



**INNOVATIVE NZ**

## Meeting rising demand for Research and Development (R&D) Growth Grants

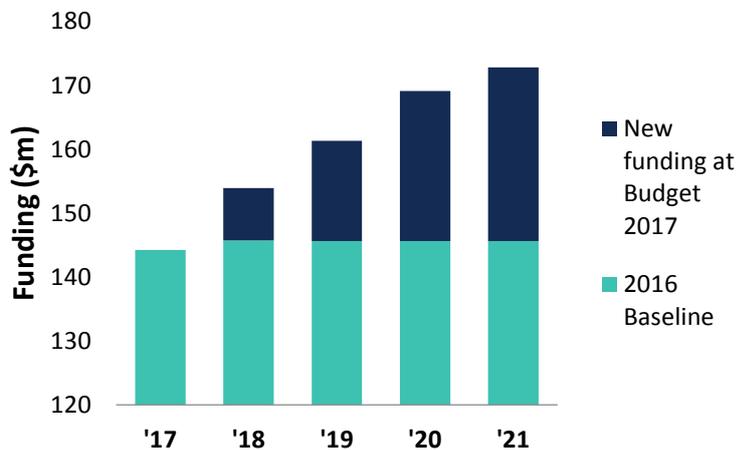
### Overview

Research and development (R&D) Growth Grants aim to provide a predictable and rules-based incentive for increasing R&D investment by businesses that are experienced in investing in and performing R&D.

The number of businesses investing in R&D and qualifying for R&D Growth Grants administered by Callaghan Innovation is growing. This additional funding responds to the cost-pressure created by this rising demand.

The goals of the initiative are to:

- meet the growing business demand for R&D Growth Grants,
- incentivise businesses to increase their investment in R&D, and
- accelerate progress on the Government’s goal to lift business expenditure on R&D to 1 per cent of GDP.



(\$m)	2017/18	2018/19	2019/20	2020/21	Total
Existing Funding	145.7	145.6	145.6	145.6	<b>582.6</b>
New Funding	8.2	15.7	23.6	27.2	<b>74.6</b>
<b>Total</b>	<b>153.9</b>	<b>161.4</b>	<b>169.2</b>	<b>172.8</b>	<b>657.2</b>



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### FAQs

#### **What is the new money for?**

Additional funding of \$74.6 million over four years is needed to meet growing demand for R&D Growth Grants. This is a positive sign that businesses are increasing their investment in R&D.

#### **Who will get it?**

The R&D Growth Grants scheme provides businesses experienced at performing R&D with the funding certainty and stability they need to grow their R&D spending in the long term as part of sustained R&D programmes. Businesses need to apply for R&D Growth Grants through Callaghan Innovation, which administers the R&D Growth Grants and other grants as part of its Business R&D Grants Programme.

#### **How is it accessed?**

R&D Growth Grants are available to all businesses that meet the eligibility criteria. The criteria include spending \$300,000 per year and at least 1.5 per cent of revenue on R&D in New Zealand for each of the two years prior to a grant application.

A R&D Growth Grant co-funds 20 per cent of a business R&D programme for three years with a maximum grant funding limit of \$5 million per business per year. Claw-back provisions can apply to require businesses to pay back their grants if they breach their agreement.

#### **How does this fit with the National Statement of Science Investment?**

R&D Growth Grants encourage businesses to increase their investment in R&D, which contributes directly to the NSSI goal to lift business investment in R&D to 1 per cent of GDP.

R&D Growth Grants are aligned with a key priority under the Government's Business Growth Agenda to create an environment that encourages business innovation and R&D.

#### **Why this initiative? What impact is expected?**

We expect the R&D Growth Grants will continue to incentivise businesses to increase their expenditure on R&D. Early evidence from Callaghan Innovation and the 2016 R&D Survey results indicates that the R&D Growth Grants scheme is helping to increase business expenditure on R&D:

- The 2016 R&D Survey results (the first survey to capture the impact of the R&D Grants Programme) showed that businesses increased expenditure on R&D by 29 per cent from \$1.25 billion in 2014 to \$1.6 billion in 2016. Business expenditure on R&D as a percentage GDP also grew from 0.54 per cent of GDP to 0.64 per cent of GDP over the same period.
- Callaghan Innovation data show that in the two years to 2016, Callaghan Innovation Grant recipients increased their own R&D spending by 46 per cent.