

FOA Letterhead

Draft

Date:

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Comments from NZ Forest Owners Association on FRST Documents

A More Stable Funding Environment for Science – Chief Executive’s Overview

New Investment Pathways and Processes – Consultation Document

Summary

The NZFOA welcomes the opportunity to comment on Foundation consultation documents. We encourage any move that will promote greater stability in the science system that will lead to more cost-effective delivery of quality research. The NZFOA would like to see greater reward for excellence in science and science delivery and much less emphasis on proposal writing and preparing end-of-year reports to the Foundation. The main points that we make in this submission relevant to the points raised in the Foundation documents are:

- (a) The Foundation should ensure vigorous end-user and scientific review of all programmes. The NZFOA is particularly interested in seeing greater end-user involvement in the design, execution, and implementation of research and also in the review of programmes for quality and relevance.
- (b) Decisions to determine eligibility for negotiated investment should be based on performance and quality, not on the length and size of the programmes. Programmes that are performing well should be rewarded with the opportunity for negotiated funding.
- (c) If there is a timing issue in terms of having reviews done before negotiated investments are introduced, then we suggest delaying the introduction of negotiated investments and focusing instead on the review process.
- (d) We support a two-stage process for contestable bidding for the sake of reducing compliance costs.
- (e) We support the move towards greater outcome (results) oriented and a move away from output (reports and papers) oriented research, but we certainly encourage scientists to publish their work in respected journals.

Additionally, and not directly relevant to the discussion documents, the NZFOA encourages the Foundation to provide incentives for recruiting and nurturing young scientists and believes that these should be built into all FRST-funded programmes.

1. The NZFOA is an NGO that represents the majority of forest owners in New Zealand. Its members' forests comprise more than 70 per cent of the country's 1.8 million hectares of plantation forestry. The Association adds value to the businesses of its members by undertaking activities, which could not be handled easily or efficiently by individual growers working alone. Its credibility also relies on the fact it has the support of the majority of New Zealand's production forest owners.
2. We welcome the Government's review of the science investment process because clearly it hasn't been working as well as it should to effectively deliver research results to the benefit of New Zealand. Far too much time has been taken up with bureaucracy at all levels, from the Foundation, which is now a very large organisation compared to what it was initially, to scientists who spend far too much time either filling in reports to the Foundation or preparing proposals to request continued funding from the Foundation.
3. The consequence of the existing funding model, which seems to change to some degree on an almost annual basis, has been instability, insecurity, and expensive science – due to the increased overheads required to deal with the layers of bureaucracy, rather than increased remuneration to scientists themselves. We welcome any initiatives that can reverse this trend.
4. **Clause 2.1 Starting points.** 2.1.1 – we question why “negotiated investment” should only apply to programmes of “sufficient size” and that have been funded for at least six years and two successive investment processes. Instead we propose that research programmes that have been running smoothly and have good support from end-user groups should be considered for negotiation rather than automatically requiring contested bidding. In fact, there may be greater willingness from end-users to be involved in negotiations to secure funding for relatively new programmes rather than perpetuate long-term programmes. Recommendations for negotiated vs contestable funding could be determined through an external review process. In other words, “negotiation” should begin at the start of the process to determine which programmes should be negotiated for stable funding. We accept a 30% cap initially for the proportion of negotiated programmes but believe this should be extended if the model appears to work.
5. **Clause 2.1.2** – We agree with your assessment that “negotiated investment should improve stability of funding etc”. However, we believe that negotiating in the RFI and Environment area shouldn't be “with end-users as appropriate” but that end-users should definitely be involved in negotiations, possibly with additional assistance from external reviewers. Eligible programmes should be determined on the basis of past performance, but this performance shouldn't be based on the number of reports produced for FRST but should be based on an independent and qualitative review. The document mentions that in the future the decision should be “informed by a review process”. **We believe that the future is now and reviews should be conducted to determine which programmes are eligible for stable negotiated funding.** Additionally, while we can see that it makes it administratively simpler for FRST, we believe that negotiation could involve contracts with multiple organisations, not just single research organisations. This addresses Question 1.

