



Crown Research Institutes Taskforce  
Ministry of Research, Science and Technology  
PO Box 5336  
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25 November 2009

To the Crown Research Institute Taskforce,

The Independent Research Association of New Zealand (IRANZ) is an association of “independent” or non-government owned research organisations. Our members include the Building Research Association NZ (BRANZ), Cawthron Institute, CRL Energy Ltd, Heavy Engineering Research Association (HERA), Leather & Shoe Research (LASRA), Lincoln Ventures Ltd, OPUS Central Laboratories and Transport Engineering Research NZ Ltd (TERNZ). Together we employ more than 400 people, and undertake close to \$60 million of research per annum.

The organisations represented by IRANZ collaborate and have close relationships with many Crown Research Institutes (CRIs). We welcome the formation of this taskforce.

### **1. The scope and core purpose of CRIs**

*Do we need to clarify the purpose of individual CRIs, and if so, how can this be best done? How would this contribute to better performance?*

The purpose of individual CRIs could be clarified; however, IRANZ would be concerned if any changes deterred CRIs from collaborating with other research organisations within New Zealand. In addition, the CRIs’ scope and purpose should not reduce the incentives for increasing private sector funding of research, science and technology development.

IRANZ encourages the taskforce to take a holistic view of New Zealand research organisations rather than considering the CRIs in isolation. The taskforce needs to take account of any unintended consequences of proposed changes to CRIs on other parts of the science sector. In particular, any country that truly has “science at the heart of national ambition” will support strong independent research institutes, and not rely solely on government institutions.

### **2. Governance and accountability**

*How can Government invest in CRIs in a way that holds them accountable, is simple, clear and ensures decisions are made at the right level?*

The present governance and accountability structure for CRIs has a conflict of interest at ministerial level, where the Minister of Science is also the Minister of CRIs. If the ministerial responsibility for CRI ownership sat with that for Crown Companies, the focus of the Minister of Science could be on ensuring that New Zealand gets the best return for its investment in science, rather than on the institutional health of the CRIs. The Minister of CRIs/Crown Companies would focus on the governance responsibility of CRIs institutional performance.



There is a pre-occupation with the concept that government ownership is the only way to achieve accountability and maximise science outcomes for New Zealand. Looking outside of the CRIs, there is evidence that contractual accountability, which can include performance auditing, can be at least as effective in achieving desired outcomes.

### **3. Performance measures including use of financial performance measures**

What is your view on the use of a financial performance measure for CRIs? What other performance measures could government use? How would this change behaviour within a CRI?

CRIs' performance measures need to be linked to their reason for existence such as science outputs, sector impacts, and benefit to New Zealand.

Beyond operating in a fiscally responsible manner, removal of the focus on profit targets may assist with reducing perverse behaviours of competing with other research organisations and encourage better collaborations and partnerships.

### **4. Funding**

How can we best fund long-term capability needs without stifling short-term dynamism?

Long-term capability needs are an issue across the whole science sector. The present administration of the Capability Fund benefits the CRIs at the expense of other research organisations. This is particularly so when investment is diverted from contestable funding portfolios to the Capability Fund.

The Crown Research Institute Capability Fund Evaluation prepared for MoRST by Taylor Baines and Associates in 2008, identified a key benefit of the Capability Fund as being improved success in Foundation bidding rounds allowing CRIs to gain a competitive edge in new research areas. Seven of the nine CRIs reported success in contestable Foundation bidding rounds as a result of having made Capability Fund investments to develop the necessary capabilities and prepare proposals. Another identified Capability Fund benefit was the reduced risks of redundancies. Both of these functions are the owner's responsibility and could be properly addressed by the dividend policy set by the Minister of CRIs. The governance bodies of independent research organisations already address these issues.

Other Capability Fund benefits identified in the Evaluation, which are just as relevant to other research organisations, included:

- new research and recruitment collaborations
- intensified stakeholder engagement
- a growing consciousness amongst scientists of the strategic context of the science activities in which they are engaged
- an increase in the amount and quality of science time for scientists

IRANZ members understand the intention of the Capability Fund is to pursue the dual outcomes of retaining and developing organisational RS&T capability for the benefit of New Zealand, and to enhance the scientific capabilities required for the provision of public good RS&T for New Zealand. If



this is correct, a future Capability Fund should be open to a broader range of “accredited” providers of public good science. In addition to building and supporting capability, the fund should be designed to promote collaboration and stakeholder involvement.

### 5. Alignment

How important is collaboration to CRI performance? How can we achieve greater collaboration between CRIs, the private sector, other research providers and international research organisations?

It is not so much that collaboration is important to CRI performance, but that it is critical to getting the best economic, social and environmental outcomes for New Zealand from investment of public funds in science. If the funding systems are to be less contestable in future, then it is essential that criteria around collaboration are included in the framework for science funding.

Thank you for the opportunity to comment.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Gillian Wratt".

Gillian Wratt  
Chair

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