MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

BRIEFING

University commercialisation support package

Date:	13 May 2026	**Priority:**	Medium
Security classification:	Budget - Sensitive	**Tracking number:**	BRIEFING-REQ-0032170

Minister	Action sought	Deadline
Hon Penny Simmonds **Minister of Science, Innovation and Technology**	**Agree** to approach for allocation of the university commercialisation support funding, which is being announced as part of Budget 2026	18 May 2026

Contact for telephone discussion (if required)				
Name	**Position**	**Telephone**		**1st contact**
Michael Contaldo	Acting Manager, Innovation Policy			
Dr Simon Wakeman	Principal Policy Advisor, Innovation Policy		Privacy of natural persons	√

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- ☐ Withdrawn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 advice on how the increase of $40.68 million for university research commercialisation, to be announced as part of Budget 2026, be allocated.

Recommended action

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

a **Note** the Government currently allocates $13.27 million per year to research commercialisation through the Pre-Seed Accelerator Fund (PSAF) and Commercialisation Partner Network (CPN) programmes

Noted

b **Note** that you and the Minister of Finance have approved a $40.683 million increase in funding for university commercialisation support to be announced as part of Budget 2026

Noted

c **Agree** to allocate the $40.68 million across three years, Commercial Information
Commercial Information

Agree / Disagree

d **Note** additional funding will be required to continue providing this additional commercialisation support beyond 2028/29 (should you wish to see this initiative continue)

Noted

e **Agree** to Commercial Information

Agree / Disagree

f **Agree** to require that universities match government support with their own resources
Commercial Information

Agree / Disagree

g **Note** that, given the time to negotiate the new CPN and PSAF contracts, we anticipate that the new components of the CPN programme will come into effect around September 2026

Noted

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

13 / 05 / 2026

Hon Penny Simmonds
Minister of Science, Innovation and Technology

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Background

1. The Government currently provides commercialisation support through:
    a. The Pre-Seed Accelerator Fund (PSAF) programme ($9.0 million per year), which provides project-based funding to support the commercialisation of IP based on publicly funded research. PSAF recipients must match the government funding from their resources.
    b. The Commercialisation Partner Network (CPN) programme ($4.27 million per year), which funds investment committees, which offer advice on commercialisation and oversee the allocation of PSAF.
2. In September 2025, Cabinet agreed to put in place a new National Intellectual Property (IP) Management Policy for universities and Public Research Organisations (PROs). It doing so it noted that the Minister of Science, Innovation and Technology (SI&T) would consider options for ensuring researchers have access to high-quality commercialisation support [ECO-25-MIN-0145 refers].
3. On 30 November 2025, in response to advice on options for ensuring researchers have access to high-quality commercialisation support [BRIEFING-REQ-0022708 refers], the previous Minister indicated his preference was to strengthen existing mechanisms by increasing funding to the CPN and PSAF programmes. He agreed to officials conducting detailed analysis and engaging with relevant stakeholders.
4. On 10 March 2026 he agreed to the proposed SI&T components of a start-up support package, to be announced as part of Budget 2026, that included a proposal for strengthening support for university research commercialisation via their technology transfer offices (TTOs) [BRIEFING-REQ-0028168 refers] by:
    a. Purchasing commercialisation services directly from universities
    b. Expanding structured commercialisation capability-building programmes for researchers
    c. Incentivising greater collaboration and sharing of expertise across institutions.
5. On 18 April 2026 you (alongside the Minister of Finance) agreed to a set of transfers to implement the startup support package, including two transfers totalling $40.683 million to strengthening support for university research commercialisation.

Rationale for government support for university commercialisation

Universities face underlying structural and incentive challenges with research commercialisation, which could potentially be exacerbated by the IP Management Policy

6. University research is an important source of ideas that can improve New Zealand's productivity. In particular, it provides the basis for high-growth technology startups that translate early-stage, complex, or risky technologies into economic impact. While only a small share of research leads to new firms, successful startups can deliver outsized benefits through high-value jobs, export growth, and new industries—supporting a more productive, resilient, and diversified economy.
7. However, research commercialisation is expensive and risky. Moreover, universities capture only part of the benefits. Returns often accrue to researchers and the wider economy through

spillovers, firm formation, and productivity gains, so universities tend to invest below the optimal level.

