



BRIEFING

Building blocks, scope and transition for SI&T system funding

Date:	23 July 2025	Priority:	Medium
Security classification:	In Confidence	Tracking number:	BRIEFING-REQ-0017002

Action sought		
	Action sought	Deadline
Hon Dr Shane Reti Minister of Science, Innovation and Technology	Agree to the building blocks, scope and transition of funds to the new pillars-based system. Discuss with officials at your meeting on 28 July 2025.	28 July 2025

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Landon McMillan	Manager, Science System Policy	Privacy of natural persons	✓
Lily Li	Principal Policy Advisor, Science System Policy		

The following departments/agencies have been consulted
Ministry of Education

Minister's office to complete:

☐ Approved

☐ Declined

☐ Noted

☐ Needs change

☐ Seen

☐ Overtaken by Events

☐ See Minister's Notes

☐ Withdrawn

Comments



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Purpose

Provide advice on scope of funds to be included in the new pillars-based system, the roles and responsibilities for those funds and high-level timeframes for transitioning funds to the new system.

Executive Summary

This is the second briefing in a series covering funding system changes required to give effect to the outcomes of the SI&T reforms. The first briefing provided advice on the overall framework and design of new funding system. This briefing provides further details on choices & trade-offs for funds to include in the new framework and timeframes to transition to the new system.

Consistent with previous advice, the framework for roles and responsibilities looks to ensure both top-down strategic direction & bottom-up signals; decisions should be made at different levels by those with the best information to make the decision. Key additional principles at play are transparency and independence in decision-making and ensuring decision-making aligns with accountabilities.

We consider the National Research Funding Council (NRFC)¹ to be best placed to make final awards to individuals and institutions on funds that have a competitive process or collaborative platforms, whereas the Minister is best placed to make strategic allocation choices and set investment plans and criteria, and choices on institutional funding.

There are three key elements to the transition process:

- Transition to a strategically driven framework which includes the development of a System Investment Plan (SIP), and mapping funding to the pillar framework. This can begin following advice from the Prime Minister's Science and Technology Advisory Council (PMSITAC) on appropriate future allocations and priorities.
- Transition of decision-making responsibilities to the new decision-maker and away from the Science Board, Marsden Council, the Health Research Council (HRC) and MBIE.
- When money becomes available (and off contract) to reallocate across pillars or instruments, develop new platforms, or make new awards.

A System Investment Plan (SIP) and Pillar Investment Plans (PIPs) will be developed progressively, Confidential advice to Government

These two plans will signal to the sector the transitioning of funding, new areas and priorities, and enable the sector to plan and develop approaches (including the new amalgamated Public Research Organisations (PROs)).

¹ We have previously referred to the consolidated funding decision-making as the National Research Funding Council (NRFC) however we believe a more appropriate name might be required; potentially Research Funding New Zealand (RFNZ). The NRFC moniker carries over from the SSAG's reference to a consolidated decision-maker as the National Research Council. However, internationally, funding councils are usually stand-alone entities, where as our decision-maker will be an independent board serviced by MBIE. Also, we want to avoid any confusion between the funder and the PMSITAC.

We recommend all MBIE SI&T funds are included within the new 'pillars' framework, with the exception of the Research and Development Tax Credit (RDTI) and other business support funds, in order give full effect to the strategy driven objective of the reforms. Confidential advice to Government

A sequenced transition is recommended, beginning with competitive funds (Marsden and Endeavour) in Year 1 (Budget 2026/27). The Strategic Science Investment Fund (SSIF), particularly CRI platform funding, will be the largest block of funding to transition. We recommend these contracts be extended to June 2028 to ensure continuity and allow for redesign, although changes could be made as soon as July 2027.

Recommended action

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

- a **Agree** that the bulk of MBIE research funds, including those administered by the Health Research Council and the Royal Society are included in the proposed pillars-based system and considered in scope for both prioritisation within a System Investment Plan and in the more detailed Pillar Investment Plan.

Agree / Disagree

- b Confidential advice to Government

- c **Agree** that SI&T funding from other agencies, used to purchase research for their own strategic purposes, are out of scope.

