**OECD Review of Innovation Policy - Summary**

The 'OECD Review of Innovation Policy: New Zealand’ was jointly commissioned by the Ministry of Science, Research and Technology (MoRST) and the Ministry of Economic Development.

The OECD provide a benchmark position; the organisation undertakes studies of this kind for a number of different countries and can therefore provide some comparisons between New Zealand and other nations.

The review points out notable areas of strength in New Zealand, as well as some challenges.

The full review is available to purchase from the OECD website.

[More information and media release on the OECD website](http://ndhadeliver.natlib.govt.nz/ArcAggregator/arcView/IE2195972/http%3A/www.oecd.org/document/5/0%2C3343%2Cen_2649_34487_39148805_1_1_1_1%2C00.html)

**Questions and Answers**

**What is the government’s response to the OECD Review’s recommendations?**

The government has recently implemented a number of initiatives that seek to address the OECD’s recommendations.  Two examples are the tax credit for research and development expenditure of Budget 2007 and the stable funding initiative to improve certainty and capability around publicly-funded research programmes.  The government has recently reviewed its business assistance programmes and officials are working on recommendations for improving the alignment of programmes that support business research and business development.

There are many recommendations that represent future opportunities for innovation in New Zealand. Officials will consider these as part of policy advice to government.

**What is the government doing to encourage research and development in the business sector?**

Budget 2007 saw the introduction of a research and development tax credit which will be worth $630 million over the next four years.  We are also reviewing grants made by the Foundation for Research, Science and Technology (FRST) to business so they complement the tax credits and to make sure they are targeting transformational or step-changes in research and development performance.

We are working to make public science more accessible. One way of doing this is to use public-private partnerships to stimulate business interest in research and development while also ensuring we get the most out of public investment in science.

Recently we also made several announcements about improvements to the food and beverage research sector:  We are establishing a project to look at the facilities for testing and developing innovative food products; we already have Pastoral 21 which is a public-private project looking at ways to improve returns from primary sector production through research; and MoRST is working on developing a roadmap for research in the food and beverage sector to set clear directions for future research.

Funding has been increased for the TechLink scheme run by FRST, specifically to help more businesses identify industry-wide research questions.

Further new funding has allowed FRST to add a suite of commercialisation services to its work with researchers and innovators.  It has started to provide links that will help firms and research organisations to access business, international and legal experts, as well as New Zealand Trade and Enterprise, to support their efforts to commercialise research and development.

Several new means of signalling the importance of business linkages to public research organisations have been introduced by government in 2007, including through performance measurement settings for Crown Research Institutes (CRIs) and through the Tertiary Education Strategy for tertiary education institutions.

 **And business innovation more generally?**

The economic transformation agenda is focused on encouraging and supporting business innovation in order to foster wider economic transformation.  Some major recent changes to the agenda programme include improvements made to key elements of the innovation infrastructure such as more competitive broadband connectivity; work to implement the Digital Strategy, an expansion of the export in-market development assistance and beachhead support programmes managed by New Zealand Trade and Enterprise.  A larger programme of supported venture investment has been developed through the New Zealand Venture Investment Fund programme.

 **What is the government doing to align and focus its innovation programmes?**

We have already established a tax credit for research and development expenditure which plugs one of the major policy gaps identified by the OECD.  Implementation of the tax credit will allow some flexibility for us to simplify the range of programmes we provide to support business innovation.

We have also instituted a review of business assistance programmes – to reduce fragmentation, and we have also put more resource into key programmes such as the in-market export development assistance provided by NZTE.

Following this review, officials are working on initiatives to ensure that government programmes for business assistance and business research and development are suitably aligned.

**What are we doing to ensure science and research is properly oriented towards business needs?**

Work is underway on the New Zealand Research Agenda, a document which will provide greater clarity and coherence about the overall direction and development of RS&T in New Zealand.

The Growth and Innovation Advisory Board and groups such as the Capitalising on Research and Development Action Group provide touchstones to test research priorities with business stakeholders. The Capitalising on Research and Development Action Group has a strong action focus to address the need to increase business investment in research and development and to improve collaboration between research providers and businesses.

**What is the government doing to support business through early seed funding?**

We recognise the importance of this kind of funding.  In fact we have set up the New Zealand Venture Investment Fund (a crown-owned company) which provides advice, assistance and support to both venture capitalists and businesses seeking venture capital.  The OECD say ‘this is a commendable initiative whose operation have been recently improved.. However some further fine tuning may be warranted.’

We also continue to monitor the development of these kinds of capital markets to ensure that progress is being made and will be making policy adjustments as needed.  For example there is a review of the pre-seed accelerator fund (PSAF), which received a boost in funding of $13 million over four years in Budget 2006. PSAF supports the first stages of commercialisation of publicly-funded research.