zealand.
- 28 To support Invest New Zealand, it is intended that the investment related activities of NZTE consisting of \$11.15 million per annum be transferred into Invest New Zealand. This transfer has been requested as part of Budget 2025. A bid into Budget has been made to request additional funding to ensure Invest New Zealand operates at scale.

*Table 1: Funding requested as part of Budget 2025*

	2025/26	2026/27	2027/28	2028/29 and outyears
Reappropriation of NZTE investment related activities	\$11.15m	\$11.15m	\$11.15m	\$11.15m
Additional funding sought through Budget 2025	\$9.85m	Confidential advice to Government		
<b>Total</b>	<b>\$21m</b>			

- 29 As Invest New Zealand will be an ACE established by legislation, it will be considered a public authority under the Income Tax Act 2007 and therefore exempt from income tax.
- 30 From time to time Invest New Zealand may have the necessity or desire to charge for the provision of some specialist or other services in addition to the recovery of costs. The legislation will reserve the ability for this option to be considered by the Invest New Zealand Board

### Legislative Implications

- 31 The proposals in this paper require legislation. I have requested that the Bill holds a Category 2 (a priority to be passed by the end of 2025) priority in the 2025 Legislation Programme. The intention is for this Bill to be passed under urgency as part of Budget 2025.

- 32 The Bill will require amendments to other legislation to give effect to the recommendations in this paper. We expect that the other legislation that will need to be amended will include the New Zealand Trade and Enterprise Act 2003, the Overseas Investment Act 2005, the Crown Entities Act 2004, the Official Information Act 1982, and the Ombudsmen Act 1975.

## Impact Analysis

### Regulatory Impact Statement

- 33 Cabinet's impact analysis requirements apply to these proposals. A Regulatory Impact Statement on the key proposals has been prepared and is attached to the Cabinet paper as Annex One.
- 34 The Regulatory Impact Analysis Review Panel at the Ministry of Business, Innovation and Employment (MBIE) has reviewed the Regulatory Impact Assessment *Establishment of Invest New Zealand* and have determined that the paper meets the criteria.

### Climate Implications of Policy Assessment

- 35 The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to this policy proposal, as the emissions impact is indirect. However, Invest New Zealand is expected to have a subsequent emissions impact that is currently unclear and difficult to quantify for the renewable energy, cleantech, aquaculture, and advanced transportation sectors. The CIPA team anticipates being able to conduct a more detailed assessment at a later date.

### Double Exports Target

- 36 The Government has a target to double the value for New Zealand's exports in 10 years (by 2034) and is committed to attracting high-quality investment to raise productivity and drive economic growth in New Zealand. Establishing Invest New Zealand as a one-stop shop to attract investment into New Zealand from offshore will contribute to bringing in new capital to support the growth of New Zealand firms and to the reaching of the Government's ambitious export target.

### Population Implications

- 37 System level changes in respect of a focus on attracting FDI to create jobs and grow the economy through the creation of Invest New Zealand are likely to be welcomed by a broad range New Zealanders who will benefit both directly and indirectly from increased investment and growth. Invest New Zealand will look to work with businesses and individuals from a diverse range of ethnic groups both within New Zealand and externally.

### **Human Rights**

- 38 This work programme does not present inconsistencies with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

### **Use of external Resources**

- 39 No contractors or consultants were engaged in the preparation of this paper.

### **Consultation**

- 40 MBIE has consulted with the following agencies: Department of the Prime Minister and Cabinet, Treasury, New Zealand Trade and Enterprise, the Parliamentary Counsel Office, the Ministry of Foreign Affairs and Trade, the Public Service Commission, the Ministry of Education, the Ministry of Health, the Ministry for Primary Industries, the Ministry for the Environment, the Department of Conservation, Housing and Urban Development, the National Emergency Management Agency, Te Arawhiti, Toitū Te Whenua Land Information New Zealand, the Ministry for Pacific Peoples, the Ministry of Defence, Te Puni Kokiri, the Ministry of Social Development, Police, the Ministry for Regulation, Ministry of Transport, the Internal Revenue Department, the Department of Internal Affairs, the New Zealand Security Intelligence Service, the Government Communications Security Bureau, the National Cyber Security Centre, the New Zealand Intelligence Community, Statistics New Zealand, the Ministry for Women, the Office of the Privacy Commissioner, the Ministry of Justice, Crown Law, and National Infrastructure Funding and Finance Limited.

### **Communications**

- 41 I propose to communicate publicly on progress to set up Invest New Zealand at the Government's Investment Summit planned for 13<sup>th</sup> March 2025.

### **Proactive Release**

- 42 I intend to release the Cabinet paper proactively within 30 business days.