Agree / Disagree

- d **Agree** to a sequenced approach to transition decision making on funds as they become available (off contract), and that in year one the competitive funds (Endeavour and Marsden) will be the main instruments that fall under the single decision maker's remit.

Agree / Disagree

- e **Note** the Strategic Science Investment Fund (SSIF), especially the institutional platform funding to CRIs will be the largest block of money that becomes available for re-investment.

Noted

- f Confidential advice to Government

- g

- h **Note** that further advice on SSIF is forthcoming in our third briefing and will include early thinking on the funding system might handle the funding of infrastructure and critical science services and other related matters like the overheads that research organisations charge

Noted

- i **Agree** that final decisions on contestable funding, workforce and capability development funding, are delegated to the new funding decision maker.

Agree/Disagree

- j **Agree** that you as the Minister of SI&T will retain the ability to set the investment plans and criteria (including the weighting per domain or broad outcomes) of the contestable, workforce and capability development funding, which the funding decision maker will have to give effect to.

Agree/Disagree

- k **Agree** that decisions on the establishment of, and the overall amount of funding allocated to new mission led or thematic platforms and CRI/PRO specific platforms, will remain with the Minister of SI&T, but that the new funding decision maker can be delegated decisions on the hosts and the specific deliverables within the contracts.

Agree/Disagree

l Confidential advice to Government



Landon McMillan
Manager, Science System Policy
[Group], MBIE

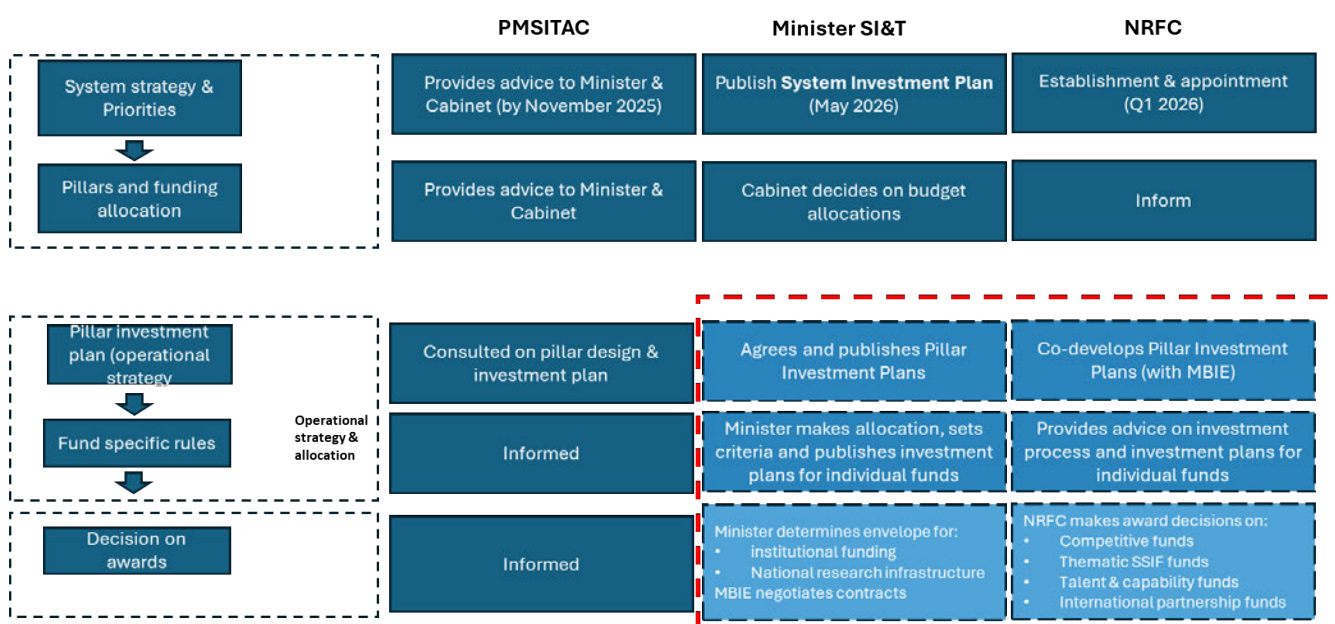
24/07/2025

Hon Shane Reti
**Minister Science, Innovation and
Technology**

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Background

1. We are providing a series of briefing notes on the design and operations of the SI&T funding system to give effect to the outcomes sought through the reforms, and to test your thinking ahead of a drafting a Cabinet paper for September according to your preferred timelines. In the next steps section of this briefing we set out when firm decisions from your earlier 'in principle' decisions are required to enable this timeline to be met.
2. The previous briefing covered the overall framework and design of the new system (Briefing 0016551 refers).



3. This briefing focuses on the areas within the red box and deals with:
 - a. What funds come within the scope of the new strategy-led 'pillars' framework
