



BRIEFING

Commercialisation ecosystem: SI&T components of a start-up support package

Date:	5 March 2026	Priority:	High
Security classification:	In Confidence	Tracking number:	BRIEFING-REQ-0028168

Action sought		
	Action sought	Deadline
Hon Dr Shane Reti Minister of Science, Innovation and Technology	Agree that officials prepare a joint Economic Growth, and Science, Innovation and Technology (SI&T) paper for the Innovation, Technology and Science Ministers meeting on 23 March 2026. Agree which components of the SI&T work programme are included.	9 March 2026

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Michael Contaldo	Manager, Innovation Policy	Privacy of natural persons	✓
Kate Hamilton	Senior Policy Advisor, Innovation Policy		

The following departments/agencies have been consulted

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☐ Withdrawn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

To provide you with advice and next steps in developing a joint package of start-up support across the Science, Innovation and Technology (SI&T) and Economic Growth portfolios to inform a Budget 26 package. Each portfolio has components to feed into this package.

Executive summary

You and the Minister for Economic Growth each own initiatives that support the development and scale of high-growth tech companies. You are each leading improvements to these initiatives, creating an opportunity to bring your commercialisation workstream and the Economic Growth workstream together into a coherent package of start-up supports, focused on high-growth tech businesses.

In developing this joint package, our aim is to provide you with a view of the wider ecosystem so that decisions taken on each workstream are aligned and coordinated. There are complex relationships between these initiatives whereby changes to one initiative has impact on other parts of the system. To create a cross-portfolio understanding of the commercialisation ecosystem, we have attached a diagram at **Annex One**. This diagram outlines how government initiatives, which have developed overtime, can more effectively come together to support clear commercialisation pathways for high-growth tech companies to develop to a point in which they are more productively contributing to New Zealand's economy.

If you agree to this approach, we will develop a joint paper for the Government's *Going for Growth* Innovation, Technology and Science (ITS) Ministers meeting on 23 March from you and the Minister for Economic Growth, proposing a Budget 26 package.

Recommended action

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

- a **Agree** that officials prepare a joint paper between the Economic Growth, and Science, Innovation and Technology (SI&T) portfolios for the Innovation, Technology and Science (ITS) Ministers meeting on 23 March 2026 proposing a package of start-up support for inclusion in Budget 2026.

Agree / Disagree

- b **Agree** that the SI&T components of this package will include:

- Strengthening support for university research commercialisation via Technology Transfer Offices by introducing a package of enhancements in 2026/2027 to the existing Commercialisation Partner Network.

Agree / Disagree

- Making changes to the settings of the Technology Incubator Programme in 2027/2028, administered through the New Zealand Institute of Advanced Technology.

Agree / Disagree

- Transferring approximately \$2.8 million of the Technology Incubator Programme funding to expand the Healthtech Activator and the Founder and Start-up Support Programme.

Agree / Disagree

- Confidential advice to Government

Agree / Disagree

- c **Note** the Minister for Economic Growth is considering related advice regarding the Economic Growth initiatives that could comprise this joint package.

Noted

- d **Agree** to forward this paper to the Minister for Economic Growth.

