

# Board Minutes

28 January 2021

8.30am - 3.47pm

**LOCATION:** 69 Gracefield Road, Lower Hutt

## IN ATTENDANCE

### Board

Pete Hodgson (Chair)  
Jennifer Kerr  
Shaun Hendy  
Elena Trout  
Angela Bull  
Matanuku Mahuika  
Paul Stocks (MBIE)

### Executive

Vic Crone (CEO)  
Paul Linton (General Manager Research and Development Solutions)  
Esther Livingston (Chief Operating Officer)  
Jane Fletcher (Acting Chief Financial Officer)  
Lara Ariell (Chief Financial Officer)  
Stefan Korn (General Manager MEE & Sectors)  
Crispian Franklin (Manager Office of the CE and Board)

### Apologies

1

**Board Only time**

BD28/01/21/01

The Board conducted Board only time.

[**Secretarial Note:** The Chairperson re-ordered the item for discussion: Item 3.3 RDTI and Grants Appropriation was taken at this time. ]

**FOR DISCUSSION / APPROVAL**

2.1

**Board Planning for 2021**

BD28/01/21/02

The Board **received** the paper and **noted** the information. They also:

- **Discussed** dropping the October 2021 board meeting (combine Sep / Oct meeting).
- **Agreed** to reschedule the September Board to the end of the month of September (suggested 29 September). **ACTION ITEM – CEO OFFICE**
- **Discussed** the meeting schedule and make amendments as necessary for the Office of the CEO to implement.
- **Discussed** the Board forward agenda for 2021.
- **Discussed** whether the board is happy with the H&S walkarounds regularity and agreed will do walkarounds when on site for board meetings.
- **Discussed** and agreed suggested areas of board upskilling for 2021.
- **Requested** to report back the discussion on combining the H&S and People, Culture and Diversity Committees to the Board/CE item at the next Board meeting – **ACTION ITEM - CE/CDO**
- **Include** the strategic GIQ development into the Forward Programme.
- **Include** to the Forward Looking Agenda for 2021 under Performance Reporting - SOI and SPE timeframes"
- **Provide** reading materials on H&S – **ACTION ITEM - EXECUTIVE LEAD H&S**
- **Requested** for the Board upskilling to include Korero training and join management incorporating te reo Maori. **ACTION ITEM – CEO OFFICE**
- **Agreed** to include Digital Suitcase for the Board training. **-ACTION ITEM - CEO OFFICE**
- **Agreed** that the Propero review has been good – own self review in 2021 and Propero review in following year (2022)

2.1

**Tatai Whetu (Operating Model / Behaviours) Update (verbal)**

BD28/01/21/03

The Board **received** the paper and **noted** the following information:

- **Provided** an overview of the operating model; phase 1 August last year with C model as the blueprint; phase 2 is the detailed design that sits under the blueprint of the model and is in detailed design now due to complete mid April.
- **Refreshed** the Board on the work KPMG did in 2019 in creating the enterprise process map and compared it with the blueprint of the model – understanding the impact, difficulty, where, how and when to make changes to the current processes, level of disruption created – this has been key to designing a good roadmap.
- **Undertaking** a pilot test where three elements of the blueprint are being prioritised and having a broader portfolio across the Callaghan ecosystem. The three elements are:
  - 1<sup>st</sup> element being centre of excellence – how to inform the organisation to be excellent by using new processes, applying new thinking and create a centre of excellence across different portfolios;
  - 2<sup>nd</sup> element being the innovation service owners - how to manage the service and product lifecycle to be fit for purpose, in consultation with the shareholders' needs where needed.
  - 3<sup>rd</sup> element being the business model framework (March 2021)

- **Noted** the team is working on detailed designs of the 6 elements in the operating model and Change Lab is one of the mechanisms that the operating model goes through to raise awareness of the change within the organisation.
- **Updated** the Board on the change framework and another example of where Callaghan Innovation has utilised external Intellectual Property and expertise along with our own experience and understanding to develop tools and framework that are optimised for the organisation.
- **Updated** the Board on the work the team have been undertaking since Callaghan Day (November 2020) and workshops held to understand what behaviours that the organisation wants to develop taking into account previous history and where the organisation needs to go; producing a list of behaviours and agreement from ELT and the next step is to socialise the list of behaviours with middle management/change agents within the organisation by using various engagement tools.
- **Advised** the Board that the next step is to report back to ELT to endorse the outcome of the process and identify 3-5 behaviours for the organisation and embed within the organisation through the Chief Operating Officer's team.
- **Requested** the team to provide a progress update to the Board on the following – start and finish stage to embed the process including challenges as well as the engagement plan – process of synthesizing the ideas generated within the organisation. – **ACTION ITEM – PROGRAMME MANAGER**
- **Endorsed** a kaitiaki (guardianship) approach to allow a progressive pathway to allow the organisation to work with the process and understand the importance of identity as part of the process.

## 2.2 RTS Strategy - Future Capabilities

BD28/01/21/04

The Board **received** the paper and **noted** the information. They also:

- **Updated** the Board on the process undertaken to develop future capabilities in supporting frontier industries; the process entailed on demand for data for modelling, what is the need for the industry and what the organisation can provide to customers.
- **Endorsed** the robust approach taken to date and Paul Stocks (MBIE) shared this was the most robust thinking to date from Callaghan Innovation on RDS capability areas.
- **Requested** feedback from the Board on the criteria to making decisions and prioritise from a list of investments; the Board provided the following:
  - Decision support tools;
  - vertical and horizontal contributors to the economy, horizontal = enablers, better by design courses, vertical = creative sector, identifying and dividing into two groups and prioritise the investments within each group;
  - Maori filter across the decision process and what this means, something to gain from this as their approach to business and business structures are different;
  - Climate change influence on technology choice and opportunity it creates;
  - Feel free to get it wrong; Be prepared to be wrong
  - Don't just pick winners, by the time you're certain, someone else has done it!
  - Be prepared to put few bets (spread out the investment)– some will pay off and some will not
  - Broaden out the criteria other than just profit e.g environment impact, low carbon footprint, climate change, broader economic impact;
  - Long-term objectives – job creation and
  - What is success (not just profit)
  - Supporting innovation and not choosing sectors – new, innovative and chances to execute (less judging whether it is the right thing to do)
- **Suggested** questions to consider as part of this process –
  - where in the spectrum of the basic research you're at?
  - who else in NZ or overseas ecosystem you might partner with?
  - who will you partner with (the universities or other organisation) for a supply chain?
  - Who wants this?

The Board **received** the paper and **noted** the following information:

- **Discussed** progress on the GIQ Programme.
- **Noted** the Strategic Programme Business Case will come for board approval towards the end of the year.
- **Noted** three other business cases will come to the board for approval this calendar year as they are outside the GDGG DFA.
- **Updated** the Board on the strategic programmes which sit under the GIQ programme; the team is using a multi-organisational approach to developing the business case and will need to work out whether the business case seeks funding for just Callaghan Innovation or multiple organisations.
  - As part of the process, the team identified a number of key strategic partners and defined their relationship to Callaghan Innovation whether there is a horizontal or vertical alignment,
  - Provide clarity and consistency on how the Wellington Innovation ecosystem can collaborate and work in partnership to galvanise resources to support Callaghan Innovation's strategic direction.
- **Explained** the need for different consultants to support different needs namely capability gaps within the organisation (where the organisation does not require full time FTE) and where consultants can provide their expertise to cover these gaps by providing different capabilities and assist our relationship with Central Government.
- **Provided** a brief overview of each consultant.
- **Discussed** the integration of consultants, sequencing of the deliverables and the creation of business case; emphasised that Callaghan Innovation owns the Business Case and the role of the consultants are to provide their capability to support this process.
- **Discussion** ensued around the GDGG Term of Reference (TOR) and role of GDGG to govern the delivery process compared to the role of Board to provide aspirational and strategic direction. Agreed governance for development of the strategic programme will be provided by the Board not the GDGG.
- **Discussed** the future use of the site and emphasising the need for flexibility and adaptability into the assumptions, opportunity cost of building at different locations, analysis of value to build compared to other alternatives, cost savings from having multiple sites compared to a single site and ways of working in the future.
- **Agreed** in principle to start the process and hire consultants.
- **Emphasised** that the tactical estate must proceed.
- **Requested** to engage with strategic partners at future meetings and understand their commitment to the site. **ACTION ITEM - PROGRAMME DIRECTOR**
- **Requested** the team to provide clarity around the importance of the site in the future and the need to be flexible in its functionality for the site.
- **Noted** that the Board needs to make a decision on how the organisation conducts its business case around strategic alignment of the site to line up with other transformational activities – delivery timeline, strategic issues and thinking process.
- **Noted** that the Board did a walkaround of the GIQ development site and was provided a brief on the current and future build of the programme.

## 2.5 Change Lab Tour

BD28/01/21/06

The Board had a tour of the Lab.

## 2.6 Talent Review and Succession Planning (paper circulated directly to Directors)

BD28/01/21/07

The Board **received** the paper and discussed in board only time how the executive team was shaping up.

## GOVERNANCE AND OPERATIONS

### 3 FOR DISCUSSION/APPROVAL

#### 3.1 CEO Report

BD28/01/21/07

The Board **received** the paper and **noted** the following information:

- **Updated** the Board on the transition strategy for Covid.
- **Provided** a general update on ePMO, internal communications and aligning activities within the organisation and Climate Change targets – Carbon Neutral 2025.
- **Updated** the Board on the Government engagement plan and how the organisation will improve its capabilities in this area.
- **Updated** the Board on management governance across the organisation - programmes and projects governance - good governance management practice layer across the organisation.
- **Provided** a brief update on the Enterprise Risk Report and the challenges presented to the CEO by the CSO.
- **Provided** an update on the market validation programme – understanding the landscape and identifying gaps, and design intervention to upskill customers to do market validation; key point for the organisation is how to engage with customers and keep them engaged.
- **Requested** management to invite the authors of the Productivity Commission to speak to the Board or management at a future meeting. **ACTION ITEM – GM MEE and SECTORS**

#### 3.1.1 Performance dashboards November - December 2021

BD28/01/21/09

The Board **received** the paper and **noted** the the following:

- **Thanked** the CE for providing the comprehensive information on a page.

#### 3.1.2 Finance Report - December 2021

BD28/01/21/10

The Board **received** the paper and **noted** the following information:

- **Noted** a realistic forecast for the year as a result of looking thoroughly at the personnel and budget position

#### 3.1.3 Health and Safety report- December 2021

BD28/01/21/11

The Board **received** the paper and **noted** the following information:

- **Discussed** the HSE Metrics for November and December 2020
- **Acknowledged** the tenacity of the GIQ Programme Director and his team on finding the chemical.
- **Highlighted** the following concerns:
  - **s 9(2)(g)(i)** concern about staff welfare and not a punitive entity;
  - Obligation to enquire and be self-assured on questioning the issue and be supportive of the culture where safety is paramount;
  - Difference between the role of the **s 9(2)(g)(i)** and awareness of the Board being interested in staff welfare; and
  - Performance issue if the process is not followed through by the manager and hold to account those responsible.

#### 3.2 R&D Loan Scheme Governance Lessons Learned overview (workshop)

BD28/01/21/12

This item was not discussed.

