



**Minister of Research, Science and Innovation**

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# **Research, Science and Innovation portfolio**

**Vote Business, Science and Innovation**

Report in relation to selected non-departmental appropriations for the year ended 30 June 2023

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## Foreword

Ministers are responsible for reporting the financial and non-financial performance of non-departmental appropriations to Parliament. This report provides information on the year-end performance results of non-departmental appropriations that have not been included in any other reports to Parliament.

This report provides the 1 July 2022-30 June 2023 results of relevant non-departmental appropriations for the Research, Science and Innovation portfolio within Vote Business, Science and Innovation. The relevant appropriations are:

### **Non-departmental output expenses:**

- Endeavour Fund
- Health Research Fund
- Marsden Fund
- National Science Challenges
- Partnered Research Fund

### **Non-departmental other expenses:**

- Catalyst Fund
- Innovative Partnerships Strategic Facilitation Fund
- North Island Weather Events - Plant and Food Research Limited Response and Recovery
- Regional Research Institutes

### **Non-departmental Capital expenditure:**

- COVID-19: AgResearch Lincoln Facility Development
- In-year payments loans



Hon Dr Ayesha Verrall  
**Minister of Research, Science and Innovation**

## Statements of Performance

### Non-Departmental Other Expenses

#### Endeavour Fund

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#### Scope of appropriation

This appropriation is limited to research, science or technology, and related activities that have the potential for excellence and long-term impact for New Zealand's economy, society or environment.

#### What is intended to be achieved with this appropriation

This appropriation is intended to achieve investment in the highest quality, investigator-led research proposals to impact in areas of future value, growth and critical need for New Zealand.

#### Assessment of Performance

##### Non-financial

Performance Measures	2021/22 Actual Standard	2022/23 Budgeted Standard	2022/23 Actual Standard
Percentage of contracts that have been monitored and performance assessed within agreed timeframes	100%	100%	100%

##### Comment

Significant or high-risk contracts are monitored through regular discussion with contract holders. Contracts paid over the period 1 July 2022-30 June 2023 submit formal annual reports for assessment in July/August 2023.

##### Financial

Expenses (\$000)	2021/22 Actual	2022/23 Estimates	2022/23 Supplementary Estimates	2022/23 Actual
Total Appropriation	224,769	230,257	230,257	225,311

##### Comment

Actual spend of \$225.311 million is \$4.946 million under appropriation. This will be offset by the agreed in principle expense transfer of \$1.8 million to 2023/24 additional to the \$3 million in-principle expense transfer already approved. The underspend is due to the extension for multiple contracts driven largely by staff movement and recruitment challenges for contract holders resulting in movement of funds across financial year boundaries. This is a normal phenomenon for the Endeavour fund, although there has been an increase in contract extensions since COVID-19 due to the additional challenges in recruiting overseas postgraduate students. There is no additional risk to delivery.

## Health Research Fund

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### Scope of appropriation

This appropriation is limited to research and research applications with the primary purpose of improving the health and well-being of New Zealanders.

### What is intended to be achieved with this appropriation

This appropriation is intended to achieve an improvement in the health and well-being of New Zealanders through health research.

### Assessment of Performance

#### Non-financial

Performance Measures	2021/22 Actual Standard	2022/23 Budgeted Standard	2022/23 Actual Standard
Number of contracts funded in the previous financial year by the Health Research Council that meet the Health Research Council's definition of 'transformative' research	17	10-20 <sup>1</sup>	15
Number of new funding agreements negotiated with government or non-government agencies to specifically address a health research priority developed as a result of the New Zealand Health Research Strategy	1	1	0 <sup>2</sup>
The percentage of funding contracts that have been administered and monitored by MBIE and performance assessed within agreed timeframes	100%	100%	100%

#### Comment

The Health Research Council funded 15 transformative research contracts through the 2023 Explorer Grants investment round. The Explorer Grants are specifically designed to support transformative, innovative, exploratory or unconventional research that has potential for major impact and possible economic returns for New Zealand.

<sup>1</sup> The standard was revised up from 8-10 as part of Supplementary Estimates

<sup>2</sup> Negotiation of new funding agreements was paused to allow for implementation of redesigned Partnership Programme.