Agree / Disagree



Michael Contaldo
Manager, Innovation Policy
Labour, Science and Enterprise, MBIE

05 / 03 / 2026

Hon Dr Shane Reti
Minister of Science, Innovation and Technology

..... / /

Background

1. Following your announcement of 13 November 2025 on the National Intellectual Property (IP) Management Policy for universities and Public Research Organisations (PROs), MBIE has been progressing a set of parallel workstreams on research commercialisation:
 - a. **Implementation of the IP Management Policy** – Work is underway with universities and PROs to embed consistent national approaches to managing publicly-funded IP.
 - b. **University commercialisation support** – We provided advice outlining three options to strengthen post-disclosure, pre-spinout support for university researchers [REQ-0022708 refers]. You agreed to enhance support through existing mechanisms, specifically by increasing investment in the Commercialisation Partner Network (CPN) and the Pre-Seed Accelerator Fund (PSAF).
 - c. **Post-spinout support** – We provided advice on future arrangements for supporting deep-tech start-ups, including university spinouts [REQ-0026005 refers]. You agreed to retain the Technology Incubator Programme and confirmed its transfer from Callaghan Innovation to the New Zealand Institute for Advanced Technology (NZIAT), while updating programme settings in line with the findings of our review.
 - d. **Commercialisation Engagement Guidelines** – We updated you on progress toward developing national guidelines on terms of engagement between researchers, research organisations, and third parties [REQ-0026896, item 2.3 refers]. A reference group of researchers, technology transfer offices (TTOs), and investors has been convened to assist in shaping the guidelines.
 - e. **Commercialisation Outcomes Measurement Framework** – MBIE continues to progress development of a national framework and measures for commercialisation outcomes [REQ-0026043 refers].
2. In addition to your commercialisation workstreams, a few other related workstreams underway are:
 - a. The Founder and Start-up Support Programme (FSSP) is currently undergoing procurement for its next contract round which begins July this year.
 - b. Along with the Technology Incubator Programme, the Healthtech Activator is transferring from Callaghan Innovation to the NZIAT.
 - c. Potential decisions on R&D support provided through the tax system related to savings and spend via the Research and Development Tax Incentive (RDTI) **Confidential**
3. Together, these initiatives aim to strengthen the commercialisation landscape, with a particular focus on supporting researcher-led IP and early-stage start-ups. We are of the view that some of these initiatives should form the basis of a start-up package for Budget 26.

Related workstreams are underway within the Economic Growth portfolio

4. The Minister for Economic Growth has agreed to make changes to the Aspire Seed Fund (owned by New Zealand Growth Capital Partners (NZGCP) alongside the Elevate Fund), including changing the funding model and introducing the Pre-seed Scout Fund, and is considering advice on raising the investment cap and introducing the Emerging Managers fund. The Minister for Economic Growth has asked for further advice on options for a possible Budget 26 package for start-ups.

Improving the start-up ecosystem

A start-up package contributes to several government priorities

5. To encourage continued diversification and growth of the New Zealand economy we need more high-growth technology start-ups successfully developing into viable long-term companies that lift productivity, create positive spillovers, and generate outsized economic value through productivity gains, high-value jobs, and export growth.
6. These ventures differ from traditional businesses, relying on venture capital and government supports (particularly those that address early-stage funding gaps and limited commercialisation capability) rather than bank lending due to long development cycles and delayed revenue.
7. There is an opportunity now to bring some of your research commercialisation workstreams and the Economic Growth workstreams together into a coherent package of start-up supports, focused on high-growth tech businesses. In developing this package, our aim is to provide you with a view of the wider ecosystem, so that decisions made on each workstream are aligned and coordinated.
8. A start-up package contributes to the Government's *Going for Growth* ITS pillar. The package will be designed to give effect to the Minister for Economic Growth's agreed business grants and funds economic growth impact principles [REQ-0023859 refers] by improving the effectiveness of existing funds, addressing key market failures, and supporting the integration of mechanisms throughout the "IP to IPO chain." Collectively, these contribute to the broader work programme to deepen New Zealand's capital markets.
9. A key priority for the Prime Minister's Science Innovation and Technology Council (the Council) is to provide the Prime Minister with strategic advice on commercialisation. You have a near-term opportunity to align this work with the Council's on-going advice and to provide an overview of this package at the next Council meeting.

A proposed future state of a start-up commercialisation pathway

10. **Annex One** illustrates a proposed future state of the commercialisation pathway, showing how current and proposed initiatives interact across different parts of the pipeline. This picture make sense of a range of government supports that have evolved over time, to enable you and other Ministers make informed decisions about individual components and how they better relate to one another. A joined-up approach across the Economic Growth and SI&T portfolios is required to create a coherent package of changes through Budget 2026 that delivers across the ecosystem.
11. Successful start-up ecosystems internationally are characterised by well-coordinated and well-funded public programmes. The proposed commercialisation pathway covers a range of government initiatives, interacting across the pipeline.
12. Successful ventures depend on a combination of factors, including compelling IP that solves a real problem, a scalable business model, and a strong founding team. The diagram illustrates how government interventions target the key funding and capability gaps across the system, ensuring ventures can develop each of these essential elements as they progress.
13. We identify two types of high-growth tech companies. This distinction provides a helpful lens to understand different commercialisation journeys, but is more complex in reality than laid out here:

- i. **Researcher-led:** Built from a researcher's own work, likely spinning out of a university or public research organisation. This type of start-up is usually classed as deep-tech, research-intensive and high-potential ventures built on defensible IP.

