MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

Working towards a list of priorities and areas to deprioritise for SI&T

Supporting information for the PMSITAC

Contents

The material in this pack consists of two main sections and a set of annexes. The purpose of each section is to:

Section 1: **Agree** in principle to high level shifts between the pillars

Section 2: Out of Scope

Annex 1: **Read and Note** annexes to inform discussion in Section 1. This annex includes information responding to the PMSITAC request for information on funding timelines, CoREs and PBRFs

Annex 2: **Read if required** - detailed view of SIT funding by pillar; current state and against proposed funding shifts

Annex 3: **Read and Note** responds to the PMSITAC request for a breakdown of government R&D spend

Annex 4: Out of Scope

How to read this meeting pack

ITEM 1: Agree an option for shifting funding towards Advanced Tech and AI

To help navigate your reading, we recommend you review the slide pack in the following sequence:

1. **Start with Annex 1:** Explores the significant consequences of reallocating all funding as outlined in the scenarios, and provides information on when funding becomes available.
2. **Then review the Scenarios in Section 1**– Apply insights from previous slides to assess options.
3. **If required, read Annex 3:** For a more detailed understanding of how the proposed scenarios will impact funding against pillars and platforms. The annex includes funding breakdowns by pillar, current state and for each scenario

Out of Scope

Roadmap to priorities

18 JULY: COMPLETED

WORKING TOWARDS A LIST OF PRIORITIES

Agreed:
- Agreed a framework and process for identifying priorities. PMSITAC identified what information is needed to work towards a list of priorities. MBIE are progressing work to provide this material for the August PMSITAC meeting.
- Agreed that Artificial Intelligence should be the next focus area for NZIAT.

Next steps:
- Prepare a shortlist of SI&T priorities, including areas for deprioritisation.
- Provide further information requested by the PMSITAC to identify priorities.

- **22 August:**
- **Working towards a list of priorities**

Outcomes:
- Agree general areas to prioritise and deprioritise. Analyse the impacts of increasing and decreasing investment in context of total available SI&T investment.
- Agree to the high level investment approach for Artificial Intelligence and Advance Technologies.

Supporting material:
- Detailed data on the shortlist of SI&T priorities and areas of deprioritisation.
- Investment mapping to understand areas of most benefit.
- Criteria and other factors that would inform AI and advanced technology investment decisions.

Next steps:
- Develop a detailed breakdown of the areas which will be prioritised and deprioritised including for critical emerging technologies, against existing investment.

26 September (TBC)**:**
Mapping of priorities against existing investments

Outcomes:
- Evaluate the proposed list of SI&T priorities against current investments and highlight where SI&T investment may need to be increased or reduced.
- Deliver initial draft report on priorities.

Supporting material:
- Outline of early draft report on list of priorities.

Next steps:
- Draft advice on priorities presented to Minister SI&T.

24 October:
Potential for further refinement of priorities

Outcomes:
- Finalise and present clear, evidence-based advice on SI&T priorities, including recommended areas for focus, deprioritisation, and investment adjustment.
- Submit report to the Prime Minister.

Supporting material:
- Updated draft report on list of priorities.

Next steps:
- Deliver initial advice to the Prime Minister.

- **21 November:**
- **Confirmed priorities**

Outcomes:
- Final confirmed list of priorities and areas of deprioritisation.
- Priorities list is published publicly.

Supporting material:
- Final report to the Prime Minister on list of priorities.
- Plan to deliver an SI&T Investment Plan by Budget 26.

Next steps:
- Deliver final advice to the Prime Minister.

Emerging PMSITAC Principles

These principles derive from previous discussions with PMSITAC on areas of importance when considering science and innovation priorities. They are intended to guide a focused and strategic conversation to decide priorities and may evolve as conversations progress.

- **Sharper Focus on Commercialisation and Technology Readiness**
  Prioritise initiatives that demonstrate clear pathways to market and scalable impact. Emphasise technology readiness and support mechanisms that accelerate the transition from research to application.

- **Investing in Public Good Science**
  Reinforce the value of stewardship and long-term capability building through knowledge-generating research. Focus on areas where public investment is essential to deliver societal, environmental, and economic benefits.

- **Policy-Focused and Evidence-Based with Clear Performance Measures**
  Align science investments with policy needs, ensuring decisions are informed by evidence. Establish clear metrics to track performance, impact, and value for money.

- **Increasing International Connectedness and Attracting NZ Investment**
  Attract strategic investment into New Zealand's science system. Support participation in global research initiatives that build capability, influence and partnerships.

- **Backing Areas Where New Zealand is Strong**
  Focus effort and investment in domains where New Zealand has established strengths to maximise national and international impact.

Section 1 – Giving effect to strategy by investing more in Advanced Technology

- Agree in principle to high level shifts between pillars

These reforms are about Going For Growth as we create a system that enables our world-class scientists, universities and research organisations to drive new ideas to market and ensure New Zealand competes and wins on the global stage.

Our science, innovation and technology delivery organisations will have a relentless focus on commercialisation and economic value for New Zealand.

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

Te Kāwanatanga o Aotearoa
New Zealand Government

	STRATEGY	FUNDING	COMMERCIALISE AND DELIVER
THE PROBLEM	Our science investment isn't keeping pace with global change or breakthroughs – it is not coordinated, spread thin, and struggling to shift focus. We're missing out on economic opportunities as a result.	Our system has multiple decision-makers, creates inefficient competition, and there's a lack of incentive to generate commercial value from the research that New Zealand funds.	Our Government institutions were set up 30 years ago – they're fragmented and sub-scale, don't enable easy collaboration, and aren't set up well to respond to changing priorities.
WHAT WE ARE DOING	Clear strategy focused on driving economic growth and delivering value for New Zealand.	Funding directed to delivering on priorities and incentivising commercial outcomes.	Institutions and individuals more strongly incentivised to commercialise and deliver growth to the New Zealand economy and value to the private sector.
WHAT THIS LOOKS LIKE	› Prime Minister's Advisory Council identifies funding priorities › Shift funding toward advanced technologies.	› Under consideration, Government decisions to come.	› CRIs merge, become Public Research Orgs › Institute of Advanced Technology established › Callaghan Innovation disestablished › More researcher-owned IP, rewarding New Zealanders who create, invent and take risks.
WHAT THIS WILL DELIVER BY 2030	Priorities identified and investment plan in place for Budget 2026. Increase in R&D as a proportion of GDP.	Grow the proportion of Government funding for advanced technologies by 2030. Increase value of advanced technologies R&D by 2030.	Increase in number and value of active start up and spin out companies. Critical national interest science delivered without disruption during sector transition.

Giving effect to strategy by putting more investment in advanced technology

The problem:

The SI&T system faces a strategic challenge. Compared to similar economies, our R&D investment is low and focused on primary and environmental sectors. Just 30% of government SI&T funding supports advanced technologies—well below the OECD average of 60%.

With limited growth in overall funding, we must make difficult choices: align investments with highest national priorities, focus on high-impact areas, and unlock greater economic returns.

The solution:

The SI&T reforms aim to shift us from a mechanism-led system to a strategy-driven one—where funding decisions are guided by purpose, not just process. The Pillar framework reflects this shift, focusing on outcomes like commercialisation, global connectedness, and advanced tech.

Focus of discussion:

You've seen the Pillar diagram before. Now, your advice is needed on how to rebalance funding across the pillars to shift investment towards advanced technologies.

The following slides show you three scenarios outlining where funding currently sits across pillars—and where shifts are required to ensure more investment in advanced technologies.