 - b. A high-level view of when funds will transition to the new framework and when funds become available for awarding
 - c. The Ministers role versus the NRFC for funding decision-making
4. The third briefing in early August will cover approaches to funding infrastructure, critical science services and overheads and how SSIF funding may support these to be appropriately funded in the future.

Building blocks of the system and types of funds

5. The new funding system will require a mix of investment mechanisms to drive the identified priorities (from the PMSITAC) through to impact in each pillar.
6. This will necessarily include a mix of strategic, capability development, infrastructure and institutional funding to grow and develop strategic areas and deliver specific missions or outcomes, and competitive funds that enable novel ideas to emerge from within the sector.
7. There are a number of funding mechanisms which are likely to sit outside of a strategically driven pillar system; including selected appropriations which service the broader science

system and which remain essential², funds targeted at “blue skies” where one specifically does not want to constrain outputs to a specific outcome³, and a wider system which includes set of Agency R&D funding and procurement,⁴ Confidential advice to Government and R&D expenditure by business.

8. These building blocks or funding types are largely consistent across different international science systems, although the relative mix of them (e.g. the proportion of contestable vs strategic or stable funding) and who or which types of organisations decide upon and administer them, differ from country to country (the supplementary to briefing 0016551 refers). The types of funds, and how they could be included in a pillar framework are summarised in **Annex 1**.
9. The main form of strategic science investment in the pillars-based system will be the platform model, similar to the existing mission-led or thematic platforms (eg. the RNA platform). Confidential advice to Government
10. International collaboration enables joint research programmes with institutions from outside of New Zealand and you have choices on whether you want Catalyst to be part of this pot of money or retain it as it serves a variety of objectives.
11. Some platforms will either have a component of institutional or block funding investment, as per the current SSIF CRI platforms, or institutional funding can be separated out entirely as a separate fund. Our next briefing will flesh out these options in more detail for you, including the relationship with overheads, critical science services and infrastructure.

For strategic alignment, a significant portion of SI&T funding needs including under the new framework