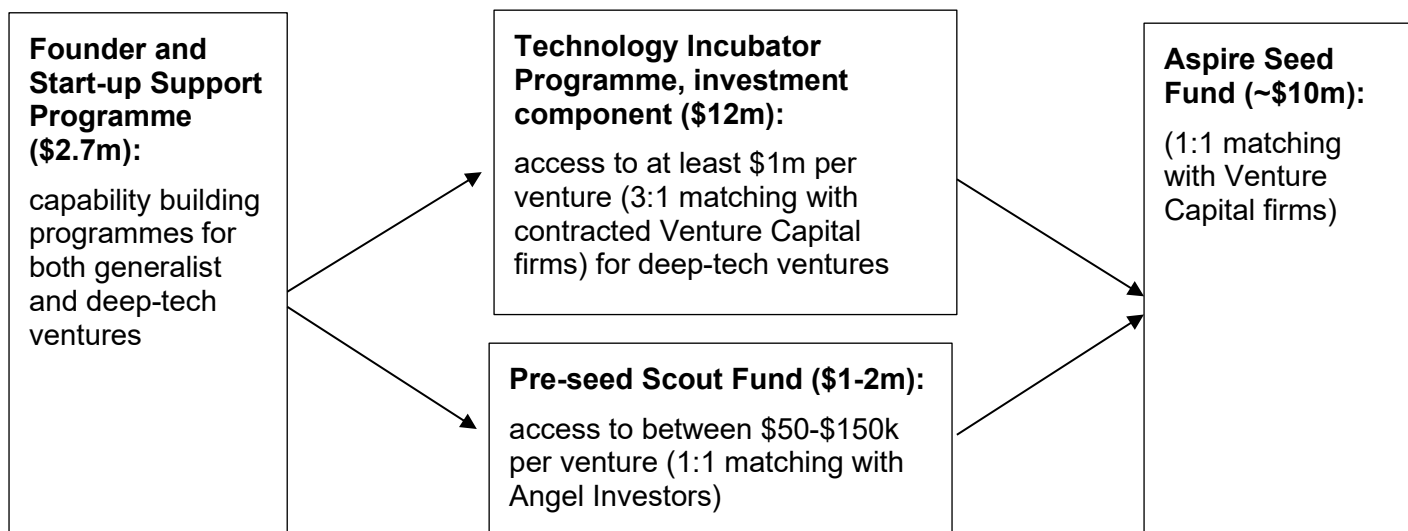
The pathway for these ventures has traditionally been through TTOs which provide initial capability building and funding supports (noting that the new IP Management Policy being introduced in July creates a new pathway for researchers to commercialise outside this TTO pathway), before graduating into other government supports before a venture capital firm will be comfortable investing. These ventures often need significant business capability support and incubation to become investor ready propositions because researchers lack entrepreneurial skillsets.

- ii. **Founder-led:** Built around a founder who can commercialise a new idea. These ventures may spin out of other businesses or be developed independently. These ventures also include deep-tech, as well as more general/software-focused start-ups with less reliance on formal IP.

The pathway for these ventures tends to be less hands on than the researcher-led pathway because these ventures have smaller early capital gaps. While some founders do not necessarily need additional capability building supports due to their existing entrepreneurial experience, an increasing number are coming from tech backgrounds and do require this support, which they get through the FSSP.

Interactions between government initiatives are reinforcing if administered well

- 14. Three initiatives in this ecosystem need to be carefully administered to ensure that high-growth tech businesses get the right support at the right time. This will require strong operational coordination between NZIAT and NZGCP, which should also reduce the risk of double-dipping into government funding:
 - a. The Pre-seed Scout Fund is a proposed new initiative in the Economic Growth portfolio to provide capital to general start-ups needing small funding rounds (\$50,000 - \$150,000) to support idea development, testing and market discovery.
 - b. This is distinct from the Technology Incubator Programme which makes relatively large capital amounts (currently at least \$1 million per venture, with room to expand on this) available to deep-tech ventures to reach investor readiness. A venture should not be accessing both the Pre-seed Scout Fund and the Technology Incubator Programme.
 - c. The Aspire Seed Fund is fed by both pathways. Correctly administered a start-up will get either the Pre-seed Scout Fund or Technology Incubator Programme funding (or neither) before looking for support from Aspire.