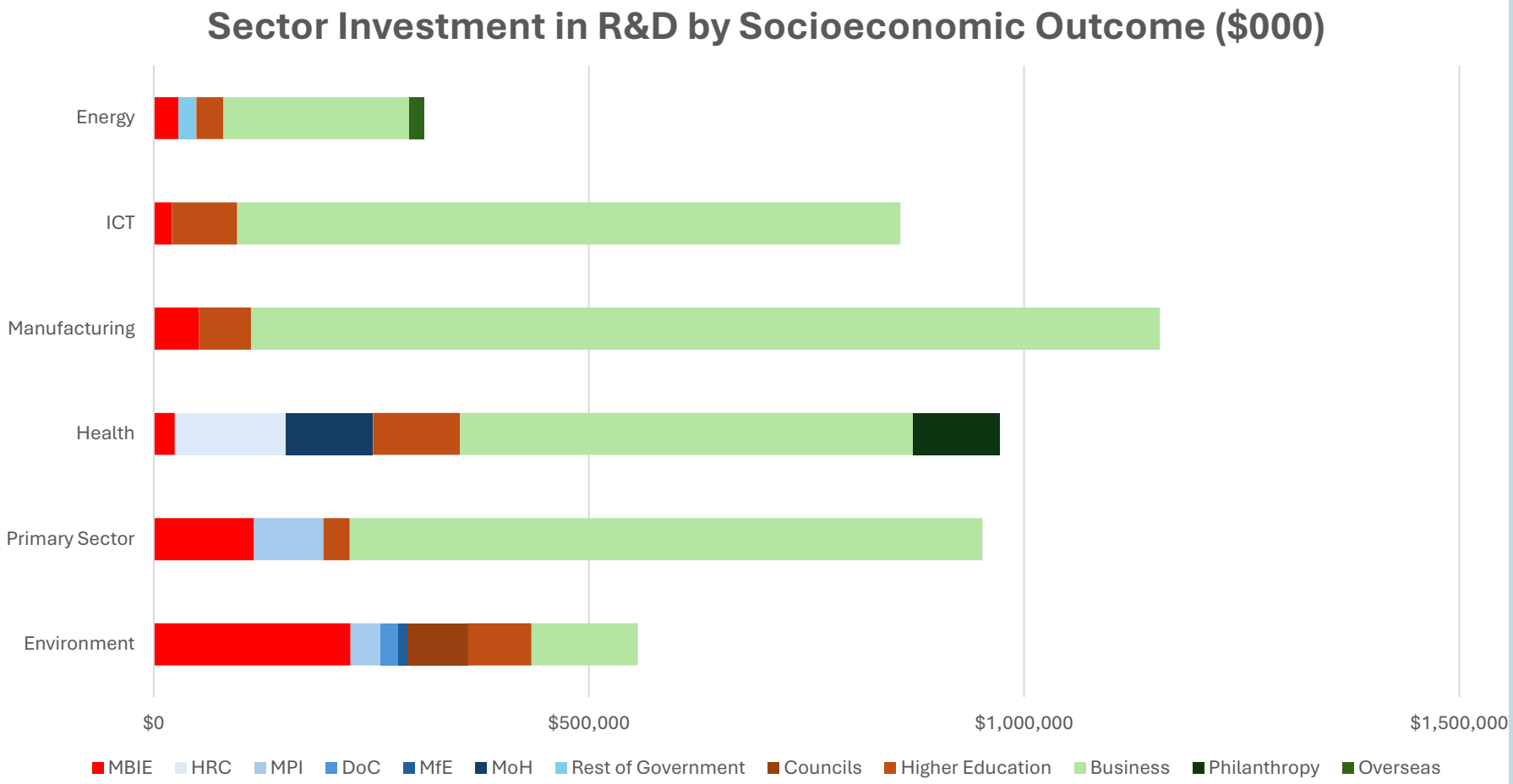
Tools to help make a decision on funding shifts within the SI&T portfolio

In the following slides we provide you with some tools to reach an in-principle decision on what SI&T funding will be shifted and from where.

We have provided:

1. A **decision-making framework**
2. **Three scenarios** for funding shifts
3. A **table of considerations of** each scenario
4. Questions to **test the thinking** that has shaped this advice and your decisions
5. Slide **seeking an in-principle decision** on funding shifts, and suggesting next steps including more detailed analysis of the implications of a chosen scenario

NZ invests in...



In 2024, MBIE's R&D investment in the Primary & Environment sectors exceeded:

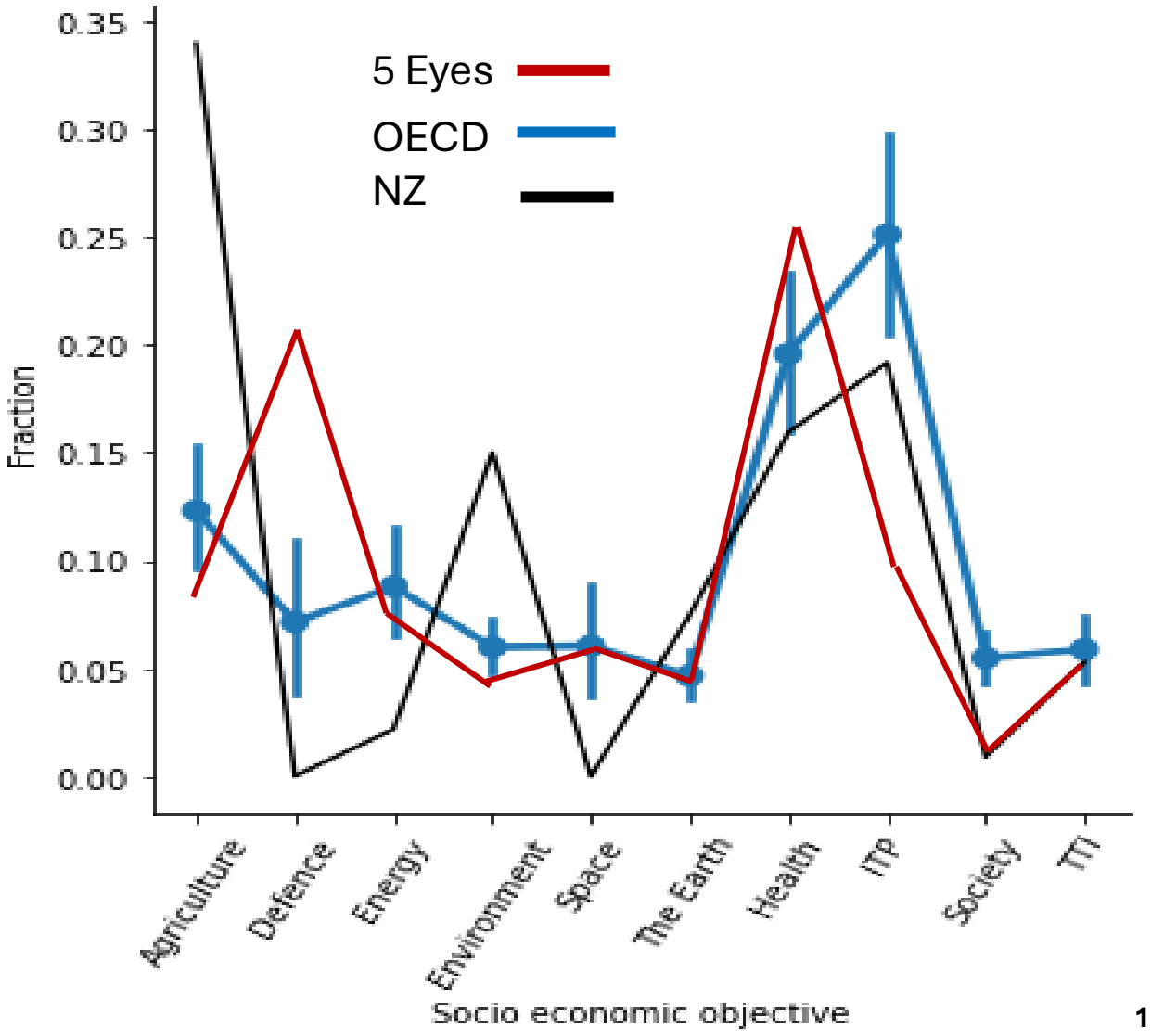
- MPI, MfE and DoC;

- MBIE Environment investment was

~5x more than MPI,
~10x DoC and
~20x MfE.

Business investment in R&D (light green) consistently exceeds government investment across multiple sectors.

OECD countries invest in...



Over invested? 'Current Economy'

- **Agriculture** = NZ invests more than **~2x** the OECD average.
- **Environment** = NZ invests **~2x** the OECD average.

Under invested? 'New Economy'

- **Defence** = OECD invests **~7x** more
- **Energy** = OECD invests **~5x** more
- **Space** = OECD invests **~5x** more
- **Health** = OECD invests **~** more

- 5 Eyes countries invest on average **49%** of their R&D expenditure in tech-related fields. New Zealand invests only **32%**.

Decision-making framework: How to decide preferred scenario

Criterion	Explanation
Commercialisation and Market Readiness	Prioritise initiatives with clear market pathways and provide early signals to guide strategic investment decisions.
Public Good and Strategic Capability	Invest in research that delivers public value and builds new capabilities gradually, ensuring critical skills are retained.
Policy Alignment and Performance	Align investments with policy priorities and ensure decisions are backed by evidence and measurable outcomes.
International and National Positioning	Focus on areas of national expertise while strengthening global research ties and attracting strategic investment.
Balanced Investment Prioritisation	Balance stable, long-term investments that build enduring capability with flexible, contestable funding to support emerging opportunities and system responsiveness.
Managed Transition	Ensure funding shifts are gradual and respect existing commitments to avoid disruption.
Strategic Alignment with National Priorities	Investments should be guided by system-level priorities that reflect New Zealand's aspirations for economic growth and wellbeing

To support this framework, when selecting a preferred scenario, note the following factors:

- **Don't break things you can't fix** – Transitions must be managed carefully to avoid irreversible disruptions to existing systems or capabilities.
- **Spend money well** – Investments should be strategic, targeted, and deliver clear value for money, especially in areas with long-term impact.
- **Apply the precautionary principle** – Where uncertainty exists (i.e. data gaps, shifting money etc.) , err on the side of caution.

Three Scenarios for shifting funding towards New Economy and Advanced Tech:

The **three scenarios** provided are:

- Scenario **1** 'Accelerate': Rapid relocation of $172m by 2028/29 from contestable and strategic platforms to New Economy and Advanced Tech
- Scenario **2** 'Modernise': Reprioritise $122m by 2028/29 from contestable and strategic platforms to New Economy and Advanced Tech
- Scenario **3** 'Manage': Release $103m by 2028/29 from contestable platforms and workforce to New Economy and Advanced Tech

Including **White space** funding:

- Whichever scenario is chosen, there is an option to move some funding towards 'white space'.

Active Consideration

White Space Funding is about…

Note: Catalyst Fund performs some of these functions, but at government-government level.

