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Submission to the Education and Science Committee

Advanced Technology Institute Bill

Thank you for the opportunity to submit on the Advanced Technology Institute (ATI) Bill.

BusinessNZ is very supportive of the establishment of the ATI. It is well known that the investment in R & D in New Zealand lags significantly behind OECD levels of investment; both in terms of government investment and private investment. It is hoped that the model being proposed with increased R & D investment from Government will encourage increased R & D investment in the private sector.

It needs to be remembered that New Zealand is a country of small to medium enterprises with-out the scale of larger global competitors, so anything we can do to leverage more R & D activity in partnership with the government investment is a welcome move.

Urgent and significant changes are required if New Zealand is to grow its innovative exports and move up the value chain. We are pleased to see that the final form of the ATI broadly reflects the recommendations made in the Powering Innovation Report, on which CEO of BusinessNZ, Phil O'Reilly was a panel member.

Key points -

- ATI will be a Crown entity, with 5-9 Board members appointed by the Minister;
- the Minister may appoint the MBIE CE as a Board special adviser (may not be delegated);
- the Minister may establish a stakeholder advisory group, ensuring broad representation from the manufacturing, services and RS&T provider sectors;
- ATI's main objective will be to "support science and technology-based innovation and its commercialisation by businesses, primarily in the manufacturing sector and services sector, in order to improve their growth and competitiveness";
- ATI must carry out its activities in "an efficient and cost-effective manner that... utilises existing capability within or among RS&T providers";
- ATI must "act fairly and transparently" when allocating RS&T funding, with the Auditor-General reporting on that annually; and
- IRL will transfer to ATI as a subsidiary, and will lose its CRI status.

BusinessNZ supports the focus of the ATI being very much directed by business needs (solving business identified R & D problems/challenges/opportunities) rather than being

science led – so called “good ideas” looking for a market. In this regard it will be important to get good business talent on the stakeholder advisory group from the various sectors to ensure the continuing relevance of effort and direction.

A good analogy is to observe how the agriculture sector (which is also one of our most productive) has become more and more customer driven rather than production driven (plate to paddock – not paddock to plate).

BusinessNZ is also in favour of the ATI not reinventing the wheel, but acting as a central point for all the R & D expertise that resides in New Zealand (and sometimes overseas) as well as filling the gaps.

We are a small country with limited resources, so it behoves us to use our smallness to our advantage and ensure a high degree of working together and connectedness across the R & D landscape. We also like the idea of the ATI being a catalyst for fostering industry led consortia. Collaborating on-shore to compete offshore is one way to grow bigger companies faster which are then able to invest more in R & D.

Business leaders in the rest of the world (both developed and developing) have identified that talent driven innovation (see Deloitte Report on global manufacturing competitiveness) is the number one factor that determines global competitiveness. They are all investing heavily in this R & D and innovation space and we must as well. We are already lagging behind the OECD average and we need to accelerate our efforts.

Technology transfer will be a key success factor for the ATI and we would expect to see some clear monitoring and reporting of what success should look like for the ATI – keeping in mind these are the sorts of investments where there will be short term/medium term and long term gains.

We would not like to see policy flip flops in this R & D investment area given this is a journey as well as a race and we hope that momentum will continue to build over time.

Ends

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BusinessNZ would be pleased to present to the Education and Science Committee on this Bill.