15. The initiatives under this package reinforce each other in other ways including:
- The 2025 Aspire review identified early-stage capital gaps including for deep-tech ventures. The Technology Incubator Programme can be positioned to fill this gap (which is otherwise not being filled by changes to the Aspire fund). This is the intention in our proposed changes to the Programme.
 - Boosting support earlier in the pipeline, for example at the university commercialisation stage, has flow on effects for other parts of the pipeline, ensuring there is deal flow at later stages (ie Series A & B Venture Capital when the Elevate Fund becomes available).
 - Rationalising capability support across the ecosystem will mean that the limited government funding available is spent more efficiently and effectively.

SI&T components of the package

Strengthening support for university research commercialisation via TTOs

- University research is an important source of high-growth tech businesses (the researcher-led pathway). From an ecosystem perspective, university researchers need to access high-quality commercialisation support to ensure a strong pipeline of ventures are sufficiently developed to access the next stage of government supports and become investor-ready.
- Currently, most advanced technology funding flows to universities and PROs, but its impact depends on strong TTO capability. The performance of Auckland UniServices demonstrates what is possible when commercialisation support is well resourced.

18.

Confidential advice to Government

- The introduction of the National IP Management Policy, which grants researchers first rights to their IP, will likely reduce this revenue further for most TTOs (or at least make it more uncertain).

20. Your proposed changes to the Tertiary Education Strategy signals the strategic importance of commercialisation and the introduction of a commercialisation component to the Tertiary Research Excellence Fund (TREF) provides a financial incentive for universities to invest more but will not be sufficient to address the loss-making nature of TTOs. We suggest addressing the fact that TTOs are loss making.
21. You have previously ruled out directly funding TTOs. We therefore propose addressing the underlying problems through enhancements to the CPN programme with the following components:
 - a. Directly purchasing a broader range of commercialisation services from university TTOs
 - b. Expanding structured commercialisation capability-building programmes for researchers¹
 - c. Incentivising greater collaboration and sharing of expertise across institutions.
22. Universities would be required to match the increased government contribution.
23. The proposed enhancements would add government support for early, pre-project activities that are critical to identifying and progressing viable opportunities, particularly under the National IP Management Policy. This change would rebalance incentives away from later-stage, project-based work and reduce TTOs reliance on sustaining marginal projects to maintain their funding.
24. Strengthening researcher commercialisation capability in parallel would improve pipeline quality and allow TTOs to focus on the most promising opportunities.
25. If you agree with this proposal, we can provide you with more advice on the size of these enhancements and funding requirements, noting that available funding across the SI&T portfolio is tight.

Technology Incubator Programme

We are developing investment proposals for announcement in Budget 2026

26.

**Confidential
advice to
Government**

27.

Confidential advice to Government

Incubation funding would be more effective if placed in the Healthtech Activator and Founder and Start-up Support Programme

28. The second component of the Programme relates to incubation – ie capability-building support for ventures. Approximately \$2.8 million is currently provided to programme providers to deliver incubation alongside investment. We consider that this component is not operating effectively because:
- a. the current sequencing of support is not optimal. Incubation occurring at the same time as investment does not sufficiently prepare ventures prior to investor engagement. Providing capability support pre-investment would help ventures develop their business to a point where investors are more willing to invest and can provide their usual (non-government-funded) incubation services.
 - b. funding levels are relatively high but have not translated into clear or consistent outcomes for ventures.
 - c.

