



**Minister for Science, Innovation and Technology**

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# **Science, Innovation and Technology, Science and Innovation portfolio**

**Vote Business, Science and Innovation**

Report in relation to selected non-departmental appropriations for the year ended 30 June 2024

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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 2023- 30 June 2024 results of relevant non-departmental appropriations for the Science, Innovation and Technology portfolio within Vote Business, Science and Innovation.

The current portfolio name '*Science, Innovation and Technology*' changed from the previous portfolio name '*Research, Science and Innovation*' as specified on the 2023-24 Estimates and Supplementary Estimates documents.

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

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

- The New Zealand Institute for Plant and Food Research Limited Response and Recovery
- Kenepuru Science Centre 2023-2026
- In-year payments loans



Hon Judith Collins KC

**Minister for Science, Innovation and Technology**

# 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	2022/23 Actual Standard	2023/24 Budgeted Standard	2023/24 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.

##### Financial

Expenses (\$000)	2022/23 Actual	2023/24 Estimates	2023/24 Supplementary Estimates	2023/24 Actual
Total Appropriation	225,311	243,362	237,404	236,515

##### *Comment*

Actual spend of \$236,515 million is \$0.889 million (0.4%) under appropriation.

An In Principle Expense Transfer approved through the March Baseline Updates 2024 will be transferred to financial year 2024/25 to cover the projected deficit in outyears, as a result of the third party contract delays.

## 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	2022/23 Actual Standard	2023/24 Budgeted Standard	2023/24 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	17
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 17 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. The 2024 results are made available in November 2024.

#### Financial

Expenses (\$000)	2022/23 Actual	2023/24 Estimates	2023/24 Supplementary Estimates	2023/24 Actual
Total Appropriation	112,915	117,489	124,989	124,989

## 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	2022/23	2023/24	2023/24
	Actual Standard	Budgeted Standard	Actual Standard
The proportion of the publications attributed to the Marsden Fund that are in the top 10% of global publications, ranked by citations	21.2%	10%	21.2% <sup>1</sup>

#### Comment

Marsden Fund grant recipients continue to outperform with citations in highly ranked global publications.

#### Financial

Expenses (\$000)	2022/23 Actual	2023/24 Estimates	2023/24 Supplementary Estimates	2023/24 Actual
Total Appropriation	78,545	78,545	78,545	78,545

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<sup>1</sup> This measure is reported as a three-year rolling average

## National Science Challenges (Multi-Year Appropriation)

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### 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	2022/23 Actual Standard	2023/24 Budgeted Standard	2023/24 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)	2022/23 Actual	2023/24 Estimates	2023/24 Supplementary Estimates	2023/24 Actual
Total Appropriation	74,045	64,335	64,335	64,334

#### 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 expired on 30 June 2024.

## Partnered Research Fund

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### 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	2022/23	2023/24	2023/24
	Actual Standard	Budgeted Standard	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 Ministry of Business, Innovation and Employment (MBIE).

#### Financial

Expenses (\$000)	2022/23 Actual	2023/24 Estimates	2023/24 Supplementary Estimates	2023/24 Actual
Total Appropriation	22,937	25,596	30,831	28,045

#### Comment

Actual spend of \$28.045 million is \$2.786 million (9%) under appropriation.

An In Principle Expense Transfer approved through the March Baseline Updates 2024 will be transferred to financial year 2024/25 and 2025/26 respectively, due to delay in the work programme across two financial year boundaries. This is the result of a mid-contract review and identification of significant emergent research challenges with the existing programmes.



## Non-Departmental Other Expenses

### Catalyst Fund

#### 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	2022/23 Actual Standard	2023/24 Budgeted Standard	2023/24 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)	2022/23 Actual	2023/24 Estimates	2023/24 Supplementary Estimates	2023/24 Actual
Total Appropriation	19,750	35,751	31,751	31,557

##### Comment

Actual spend of \$31,557 million is \$0.194 (0.6%) million under appropriation.

An In Principle Expense Transfer approved through the March Baseline Updates 2024 will be transferred to financial year 2024/25 to align with international partners' priorities and budget commitments.