The Board **received** the paper and **noted** the following information:

- **Discussed** the update forecasts for the Growth and Project and Student Grants appropriations.
- **Discussed** the context for the MBU adjustment.
- **Confirmed** the Board's direction.
- **Agreed** to the transfer of \$25m to Project Grants and the balance \$13m in the Growth funds; any unused funds in the Growth funds will be returned back to MBIE. MBIE expressed their desire to have the \$13m returned, CE reiterated this money is already forecast to be used due to market demand and we would need to close the schemes even earlier to avoid spending the \$13m.
- **Agreed** that Callaghan Innovation will manage the Project Grants within the appropriation as agreed to June 2022 and will include this in the Letter of Expectation from the Minister.
- **Updated** the Board on the declines review process – This review included an assessment of 106 relevant applications from 72 entities captured that:
  - 34 applications (from 25 entities) were recommended to be accepted;
  - 19 applications (from 14 entities) across 8 sectors were declined as ineligible activity;
  - 23 applications (from 19 entities) were withdrawn by the applicant;
  - 26 applications (from 10 entities) were declined as there was no response from the applicant to an information request; and
  - 4 applications (from 4 entities) were declined as ineligible (grants) expenditure.
- **Assured** the Board around the transparency and rigour of the process where independent reviewers were not made aware of the full details of the previous decisions but came to the same conclusions through this process.
- **Identified** the Review Team's findings that largely support those made by Callaghan Innovation's RDTI Core Team ('Core Team'). This suggests that the next steps might be a review of Guidelines and Legislation within the context of the policy intent and Minister's expectations about what the RDTI would deliver.
- **Acknowledged** the team working in a timely way to provide the information from this process before the summer break.
- **Updated** the Board on findings in relation to the process review which has identified the following challenges for customers in engaging with the RDTI. These are
  - Lack of clarity around eligibility prior to applying;
  - Lack of transparency of progress in the process;
  - Process complexity means that compliance is timely and costly;
  - Application to decision time lengthy;
  - Perceived high risk of decline.
- **Updated** the Board on next steps where the team will be looking at the customer journey and process mapping, as well as equipping the PRMs with the relevant information to support customers. This will include working closely with IR Operations.
- **Informed** the Board on the fundamental difference between the support for the Project Grant (PG) and RDTI where PG have access to a PRM to assist with throughout the process compared to RDTI where the PRMs are not currently involved. Some customers are reliant on tax advisors who are also growing their knowledge of the product.
- **Identified** the importance of focusing on improving the customer experience, using a product based approach to the delivery of the RDTI which most likely include the PRM to create a better experience for customers, while recognizing the need to maintain separation between the core team's assessment and review of the R&D..

Pete, Matanuku, Jen and Angela conducted their health and safety walkarounds at the end of the board meeting.

#### 4 MONITORING

##### 4.1 Board Administration

###### 4.1.1 Draft minutes of meeting held on 26 November 2021

BD28/01/21/15

The Board **received** the minutes and **confirmed** them as a true and correct record.

###### 4.1.2 Board action list

BD28/01/21/16

The Board **received** the actions list and **noted** the information.

###### 4.1.3 Interest Schedule

BD28/01/21/17

The Board **received** the paper and **noted** the information.

###### 4.1.4 2021 Meeting dates

BD28/01/21/18

The Board **received** the meeting dates with one amendment to the September meeting date to be scheduled to a later date.

#### 5 ANY OTHER BUSINESS

BD28/01/21/19

- N/A

The meeting closed at 3.47 pm

Pete Hodgson  
Chair  
Callaghan Innovation  
28 January 2021

# Board Minutes

25 March 2021

9:00am - 4:42pm

**LOCATION:** Textile Centre, 1 Watt Street, Parnell

## IN ATTENDANCE

### Board

Pete Hodgson (Chair)  
Jennifer Kerr  
Shaun Hendy  
Elena Trout (left at 12.26noon, item 2.2)  
Angela Bull  
Rachel Kelly  
Paul Stocks (MBIE)

### Executive

Vic Crone (CEO)  
Lara Ariell (Chief Financial Officer)  
Stefan Korn (General Manager MEE & Sectors)  
Paul Linton (General Manager Research and Development Solutions)  
Esther Livingston (General Manager People and Capability)  
Crispian Franklin (Manager Office of the CE and Board)

### Apologies

Matanuku Mahuika



1	<b>Board Only time</b>	BD25/03/21/01
	•	
1.1	<b>ORG CHART</b>	BD25/03/21/02
	• N/A	
1.2	<b>TOP 5 CRITICAL RISK</b>	BD25/03/21/03
	The Board <b>received</b> the paper and <b>noted</b> the information.	

#### FOR DISCUSSION / APPROVAL

2.1	<b>Deed Dive - Government Agenda</b>	BD25/03/21/04
	The Board <b>received</b> the paper and <b>noted</b> the following information:	
	<ul style="list-style-type: none"> <li>• <b>Updated</b> the Board on the continuation of the delivery of Strategy and Transformation Programmes to ensure that the Government understands how our work is delivering on their priorities.</li> <li>• <b>Progressing</b> on the work with MBIE and IR to deliver the intended outcomes from RDTI and continue to strengthen and improve the way we work with our key agencies and Ministers.</li> </ul>	
2.2	<b>Achieving Strategic Alignment - Strategy to business model underpinned by operating model</b>	BD25/03/21/05

The Board **received** the paper and **noted** the following information:

##### 20 Year Strategy

- **Updated** the Board on the 20 year strategy with the purpose of the strategy being simple to understand and a clear alignment with all of the work within the organisation. The strategy also aligns with the Government's priorities and agenda showing the organisation's work on delivering its priorities.
- **Updated** the Board on the creation of the housing roadmap and working closely with iwi and a number of stakeholders on housing and Maori housing.
- **Updated** the Board on the role of organisation around the next 20 years focusing on supporting technology transformation across the economy (SME, startups and corporation) where the country needs a shift towards automation technology to supplement future high employment by creating high productivity jobs.
- **Advised** the Board that at a future meeting the team will report back for approval of the missions that the organisation will be committing to and consider the resources to support the missions.
- **Briefed** the Board on the planning cycle in relation to the quarterly planning and delivery cycle and the organisation being agile and responsive in delivering the improvement internally and reviewing every 3 years on the 20 year strategy.
- **Suggested** to the team to undertake a persona journey mapping to understand different experiences and risk/opportunity as a scenario planning activity.
- **Approved** the FY22-23 focus areas and the direction of the draft long-term strategy.

##### Business Model

- **Updated** the Board on the Business Model which explains the following: 'what do we do', 'what are our products and services', 'who are our customers', 'what value do we provide to our customers' and how it aligns with the overall purpose of the organisation as well as how we organise the organisation to achieve the 'what' question.
- **Updated** the Board about the value proposition across different types of customers, product level and how the organisation can add value.
- **Requested** the team to invite companies like Vend or Xero to share their experience with Board when the business model is underway. **Action Item - GM MEE and Sectors**

[**Secretarial Note:** The meeting adjourned at 1.28pm for lunch and reconvened at 1.35pm]

#### Operating Model Update:

- **Updated** the Board on the Operating Model and further advised that the team will bring back to the next meeting to approve the full operating model.
- **Requested** an out of cycle meeting in early May to approve the final details of the design. **Action item - Governance Manager**
- **Updated** the Board that the change process for the Operating and Business Model will run parallel across the organisation.

### 2.3 GIQ Strategic Business Case

BD25/03/21/06

The Board **received** the paper and **noted** the following information:

- **Discussed** management and board alignment on the GIQ Strategic Programme Business Case (SPBC) work underway.
- **Briefed** the Board on the purpose of the stakeholder engagement is to ensure that CI strengthens its external relationship programme and be well connected within the ecosystem.
- **Informed** the Board that the stakeholder group consists of GNS, ESR, Te Atiawa, Vic Uni, WellingtonNZ and Hutt City Council and the Government/political stakeholder group consists of the head MBIE, Head Treasury, Local MPs and key ministers.
- **Recommended** that the Chairperson approves the political stakeholder management plan and key content information. **Action Item - Project Manager GIQ**
- **Requested** a summary for the non-political meetings for the Board to provide visibility on the contents/outcomes of the meeting. **Action Item - Project Manager GIQ**
- **Informed** the Board that the team will change the terminology of the process to include stakeholder strategy, shareholder strategy and political strategy rather than stakeholder for all participants. **Action Item - Programme Manager/Project Manager GIQ**

### 2.4 Talent Review Objectives

BD25/03/21/07

The Board **received** the paper and **noted** the following information:

- **Approved** the following Talent Objectives for 2022:
  - Align the Talent Experience process to our new **Operating model**.
  - Review and revise our **Sourcing model** to meet the new Talent demands.
  - Focus on developing our **top talent**.
- **Updated** the Board on the s 9(2)(ba)(i) uses for hiring (AI assistance for hiring) to provide qualitative evidence to reduce bias as a tool for hiring.
- **Agreed** to discuss diversity, the 'why' and strategy at the PCD Committees and update the FY21/22 target. **Action Item - COO**

### 2.5 Risk objectives

BD25/03/21/08

The Board **received** the paper and **noted** the following information:

- **Updated** the Board on the objectives of risk that support the Strategy, Business and Operating Models and ensure that the organisation has resources to support the delivery of these models.
- **Updated** the Board on how the organisation is using risk as an enabler through change champions and changing the culture by incorporating risk as part of each work, which is beneficial in the long run.
- **Approved** the FY21/22 risk objectives.

### 2.6 Deep Dives

#### 2.6.1 Tātai Whefū Programme

BD25/03/21/09

The Board **received** the paper and **noted** the information. They also:

- **Updated** the Board on the Mahutonga website and introduced the Project Manager **s 9(2)(a)**.
- **Provided** a general update on the programme and provided a reflection on being a treaty partner.

#### 2.6.2 Homesafe Programme

BD25/03/21/10

The Board **received** the paper and **noted** the following information:

- **Provided** a brief update on the 6 projects and explanation around safety 1 and safety 2, and improving the ability of the organisation to control risk and support the subject matter experts to find solutions.
- **Acknowledged** the team on the 'How we will deliver the programme' page.

#### 2.6.3 Māori Economy Team, the Māori Economy and opportunities on the horizon via Tātai Whetū

BD25/03/21/11

- This item was not discussed.

### 2.7 RDTI Update

BD25/03/21/12

The Board **received** the paper and **noted** the following information:

- **Updated** the Board on the fundamental key issues:
  - the operating model that was set-up;
  - the culture and team within the contributory parties;
  - the risk profile of IR where **s 9(2)(g)(i)**
  - the criteria around decisions that are bound up to 3 years;
  - **s 9(2)(g)(i)**; and
  - a process that is rules based that is unfriendly to customers.
- **Provided** a brief explanation of the two products: Growth Grants and RDTI - the Growth Grants process allows a full interactivity between customers and the relationship manager to allow a better customer experience compared with RDTI and the differences of definition for research and development between both products.
- **Updated** the Board on the draft guidance by IR and the **s 9(2)(g)(i)**
- **Appointed** a new product manager, Brett Calton and a new RDTI manager, McKenzie Nichol to assist with the RDTI process.
- **s 9(2)(f)(iv)**
- **Briefed** the Board on the top-up process where Growth Grant customers can enrol to RDTI for a one-time payment where the approved applicants are entitled to a top-up payment to the average of the last 3 years Growth Grants or the amount they would be entitled to in the current year (whichever is lower).

### 2.8 Out of cycle - NZ Aluminium Smelter

BD25/03/21/13

The Board **received** the out-of-cycle paper and **noted** the following:

- **Approved** option 1.2 - No further claims permitted and clawback not required.

## 3 GOVERNANCE AND OPERATIONS

### 3.1 CEO REPORT

BD25/03/21/14

The Board **received** the paper and **noted** the information.

