

10 August 2016

Raymond J Smith

fyi-request-4243-cd053ead@requests.fyi.org.nz

Ref: 2016-OIA-21

Dear Mr Smith

Thank you for your email of 11 July 2016 requesting information about Sarah Holden's talk at Growing More Innovative and Productive Kiwi Firms" - held on the 1 December 2015.

Please note that Sarah Holden's talk was delivered in an anecdotal context. Your questions have been responded to the best of our ability under the Official Information Act 1982 (the Act) as follows:

1. *What companies are we talking about here and how much of the R&D grants did those companies receive (absolute amount and in percentage of the total R&D grants budget).*

We have taken the description of 'big' to mean large companies, which are described by Statistics New Zealand as companies that employ more than 100 full time employees. Data used to answer your question is from the 2014/15 financial year because annual reporting for 2015/16 is not quite complete.

In 2014/15 99 large companies received \$101.5 million in R&D grants, which is 58% of total R&D grants paid in this financial year. There were a total of 737 companies that received a R&D grant in 2014/15.

The rules and criteria for the different types of R&D Grant funding can be found in the Ministerial Direction at:

www.callaghaninnovation.govt.nz/sites/all/files/guidelines-ministerial-direction-explained.pdf

More information on the R&D Grants administered can be found at the Callaghan Innovation website: www.callaghaninnovation.govt.nz/grants

2. *What companies are we talking about here [smaller companies...that use our facilities...maybe 200 companies in a year] and how much of the R&D grants did those companies receive (absolute amount and in percentage of the total R&D grants budget).*

Companies (including entities –e.g. universities) that use our facilities come under the Research and Technical Services (RTS) group. In the 2014/15 43 entities received \$45.5 million in R&D grants, which is 26% of all R&D grants paid in this financial year.

Smaller companies, as described by Statistics NZ, are companies that have 19 or less full time employees. There were 15 small companies that used RTS in 2014/15, which received \$2.67 million in R&D grants - 1.5% of all R&D grants paid in this financial year.

Please note that there were an additional 180 companies that used RTS but did not receive R&D grant funding in 2014/15.

3. *What data has been analysed to come to this conclusion? How much did the spend on R&D and how much was the return on the firms' revenue and profit?*

Callaghan Innovation is unable to answer this question because Simon from the New Zealand Productivity Commission is the owner of the data Sarah Holden referred to. Please refer to the New Zealand Productivity Commission for this information.

You may be interested in reading two papers published on the Productivity Commissions' website titled [Measuring the innovative activity of New Zealand firms](#) and [The impact of R&D subsidy on innovation: a study of New Zealand firms](#), which may also assist in the answer to your question.

4. *Can you please answer the last question you raised? Are the only returns for small firms spill-overs and what does that mean for Callaghan Innovation?*

As Sarah Holden's talk was delivered in an anecdotal context and she has since left Callaghan Innovation, we are not able to provide an explanation of what she was referring to in this quote.

5. *How is Callaghan's performance being measured? Who measures what exactly to analyse the impact Callaghan makes versus the costs of running Callaghan?*

Callaghan Innovation has a number of documents that record and publicly report its performance. Callaghan Innovation is a Crown Entity that supports hi-tech business through a number of means. Funding is primarily sourced by Government through Vote Science and Innovation. Callaghan Innovation also earns revenue for our research and technical services domestically and internationally. Our commercial revenue is reinvested back in to our services to ensure our capabilities are up to standard to continue to deliver and improve our services to meet the immediate and future needs of business and industry.

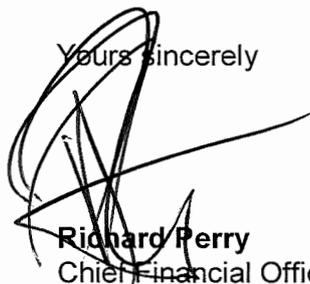
The documents of interest to you are publicly available on our website:

- Statement of Intent to 20 June 2019:
This document provides a base against which the Crown entity's actual performance can later be assessed:
www.callaghaninnovation.govt.nz/sites/all/files/callaghan-innovation-soi-june-2019-web.pdf
- Statement of Performance Expectations 1 July 2016 – 30 June 2017:
This document enables the public, Parliament, Ministers and the Ministry of Business, Innovation and Employment (MBIE) to track Callaghan Innovation's progress against the commitments made in our Statement of Intent 2015-2019:
www.callaghaninnovation.govt.nz/sites/all/files/callaghan-innovation-spe-june-2017.pdf
- Annual Report 2015:
This document reports against Callaghan Innovation's Statement of Performance Expectations and Statement of Intent:
www.callaghaninnovation.govt.nz/sites/all/files/callaghan-innovation-annual-report-2015-online.pdf

I hope the above responses answer your questions. If you require any further information, please contact ministerialservices@callaghaninnovation.govt.nz . We are happy to telephone you if this more convenient.

You have the right to request a review of this response by the Ombudsman at www.ombudsman.parliament.nz or by telephoning 0800 802 602.

Yours sincerely



Richard Perry
Chief Financial Officer



Chris Hartshorn
Chief Technology Officer RTS