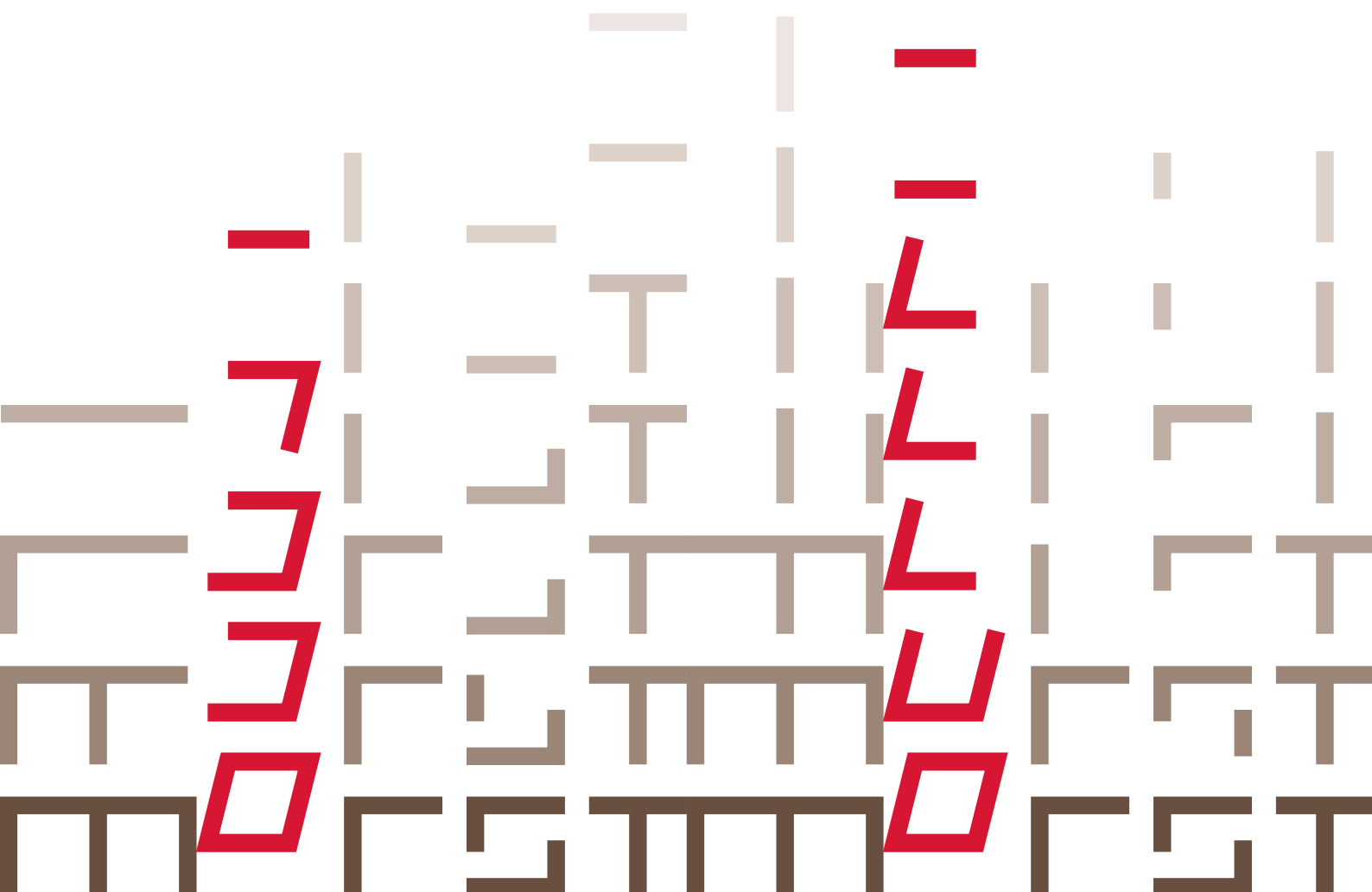


MINISTRY OF
RESEARCH
SCIENCE +
TECHNOLOGY

MARST
TE MANATŪ PŪTAIAO



Declaration by our Minister and Chief Executive

This Statement of Intent sets out the activities the Ministry of Research, Science and Technology (MoRST) will engage in over the next three to five years, and explains why the Ministry has selected these activities as its Strategic Priorities.

The Major Outcome we want is science and technology transforming New Zealanders' lives.

We have identified four Strategic Priorities for achieving our overall goal. They are:

1. Sharpening the agenda for science;
2. Embedding science and technology in New Zealanders' lives;
3. Improving business performance through research and development; and
4. A world-class science system for New Zealand.

We see these four areas as critical if research, science and technology (RS&T) is to fulfil its potential to support the Government's objective of economic transformation, families – young and old, and national identity. Through RS&T we can go a long way in transforming New Zealand's economy, in enhancing the quality of life of all New Zealanders and in ensuring we are sustaining the country's unique environment. It is only by providing the right environment for creative and innovative research that New Zealand can continue to attract and retain the talent we need to move to a knowledge society.

In moving towards achieving its Major Outcome, MoRST will demonstrate leadership across the sector to ensure the system is performing well and that the products and ideas generated by RS&T are being picked up and applied. MoRST will also work with the sector to acquaint New Zealanders with the important role RS&T has played, and will increasingly play, in their daily lives.

The impact of RS&T is wider than the money invested by the Government through Vote RS&T, and wider than the public sector. It involves businesses, non-government organisations and individuals throughout the country and, increasingly, around the world. MoRST will consider the whole system as it works to ensure science and technology transform New Zealanders' lives.



Hon Steve Maharey
MINISTER OF RESEARCH, SCIENCE
AND TECHNOLOGY
8 May 2006



Dr Helen Anderson
CHIEF EXECUTIVE
8 May 2006

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Introduction

Science and technology transforming New Zealanders' lives is the Ministry of Research, Science and Technology's (MoRST's) Major Outcome for the next 10 to 15 years. It fits in with the Government's vision of transforming New Zealand into a high-income, knowledge-based market economy that is innovative and creative and that will provide an excellent quality of life for all New Zealanders. Research, science and technology (RS&T) have a crucial role to play in this transformation as a key driver of innovation. RS&T contributes by:

- generating new knowledge to improve our understanding of the world around us;
- leading the way to new products and processes to improve the productivity of existing businesses and create new industries;
- developing and testing new ways of enhancing and protecting the environment;
- increasing our understanding of how society functions and how best to create healthy communities;
- opening up new medical therapies and providing both social and commercial benefits from such advances; and
- helping to manage risks in areas such as geological hazards, climate change and pest control.

In the opening decade of the 21st century, we need to ensure RS&T continues to produce the ideas and knowledge that can drive innovation and that those ideas are taken up and applied, not just in commercial products that will fuel economic growth, but throughout society – in caring for the environment, in enhancing New Zealanders' health and lifestyles and in improving the way we live and work.

There are challenges in achieving this as the demands on New Zealand's RS&T sector grow over the coming decades. For example, New Zealand will increasingly have to compete globally for the research talent it needs to remain at the forefront of knowledge creation and knowledge application in areas of science that are of strategic importance.

Science and technology are developing at a tremendous pace, driven by the demands and expectations of society for advanced technological solutions to improving lifestyles, health and standards of living in general. Science is also becoming increasingly sophisticated and complex, meaning we need to maintain and develop the capability – in terms of both people and infrastructure – that will allow us to remain at the cutting edge in the creation of new knowledge and ideas. We also need to ensure the products and ideas produced by the RS&T sector, both here and overseas, are taken up and put to use to add economic, environmental and/or social value for New Zealanders.

The Ministry of Research, Science and Technology (MoRST) has a central role to play in this process. Guided by Government strategies and policy goals, MoRST's key function is to work towards creating the sort of environment where RS&T can fulfil its role of creating value for the nation and for all New Zealanders.

Part One of this Statement of Intent (SOI) sets out MoRST's Strategic Framework for its work over the next three to five years. It explains the rationale behind our work programme, and describes what MoRST is trying to achieve and how we intend to achieve that.





We have identified the Major Outcome we want as well as four Strategic Priorities for attaining that goal. We have also identified a series of Key Actions that we will implement over the next one to five years.

Our overall Strategic Framework, outlining our Outcome, Priorities and Actions, is set out on pages 6-7.

Financial information and more detail about MoRST's output expenses are contained in Part Two of the SOI while Part Three contains supporting information, including a description of Vote RS&T.

Throughout the SOI we have highlighted some of our current projects to illustrate our range of work.

MoRST's Strategic Framework

Major Outcome (10-15 yrs)	Strategic Priorities (5-10 yrs)	Key Actions (1-3 yrs)	Annual Component 2006/2007
Science and Technology Transforming New Zealanders' lives	 Sharpening the agenda for science	<ul style="list-style-type: none"> Develop a national research agenda for New Zealand 	<ul style="list-style-type: none"> Confirm and present the Government's forward agenda for science by outlining New Zealand's flagship science areas
		<ul style="list-style-type: none"> Provide science roadmaps in those areas which require stronger co-ordination and communication of government objectives 	<ul style="list-style-type: none"> Start two new science roadmaps Existing roadmaps will be published and distributed to the RS&T sector
		<ul style="list-style-type: none"> Ensure areas of priority government activity have the appropriate science underpinning 	<ul style="list-style-type: none"> Co-ordinate the continuing implementation of Government's Biotechnology Strategy through hosting workshops in theme areas Implement the action plan arising from the recommendations in the SSRG report "Coming of Age"
		<ul style="list-style-type: none"> Scan the global environment for emerging science and technologies which will have implications for New Zealand 	<ul style="list-style-type: none"> Continue to manage the Navigator Network and receive reports on emerging science areas
	 Embedding science and technology in New Zealanders' lives	<ul style="list-style-type: none"> Establish a programme linking school students and their families with the research going on in the RS&T sector in New Zealand 	<ul style="list-style-type: none"> Implement a programme to link school students with the RS&T sector
		<ul style="list-style-type: none"> Work with funding agencies and research organisations to align the key communication messages to demonstrate the value of science and technology. This will include establishing a group of sector communications specialists led by MoRST. We will work with the sector representatives to co-ordinate activities, produce consistent messages, and plan how these can be best presented to New Zealanders 	<ul style="list-style-type: none"> Work with research organisations to develop actions that are aligned to the goal of demonstrating the value and relevance of the science sector
	 Improving business performance through research and development	<ul style="list-style-type: none"> Establish initiatives that enable easy and affordable access to international and local research expertise and technology solutions 	<ul style="list-style-type: none"> Host a commercialisation summit Launch and promote the Technology Partnership New Zealand Programme Identify incentives that will lead to improved flow of tacit knowledge from public research institutions to business Develop policy options to enhance localised commercialisation within small- to medium-sized enterprises Consider options for regionally based commercialisation and entrepreneurship mentoring and advisory schemes
		<ul style="list-style-type: none"> Reduce the complexity and compliance requirements for securing business R&D funding support 	<ul style="list-style-type: none"> Evaluate and review all business R&D support schemes in consultation with the business sector, public research organisations and relevant government agencies
		<ul style="list-style-type: none"> Improve the mechanisms that support pre-commercial stage technology development of, and access to, IP held in publicly funded research 	<ul style="list-style-type: none"> Examine and develop options to improve the mechanisms that support pre-commercial stage technology development in publicly funded research institutions - including settings for the PSAF
		<ul style="list-style-type: none"> Increase participation in co-funded partnerships and sector alliances, such as research consortia and other forms of public/private partnerships 	<ul style="list-style-type: none"> Identify potential sectors for strategic research partnerships and develop framework agreements as appropriate Stimulate the uptake of research consortia
	 A world-class science system for New Zealand	<ul style="list-style-type: none"> Create a more effective and stable funding environment for science 	<ul style="list-style-type: none"> Work with FRST and the sector to develop the criteria to implement the stable investment policy in longer term research programmes
		<ul style="list-style-type: none"> Introduce a multi-year package approach to Budget allocation increases for science 	<ul style="list-style-type: none"> Develop an investment strategy for public investment in science that supports the Government's national research agenda and lifts New Zealand's investment to the current OECD average as a percentage of GDP
<ul style="list-style-type: none"> Work with the Ministry of Education and TEC to rationalise policies and investments across Votes RS&T and Education 		<ul style="list-style-type: none"> Agree an updated joint work programme with the Ministry of Education and TEC to rationalise investment across Vote RS&T and Vote Education 	
<ul style="list-style-type: none"> Embed CRIs as leaders of innovation and value creation within their sectors, with an overall emphasis on delivering benefit to New Zealand 		<ul style="list-style-type: none"> Work with CCMAU to implement a proposed operating framework that focuses on the role of CRIs as strategic research institutions contributing to the national benefit Work with CCMAU to implement a broader suite of non-financial performance indicators Provide advice on increasing the CRI Capability Fund 	
<ul style="list-style-type: none"> Put in place measures to attract, retain and support our best people and teams within the New Zealand science system 		<ul style="list-style-type: none"> Develop the "Oxygen Group" concept as a means of engaging a broader network of talented young researchers in thought and planning processes that will ensure the future success of the RS&T sector Analyse available data on human resources in science and technology to inform further policy development and an advanced skills strategy Review existing support for scientists and develop policy options for encouraging the most talented scientists throughout their careers 	
<ul style="list-style-type: none"> Put in place a more systematic approach to investing in the "backbone" of New Zealand science including large-scale infrastructure and equipment 		<ul style="list-style-type: none"> Develop a protocol and framework for identification of essential national datasets and data protocols as part of the science "backbone" of New Zealand Formulate a long-range vision of the research infrastructure ownership and access arrangements that are critical to maintain New Zealand's research capacity, and a programme for achieving this 	