Scope of funds across SI&T system

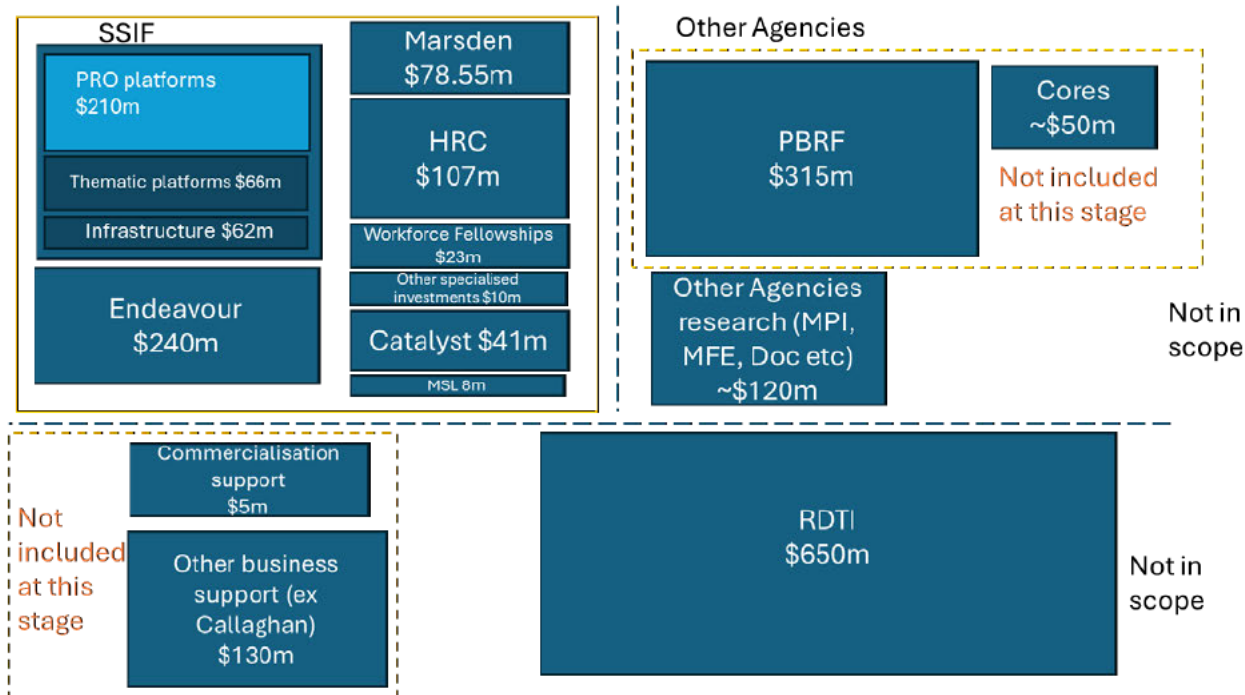
12. To achieve the outcomes of the reform through a strategy-led funding system, a substantial portion of SI&T funding needs to be transitioned to the new framework.

² For example: MBIEs SI&T allocation includes funding for the office of the Chief Science Advisor and the Measurement Standards Laboratory.

³ Blue skies research, for example through the Marsden Fund, is typically not tied to specific research outcomes specifically to encourage novel research and discovery where ultimate outcomes are non-linear and are difficult to predict.


⁴ These include the TECs PBRF, CoRES, and funding which subsidises PhD students, as well as research funds from MPI and other Agencies, and expenditure on science services. These funds play an important role in “broader science/research capability development” and the delivery of science services and user uptake across the system”

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13. The diagram above illustrates SI&T funding across the system, including appropriations managed by the Ministry of Business, Innovation and Employment (MBIE), the Tertiary Education Commission (TEC), and other government agencies during the previous fiscal year.
14. Regardless of their inclusion in the pillars framework, the PMSITAC will consider all funding sources—including TEC (CoREs and PBRF), other agencies, and business R&D—when shaping priorities and informing the System Investment Plan.
15. MBIE and TEC funding sits across a broad range of outcomes and includes funding for system stewardship functions (e.g. Talent and human capital development, and services to ensure system performance). Other government agencies, particularly MPI and the other natural resource agencies, also invest significantly in SI&T to meet their specific mandates. These targeted investments are considered outside the scope of the new funding framework.
16. To maximise impact, we propose including all MBIE funding—except the R&D Tax Incentive (RDTI) and business support funding—under the new pillars-based framework. While the RDTI represents a significant share of SI&T investment, it is a broad-based tool aimed at general business R&D uplift and is not easily aligned with specific strategic outcomes or sector priorities. Similarly, business support funding is targeted towards businesses to increase their R&D activities and therefore also out of scope.
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Principles for roles and responsibilities within the system

