To: PBRF REVIEW, MINISTRY OF EDUCATION
From: FEDERATED FARMERS OF NEW ZEALAND
Comments on: Review of the Performance Based Research Fund (PBRF)
Date: 5 May 2014

Contacts:
Mark Ross
General Manager, Policy and Advocacy
Federated Farmers of New Zealand

Regional Policy Advisor
Federated Farmers of New Zealand

1. Introduction

1.1 Federated Farmers considers high quality and appropriately focussed research to be of vital importance to the future of the primary production sector. We appreciate the opportunity to comment further on changes to the PBRF, in particular the proposal to increase the External Research Income component from 15% to 20% of the fund, by reducing the Quality Evaluation component. These comments have been developed in consultation with agricultural researchers who provide services to our industry.

2. General comments

2.1 The proposed change will reward higher education institutions that gain external funding through contestable funds and contract research. Greater emphasis on attracting external funding is likely to encourage a closer alignment between the research capacity of higher education organisations and the research priorities of commercial entities, industry bodies and the wider community. There are a number of potential advantages to this.
2.2 Firstly, contract research and contestable funds can serve as a proxy for the value that the public places on that research. It is in fact one of the most direct ways in which a community can signal to educational institutions that the research they conduct is of value.

2.3 Secondly, the involvement of external bodies in the funding of research encourages collaboration. Enhanced collaboration is generally considered to promote research quality.

2.4 Greater interaction with outside entities through contracted research may also contribute to the development of more diverse research groups. Diverse (and especially multidisciplinary) groups have been shown to promote innovation. This is because complex problems are more easily solved when the group possess knowledge of all sides of an issue. They are therefore able to find solutions more quickly.

2.5 When higher education bodies work with industry, the benefits of their research are spread more widely. This both improves the performance of the businesses involved and results in significant positives for the university, beyond the initial funding. These benefits include greater opportunities for students, the development of new ideas, raised profile, improved market intelligence and the creation of spin-off companies.

2.6 For the above reasons, the increase in emphasis towards external research funding is considered a good move. There are however, a few caveats. As stated in an earlier submission, not all valuable research has commercial applications. While industry already funds much applied research, a core function of higher institutions is in producing basic research. This important role in the knowledge generation system has to be maintained.

2.7 Another potential risk may be that by aligning more strongly with commercial priorities, the emphasis could be taken away from research quality and jeopardise important functions such as the training of young researchers. An increasing focus on external research dollars could be seen as a trend towards an ultimate reduction in government funding of research, with an increasing reliance on industry. Also it could curtail the freedom of investigators to lead their own research direction, an approach which has been shown to result in the greatest returns. Businesses in this country have a history of spending less than the global average on research and development, so the capacity of commercial and contestable sources to fund research may also be limited.

2.8 As the proposal is only to change the proportions of funding by 5%, these risks are not considered to be significant. While a 5% change should not diminish the emphasis on quality in any meaningful way, it does provide a useful signal to research bodies to improve alignment of research institutions with the needs of industry in New Zealand.

3. Recommendation

3.1 Federated Farmers supports the proposal to increase the External Research Income component from 15% to 20% of the fund, by reducing the Quality Evaluation component.

4. Specific feedback questions

4.1 Will increasing the proportion of PBRF income allocated based on External Research Income better value user perspectives of research quality? (feedback question 1)
Yes, if the ‘user’ in this case is industry or other bodies funding the work. Winning contestable funds also suggests to the community that the research is of value.

4.2 Will the proposed change encourage tertiary education organisations to more actively seek out additional research income and to what extent?

Possibly. It certainly will not discourage it. However, it is difficult to predict the extent of the likely change in behaviour.

4.3 What are the potential benefits and risks associated with increasing the proportion of PBRF funding allocated based on External Research Income and decreasing the proportion of funding allocated through the Quality Evaluation?

See general comments

5. About Federated Farmers

5.1 Federated Farmers is a not-for-profit primary sector policy and advocacy organisation that represents the majority of farming businesses in New Zealand. Federated Farmers has a long and proud history of representing the interests of New Zealand’s farmers.

5.2 The Federation aims to add value to its members’ farming businesses. Our key strategic outcomes include the need for New Zealand to provide an economic and social environment within which:

- Our members may operate their business in a fair and flexible commercial environment;
- Our members’ families and their staff have access to services essential to the needs of the rural community; and
- Our members adopt responsible management and environmental practices.

END