3.1a	<b>Performance Dashboard</b>	BD25/03/21/15
	The Board <b>received</b> the paper and <b>noted</b> the information.	
3.1.1	<b>Finance Report - February 2021</b>	BD25/03/21/16
	The Board <b>received</b> the paper and <b>noted</b> the information. They also: <ul style="list-style-type: none"> <li>• <b>Approved</b> an increase to the overall capital budget of \$200k, taking the total capital budget to \$12.6m.</li> </ul>	
3.1.2	<b>Health and Safety Report - February 2021</b>	BD25/03/21/17
	The Board <b>received</b> the paper and <b>noted</b> the information.	
3.1.3a	<b>R&amp;D Solutions - Glycosyn Dashboard</b>	BD25/03/21/18
	The Board <b>received</b> the paper and <b>noted</b> the information.	
3.1.4b	<b>R&amp;D Solutions - MSL</b>	BD25/03/21/19
	The Board <b>received</b> the paper and <b>noted</b> the information.	
3.1.4c	<b>R&amp;D Solutions - Kiwistar Optics</b>	BD25/03/21/20
	The Board <b>received</b> the paper and <b>noted</b> the information.	
3.1.4d	<b>Tech Incubator Update - Repayable Grant</b>	BD25/03/21/21
	This item was not discussed. To be rescheduled to the next April meeting.	
3.2	<b>Flexible Labs Detailed Business Case Report</b>	BD25/03/21/22
	The Board <b>received</b> the paper and <b>noted</b> the following information: <ul style="list-style-type: none"> <li>• <b>Discussed</b> the Detailed Business Case for investment in Flexible Laboratory Accommodation at GIQ.</li> <li>• <b>Noted</b> the investment proposal will: <ul style="list-style-type: none"> <li>• Contribute to the realisation GIQ programme main benefits, specifically increasing commercialisation of science and increased opportunity and demand for innovators to connect to, located and use resources at GIQ.</li> <li>• Realise two direct Tactical Estates Continuity Programme benefits at GIQ; improved health, safety, and environmental outcomes and deliver enabling works to create fit for purpose workspaces.</li> <li>• Note the Preferred Option 'New Build of relocatable Lab space' for delivering Flexible Laboratory Accommodation (560sqm) at GIQ.</li> <li>• Note this Detailed Business Case has been endorsed by the GIQ Programme Board and Gracefield Development Governance Group.</li> <li>• Approve a budget increase of <b>s 9(2)(j)</b> to deliver this project (taking the project's total budget from \$0.080 million <b>s 9(2)(j)</b>). This remains within the tranche budget of <b>s 9(2)(j)</b>.</li> <li>• Approve a delegation authority for the Chief Executive to sign the contract with Contractor Adbuild and a variation to the Site Infrastructure Project for the procurement of the preferred option.</li> </ul> </li> </ul>	
3.3	<b>2021/22 Statement of Performance Expectations</b>	BD25/03/21/23

- **Discussed** the approach and proposed changes for the 2021/22 Statement of Performance Expectations
- **Approved** the proposed changes to draft Statement of Performance Expectations for release to MBIE for feedback purposes.
- **Noted** that we will be seeking the Board's feedback and approval of the draft Statement of Performance Expectations on 21 April 2021.
- **Updated** the Board on the timeline extension for the Statement of Intent.

### 3.4a The Sale of Kiwistar - Update

BD25/03/21/24

The Board **received** the paper and **noted** the information.

- **Updated** the Board on the sale process for Kiwistar where the s 9(2)(ba)(i) [REDACTED]
- **Updated** the Board that s 9(2)(ba)(i) [REDACTED]
- **Agreed** to delegate to the CEO the sale process in accordance with the ESG process and undertake due diligence before the sale and provide positive key messages. - **Action Item - CEO**

### 3.4.1 FY21/22 Audit Plan Board Approval

BD25/03/21/25

The Board **received** the paper and **noted** the following information:

- **Approved** the FY21 audit plan.
- **Approved** the corresponding FY21 audit engagement letter.
- **Provided** a report back the PwC fee item back to the Audit and Risk Committee in April.

### 3.4.1a PwC Audit Plan

BD25/03/21/26

The Board **received** the paper and endorsed the recommendation from the ARC committee.

### 3.4.1b PwC Audit Engagement Letter

BD25/03/21/27

The Board **received** the paper and endorsed the recommendation from the ARC committee.

## 4 MONITORING

### 4.1 Recommendations from 30 September 2020 Audit & Risk Committee - ComplyWith - Retrospective Approval

BD25/03/21/28

The Board **received** the paper and noted the information.

### 4.2 Agile Board Workshop Readings

BD25/03/21/29

The Board **received** the paper and noted the information.

### 4.3 Director Toolkit Climate Risks

BD25/03/21/30

The Board **received** the paper and noted the information.

### 4.4.1 Draft minutes of meeting held 28 January 2021

BD25/03/21/31

The Board **received** the minutes and **confirmed** them as a true and correct record, pending the following changes:

- 2.1 (pg 271) 5th bullet point from the bottom - performance report - March - to read as follows" To add to the Forward Looking Agenda for 2021 under Performance Reporting - SOI and SPE timeframes"

#### 4.4.2 Board action list

BD25/03/21/32

The Board **received** the actions list and **noted** the information. They also:

- Not to go ahead with amalgamating the H&S and PCD at this stage
- Tech Futures training with Francis

#### 4.4.3 Interest Schedule

BD25/03/21/32

The Board **received** the paper and **noted** the information. They also:  
Glenamoy16

- Waipa Ltd for Jen - Director

#### 4.4.4 2021 Meeting dates

#### 4.4.5 Committee Chair report - Audit and Risk

BD25/03/21/33

The Board **received** the report and **noted** the information.

#### 4.4.6 Committee Chair report - Health & Safety

BD25/03/21/34

The Board **received** the report and **noted** the information.

#### 4.4.7 Committee Chair report - Grants

BD25/03/21/35

The Board **received** the report and **noted** the information.

### 5 ANY OTHER BUSINESS

BD25/03/21/36

The meeting closed at 4.42pm

Pete Hodgson  
Chair  
Callaghan Innovation  
25 March 2021

# Board Minute

21 April 2021

9:00am - 5:16pm

**LOCATION:** Asteron, Featherston Street, Wellington

## IN ATTENDANCE

### Board

Pete Hodgson (Chair)  
Jennifer Kerr  
Shaun Hendy  
Elena Trout  
Angela Bull  
Matanuku Mahuika  
Rachel Kelly  
Michael Bird (MBIE)

### Executive

Vic Crone (CEO)  
Paul Linton (General Manager Research & Development Solutions)  
Esther Livingston (COO Internal Partnerships)  
Stefan Korn (GM MEE & Sectors)  
Lara Ariell (Chief Financial Officer)  
Crispian Franklin (Manager Office of the CE and Board)

### Apologies

1 Board Only time BD21/04/21/01

- **Requested** to add the Top 5 Risk to every Board meeting.
- **Acknowledged** Director Shaun for receiving the Prime Minister's Science Prize Award.

#### FOR DISCUSSION / APPROVAL

2 Followup Board workshop on agile BD21/04/21/02

The Board **received** the paper and **noted** the information.

2.1 Budget FY21/22 BD21/04/21/03

The Board **received** the paper and **noted** the information. They also:

- **Discussed** the proposed budget envelope.
- **Discussed** the cash reserves position.
- **Approved** budget envelope to put forward into the SPE.
- **Noted** we will bring investment activities that fit into this budget back to the June board.
- **Noted** we will not have enough funding to address all the challenges above and once we scope this we will be able to determine delayed investment and any further impacts on outer years.
- **Tabled** the prioritisation process document for discussion to inform the FY22 priorities and budget where the Board was provided with an overview of the 'must have', 'should have' and 'could have' key projects.
- **Requested** to identify a set of appropriation that the organisation currently have (must have/ core) and provide indicative figures for the operating budget for the 'should and could have' columns for the June report.
- **Suggested** to management to consider passing on the cost to customers for the services that the organisation provides as an option to look at costs differently in the current constraint environment and find some efficiencies within the organisation.

2.2 Statement of Performance Expectations BD21/04/21/04

The Board **received** the paper and **noted** the information. They also:

- **Discussed** the feedback and our proposed changes in response to the feedback from MBIE.
- **Approved** the draft 2021/22 Statement of Expectations (SPE) for sharing with the Minister.
- **Noted** that the Board will receive the final SPE, including the Minister's feedback, on 9 June 2021 for approval with the following amendments:
  - o pg 24, remove "We are facing ...funding challenges".
  - o pg 26 - 3rd paragraph, separate RDTI from the R&D Loan Scheme and put at the top of this page.
  - o pg 26 - paragraph 1, tighten the narrative around trends as Covid 19 hasn't impacted much on urbanisation and aging population.
  - o pg 31 - specify the activities that can be seen by the end of certain timeframe (e.g 2023) for GIQ
  - o pg 42 - there will adjustments to the criteria for Project Grants and therefore the performance measures will change
- **Discussed** the set of performance measures to meet the requirement for the SPE and further updated the Board that this was discussed at the ARC committee to relook the metric of success in the future.



2.3 Board Workshop on Callaghan Innovation posture BD21/04/21/05

The Board **received** the paper and **noted** the information.

[**Secretarial Note:** The following order of items were taken at this time - 2.4.2, 2.4.3, 2.4.1, 2.4.4 and 3.5]

2.4 GIQ Strategic Services Programme Update BD21/04/21/06

The Board **received** the paper and **noted** the information.

2.4.1 Strategic Programme Mandate BD21/04/21/07

The Board **received** the paper and **noted** the following information:

- **Noted** the GIQ Strategic Programme Mandate has been updated to reflect new knowledge that informs the development of this programme and requested an updated programme for a future meeting.
- **Noted** the "future of work" should be used as a basis of policy development which sits with MBIE.

2.4.2 Update on Biotech Hub, Masterplan and Blueprint BD21/04/21/08

The Board **received** the paper and **noted** the information:

- **Updated** the Board on the Blueprint where the team had engaged with 25 industry stakeholders (40 organisations) and feedback from the industry was around the 'connection' and not the place, the importance of the facility to connect across NZ and globally.
- Further updated the Board on the development of a business case and work around the scope of the project to identify what infrastructure (as well as digital infrastructure) is required, how to create collaborative spaces and connection with other industries and increase capability, as well as sharing equipment where other organisations don't have access to.
- **Informed** the Board on the Masterplan being a future focussed document and the team is focused on three areas:
  - i) potential scenarios for development over 5-10 years
  - ii) informing active tactical estate projects; and
  - iii) seeking opportunities for early positive moves (progressive momentum e.g MSL building)
- A workshop session was led by Rachel Child, SIDA to gather feedback on 2 major works within the GIQ Strategic Programme:
  - How GIQ (innovation assets) fits across Wellington community (local partners);
  - How Callaghan Innovation is supporting the networking hub model in respect to Science and Innovation and Economic Development Policies across New Zealand.
- **Discussed** the need of a regional strategic choices and whether it is a multi-organisation(collective) or Callaghan Innovation (single organisation)business case and challenges across funding across each organisation.
- **Discussed** on the types of location, different types of innovation within a hub, high level strategic blueprint and condition of success for future state of the assets.

2.4.3 GIQ Stakeholder Update BD21/04/21/09

The Board **received** the paper and **noted** the information. They also:

- **Noted** progress and next steps on the GIQ Stakeholder Engagement Programme.
- **Noted** that a discussion paper would be helpful for the Board to understand the evidence and should have the following:
  - future direction of the world;

- o current capability and where Callaghan should focus;
- o funding options; and
- o timing and phasing

to assist the Board with making better decisions. **Action Item - GIQ Programme Director**

- **Discussed** the approach on bringing this up with the Minister and the need for a mandate from the Government as well as developing a policy to develop the site. Callaghan Innovation has been engaging with the public sectors and seeking a broader mandate from mutual partners in the R&D and science industry.

#### 2.4.4 Board Input Strategic Programme

BD21/04/21/10

The Board **received** the paper and **noted** the information.

#### 2.5 Tatai Whetu Update

BD21/04/21/11

The Board **received** the paper and **noted** the information:

- **Discussed** on the use of "whaka taurira" (meaning: student or example) and will check Te Ati Awa with the use of the term (currently it means 'to exemplify').
- **Updated** the Board on the next step: transition to the organisation, launch the behaviours and measure the benefits of the programme.