- Having flexibility to act on a limited time opportunity
- Rapidly responding to an emerging global trends
- Doubling down on niche competitive advantage
- Could be used for non-traditional science funding, i.e. specialist kit across pillars

Next steps for September:

- Decide on **definition** and **principles** of white space funding
- Consider **governance regime** vs. **flexibility**
- Active Consideration

International Examples				
Country	**Instrument**	**Commitment**	**Mission**	**Definition**
Singapore	RIE2025 White Space	**$4.5B** **Over 4 years**	Strategic agility & emerging opportunities	Non-contestable allocation for rapid deployment to seize opportunity, fund new programmes, or scale promising initiatives outside pre-approved streams. Managed centrally for responsiveness.
UK	ARIA (Advanced Research & Invention Agency)	**$1.7B** **Over 5 years**	High-risk, high-reward transformational tech	Executive non-departmental agency funding bold, speculative R&D. "Programme Directors" set thematic "opportunity spaces" and commission time-limited missions with minimal bureaucracy and high autonomy.
Japan	Moonshot R&D Programme	**$1.1B** **Over 10 years**	Catalyse disruptive tech aligned to national missions	Ring-fences a multi-year fund under the Cabinet Office and empowers a small group of Programme Directors to set bold, goal-oriented missions (i.e. achieving carbon-negative living or developing fault-tolerant quantum computers).

Scenario 1 ‘Accelerate’

Refer to Annex Two

STATUS QUO

	Economic Growth & Resilience	New Economy/ Advanced Tech	Environment	Health & society
Strategic	$157m	$44m	$72m	$31m
Infra	$18m	$16m	$24m	$1m
Workforce	$1m	$4m	$5m	$34m
Contest	$151m	$57m	$55m	$166m
Totals	**$327m**	**$121m**	**$156m**	**$232m**

*Rapid relocation of **$172m** by 2028/29 to New Economy and Advanced Tech*

	Economic Growth & Resilience	New Economy/ Advanced Tech	Environment	Health & society
Strategic	-$26m (-17%)	+$139m (316%)	-$10m (-14%)	
Infra				
Workforce	+$4m (400%)	+$10m (250%)		-$14m (-41%)
Contest	-$51m (-34%)	+$23m (40%)	-$29m (-53%)	-$46m (-28%)
Totals	**$254m** **-$73m** **(-22%)**	**$293m** **+$172m** **(+142%)**	**$117m** **-$39m** **(-25%)**	**$172m** **-$60m** **(-26%)**

- NZIAT established with budget if $70m/annum
- Significant strategic funding reprioritised
- Existing platforms reduced or discontinued in EG&R and environment pillars
- Significant contestable funding reprioritised

*Rounded to nearest million

Scenario 2 ‘Modernise’

Refer to Annex Two

STATUS QUO

	Economic Growth & Resilience	New Economy/ Advanced Tech	Environment	Health & society
Strategic	$157m	$44m	$72m	$31m
Infra	$18m	$16m	$24m	$1m
Workforce	$1m	$4m	$5m	$34m
Contest	$151m	$57m	$55m	$166m
Totals	**$327m**	**$121m**	**$156m**	**$232m**

*Reprioritise **$122m** by 2028/29 from Current to New Economy and Advanced Tech*

	Economic Growth & Resilience	New Economy/ Advanced Tech	Environment	Health & society
Strategic	-$26m (-17%)	+$89m (202%)		
Infra				
Workforce		+$10m (250%)		-$10m (-29%)
Contest	-$59m (-39%)	+$23m (40%)		-$27m (-16%)
Totals	**$242m** **-$85m** **(-26%)**	**$243m** **+$122m** **(101%)**	**$156m** **N/C**	**$195m** **-$37m** **(-16%)**

- Funding freed up from established sectors (Primary)
- Preserves public-good funding, but requires reduction in contestable and strategic investment in EG&R pillar
- Sector-aligned private sector funding could offset reductions

*Rounded to nearest million

Scenario 3

‘Manage’

Refer to Annex Two

*Release **$103m** by 2028/29 from contestable funds to New Economy and Advanced Tech*

STATUS QUO

	Economic Growth & Resilience	New Economy/ Advanced Tech	Environment	Health & society
Strategic	$157m	$44m	$72m	$31m
Infra	$18m	$16m	$24m	$1m
Workforce	$1m	$4m	$5m	$34m
Contest	$151m	$57m	$55m	$166m
Totals	**$327m**	**$121m**	**$156m**	**$232m**

	Economic Growth & Resilience	New Economy/ Advanced Tech	Environment	Health & society
Strategic		+$70m (159%)		
Infra				
Workforce	+$4m (400%)	+$10m (250%)		-$14m (-41%)
Contest	-$35m (-23%)	+$23m (40%)	-$20m (-36%)	-$38m (-22%)
Totals	**$296m** **-$31m** **(-9%)**	**$224m** **+$103m** **(+85%)**	**$136m** **-$20m** **(-13%)**	**$180m** **-$52m** **(-22%)**

- No changes to other strategic funding platforms
- $70m of contestable funding shifted to NZIAT
- Falls short of OECD benchmarks, but provides platform for future funding shifts and rebalancing

*Rounded to nearest million

Considerations for choosing a preferred scenario:

Scenario	Description (with key figures)	Key Considerations
Scenario 1: 'Accelerate'	Rapid relocation of **$172m** by 2028/29 from contestable and strategic platforms to New Economy and Advanced Tech	• Quickest path to OECD benchmarks • Requires large reduction in contestable & strategic investment • Requires some existing platforms to be discontinued and/or reduced • Impact on investigator-led science • Requires early signaling to allow participants to prepare • Potential for funding voids + impact to critical skills
Scenario 2: 'Modernise''	Reprioritise **$122m** by 2028/29 from contestable and strategic platforms to New Economy and Advanced Tech	• Progress toward OECD benchmarks • Reallocation of investment in primary sector, environment and EG&R platforms • Preserves public-good funding for environmental science, but significant reduction in EG&R contestable/strategic funding • Requires early signaling to allow participants to prepare • Potential for funding voids + impact to critical skills
Scenario 3: 'Manage'	Release **$103m** by 2028/29 from contestable platforms and workforce to New Economy and Advanced Tech	• Foundations laid for reaching OECD benchmarks • No impact to strategic funding across pillars • Phased transition - funding allocated/rebalanced over multiple years
Additional consideration: 'white space'	White space option **for each scenario**. Active Consideration	• Rapidly responding to an emerging global trend (where we think we need capability) • Or doubling down on niche competitive advantage • Or acting on a time limited opportunity

Questions for discussion

- **Assessing the decision-making framework for investment shifts**: Do you agree with the suggested framework? What else could be included?
- **Proposed scenarios and shifts of funding:** Do you have a preferred scenario? Does this do enough or too much? Does it align with the strategic priorities?
- **Informing future decisions:** What other choices need to be made to rebalance investment, such as shifting funding from contestable to strategic platforms?
- **Exploring white space opportunities:** Do you want to include a component of white space funding? Where might we allocate funding from and how much? Active Consideration
- **Identifying trade-offs & Understanding implications** – If we want to invest more in certain areas - what do you think needs to be deprioritised or scaled back? What are the broader impacts of these shifts on our policy direction, delivery capability, and stakeholder engagement? We propose exploring this in more detail at the next meeting– is there anything specific you want us to present?

Recommendations & Next Steps

- **Agree** in principle to the proposed high-level shifts in investment across the strategic pillars.
- **Agree** in principle to recommend a preferred investment scenario to the Minister of SI&T.
- **Agree** that the next steps are for MBIE to provide members with:
  - A detailed analysis of the implications and trade-offs of the preferred scenario, assessed against the decision-making framework.
  - Information on investment prioritisation within each pillar, including identification of priority research areas (e.g. within the New Economy and Advanced Technology pillar).
  - Options for reallocating funding within the pillars.

Out of Scope

Out of Scope

Out of Scope


Out of Scope

Out of Scope

Annex 1: **Read and Note** annexes to inform discussion on shifts in funding

- Funding availability and amounts
- Understanding CoREs and PBRF

The SI&T system administers three primary contestable funds—Endeavour, Marsden, and Health Research

Fund	Administered By	Focus	Approx Annual Funding Amount	Notes
Endeavour Fund	MBIE	Mission-led research	~$55M	• 3–5 year projects; ~$230M contracted at once • Can be oriented to new investment priorities for the next investment round, starting with design in November 2025.
Marsden Fund	Royal Society Te Apārangi	Investigator-led "blue sky" research and new knowledge	~$79M (FY24/25)	• Can be oriented to new investment priorities for the next investment round
Health Research Fund	Health Research Council	Health outcomes & system strengthening	~$105M (FY24/25)	• Reports to the Minister of Health and SI&T • Policy and legal work required to determine approach to Health Research Council Act (1990). Pre-transition opportunities to shape direction of HRC administered funding via revisions to HRC Investment Plan (current ends 30/6/26) and NZ Health Research Strategy (current ends 30/6/27).