8. Government support through CPN and PSAF helps but does not resolve these structural issues. This support depends on having a pipeline of projects, which means that under-resourced TTOs that struggle to generate projects receive less funding. As a result they become less viable and may leave potential opportunities not progressed.
9. The National IP Management Policy may further reduce universities' potential financial upside by giving researchers the first right to commercialise inventions, which could weaken institutional incentives to invest.

Government intervention is needed to stabilise and scale early-stage university research commercialisation support

10. These issues create a strong case for intervention to stabilise and strengthen commercialisation capability across the system, ensuring universities retain the capability and incentives to identify, assess, and progress viable opportunities even when returns are uncertain or delayed.
11. Intervention will be most effective if directed at three objectives:
    a. stabilising and increasing early-stage investment through predictable funding that reduces TTO precarity
    b. strengthening researcher commercialisation capability so TTOs can focus specialist effort on assessing and supporting the most promising opportunities
    c. increasing coordination and sharing of expertise across universities to overcome scale limits, reduce duplication, and lift system performance.

Proposed package of enhancements for university commercialisation support

We recommend using the increased funds to provide a package of support focused on the early stage of the commercialisation process through an enhanced CPN programme

12. We propose focusing the additional funding being committed through Budget 2026 on early-stage support for researchers/inventors. This is where under-investment and capability gaps are most acute and where intervention is most likely to improve system-wide outcomes. More specifically, we propose channelling this support through the CPN programme, which aims to build scale, capability, and collaboration among commercialisation actors.
13. The proposed package comprises three mutually reinforcing components:
    a. **Purchasing commercialisation services directly from university TTOs.** This would cover both project-level support currently funded indirectly through PSAF, and through early-stage services not currently supported (eg, pre-disclosure engagement with researchers, assessment of disclosures, and developing opportunities into PSAF-eligible projects). We recommend that universities would be required to match government funds with their own resources.
    b. **Building researcher commercialisation capability across the system.** Funding structured initiatives to improve commercialisation knowledge and readiness, with a similar requirement on universities to match the support from their own resources. Initially we

propose expand and roll-out proven models, such as those developed by CPN partners KiwiNet and Auckland UniServices,

c. **Improving coordination and sharing of expertise across university TTOs.** As a condition of support, Confidential advice to Government Confidential advice to Government efer their researchers to stronger capability elsewhere, and use shared delivery models where these improve efficiency and outcomes.

This proposed package addresses the underlying causes of underperformance in university research commercialisation while building on existing delivery mechanisms

The support for pre-project formation activities will enable universities to draw out new opportunities and meet their commitments under the IP Management Policy

14. PSAF support is largely limited to project-based expenses, leaving early engagement costs – surfacing potential inventions, advising prior to disclosure, assessing opportunities, and supporting initial decisions – unsupported.

15. At the same time, the new IP Management Policy will increase expectations that TTOs engage with researchers early to assess inventions and advise on options, even where researchers may choose alternative pathways. Bolstering support at this stage helps ensure researchers receive timely advice and improves the flow of opportunities through the pipeline.

Funding TTO activities directly would mitigate distortions created by the current funding structure

16. The availability of PSAF funding can also incentivise universities to focus on later-stage, project-based activity to access funding. This can result in under-resourcing early-stage work or prolonging projects beyond their optimal endpoint. Directly funding TTO activity across stages would balance incentives and reduce distortions.

17. To encourage efficient resource allocation and reduce reliance on sustaining marginal projects, we also propose rules prohibiting the use of TTO staff time to match PSAF funding.

Building researcher capability will allow TTOs to focus on the most promising opportunities

18. Weak researcher capability reduces the number and quality of opportunities identified and increases the support burden on TTOs. Strengthening researchers' understanding of potential commercial pathways, market validation, and investment readiness would improve pipeline quality and allow TTOs to focus on assessment, triage, and high-value support.

Requiring universities to match government support from their own resources helps to ensure they maintain or increase the level of support they provide for commercialisation

19. Matching is intended to ensure additional government funding complements rather than displaces existing university investment. It also encourages more disciplined decisions about which opportunities to progress, pause, or exit. Clear expectations of matching will strengthen institutional ownership and promote durable behavioural change.