France's Ambassador to New Zealand, His Excellency Jean-Michel Marlaud, and the Chief Executive of MoRST, Dr Helen Anderson, at the signing in Wellington of the Dumont d'Urville Collaborative Science and Technology Support Programme. Photograph by Mel Baylis.

New Zealand/France science and technology collaboration

In November 2005, New Zealand and France signed an agreement to promote greater scientific and technological co-operation between New Zealand and French researchers.

A survey in 2001 showed that 7 percent of New Zealand researchers had an active collaboration with a French colleague and many French undergraduate and postgraduate students study in New Zealand. The new agreement – known as the Dumont d'Urville Collaborative Science and Technology Support Programme – will formalise that collaborative process by actively promoting opportunities for New Zealand researchers and research organisations to work and share knowledge with their counterparts in France. France's membership of the European Union also opens up opportunities for New Zealand researchers within the broader EU research community.

The agreement includes funding for collaborative projects between French and New Zealand researchers in both the public and private sector, with the initial emphasis on projects in the areas of biotechnology and nanosciences.

section one

MoRST

Where we fit in

The Government expects RS&T to assist in transforming the New Zealand economy. This is in recognition of the critical role the sector and the people who work within it, have in making this a great country where people want to live. To achieve this, New Zealand's RS&T system needs to be a catalyst in accelerating economic, environmental and social development. In doing so, it needs to build on New Zealand's strengths and advantages to enhance the nation's competitiveness. These expectations apply to all parts of the sector and include both private and publicly funded research.

The RS&T portfolio and MoRST – as the main adviser on RS&T policy development – are the key means by which the Government exerts influence on the RS&T system. Government also supports research through Vote Education, while some government departments fund their own research.

MoRST's role is therefore one of leadership, under our Minister, influencing and directing a whole-of-government approach in all areas of RS&T. In that role, we want to create an environment in which the RS&T sector is able to generate and nurture great ideas and knowledge and where that knowledge can then be translated into applications that benefit New Zealand and all New Zealanders.

To do this, New Zealand's RS&T system must be characterised by excellence, creativity, high productivity, relevance and impact. It must be a system that supports economic, environmental and social outcomes. In pursuing this goal, MoRST works in partnership with other parts of the government and central government agencies, with the funders of research, with people and organisations who do research (especially Crown Research Institutes (CRIs), universities, Māori research providers and research associations), the private sector, New Zealand's various communities, and agencies in key overseas countries.

Our work

MoRST's main day-to-day responsibilities lie in:

- managing the Government's Vote RS&T investment;
- providing policy advice on RS&T issues;
- encouraging innovation and commercialisation; and
- engaging in and providing support for cross-government collaborative work.

The variety of work we undertake on a day-to-day basis supports our Strategic Framework (see pages 6-7). It enables us to deliver our Major Outcome of science and technology transforming New Zealanders' lives.

MANAGING INVESTMENT

- **Managing Vote RS&T** Each year, public funding is allocated to RS&T in the Budget through Vote RS&T and other Votes. This year (2006/2007) the Vote RS&T funding allocation is \$646.27 million. In total, the public sector funds about 45 percent of all the research in New Zealand and in 2006/2007 Vote RS&T will contribute approximately two-thirds of total public sector funding of research and development (R&D).

MoRST directs Vote RS&T investments around national needs and to do this the investment is organised through four goal areas: knowledge, economic, environmental and social.

Our focus on these four areas supports the Government's vision for transforming New Zealand. By concentrating on underpinning knowledge and the economic, environmental and social outcomes from RS&T, MoRST sets the direction for research that takes New Zealand's present and future needs into account. (More detailed information on Vote RS&T is provided on pages 65-67 in Part Three, Supporting information).

Contract management MoRST does not directly fund most RS&T projects. Rather, we negotiate, on behalf of the Minister, contractual agreements with funding and investment agencies on how Vote RS&T is spent. MoRST also supports the Minister in making the RS&T case for new funding from the Budget. The actual investment in RS&T is administered by the Foundation for Research, Science and Technology (FRST), the Health Research Council (HRC), the Marsden Fund Council – advises the Royal Society of New Zealand (RSNZ) – and the RSNZ itself.

These agencies determine where the monies go and monitor investments made to the research organisations.

Evaluation MoRST assesses how the funding instruments and schemes are performing to identify opportunities for improvement. Evaluations undertaken by MoRST, along with those of funding and investment agencies, provide important data and are an integral part of strategy and policy formation. They also provide a basis for explaining the benefits derived from RS&T to a wider range of people and organisations involved in the system.

PROVIDING ADVICE

Policy development We advise the Government on RS&T matters and prepare programmes and policy affecting the RS&T system. Our advice helps the Government set the environment in

which RS&T operates in New Zealand and promotes the development of policy based on sound science across different areas of government. We also provide advice on the appropriate regulatory environment for R&D. MoRST policy to enhance R&D activities must be in line with the policies of other areas of government, such as economic, employment, trade, industrial, regional and social policies.

Scientific and technical advice We provide scientific advice to the Government about current and emerging issues that affect existing public policy. This includes maintaining an overview of emerging science issues and developments that are important, or of particular public interest, in New Zealand and overseas.

ENCOURAGING INNOVATION AND COMMERCIALISATION

Linking research to end-users We are actively working to better integrate the different parts of the RS&T system to enhance the transmission of knowledge and know-how to business and society as a whole. We support business R&D and stimulate the commercialisation of science and technology developed by public RS&T providers.

International linkages International RS&T relationships are vital to New Zealand's RS&T system and are an important part of MoRST's work. We play various roles in brokering and facilitating such relationships, promoting foreign investment, increasing the international alignment of New Zealand's legislative and regulatory systems affecting RS&T, and promoting New Zealand RS&T overseas. As well as promoting New Zealand RS&T globally, our international relationships enable the transfer of technology to New Zealand-based researchers and companies. We facilitate a number of funding programmes to assist New Zealand researchers to work with overseas colleagues and share information about foreign funding opportunities and how to get access to those funds.

ENGAGING IN CROSS-GOVERNMENT COLLABORATIVE WORK

MoRST is involved in a wide range of policies which intersect with the work of other departments and agencies, including:

Education We share a common interest in the work of the Ministry of Education and the Tertiary Education Commission (TEC) in the way science and technology are taught in schools, and the uptake of these subjects at tertiary level, as well as in the research that is carried out within the tertiary sector and how it complements that done through Vote RS&T.

Environmental policy We have close links with departments working in the environmental policy area, including the Ministry for the Environment (MfE), Department of Conservation (DOC), Ministry of Agriculture and Forestry (MAF), Ministry of Fisheries, Ministry of Foreign Affairs and Trade (MFAT), and the Department of the Prime Minister and Cabinet.

Biotechnology issues MoRST leads work to implement the Government's Biotechnology Strategy (2003). This includes co-ordinating the Senior Officials Group that supports Ministers with biotechnology-related portfolios, and co-ordinating information and action among government ministries and agencies, as well as leading a number of the policy projects.

Economic development MoRST works closely with the Ministry of Economic Development (MED) and the Treasury to ensure that investment in RS&T supports the Government's economic objectives. MoRST chairs the Innovation Working Group (IWG) which co-ordinates innovation

policy across the public service. We also have a linked Outcome to MED – “Growing Business Capability”.

CRI policy We work closely with the Crown Company Monitoring Advisory Unit (CCMAU) to ensure the research conducted in CRIs delivers the maximum benefit to New Zealand.

Social policy MoRST maintains close links with the Building Research Capability in the Social Sciences (BRCSS) initiative in the tertiary sector, and across government departments through the Social Policy Evaluation and Research (SPEaR) Committee.

Science-Art linkages We have a collaborative partnership with Creative New Zealand to foster links among New Zealand scientists and artists.

Health We are working with the Ministry of Health and the HRC to better align health research, and what we want out of it, with national health strategies.

International linkages Our internationally focused activities involve us in close co-operation with MFAT, New Zealand Trade and Enterprise (NZTE), the Ministry of Education, and NZAid.

Māori innovation MoRST will be working with other government departments and agencies to put in place Vision Mātauranga – a policy framework aimed at unlocking the innovative potential of Māori knowledge, resources and people.

Emergency management Science makes a major contribution to New Zealand’s disaster preparedness and recovery. We have recently been working with the Ministry of Civil Defence and Emergency Management and research agencies to strengthen the science input into flood management and New Zealand’s preparedness for tsunami in particular.

Digital Strategy MoRST is a member of the Digital Strategy Steering Group and is responsible for setting up and evaluating the Research and Education Advanced Network New Zealand (REANNZ) as part of the Strategy.

How we determine our strategic direction

Our strategic direction for the work that we do is driven by consultation with people and organisations involved in the RS&T system.

We do this on a regular basis through:

- regular meetings with the Minister;
- development and implementation of whole-of-government strategies;
- meetings with, and surveys of, our stakeholders;
- advisory groups such as the Oxygen Group, the Research Infrastructure Advisory Group (RIAG) and Vision Mātauranga;
- the findings from research and evaluations of the various investment mechanisms undertaken by MoRST and the RS&T funding and investment agencies; and
- participation in international policy forums such as the Organisation for Economic Co-operation and Development (OECD) and Asia-Pacific Economic Cooperation (APEC).

Over the past year we have mounted a major effort (in conjunction with the Minister of RS&T) to go out to the RS&T sector and hear from the range of people and groups working in the sector as to how the system is operating and how it might be improved. It is now 13 years since the reforms that saw the various roles Government plays in RS&T separated out into: policy (MoRST); funding and investment (FRST, HRC and the Marsden Fund Council); and operational (CRIs etc). The object of our consultations has been to look at how the system is operating and what changes might have to be made, within the existing framework, to enhance the contribution and benefits of RS&T to New Zealanders. That process has been invaluable in informing our policies both at the strategic level and in our “business as usual” work programme. The issues identified are also reflected in the Strategic Framework we have developed for our Ministry.