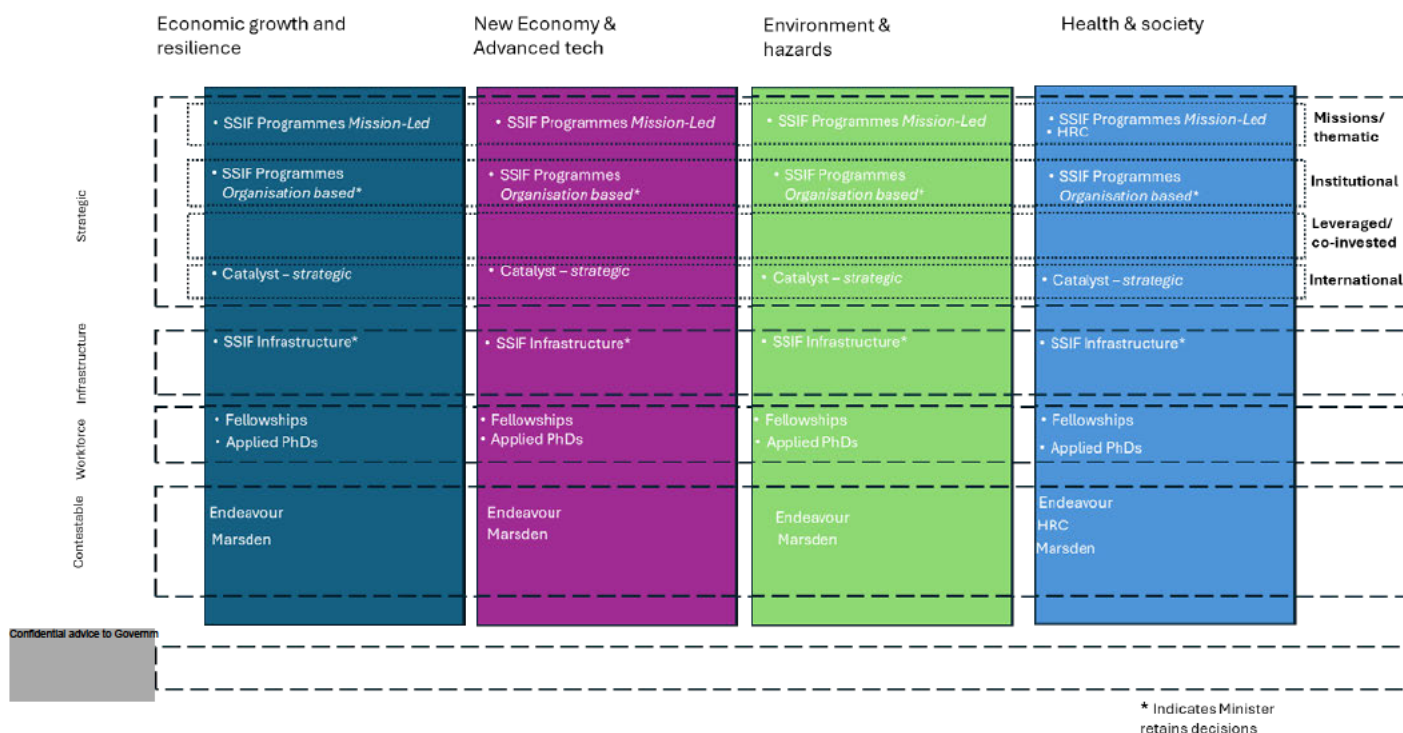
25. In our previous advice, we outlined a set of principles to guide the allocation of high-level roles and responsibilities within the system. These principles are intended to ensure that both top-down strategic direction and bottom-up information signals can flow effectively throughout the system (Briefing 0016551 refers).

26. The overarching principle of the system is that decisions should be made at strategic, operational and award levels by those with the best information to make the decision. Additional principles—such as transparency, independence, and clear accountability—help determine who should hold decision-making roles for each individual fund.

27. In applying these principles:

- a. the key strengths of having the NRFC as a decision-making body is that it enables better transparency and independence, sector buy-in, and the ability to leverage of expert knowledge at the more detailed level of platforms or the likely excellence in a contestable bid.
- b. The key strengths of the having the Minister as the decision maker is better strategic alignment and consideration of wider Government objectives and context.