CAVEAT: The latest budget figures for 2025/26 are HRC is $107.5m and Marsden is $78.4m

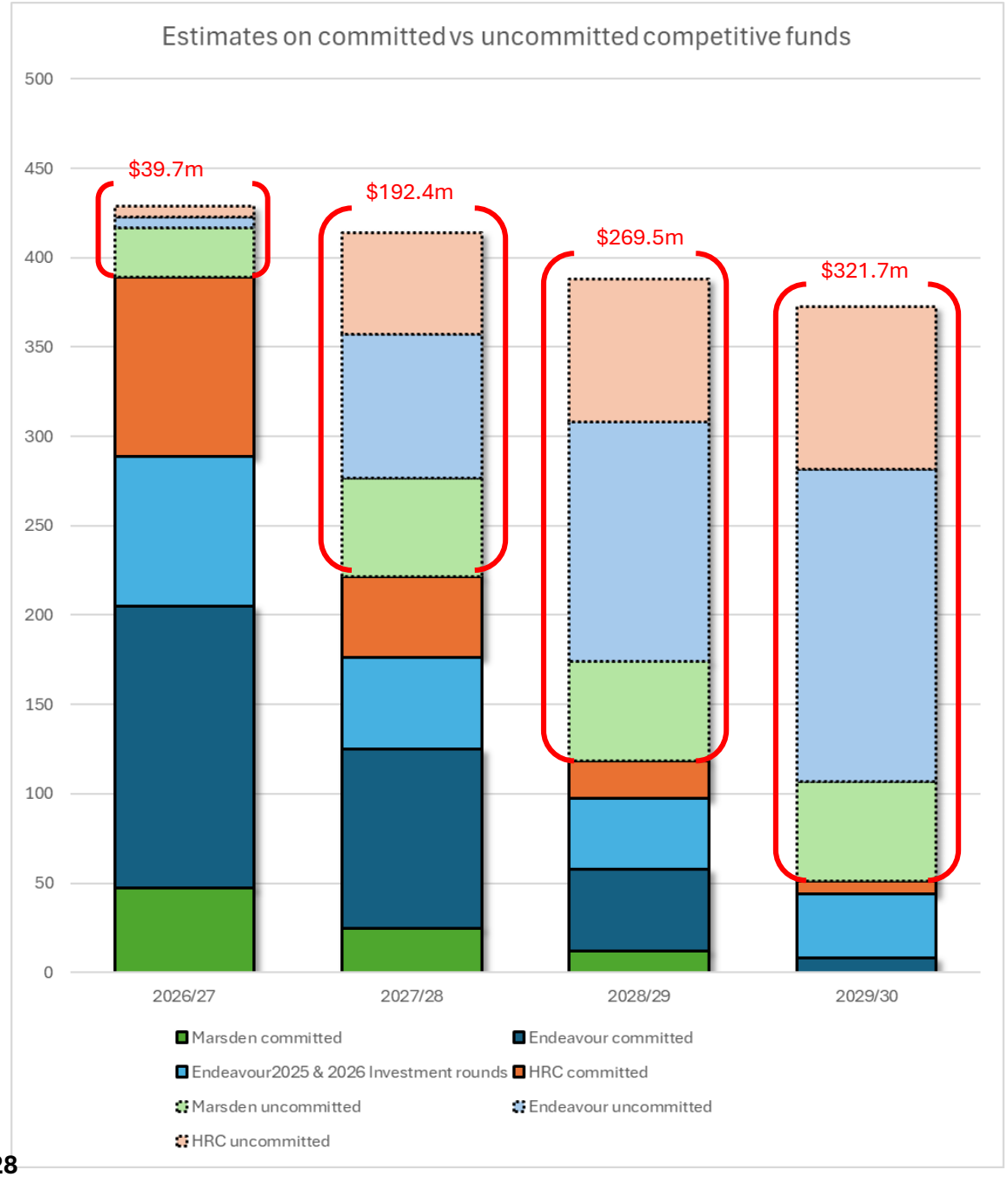
The amount of uncommitted funding available through contestable funds increases steadily between 2026/27 and 2029/30

Estimated availability by year:

- 2026/27: $39.7 million
- 2027/28: $192.4 million
- 2028/29: $269.5 million
- 2029/30: $321.7 million

CAVEAT: It is important to note that these figures are speculative and provide a projection. Also, important to clarify that uncommitted just means not contracted

Note: there are consequences to reallocating these funds which should be considered alongside the decision making framework in Section 1 of this pack.



Performance Based Research Fund (PBRF)

Features

- $315m per year to Tertiary Education Organisations (TEOs)
- PBRF is a research capability fund rather than a direct research project or programme fund and is bulk funded to TEOs to support their research capability including:
  - infrastructure,
  - staffing
  - postgrad level teaching

The PBRF is based on previous performance and awarded based on the following components:

- Quality Evaluation 55%
- Research Degree Completion 25%
- External Research Income 20%

Changes proposed (Government response to UAG report) – Research Performance Capability funding mechanism to replace PBRF.

- metrics based system to replace Quality Evaluation
- more focus on user-led/initiated research,
- light-touch broad performance monitoring through University research plans & dashboards.

Alignment with strategic objectives & pillars based system

- Modified PBRF will still provide more focus on user-led/initiated research it will still be difficult to map to pillars and align with specific outcomes/priority areas:
  - PBRF is backwards looking, it is based on past performance (e.g. peak citations for publications occur 5-10 years after initial publication)
  - It is bulk funded to universities rather than for specific research projects or programmes

Touch points for high-level, light touch strategic direction

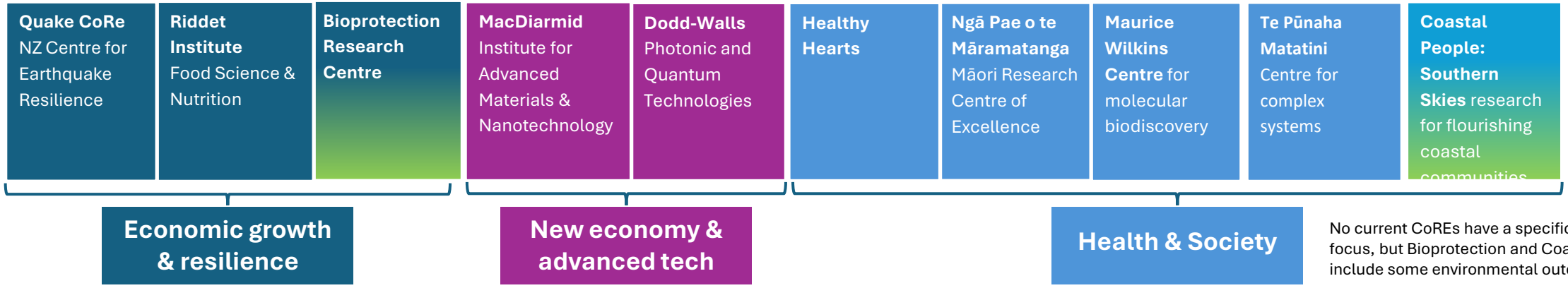
- MBIE, MoE and TEC can explore opportunities for the PMSITAC to be consulted at the following points in the process:
  - when universities develop their investment plans, particularly the research plan component
  - Potential engagement opportunity during the design work of the research performance monitoring system for universities.

Centres of Research Excellence (CoREs)

Features

- ~$50m per year
- Policy intent is to strengthen research collaboration, excellence and impact in areas. CoREs focus on areas of **existing research strength and capability** and enable improved coordination and utilisation of existing capability.

Current CoREs



No current CoREs have a specific environmental focus, but Bioprotection and Coastal People include some environmental outcomes

Alignment with strategic objectives & pillars based system

- Strategically focused & can be mapped to pillars. Support outcomes through knowledge integration & end user engagement.
- Current CoREs are appointed until end of 2028 changes proposed are to introduce more focuses on new activity areas and clusters. This differs from UAG recommendations which were for CoREs to be funded for one cycle only
- CoREs are focused on better coordination of existing capability not for building new capability in emerging and nascent areas. This use-led aspect of the CoREs remains important for the system.