In addition, the Government’s new agenda includes an economic transformation theme which places emphasis on the role of science and technology. MoRST is working with other key agencies to design initiatives and actions to implement this agenda. A number of the Key Actions within our Strategic Framework are likely to be included in the Government’s economic transformation action agenda when it is finalised.



Navigator Network Project Manager Dr Barbara Nicholas and Project team member Karen Cronin. Photograph by Bruce Connew.

Looking to the future

In a new initiative under its Futurewatch programme, MoRST is funding the Navigator Network Project.

The Network is a group of people who will be scanning developments in the important emerging areas of science, such as biotechnology and nanotechnology, within New Zealand and globally.

Its role is to ensure the government is alerted to new scientific knowledge and technologies and the sort of implications – including opportunities and risks – they present to New Zealand.

While its initial focus will be on developments in agricultural biotechnology and food, the Network will also be on the lookout for other scientific and technological developments that signal social changes or consumer trends.

More information on the Navigator Network, including how to become a member of the Network, can be found at www.navigatornetwork.net.nz

section two

MoRST's strategy

What we want to achieve and how we will go about it

The transformational nature of science and technology lies in their potential to generate new knowledge and ideas that can result in: new products, processes and services; new ways to sustain the environment; and new insights that allow us to create healthy and sustainable communities.

Science and technology cannot, however, exist in a vacuum. It is vital that the knowledge and ideas generated by researchers are readily available to those who can use them and that, in a country that is dominated by small- and medium-sized enterprises, our businesses are able to tap into research expertise as they need it. This means creating an environment that will encourage increased commercialisation of both publicly and privately funded research and development (R&D) but also the transfer of research to those who use it. This includes research that, while of limited commercial value, is important for New Zealand's environment and the wellbeing of all New Zealanders.

The other part of this equation lies with the community as a whole. MoRST believes it is essential that New Zealanders are able to engage with science and technology. We want New Zealanders to be aware of the important role scientific and technological research has played, and will continue to play, in improving their lives and to feel they can debate some of the difficult issues raised by scientific and technological research and development.

The more we engage New Zealanders with science and technology, the more likely it is that they will support it and welcome investment in it as a way to transform New Zealand.

We have therefore identified the following Strategic Priorities for attaining our Major Outcome of science and technology transforming New Zealanders' lives and ensuring the system is well equipped to meet the challenges we will face over the next 10 to 20 years.

These are:

Strategic Priority one: Sharpening the agenda for science

Strategic Priority two: Embedding science and technology in New Zealanders' lives

Strategic Priority three: Improving business performance through research and development

Strategic Priority four: A world-class science system for New Zealand

In pursuing its Major Outcome, MoRST recognises that the RS&T system is made up of many different organisations working together through interlinking relationships. It spans the public and private sectors and reaches beyond New Zealand to our relationships with other countries. We acknowledge that, as a result, the system is much bigger than the Government's input and far bigger than MoRST. For this reason, we see our role as one of leadership across the various parts of the sector and working in partnership with government and central agencies, the funders of research and those who carry out that research, with the private sector and with New Zealand's various communities and agencies in key overseas countries to achieve our Strategic Priorities.

MEASURING OUR IMPACT

We have identified a series of measures that we will monitor to give us a snapshot of our impact and progress towards achieving our Major Outcome. This will involve monitoring:

- New Zealanders' acceptance of, and confidence in, science;
- participation rates of students in science education;
- expenditure on R&D carried out in the business sector (BERD) as a percentage of Gross Domestic Product (GDP);
- the number of new products, processes and services introduced by New Zealand businesses;
- the number of domestic patents registered by industry;
- the number of domestic patents registered by all sectors;
- Gross Expenditure on R&D (GERD) as a percentage of GDP;
- Higher Education Expenditure on R&D (HERD) as a percentage of GDP;
- the number of scientific publications per thousand population;
- the number of people performing or directly supporting R&D in New Zealand;
- the relative international impact of New Zealand-authored papers;
- the number of publications in relation to research investment;
- overseas investment in New Zealand's R&D system; and
- the relative proportions of business, higher education and government sector R&D as a proportion of all R&D performed in New Zealand.

Monitoring these indicators over time will allow us to gauge whether New Zealand is making progress towards our Major Outcome. We recognise that, at this level, we have less direct influence and that positive change in these performance indicators may not be apparent until many years after we have done our work. Therefore we also monitor our impact and progress in achieving our Key Actions under each Strategic Priority and we have identified measures to monitor our performance at that level.

Strategic Priority one – Sharpening the agenda for science

The Government's policies for sustainable economic and social development provide an important context and direction for government investment in RS&T. For that context to be effectively translated into research activities we need to be clear on New Zealand's research directions.

Currently New Zealand's national research directions are set through the type of individual research projects supported, the level of investment available for particular types of research and expectations on how this research is carried out.

MoRST's approach will be to place greater focus on all these instruments to ensure New Zealand's research effort is aligned with the Government's goals and so ensure science and technology are focused on the needs of New Zealanders.

These high-level directions or goals are being made more explicit through our work in developing roadmaps for science. The first of these – setting directions for energy, nanotechnology, biotechnology and environmental research – are close to being finalised. These will provide a valuable guide for the funding and investment agencies in developing their investment strategies.

The annual Vote RS&T Budget allocations also send an important message to the RS&T sector on what the Government expects from the sector. Our work in developing a multi-year approach to Budget allocations will support new work we are undertaking to identify longer-term directions for Vote RS&T. These longer-term directions will still leave room for flexibility in funding where new directions for research open up unexpectedly and will recognise the importance of supporting a range of basic, strategic and applied research that is appropriate to New Zealand's needs.

We also ensure we are alert to new developments in science and technology that are on the horizon through input from our Navigator Network. This network of individuals and organisations provides early alerts on new bioscience developments. These early alerts will provide opportunities for some pro-active thinking about the possible implications of such developments for New Zealand.

What we will do

KEY ACTION 1.1

Develop a national research agenda for New Zealand.

THE INTENT OF THIS KEY ACTION

This Key Action will allow us to ensure New Zealand's RS&T resources are directed towards those activities which will make the greatest difference to New Zealand's economy, society and environment.

MEASURING OUR IMPACT AND PROGRESS

We will measure our impact and progress to achieving this Key Action by monitoring whether RS&T investments reflect the directions outlined in the national research agenda.

OUR ANNUAL COMPONENT

This year we will confirm and present the Government's forward agenda for science by outlining New Zealand's flagship science areas.

KEY ACTION 1.2

Provide science roadmaps in those areas which require stronger co-ordination and communication of government objectives.

THE INTENT OF THIS KEY ACTION

This Key Action will ensure that the research funding and investment agencies have available the broad context and directions for a particular area of science.

MEASURING OUR IMPACT AND PROGRESS

We will measure our impact and progress to achieving this Key Action through six-monthly reports from FRST and HRC on how they have implemented the direction in the relevant roadmaps.

OUR ANNUAL COMPONENT

This year we will:

- start two new science roadmaps; and
- publish existing roadmaps and distribute them to the RS&T sector.

KEY ACTION 1.3

Ensure areas of priority government activity have the appropriate science underpinning.

THE INTENT OF THIS KEY ACTION

This Key Action acknowledges that MoRST needs to play a strong role in bringing research providers and users together. In critical areas, such as biotechnology, Government has called for MoRST to co-ordinate all the activity. Key environmental issues, for example flooding, have also required us to bring the key parties together.

MEASURING OUR IMPACT AND PROGRESS

We will measure our impact and progress to achieving this Key Action by:

- monitoring the MoRST stakeholder survey for indications of growing confidence among government departments that critical science is available to support their decision-making;
- reviewing the results of the biennial Biotechnology Survey.

OUR ANNUAL COMPONENT

This year we will:

- co-ordinate the continuing implementation of the Government's Biotechnology Strategy through hosting workshops in theme areas; and
- implement the action plan arising from the recommendations in the Social Science Reference Group (SSRG) report "Coming of Age. Social science research and its contribution to wealth and well-being in New Zealand, 2006 – 2016".

KEY ACTION 1.4

Scan the global environment for emerging science and technologies which will have implications for New Zealand.

THE INTENT OF THIS KEY ACTION

This Key Action will use the work of the Navigator Network to strengthen New Zealand's ability to foresee and make timely responses to issues and opportunities relevant to emerging science and technologies, with an initial focus on agricultural biotechnology and food.

MEASURING OUR IMPACT AND PROGRESS

We will measure our impact and progress to achieving this Key Action by monitoring the extent to which government departments and/or science organisations incorporate information insights arising from the Navigator Network into their policy development, advice and/or decision-making.

OUR ANNUAL COMPONENT

This year we will continue to manage the Navigator Network and receive reports on emerging science areas.



Students from Wellington Girls' College at the Biotechnology Roadshow during its visit to Wellington.

Biotech on the road

Between October 2005 and April 2006, more than 55,000 people around New Zealand took the opportunity to visit the Biotechnology Roadshow, a travelling exhibition developed by Te Papa with the support of MoRST.

Housed in a truck and trailer unit, the Biotech Roadshow toured the country, visiting a total of 41 towns and cities from Kaitia in the Far North to Invercargill in the deep south. The exhibition was designed to give all New Zealanders an opportunity to learn more about how new developments in biotechnology might shape our future as a nation. It also challenged visitors to think about the ethical and social issues around biotechnology and record their views. Some of the biotechnologies featured included DNA profiling, stem cell research, personalised medicine and marker-assisted breeding.

Strategic Priority two – Embedding science and technology in New Zealanders’ lives

New Zealanders need to be able to engage with science and technology and be more aware of the role they play in so many aspects of their daily lives. Transforming our economy and improving our wellbeing will depend on New Zealanders supporting and investing in science and technology.

To date the emphasis has tended to be on providing information about science and technology. We are now taking an approach that emphasises the way science and technology enhance New Zealanders’ lives. We want them to recognise science and technology as a core part of what makes this country a great place to live and, as a result, to celebrate and value the ideas and products produced through scientific and technological research. We also want all New Zealanders to be able to actively take part in discussions on the ideas and issues raised by science and technology.

We will do this by aligning the messages about science and technology that originate from the RS&T sector. We will build on our existing networks with government departments and agencies, research institutions, communities of interest, and others in the sector to improve the quality of the information that is available publicly. The Ministry has an important leadership role across the science system in this work, and will draw upon its strong links into national and international science communities.

Initially we will focus, in particular, on school students and their families to promote the importance and value of science and technology. This will be achieved by linking teachers and students to contemporary research that is being carried out in New Zealand. The material will be presented in a way that directly links it to the curriculum. This will be done through a hub that will include a website and complementary information and experiences for students.

In the medium term we seek to lift awareness within New Zealand of how science and technology enhance our economy, influence how we perceive ourselves, and answer the environmental and health issues we face. We see this being achieved by including, to a much greater degree than at present, information about science and technology and the contribution they make to every day issues that are important to New Zealanders.

What we will do

KEY ACTION 2.1

Establish a programme linking school students and their families with the research going on in the RS&T sector in New Zealand.

THE INTENT OF THIS KEY ACTION

This Key Action is designed to encourage school children and their parents to value science and technology in New Zealand by giving them an understanding of the research being done in this country.

MEASURING OUR IMPACT AND PROGRESS

We will measure our impact and progress to achieving this Key Action by monitoring the number of students interacting with the programme.