28. We consider the NRFC to be best placed as the decision-maker for competitive funds, talent and capability funds, and collaborative platforms and consortia.
29. Ministerial decision should be retained for funding and parameter for the CRI/PRO specific platforms (particularly where there is an element of institutional funding or critical science service capability as part of the platform), strategic national infrastructure, and system stewardship funds. While the NRFC should be consulted, and help advise on what best suits pillar plans, and on fund design, Minister should retain the higher-level decisions.
30. Regardless of whether they are the decision-maker for particular funds, the NRFC has a coordination and alignment role to play for all funding streams. This primarily happens through:
 - a. Involvement in the development of pillar and fund investment plans
 - b. Performance monitoring of individual funds and the funding system as a whole.
31. The diagram below illustrates how various existing funding types can be aligned with the pillars framework, ensuring that each pillar is supported by a mix of funding instruments necessary to achieve the desired outcomes.



Transition will occur between the next financial year and 2029

32. There are three key elements to the transition process:
 - a. Transition to a strategically driven framework which includes the development of a SIP, and mapping funding to the pillar framework. This can begin following advice from the PMSITAC on appropriate future allocations and priorities. This will include mapping existing contracts to pillars.
 - b. Transition of decision-making responsibilities to the new decision-maker and away from the science board, Marsden Council, HRC and MBIE.

- c. When money becomes available (and off contract) to reallocate across pillars or instruments, develop new platforms, or make new awards.

Transition of funding into a new framework, and the publication of investment strategies

- 33. Transition of funding into a pillar framework and the publication of an initial System Investment Plan and Pillar Investment Plan (signalling strategic intent) can happen quickly even if some of the funds continue to be administered and decided upon by existing decision-makers until the NRFC is up and running.
- 34. Confidential advice to Government
[Redacted]
- 35. A high-level System Investment Plan Confidential advice to Government
This could highlight the strategic purpose statement, case for change, a summary of existing reallocation (including the NZIAT) but also a vision for transitioning the system and signal how funds will shift in future across pillars and what types of new strategic investments are likely.
- 36. A more detailed and granular Pillar Investment Plan which considers the appropriate mix of instruments across the platforms Confidential advice to Government This would enable the newly established NRFC sufficient time to be appointed, to appoint sub-committees with experts on it, and to help MBIE develop a strategy Confidential advice to Government
[Redacted]
- 37. The appointment of the NRFC itself will require an APH process, and careful consideration of the skills of the Board members. Confidential advice to Government
[Redacted]
- 38. You have already agreed to a pause of Endeavour to allow transition and design of a replacement contest to be launched in 2026.


Transitions of funding decisions

- 39. The transition of funding decisions to the new funding decision maker should happen incrementally. This approach lowers operational risk for the transition and enables better management of the change process whilst providing some funding continuity for research organisations.
- 40. There are a number of operational challenges and risks around this including:

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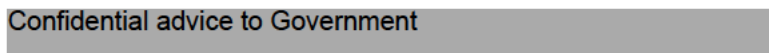
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41. **Annex two** provides a high-level overview of the proposed timeframes for the transition of funding decisions.


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49. Our next briefing will provide more details on the consideration of overheads, critical science services and infrastructure and how SSIF funding may support these to be appropriately funded in the future.

Next steps

50. We will provide the third briefing in this series to you in early August. This will provide details on the consideration of overheads, critical science services and infrastructure and approaches to funding them for the future.
51. You've indicated a preferred timeline to present a Cabinet paper on funding to ECO in September. To meet this deadline and allow sufficient time for departmental and Ministerial consultation, firm decisions on the in-principle positions outlined in this and previous briefings will need to be made by 11 August. This will enable us to complete drafting the Cabinet paper by the end of August.

