

VOTE Crown
Research
Institutes

VOTE Crown Research Institutes

OVERVIEW

Departmental appropriations sought for Vote Crown Research Institutes (CRIs) in 1998/99 total \$897,000. This is intended to be spent as follows:

- Ownership monitoring advice to, and management of issues on behalf of, the Minister for Crown Research Institutes.

Non-departmental appropriations for 1998/99 total \$400,000. This is intended to be spent as follows:

- Settling indemnities provided to CRIs when they were established, relating to legal claims against the former science departments, cleaning up contaminated sites, meeting various statutory requirements, and reimbursing CRIs for redundancy payments in relation to science staff not retained.

Crown revenue for 1998/99 totals \$22.912 million. This is the projected net surplus of CRIs, and this item was previously included in Vote Finance under the item “Net surplus of SOEs and CEs”.

Terms and Definitions Used

CCMAU	<i>Crown Company Monitoring Advisory Unit</i>
CRI	<i>Crown research institute</i>

Footnotes

Note 1	<i>Not applicable as Crown revenue is not appropriated.</i>
Note 2	<i>Appropriations are stated GST inclusive (where applicable).</i>

VOTE Crown Research Institutes

VOTE MINISTER: MINISTER FOR CROWN RESEARCH INSTITUTES
ADMINISTERING DEPARTMENT: THE TREASURY

Part A - Statement of Objectives and Trends

Part A1 - Objective for Vote Crown Research Institutes

Related Government Outcomes

The appropriations in Vote Crown Research Institutes (CRIs) will make an important contribution to the Government's strategic result areas to sustain economic development and growth, to maintain an open, internationally competitive economy and to build on the benefits of the New Zealand environment by providing advice on ownership aspects of CRIs, monitoring their performance, managing the CRI director appointment process and monitoring the performance of appointees.

Output Classes

To achieve these objectives, the appropriations will fund a range of activities concerning the ownership monitoring of CRIs:

- advice on setting ownership objectives and targets for CRIs and on the Crown's investment in this sector
- monitoring and advising shareholding Ministers of CRI performance against these objectives and targets
- managing, on behalf of shareholding Ministers, the CRI director appointment process and performance assessment of CRI boards.

Links Between the Output Classes and the Government's Outcomes

Government's Strategic Result Areas	Output Contribution	Output Classes
Strong economic growth Enterprise and innovation	Enables the shareholding Ministers to hold boards of Crown companies accountable for their performance in maintaining and enhancing shareholder value, and meeting the other objectives and requirements of the empowering Acts.	Crown Company Monitoring Advice to the Minister for Crown Research Institutes.

Part A2 - Trends in Vote Crown Research Institutes

The time series of departmental and Crown flows detailed in the table below for Vote CRIs shows a general reduction in outputs purchased by the Crown. It also reflects fluctuations in non-departmental expenses.

Output Trends: 1993/94 to 1998/99

Reductions in output expenditure over this period reflect changes in the nature and quantity of outputs. Outputs in 1993/94 comprised the provision of ownership monitoring advice by the newly-established Crown Company Monitoring Advisory Unit (CCMAU). The decreasing costs of monitoring advice in this output class between 1994/95 and 1998/99 reflects the development of CCMAU's CRI monitoring advisory capacity following the set-up phase, with the unit now fully resourced and emphasis shifting to improving the quality of outputs.

Crown Expenditure Trends: 1993/94 to 1998/99

Variations in expenditure reflect one-off items rather than ongoing transactions. Appropriations enable the Crown to settle claims under indemnities provided to CRIs when they were established. These indemnities primarily relate to:

- claims against the Crown arising from the activities of the former science departments prior to the formation of CRIs
- reimbursement to CRIs of costs associated with the cleaning up of contaminated sites
- reimbursement to CRIs of costs associated with statutory requirements (eg, the Building Act)
- reimbursement to CRIs for redundancy payments in relation to science staff not retained by CRIs.

In 1997/98, these expenses were reclassified from Borrowing Expenses to Other Expenses.

From 1998/99, Crown revenue in the form of net surpluses from CRIs has been transferred to Vote CRIs from Vote Finance.

Analysis by Appropriation Type: 1997/98 and 1998/99 Compared

Output classes

Output purchase is anticipated to remain relatively stable.

Other expenses

Other expenses are affected by the quantum and timing of the settlement of items for which the Crown has provided an indemnity to CRIs.

Trends in Vote Crown Research Institutes - Summary of Appropriations and Crown Revenue

Types of Appropriation	1993/94	1994/95	1995/96	1996/97	1997/98		1998/99 Appropriations to be Used				Total
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Budget \$000	Estimated	By the Department Administering the Vote		For Non-Departmental Transactions		
						Actual \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Operating Flows											
Classes of Outputs to be Supplied	1,235	1,815	1,321	972	909	909	897	-	-	-	897
Benefits and Other Unrequited Expenses	-	-	-	-	-	-	N/A	N/A	-	-	-
Borrowing Expenses	4,500	4,416	1,267	172	-	-	N/A	N/A	-	-	-
Other Expenses	-	-	-	-	845	740	-	-	400	-	400
Capital Flows											
Capital Contributions	-	-	-	-	-	-	-	-	-	-	-
Purchase or Development of Capital Assets	-	-	-	-	-	-	N/A	N/A	-	-	-
Repayment of Debt	-	-	-	-	-	-	N/A	N/A	-	-	-
Total Appropriations	5,735	6,231	2,588	1,144	1,754	1,649	897	-	400	-	1,297
Total Crown Revenue and Receipts (see note 1)	-	-	-	-	-	-	N/A	N/A	N/A	N/A	22,912