OUR ANNUAL COMPONENT

This year we will implement a programme to link school students with the RS&T sector.

KEY ACTION 2.2

Work with funding agencies and research organisations to align the key communication messages to demonstrate the value of science and technology. This will include establishing a group of sector communications specialists led by MoRST. We will work with the sector representatives to co-ordinate activities, produce consistent messages, and plan how these can be best presented to New Zealanders.

THE INTENT OF THIS KEY ACTION

Through this Key Action we will increase the emphasis being given to demonstrating the value of science and technology to New Zealanders' daily lives.

MEASURING OUR IMPACT AND PROGRESS

We will measure our impact and progress to achieving this Key Action by monitoring sector communications to see if New Zealanders are receiving a consistent set of messages about the role of science and technology in New Zealand.

OUR ANNUAL COMPONENT

This year we will work with research organisations to develop actions that are aligned to the goal of demonstrating the value and relevance of the science sector.

Strategic Priority three – Improving business performance through research and development (R&D)

The Government's goal of economic transformation for New Zealand will ultimately rely on the ability of the business sector – our firms and farms – to compete profitably in global markets. To accomplish this, New Zealand businesses must increase their level of innovation, become more productive and have a point of difference to offer those who buy our exports. Science and technology will be central to this process, but whether or not we are successful in improving business performance through R&D will depend on the effective assimilation of the ideas and knowledge produced through research, including the research contribution made by the business sector and the smart adaptation and uptake of technologies originating overseas.

Our main objective will be to improve the mechanisms by which the results of publicly funded research flow through to the business sector. To this end we will advise and assist the Crown Company Monitoring Advisory Unit (CCMAU) in their revision of the operating framework for CRIs to bring greater clarity and focus on the role of CRIs in stimulating sector growth. At the same time, we will also streamline the processes which businesses have to go through to access public funding to support their in-house R&D and the uptake of technology. To complement this, we intend placing greater emphasis on developing public/private partnerships at the individual company level as well as at the sector level to spread the costs involved in R&D and technology uptake. Measures such as these are intended to improve the capacity of New Zealand businesses to absorb and apply R&D into their day-to-day activities.

What we will do

KEY ACTION 3.1

Establish initiatives that enable easy and affordable access to international and local research expertise and technology solutions.

THE INTENT OF THIS KEY ACTION

This Key Action is aimed at facilitating the adoption of technology that will enhance business growth and productivity.

MEASURING OUR IMPACT AND PROGRESS

We will measure our impact and progress to achieving this Key Action by monitoring for increases in the number of businesses accessing the Technology New Zealand (TechNZ) suite of schemes and the level of co-investment in TechNZ projects.

OUR ANNUAL COMPONENT

This year we will:

- host a commercialisation summit;
- launch and promote the Technology Partnership New Zealand programme;
- identify incentives that will lead to improved flow of tacit knowledge from public research institutions to business;
- develop policy options to enhance localised commercialisation within small- to medium-sized enterprises; and
- consider options for regionally based commercialisation and entrepreneurship mentoring and advisory schemes.

KEY ACTION 3.2

Reduce the complexity and compliance requirements for securing business R&D funding support.

THE INTENT OF THIS KEY ACTION

This Key Action is aimed at improving access to R&D grants assistance to business and by so doing increase levels of business investment in R&D, the capacity of business to integrate the ideas and applications arising from RS&T and the receptivity of New Zealand businesses to adopting new technologies.

MEASURING OUR IMPACT AND PROGRESS

We will measure our impact and progress to achieving this Key Action through:

- reduced times to complete application forms; and
- evaluations of funding applications indicate a reduction in the complexity and/or cost of the process.

OUR ANNUAL COMPONENT

This year we will evaluate and review all business R&D support schemes in consultation with the business sector, public research organisations and relevant government agencies.

KEY ACTION 3.3

Improve the mechanisms that support pre-commercial stage technology development and access to intellectual property (IP) held by publicly funded research institutions (CRIs and universities).

THE INTENT OF THIS KEY ACTION

Through this Key Action we expect to significantly improve, within three years, the contribution made by publicly funded research institutions to New Zealand business innovation.

MEASURING OUR IMPACT AND PROGRESS

We will measure our impact and progress to achieving this Key Action by monitoring the uptake of pre-seed funding.

OUR ANNUAL COMPONENT

This year we will examine and develop options to improve the mechanisms that support pre-commercial stage technology development in publicly funded research institutions. This will include confirming the revised settings for the Pre-seed Accelerator Fund (PSAF).

KEY ACTION 3.4

Increase participation in co-funded partnerships and sector alliances, such as research consortia and other forms of public/private partnerships.

THE INTENT OF THIS KEY ACTION

Through this Key Action we will extend the range of options available for business to enter into collaborative research and commercialisation partnerships with government research institutions.

MEASURING OUR IMPACT AND PROGRESS

We will measure our impact and progress to achieving this Key Action by monitoring:

- the number of strategic research partnerships, research consortia and other public/private sector partnerships established;
- the dollar amount of co-funding leveraged; and
- transaction and compliance costs for the formation of research partnerships of all kinds.

OUR ANNUAL COMPONENT

This year we will:

- identify potential sectors for strategic research partnerships and develop framework agreements as appropriate; and
- increase the number of research consortia.

Strategic Priority four – A world-class science system for New Zealand

New Zealand needs a world-class science system to realise the potential of science and technology in transforming New Zealanders' lives. This means:

- world-class public and private research organisations that can marshal resources and create the capability that New Zealand needs to succeed in the long run;
- talented and creative people with the necessary skills, infrastructure and equipment to do the scientific research and technology development;
- high-performing government entities and effective processes to obtain, prioritise and allocate public money to science and technology; and
- relevant and well-designed schemes for the investment of that money.

Each of these elements is important in its own right but if we are to deliver a world-class science system for New Zealand, all four need to be aligned and operating well.

The current system has served us well in many respects but it needs to do better if it is to meet the demands of the future. More than ever, science and technology are global activities requiring the support of advanced information and communications technology (ICT) and sophisticated equipment. At the same time, modern infrastructure is transforming the way science is done. New frontiers of knowledge are also opening up, such as nanotechnology, that have enormous implications for the future.

Our science system needs to be positioned to respond to these challenges if we are to compete globally and attract the high-quality researchers we need to create new knowledge and scientific and technological applications to transform the lives of New Zealanders.

What we will do

KEY ACTION 4.1

Establish a more effective and stable funding environment for science.

THE INTENT OF THIS KEY ACTION

This Key Action will enable more effective long-term knowledge creation and application for New Zealand's benefit.

MEASURING OUR IMPACT AND PROGRESS

We will measure our impact and progress to achieving this Key Action through the efficient implementation of this policy as measured by an evaluation (to be carried out by April 2009) of its impact.

OUR ANNUAL COMPONENT

This year we will work with FRST and the sector to develop criteria to implement the stable investment policy in longer-term research programmes.

KEY ACTION 4.2

Introduce a multi-year package approach to Budget allocation increases for science.

THE INTENT OF THIS KEY ACTION

This Key Action will allow more effective planning and prioritisation of investment money and greater alignment between the priorities of government, research organisations and end-users.

OUR ANNUAL COMPONENT

This year we will develop an investment strategy for public investment in science that supports the Government's national research agenda and lifts New Zealand's investment to the current OECD average as a percentage of GDP.

KEY ACTION 4.3

Work with the Ministry of Education and the TEC to rationalise policies and investments across Votes RS&T and Education.

THE INTENT OF THIS KEY ACTION

This Key Action will allow us to take a system-wide view and, by working with the education agencies, increase the overall effectiveness of policy and investment in science and technology.

MEASURING OUR IMPACT AND PROGRESS

We will measure our impact and progress to achieving this Key Action by monitoring for an increase in the number of funding instruments that are jointly managed or peer reviewed by Vote Education and Vote RS&T agencies.

OUR ANNUAL COMPONENT

This year we will agree an updated joint work programme with the Ministry of Education and TEC to rationalise investment across Votes RS&T and Education.

KEY ACTION 4.4

Embed CRIs as leaders of innovation and value creation within their sectors, with an overall emphasis on delivering benefit to New Zealand.

THE INTENT OF THIS KEY ACTION

This Key Action will allow us to gain greater value from science investments made through CRIs. It will also help ensure faster transformation of existing sectors and creation of new sectors.

OUR ANNUAL COMPONENT

This year we will:

- work with CCMAU to implement a revised operating framework that focuses on the role of CRIs as strategic research institutions contributing to the national benefit;
- work with CCMAU to implement a broader suite of non-financial performance indicators; and
- provide advice on increasing the CRI Capability Fund.

KEY ACTION 4.5

Put in place measures to attract, retain and support our best people and teams within the New Zealand science system.

THE INTENT OF THIS KEY ACTION

Through this Key Action we aim to attract and retain top-performing people and teams to work in the New Zealand science system so that we are enhancing the potential for New Zealand to produce world-class RS&T and remain globally competitive.

MEASURING OUR IMPACT AND PROGRESS

We will measure our impact and progress to achieving this Key Action by monitoring:

- the number of scholarships awarded; and
- stakeholder survey comments.

OUR ANNUAL COMPONENT

This year we will:

- progress the leadership programme for younger scientists, being piloted through the Oxygen Group, through support of the Group and their national forum;
- analyse available data on human resources in science and technology to inform further policy development and an advanced skills strategy; and
- review existing support for scientists and develop policy options for enhancing leadership potential and encouraging the most talented scientists at all stages of their careers.

KEY ACTION 4.6

Put in place a more systematic approach to investing in the “backbone” of New Zealand science including large-scale infrastructure and equipment.

THE INTENT OF THIS KEY ACTION

This Key Action recognises the importance in the long term of data systems and standards in underpinning the RS&T system and that the sophisticated infrastructure (including high-speed communications networks) and equipment our researchers need to produce world-class science require specific investment processes.

OUR ANNUAL COMPONENT

This year we will:

- develop a protocol and framework for identification of essential national datasets as part of the science “backbone” of New Zealand; and
- formulate a long-range vision of the research infrastructure ownership and access arrangements that are critical to maintaining New Zealand’s research capacity, and a programme for achieving this.

Cost-effectiveness

We will ensure that the cost of our leadership is minimised where possible (for 2006/2007 this will represent 2.1 percent of total Vote RS&T). The collective cost of administration, including FRST, HRC and RSNZ, is currently 5.5 percent of total Vote RS&T over time and we do not anticipate significant changes to that figure.

Risk management

MoRST incorporates the identification and management of risks into the way we do our work.

As part of our business planning, our work teams are required to identify any specific risks that may restrict their ability to achieve their outputs/outcomes. We monitor any new risks as part of our regular management meetings.

For major projects, such as IT outsourcing, the Ministry seeks independent advice on its processes to ensure that conflicts of interest are eliminated.

In our policy work, our risks are managed through excellence in analysis, through peer review, and through a policy management committee – an in-house forum for vigorous debate on our policy advice. We also review, using independent reviewers, the efficiency and effectiveness of our programmes and of the Crown entities we work with.

Over the next year the Ministry will refine its operating review system so that risks to achieving the Major Outcome are regularly reviewed by the senior management team. While the Ministry will continue to monitor its risks through management meetings and systems, MoRST recognises that the most effective management of risk is through good quality day-to-day management. We will continue to invest in the capability of our managers and, through this, invest in the quality of risk management in the Ministry.

Our accountability

The Annual Components (Outputs) are specified in Part Two of this SOI and will be reported on through our accountability procedures. Part Two of this SOI also sets out the key performance indicators for MoRST for 2006/2007 and details the specific deliverables the Ministry will be accountable for when reporting on performance against the SOI.