Free and frank opinions

29. Reallocating existing incubation funding from the Technology Incubator Programme to the Healthtech Activator and the FSSP will enable these initiatives to build deep-tech capability earlier in the pipeline, before ventures progress to investment stages (including the Technology Incubator Programme's investment component) and create a more targeted and effective model for incubating deep-tech ventures.
30. The Healthtech Activator, which will transfer to NZIAT alongside the Technology Incubator Programme along with its approximately \$1.7 million annual funding, provides sector networks, regulatory support, market insights, and financial planning for healthtech ventures. Increasing its funding by approximately \$1.4 million would enable it to extend these capability building services into other advanced technology areas under NZIAT's guidance. We recommend that you agree in principle to this shift and that MBIE engages further with NZIAT on this proposal.
31. The FSSP currently delivers incubation and acceleration services through contracted providers, funded at \$2.7 million per year. An additional \$1.4 million would enable the Programme to offer dedicated deep-tech incubation alongside its existing services. The FSSP would work with the NZIAT to identify priority deep-tech sectors requiring specialised support. This approach allows existing Technology Incubator Programme providers to compete for this funding, like Sprout Agritech, which operates across both programmes. This will reduce the risk of providers receiving overlapping government support.

32.

Confidential advice to Government

33. Our proposal means that NZIAT, MBIE, and NZGCP need strong coordination mechanisms. We intend to build one mechanism through the Technology Incubator Programme's

Investment Committee by having each agency represented and able to approve investments through this programme.

34. Although the proposed changes are intended to take effect in mid-2027 when current contracts expire, there may be scope to pilot selected elements during 2026/27.

Underspend within the Programme's current five-year MYA could be used to:

- increase funding for the FSSP and the HealthTech Activator, while the Programme's incubation component completes its final year.
- pilot an expanded repayable-grants scheme, opening it to a broader pool of investors with lower equity requirements and without a pre-incubation grant.

35.

Confidential advice to Government

Healthtech initiatives

36. **Annex One** illustrates two sector specific initiatives – the Healthtech Activator and the Medtech Translator. The Healthtech Activator provides capability-building support, while the Medtech Translator offers early-stage grant funding to ventures preparing to spin out of universities. Although housed separately, the two initiatives operate closely together, addressing the additional commercialisation challenges commonly faced in Medtech.

37. As noted above, we recommend expanding the Healthtech Activator model to provide similar supports to other areas of deep-tech.

38.

Confidential advice to Government

39.

Confidential advice to Government

Founder and Start-up Support

40. The FSSP is the Government's main non-capital support to start-ups and plays a key role in de-risking investment into start-ups. The emphasis is on nurturing and testing start-ups before investing, which is important given that most start-up founders come from technical backgrounds rather than commercial backgrounds.
41. The objective of the Programme is to increase the quality and scale of New Zealand's high-growth technology businesses through building founder and researcher capability.
42. Currently the programme funds 150 start-ups to receive this kind of support annually, whereas over 700 applications are received each year for these highly in-demand services.
43. As well as providing additional funding to the FSSP from the Technology Incubator Programme (which would include creating new, sector focused incubators and accelerators), we recommend strong coordination between it and both the Pre-seed Scout fund and Technology Incubator Programme to develop clear pathways between the Government's capability building and funding initiatives. This could be achieved by ensuring MBIE, NZIAT, and NZGCP are represented on the FSSP's committee.

Research and development tax initiatives

44. If we are successful in building a strong, coordinated and well-resourced start-up ecosystem, more high-growth tech companies should have an on-ramp onto our big innovation supports like the RDTI once they start generating revenue.
45. The RDTI is the government's largest investment in innovation and the main instrument for increasing business research and development (R&D) in New Zealand. The first five-year evaluation of the RDTI was delivered in 2025 and found it is functioning as intended (encouraging businesses to invest in R&D). We recommend consideration is given when regarding changes to the RDTI to ensure it is available to support these businesses as they grow and scale.
46. The RDLTC aims to support R&D intensive firms at an early stage of development by removing barriers caused by the design of the tax system for start-ups performing R&D.

Confidentiality

Next steps

47. Because the Minister for Economic Growth is currently considering proposals as part of the joint Budget 26 start-up package, we recommend you engage with her on the best approach.
48. Following your direction, in consultation with the Minister for Economic Growth, MBIE will prepare a coherent cross-government package for proposal to ITS Ministers on 23 March 2026 for potential inclusion in a budget package.
49. Along with the Minister of Revenue and the Minister of Finance you are considering options for R&D supports within the tax system, including the RDTI and RDLTC. You may wish to consider whether these decisions can be aligned to enhance start-up supports.

Annexes

Annex One: Proposed future state of the commercialisation pathway

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