## 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	2022/23 Actual Standard	2023/24 Budgeted Standard	2023/24 Actual Standard
Percentage of contracts that have been monitored and performance assessed within agreed timeframes.	100%	100%	100%

#### Financial

Expenses (\$000)	2022/23 Actual	2023/24 Estimates	2023/24 Supplementary Estimates	2023/24 Actual
Total Appropriation	4,445	4,000	5,953	6,343

#### Comment

Actual spend of \$6.343 million is \$0.390 (7%) million over appropriation. The amount of funding expense incurred in excess of the appropriation is unappropriated expenditure. As a result of administrative errors at the Ministry, two contracts relevant to this programme were tracked as Departmental spending and therefore not managed against this appropriation. The errors will be corrected through the *Appropriation (2023/24 Confirmation and Validation) Bill* which will be introduced to the House later this year.

The following steps to prevent future errors re-occurring:

- An overhaul of internal budget tracking processes for the teams involved to ensure alignment with records in MBIE's financial system.
- Training on MBIE's financial processes.
- Issuing of reminders about MBIE, Treasury and Public Service Commission guidance on management of appropriations

## Non-Departmental Capital Expenditure

### The New Zealand Institute for Plant and Food Research Limited Response and Recovery

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#### Scope of appropriation

This appropriation is limited to providing support for The New Zealand Institute for Plant and Food Research Limited to continue operations 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 achieve the continuation of The New Zealand Institute for Plant and Food Research Limited business operations.

#### Assessment of Performance

##### Non-financial

Performance Measures	2022/23 Actual Standard	2023/24 Budgeted Standard	2023/24 Actual Standard
Continued delivery of research, science and innovation work <sup>2</sup>	-	Achieved	Achieved

##### Comment

The appropriation ensured that the New Zealand Institute for Plant and Food Research Limited was able to continue delivery of research, science and innovation work.

##### Financial

Expenses (\$000)	2022/23 Actual	2023/24 Estimates	2023/24 Supplementary Estimates	2023/24 Actual
Total Appropriation	-	-	17,000	17,000

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<sup>2</sup> This performance indicator was selected for 2023/24 only to reflect the PBE FRS 48 principles of faithful representation.

## Kenepuru Science Centre 2023-2026

### Scope of appropriation

This appropriation is limited to capital expenditure to support the redevelopment of the Institute of Environmental Science and Research's Kenepuru Science Centre.

Commences: 01 January 2024

Expires: 30 June 2026

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

This appropriation intends to achieve the redevelopment of the Institute of Environmental Science and Research's Kenepuru Science Centre

### Assessment of Performance

#### Non-financial

Performance Measures	2022/23 Actual Standard	2023/24 Budgeted Standard	2023/24 Actual Standard
The redevelopment of the Institute of Environmental Science and Research's Kenepuru Science Centre is delivered in accordance with its Implementation Business Case	-	Achieved	Achieved

#### Comment

The appropriation was used to progress the redevelopment of the Institute of Environmental Science and Research's property asset at Kenepuru.

#### Financial

Expenses (\$000)	2022/23 Actual	2023/24 Estimates	2023/24 Supplementary Estimates	2023/24 Actual
Total Appropriation	-	-	25,000	10,000

#### Comment

This is a new multi-year appropriation added at the Supplementary Estimates 2023/24 for \$25 million to contribute funding towards the Institute of Environmental Science and Research Limited's Kenepuru facilities redevelopment.

The first tranche of \$10 million was paid to the Institute of Environmental Science and Research Limited in May 2024 and the second tranche of \$15 million is intended to be paid in the 2024/25 financial year, in accordance with the appropriation.

## 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	2022/23 Actual Standard	2023/24 Budgeted Standard	2023/24 Actual Standard
The Research and Development Tax Incentive In-Year Payments Loans programme has been successfully established following a procurement process	Achieved	Achieved	Achieved

#### Comment

Following launch in March 2023, a total of 203 loans (\$42.6 million total value) have been issued to 127 unique R&D-performing businesses across New Zealand. In January 2024, the Minister of Science, Innovation and Technology agreed to terminate the scheme early as it was not delivering value for money and would have required further investment to maintain operations. All operations were finalised by 31 May 2024. MBIE is responsible for the management of the issued loans.

#### Financial

Expenses (\$000)	2022/23 Actual	2023/24 Estimates	2023/24 Supplementary Estimates	2023/24 Actual
Total Appropriation	2,309	47,691	47,691	40,327

#### Comment

This multi-year appropriation (MYA) is underspent by \$7.364 million (15%) in 2023/24.

This underspend was largely due to lower than anticipated uptake, i.e. when budgeted it was assumed that in the period April 2023 – May 2024 1,250 claims would be made. However, only a total of 203 claims were received, albeit with a larger average amount of \$210,030 instead of the originally estimated average amount of \$150,000.

No further loans will be issued and this MYA is going to expire.