Our Outputs are also used as the basis for developing our annual Output Agreement with the Minister. We are accountable to the Minister for delivery of all the activities in our Output Agreement.

In addition to our Output Agreement with the Minister, we establish individual Output Agreements between the Minister and each of the funding and investment agencies (FRST, HRC and RSNZ) to cover their research contract management activities. Through these Output Agreements with the funding agencies, we ensure that the agencies are accountable for the expenditure of Vote RS&T.

Progress in delivering on the stated Outputs outlined in the Output Agreements will be reported on by MoRST in our quarterly reports to the Minister, and by each funding agency in their reports to MoRST on either a quarterly or half-yearly basis.

Evaluation and monitoring

In addition to being accountable for delivery of our Annual Components or Outputs, we want to ensure that our Outputs are having their intended effect and that they are helping us make progress towards achieving our Strategic Priorities and our Major Outcome. Therefore, we evaluate and monitor the work that we do and the results of that work. Data for monitoring our performance is also provided by RS&T funding agencies through their quarterly reporting and annual Progress and Achievements Reports (PARs) that summarise the performance of, and benefits from, Vote RS&T investments.

MoRST evaluates progress by:

- providing an overall evaluation framework to guide activity and data collection across agencies;
- undertaking surveys, in conjunction with Statistics New Zealand, to gather data on R&D and innovation activity across the economy;
- evaluating particular policy levers once they have been in place long enough to show an impact; and
- co-ordinating and integrating the evidence and data gathered by other agencies.



MoRST Science Group members involved in setting up the Wayfinder website.

(From left to right): Jane Cameron, Robert Hickson and George Slim (Director). Photograph by Mel Baylis.

Biotech interactive web guide

In November 2005, MoRST launched the Biotech Regulatory Wayfinder website – a guide to the regulations governing this important area of science.

Different biotechnology products and applications are subject to different regulations but the Wayfinder website provides an easy-to-use interactive guide so that researchers can quickly trace the regulatory path they need to take for the particular product or application they are working on. While the site at www.morst.govt.nz/wayfinder is aimed primarily at biotechnology researchers, it is also designed as a resource for teachers, students and anyone else who wants to know how, and why, the Government regulates biotechnology.

section three

Our capability to deliver

In order to attain MoRST's Major Outcome of science and technology transforming New Zealanders' lives, we must ensure there is effective capability within the organisation and ensure this is consistent with the State Sector Development Goals. That means attracting and retaining the right combination of people; providing people with great leadership; policies, systems and practices that support our culture; and developing strong, high-quality partnerships and relationships with key stakeholders.

To achieve this we will focus on the following three capability objectives:

OBJECTIVE ONE

THE WAY WE ENGAGE INFORMS US AND SUPPORTS OUR LEADERSHIP ROLE

We recognise, in our role as a policy Ministry, the importance of taking a leadership role across a segmented RS&T sector in order to achieve the major outcome.

To fulfil our leadership role, we need to engage effectively with our stakeholders in the sector and beyond. Effective engagement is a two-way process. Firstly, we need to be well connected so that we have the breadth of information necessary to do our work well. As a policy Ministry we need to be extremely well informed about the environment on which we advise, or, if we do not have the information to hand, are able to draw on our networks to acquire it quickly.

Secondly, we need to build strong partnerships across the RS&T sector, the business sector, the wider community and other government agencies. We recognise that, to be effective, we must lead through influence, as well as direction.

To achieve this Objective we will:

- implement a plan to define our external engagement objectives, and identify and prioritise audiences we will engage with and the actions we will undertake to deliver over the next three years to strengthen our leadership role; and
- run a development programme that will increase our relationship management skills so we are better equipped for our sector leadership role.

OBJECTIVE TWO

WE FOCUS ON WHAT IS IMPORTANT AND DELIVER IT

We will need to focus on MoRST's priorities while ensuring we have the ability to respond quickly to demands and opportunities as they arise. This is important in view of the large work programme we face over the next few years. As a small Ministry of around 80 people, this presents a significant challenge to how we work. We will only succeed if we remain firmly focused on what we need to achieve, prioritise our work, and manage our work and resources to ensure we are delivering as efficiently and effectively as possible.

The key to successful prioritisation involves setting priorities and working smarter – in other words, doing what is important and accepting that other tasks may not be done. Staff will need to have a clear and shared understanding MoRST's direction so they can change focus if the context we work in and priorities change. We will ensure we have in place an effective suite of internal management systems that allow us confidence in our decision-making. These management systems need to run through all our day-to-day business activities.

To achieve this Objective we will:

- focus on reviewing and improving our organisational systems, including our strategy development and other internal processes, our performance management systems and our accountability documentation.

OBJECTIVE THREE

STRENGTHENING PEOPLE LEADERSHIP CAPABILITY AND ORGANISATIONAL CLARITY WITHIN MoRST

MoRST recognises that the key to delivering is the engagement of the people who work at the Ministry. We also recognise that the quality of leadership and accountability within the Ministry plays a major role in achieving this. While MoRST's Human Resources Strategy focuses on a broad set of human resources activities (such as effective recruitment and staff development), it identifies strong internal leadership and organisational clarity as the critical components for ensuring the Strategy makes a significant difference to our performance.

In recognition of the role good internal leadership and accountability play in the performance of any well-performing organisation, we will continue to increase the capability of our leaders. At the same time, we recognise the need for individual staff to be clear about their roles and their accountabilities so that they are able to act with clarity and confidence.

To strengthen our leadership capability we will:

- focus on the continued development and implementation of managerial leadership programmes that will build the capability of individual managers within the Ministry. These programmes will emphasise the value and impact of management on the organisation and will include the use of skill-based learning; and the role of managers. Managers will also have access to a range of tools to help them manage more effectively; and
- develop leadership through customised development courses, coaching programmes, and leadership development programmes and resources provided by organisations such as the Leadership Development Centre and the Australia and New Zealand School of Government's executive programme.

To ensure greater organisational clarity we will:

- continue to review and clarify the purpose, responsibilities and authority of each role within the Ministry, ensuring the roles and responsibilities reflect the changing needs, role and size of the Ministry.

Equal employment opportunities

MoRST will undertake the Pay and Employment Equity Review in 2007/2008.

Statement by Responsible Minister

I confirm that information prepared and presented within this Statement of Intent covering the three years from 2006/2007 to 2008/2009 is in accordance with section 38 of the Public Finance Act 1989 and is consistent with the policies and performance expectations of the Government.

Signed



Hon Steve Maharey
Minister of Research, Science and Technology

Statement of Responsibility

I accept responsibility for the information prepared and presented within this Statement of Intent covering the three years from 2006/2007 to 2008/2009, and certify that the information provided for the 2006/2007 financial year is consistent with all existing and proposed appropriations set out in the first Appropriation Bill for 2006/2007 being laid before the House of Representatives under section 4 of the Public Finance Act 1989.

The forecast financial statements of the Ministry of Research, Science and Technology for the year ending 30 June 2007 contained in this Statement of Intent have been prepared in accordance with sections 38 and 41 of the Public Finance Act 1989.

The financial and service performance forecasts to be achieved by the Ministry for the year ending 30 June 2007, which are specified in the forecast statement of objectives and forecast statement of service performance, are as agreed with the Minister of Research, Science and Technology, who is responsible for the Ministry of Research, Science and Technology.

Signed



Dr Helen Anderson
Chief Executive
3 April 2006

Countersigned



Geoff Palmer
Finance Manager
3 April 2006

section one

Forecast service performance

This section describes the work we will do in the coming year and how we will assess the performance of this work. It provides financial information and quality measures for our proposed activities.

General characteristics for the Outputs to be delivered

GENERIC OUTPUT MEASURES

Generic quality, quantity and timeliness measures for Outputs supplied within all the Output expenses are given below. More specific measures for individual Outputs are listed where appropriate.

QUANTITY AND TIMELINESS

Outputs will be of a size and scope, and with target dates for delivery, as specified in the Annual Output Plan negotiated between the Minister and the Chief Executive of the Ministry. These can be modified by agreement between the Minister and the Chief Executive during the course of the year.

This measure will be assessed by comparison of the actual work produced and its timeliness with the commitments set out in the Output Plan, or as modified by agreement with the Minister during the year.

COVERAGE

A background service will be provided which includes:

- the capacity to react urgently;
- regular evaluation of the impacts of international developments and government policy;
- regulation and expenditure on the outcomes desired by the Government;
- timely briefings that can anticipate issues; and
- support for the Minister as required in Cabinet Committees, Caucus Committees, Select Committees, in the House, and during international ministerial-level science- and technology-related visits.

The coverage achieved will depend, however, on the resources required to supply the work specified under each Output, as this specified work will have priority. This measure will be assessed by written reports provided to the Minister weekly (and discussed during regular meetings with the Minister) advising of issues and seeking feedback and direction.

COST

Outputs will be produced within the overall appropriation. This measure will be assessed by the comparison of actual costs with that set out in the Estimates or as modified in the Supplementary Estimates.

QUALITY OF DOCUMENTS

Individual items of work will satisfy quality characteristics required for Cabinet papers and other important documents. These characteristics include:

Purpose: The objective of the paper is clearly stated, answers the questions asked by Ministers and demonstrates a clear understanding of the desired Outcome(s) of the Government or the Minister.

Scope and relevance: The paper identifies the symptoms and causes of the policy “problem” and/or opportunity, and makes explicit the assumptions behind the advice. The analysis is linked to the Government’s science and technology strategy and other related Government policies and priorities. Implications for other Government policy areas are identified.

Logic: The paper offers logical argument linking information and assumptions to the conclusions.

Accuracy: All relevant information is included and is accurate, stating the range of uncertainty. The paper is based on the maximum practicable information and identifies known gaps that could significantly affect the conclusions.

Options: A range of options is presented that provide clearly differentiated choices and these are rigorously evaluated using an appropriate analytical framework. Costs, benefits, consequences and risks of the options are assessed as part of the analysis.

Consultation: Evidence of thorough and timely consultation with other government departments and other stakeholders is presented, and their views incorporated as appropriate.

Implementation: Issues of transition, implementation, technical feasibility, practicality and timing are considered, and compliance, administrative implications and costs are identified. Specific recommendations are made to ensure Ministers decide who is responsible and accountable for the process of implementation and accountable for the policy as implemented. Legislative implications are identified.

Presentation: The paper is written in plain language, has an accurate and concise summary, meets format requirements of the Cabinet Office Manual, and presents recommendations unambiguously and concisely to Ministers.

Funding: The paper accurately and comprehensively describes the funding implications for the Government of the proposals put forward.

Publicity: The paper provides advice on how publicity arising from decisions on the paper should be handled, including an assessment of key stakeholders who should be informed and how.

These quality characteristics will be assessed by:

- the results of a biennial survey of key stakeholders to review their satisfaction with the Ministry’s communication and consultation processes;
- regular reports from the Cabinet Office tracking how well the Ministry’s Cabinet papers meet Cabinet Office standards of presentation, including conciseness, clarity and consultation; and
- regular external and independent review of selected pieces of policy work tested against the above criteria.

OUTPUT

Policy Advice

DESCRIPTION

The Policy Advice Output provides policy advice on science and innovation to support New Zealand's knowledge base and its capacity to innovate. Under this Output, the Ministry of Research, Science and Technology will:

- define policy – advice that identifies policy needs and develops understanding of research, science and technology issues which affect New Zealand's social, environmental and economic wellbeing;
- design policy – identifying, evaluating and recommending solutions involving science and innovation; and
- deliver policy – implementing policy and evaluating its impact on New Zealanders' lives, environment and enterprises, and enabling and facilitating global, community and governmental partnerships.