### GOVERNANCE AND OPERATIONS

#### 3.1 CEO REPORT

BD21/04/21/12

The Board **received** the paper and **noted** the following information:

- **Noted** to place the Productivity Commission into the Board's resources. - **Action Item - Manager, Governance**
- **Briefed** by MBIE that Dealroom provides a source of information in addition to Scaleup NZ which is the primary government vehicle to keep NZ commercial innovation sector around the world and noted that there are overlaps of data for both platforms and will work with Callaghan Innovation, and MBIE will not actively promote or publicise to external stakeholders. General feedback from customers is that they are confused with the platform. MBIE clarified the question of duplication of platforms as raised by Callaghan Innovation, and further affirmed that it does not expect Callaghan Innovation to discontinue ScaleUp NZ and sees the importance of the platform for connecting NZ's innovation ecosystem.
- **Approved** the Sfi Board and noted that the Board and Sfi charter need to be aligned.

##### 3.1.1 Performance Dashboard

BD21/04/21/13

The Board **received** the paper and **noted** the information.

##### 3.1.2 Finance Report

BD21/04/21/14

The Board **received** the paper and **noted** the information:

- **Provided** a general update on Kiwistar.

##### 3.1.3 Health and Safety Report - March

BD21/04/21/15

The Board **received** the paper and **noted** the information:

- **Updated** the Board on the 3 major incidents, increased in open actions due to unassigned actions in Ecoportal and 3 ELT members undertaking H&S site visits.

- **Noted** on the process flaw where a contractor was allowed to start work earlier than expected without providing early notice to authorities and also working staff was in the working site. **Action Item - GIQ Director**
- **Noted** that culture has improved from a year ago as staff are reporting incidents through the system, and having an in depth conversation at ELT level and more work to be done in this space.
- **Updated** the Board on the big effort in the R&D and IBT units. IBT is in the process of disposing of 2,000 types of legacy chemicals. A new audit system has been implemented where chemicals are handed to the next person when they leave the organisation for disposal.
- **Briefed** the Board on a near-missed incident at Glycosyn where a staff member used the SOP and informed another staff member to stand outside of the freezer before walking into the freezer and was trapped in the freezer due to a broken handle. This incident was used as a learning across the organisation.

### 3.1.4 Tech Incubator Update - Repayable Grant

BD21/04/21/16

The Board **received** the paper and **noted** the information.

### 3.2 RDTI

BD21/04/21/17

The Board **received** the paper and **noted** the information. They also:

- **Discussed** the key Issues and programme of work outlined.
- **Updated** the Board that the team has made some progress in relation to directly communicating with Growth Grants customers and access to information across different groups in Callaghan Innovation.
- **Briefed** the Board the team is working on a future dashboard to provide the relevant information and advised about the challenges in the development of the dashboard.

### 3.3 Grants Appropriations Update and Student Experience Grants 2021

BD21/04/21/18

The Board **received** the paper and **noted** the information. They also:

- **Noted** the commentary regarding the current status of the forecasts for growth and project/student growth appropriations and context for this as set out in the Minister's Letter of Expectations.
- **Discussed** the impact of the Board's recent decision with regard to the New Zealand Aluminium Smelter (NZAS) on the growth and project/student grants appropriation.
- **Agreed** to open Student Experience Grants 2021 on 1 August 2021.
- **Approved** a funding cap of up to \$11m (and further noting that this leaves \$19m for Project Grant which is less compared to previous financial year as we do not have the same funding allocation and demand pressure from the market. This will provide a signal to the ecosystem the challenge the organisation is currently facing.
- **Approved** an increase in rates to the living wage at \$22.10 per hour from the previous living wage of \$21.15 per hour.
- **Noted** that in the Letter of Expectation states that the appropriation for applicants must be opened until June 2022 but technically this is not achievable as we need the application until April then process it from April to June 2022 (and not processing applications after June).
- **Requested** the team to provide a report on constraining measures in June (or earlier) as well as providing an explanation on the difference between the grants. **Action Item - COO - Internal Partners**

### 3.4 Deep Dives

BD21/04/21/19

The Board **received** the paper and **noted** the information.

### 3.4.2 Maori Economy

BD21/04/21/20

The Board **received** the paper and **noted** the information. They also:

- **Noted** and appreciated the update and challenges and **noting** the Board is extremely supportive of this work.
- **Discussed** strategic positioning for the Māori Economy.
- **Noted** the key messages for the Board are the importance of Tatai Whetu as a driver to help inform the organisation how it can deliver for Maori and what we need to focus on.
- **Updated** the Board that most Maori organisations are not at the commercialisation stage and our organisation needs to understand their unique requirements and engage with them by (co-)designing with Maori in mind as at the moment there are barriers to entry. These organisations when they are at the capability stage have a tendency to seek support elsewhere.
- **Requested** a report back at a future meeting and to provide a strategic focus of where and how we can support Maori economy as well as options for partnering with other iwi organisations and suggest 3-4 pilots that Callaghan can undertake to support the ecosystem. - **Action Item - Group Manager Maori Economy**

### 3.4.2 COVID 19 Survey Wave

BD21/04/21/21

The Board **received** the paper and **noted** the information. They also:

- **Noted and discussed** the contents of the attached slide pack.

### 3.5 GIQ Tactical Estates Expectations - Board Response

BD21/04/21/22

The Board **received** the paper and **noted** the following information:

- **Discussed** the issue the organisation has encountered with our preferred supplier for the Flexible Laboratory Project (AdBuild) entering voluntary administration.
- **Discussed** the options considered, the preferred option recommended and proposed next steps.
- **Approved** progress with compiling a construction contract with appropriate clauses to protect our interests as proposed in the next steps.
- **Agreed** to Option 2.

## 4 MONITORING

### 4.1 Minister Letter of Expectations - Board Response

BD21/04/21/23

The Board **received** the paper and **noted** the information. They also:

- **Discussed** the 2021 Letter of Expectations from Minister Woods.
- **Approved** Callaghan Innovation's response to the 2021 Letter of Expectations.

### 4.2 BOARD ADMINISTRATION

#### 4.2.1 Draft minutes of meeting held 25 March 2021

BD21/04/21/24

The Board **received** the minutes and **confirmed** them as a true and correct record.

#### 4.2.2 Board action list

BD21/04/21/25

The Board **received** the actions list and **noted** the information.

- 360 light touch review in June.

#### 4.2.3 Interest Schedule

BD21/04/21/26

The Board **received** the paper and **noted** the information. They also:

- add NZTE - Jen Kerr
- amend Waipa Networks Ltd - Jen Kerr

**4.2.4 2021 Meeting dates**

BD21/04/21/27

N/a

**4.1.2 Committee Chair report - People, Culture and Diversity**

BD21/04/21/28

The Board **received** the report and **noted** the information.

**5.1 Stakeholder Event Briefing**

BD21/04/21/29

The Board **received** the report and **noted** the information.

---

**6 MEETING REVIEW - Review of meeting**

BD21/04/21/30

The meeting closed at 5.16 pm

Pete Hodgson  
Chair  
Callaghan Innovation  
21 April 2021

# Out of Cycle Board Minutes

10 May 2021

2:05pm - 3.25pm

**LOCATION:** Video conference

## **IN ATTENDANCE**

### **Board**

Pete Hodgson (Chair)  
Jennifer Kerr  
Shaun Hendy  
Elena Trout  
Angela Bull  
Matanuku Mahuika (from 2.32pm, item 2)

### **Executive**

Vic Crone (CEO)  
Lara Ariell (CFO)  
Esther Livingston (COO - Internal Partners)  
Crispian Franklin (Manager, Governance and CE Office)  
Wayne Eltringham, Transition Lead Tātai Whetū  
Colm Kearney, Programme Manager Tātai Whetū  
Helen Hunt, Group Manager Employee Experience - Internal Partnering

### **Apologies**

- N/A

FOR DISCUSSION / APPROVAL

The Board **received** the paper and **noted** the information. They also:

- **Noted** through the detailed design phase of the operating model there are no significant changes from what the board signed off in August 2020.
- **Noted** we are using an agile and iterative approach to implementation of the operating model.
- **Discussed** the immediate next steps as we start implementation of the operating model.
- **Noted** we have not confirmed funding for operating model implementation and part of this will be done through the FY 21/22 budget cycle.
- **Discussed** potential delays of \$1.5m opex from 2020/21 into 2021/22 depending on the timing of new organisational design implementation.
- **Noted** there will be a separate discussion and paper on the new organisational design to support the operating model.
- **Briefed** the Board on the Business Model ("WHAT" are the things that we do) which is a product led response to customers' needs, and the Operating Model is the "HOW" and the Organisation Design is the structure to organise resources.
- **Briefed** on the communication of the implementation of Operating Model which is a joint messaging through the support of the Communications Team by utilising a number of tools to deliver consistent messaging : All Hands, Workplace post, 1-1 session with Team, CE and RDS messaging etc.
- **Updated** on the approach and sequencing of the models (workstreams) to organise the structure of the organisation and the rapid changes are progressed by function-by-function level to allow Radically (external provider) to provide support to the teams and also allowing them to match their resources to meet with the changes.

The Board **received** the paper and **noted** the information. They also: (37min)

- **Noted** the detailed design of new organisational design including financials and role impact assessments.
- **Noted** that establishment of the Advisory Group to provide insights and inputs as work through detailed design.
- **Noted** the formal onboarding of external provider Radically to support design, transition and flow into ways of working.
- **Noted** the development of project plan for implementation of new organisational design.
- **Noted** the development of change and communications plan for organisational feedback and implementation.
- **Approved** in principle the new Organisation Design and provided the following feedback on layer of leadership and diversity:
  - how will this impact the progress of Tātai Whetū
  - challenge around tradeoff between balancing skilled leaders with the drive for diversity
  - Increasing (refreshing) capability is a sensible thing to do compared to solely focusing on diversity, and management will use good judgement around the long term benefit of improving capability compared to short term disruption and getting the balance right.
  - opportunity and fairness, and consideration for alternative roles within the system

- regarding the \$1.5m, the issue is around the retained earnings and make sure the narrative of the size of the \$1.5m to move to the next financial year is justified and logical
- delicate balance by having a view of the future and managing the current team and balancing resources appropriately through the process
- neuro diversity is important rather than diversity
- curious about how to deliver ongoing visibility of the strategic direction rather than tactical delivery;
- magnitude of change the organisation is trying to achieve, are there any targets?
- should have a diversity policy as a separate policy
- what are the benefits from the process
- **Acknowledged** management for taking the steps to progress the plan without the full information is a brave and right decision.

The meeting closed at 3.25 pm

Pete Hodgson  
Chair  
Callaghan Innovation  
10 May 2021



# Board Minute

9 June 2021

9.00am - 3.51pm

**LOCATION:** Tauranga Club, 72 Devonport Road, Tauranga

## IN ATTENDANCE

### Board

Pete Hodgson (Chair)  
Jennifer Kerr  
Shaun Hendy  
Elena Trout  
Rachel Kelly  
Angela Bull (virtual)  
Matanuku Mahuika

### Executive

Vic Crone (CEO)  
Lara Ariell (CFO)  
Paul Linton (GM RDS)  
Esther Livingston (COO)  
Stefan Korn (GM MEE)  
Michael Bird (MBIE)  
Hayden Whelan (GIQ Programme Director) (for item 2.4)  
Karen Skinner (for item 2.4)  
Crispian Franklin (Manager Governance)  
Brett Calton (Product Manager RDTI) (for item 3.4)  
Sharon Burleigh (GM Funding and Contract) (for item 3.5)

### Apologies

[**Secretarial Note:** The CE opened the meeting with a karakia.]

