

Submission to the Science System Advisory Group

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Organisation: Angel Association New Zealand (AANZ)

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Submission: On behalf of AANZ

Angel Association New Zealand (AANZ) represents early-stage investors who support and fund high-growth, innovation-driven businesses. Our members play a crucial role in commercialising research, fostering entrepreneurship, and driving economic growth in New Zealand.

AANZ welcomes the opportunity to provide input on the future direction of New Zealand's science and innovation system. Our perspective emphasises the importance of aligning research with commercialisation pathways, private-sector collaboration, and economic impact to ensure that public investment in research translates into successful, globally competitive businesses.

This submission responds to the key questions outlined in the advisory group's consultation and highlights recommendations that will enable a stronger connection between research, investment, and commercialisation.

1. In what areas must New Zealand have or develop in-depth research-based expertise over the next two decades?

AANZ recommends prioritising research areas that align with high-growth, globally scalable industries with strong commercialisation potential, including:

- Deep Tech & Emerging Technologies – Artificial intelligence (AI), quantum computing, space technology, and advanced materials.
- Sustainable & Climate-Tech Solutions – Clean energy, alternative proteins, carbon capture, and precision agriculture.
- Biotech & Health Innovation – Genomics, pharmaceuticals, medical devices, and digital health solutions.
- Mātauranga Māori & Indigenous Innovation – Supporting indigenous-led innovation, particularly in health, sustainability, and natural products.
- Research with Global Market Potential – Ensuring that research areas are internationally competitive and attractive to investors.

Research prioritization should occur in the following areas:

- National Strategic Priorities – Focus on research that aligns with NZ's long-term economic and sustainability goals.
- Industry-Led Prioritisation – Engage industry leaders and investors to ensure alignment with market needs.
- Startup & Commercialisation Focus – Prioritise research that supports spinouts and high-growth startups.
- Scalability & Global Relevance – Prioritise research with applications beyond New Zealand.
- Industry & Investor Co-Funding – Give preference to research that has industry backing or private investment interest.

- Ensuring Collaboration – Aligning universities, startups, and corporates to avoid duplication.

2. Does New Zealand need to rationalise its funding mechanisms?

AANZ supports simplification of funding structures to improve accessibility and reduce administrative barriers. Key considerations include:

- Aligning funding with investor practices – Ensure that funding is structured in a way that complements private investment models.
- Reducing fragmentation – Simplify and streamline access to funding opportunities.
- Hybrid Approach – Maintain specialized agencies for different sectors (e.g., health, deep tech) but introduce a centralized access point for applicants.
- Investor Collaboration – Ensure that funding agencies have mechanisms to co-invest alongside private investors.

Funding instruments to consider include:

- Grants for Early-Stage R&D – Support high-risk research before private capital is available.
- Convertible Grants & Equity-Based Models – Allow government funding to be recovered when a startup scales.
- Matching Investment Funds – Expand co-investment models to de-risk private capital.
- Have distinct funding streams for:
 - Fundamental science (discovery-driven, long-term)
 - Translational research (applied, commercialization-focused)
 - Industry-aligned R&D (co-funded with private sector)
 - Independent Advisory Boards – Involve investors, industry leaders, and entrepreneurs in funding decision-making.

Managing and funding research involving the application of Mātauranga Māori to consider:

- Māori-led investment funds to ensure culturally aligned investment strategies.
- Co-funding with private sector to encourage partnerships with Māori businesses and investors.
- IP protection to respect knowledge sovereignty while enabling commercial opportunities.

Strategies to address expensive research infrastructure needs to include:

- Shared Facilities Model – Develop national innovation hubs where startups and researchers share access to infrastructure.

- Public-Private Partnerships – Encourage industry and investors to co-fund high-cost infrastructure in exchange for access.
- Subscription-Based Access – Create models where businesses can pay for access rather than own costly equipment.

3. What does New Zealand do to improve workforce retention and develop the research workforce from the early career to the mature?

Angel Association New Zealand recognizes the importance of workforce retention and research workforce development, with initiatives such as:

- Investor & Startup Connections – Improve pathways for researchers to transition into startups or commercial ventures.
- Funding for Spinouts & Research Entrepreneurship – Support researchers in turning discoveries into startups, with angel and VC support.
- Stock Options & Retention Incentives – Encourage equity-based incentives for research talent in startups and research-led ventures.

4. Are there other key issues (beyond the quantum of funding) that should be considered in the science and innovation system not yet addressed in this or the previous report and consultation?

Beyond funding, additional factors to strengthen NZ's research and innovation system include:

- Bridging Research & Commercialization – More support for tech transfer offices to turn research into investable startups.
- Tax Incentives for Angel Investment in R&D-Heavy Startups – Introduce tax breaks for investors backing deep-tech and research-based ventures.
- Global Talent Attraction – Develop visa pathways for world-class researchers and startup founders to strengthen NZ's innovation ecosystem.
- Investor Education & Engagement – More programs connecting researchers with angel investors and venture capitalists to improve commercial viability.