Performance Criteria

MEASURE

PERFORMANCE INDICATOR

Quantity

Provide ministerial support services as required, including:

- draft replies for letters to the Minister
- responses to information requests from the Minister
- responses to Parliamentary Questions and Official Information Act requests

260-350 items of work

Deliver the Outputs scheduled below and other policy advice in accordance with the Output Plan negotiated annually with the Minister. Any variations will be agreed between the Minister and Chief Executive on a quarterly basis.

The Outputs are delivered as agreed

MEASURE

PERFORMANCE INDICATOR

Schedule of Outputs to be delivered:

Strategic Priority (5-10 yrs)	Key Action (3-5yrs)	Output for 2006/2007	
I. Sharpening the agenda for science	1.1 Develop a national research agenda for New Zealand	<ul style="list-style-type: none"> Confirm and present the Government's forward agenda for science by outlining New Zealand's flagship science areas 	A paper outlining the Government's forward agenda for science is published by 30 June 2007
	1.2 Provide science roadmaps in those areas which require stronger co-ordination and communication of government objectives	<ul style="list-style-type: none"> Start two new science roadmaps Publish existing roadmaps and distribute them to the RS&T sector 	Two new roadmaps are started by 30 June 2007 Roadmaps for nanotechnology, biotechnology, energy and environment are distributed to the sector by February 2007
	1.3 Initiate targeted work in those areas of priority government activity which require improved links between the end-user community and the research provider community	<ul style="list-style-type: none"> Co-ordinate the continuing implementation of Government's Biotechnology Strategy through hosting workshops in theme areas Implement the action plan arising from the recommendations in the SSRG report "Coming of Age" 	A stem cell workshop involving researchers and officials is held by September 2006 A nanotechnology workshop is held by 30 June 2007 A progress report on the implementation of the action plan is presented by February 2007
	1.4 Scan the global environment for emerging science and technologies which will have implications for New Zealand	<ul style="list-style-type: none"> Continue to manage the Navigator Network and receive reports on emerging science areas 	Three "early alerts" reports are presented by 30 June 2007 A stakeholder workshop on emerging science implications for New Zealand is held by April 2007

MEASURE

PERFORMANCE INDICATOR

Strategic Priority (5-10 yrs)	Key Action (3-5yrs)	Output for 2006/2007	
2. Embedding science and technology in New Zealanders' lives	2.1 Establish a programme linking school students and their families with the research going on in the RS&T sector in New Zealand	<ul style="list-style-type: none"> Implement a programme to link school students with the RS&T sector 	A website containing information about RS&T activity in New Zealand is developed by 30 June 2007 A programme of related activities for school students is developed by 30 June 2007
	2.2 Work with funding agencies and research organisations to align the key communication messages to demonstrate the value of science and technology. This will include establishing a group of sector communications specialists led by MoRST. We will work with the sector representatives to co-ordinate activities, produce consistent messages, and plan how these can be best presented to New Zealanders	<ul style="list-style-type: none"> Work with research organisations to develop actions that are aligned to the goal of demonstrating the value and relevance of the science sector 	A co-ordinated event calendar/ plan is developed and in place by December 2006 Regular meetings of the communications staff from key funding agencies and research institutes are established by September 2006
3. Improving business performance through research and development	3.1 Establish initiatives that enable easy and affordable access to research expertise and technology solutions	<ul style="list-style-type: none"> Host a commercialisation summit Launch and promote the Technology Partnership New Zealand programme 	A commercialisation summit is held by December 2006 The Technology Partnership New Zealand programme is established by February 2007
		<ul style="list-style-type: none"> Identify incentives that will lead to improved flow of tacit knowledge from public research institutions to business 	Policy to implement incentives to improve the flow of tacit knowledge from public research institutions to business is presented by 30 June 2007
		<ul style="list-style-type: none"> Develop policy options to enhance localised commercialisation within small- to medium-sized enterprises. 	Policy options to enhance localised commercialisation within small- to medium-sized enterprises are presented by 30 June 2007
		<ul style="list-style-type: none"> Consider options for regionally based commercialisation and entrepreneurship mentoring and advisory schemes 	A feasibility study for implementing a regional commercialisation hub programme is presented by 30 June 2007

MEASURE

PERFORMANCE INDICATOR

Strategic Priority (5-10 yrs)	Key Action (3-5yrs)	Output for 2006/2007	
	3.2 Reduce the complexity and compliance requirements for securing business R&D funding support	<ul style="list-style-type: none"> Evaluate and review all business R&D support schemes in consultation with the business sector; public research organisations and relevant government agencies 	The Technology New Zealand grant schemes are evaluated and a report presented by 30 June 2007
	3.3 Improve the mechanisms that support pre-commercial stage technology development of, and access to, intellectual property (IP) held by publicly funded research institutions (CRIs and universities)	<ul style="list-style-type: none"> Examine and develop options to improve the mechanisms that support pre-commercial stage technology development in publicly funded research institutions, including confirming the revised settings for PSAF 	A paper on policy options to improve the mechanisms that support pre-commercial stage technology development is produced by February 2007
	3.4 Increase participation in co-funded partnerships and sector alliances, such as research consortia and other forms of public/private partnerships	<ul style="list-style-type: none"> Identify potential sectors for strategic research partnerships and develop framework agreements as appropriate Increase the number of research consortia 	<p>Framework agreements for strategic research partnerships presented by 30 June 2007</p> <p>Recommended revised criteria for the research consortia programme are presented by February 2007</p>
4. A world-class science system for New Zealand	4.1 Create a more effective and stable funding environment for science	<ul style="list-style-type: none"> Work with FRST and the sector to develop the criteria to implement the stable investment policy in longer term research programmes 	A report to joint Ministers on FRST's finalised operational details used to implement technical review and a negotiated investment approach by 31 August 2006
	4.2 Introduce a multi-year package approach to Budget allocation increases for science	<ul style="list-style-type: none"> Develop an investment strategy for public investment in science that supports the Government's national research agenda and lifts New Zealand's investment to the current OECD average as a percentage of GDP 	An investment strategy is developed and presented to the Minister by 30 June 2007

MEASURE

PERFORMANCE INDICATOR

Strategic Priority (5-10 yrs)	Key Action (3-5yrs)	Output for 2006/2007	
	4.3 Work with the Ministry of Education and the TEC to rationalise policies and investments across Votes RS&T and Education	<ul style="list-style-type: none"> • Agree an updated joint work programme with the Ministry of Education and TEC to rationalise investment across Votes RS&T and Education 	An updated work programme is presented to the Ministers of RS&T and Tertiary Education by 30 June 2007
	4.4 Embed CRIs as leaders of innovation and value creation within their sectors, with an overall emphasis on delivering benefit to New Zealand	<ul style="list-style-type: none"> • Work with CCMAU to implement a revised operating framework that focuses on the role of CRIs as strategic research institutions contributing to the national benefit • Work with CCMAU to implement a broader suite of non-financial performance indicators • Provide advice on increasing the CRI Capability Fund 	<p>Provide policy advice to CCMAU to assist with the implementation of the new operating framework for CRIs by 30 June 2007</p> <p>Provide policy advice to CCMAU to assist with the development and implementation of non-financial measures by 30 June 2007</p> <p>A report on the case for increasing the CRI Capability Fund is presented by 31 January 2007</p>
	4.5 Put in place measures to attract, retain and support our best people and teams within the New Zealand science system	<ul style="list-style-type: none"> • Progress the leadership programme for younger scientists, being piloted through the Oxygen Group, through support of the Group and their national forum • Analyse available data on human resources in science and technology to inform further policy development and an advanced skills strategy • Review existing support for scientists and develop policy options for encouraging the most talented scientists throughout their careers; 	<p>Four meetings of the Oxygen Group are held by 30 June 2007</p> <p>A science forum organised and facilitated by the Oxygen Group members is held by 30 June 2007</p> <p>HRST data is made available to the science sector by 30 June 2007</p> <p>A report to the Minister of RS&T on policy options for supporting and encouraging the most talented scientists throughout their careers is presented by 30 June 2007</p>

MEASURE

PERFORMANCE INDICATOR

Strategic Priority (5-10 yrs)	Key Action (3-5yrs)	Output for 2006/2007	
	4.6 Put in place a more systematic approach to investing in the "backbone" of New Zealand science including large-scale infrastructure and equipment	<ul style="list-style-type: none"> Develop a protocol and framework for identification of essential national datasets as part of the science "backbone" of New Zealand Formulate a long-range vision of the research infrastructure ownership and access arrangements that are critical to maintaining New Zealand's research capacity, and a programme for achieving this 	<p>A policy framework for the science "backbone" of New Zealand is presented by 31 January 2007</p> <p>Large-scale infrastructure needs identified by the Research Infrastructure Advisory Group (RIAG) are assessed and reported by 30 June 2007</p>

MEASURE

PERFORMANCE INDICATOR

Quantity

All policy advice will conform with the quality criteria set out on pages 40-41 of this document	100%
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Timeliness

All policy advice will be delivered to specified deadlines where agreed with the Minister	100%
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Provision of draft responses to ministerial correspondence within 20 days of receipt	95%
--	-----

Provision of draft responses to Parliamentary Questions to deadline	100%
---	------

Cost

	\$000
	GST Exclusive

The Policy Advice Output will be provided for the following cost:

funded by Revenue Crown	12,113
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funded by Revenue Department	204
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Total Cost	13,406
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OUTPUT

Contract Management

DESCRIPTION

The Contract Management Output administers RS&T contracts aimed at accelerating knowledge creation and development of human capital and learning networks. Under this Output, RS&T Outputs in Vote RS&T are provided on behalf of the Crown through the negotiation, management and monitoring of contracts.

Agreements are managed with the following agents and providers:

- Foundation for Research, Science and Technology
- Health Research Council of New Zealand
- Royal Society of New Zealand
- Industrial Research Limited
- Research and Education Advanced Network New Zealand Limited
- Other providers of research, science and technology services.

Performance Criteria

MEASURE

PERFORMANCE INDICATOR

Quantity

Output Agreements or contracts established with funding and investment agents or providers of research, science and technology services.	6
--	---

Quality

Output Agreements conform to the Ministry's standard for agreements, including the following:

- Prices for each Output are stipulated
- Reporting requirements are stipulated

100% of Agreements conform to standards

100% of variations to the Agreement are actioned within term of Agreement

Statutory deadlines for negotiation of agreements

100% of Agreements are negotiated by 30 June 2006

Contestably awarded contracts with suppliers of non-departmental Output conform to the Ministry's standards for contracts

100%

Payments are correct

100% correct and on time

Timeliness

Ministry monitoring of reports is provided within time limits specified in the Output Agreements

95%

Cost

\$000
GST Exclusive

The Contract Management Output will be provided for the following cost, funded by Revenue Crown

1,089

section two

Financial information

Statement of Underlying Assumptions

These forecast financial statements and the forecast statement of service performance have been compiled on the basis of government policies and the interim outcome of negotiations between the Ministry of Research, Science and Technology and the Minister of Research, Science and Technology on the Output Agreement for 2006/2007, at the time the statements were finalised.

These forecast financial statements comply with generally accepted accounting practice, as recommended by the Institute of Chartered Accountants of New Zealand. The measurement base applied is historical cost. The accruals basis of accounting has been used for the preparation of these statements.

These forecast financial statements have been prepared on a going concern basis.

The forecast financial statements in this report present expenses (and revenue) exclusive of GST, in accordance with generally accepted accounting practice.

IMPACT OF ADOPTING NEW ZEALAND EQUIVALENTS TO IFRSs

The impact of adopting New Zealand Equivalents to the International Financial Reporting Standards (IFRSs) will be disclosed in the Annual Report for 2006/2007, published in October 2007. The Ministry will be reporting on the basis of New Zealand Equivalents to IFRSs from 1 July 2007 for the 2007/2008 financial year.