**Financial**

<b>Expenses (\$000)</b>	<b>2021/22 Actual</b>	<b>2022/23 Estimates</b>	<b>2022/23 Supplementary Estimates</b>	<b>2022/23 Actual</b>
Total Appropriation	106,987	127,489	127,991	112,915

*Comment*

Actual spend of \$112.915 million is \$15.076 million under appropriation. The underspend relates to an error in the Supplementary document. A technical adjustment at October Baseline Updates 2023 has been agreed for an in principle to transfer of the underspend through 2023/24 and 2024/25. The principle in transfer was required due to non-completion of contracts as a result of COVID-19 which necessitated contract variations and time extensions.

## Marsden Fund

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### Scope of appropriation

This appropriation is limited to excellent investigator-led research.

### What is intended to be achieved with this appropriation

This appropriation is intended to achieve an improvement in investigator-led research in areas of science, engineering, mathematics, social sciences and the humanities.

### Assessment of Performance

#### Non-financial

Performance Measures	2021/22 Actual Standard	2022/23 Budgeted Standard	2022/23 Actual Standard
The proportion of the publications attributed to the Marsden Fund that are in the top 10% of global publications, ranked by citations	21.3%	10%	21.2% <sup>3</sup>

*Comment*

#### Financial

Expenses (\$000)	2021/22 Actual	2022/23 Estimates	2022/23 Supplementary Estimates	2022/23 Actual
Total Appropriation	78,545	78,545	78,545	78,545

<sup>3</sup> This measure is reported as a three-year rolling average

## National Science Challenges (Multi-Year Appropriation)

### Scope of appropriation

This appropriation is limited to strategic, collaborative mission-led research programmes to find innovative solutions to fundamental issues and opportunities facing New Zealand.

Commences: 01 July 2019

Expires: 30 June 2024

### What is intended to be achieved with this appropriation

This appropriation is intended to achieve improvement in innovative solutions to fundamental issues New Zealand faces by drawing scientists together to achieve a common goal through collaboration.

### Assessment of Performance

#### Non-financial

Performance Measures	2021/22 Actual Standard	2022/23 Budgeted Standard	2022/23 Actual Standard
Percentage of contracts that have been monitored and performance assessed within agreed timeframes	100%	100%	100%

#### Comment

Monitoring contracts is ongoing throughout the year and reports are assessed when received by the Ministry of Business, Innovation and Employment (MBIE).

#### Financial

Expenses (\$000)	2021/22 Actual	2022/23 Estimates	2022/23 Supplementary Estimates	2022/23 Actual
Total Appropriation	97,062	74,046	74,046	74,045

#### Comment

This multi-year appropriation was established to enable a second round of National Science Challenges. The original funding of this appropriation was \$470.175 million, and it expires on 30 June 2024. MBIE is closely monitoring the close out phase of these contracts.

## Partnered Research Fund

### Scope of appropriation

This appropriation is limited to the co-funding of research commissioned by users, and the application of research by users.

### What is intended to be achieved with this appropriation

This appropriation is intended to achieve greater connections between researchers and end-users.

### Assessment of Performance

#### Non-financial

Performance Measures	2021/22 Actual Standard	2022/23 Budgeted Standard	2022/23 Actual Standard
Percentage of contracts that have been monitored and performance assessed within agreed timeframes	100%	100%	100%

#### Comment

Monitoring contracts is ongoing throughout the year and reports are assessed when received by MBIE.

#### Financial

Expenses (\$000)	2021/22 Actual	2022/23 Estimates	2022/23 Supplementary Estimates	2022/23 Actual
Total Appropriation	28,867	27,888	30,509	22,937

#### Comment

This appropriation increased by \$2.621 million to \$30.509 million for 2022/23 as part of the Supplementary Estimates due to an expense transfer from 2021/22 as a result of extensions to multiple contracts driven largely by staff movement and the recruitment challenges of contract holders. This is due largely to the additional challenges in recruiting overseas postgraduate students post COVID-19. There is no additional risk to delivery.

Actual spend of \$22.937 million is \$7.572 million under appropriation. This underspend is largely offset by in principle expense transfers of \$6.01 million to 2023/24 to cover additional contract extensions as described above and delays in allocating funds for Māori science priorities to address the science needs of Māori communities after the recent extreme weather events.



