

**Reporting**

Notwithstanding that funding targets have been set in some cases by aggregations of outputs, the foundation is to report after each funding round on the funding it has allocated within each of the 40 output classes.

Please ensure that this statement of science priorities and any subsequent science area research strategies are conveyed to potential research programme proposers so that the Governments science priorities are given maximum effect in each funding round.

**Annex A: Strategic Goals for New Zealand Science***Overall Strategic Direction*

1. The key strategic direction for New Zealand's science and technology is to foster a sustainable, technologically advanced society which innovates and adds value, especially to our strong base of biological production.

*Funding*

2. The Government should review its investment in science and should especially encourage the private sector to increase its own investment.

*Partnership With the Private Sector*

3. The Government should encourage a harmonious and complementary relationship between its own research and development investment and that of the private sector.

*Concentration of Resources*

4. New Zealand must selectively support science in those areas which are of critical importance, and where research results can most readily be exploited.

**Strategies Underlying the Panel's Funding Recommendations***Balance in Research and Development Effort*

5. There should be a balance between research which contributes directly to economic performance and research which is of underpinning or indirect economic significance. Underpinning research includes the natural and social sciences, and infrastructure and environmental protection research.
6. A better balance of Government research funding along the value chain needs to be achieved with Government clearly targeting pre-competitive fundamental, strategic and generic/underpinning research. Industry should be encouraged to undertake more near-market research at the applied and development end of the spectrum, and to also provide more resources for applied and development research in primary production.

*Working in Harmony with the Private Sector*

7. Significant private sector research funding and successful market performance should not be penalised. Instead, there should be a more balanced and productive relationship between public and private funding ensuring successful utilisation of PGSF results.
8. However, an increase in PGSF funding to complement a high level of private funding should be conditional on a continuation or enhancement of funding from the private sector.
9. The Government should continue to provide a relatively strong focus on funding those areas of research which are inherently inappropriate for industry support.

*Concentration of Effort*

10. A key target for the PGSF is to focus on research in economic sectors which already have, or can readily develop, a competitive advantage.

The Government should fund cautiously in the case of "sunrise" industries and diversification where there is not yet a private capacity to fund the research and where private production, distribution, financing and marketing infrastructure required to exploit the research results is limited, and encourage private contributions if, and when, the industry expands.

*Adding Value*

12. There is a need for a shift in research emphasis from cost reductions and volume increases in primary production to adding value by other means such as improving the quality of primary products, market-oriented processing, and product development.

**Annex B: Funding Recommendations**

Output Aggregation	Description	(\$000) 1992-93 Funding	(\$000) 1997-98 Funding
01, 02, 11, 14	Sheep Production, Beef Production, Meat Processing, Fibre, Textiles and Skin Processing	21,135	21,000
03, 12	Dairy Production, Dairy Processing	7,152	9,160
04	Alternative Animal Species	5,195	4,000
05	Generic Animal Research	11,823	11,000
06	Forage Plants	20,108	17,520
07, 08, 13	Horticulture, Arable and Other Plants, Other Food Processing	48,178	45,055
09, 15	Plantation Forestry, Wood and Paper Processing	16,969	19,700
10	Fisheries	2,240	2,920
16, 17, 18	Materials and Industrial Processing, Engineering, Electronic and Instruments	21,167	22,500
19, 20, 21, 22, 23, 24	Construction, Commercial and Trade Services, Energy, Transport Services, Information and Communication, Urban and Rural Planning	11,481	12,480
	<b>Infrastructure</b>		
19	Construction	3,595	3,040
20	Commercial and Trade	255	310
21	Energy	4,625	5,770
22	Transport Services	873	990
23	Information and Communication	1,343	1,350
24	Urban and Rural Planning	790	820