Statement of Accounting Policies

FOR THE YEAR ENDING 30 JUNE 2007

The Ministry of Research, Science and Technology is a government department as defined by section 2 of the Public Finance Act 1989.

The financial statements have been prepared in accordance with section 42 of the Public Finance Act 1989.

MEASUREMENT SYSTEM

The general accounting systems recognised as appropriate for the measurement and reporting of results and financial position on an historical cost basis will be followed.

ACCOUNTING POLICIES

Revenue

The Ministry derives revenue through the provision of outputs to the Crown and for services to third parties. Such revenue is recognised when earned and is reported in the financial period to which it relates.

Cost allocation

Direct costs will be charged directly to Outputs. Indirect costs will be allocated to Outputs based on a proportion of budgeted direct staff costs for each Output.

Debtors and receivables

Debtors and receivables will be recorded at estimated realisable value, after providing for doubtful debts.

Fixed assets

Fixed assets costing \$1,500 (GST exclusive) or more are capitalised and recorded at historical cost.

Depreciation

Depreciation of fixed assets is provided on a straight-line basis so as to allocate the cost of assets to the estimated residual value over their useful lives. The rates of depreciation used for 2005/2006 are:

- Computer equipment 33.3%
- Office equipment and furniture 20%
- Office fitout – spread over the unexpired portion of the accommodation lease.

Employee entitlements

Annual leave will be recognised as it accrues to employees on an entitlement basis at current rates of pay. Long service leave will be recognised on an actuarial basis based on the present value of expected future entitlements.

Statement of Forecast Cash Flows

Cash means cash balances on hand and held in bank accounts.

Operating activities include cash received from all income sources of the Ministry and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise capital injections by, or repayment of capital to, the Crown.

Financial instruments

The Ministry will be party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, debtors and creditors.

Goods and Services Tax

The Statement of Forecast Financial Performance, Statement of Forecast Movements in Taxpayers' Funds, Statement of Forecast Cash Flows, are exclusive of GST. The Statement of Forecast Financial Position is also exclusive of GST except for Creditors and Payables and Debtors and Receivables, which are GST inclusive. The amount of forecast GST owing to or from the Inland Revenue Department at balance date, being the difference between Output GST and Input GST, is included in Creditors and Payables.

Leases

The Ministry leases office premises. As the lessor effectively retains all the risks and benefits of ownership, these leases are expensed as operating leases. Operating lease costs will be expensed in the period in which they are incurred.

Taxation

The Ministry of Research, Science and Technology is exempt from the payment of income tax in terms of the Income Tax Act 1994. Accordingly, no charge for income tax has been provided for.

Taxpayers' funds

This is the Crown's net investment in the Ministry.

Commitments

Future payments are disclosed as commitments at the point a contractual obligation arises, to the extent that they are equally unperformed obligations. Commitments relating to employment contracts are not disclosed.

Contingent liabilities

Contingent liabilities are disclosed at the point of time at which the contingency is evident.

Changes in accounting policies

There have been no changes in accounting policies, including cost allocation accounting policies, since the date of the last audited financial statements. All policies have been applied on a basis consistent with other years.

Statement of Forecast Financial Performance

FOR THE YEAR ENDING 30 JUNE 2007

	2005/2006 Budgeted \$000	2005/2006 Estimated \$000	2006/2007 Forecast \$000
Revenue			
Crown	12,724	12,724	13,202
Departments	228	228	204
Other	412	412	0
Interest	0	0	0
Total Revenue	13,364	13,364	13,406
Expenses			
Output expenses			
Personnel	7,220	7,285	7,431
Operating	5,453	5,451	5,356
Depreciation	498	435	438
Capital charge	193	193	181
Total Output Expenses	13,364	13,364	13,406
Total Expenses	13,364	13,364	13,406
Net Surplus	0	0	0

Statement of Forecast Financial Position

FOR THE YEAR ENDING 30 JUNE 2007

	Budgeted as at 30/6/06 \$000	Estimated as at 30/6/06 \$000	Forecast as at 30/6/07 \$000
Assets			
Current Assets			
Cash and bank balances	1,675	1,919	1,887
Inventories	0	0	0
Prepayments	0	0	0
Receivables	50	50	50
Total current assets	1,725	1,969	1,937
Non-current Assets			
Physical Assets	2,552	2,308	2,340
Total Assets	4,277	4,277	4,277
Liabilities			
Current Liabilities			
Payables and provisions	1,556	1,556	1,556
Provision for payment of surplus	0	0	0
Provision for employee entitlements	283	280	283
Total current liabilities	1,839	1,836	1,839
Term Liabilities	22	25	22
Total Liabilities	1,861	1,861	1,861
Taxpayers' Funds			
General funds	2,416	2,416	2,416
Total taxpayers' funds	2,416	2,416	2,416
Total Liabilities and Taxpayers' Funds	4,277	4,277	4,277

Statement of Forecast Cash Flows

FOR THE YEAR ENDING 30 JUNE 2007

	2005/2006 Budgeted \$000	2005/2006 Estimated \$000	2006/2007 Forecast \$000
Cash Flows from Operating Activities			
Cash provided from:			
Supply of outputs:			
Crown	12,724	12,724	13,202
Other	640	640	204
Interest	0	0	0
Cash disbursed to:			
Cost of producing outputs:			
Output expenses	(13,326)	(13,389)	(12,787)
Capital charge	(193)	(193)	(181)
Other	0	0	0
Net Cash Flows from Operating Activities	(155)	(218)	438
Cash Flows from Investing Activities			
Cash provided from:			
Sale of physical assets	0	0	0
Cash disbursed to:			
Purchase of physical assets	(659)	(352)	(470)
Net Cash Flows from Investing Activities	(659)	(352)	(470)
Cash Flows from Financing Activities			
Cash provided from:			
Capital contribution from the Crown	0	0	0
Cash disbursed to:			
Payment of surplus to the Crown	(350)	(350)	0
Capital repayments	0	0	0
Net Cash Flows from Financing Activities	(350)	(350)	0
Net Increase/(Decrease) in Cash Held	(1,164)	(920)	(32)
Opening Total Cash Balance at 1 July	2,839	2,839	1,919
Closing Total Cash Balance at 30 June	1,675	1,919	1,887

Reconciliation of Net Surplus to Forecast Net Cash Flows

FOR THE YEAR ENDING 30 JUNE 2007

	2005/2006 Budgeted \$000	2005/2006 Estimated \$000	2006/2007 Forecast \$000
Net Surplus from Statement of Forecast Financial Performance	0	0	0
Non-cash Item			
Depreciation	498	435	438
Profit on Sale of Physical Assets	0	0	0
Movements in Working Capital Items			
Decrease/(increase) in inventories	0	0	0
Decrease/(increase) in receivables	711	711	0
Increase/(decrease) in payables	(1,364)	(1,364)	0
Increase/(decrease) in employee entitlements	0	0	0
Net Cash Flows from Operating Activities	(155)	(218)	438

Statement of Forecast Movements in Taxpayers' Funds (Net Assets)

FOR THE YEAR ENDING 30 JUNE 2007

	2005/2006 Budgeted \$000	2005/2006 Estimated \$000	2006/2007 Forecast \$000
Taxpayers' Funds at Start of Period	2,416	2,416	2,416
Movements during the Year (other than flows to and from the Crown)			
Net surplus	0	0	0
Total recognised revenues and expenses Crown	0	0	0
Provision for payment of surplus to the Crown	0	0	0
Taxpayers' Funds at End of Period	2,416	2,416	2,416

Statement of Objectives – Forecast Financial Performance

FOR THE YEAR ENDING 30 JUNE 2007

	2005/2006 Budgeted \$000	2005/2006 Estimated \$000	2006/2007 Forecast \$000
Operating Results			
Revenue: Other	640	640	204
Revenue: Interest	0	0	0
Output expenses	13,364	13,364	13,406
Other expenses	0	0	0
Operating surplus before capital charge	193	193	181
Net Surplus	0	0	0
Working Capital:			
Net current assets	(114)	133	98
Current Ratio	94%	107%	105%
Resource Utilisation:			
Physical assets			
Total Physical assets at year end	2,552	2,308	2,340
Additions as a % of physical assets	26%	15%	20%
Taxpayers' Funds at Year End	2,416	2,416	2,416
Forecast Net Cash Flows			
Surplus/(deficit) on Operating Activities	(155)	(218)	438
Surplus/(deficit) on Investing Activities	(659)	(352)	(470)
Surplus/(deficit) on Financing Activities	(350)	(350)	0
Net Increase/(Decrease) in Cash Held	(1,164)	(920)	(32)

Statement of Objectives – Forecast Details of Physical Assets by Category

AS AT 30 JUNE 2007

	2005/2006	2005/2006	Forecast position as at 30 June 2007		
	Budgeted	Estimated	Cost	Accumulated Depreciation	Net Book Value
	\$000	\$000	\$000	\$000	\$000
Computer Equipment	774	548	1,232	482	750
Office Fitout	1,732	1,736	2,001	439	1,562
Office Equipment & Furniture	46	24	88	60	28
Total	2,552	2,308	3,321	981	2,340

Statement of Objectives – Forecast Capital Expenditure

FOR THE YEAR ENDING 30 JUNE 2007

	2001/02	2002/03	2003/04	2004/05	2005/06	2005/06	2006/07	2007/08	2008/09
	Actual	Actual	Actual	Actual	Budgeted	Estimated	Forecast	Forecast	Forecast
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Computer Equipment	204	289	136	382	588	309	455	485	285
Office Fitout	0	40	0	1,912	0	27	0	0	0
Office Equipment & Furniture	2	50	0	0	71	16	15	15	15
Total	206	378	136	2,295	659	352	470	500	300

The forecast capital expenditure for the 2006/2007 financial year is primarily routine replacement and upgrade of the department's information technology and office equipment, to help our staff efficiently deliver the services set out in this Statement of Intent.

Statement of Objectives – Forecast Output Operating Statement

FOR THE YEAR ENDING 30 JUNE 2007

The Ministry will provide outputs in 2006/2007 that meet the requirements of the Vote Minister in terms of their nature, timeliness, quality and quantity specifications and cost.

Departmental outputs to be delivered by the Ministry of Research, Science and Technology and their associated revenue, expenses and surplus are summarised below

	Revenue Crown \$000	Revenue Other \$000	Total Expenses \$000	Operating Surplus
Policy Advice	12,113	204	12,317	0
Contract Management	1,089	0	1,089	0
Total Departmental Output Expenses	13,202	204	13,406	0

Non-departmental Schedules and Statements

	2005/2006 Budgeted \$000	2005/2006 Estimated \$000	2006/2007 Forecast \$000
Revenue	0	0	620
Expenses	606,576	606,576	625,553
Capital Payments	6,932	6,932	7,310
Total Assets	1,529	1,529	1,529
Total Liabilities	830	830	830

The following non-departmental statements and schedules record the forecast expenses, assets and liabilities that the Ministry manages on behalf of the Crown. The Ministry will administer \$625.6 million of non-departmental expenditure and \$7.3 million of capital investment on behalf of the Crown for the year ended 30 June 2007. Further details of the Department's management of these Crown assets and liabilities are provided in the Statement of Objectives in this section.

These non-departmental balances are consolidated into the Forecast Crown Financial Statements and therefore readers of these statements and schedules should also refer to the Forecast Crown Financial Statements for 2005/2006 published in the 2006 Budget Economic and Fiscal Update.

