

REPORTER: John Key says getting industry to match Government funding is a good idea but there doesn't need to be a dedicated fund.

KEY: I think it's a gimmick, really. I mean, they're putting up a large capital amount, \$700 million. Ah, but realistically, that's not what's going to be spent on science, R & D. It will only be the income that they earn off it.

REPORTER: But that assumption is wrong. As well as any income, the initial investment of \$700 million will also be distributed over the life of the fund. The Agriculture Minister, Jim Anderton, says once the fund's earnings are added in, you're looking at a billion dollars from the Government and the same again from industry. He says that means some serious money will be available for innovation.

JIM ANDERTON (AGRICULTURE MINISTER): You probably going to start off with somewhere around \$20, \$30 million, I would think. You know, in the first year, maybe the second year, a bit more. And you're going work your way up over time to about \$100 million. That's from the Government fund but that's going to be matched by industry. So, in the end, you're be investing \$200 million a year.

REPORTER: Jim Anderton says just increasing traditional Government funding for R & D would not attract industry to match it dollar for dollar.

ANDERTON: By putting it upfront like we're doing, we are guaranteeing it. And we are giving the industry players, who we want to contribute to this dollar for dollar, certainty that the fund is there.

REPORTER: Jim Anderton says in 10 or 15 years' time, the fund will be exhausted but he's confident future Governments will replenish it. From Parliament, for Morning Report, Julian Robins.

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