Annexes

Annex one: fund types

Annex two: Transition timeframes


Annex 3: details on SSIF contract end dates

Annex one – Funding types

Fund category	Examples	Details
Competitive	Marsden Fund, Endeavour Fund, HRC	<p>A key part of many national research systems, usually designed to encourage a contest of ideas and to ensure public investment supports research excellence while maintaining trust and integrity in the allocation process. Internationally, awards are typically made by arms-length expert panels or bodies to ensure independence from the political process and transparency. New Zealand's most prominent examples are the Endeavour Fund, the Marsden Fund and large components of the HRC funding.</p> <p>In the new system, the Minister would set direction through the investment plan which could include weightings and general objectives, but the awarding of funds to specific projects, institutions and individuals would be by the NRFC. This is in line with international best practice that competitive funds be awarded by an independent arms-length body or decision-maker. This arms-length practice is in line with procurement best practice.</p>
Strategic & Mission-Led funds	SSIF RNA Development Platform, SSIF Natural Hazards and Resilience Platform	<p>Designed to enable targeted and longer-term investment in areas of high national importance. They support research programmes that align with government priorities, policy objectives or mission-led objectives. They often include the development of strategic capability (both people and infrastructure) in thematic areas.</p> <p>Supports strategic outcome delivery. The Minister, with advice from the PMSITAC will publish a System Investment Plan and make final decisions on what the thematic platforms are and how much funding they are allocated, while the NRFC makes decisions on the successful hosts and may be involved in negotiating specific objectives/details.</p>
Institutional funding	SSIF CRI/PRO Platforms	<p>Many countries have dedicated institutional funding. This can take the form of block funds, funding ring fenced for a public research organisation; sometimes without specific research objectives attached; sometimes with expectations to build general or specific capability. Block funding can also cover general expenditure including property, back office and 'overhead' costs. Some countries have specific overhead funds.</p> <p>The CRI/PRO platforms have elements of strategic investment; capability development and institutional funding built into them. Funding of these platforms is central to these organisations financial viability, and much of the capability underpins critical public good science, and science and data which primarily serves the interests of other agencies (Ministry of Health, Primary Industries, Environment, Conservation and NEMA). Confidential advice to Government</p>
Talent & Capability	Tāwhia Te Mana Fellowships, Applied Doctorates scheme	<p>Supports the development and maintenance of foundational elements of a research system, research capacity in broad areas as well as areas of strategic importance or national priorities. These funds can be competitive programmes, without a specific focus, or weighted towards research expertise. An example of a broad capability fund is the fellowships programme, and more targeted funds include the Applied Doctorates.</p> <p>These can be broad or narrow capability/thematic specific funds/schemes, but are typically designed as contests, and where recipients are individuals.</p> <p>Confidential advice to Government</p>
Infrastructure	RV Tangaroa	<p>Many countries have specific funds for science infrastructure, particularly for 'nationally significant', 'highly specialised' or 'large' infrastructure investments. Smaller infrastructure, including labs and specific pieces of kit are usually included in funding in both strategic and contestable funds.</p> <p>SSIF Infrastructure fund can be loosely divided into databases and collections, large pieces of strategic infrastructure (e.g. the RV Tangaroa), shared infrastructure like REANNZ or Genomics Aotearoa, and other special areas (like access to the Synchrotron).</p> <p>There are specific roles that NRFC could play with respect to infrastructure investments. Should a nationally significant infrastructure investment fund be established, NRFC could be involved in an advisory capacity, and on specific decisions regarding hosts (for example where multiple expressions of interest are received in a contestable process). However, the decision to invest in large new national and strategic infrastructure projects, how much public funding to allocate to these should be made by the Minister, with a central agency best placed to co-ordinate cross-agency and institutional sharing agreements. Confidential advice to Government</p>
International funds	Catalyst: Strategic	<p>Supports activities that initiate, develop and foster international collaborations. Builds and leverages international research partnerships to maximise the impact and quality of New Zealand SI&T, delivering benefits at faster pace, better quality or of greater impact than could otherwise be achieved and raises the profile of NZ SI&T on the world stage.</p> <p>Tailored award decision-making process (made in cooperation with international partners) and large number of individual Catalyst funding rounds with a varied schedule and nature makes award decision making role impractical for NRFC.</p> <p>NRFC could play an advisory role to guide the focus areas of research opportunities with international partners, to ensure Catalyst investments align with and complement the focus areas of the wider SI&T system.</p>

Annex two: Transition timeframes

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Annex three: SSIF contracts end dates

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