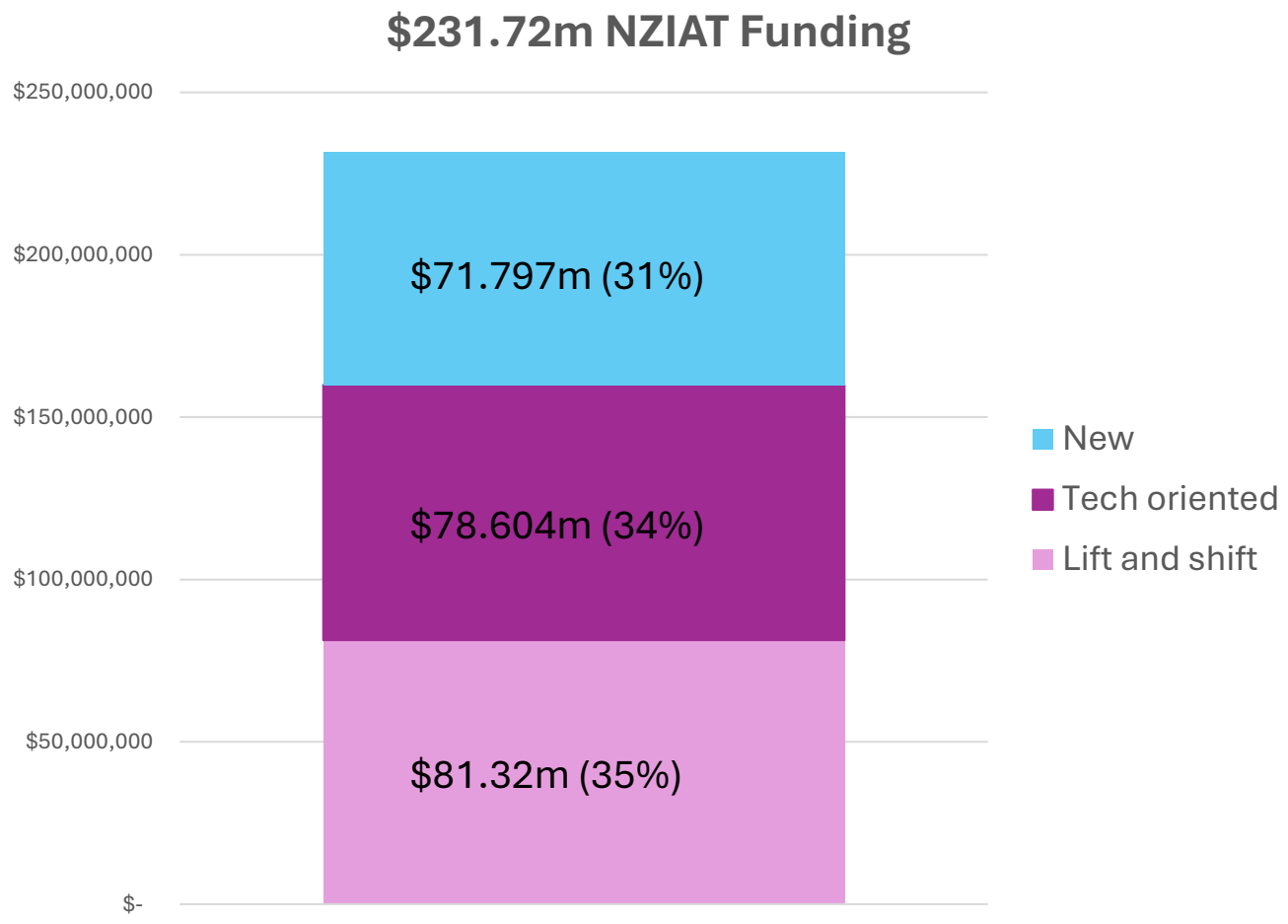
Illustrative example of reallocated SI&T investment to support the establishment of the NZ Advanced Technology Institute

To establish the NZ Institute for Advanced Technology, **$231.72m** was re-appropriated from existing funding through:

- $81.32m in “Lift and shift” funding remains attached to a specific activity that will continue under the NZIAT, this incl. Callaghan programmes such as the Technology Incubator and the NZ Product Accelerator;

- $78.604m in “Tech oriented” funding is coming from an advanced technology-related activity but will be repurposed under the NZIAT such as the Data Science Platform and the Advanced Energy Platform; and

- $71.797m in “New” funding is coming from a relatively non-technology focused activity and will be fully repurposed to advanced tech activities under the NZIAT. This includes reductions to the Endeavour, Health Research and Marsden Funds and discontinuation of funding for Infectious Disease research.



Annex 2 (If required): Detailed current state SI&T funding and shifts against pillars

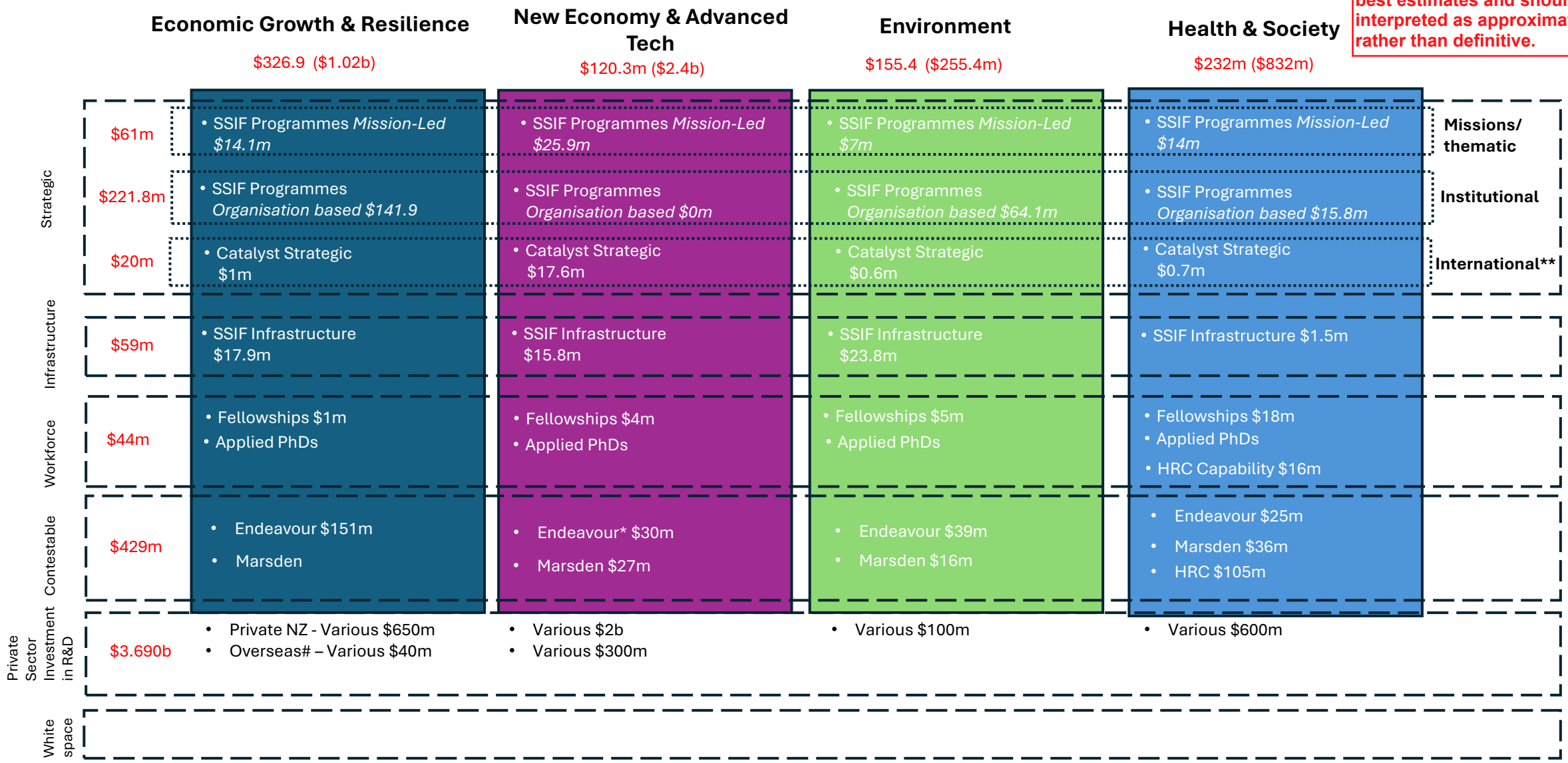
- Current state against pillars
- Detailed current state showing platforms for Strategic and Infrastructure SI&T funding
- Detailed funding shifts for each of the three scenarios

CAVEAT: These slides reflect best estimates and should be interpreted as approximate rather than definitive.

Detailed SI&T funding pillars – current state

2024/25 Annual Figures

CAVEAT: These slides reflect best estimates and should be interpreted as approximate rather than definitive.



#Data for Overseas funding can not be reliably disaggregated against Environment and Health pillars

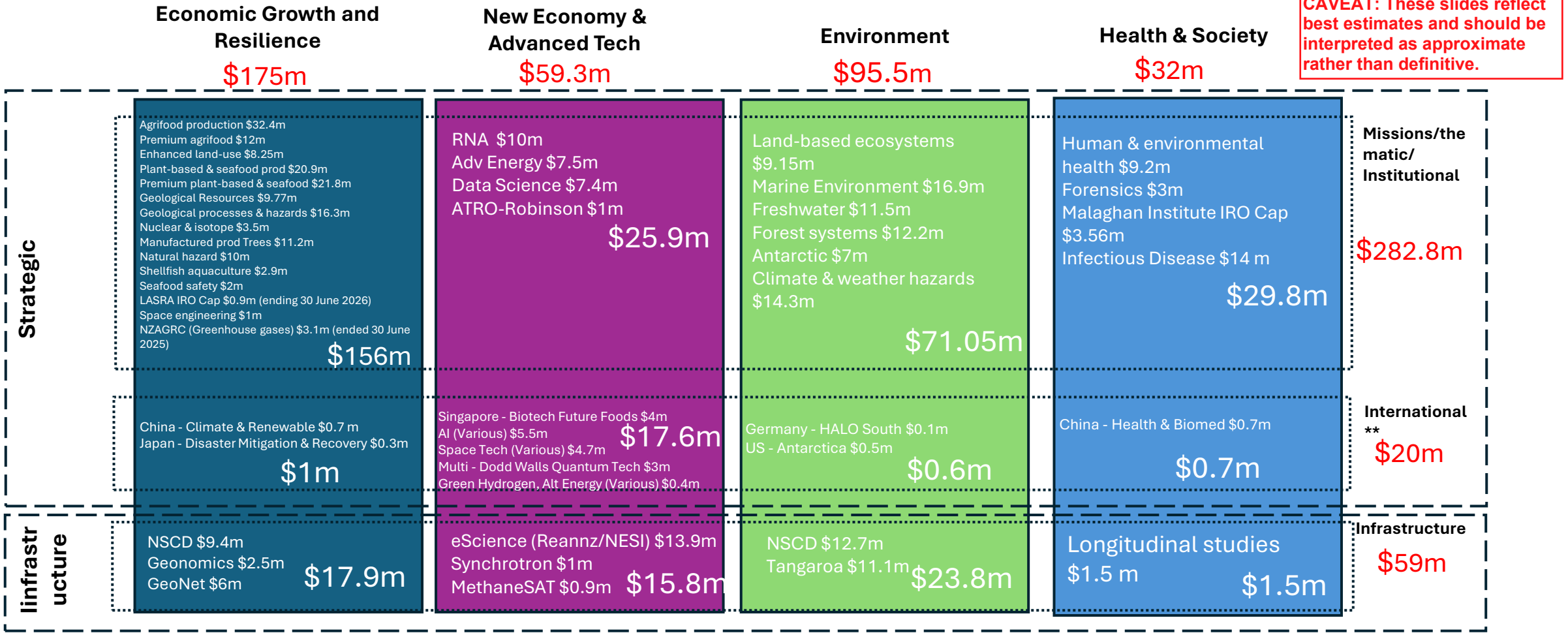
** The Catalyst Fund is used to leverage offshore expertise, international investment, and infrastructure. Reciprocal contributions from international partners are negotiated on a case-by-case basis. Not all figures are accurate due to delays with negotiating with Governments

*MBIE has estimated the proportion of Endeavour funding allocated to new economy and advanced tech (not officially coded).