6. **Clause 2.2.1** – We suggest that the term “practicable” in section 5(1) of the Foundation Act should be interpreted to mean greater than 30% negotiated investment if “negotiated” investment eventuates as being preferable to “contestable” investment. Clearly contestability hasn’t delivered outcomes as effectively as expected and therefore one could conclude that it hasn’t been all that “practicable”. Therefore the Foundation should take an open-minded approach to setting any ratio of “negotiated/contestable investment”. This addresses Question 2.
7. **Clause 2.2.2** – We strongly endorse any move to reduce transaction costs and complexity for research organisations as well as “more consistent delivery of long-term research, enduring linkages and collaboration, and greater clarity for planning and the other points mentioned in this section. We also recommend that the Foundation considers the results from independent and external reviews to determine the mix of negotiated and contestable investment. **Programmes that have performed well, regardless of time, should be rewarded with stable funding, and those that haven’t should be subject to greater contestability.** This addresses Question 3.
8. **Clause 2.2.3** – With regard to Table 2 that lists “characteristics affecting mixes of negotiated and contestable investment” – One could argue that for both RFI and Environment there shouldn’t be either negotiated or contestable investment if there is no national or industry strategy. NERF would be a different proposition of course. The fourth point that argues for contestable funding where “capability needs are dynamic and can sourced from a number of research institutions” is naïve as it fails to realise that long-term research issues/programmes should also be able to source capability from a number of research institutions as skills are scattered throughout the dozens of research providers that tap in to FRST funding. **“Negotiated” programmes should retain flexibility to subcontract skills as needed and shouldn’t feel that they have to be recreated within the lead research organisation.** For example, nitrate pollution of NZ groundwater is a “core NZ issue” that has been challenging researchers in AgResearch (and predecessors for decades); however, the solution to this problem may sit with capability outside AgResearch. **We agree that “strong end-user partnering and strong alignment with research organisation strategies” should be a goal, but this should not be at the expense of logical collaboration with providers sitting outside lead research organisations.** An additional characteristic that should be used to guide balance between negotiated and contestable investment is the one that has been mentioned before. Positive external reviews (including end users) should be used to help select programmes for negotiated investment, whereas programmes that received negative reviews should be put up for contestable investment. That answers Question 4.
9. **Clause 2.2.3** – Agree with Annex 2: Indicative future splits...but suggest that caps can be adjusted based on how well the process is working. (Question 5).
10. **Clause 2.3** – While we agree with a phased implementation we question if negotiated investments would be more challenging and time consuming than contestable investments. We believe the former would be more satisfactory to all parties.
11. **Clause 2.4.1** – As an investor of Government funds the Foundation should be seeking the best bang for its buck, but across a balance of portfolios. i.e., it shouldn’t invest all its money in one sector. **The Foundation should realise**

that although it is holding the purse strings it is generally not in the best position to determine the research that needs to be done. Therefore, it should seek assistance from end-user groups and external research reviewers to assess the 5 parameters listed in this clause. The approach that the Foundation has taken to assess Research Consortia is a good model. (Question 6.)