20. This will be reinforced through other government initiatives such making a portion of the TREF contingent on commercialisation performance and designating commercialisation as a priority in the Tertiary Education Strategy.

The design of the package will encourage coordination and sharing of commercialisation capability across universities

21. Many TTOs lack the scale to sustain specialist expertise across diverse opportunities, while duplication and uneven support persist across institutions. Requiring universities to share expertise and refer researchers to stronger capability elsewhere will help ensure expertise is available where needed regardless of institutional boundaries.

22. Similarly, using shared programmes Commercial Information [redacted] rather than duplicating bespoke programmes at each university, would accelerate capability uplift, reduce duplication, and limit disadvantages for smaller institutions.

TTO representatives and the Universities NZ Research Committee generally support the proposal but have some reservations about the matching requirement

23. In preparing this proposal we consulted with both TTO representatives and the Universities NZ Research Committee, which comprises the Deputy Vice Chancellors – Research (DVCRs) at each of the universities.

24. Across all institutions, there is broad support for the objective of strengthening the quality of commercialisation support for researchers and for our diagnosis of the problem: unstable TTO funding, insufficient support for early-stage engagement with researchers, and over-reliance on PSAF to fund staff time. They also support the principle of increased sharing of knowledge and expertise across universities.

25. Confidential advice to Government [redacted]

26. Confidential advice to Government [redacted] We plan to consider potential for new providers and models in the second phase (ie, after 2026/27).

Operationalisation and allocation of funding

We propose to implement this package in two phases: Phase 1 within the existing CPN/PSAF arrangements and Phase 2 through a new investment round

27. To account for existing contract arrangements (due to continue until 30 June 2027) and implementation timelines, we propose implementing this package in two phases.

    a. Phase 1, which would cover the 2026/27 year, would be implemented within the existing CPN and PSAF contractual arrangements:

i. We would negotiate a one-year variation to current CPN contracts with KiwiNet and Auckland UniServices to expand researcher capability-building activity and investment committee operations.

ii. We would enter into new, one-year contracts under the CPN framework directly with universities to purchase the specified commercialisation services.

Phase 1 would be explicitly designed as a pilot, to provide information that would enable us to test delivery approaches, refine settings, and gather evidence to inform future funding and programme design decisions.

b. Phase 2, which would cover 2027/28 and 2028/29, would be implemented through a new CPN and PSAF funding round with two-year contracts. In this second phase we would open bids to new providers and programmes. This would allow innovation in delivery models and ensure the commercialisation system continues to evolve in response to emerging needs and lessons from Phase 1. The longer-term contracts would provide greater certainty for providers and enable a more durable shift in system behaviour.

28. This approach balances the need to act quickly to stabilise and enhance commercialisation support for researchers with the practical limitations of existing contractual arrangements and the benefits of allowing time to refine the model.

We propose the $40.68 million be allocated over three years, Commercial Information

29 Commercial Information

30. We believe that providing three years of funding provides a sufficient level of government commitment for universities to make the investments in recruiting staff and scaling up their programmes to have a significant impact on commercialisation activity. To continue the programme beyond 2028/29, it would be necessary to obtain additional funding – either through a Budget bid or by reprioritisation from other appropriations.

Commercial Information

31. Commercial Information

32. Commercial Information

33. Under the new arrangements, the cost of TTO staff time and capability initiatives that were previously funded through PSAF would now be purchased directly through commercialisation support and researcher capability-building component of the new CPN programme. This means that a much larger share of PSAF is available to be directed to the direct costs of commercialisation projects. Commercial Information

34. [redacted]

35. Table 1 indicates our current thinking on how the funding could be allocated across years and across activities. We will confirm the specific allocations after discussions with the universities on the services and matching funds they are willing to provide.