Statement of Accounting Policies

Measurement and recognition rules applied in the preparation of these non-departmental forecast financial statements and schedules are consistent with generally accepted accounting practice and Crown accounting policies.

Schedule of Forecast Non-departmental Expenses

FOR THE YEAR ENDING 30 JUNE 2007

The Schedule of Expenses summarises forecast non-departmental expenses that the Ministry administers on behalf of the Crown. Further details are provided in the Statement of Forecast Non-departmental Expenditure and Appropriations on page 62. Figures are GST exclusive where applicable.

	2005/2006 Budgeted \$000	2005/2006 Estimated \$000	2006/2007 Forecast \$000
Vote Research, Science and Technology:			
Non-departmental output expenses	603,459	603,459	622,103
Other expenses to be incurred by the Crown	3,117	3,117	3,450
Total Non-departmental Expenses	606,576	606,576	625,553
Total Crown Revenue	0	0	620

Statement of Forecast Non-departmental Expenditure and Appropriations

FOR THE YEAR ENDING 30 JUNE 2006

The Statement of Non-departmental Expenditure and Appropriations details forecast expenditure and capital payments to be incurred against appropriations. The Ministry administers these appropriations on behalf of the Crown. Figures are GST exclusive.

	2005/2006 Budgeted \$000	2005/2006 Estimated \$000	2006/2007 Forecast \$000
Non-departmental Output Expenses			
Advanced Network	20,155	20,155	10,360
CRI Capability Fund	38,112	38,112	46,612
Development of International Linkages	2,360	2,360	2,527
Environmental Research	86,326	86,326	90,226
Health Research	54,066	54,066	58,955
International Investment Opportunities Fund	5,546	5,546	9,600
Māori Knowledge and Development	4,867	4,867	4,867
Marsden Fund	33,878	33,878	33,878
National Measurement Standards	4,904	4,904	5,504
New Economy Research Fund	62,641	62,641	61,586
Pre-seed Accelerator Fund	4,267	4,267	8,267
Promoting an Innovation Culture	3,437	3,437	4,592
Research Contract Management	18,853	18,853	20,467
Research for Industry	186,619	186,619	190,663
Social Research	5,860	5,860	5,860
Supporting Promising Individuals	16,791	16,791	18,291
Technology New Zealand	54,404	54,404	47,908
Technology Partnerships	0	0	1,940
VIF Governance and Operations	373	373	0
Total Non-departmental Output Classes	603,459	603,459	622,103
Other Expenses to be Incurred by the Crown			
Advanced Network Capability Building	1,221	1,221	1,221
Advanced Network CRI Tariffs	0	0	968
Australian Synchrotron	1,806	1,806	1,166
Convention du Metre	90	90	95
Total Other Expenses to be Incurred by the Crown	3,117	3,117	3,450
Capital Expenditure			
New Zealand Venture Investment Fund	3,931	3,931	0
Equity Investment Fund	3,000	3,000	5,000
Research and Education Advanced Network New Zealand Limited	1	1	0
Foundation for Research, Science and Technology	0	0	2,000
Industrial Research Limited	0	0	310
Carter Observatory	0	0	0
Total Capital Expenditure	6,932	6,932	7,310
Total Non-departmental Expenditure and Appropriations	613,508	613,508	632,863
Non-tax Revenue:			
Technology Partnerships	0	0	620
Total Crown Revenue	0	0	620

Statement of Forecast Non-departmental Assets

AS AT 30 JUNE 2007

	2005/2006 Budgeted \$000	2005/2006 Estimated \$000	2006/2007 Forecast \$000
Current Assets			
Cash and bank balances	1,529	1,529	1,529
Receivables and advances	0	0	0
Total Current Assets	1,529	1,529	1,529
Non-current Assets	0	0	0
Total Assets	1,529	1,529	1,529

Statement of Non-departmental Liabilities

AS AT 30 JUNE 2007

	2005/2006 Budgeted \$000	2005/2006 Estimated \$000	2006/2007 Forecast \$000
Current Liabilities			
Payables and provisions	830	830	830
Total Current Liabilities	830	830	830
Total Liabilities	830	830	830

Supporting information

All about Vote RS&T 2006 – 2009

Our focus for RS&T investment supports the Government's vision for economic transformation. Vote RS&T sits alongside other Votes in building the capability and capacity of our RS&T system. Appropriations sought for Vote RS&T in 2006/2007 total \$646.27 million.

As noted in Part One, Section One, MoRST directs Vote RS&T investments around national needs and to do this the investment is organised through four goal areas:

Knowledge – accelerating knowledge creation and developing people, learning systems and networks to enhance New Zealand's capacity to innovate and understanding and managing the risks to our economic prosperity;

Economic – increasing the contribution of knowledge and technology to the competitiveness of New Zealand's enterprises;

Environmental – increasing understanding of the environment, including biological, physical, social, economic and cultural factors that affect it; and

Social – increasing understanding of the social, biological, environmental, cultural, economic and physical determinants of wellbeing in order to build a society in which all New Zealanders enjoy health and independence and have a sense of belonging, identity and partnership.

Funds for Shaping the System, support the agencies that advise the government on its RS&T policies and priorities, and manage and monitor the government's investment in RS&T. This funding allows MoRST to take a leadership role across the entire RS&T system, ensuring our decisions are better informed, leading to better decisions and more effective investment.

A range of funds is used to invest under the four goals. However, the funds are not exclusive to any one goal, and may contribute to two or more. For example, Marsden Fund investment may be aimed at creating knowledge, but in the longer term may lead to new products or processes that improve New Zealand's economic competitiveness or to more sustainable management of the environment.

LIST OF MAJOR RS&T FUNDS

Advanced Network – funds the establishment and operation of a high-speed research and education data network connecting education and science institutions throughout New Zealand.
Agent: REANNZ

Advice on Shaping the Science System – funds MoRST to define, design and deliver policy advice to the Government on research and innovation. This includes a strategic oversight of the whole RS&T system and evaluating its effectiveness in achieving outcomes, as well as technical advice on science-related issues, co-ordinating the implementation of the Biotechnology Strategy, commercialisation of RS&T, and international RS&T linkages. It also funds MoRST to negotiate, manage and monitor contracts and pay expenses on behalf of the Crown. Agent: MoRST

CRI Capability Fund – to retain and develop research. Agents: MoRST, CCMAU

Development of International Linkages – to promote and support New Zealand RS&T internationally by accessing and utilising the best global ideas and encouraging New Zealanders to use international linkages to enhance our knowledge base and innovative capacity.
Agents: MoRST, RSNZ

Environmental Research – contributes to an understanding and management of the global biophysical environment and the impact of atmospheric climate and other changes to natural, agricultural and other human ecosystems. Agent: FRST

Health Research – for supporting public good research, science and technology that contributes to the improvement in health status of New Zealanders.

Māori Knowledge and Development Research – provides funding to develop research across the themes of Vision Mātauranga.

Marsden Fund – for research that encourages excellence in the advancement of knowledge, expands the knowledge base and supports people with knowledge skills and ideas.

National Measurement Standards – provides specified national measurement standards and related services to satisfy the need for accurate measurement.

Pre-Seed Accelerator Fund – to increase the rate of commercialisation of innovations from publicly funded research by public sector research providers.

Promoting an Innovation Culture – to develop New Zealanders’ awareness of the importance and value of science and technology to themselves and New Zealand. Agents: RSNZ, Joule, Carter Observatory

Research for Industry – for increasing the global competitiveness of our food and fibre, manufacturing and service industries; and in national infrastructure such as energy and our built environment. Agent: FRST

Research Contract Management – that funds FRST, HRC and the RSNZ to invest in portfolios of research on behalf of the Government. Agents: FRST, HRC, RSNZ

- **Social Research** – for supporting public good research that improves social wellbeing. Agent: FRST
- **Supporting Promising Individuals** – for awards and fellowships to retain, attract and support people who sustain the innovation system. Agents: FRST, HRC, RSNZ, MoRST, Fulbright New Zealand
- **Technology New Zealand** – for increasing both the flow of technology from researchers to firms, and the ability of firms to take up new technology. Agent: FRST

Glossary

APEC – Asia-Pacific Economic Cooperation. A group of 21 Asian and Pacific nations, including New Zealand. APEC was formed in 1989 to promote trade and investment.

BERD – Business Expenditure on Research and Development.

Biotechnology Strategy – released in May 2003, the Government's Biotechnology Strategy sets out a vision and direction for the development of biotechnology in New Zealand.

BRCSS – Building Research Capability in the Social Sciences initiative.

CCMAU – the Crown Company Monitoring Advisory Unit monitors the financial and non-financial performance of CRIs at quarterly intervals, and compares the results with the targets agreed between the Shareholding Ministers and boards at the start of each financial year.

Commercialisation – the generation of marketable new products or processes from the new knowledge and ideas generated by RS&T.

CRI – Crown Research Institute.

DOC – Department of Conservation.

Evaluation – use of qualitative and quantitative techniques to assess how the Government's investments in research and innovation have performed.

FRST – Foundation for Research, Science and Technology.

GDP – Gross Domestic Product.

GERD – Gross Expenditure on Research and Development.

HERD – Higher Education Expenditure on Research and Development.

HRC – Health Research Council of New Zealand.

ICT – information and communications technology.

Innovation – creating opportunities and solving problems through discovery and creation. This can occur in the research lab, workplace, school, home or environment and can apply to products, processes and systems.

IWG – Innovation Working Group.

Innovation system – the full range of people, organisations, institutions and networks that interact to enable innovation to occur.

MAF – Ministry of Agriculture and Forestry.

MED – Ministry of Economic Development.

MFAT – Ministry of Foreign Affairs and Trade.

MfE – Ministry for the Environment.

NZTE – New Zealand Trade and Enterprise.

OECD – Organisation for Economic Co-operation and Development forum of 30 developed nations (including New Zealand) to discuss economic, social, environmental and governance issues.

Outcomes – Outcomes are the impacts on or the consequences for the community of the Outputs or activities of government. An Outcome is the final result desired from delivering Outputs. An Output may have more than one end Outcome, or several Outputs may contribute to a single end Outcome.

Output Plan – an agreement between the Responsible Minister and the Chief Executive that describes a range of outputs to be delivered by the Department, together with the applicable performance measures and standards. It sets out the amount and basis on which the Department is to be paid for the delivery of those outputs.

Output expenses – appropriations of government funding.

Outputs – goods or services delivered.

Oxygen Group – A forum of future science leaders whose role it is to give independent advice to the Government on emerging science and technology issues and trends.

R&D – Research and development.

REANNZ – Research and Education Advanced Network New Zealand.

Research associations – Non-governmental research institutions that provide research and technology transfer capability to individual companies, particularly in the primary export industry sector; to improve the marketability and added value of New Zealand products.

Research Infrastructure Advisory Group (RIAG) – provides advice to MoRST on the scientific merit and the strategic impact of investing in particular items of research infrastructure.

RS&T – Research, science and technology.

RSNZ – Royal Society of New Zealand.

Science backbone – includes essential infrastructure, nationally significant databases and collections, long-term datasets, and functions related to national and international obligations such as the Measurement Standards Laboratory.

S&T – Science and technology.

SPEaR – Social Policy Evaluation and Research Committee.

SSRG – Social Science Reference Group.

Stakeholder – an individual or organisation who has an interest in research, science and technology.

TEC – Tertiary Education Commission.

TechNZ – Technology New Zealand is a funding programme for business R&D, administered by FRST.

Vision Mātauranga – a Vote RS&T wide policy framework designed to unlock the innovation potential of Māori knowledge, resources and people. It is designed to respond to distinctive needs of the Māori community and also to enable the development of Māori knowledge, resources and people to RS&T.

Vote RS&T – the Government's research, science and technology portfolio.