1	<b>Board Only time</b>	BD08/06/21/01
	<ul style="list-style-type: none"><li>•</li></ul>	
1.1	<b>Organisation Chart</b>	BD08/06/21/02
	The Board <b>received</b> the information.	
1.2	<b>Top 5 Health and Safety Critical Risk</b>	BD08/06/21/03
	The Board <b>received</b> the paper and <b>noted</b> the following information:	
	<ul style="list-style-type: none"><li>• <b>Discussed</b> the expectation of what the H&amp;S work act was designed to do and role of directors to understand the critical risks their business faced and controls to prevent the incident/threat and reason why the controls work in practice.</li><li>• <b>Discussed</b> what is expected of Directors when they undertake their H&amp;S walkaround.</li><li>• <b>Agreed</b> to have the Minutes of the H&amp;S Committee on the Board agenda to fulfil H&amp;S legal obligations.</li><li>• <b>Allocated</b> the following H&amp;S walkaround duties:<ul style="list-style-type: none"><li>• Hazardous substances - Shaun Hendy</li><li>• Plant and machinery - Jennifer Kerr</li><li>• Stored energy - Elena Trout</li><li>• Psychosocial harm - Rachel Kelly and Angela Bull</li><li>• Heights - Pete Hodgson and Matanuku Mahuika</li></ul></li></ul>	

2	<b>FOR DISCUSSION / APPROVAL</b>	BD08/06/21/04
2.1	<b>Continuation of Board Charter/ Ways of Working</b>	BD08/06/21/05
	The Board <b>received</b> the paper and <b>noted</b> the information:	
	<ul style="list-style-type: none"><li>• <b>Tabled</b> a document Board/ELT ways of working &amp; priorities.</li><li>• <b>Divided</b> into two groups for a workshop session.</li></ul>	
2.2	<b>Performance Dashboard</b>	BD08/06/21/06
	The Board <b>received</b> the paper and <b>noted</b> the information.	
2.3	<b>FY 21/22 Budget Approval</b>	BD08/06/21/07
	The Board <b>received</b> the paper and <b>noted</b> the information. They also:	
	<ul style="list-style-type: none"><li>• <b>Discussed</b> the challenges for the FY 21/22 Budget.</li><li>• <b>Discussed</b> the cash reserves position.</li><li>• <b>Noted</b> the investment activities that currently fit into this budget.</li><li>• <b>Noted</b> we do not have enough funding to address all of our challenges and we will continue to iterate investment intentions as we work to free up funding during the course of the year.</li><li>• <b>Requested</b> the CFO to identify savings from the end of the quarter to the subsequent quarter. - <b>Action Item - CFO</b></li><li>• <b>Approved</b> the budget with the additional spend on Health &amp; Safety (\$500K) but will need more details on opportunity to find savings across the outer years. The Board will not compromise with Health and Safety as this will be reducing the risk faster within the organisation.</li><li>• <b>Noted</b> the additional budget on H&amp;S is for delivering the Homesafe Programme, the ability to manage H&amp;S risk faster and appointing 1.7 FTE (deferred two roles).</li></ul>	

The Board **received** the paper and **noted** the information.

The Board **received** the paper and **noted** the following information:

- **Discussed** the proposed investment initiatives under 'Tranche 1'.
- **Discussed** the progress on the discovery work done by the BioTech working group including investment and opportunities roadmap.
- **Noted** the need for demolition through the central corridor.
- **Noted** the CEO has approved \$378k of funding from the GIQ Programme to support feasibility work, which will be actioned post board discussion on this topic.
- **Discussed** next steps.
- **Confirmed** governance of this initiative will stay with the Board.
- **Updated** on the engagement exercise with wider partners within the sector and arrived at the same shared understanding on what the key enablers are for the sector to progress.
- **Noted** that management is signalling the need for early engagement with MBIE in relation to the Green Paper that MBIE is working on the CRI review to reshape the ecosystem which is going out for consultation approximately around July - August.
- **Noted** that the indicative Business Case will take 6-9 months and then develop a detailed Business Case within 6-9 months (a total of 18 months). This will be under an overarching Programme Business Case with a number of tranches to allow the team to respond to any changes within the subsequent years.
- **Noted** the valued commercial opportunity with Vic Uni is two ways - attracting international partners and supporting Ferrier commercially with Glycosan.
- **Noted** that there are two separate teams working on GIQ: tactical estate team and strategic development team.
- **Noted** on the challenges around balancing opportunity cost of developing GIQ and getting the basics right and understanding the timeline to get the basics right through a linear process and the risk if we don't invest some time and resources to plan on what's ahead will put Callaghan in a reactive position and focus only on immediacy issues of the tactical estate.
- **Requested** management to provide a feasibility paper with cost and funding options. **Action Item - Programme Director**
- **Noted** that Tranche 1 is about understanding what's required for the next phase whether to repair and maintain opex cost (buildings that have past end-of-life date) versus demolishing the building and building new infrastructure.
- **Agreed** that this process sits with the Board until it is concluded and then hand it to GDGG.

The Board **received** the paper and **noted** the information:

- **Approved** Option C on the basis that the CE will be involved in the development of the Green Paper that MBIE is working on.
- **Noted** that in the next 6 months, if there is a gap, management will come back to the Board to advise that it had made progress as far as it can go and will request MBIE to defer the remaining OPEX funding for FY21/22 to next year.
- **Noted** that if the work reaches a point that it is tracking ahead of the development of the Green Paper, management will need to pause this work to allow the Green Paper to progress to inform on the next steps on the feasibility stage. We will then request MBIE to transfer the remaining OPEX funds in the upcoming financial year to outer years.

The Board **received** the paper and **noted** the following information:

- **Briefed** the Board on steps that the organisation takes to deter and prevent attacks and to contain and to respond to an attack and having a range of controls to manage different types of attacks. Understanding of risk management, what we do, what we have, what's important to us and what cyber security set-up in the organisation.

s 9(2)(k)

s 9(2)(k) The team is still in the discovery phase and analysing the information from this work.

- **Noted** that building awareness within the organisation through frequent communication on how the organisation can be attacked is important. s 9(2)(k)

The purpose of frequent communication is to increase awareness of the types of attacks, also being a low cost prevention method, as well as to reduce the number of these (phishing) emails in the IT system.

s 9(2)(k)

- **Noted** the transition towards Cloud based reduces the risk profile as the service providers spend a large budget on security. The organisation needs to be aware of how to manage those services, implement risk based thinking and decisions.
- **Noted** that Cloud service providers provide our organisation with security documentations and an independent third party checks their risk profile. For smaller Cloud service providers, they can't provide advice on our organisation's risk profile but can only provide their controls in place and we test how effective these controls are. Based on the value of our data in the Cloud system, our team audits their controls and gets the provider to show how their controls work, and this step is expensive.

s 9(2)(k)

- o commitment and support from the CE

s 9(2)(k)

#### FOR NOTING

### 3 CE Report BD08/06/21/12

The Board **received** the paper and **noted** the information:

- **Provided** an overview of the items for discussion.

#### 3.1.1 Performance Report BD08/06/21/13

The Board **received** the paper and **noted** the information.

#### 3.1.2 Finance Report BD08/06/21/14

The Board **received** the paper and **noted** the information:

- **Discussed** the progress for the sale of Kiwistar.

#### 3.1.3 Health and Safety Report BD08/06/21/15

The Board **received** the paper and **noted** the information:

- **Expressed** its pleasure at the reduction of backlog of events in the HSE reporting system.
- **Briefed** on the replacement of the release mechanism that did not function for the freezer door and is undergoing an investigation report.

3.2 Final Statement of Performance Expectations (SPE) BD08/06/21/16

The Board **received** the paper and:

- **Approved** the final Statement of Performance Expectations (SPE).

3.3 Deep Dive - RTS Strategy Implementation BD08/06/21/17

The Board **received** the paper and **noted** the information:

- **Updated** the progress of the RTS strategy and noted that it is on schedule except for workstream 5.
- **Noted** the multi-disciplinary engagement to provide a holistic support to manage complex problems rather than a singular approach which makes Callaghan Innovation unique.
- **Provided** an overview of Workstream 1, 2 and 3 and noted that one of the challenges is being financially sustainable and working with frontier firms that are less profitable compared to large organisations and using the hybrid model to leverage and cross subsidise less profitable sectors.
- **Briefed** on the commercial pricing model for Callaghan Innovation on how we should get paid and from the research in the UK suggested that the best effective model for impact and financial sustainability is a mix of cash and co-funding rather than trying to take an equity position of the company.
- **Noted** that the Board expressed its support but will need to see the budget and financial resources invested into this and making sure that it is making profit and stressed on the importance of whether organisations are willing to pay for it. To support this, management touched on the capability road map and the need to pivot some of this by drafting two Investment Cases (AI and Cleantech) and for it to be profitable, Callaghan needs to subsidise a third from our funding and the rest comes from the Government.
- **Requested** management to provide an update on RTS Strategy at a future meeting to show the commercial viability of this work as well as the balance of activities across the portfolio.
- **Approved** the RTS strategy.

3.4 RDTI Update BD08/06/21/18

The Board **received** the paper and **noted** the information:

s 9(2)(f)(iv)

- **Noted** that the interagency governance group chaired by Paul Stocks works well as a pathway to escalate any issues.

s 9(2)(f)(iv)

- **Acknowledged** the ongoing work in managing the difficulty in implementing RDTI and expressed a word of congratulations to the team on progressing this work.

3.5 Grants Appropriation BD08/06/21/19

The Board **received** the paper and **noted** the information:

- **Discussed** on the forecast for the targeted business R&D funding appropriation.

- **Discussed** on frequent customers who are struggling to add value to their grants and being dependent on the grant and the Committee will be looking at retaining funds for newer R&D applications.
- **Agreed** with the following options:
  - iv. Limit the number of Project Grants that a company can receive to two;
  - v. Cap co-funding of \$200k - we will **NOT** do this;
  - vi. first come first serve approach (we will do some of this at some point when the team has exhausted all other options);
  - i. stop variations that increase grant values
  - ii. reduce the amount a business can previously spend on R&D in the last two years to be eligible for a Grant Grant (bottom left hand quadrant \$9m under 2 years)
  - iii. restricts grants to those companies with two or less years of R&D history (as we have 90% forecast accuracy)
  - clear communication that Callaghan Innovation reserves the right to cap co-funding and use any of these levers.

### 3.6 MSL - Budget Change Request

BD08/06/21/20

The Board **received** the paper and **noted** the information:

- **Noted** that the actual construction and internal costs to complete the delivery of the electrical standard laboratory are estimated to exceed the approved budget of \$0.421m.
- **Noted** that the forecast remaining costs are now sufficiently certain for a final budget change request to be submitted.
- **Approved** the requested budget increase of \$0.421m to complete the remedial works required in the Electrical Lab.

### 3.7 Approval on CAPEX investment of 500MHz NMR

BD08/06/21/21

The Board **received** the paper and **noted** the information:

- **Approved** Option 1 up to \$2.5M in capital expenditure for the replacement of critical Nuclear Magnetic Resonance (NMR) spectroscopy equipment
- **Delegated** final approval authority for the eventual purchase decision to the CEO.

### 3.8 Annual report

BD08/06/21/22

The Board **received** the paper and **noted** the information:

- **Discussed** the proposed options for key messages, strategic direction and continued improvements for the Annual Report
- **Agreed** the key messages as the base for the 2020/21 Annual Report
- **Agreed** to include a high-level visual representation of the 20-year strategic direction in the Annual Report and have a more substantial release as part of the 2022-26 SOI
- **Agreed** to include the performance metrics in the narrative, where it makes sense, and to embed the accounting policies into the notes to the accounts.
- **Noted** to management to disclose about Callaghan Innovation's H&S situation that we're making good progress on this difficult matter in our official documents.