Part B - Statement of Appropriations

Part B1 - Details of 1998/99 Appropriations (see note 2)

Appropriations	1997/98				1998/99		Description of 1998/99 Appropriations
	Vote		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Departmental Output Classes (Mode B Gross)							
D1 Crown Company Monitoring Advice to the Minister for Crown Research Institutes	909	-	909	-	897	-	Provision by the CCMAU of ownership monitoring advice to, and management of issues on behalf of, the Minister for CRIs in respect of the Minister's shareholder responsibilities.
Total Appropriations for Departmental Output Classes (Mode B Gross)	909	-	909	-	897	-	Refer to Part C1 for a full description.
Other Expenses to be Incurred by the Crown							
Crown Residual Liabilities	845	-	740	-	400	-	The Crown provided indemnities to CRIs when they were established, relating to settling legal claims against the former science departments, cleaning up contaminated sites, meeting various statutory requirements, and reimbursing CRIs for redundancy payments for staff not retained.
Total Appropriations for Other Expenses to be Incurred by the Crown	845	-	740	-	400	-	
Total Appropriations	1,754	-	1,649	-	1,297	-	

Part C - Explanation of Appropriations for Output Classes

Part C1 - Departmental Output Classes

Output Class D1 - Crown Company Monitoring Advice to the Minister for Crown Research Institutes

Description

This output class involves the provision of policy and ownership monitoring advice on nine CRIs and includes:

- advice on setting ownership objectives and targets for CRIs, strategic direction, the size and nature of the Crown's investment in this sector and residual implementation issues
- monitoring and advising the Minister for CRIs of CRI performance against these objectives and targets
- management, on behalf of the Minister, of the director appointment process and performance assessment of CRI boards.

Performance measures

Quantity

The Minister for CRIs will expect policy and ownership monitoring advice outputs to be supplied on the basis of a work programme agreed between the Minister for CRIs and the Chief Executive of CCMAU (as amended from time to time). Parliamentary questions, ministerial correspondence and Official Information Act requests will be responded to within agreed and statutory timeframes.

Quality

The Minister for CRIs will expect advice to be delivered in accordance with the following quality standards:

- The aim of the advice is clearly stated and it answers the questions set.
- The assumptions behind the advice are explicit and the argument is logical and supported by the facts.
- The facts in the papers are accurate and all material facts are included.
- The advice demonstrates a sound knowledge of the Crown company's business, the environment within which the company operates and the consequences of shareholder or company actions.

- An adequate range of options is presented, and the benefits, costs and consequences of each option are assessed.
- CCMAU has consulted with other government agencies and other affected parties and possible issues are identified.
- The problems of implementation, technical feasibility, timing and consistency of recommendations have been considered.
- The format meets Cabinet Office and ministerial requirements; the material is effectively, concisely and clearly presented, has short sentences in plain English and is free of spelling, grammatical and numerical errors.

Quarterly, half-yearly and end-of-year reporting will enable the Minister to assess actual performance in output delivery against these expectations.

Timeliness

Timeframes for the delivery of the outputs in this output class will be agreed between the Minister for CRIs and the Chief Executive of CCMAU for the financial year. The Minister for CRIs will expect:

- all reports and verbal advice to be delivered within the agreed or statutory timeframe
- an appropriate response to requests for attendance at Parliament during debates and at Cabinet and select committee meetings
- drafting instructions in the form of draft legislation will be provided to the Parliamentary Counsel Office within the timeframe agreed with that Office.

Cost

This output class will be provided within the appropriated sum of \$897,000 (inclusive of GST).

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
1998/99	897	797	797	797	-
1997/98	909	808	808	797	11

Part C2 - Non-departmental Output Classes

No output classes will be purchased from other parties for this Vote.

Part D - Explanation of Appropriations for Other Operating Flows

Part D1 - Benefits and Other Unrequited Expenses

There are no appropriations for Part D1.

Part D2 - Borrowing Expenses

There are no appropriations for Part D2.

Part D3 - Other Expenses

Information regarding these appropriations is provided in Part B1.

Part E - Explanation of Appropriations for Capital Flows

Part E1 - Capital Contributions

There are no appropriations for Part E1.

Net Worth of Entities Owned

The Minister for CRIs is responsible for the Government's ownership interests in CRIs, and the Minister of Finance is the other shareholding Minister. The estimated net worth (total assets less total liabilities) of these bodies is listed in the table below.

Changes in net worth result from the net effects of profit (after tax), dividends paid and capital injections or withdrawals. Data for these organisations are based on forecasts provided for inclusion in the 1998 Budget.

Statement of Estimated and Forecast Net Worth

	Balance Date	Estimated Net Worth 1998 \$ million	Forecast Net Worth 1999 \$ million
All CRIs	30 June	267	290

Part E2 - Purchase or Development of Capital Assets of the Crown

There are no appropriations for Part E2.

Part E3 - Repayment of Debt

There are no appropriations for Part E3.

Part F - Crown Revenue and Receipts

Part F1 - Current and Capital Revenue and Receipts

	1997/98		1998/99	Description of 1998/99 Crown Revenue
	Budgeted	Estimated Actual	Budget	
	\$000	\$000	\$000	
Current Revenue				
Non-Tax Revenue				
Net Surplus from Crown Research Institutes	-	-	22,912	The net surplus of CRIs. This item was previously included in Vote Finance under "Net surplus of SOEs and CEs".
Total Non-Tax Revenue	-	-	22,912	
Total Current Revenue	-	-	22,912	
Total Crown Revenue and Receipts	-	-	22,912	