Detailed breakdown of the platforms **we currently fund** under the strategic and Infrastructure categories

2024/25 Annual Figures

CAVEAT: These slides reflect best estimates and should be interpreted as approximate rather than definitive.



This detailed picture shows the platforms that together make up the strategic component of SI&T funding. This is current state funding. It shows what platforms will be affected by prioritisation and deprioritisation decisions.

Today you will be discussing moving funding around the pillars. At your next meeting we will provide information on what the implications of those choices will be against platforms.

Scenario 1 – Align funding to advanced tech as quickly as existing commitments allow

By 28/29, $172m of funding could be reprioritised for the New Economy and Advanced Tech pillar. This is the earliest we could realistically bring our investment up to the OECD average. Significant strategic funding will need to be reprioritised, requiring some existing platforms in the environment and economic growth pillars to be discontinued or reduced. Significant contestable funding would also need to be reprioritised, reducing the funds available for investigator-led science.

CAVEAT: These slides reflect best estimates and should be interpreted as approximate rather than definitive.

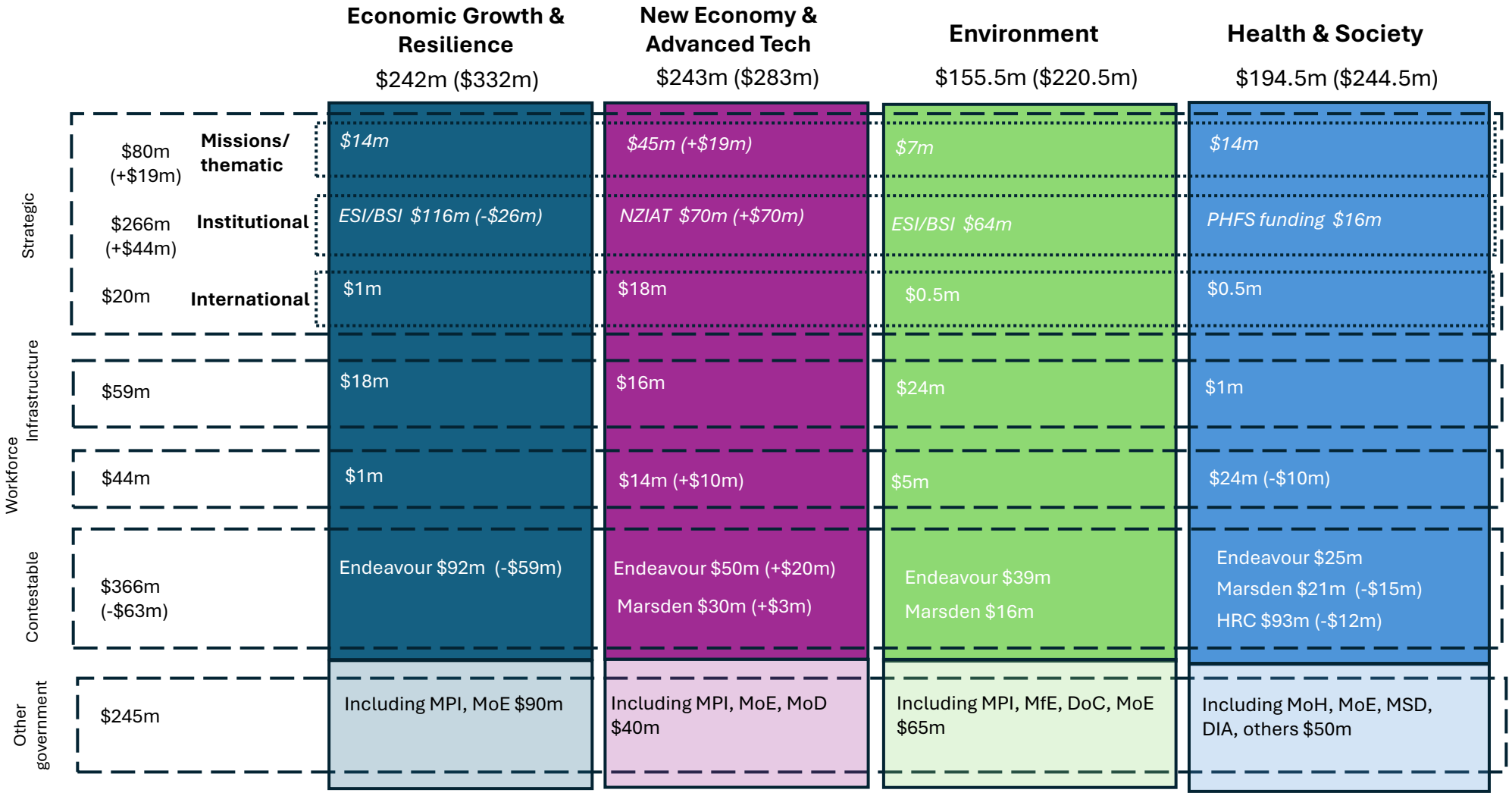
Key shifts

- **NZIAT established** with budget of $70m/annum (funding already reprioritised from 26/27)
- **$36m** of platform funding shifted from EG&R and Env pillars into NE&AT
- **$23m** of extra contestable funding for advanced tech by rebalancing contests
- **$14m** of H&S capability funding reprioritised to EG&R and advanced tech workforce

MoE funding does not include broad mechanisms like the PBRF that support research capability generally, but not specific outcomes
Endeavour fund shift from EG&R to NE&AT is a 'worst case' scenario assuming no existing activity is 'advanced tech'
Limited data on other government investment means mapping to pillars is "best guess"

Scenario 2 – Shift funding from established sectors into advanced tech

By 28/29, $122m of funding could be reprioritised for the New Economy and Advanced Tech pillar, primarily by reducing investing in established sectors like the primary sector. This makes significant progress towards but does not reach the OECD average proportion of R&D funding for advanced tech. This scenario preserves public-good funding for environmental science, but will require a significant reduction in both contestable and strategic investment in the EG&R pillar. Some of this reduction in public investment may be substituted by increased private sector funding, both for sector-aligned opportunity research and for resilience science with mixed public/private benefit.



CAVEAT: These slides reflect best estimates and should be interpreted as approximate rather than definitive.