## 4 MONITORING

### 4.1 Chairpersons Update

BD08/06/21/23

The Chairpersons **updated** the following:

Shaun Hendy:

- **Updated** on the Grants Committee to fill Alastair's role and have identified 3 candidates and discussed about appointment process.
- **Delegated** Shaun, Chairperson to decide on the appointment to fit the role in consultation with Pete Hodgson.

Pete Hodgson:

- **Updated** the Board on the delayed appointment of Rachel Kelly.
- s 9(2)(g)(i) [REDACTED]
- **Appointed** Rachel to the People, Culture and Diversity Committee.
- **Discussed** the amalgamation H&S and PCD committees, meetings for H&S are long and combining both will extend the meetings. Still in progress.

#### 4.2.1 Board and Committees Progress Report (Half Year Progress)

BD08/06/21/24

The Board **received** the paper and **noted** the information:

- Include RTS strategy Update
- Output from Ways of working/ Performance Dashboard discussion to replace some of the Deep dives and focus on top priorities
- Push out the Business Model to Nov
- CI Brand can be removed
- Deep Dives less is more (2 in a mtg) rather than 3
- The Board lacks the understanding on Industry Transformation plan (add to July) - MBIE to contact Vic/Stefan
- Productivity Commission added to the list
- Reduce the November items
- Board members training - Digital suitcase, korero training
- Aroha to come back to the Board next time on Maori Economy - September

#### 4.1.1 Draft minutes of meeting held on 21 April 2021 and 10 May 2021

BD08/06/21/25

The Board **received** the minutes and **confirmed** them as true and correct records.

#### 4.1.2 Board action list

BD08/06/21/26

The Board **received** the actions list and **noted** the information.

#### 4.1.3 Interest Schedule

BD08/06/21/27

The Board **received** the paper and **noted** the information:

- Ma no longer has interest in Ngati Porou Holding Company Limited and Pohewa.

The Board **received** the recommendation from 8 June 2021 Audit and Risk Committee re Update on 2019 2020 Audit Fee Issue:

- **Approved** an increase in the 2019/20 audit fee of \$48,350 as negotiated with PWC.

The meeting closed at 3.51pm

Pete Hodgson  
Chair  
Callaghan Innovation  
09 June 2021

Released under the Official Information Act 1982



# Board Minutes (draft)

22 July 2021

9:00am - 4:00pm

**LOCATION:** Textile Centre, Parnell, Auckland

## IN ATTENDANCE

### Board

Pete Hodgson (Chair)  
Jennifer Kerr  
Shaun Hendy  
Elena Trout  
Angela Bull  
Matanuku Mahuika  
Rachel Kelly  
Paul Stocks (MBIE)

### Executive

Vic Crone (CEO)  
Paul Linton (RDS GMI)  
Stefan Korn (MEE GM)  
Hayden Whelan (Prog Director)  
Nic Kitchen (Exec Lead H&S)  
Dylan Shell (Acting CFO)  
Crispian Franklin (Manager, Board Governance and CE Office)

### Apologies

1	Board Only time	BD21/07/21/01
	•	
1.1	Organisation Chart	BD21/07/21/02
	The Board <b>received</b> and <b>noted</b> the information:	
	<u>Organisation Chart</u>	
	<ul style="list-style-type: none"> <li>• <b>Requested</b> the new organisation chart for the Board - <b>Action Item - Manager, Governance</b></li> <li>• <b>Requested</b> to provide a 2 page rationale on the output and justification/evaluation on the new structure. <b>Action Item - CE</b></li> </ul>	
	<u>Critical Risks</u>	
	<ul style="list-style-type: none"> <li>• <b>Noted</b> that the comments on what controls and measurements we have and whether does it work - put it into the next board meeting - <b>Action Item - CE</b></li> <li>• <b>Noted</b> to add "shareholder" to the Critical risk document as it doesn't appear in the document.</li> <li>• <b>Noted</b> future relationship with alternative political leaders to be replaced with something else e.g cross party liaison.</li> <li>• <b>Noted</b> in the 1st Critical Risk there must be a reflection that we're a crown agency.</li> <li>• <b>Noted</b> that delivery is a risk, and for the pre and post mitigation using a heatmap as a control.</li> </ul>	

#### FOR DISCUSSION / APPROVAL

2	Board Charter/Ways of Working	BD21/07/21/03
	The Board <b>received</b> the paper and <b>noted</b> the information. They also:	
	<ul style="list-style-type: none"> <li>• <b>Provided</b> a summary on the primary and secondary priorities, importance on working on our language and indicators to measure on how we're going.</li> <li>• <b>Requested</b> to remove the statement provided by the Chairperson regarding our role around not doing science as this is an outward facing document on who we are and how we want to communicate with our customers.</li> <li>• <b>Suggested</b> to market test the document and re-order the priorities that relate to the order of the mandate as well as provide the measurement for the priorities and add resilience under state of the organisation (secondary priorities).</li> <li>• <b>Noted</b> that the Board is happy with the small number of top priorities, mandate, objective to measure performance, and the simplicity of the 1 page document.</li> <li>• <b>Discussed</b> on GIQ - "make it safe and functional" and the use simple language and less specific.</li> <li>• <b>Discussed</b> the need for a Board Charter and reflect these statements in the charter. <b>Action Item - GM MEE</b></li> <li>• <b>Noted</b> that the Board needs to be clear about the outcomes and how are we measuring the outcomes for the SOI.</li> </ul>	
	<b>[Secretarial Note: Board requested to place the discussion document in the resource centre]</b>	
2.1	Market Landscape Review	BD21/07/21/04
	The Board <b>received</b> the paper and <b>noted</b> the following information:	
	<ul style="list-style-type: none"> <li>• <b>Noted</b> the contents of the review.</li> <li>• <b>Discussed</b> the concerns, challenges and other related matters.</li> </ul>	

- **Noted** that there are a range of factors that contributed to the constraints to push BERD and the biggest factor is getting big businesses to invest in R&D and these businesses have competing priorities that divert their resources into different areas.
- **Discussed** on the role of Callaghan and suggested to the team to consider where it can add value and effectively contribute to BERD.
- **Noted** the importance of the impact of Covid-19 and Climate Change factors on attracting talent to NZ as well as thinking about what we need to stop doing.

## 2.2 Deep Dive Industry Transformation Plans

BD21/07/21/05

The Board **received** the paper and **noted** the following information:

- **Updated** on the Government's Industry Transformation Plans.
- **Provided** guidance to management on any change in posture of Callaghan Innovation's activity in relation to the plans.
- **Noted** that these are industry lead and the biggest challenge is selecting a limited number of government agencies to contribute to the steering group to provide structure and acceleration of the process.
- **Updated** on the Advanced Manufacturing Steering Group.
- Bruce provided an update on the industry groups:
  - engaged with 70 entrepreneurs
  - 10 year view and modelling the data for a 10 year vision and
  - be clear on specific areas where they want Government to be involved (set-up the community and talent) and don't want Government to be involved
  - sovereign funds in NZ Tech, where an off shore business gets sold, the revenue is redirected to other capital gain business.

## LUNCHTIME LEARNING

### FOR NOTING

#### 3 CEO Report

BD21/07/21/06

The Board **received** the paper and **noted** the information:

- **Noted** that the Board is positive around the organisational design but has some concern around the budget.
- **Provided** an update on the approved budget, retained earnings update, forecast deficit (\$3.3,m) versus actual deficit (\$5.5m) for this financial year due to some adjustments (e.g impact of Kiwistar, library building fit out costs) and significant consequences on the budget.
- **Requested** further clarification on the deficit and impact on the budget to allow the Board to understand its position to reforecast the 30 June 2022 budget. **Action Item - Action CFO**
- **Noted** that the Chair will provide an update to the minister on the reforecast budget, clear messaging around the underspend and slowing down the delivery of projects.

#### 3.1.1 Performance Report

BD21/07/21/07

The Board **received** the paper and **noted** the information.

#### 3.1.2 Finance Report

BD21/07/21/08

The Board **received** the paper and **noted** the information:

- **Discussed** on retained earning analysis and challenges around understanding the number generated for this and the drivers that contribute to the analysis (e.g employment costs, capital costs,

maintenance costs etc). Challenges also around a single project e.g GIQ and how this merge into the entire account.

- **Noted** that the definition for retained earning is different in Government which is money set aside but not spent (a matter of timing rather than free cash reserve).

### 3.1.2 Health & Safety Report

BD21/07/21/09


The Board **received** the paper and **noted** the information:

- **Discussed** on competence (point 5 worksafe findings on crane) and whether we have a definition and means of checking approved training. CI does not have a competence framework for H&S in the organisation. H&S guidelines require users to be trained (NZQA standard) and the H&S Team supervise the work based on experience and knowledge on the risk associated with the work. The organisation's risk maturity is low and we've identified this through the Homesafe Programme under training and compliance to ensure competence outlined in our framework and what is deemed appropriate as part of this.
- **Noted** that with the Kiwistar process, there is a process for H&S transition and understanding of risk with new owners. Any equipment handed over will go through the appropriate process and post hand-over process there will be a new PCBU relationship with the new tenant.
- **Noted** that any open actions more than 120 days (backlog or falls within GIQ programme or Homesafe Programme or legacy issues), those with Open Actions the team is required to attend the H&S Committee to explain the reason for the open actions.
- **Noted** that the organisation provides workplace assessment for those working home.
- **Requested** to schedule with individual Board members for H&S walkaround for the year. **Action Item - Manager Governance**
- **Updated** the Board on the black mould issue in Kiwistar Lab area, Robinson building and A-wing and noted that their work environment is safe. Staff are investigating the ceiling and HVAC.

### 3.2 Board Upskilling - Radically

BD21/07/21/10

The Board **received** the paper and **noted** the information:

- **Provided** an overview of the work programme across ELT and understand the opportunities to shape up different ways of working and can be summed up into with 4 themes:
  - o inconsistent ways of working
  - o people are stretched thinly
  - o change initiatives happening at once
  - o processes are immature in their ways of working
- **Updated** on the programme of work and action work plan to manage the issues identified as part of this process. The team is working on the work plan and in the first iteration they are setting up the foundation to address the internal capability.
- **Noted** s 9(2)(g)(i)  
  
Matt has provided a detailed action plan for each ELT to develop a leadership programme and creating ELT to be an enabler to create a process and mechanism to listen and capture some of the impediment to address wider issues.
- **Requested** for Dan to provide further updates at the September and November meetings to discuss the information needed for this team to govern the changes, how we're tracking with the changes, how the organisation is shaping accordingly, are there any collateral damage as part of the journey with the change and behavioural charter. Dan to provide an independent view across what would have happened to ELT as part of these changes and therefore the Board could have prepared for these changes and challenges. **Action Item - Manager, Governance**

### 3.3 Update on the R&D tax incentive

BD21/07/21/11

The Board **received** the paper and **noted** the information. They also:

- **Noted** the progress made in addressing challenges in the RDTI work programme.
- **Noted** the progress made on the Transition Support Payment project.
- **Discussed** key risks and programme of work outlined.
- **Updated** on Cloud data in an off-shore storage in relation to risk appetite and the challenges around the MOU signed by all parties where all parties manage their own security requirements around its own data. **§ 9(2)(g)(i)**  
[Redacted]
- **Updated** the Board around a solution to unplug the off-shore Cloud service and plug to a local provider (AWS) in Australia or NZ. There are two important points around this process; the technical requirement which is addressable and cost attached to this, **§ 9(2)(g)(i)**  
[Redacted]
- **Recapped** on the three major risks:
  - strategic reset - **§ 9(2)(g)(i)** way we communicate with our customer and enable customers, **§ 9(2)(g)(i)**  
[Redacted]
  - customer journey - lack of understanding around the end-to-end journey, **§ 9(2)(g)(i)** and how long is the process. **§ 9(2)(g)(i)**  
[Redacted]
  - **§ 9(2)(g)(i)**  
[Redacted]
- **Updated** the Board on the 4 options:
  - status quo - won't meet the policy objectives and customer experience;
  - strategic reset - conversation at CEO and Deputy Secretary level and agree on a customer experience and journey - this is the preferred option and is strongly supported by the Board;
  - delineation of roles between organisations and provides clarity on who is managing what at different phases of the process;
  - one organisation manages the process.
- **Requested** the CE to provide a briefing paper to Paul Stocks.

