

Budget 2010 - Support for Investment in Business

R&D

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The New Zealand Government released its plans for investment in research, science and technology in Budget 2010 on May 11. Prime Minister John Key announced \$321 million over four years in investment in new initiatives, with the centrepiece being a \$234 million increase over four years in support for business research and development (R&D). The support for business research and development (R&D) includes incentives to encourage firms to access research services and expertise from accredited research organisations.

These plans are in response to a recognition that business R&D is a key driver of innovation, business success and economic growth. By OECD standards New Zealand has very low business investment in R&D and therefore the Government has a role to play in encouraging businesses to increase their R&D investment. Encouraging more business R&D will also mean that more of New Zealand's R&D is market-driven (i.e. in response to market opportunities).

There are two main limbs to the Government's plan:

1. Technology Development Grants

These are intended to support firms that already have a good track record in R&D and which spend a significant proportion of their revenue on research – firms with high R&D intensity. The grant will be equal to 20 percent of eligible expenditure of their R&D programme, up to \$2.4 million a year. To qualify, firms must have R&D intensity (the ratio of R&D expenditure to revenue) of five percent or more, over a period of three years, and must have revenues of at least \$3 million a year. They must also have programmes of R&D that are likely to generate significant benefits for the wider economy via high-value products and services. Successful applicants for the grants will receive funding for a period of three years. This time period is to provide them with certainty around the level of support for their R&D investments. The launch of the grants is planned for October 2010.

2. Technology Transfer Vouchers

These vouchers will provide 50 percent funding to enable firms to access research services and expertise from accredited research organisations. The voucher will be available to firms that lack the in-house research capability to answer their R&D questions, and will benefit from the R&D expertise and services of a research organisation. Technology transfer vouchers are intended to increase the technology and knowledge transfer from research organisations into firms. The launch of the vouchers is planned for November 2010.

The grant and the voucher are intended to fill gaps in New Zealand's current business R&D support and to stimulate innovation and technology transfer from publicly funded institutions into the private sector.

Commercialisation of innovation also receives support with the intention to set up a national network of commercialisation centres. These networks will collaborate with and support the existing CRI and University commercialisation offices to deliver better results by encouraging greater networking. The network is expected to be set up by mid- 2012. The objectives of the network are to:

1. build scale and expertise by increasing coordination between the individual commercialisation centres
2. encourage the employment of specialist commercialisation staff, and the development of their skills
3. provide a focal point for interactions with venture capitalists, angel investors, intellectual property lawyers and other suppliers of commercialisation services
4. enable better interactions with inventive researchers
5. lead to the creation of a set of specialist investment committees, with expertise in particular areas of technology.

Further information is available [here](#).