## Non-Departmental Other Expenses

### Catalyst Fund

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#### Scope of appropriation

This appropriation is limited to grants to support international science partnerships.

#### What is intended to be achieved with this appropriation

This appropriation is intended to achieve improved international flows of people, ideas and investment through support of activities that initiate, develop and foster collaborations leveraging international science and innovation for New Zealand's benefit.

#### Assessment of Performance

##### Non-financial

Performance Measures	2021/22	2022/23	2022/23
	Actual Standard	Budgeted Standard	Actual Standard
Percentage of contracts that have been monitored and performance assessed within agreed timeframes	100%	100%	100%

##### Comment

All contract conditions are being actively managed.

##### Financial

Expenses (\$000)	2021/22 Actual	2022/23 Estimates	2022/23 Supplementary Estimates	2022/23 Actual
Total Appropriation	27,870	45,251	43,751	19,750

##### Comment

This appropriation decreased by \$1.500 million to \$43.751 million for 2022/23 as part of the Supplementary Estimates due to a \$4 million fiscally neutral adjustment to the Research, Science and Innovation: Innovative Partnerships Strategic Facilitation Fund appropriation for the purpose of providing operating expenses for the Tāwhaki Joint Venture.

Actual spend of \$19.750 million is \$24.001 million under appropriation. This will be offset by the approved in principle expense transfer of \$23 million to 2023/24 and outyears. The underspend relates to delays in negotiations for several large-scale investments, stemming from constraints on international partner budgets (during and following Covid). The pace is now picking up.

## Innovative Partnerships Strategic Investment Fund

### Scope of appropriation

This appropriation is limited to grants to support the operation of the Innovative Partnerships programme.

### What is intended to be achieved with this appropriation

This appropriation is intended to achieve the enablement of Innovative Partnerships to procure outcomes through co-investment to get Research and Development opportunities secured, embedded and enlarged for New Zealand's benefit.

### Assessment of Performance

#### Non-financial

Performance Measures	2021/22	2022/23	2022/23
	Actual	Budgeted	Actual
Percentage of contracts that have been monitored and performance assessed within agreed timeframes.	100%	100%	100%

#### Financial

Expenses (\$000)	2021/22 Actual	2022/23 Estimates	2022/23 Supplementary Estimates	2022/23 Actual
Total Appropriation	1,602	4,500	11,398	4,445

#### Comment

This appropriation increased by \$6.898 million to \$11.398 million for 2022/23 as part of the Supplementary Estimates due to \$4 million fiscally neutral adjustment to the Research, Science and Innovation: Catalyst Fund appropriation for the purpose of providing operating expenses for the Tāwhaki Joint Venture. In addition, \$2.898 million expense transfer from 2021/22 due to delays in the Government's Aerospace Strategy, involving co-investments with international and domestic entities, as a result of the closure of New Zealand's borders which made it a challenge to progress and conclude proposed co-investments in research and development projects.

Actual spend of \$4.445million is \$6.953 million under appropriation. This will be offset by the approved in principle expense transfer of up to \$10 million in total to 2023/24 and 2024/25 respectively. This underspend was largely due to delay in releasing of the Aotearoa New Zealand Aerospace Strategy to enable public consultation. Cabinet agreed to carry forward funding to progress the implementation of the Strategy.

## North Island Weather Events - Plant and Food Research Limited Response and Recovery

### Scope of appropriation

This appropriation is limited to providing support for Plant and Food Research Limited to remain viable and meet existing commitments as a result of royalty and commercial net losses from the North Island Weather Events.

### What is intended to be achieved with this appropriation

This appropriation intends to ensure Plant & Food Research Limited can, for the 2022/23 and 2023/24 financial year: adequately respond to the financial impacts of the North Island Weather Events, continue to run its business, maintain its critical capability and continue to support the sector and government agencies in the cyclone response and recovery, significant increase in debt, and continue to invest in critical capital expenditure.

### Assessment of Performance

#### Non-financial

Performance Measures	2021/22 Actual Standard	2022/23 Budgeted Standard	2022/23 Actual Standard
Continued delivery of research, science and innovation work		Achieved	Achieved

#### Financial

Expenses (\$000)	2021/22 Actual	2022/23 Estimates	2022/23 Supplementary Estimates	2022/23 Actual
Total Appropriation	-	-	11,000	11,000

#### Comment

This is a new appropriation added at the Supplementary Estimates 2022/23 as a result of the funding provided at Budget 2023.