3.4 Grants Appropriation and constraining measures

BD21/07/21/12

The Board **received** the paper and **noted** the following information:

- **Noted** that the best estimate forecast for the net position across both the Growth Grant and Targeted Business Research and Development Funding Appropriations is now a \$8m surplus, allowing for the changes to eligibility criteria approved by the Board in June along with confirmation from New Zealand Aluminium Smelters (NZAS) that they have accepted the decision that further claims will be declined.
- **Noted** that the constraining options approved at the last board meeting have been introduced.
- **Updated** on the number of applications received.

3.5 S15 back-to back engagement letters

BD21/07/21/13

The Board **received** the paper and **noted** the information:

- **Approved** the letters and agreed to sign the engagement letters.

3.6 Board Matters - 360 Review and director upskilling

BD21/07/21/14

The Board **received** the paper and **noted** the information. They also:

- **Requested** to complete a self-review questionnaire and suggested to undertake Propero for next year.  
**Action Item - Manager Governance**

<b>4</b>	<b>MONITORING</b>	
<b>4.1</b>	<b>Meeting Dates 2022</b>	BD21/07/21/15
	The Board <b>noted</b> the information.	
<b>4.2</b>	<b>June Committees Progress Report</b>	BD21/07/21/16
	The Board <b>noted</b> the information.	
<b>4.3.1</b>	<b>Draft minutes of meeting held on 9 June 2021</b>	BD21/07/21/17
	The Board <b>received</b> the minutes as a true record of the meeting with an amendment o 'GlycoSyn'.	
<b>4.3.2</b>	<b>Board action list</b>	BD21/07/21/18
	The Board <b>received</b> the actions list and <b>noted</b> the information.	
<b>4.3.3</b>	<b>Interests schedule</b>	BD21/07/21/19
	The Board <b>received</b> the paper and <b>noted</b> the information.	
<b>5</b>	<b>Retrospective Board Session</b>	BD21/07/21/20
	N/A	
<b>6.1</b>	<b>Commercial Dashboard</b>	BD21/07/21/21
	The Board <b>received</b> the report and <b>noted</b> the information.	
<b>6.2</b>	<b>FY21-22 CE's KPIs</b>	BD21/07/21/22
	The Board <b>received</b> the report:	
	<ul style="list-style-type: none"><li>• <b>Noted</b> that under:<ul style="list-style-type: none"><li>o delivering to the minister's expectation should be given a weighting exceeding more than 30%</li><li>o dashboards and the KPIs to line up</li><li>o adding more measurability as a reference point e.g progress with GIQ estate progress. "Complete within a week"</li><li>o ecosystem, government leadership and influence - should be an outcome rather than measurability output.</li></ul></li><li>• Requested a short (phone call) meeting in between months where there are no meetings to update the Board on a no surprises policy, where meetings are not needed it should be cancelled. <b>Action Item - Manager Governance</b></li></ul>	
<b>5</b>	<b>ANY OTHER BUSINESS</b>	BD/21/07/21/23
	<ul style="list-style-type: none"><li>• N/A</li></ul>	

The meeting closed at 3:36 pm

Pete Hodgson  
Chair  
Callaghan Innovation  
22/07/2021

Released under the Official Information Act 1982

# Board Minutes

29 January 2020 - 10.00am – 4pm

we  
are

Callaghan  
Innovation

AUCKLAND – Textile Centre, 1 Watt Street, Parnell

## IN ATTENDANCE

### Board

Pete Hodgson (Chair)  
Jennifer Kerr  
Stefan Korn  
Shaun Hendy  
Frances Valintine  
Elena Trout  
Angela Bull  
Michael Bird (MBIE)  
Matanuku Mahuika

### Executive

Vic Crone (CEO)  
Matt Kenny (CFO)  
Esther Livingston (GM People and Capability)  
Kirsten Campbell (Manager Office of the CE and Board)  
Paul Linton (GM Commercial)

### Apologies

Paul Stocks (MBIE)

## 1. BOARD 2020 (Board only)

### Breakfast meeting

The Board hosted a breakfast discussion with members of the Science for Technological Innovation (SfTI) National Science Challenge (NSC) governance board.

All Callaghan Innovation Board members attended, as well as:

- John Bongard (SfTI Board Chair)
- Gottfried Pausch (SfTI Board member)
- Sally Davenport (Director of SfTI Leadership Team)

### 1.1 Board meeting overview and Board only discussion

BD29/01/20/01

The Board **received** the overview paper and **noted** the information. They also:

#### Board membership

- **Confirmed** that Frances Valintine will be leaving the Board with a date effective on 31 March 2020.
- **Requested** suggestions from Board members and the Chief Executive around suggestions for a replacement by COP Friday 31 January 2020.

#### Sustainability

- **Agreed** there was an appetite and expectation that Callaghan Innovation should seize opportunities in this space within the innovation ecosystem, and start to ensure its own practises are in line with best practise sustainability.
- **Noted** that while there is more that will be possible, there is currently an option for offsetting travel with carbon credits.



- **Noted** management discussed sustainability strategy will be a priority in 2020.
- **Discussed** further actions such as transitioning the company vehicle fleet, sustainable coffee cups, using video conference more once effective system is embedded.
- **Acknowledged** Callaghan Innovation will not be able to avoid a carbon footprint.

#### Budget

- MBIE **discussed** that as the government has signed off on the GIQ BC, this would likely hold future governments to this financial commitment.

## 1.2 Reference paper – Board Planning

BD29/01/20/02

The Board **received** the paper and **noted** the information. They also:

#### 2020 Board and Committee meetings

- **Agreed** the May and June Board meetings could be conflated given the light forward agenda. **Action – CEO Office**
- **Decided** that considering the transition to R&D tax incentives and removal of Growth Grant approvals, the Grants Committee (GC) Chair would discuss at the next GC meeting whether some meetings in the 2020 calendar could be optional depending on agendas. **Action – Grants Committee Chair**
- **Recommended** that Audit and Risk Committee agenda should be linked with the timing of accountability documents, and ideally three meetings per year via teleconference. **Action – CEO Office**
- **Agreed** the frequency of the Gracefield Development Governance Group Committee (GDGG) meetings is appropriate for now.
- **Noted** People, Culture and Diversity Committee (Previously the Appointments and Remuneration Committee) dates are yet to be confirmed for the year. **Action – CEO Office**

#### Board forward agenda

- **Discussed** the proposed forward looking Board agenda for 2020.
- **Agreed** that the Board would confirm the risk appetite for Callaghan Innovation at the March 19/20 Board meeting, simultaneous to the approval of the 2020/2021 strategy.
- **Suggested** the conflated May/June Board meeting include the market landscape around the review of the strategic position and KPIs, rather than in the July/August meeting.
- **Requested** the 'talent review' line be changed to 'people strategy'

#### Board upskilling / education

- **Workshopped** areas where Board requires education and upskilling so management can organise.
- **Discussed** various collective and individual areas for development.
- **Agreed** to attend the New Frontiers event in February 2020 as individuals if schedules allowed, and that Callaghan Innovation would meet the cost for this.
- **Noted** the Hugo Group breakfasts and Newsletter are valuable, the Board are keen to continue to attend these when possible.
- **Noted** the Board Chair will likely travel in July for meetings around the international innovation system.

**Vic had some notes from Elena about something here.**

### Stakeholder Engagements

- **Discussed** that due to conflicting schedules of individual Board members, bringing stakeholders to the Board meetings will be most effective.
- **Agreed** that 8am breakfast meetings prior to Board meetings would replace the Board dinners going forward, with stakeholders being invited to attend 3-4 of these per year. **Action – CEO Office**

### Board Risk Appetite (Vic to reword this section)

- **Recommended** more specificity in the health and safety area around zero risk appetite for fatalities and life altering injury.
- **Recommended** it be made explicit that risk appetite around processes and legal compliance is zero, and around investments is high.
- **Noted** the tension around 'financial performance' being low/zero risk, and 'investment risk' being high appetite.
- **Discussed** a specific risk is not identifying what an ecosystem of 5G will mean for our customers and ourselves in terms of opportunities and risks.
- **Noted** the risk appetite will be amended as per the discussion and circulated via email for comment, then at the March Board meeting the organisational settings to deliver this will be discussed.

### People Committee Terms of Reference

- **Decided** the Committee would be called the People, Culture and Diversity Committee.
- **Provided** minor feedback on the terms of reference.

## 2. FOR DISCUSSION / APPROVAL

### 2.1 FY20/21 Strategy Development update

BD29/01/20/03

The Board received the **update** and **noted** the information. They also:

- **Discussed** the two strategic options proposed for our FY 20/21 strategy.
- **Noted** management will bring the budget and risks of the preferred option back to the March Board meeting for feedback.
- **Noted** final approval of the strategy and budget will be sought in the April Board meeting.
- **Noted** the main risk area in Tātai Whetū is around health and safety.
- **Provided** suggestions around this and **noted** management will follow up.
- **Decided** to move to Option 2 (Bolder Strategic Transformations), but in stages as some areas of the organisation are more mature than others.
- **Requested** management come back with options on how to phase the move to Option 2.  
**Action – General Manager Strategy, Insight and Impact**

### 2.2 FY1 10/20 reforecast

BD29/01/20/04

The Board **received** the **reforecast** and **noted** the information. They also:

- **Discussed** that the ambition to spend currently outweighs the capability and capacity.
- **Noted** forecast headcount has been reduced, and selectively added against strategic projects.
- **Noted** the revenue shortfall against budget across the Commercial group.

The Board **received** the report and **noted** the information. They also:

- **Noted** the progress in the Tātai Whetū programme in the past three months.
- **Noted** the Investment Logic Map drives the investment for the entire programme in the coming 3-4 years.
- **Noted** that the Board will be used for feedback for the Tātai Whetū programme until it begins to report progress into the revised People, Culture and Diversity Committee once meetings are scheduled.
- **Discussed** the importance of health and safety being included in Tātai Whetū to ensure it is a fundamental cultural element.

### 3. FOR DISCUSSION / APPROVAL

#### 3.1 CE Report

BD29/01/20/06

The Board **received** the report and **noted** the information. They also:

- **Noted** the Board are comfortable with the new format of the report.
- **Acknowledged** the big wins outlined in the CEO report.
- **Discussed** the concern around the advice Ministers are getting about the RDTI grants delivery programme.
- **Noted** MBIE have raised concerns with the Minister too.
- **Noted** Michael Bird would brief Paul Stocks on this conversation.

##### 3.1.1 Financial report – November & December 2019

BD29/01/20/07

The Board **received** the reports and **noted** the information. They also:

- **Requested** the finance report should include the reforecast information each month. **Action - CFO**
- **Decided** that going forward only the latest finance report be included in the Board pack, and any reports not seen since the previous Board meeting can be put into the Resources Centre in Boardbooks.
- **Requested** more observations and future risks, not just numbers. **Action – CFO**

##### 3.1.2 HSE Report – November & December 2019

BD29/01/20/08

The Board **received** the reports and **noted** the information. They also:

- **Discussed** the maturity of the health and safety culture in Callaghan Innovation.
- **Discussed** whether it might sometimes be appropriate to have consequences for breaches and incidents.
- **Suggested** management consider doing a version of a shutdown for some groups. **Action – General Manager People and Capability, and General Manager RTS and Commercial**

#### 3.2 Board education session – PCBU responsibilities

BD29/01/20/09

The Board **participated** in the session, and conducted a robust discussion around the topics covered, which were:

- The legal framework of the Health and Safety at Work Act 2015 (HSWA) – the extent of PCBU duty and overlapping duties.
- New Zealand case law.
- Due diligence in practice.