12. Clause 2.2.4 – The process appears to be basically sound. The selection and involvement of the “panel of independent experts” will be critical. I suggest that at least two (and possibly 3) of these experts should have an international standing to comment on the Science Capability, and another two (and ideally 3 or 4) should have a strong sense of Strategic Alignment and also Delivery. Costs could be paid from the programme, as the programme will greatly benefit from the review. (Question 7).
13. Clause 2.5.1 – We take your point that “technical reviews” are not currently available for most programmes and therefore cannot be readily used for determining eligibility for negotiated investment. **However, we strongly recommend that the process starts with such reviews as a first priority. To make the decision based on Foundation judgement or the other criteria listed in this Clause would be less than satisfactory as it could reward underperforming programmes of a long-term nature.** (Question 8).
14. Clause 2.5.2 – Again, we believe that rewarding programmes with the option of choosing negotiated investment should be based on quality of performance rather than simply on length and size of the programme. (Question 9).
15. Clause 2.5.3 – We believe that it is more important to choose programmes for negotiation based on quality rather than on an arbitrarily selected threshold. Perhaps those programmes that have shown the initiative and have been subjected to independent reviews and shown to be delivering quality science should be placed at the top of the list for negotiation. (Question 10).
16. Clause 2.5.4 – Strongly agree that negotiations should be “programme” and not research organisation-focused. Any negotiation should not only consider existing collaborators, but it should also consider potential collaborators. End-users and international experts should have input. (Question 11).
17. Clause 2.5.5 – Exceptions. It sounds like FRST has already decided what the rules for negotiated funding will be. We believe that flexibility should be built into the system but reiterate that programmes for negotiation should be selected on merit rather than on length and size. (Questions 12, 13, and 14).
18. Clause 2.6.1 – The process for negotiated investments sounds reasonable, although we maintain that there should be an expert/end-user review of all programmes at the start. (Questions 15 and 16).
19. Clause 2.6.2 – Quality assurance. We believe that this is a key component of the entire process and one that should start before programmes are selected for negotiation. As well as involving “technical experts” it should also involve end-users. In addition to looking at “benefits” it should focus on the outcomes that have been delivered as a consequence of the research. Instead of just looking for alignment with strategies QA should look at potential to deliver to these strategies. **The QA report should not just go to the research**

organisation and FRST but should also be discussed with end-users.
(Questions 17 and 18).

20. Clause 2.6.3 – We believe FRST should retain the right to make these decisions (Question 19).
21. Clause 2.7.2 – We agree that governance structures should be put in place, however, we would hope that the structures are more straightforward to design and implement than has been the case for the OBIs. Option 5 seems reasonable as Boards and Exec of CRIs etc retain responsibility and end-users can have a say. FRST can be involved as an observer or as a participant and should learn through the experience.(Question 21).
22. Clause 2.7.3 – The partnership probably needs to involve end-users as well as the research provider and FRST, or at least acknowledge the relevance of end-users. (Question 22 and 23).
23. Clause 3.2.1 etc – A short-term contestable pathway would be useful to enable new ideas to be put up that might otherwise be lost. This could be especially useful for new research teams trying to establish a foothold in the funding arena. The rules shouldn't be too strict or the boundaries between short and medium-term all that rigid. Table 5 seems reasonable. (Questions 24, 25, and 26).
24. 3.4.2- Two-stage bidding should be used, as it should substantially reduce workload for everyone. We disagree that it would increase workload for Foundation staff, as we would expect that it is easier to screen large numbers of Concept Documents than to digest smaller numbers of full proposals. (Question 27).
25. Clause 3.4.4 – While we can see that overbidding causes problems perhaps there is an easier way to reduce the number of Concept Documents than using the measures proposed. For example, researchers could be asked to fill in a self-assessment table rating their own Concept Documents. This would certainly focus their attention and perhaps make them realise that they could be wasting their time. Foundation staff and Advisory Committees could focus greatest effort on those documents given the best scores. We suggest that in many cases it will become self-evident to many researchers that their Concept Documents won't make the grade, perhaps encouraging them to drop out before they get started. (Questions 28 – 31).
26. Clause 3.5 – The proposed rules around short-term pathways appear reasonable. We are unsure about the merits in applying a rule that would limit the number of bids per organisation. Are you planning to limit the number of organisations? (Questions 33-35).
27. Clause 3.6 – With regard to limiting overbidding at the full proposal stage – we agree that the cost of overbidding should be reduced as much as possible. Perhaps rather than restrict this on the basis of value, it should be restricted on a combination of value and number of bids. (Questions 36 and 37).
28. Section 4 – Moving towards the second phase of implementation. We encourage the application of a review process to all research programmes. However, we don't believe that this process needs to be overly complicated

and we encourage the Foundation to get on with it, rather than to make it overly bureaucratic. International experts and senior end-user representatives should be able to make relatively rapid assessments of the quality and relevance of programmes. **It is not that difficult.**

29. Clause 4.3 – Plans for the transition to more enduring arrangements. Our only comment here is to encourage the Foundation to get on with it and not get bogged down in too much detail. Keep the process as simple and transparent as possible, reward good science, encourage scientists, and reduce overheads at all levels in the science system.

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