Key shifts

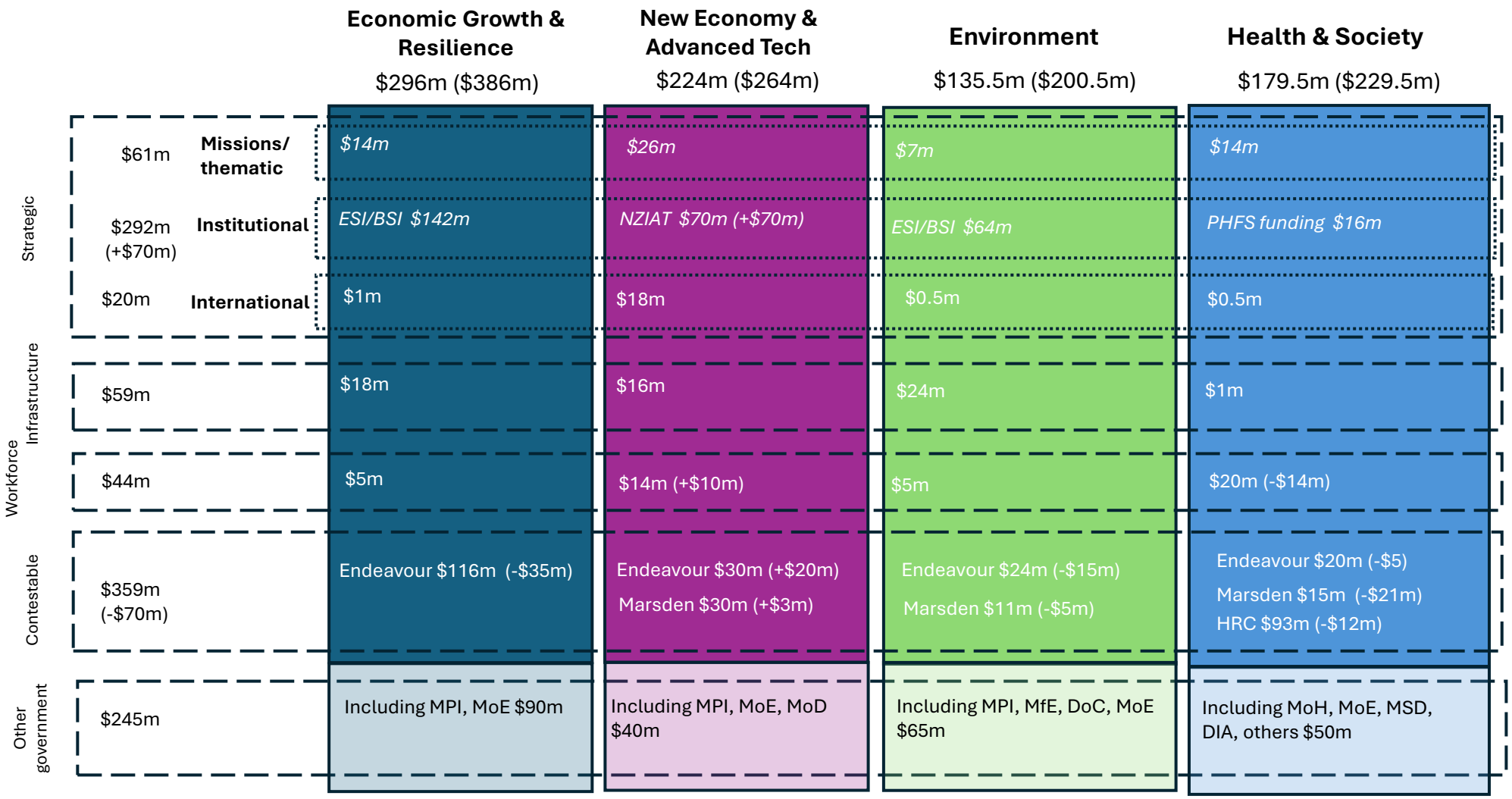
- **NZIAT established** with budget of $70m/annum (funding already reprioritised from 26/27)
- **$26m** of EG&R institutional funding reprioritised for advanced tech platforms and contests
- **$10m** of H&S capability funding reprioritised to NE&AT workforce

MoE funding does not include broad mechanisms like the PBRF that support research capability generally, but not specific outcomes
Endeavour fund shift from EG&R to NE&AT is a 'worst case' scenario assuming no existing activity is 'advanced tech'
Limited data on other government investment means mapping to pillars is "best guess"

Scenario 3 – Manage reprioritisation to reduce impacts on existing areas of focus

By 28/29, $103m of funding could be reprioritised for the New Economy and Advanced Tech pillar, largely through refocusing contestable funding to the NZIAT. No change is needed to strategic funding for the economic growth, environment and health & society pillars. This scenario falls short of the OECD average proportion of investment in advanced tech, but further shifts in funding could be made in subsequent years to achieve further rebalancing.

CAVEAT: These slides reflect best estimates and should be interpreted as approximate rather than definitive.



Key shifts

- NZIAT established with budget of $70m/annum (funding already reprioritised from 26/27)
- **$70m** of contestable funding shifted to strategic advanced tech (NZIAT)
- **$23m** of contestable funding refocused on advanced tech
- **$10m** of H&S capability funding reprioritised to NE&AT workforce

MoE funding does not include broad mechanisms like the PBRF that support research capability generally, but not specific outcomes
Endeavour fund shift from EG&R to NE&AT is a 'worst case' scenario assuming no existing activity is 'advanced tech'
Limited data on other government investment means mapping to pillars is "best guess"

Rationale for reprioritisation across pillars

Strategic considerations for identifying areas to reprioritise:

1. **Low Investment in Advanced Tech relative to OECD:** New Zealand's investment in advanced technology research is significantly below the OECD average. Bridging this gap may require reallocating **$100–$200 million annually (10-20%)** from existing science funding.
2. **Public vs. Private Contribution *(Market failure argument):*** Governments typically intervene with funding where there is a) strong public good value (e.g. environment). Or b) underdeveloped ability for the sector to pay for its own R&D (e.g. new sectors, high risk areas). We think for more mature sectors (e.g. primary sector) there's an opportunity for greater private sector contribution, freeing up public funds for under-supported areas.
3. **"White Space" Investment:** Many funding instruments e.g. platforms, are designed to build capability over the long term. There is a need for flexible, future-focused funding to support rapidly emerging opportunities.

Annex 3: Breakdown of MBIE and HRC Expenditure in R&D across socio-economic areas

Context

- You will recall that the NZ Government's $1 billion SI&T investment is currently focused on our traditional areas of competitive advantage—the primary sector and the environment—as well as our key social challenge of health.

- The attached breakdown outlines MBIE's investment across these sectors and provides a foundation for further discussion around strategic prioritisation and trade-offs.

- This partially addresses action to provide a more detailed breakdown of government R&D spending by socio-economic area (e.g. environment, health, agriculture, energy, defence, industrial production, exploitation of earth/space, and other).

- As outlined in Section 1, work is progressing to identify what the cost will be from deprioritising investment vs shifting investment within those sectors.

Data used and Caveats

- All data refers to the 2023/2024 Financial year.
- The principal data sets used are the StatsNZ 2024 R&D Survey and internal data collected by MBIE in funds allocation. **Note:** MBIE holds detailed investment data for Science, Innovation and Technology (SI&T) projects that it directly funds. However, comprehensive information across the wider system is limited, requiring assumptions to be made when mapping investments against strategic pillars. The same limitations apply when analysing international systems.
- Additional data has been obtained from agency annual reports, Budget 2025 documents, and the PCE Report on Environmental Funding – attempting to adjust for any time lag.
- Research is coded by ANZSRC Socio-Economic Outcome (SEO) codes which give the sector to which it is intended the R&D will be applied.
- In some cases where this sector breakdown is not sufficient, StatsNZ data using the OECD Structural Analysis Statistics (STAN) coding which gives the industry conducting the research, has been used. There is not complete matching between the two systems.
- Research projects are complex and coding is blunt. Although the dollar amounts against a code may be precise, the coding will not fully give all the areas covered by the research so there will be overlaps, broader applications, and dependencies which will not be discernible from the numerical data.
- MBIE data includes National Science Challenge Funding which has been discontinued.

MBIE's Environment R&D Investment

Total MBIE Investment: **$226m**

- **46% ($105m)** is spent on Natural Hazards and Climate Change Mitigation and adaptation. *This spending will sit within the Economic Growth & Resilience pillar.*

- **54% ($121m)** is invested in pure environmental research:

  - Terrestrial **$25m (11%)**
  - Freshwater **$23m (10%)**
  - Coastal and Marine **$15m (7%)**
    Biosecurity **$22m (10%)**
  - Natural Resource use **$10m (4%)**
  - other Environ Mgmt. **$27m (12%)**

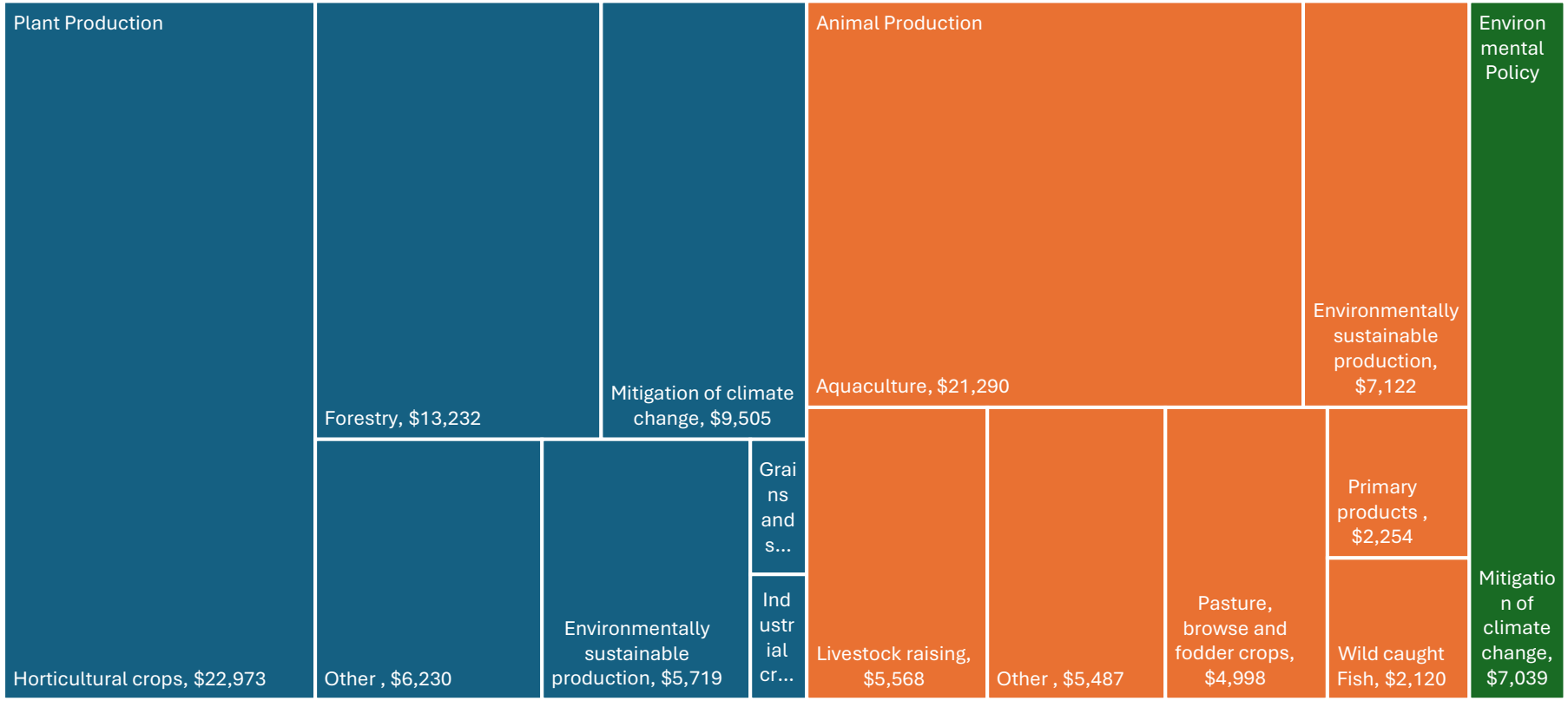
MBIE Investment in Environmental Sector R&D ($000)

