Submission by

to

The Science System Advisory Group

on

Science System Reform: Phase 1

17 May 2024

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NZTECH SUBMISSION TO THE SCIENCE SYSTEM ADVISORY GROUP ON SCIENCE SYSTEM REFORM: PHASE 1

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INTRODUCTION

1. NZTech thanks the Science System Advisory Group for the opportunity to be part of its consultation process. Our submission is a brief one that highlights our chief concerns with the system as it stands, and the need to improve key aspects relevant our members.

2. A more detailed submission by our member BioTechNZ addresses in greater detail issues relevant to the biotech industry as well as to the wider science and research-led sectors. We also support the views of that submission.

ABOUT NZTECH

3. NZTech is the united voice for the tech sector in New Zealand and a leading voice for the New Zealand technology ecosystem. We represent 20 tech associations with over 2,000 members who collectively employ more than 100,000 New Zealanders.

4. Our mission is to support a values-led, nationally connected tech community that is collectively helping create a safer, more equitable, sustainable and prosperous Aotearoa New Zealand for all by creating jobs, export growth and impact through tech for good.

COMMENT

5. One of the major challenges facing the science system is the need to improve the commercialisation of IP. Multiple reports over many years have consistently identified issues with the commercialisation of research in New Zealand.

6. Incentives in the current system do not support commercialisation or entrepreneurial research. For advanced technology in particular there is a gap in the system when it comes to supporting the scaling-up of production. The current system supports laboratory-based research, but to reach commercial value there needs to be far greater support around scaling up, such as accessibility to shared pilot-scale equipment.

7. We believe that to succeed and fully realise its potential, New Zealand's research, science and innovation system requires better commercialisation pathways that encourage stronger relationships with private sector investors and other partners.

8. The process of moving world-class scientific research discoveries from our public research organisations out into the world as new products and services is key. However, there is a significant misalignment between government, research institutions and the private sector regarding their basic premise to commercialise and who benefits from commercialisation.

New Zealand institutions are funded for research, which can deliver impact, yet they are not incentivised to commercialise their research discoveries.

9. In addition, there is a shortage of private laboratories of GMP (good manufacturing practice) standard readily accessible to the private sector for manufacture for human or trial use. As a result, New Zealand startups ready for scale-up must either look to find a suitable laboratory overseas or try to raise money to build one here at prohibitive cost.

10. Current research funding is too fragmented, weakening the ability of the science sector to work together for the common good of New Zealanders. CRIs commit too many resources competing with one another for contestable research funding. This fragmentation and misalignment drive competitive and short-term behaviours that undermine connection and lead to inefficiency within the system.

11. New Zealand universities each operate different models for commercialisation of their technologies, with different expectations for returns. CRIs have their own models for technology transfer. This poses special challenges for investors looking to take the technology to the next stage.

12. Another challenge is the lack of effective regional and national hubs for innovation as seen in Australia and elsewhere. There is scope to develop these, with a coordinated approach involving public and private sectors the most likely to succeed.

CONCLUSION

13. New Zealand scientists, researchers and entrepreneurs are among the best in the world. We have an enviable track record of nurturing and growing global tech businesses that generate high-value jobs and export revenue – such as Seequent (geoscience software), Soul Machines (biological AI) and Serato (audio software), to name just three recent examples – but the "pipeline" that produces such ventures is far from perfect. Greater support from our science ecosystem is crucial to ensuring ongoing success.

14. Thank you for the opportunity to be part of this important consultation process. We are happy to engage further to discuss our submission and provide any further assistance that might be helpful.

Yours sincerely,

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