## Regional Research Institutes

### Scope of appropriation

This appropriation is limited to the establishment of and contribution to the operation of Regional Research Institutes.

### What is intended to be achieved with this appropriation

This appropriation is intended to achieve research institutes that maximise the unique business, technology and economic growth opportunities in their respective regions.

### Assessment of Performance

#### Non-financial

<b>Performance Measures</b>	<b>2021/22 Actual Standard</b>	<b>2022/23 Budgeted Standard</b>	<b>2022/23 Actual Standard</b>
Percentage of contracts that have been monitored and assessed within agreed timeframes	100%	100%	100%

#### Comment

Monitoring of the one remaining active contract is ongoing.

#### Financial

<b>Expenses (\$000)</b>	<b>2021/22 Actual</b>	<b>2022/23 Estimates</b>	<b>2022/23 Supplementary Estimates</b>	<b>2022/23 Actual</b>
Total Appropriation	8,522	7,801	7,801	7,801

#### Comment

The Regional Research Institute initiative is close to completion with all funds expended. Only one contract remains open, Xerra's Starboard Platform, which will finish in December 2023. All other contracts have matured.

## Non-Departmental Capital Expenditure

### COVID19: AgResearch Lincoln Facility Development (MYA)

#### Scope of appropriation

This appropriation is limited to capital expenditure to support the AgResearch Lincoln Facility Development.

Commences: 01 July 2021

Expires: 30 June 2023

#### What is intended to be achieved with this appropriation

This appropriation is intended to achieve the progress of the redevelopment of AgResearch's property asset at Lincoln by providing capital support. The project involves the development of a new research facility and corporate headquarters at Lincoln.

#### Assessment of Performance

##### Non-financial

Performance Measures	2021/22 Actual Standard	2022/23 Budgeted Standard	2022/23 Actual Standard
The AgResearch Lincoln Facility Development is delivered in accordance with its Implementation Business Case	-	Achieved	Achieved

##### Comment

Development is on-track in accordance with its Implementation Business Case. All assigned funding from the COVID-19 Response and Recovery has been provided. The official opening is planned for September 2023.

##### Financial

Expenses (\$000)	2021/22 Actual	2022/23 Estimates	2022/23 Supplementary Estimates	2022/23 Actual
Total Appropriation	15,000	30,000	30,000	30,000

##### Comment

This multi-year appropriation was established to capital expenditure to support the AgResearch Lincoln Development. The original funding of this appropriation was \$45 million, and it expires on 30 June 2023.

## In-year payments loans (MYA)

### Scope of appropriation

This appropriation is limited to providing loans to eligible businesses in anticipation of their research and development tax credit.

Commences: 01 April 2022

Expires: 30 June 2026

### What is intended to be achieved with this appropriation

This appropriation is intended to achieve the increase the value of the Research and Development Tax Incentive to recipients by allowing their entitlement to be paid in the same year as the Research and Development expenditure is incurred.

### Assessment of Performance

#### Non-financial

Performance Measures	2021/22	2022/23	2022/23
	Actual Standard	Budgeted Standard	Actual Standard
The Research and Development Tax Incentive In-Year Payments Loans programme has been successfully established following a procurement process <sup>4</sup>	-	Achieved	Achieved

#### Financial

Expenses (\$000)	2021/22 Actual	2022/23 Estimates	2022/23 Supplementary Estimates	2022/23 Actual
Total Appropriation	40,500	211,875	211,875	2,309

#### Comment

This multi-year appropriation (MYA) is underspent by \$209.566 million (99%) in 2022/23. This MYA commenced April 2022 and expires June 2026 with original appropriation \$583.5 million. This underspend was due to delays with the processing of the first loans, most payments for the first round will be made in financial year 2023/24. We will be monitoring the first payment rounds closely for trends and a change to the forecast in 2023/24 if necessary.

<sup>4</sup> The performance measure was revised as part of Supplementary Estimates and replaced the previous performance measure 'Percentage of contracts that have been monitored and performance assessed within agreed timeframes'.