MBIE's Primary Sector R&D Investment

Total MBIE Investment: **$115m**

- Plant Production **51% ($59m)**
- Animal Production **42% ($49m)**
- Environmental Policy **7% ($7m)**
- Horticultural crops, Aquaculture & Forestry are the largest recipients, with investment totalling **$57m**

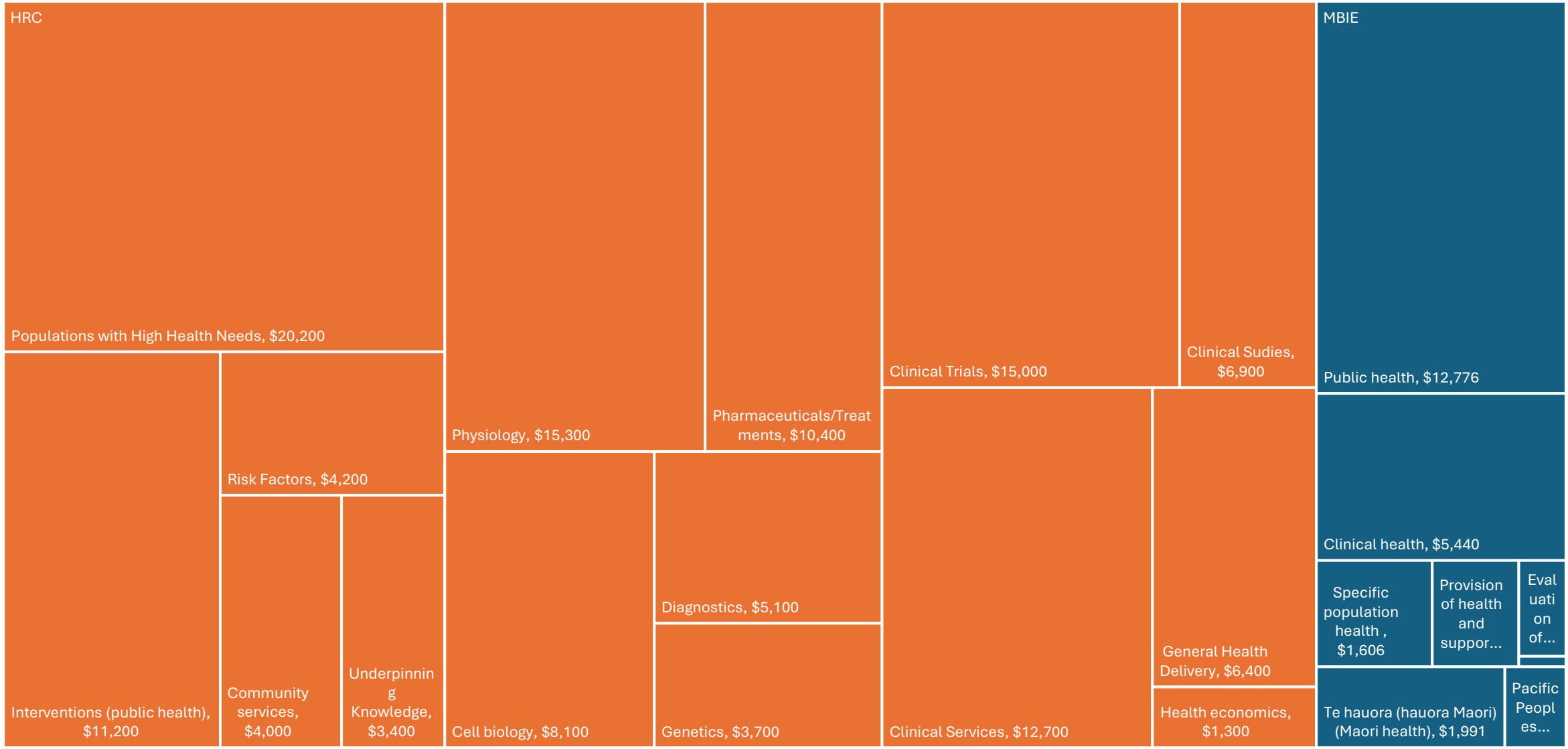
MBIE Investment in the Primary Sector ($000)



HRC and MBIE

Total Investment $152.2 million

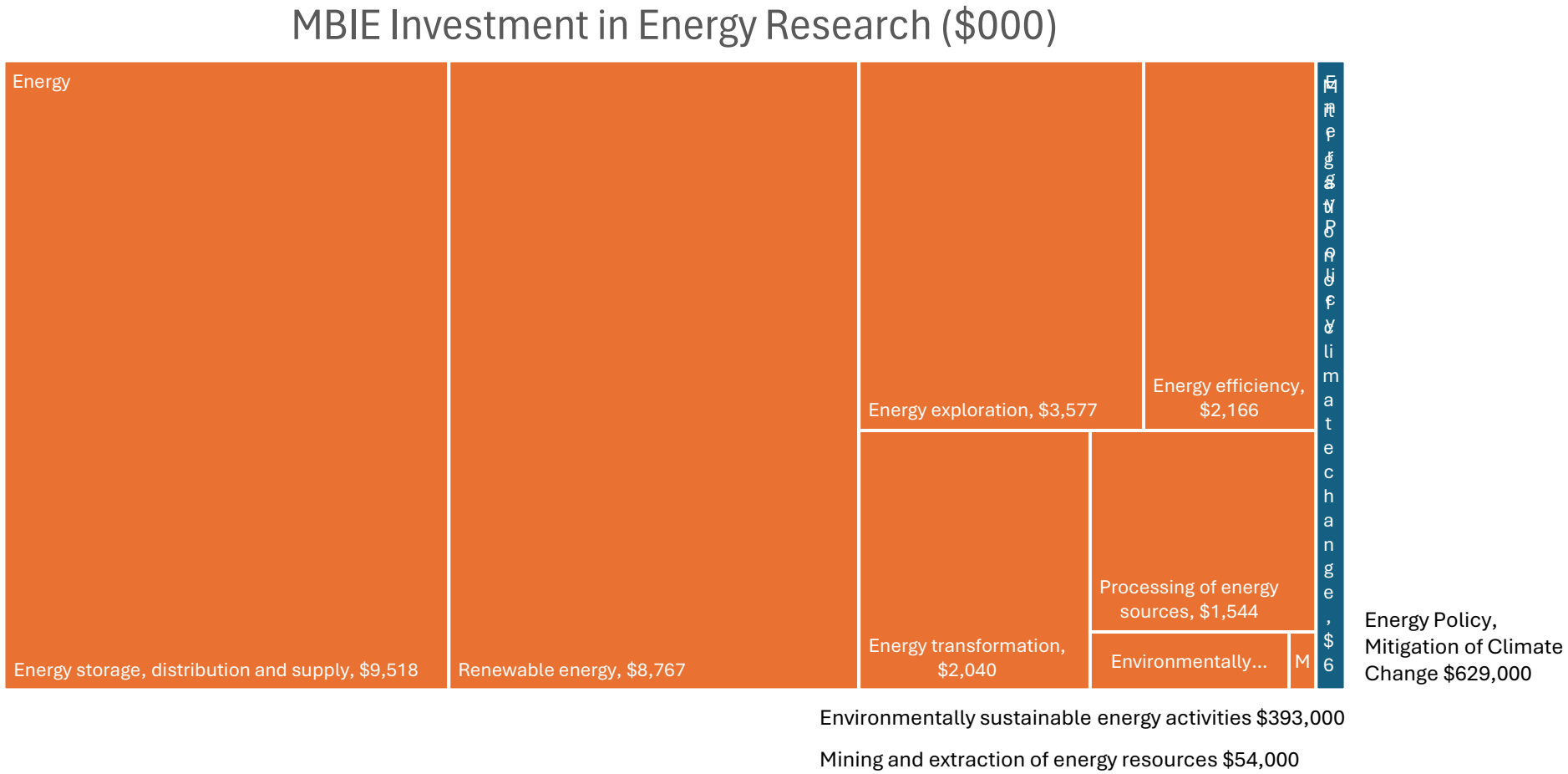
MBIE including HRC Investment in Health ($000)



MBIE Investment in Energy R&D

Total MBIE Investment **$28m**

- MBIE's **$28m** energy investment is comparable to Higher Education **($31m)**, but factional compared to Business' **$241m.**



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