Table 1: Indicative allocation of funding for CPN and PSAF (2026/27-2028/29)

Programme	Use of funding	Current	Phase 1 (26/27)	Phase 2 (27/28 & 28/29)	**Total (26/27 - 28/29)**
		millions			
CPN	investment committees overseeing allocation of PSAF	$4.27	[redacted]	[redacted]	[redacted]
	commercialisation support services	$0.00	[redacted]	[redacted]	[redacted]
	researcher capability-building programmes	$0.00	[redacted]	[redacted]	[redacted]
PSAF	commercialisation projects	$9.00	[redacted]	[redacted]	[redacted]
Total expenditure on CPN/PSAF		$13.27	[redacted]	[redacted]	[redacted]
Additional vs current expenditure on CPN/PSAF		$0.00	[redacted]	[redacted]	**$40.68**

In Phase 1 we would allocate the funds across universities in proportion to their current expenditure, but in Phase 2 move to allocating according to ability to serve system needs

36. An important consideration in the purchase of commercialisation services is how the funds will be shared between universities. To increase effectiveness, our longer-term objective is to build centres of expertise serving researchers from multiple universities, rather than leaving expertise thinly distributed across universities as at present. This means that over the longer term we propose to allocate funding across universities (or potentially other commercialisation service providers) in relation to the commercialisation support they can offer to the system.

37. We propose moving to this new arrangement over time:

    a. In Phase 1 we propose to commission commercialisation services largely in proportion to the amount universities currently spend on providing commercialisation support via their TTO, allowing for some flexibility if universities are willing to increase their expenditure on commercialisation support in 2026/27.

    b. In Phase 2 we propose to commission specific commercialisation services across the system from universities (and potentially others) through a negotiated or open-tender process.

We will focus on expanding and rolling out proven researcher-capability-building programmes in Phase 1, but consider a wider range of options in Phase 2

38. We propose that funding for researcher capability-building be used to expand and roll-out proven, best-in-class models, rather than for each institution to develop its own bespoke programme. This is consistent with the principle of increasing coordination and sharing of expertise across the university commercialisation system.

39. [redacted]

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40. In Phase 2 we would seek proposals from both existing and new providers for researcher capability-building programmes through an open contestable investment process. The programmes and providers would be selected based on the extent to which their offerings help build researcher commercialisation capability across the system. This would be informed by Phase-1 experience in expanding / rolling out the existing models, rather than investing in new programmes.

We propose the change in the basis for allocating PSAF apply only to universities in Phase 1

41. Changing the basis for allocating the PSAF (ie, removing the ability for recipients of CPN commercialisation services funding to claim expenditure on commercialisation support as matching for PSAF) has implications for existing PSAF contracts, which are also set to continue until 30 June 2027.

42. [redacted]

43. For this reason, we propose that the change in PSAF rules apply only to universities, at least in Phase 1 (ie, under the existing contracts).

44. We will provide you with an investment plan in due course (likely next quarter) that outlines the funding allocation, objectives and potential for providers, and co-funding requirements.

We propose requiring universities to match government support with their own resources, but allowing some flexibility with researcher capability-building in 2026/27

45. As noted above, we are proposing that universities be required to match the government support with their own resources. Some of the TTO representatives and DVCRs that we consulted on this proposal raised concerns about this requirement.

46 Confidential advice to Government [redacted]

47. [redacted]

48. Confidential advice to Government [redacted]

Given the time to negotiate the new CPN and PSAF contracts, we anticipate that they will come into effect around September 2026

49. Implementing this proposal will involve the following steps:

    a. **Vary contracts with existing CPN and PSAF providers.** This includes negotiating changes to current contracts with KiwiNet and Auckland UniServices to include the initiatives to build researcher commercialisation capability and variations to the PSAF contracts to reflect the change in rules for universities.

    b. **Put in place new contracts directly with universities.** We would enter a new set of contracts under the CPN framework to purchase the specified commercialisation services directly from universities.

    c. **Reach agreement with universities to match the funding, allowing for university approval processes.** Because universities would need to make new financial commitments (ie, to match the government investment), contract negotiations may need to allow time for universities to go through their internal approval processes.

    d. **Mobilise delivery.** Universities and KiwiNet would need to make operational changes to deliver the new initiatives, including recruiting additional personnel required.

50. We will begin taking these steps as soon as possible after Budget Day. From this starting point, we estimate that – all going to plan – the new arrangements would be in place sometime in August or September.

Next steps

51. If you agree to the proposed approach, we will prepare to implement the changes for Phase 1 as described, including beginning CPN/PSAF contract negotiations, as soon as possible after Budget Day.

52. We will also provide you an investment plan in due course which outlines the investments to be made and their aims, focusing on Phase 2.