

18 October 2012

Nikki Kaye MP
Chairperson, Education and Science Committee
Parliament Buildings
Wellington

Dear Ms Kaye

Submission on the Advanced Technology Institute Bill

The Royal Society of New Zealand welcomes the opportunity to contribute to Parliament's consultation on the Advanced Technology Institute Bill. The Society operates under an Act of Parliament to advance and promote science, technology, and the humanities. As part of its ambit, the Society provides expert advice to the Government and the community.

The Society recognises the Government's challenge of lifting business R&D in New Zealand and welcomes the increasing public spend in R&D as a way to create more opportunities. In naming the new Advanced Technology Institute (ATI) after Sir Paul Callaghan, a great New Zealand scientist is celebrated. It will be an organisation with high aspirations placed upon it. If its goals are met it will revitalise the New Zealand High Value Manufacturing sector, significantly lift business expenditure on research and development, and possibly transform the New Zealand economy. It is recognised, however, that these aspirations are very similar to those claimed for Industrial Research Limited (IRL) when the crown research institute was first formed and it is unclear whether simply building a new organisation with a more explicit business focus will be enough to overcome New Zealand industries' marked reticence in investing in research.

The ongoing uncertainty surrounding the ATI, removal of a research focus, and the implication of large scale staff relocation, all risk putting the personnel situation of the new institute in jeopardy. This level of upheaval puts at risk important research skill and capability, if expertise is unable to transition it will be lost overseas.

Industrial Research Limited research expertise

The Bill provides that IRL becomes a subsidiary of the ATI. IRL has won a number of Marsden Fund research grants, and the recent results of the Ministry of Business Innovation and Employment's (MBIE) High-Value Manufacturing and Services Research Funding round show IRL to be the most successful organisation in terms of contracts won (7 of 30 awards) and second most-successful in terms of total awarded (\$17.6M against the University of Auckland's \$18.5M).



One of the functions of the ATI will be to undertake research and development. In MBIE's statements and key documents about the ATI, the ATI Q&A¹ notes in connection with "What impact will the ATI have on other research organisations bidding for science funding?"

"The ATI will be able to bid for contestable funds. However, given the ATI's purpose is to support business innovation and commercialisation, it is not expected to undertake basic scientific research without securing a business partner, co-funding, and an identified commercial pathway. That means it is unlikely to be a major player in the contestable funding process."

This directive is in direct conflict with IRL's existing role and it is difficult to see how IRL's research expertise will be maintained. Equally, a substantial concern in the HVMS sector is that a great deal of commercially-relevant research is sufficiently innovative that no business partners exist yet. This directive locks ATI out from truly innovative research where the natural business partner would be a start-up company with the potential for high growth.

Given IRL's important national research strength in high-value manufacturing and services, the Society believes it important that the merger into the ATI does not harm this national research strength and that the proposed restrictions on its research activities will be detrimental to its existing strengths.

Yours sincerely



Dr Di McCarthy ONZM
Chief Executive

¹ <http://www.msi.govt.nz/assets/ATI-Questions-Answers.pdf>