



COVERSHEET

Minister	Hon Dr Ayesha Verrall	Portfolio	Research, Science and Innovation
Title of briefing	Targeted Business Research and Development Funding Appropriations: Transfer of Funds	Date to be published	3 February 2023

List of documents that have been proactively released

Date	Title	Author
23 November 2022	Targeted Business Research and Development Funding Appropriations: Transfer of Funds	Office of the Minister of Research, Science and Innovation
23 November 2022	Targeted Business Research and Development Funding Appropriations: Transfer of Funds DEV-22-MIN-0283 Minute	Cabinet Office

Information redacted

YES / NO

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Cabinet Economic Development Committee

Minute of Decision

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Targeted Business Research and Development Funding Appropriations: Transfer of Funds

Portfolio **Research, Science and Innovation**

On 23 November 2022, the Cabinet Economic Development Committee:

- 1 **noted** that for 2021/22, Callaghan Innovation expected to accrue \$56 million of expenditure against the Targeted Business Research and Development Funding (TBRDF) MYA relating to commitments it had incurred under the Project Grant and Research and Development (R&D) Student Grant programmes;
- 2 **noted** that, following engagement with its auditors, Callaghan Innovation has determined that \$38.135 million of the expenditure associated with the R&D Project Grant and R&D Student Grant programmes cannot be recognised in 2021/22, and instead must be recognised in 2022/23 and future years;
- 3 **noted** that as the TBRDF MYA closed on 30 June 2022, the Ministry of Business, Innovation and Employment is not able to charge expenditure relating to the payments by Callaghan Innovation to grant recipients in 2022/23 and future years against that MYA;
- 4 **noted** that without an increase in appropriations for 2022/23, the Ministry of Business, Innovation and Employment will not be able to cover both the commitments entered into by Callaghan Innovation under the R&D Project Grant and the R&D Student Grant programmes prior to 1 July 2022, and new commitments under the New to R&D Grant and the R&D Student Grant programmes from 1 July 2022;
- 5 **agreed** to increase appropriations in Vote Business, Science and Innovation in 2022/23 to enable Callaghan Innovation to enable the full delivery of the Project Grant, R&D Student Grant and New to R&D Grant programmes;

Financial implications

- 6 **noted** that the Minister of Finance and the Minister of Research, Science and Innovation have agreed to add the following category to the 'Targeted Business Research and Development Funding' multi-category appropriation:

Title	Type	Scope
R&D Project Grant	Non-Departmental Output Expenses	This category is limited to funding for private businesses to undertake research and development activity under the R&D Project Grant programme.

7 **approved** the following changes to appropriations to enable the full delivery of the R&D Project Grant, R&D Student Grant, and New to R&D Grant programmes, with a corresponding impact on the operating balance and no impact on net debt:

	\$m – increase/(decrease)				
	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Vote Business, Science and Innovation Minister of Research, Science and Innovation					
Multi-Category Expenses and Capital Expenditure: Targeted Business Research and Development Funding MCA					
Non-Departmental Output Expenses: R&D Project Grant	38.135	-	-	-	-
Total Operating	38.135	-	-	-	-

8 **agreed** that the changes to the TBRDF MCA for 2022/23 above be included in the Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;

9 **noted** that the fiscal implications from the decision in paragraph 7 above will be offset by an improvement in the operating balance in the 2021/22 financial year, so that this expenditure will not be managed against Budget allowances;

10 **noted** that some reallocation between the categories will be required to reimburse for R&D Project Grant expenditure that has been charged against the New to R&D Grant category since 1 July 2022, and to cover commitments incurred under the R&D Student Grant programme incurred prior to 30 June 2022;

11 **noted** that, as appropriation Minister, the Minister of Research, Science and Innovation will approve the reallocation of the funding between categories once the correct distribution has been determined.

Janine Harvey
Committee Secretary

Present: (see over)

Present:

Hon Grant Robertson (Chair)
Hon Dr Megan Woods
Hon David Parker
Hon Damien O'Connor
Hon Willie Jackson
Hon Michael Wood
Hon Dr David Clark
Hon Dr Ayesha Verrall
Hon Priyanca Radhakrishnan
Hon Meka Whaitiri
Hon Phil Twyford
Hon Kieran McAnulty
Rino Tirikatene, MP
Dr Deborah Russell, MP

Officials present from:

Office of the Prime Minister
Officials Committee for DEV