## Recommendations

The Minister for Trade and Investment recommends that the Committee:

- 1 **note** that Cabinet agreed to establish Invest New Zealand [CAB-24-MIN-0495 refers];
- 2 **note** that Cabinet agreed in principle, subject to final policy design decisions, to establish Invest New Zealand as an Autonomous Crown Entity, with accelerated legislation enabling the entity to come into force as soon as practicable [CAB-24-MIN-0504.02 refers];
- 3 **agree** to establish Invest New Zealand as an Autonomous Crown Entity;
- 4 **agree** that the overall goal of Invest New Zealand will be to increase all forms of foreign direct investment into New Zealand, subject to the Overseas Investment Act and guided by priorities set by Cabinet.
- 5 **note** that while Cabinet has agreed that Invest New Zealand will not lead specifically on the attraction of investment into public infrastructure, it will work closely with National Infrastructure Funding and Financing Limited (NIFFCo) including in engaging and attracting investment
- 6 **note** that it is envisaged that Invest New Zealand will undertake a number of activities, such as to:
  - Attracting Foreign Direct Investment (FDI) – Increasing all forms of FDI into New Zealand by marketing New Zealand internationally as an ideal location for business and innovation.
  - Encouraging Multinational Corporations (MNCs) to set up operations in New Zealand, particularly key sectors identified by government.
  - Acting as a One-stop-shop for all unsolicited investment enquiries.
  - Maintaining a pipeline of investable opportunities (excluding infrastructure) so that international investors have impactful proposals to invest in.
  - Investor onboarding by helping investors find suitable locations in New Zealand and to navigate the regulatory environment.
  - Facilitating collaboration – Encouraging partnerships between MNCs, New Zealand businesses, and research institutions.
  - Supporting existing investors – Assisting multinational companies already in New Zealand with expansions, new projects, and innovation.
  - Acting as a source of expertise – Providing insights into government around the policies needed to improve New Zealand’s investment attractiveness, including by identifying and developing regulatory reforms to enable further investment.
- 7 **agree** that the functions to be enshrined in legislation are the need for Invest New Zealand to be:

- knowledgeable about the offshore investment community,
- knowledgeable on New Zealand's investment opportunities and related agencies, and
- able to work to connect foreign investors with investable opportunities and government agencies;

*Financial implications*

8 **note** that funding for Invest New Zealand is subject to decisions made as part of Budget 2025;

9 **note** the following Budget bid has been submitted;

	2025/26	2026/27	2027/28	2028/29 and outyears
Reappropriation of NZTE investment related activities	\$11.15m	\$11.15m	\$11.15m	\$11.15m
Additional funding sought through Budget 2025	\$9.85m	Confidential advice to Government		
<b>Total</b>	<b>\$21m</b>			

10 **note** that Invest New Zealand will be a public authority under the Income Tax Act 2007, and therefore exempt from income tax;

11 **note** the legislation to establish Invest New Zealand will reserve the option to charge for the provision of some specialist or other services in addition to the recovery of costs.

*Transitional arrangements*

12 **note** that to enable the transfer of activities from New Zealand Trade and Enterprise (NZTE) to Invest New Zealand then it will be necessary to transfer the NZTE employees who perform those activities and any associated assets and liabilities (including any existing grants and loans contracts);

13 **note** that if certain conditions are met NZTE staff may be transferred to Invest New Zealand under the provisions of Schedule 8 of the Public Service Act 2020 but in all other cases provisions in primary legislation will be necessary to transfer staff without triggering redundancy clauses in employment agreements;

14 **agree** that the Invest New Zealand Bill provide that staff associated with the activities being transferred who are offered equivalent roles at Invest New Zealand will not be entitled to redundancy compensation in their current employment agreements should they decline the equivalent role;

- 15 **agree** that the Invest New Zealand Bill provide that the assets and liabilities (including any existing grants and loans contracts) associated with the activities being transferred to Invest New Zealand will be transferred to Invest New Zealand;

*Legislative implications*

- 16 **agree** that the proposals in this paper will be given effect through an Invest New Zealand Bill (the Bill);
- 17 **agree** that the Bill provides for all consequential and related amendments to other legislation that are needed to give effect to the recommendations of this paper, including amendments to the New Zealand Trade and Enterprise Act 2003, the Crown Entities Act 2004, the Official Information Act 1982, and the Ombudsmen Act 1975;

18 **Confidential advice to Government**

- 19 **note** that the Bill will need to be introduced to the House of Representatives and passed under urgency as part of the Budget in May 2025, as this is necessary for the Bill to receive Royal Assent and be enacted by 1 July 2025;
- 20 **invite** the Minister for Trade and Investment to issue drafting instructions to the Parliamentary Counsel Office for the Bill to give effect to the recommendations of this paper;
- 21 **authorise** the Minister for Trade and Investment to make decisions, consistent with the overall policy in this paper, on any issues which relate to the establishment of Invest New Zealand, and the transfer of certain functions of NZTE under the New Zealand Trade and Enterprise Act 2003 to Invest New Zealand.

Hon Todd McClay

Minister for Trade and Investment