### 3.3 Policies for approval

#### 3.3.1 Drug and Alcohol

BD29/01/20/10

The Board **received** the policy and **noted** the information. They also:

- **Provided** feedback on the policies.
- **Recommended** management get clarity on the legality around whether disciplinary action can be taken against employees for offences outside of work.
- **Noted** the policy for tenants is much clearer.
- **Noted** that this policy could be made more succinct.
- **Recommended** related policies be listed at the end.
- **Discussed** whether there should be information in the policy regarding assistance around treatment options.

#### 3.3.2 Drug and Alcohol for tenants

BD29/01/20/11

The Board **approved** the policy.

## 4. MONITORING PERFORMANCE

### 4.1 Board administration

#### 4.1.1 Draft minutes of meeting held 27 November 2019

BD29/01/20/12

The Board **received** the minutes and **confirmed** them as a true and correct record pending the following correction:

- On page 4 – add in the word ‘concerns’ to complete the sentence ‘express serious concerns’.

#### 4.1.2 Board action list

BD29/01/20/13

The Board **received** the list and **updated** the information.

#### 4.1.3 Interest schedule

BD29/01/20/14

The Board **received** the schedule and **noted** the information.

#### 4.1.4 2020 meeting dates

BD29/01/20/15

The Board **received** the paper and **noted** the information. They also:

- **Noted** this document will be updated in light of the morning discussion.

### 4.2 Board Committees

BD29/01/20/16

#### 4.2.1 Draft minutes of Health and Safety meeting 9 November 2019

The Board **received** the minutes and **noted** the information. The Board Chair also:

- **Reminded** Board members to do Institute of Directors (IOD) Health and Safety governance module; and to continue to conduct the Health and Safety site visits.

#### 4.2.2 Draft minutes of GDGG meeting held on 4 December 2019

BD29/01/20/17

The Board **received** the minutes and **noted** the information.

#### 4.2.3 Draft minutes of People Committee held on 22 January 2020

BD29/01/20/18

The Board **received** the minutes and **noted** the information.

---

5. **OTHER BUSINESS**

There was none.

---

The meeting closed at 3.30 pm

Pete Hodgson  
Chair  
Callaghan Innovation  
29 January 2020

Released under the Official Information Act 1982

# Board Minutes

19 March 2020 - 11.00am – 4.30pm  
20 March 2020 – 9am – 3pm

we  
are

Callaghan  
Innovation

AUCKLAND – Cliftons, level 4/45 Queen Street, Auckland

## IN ATTENDANCE

### Board

Pete Hodgson (Chair)  
Jennifer Kerr (VC)  
Stefan Korn (VC)  
Shaun Hendy  
Frances Valintine  
Elena Trout  
Angela Bull  
Michael Bird (MBIE) (VC)  
Matanuku Mahuika

### Executive

Vic Crone (CEO)  
Matt Kenny (CFO)  
Esther Livingston (GM People and Capability)  
Kirsten Campbell (Manager Office of the CE and Board)  
Paul Linton (GM Commercial)

### Apologies

Paul Stocks (MBIE)

## 1. WELCOME AND BOARD ONLY TIME

Board meeting overview and Board only discussion

BD19/03/20/01

The Board **received** the overview paper and **noted** the information. They also:

### Covid-19 – national situation

- Discussed the current global Covid-19 virus situation and its potential effects on New Zealand.
- **Noted** Shaun Hendy's high level overview of potential actions that may be taken to control the virus, along with likely scenarios.

### Covid-19 - Callaghan Innovation situation

- **Noted** Callaghan Innovation is undergoing scenario planning, and enabling working from home facilities for staff as quickly as possible is a priority.
- **Noted** there are some people who can't work from home due to the nature of their work, and options are being looked at around this.
- **Noted** that resilience testing of our IT infrastructure is being undertaken.
- **Noted** members of staff who are immunocompromised or have immunocompromised family members are being asked to work from home now.
- **Noted** that assuming the government would continue funding Callaghan Innovation as they are now, the organisation could likely go for 12 months with no commercial revenue.
- **Noted** the State Services Commission (SSC) has issued guidance encouraging all state sector employers to continue paying their staff.
- **Noted** there are varying levels of anxiety amongst staff around the Covid-19 situation.
- **Noted** there is an internal Covid-19 response team set up.

- **Noted** that Callaghan Innovation is in a good position to accrue information from our customers and the ecosystem, and there is an intelligence crew in the internal Covid-19 response team.
- **Requested** a regular update to the board from the Chief Executive, at a regularity of the Chief Executive's choice.
- **Expressed** that the Board will support the executive in any way they can, and the executive can request this when needed.
- **Noted** that this will likely be tough for staff to work from home for an extended period of time.

## 2. BOARD ASPIRATIONS AND WORKINGS

### 2.1 Board risk appetite and risk management line of sight

BD19/03/20/02

The Board received the **report** and **noted** the information. They also:

- **Approved** the updated Board Risk Appetite Statement.
- **Noted** the responsibilities for the Board regarding the updated Enterprise Risk Management Policy and Framework, which is yet to be signed off by ARC and the Board.
- **Noted** the executive want to ensure there is clear line of sight of risk responsibilities from the Board to the transformation programme governance.
- **Noted** the opportunity is being taken to align risk responsibilities through the review of the terms of references of the board and committees.
- **Discussed** potential changes to the terms of reference to create strong governance line of sight for risk oversight and management.
- **Noted** the next steps regarding devolution of the Board Risk Appetite Statement, embedding the policy and framework and critical risk culture work required to support.
- **Discussed** that the internal risk profile is exceeding the appetite, and it was likely that the Covid-19 situation will speed up the lowering of this risk profile.

### 2.2 Working seamlessly across Board and Committees

BD19/03/20/03

The Board **received** the **report** and **noted** the information. They also:

- **Noted** a thorough review of the Board charter and Committee terms of references for consistency has been completed.
- **Noted** there are a range of inconsistencies across the board charter and committee terms of references.
- **Noted** a range of minor changes have been made for consistency that don't change the intent or content of the board charter and committee terms of references.
- **Discussed** and **decided** on actions around key inconsistencies.
- **Noted** that consistency across of the board charter and committee terms of references for risk has been taken care of under 2.1 – Board Risk appetite and risk management line of sight.

#### 2.2.1 Board Charter and Committee Terms of Reference

BD19/03/20/04

The Board **received** the **report** and **noted** the information. They also:

- **Noted** risk mitigation in the Grants Committee risk will be assisted by outlining in the terms of reference, boundaries on financial management, and regular reporting from Grants into financial reports on the appropriations, not just the profit and loss statement.
- **Decided** the Board should hold this authority, and the Grants Committee should make recommendations to the board for approval.
- **Decided** on amendments based on recommendations on the Committee terms of references and Board Charter.
- **Discussed** the proposed changes to the Committee terms of references.
- **Approved** changes to those terms of references as per the discussion.

#### 2.2.6 GIQ Programme Boards TOR

BD19/03/20/05

The Board **received** the **TOR** and **noted** the information.

#### 2.2.7 Digital Programme Boards TOR

BD19/03/20/06

The Board **received** the **TOR** and **noted** the information.

#### 2.3 Refresh Board skills matrix

BD19/03/20/07

The Board received the **matrix** and **noted** the information.

#### 2.4 Board upskilling programme

BD19/03/20/08

The Board received the **report** and **noted** the information. They also:

- **Approved** the proposed upskilling programme outlined for calendar year 2020.
- **Discussed** Melissa Clarke-Reynolds for innovation, primary industries.
- **Approved** Mark Baker Jones on sustainability.
- **Discussed** that a session on how innovation hubs with government funding have been successful offshore would be good in relation to the GIQ strategic programme.
- **Discussed** that increasing the knowledge on the science and engineering capability within Callaghan Innovation would be a good idea.

#### 2.5 Board forward agenda

BD19/03/20/09

The Board received the **agenda** and **noted** the information.

### 3. ENTERPRISE RISK MANAGEMENT

#### 3.1 Enterprise Risk Management Update

BD19/03/20/10

The Board **received** the **update** and noted the information. They also:

*Nikki Kitchen (Enterprise Programme Management Office (ePMO)), joined for this item.*

- **Discussed** the principal and emerging risks to our strategy.
- **Noted** next steps.

### 4. CONTROLS

#### 4.1 CE Report

BD19/03/20/11

The Board **received** the **report** and **noted** the information.

*Matt Kenny (CFO), Rosalie Nelson (GM Strategy, Insights and Impact), Colm Kearney (Tātai Whetū Programme Manager), Nathan Stantiall (Group Manager Innovation Skills), Casper Badenhorst (Digital*



#### 4.1.1 Transformation Programme Update

BD19/03/20/12

The Board received the **update** and **noted** the information. They also:

- **Noted** the current Covid-19 situation likely gives the organisation more capacity to cope with the changes required for the transformation programme.
- **Discussed** that the disruption with Covid-19 can be used to drive behaviour changes faster than in a business as usual environment, eg making sure staff are using Workplace to communicate.

#### 4.1.2 Tātai Whetū process review findings

BD19/03/20/13

The Board received the **report** and **noted** the information. They also:

- **Noted** the KPMG report in resources centre.
- **Discussed** how the report might have implications for Callaghan Innovation beyond the FY20/21 strategy implementation.
- **Noted** the way the customers will be segmented has not yet been decided.
- **Noted** next steps are:
  - Training for the organisation, starting with Board and executive, on continuous improvement and LEAN.
  - Getting clear on who our customers are.
  - Deciding what our processes as an organisation look like.
  - Holding all the above against the risk appetite.
- **Noted** the operating model, process work and risk work are all in discovery.
- **Noted** this work is being brought into the Tātai Whetū programme so dependencies and the delivery can be staged.
- **Noted** this framework may need to be delivered digitally.
- **Noted** tenders on the operating model work are currently being considered.
- **Noted** the internal vision workshops are now complete, and a vision statement has been developed. 'Callaghan Innovation uses its expertise and influence to ensure New Zealand becomes a place where talent wants to live'.
- **Requested** that management look into whether the language that KPMG uses on world class innovation agencies is the same as that of Callaghan Innovation. **Action – Group Manager Innovation Skills**

#### Digital update

- **Noted** the verbal update from the Digital Transformation Programme Manager.
- **Noted** that one of the key interventions implemented was a fortnightly digital programme tranche board meeting.
- **Noted** the programme governance board meets bimonthly, with two tranche boards – people experience board, and experience enablement. These tranches are now able to run right throughout the programme.
- **Noted** G-suite will be fully implemented by 30 June 2020.
- **Noted** Covid-19 has disrupted the supply chain of hardware from China. Current expectations are that this could impact the go-live date by around one month.
- **Noted** that once G-suite is embedded a staged decommissioning of the unneeded Microsoft technology will go ahead.
- **Noted** that at the end of this week all staff will have access to the My Drive.

#### 4.1.3 Gateway Review debrief

BD19/03/20/14

The Board received the **update** and **noted** the information. They also:

- **Noted** the gateway review findings and actions moving forward.

#### 4.1.4 RDTI Implementation update

BD19/03/20/15

The Board received the **update** and **noted** the information. They also:

- **Noted** the progress on implementing the RDTI.
- **Noted** that there are a number of implementation issues that are actively being managed.
- **Sections 9(2)(g)(i)**
- **Noted** the challenge Callaghan Innovation has is that it only makes a recommendation to Inland Revenue (IR) on whether a recipient is doing R&D, it does not make the determination.
- **Noted** the focus for Callaghan Innovation is to get some guidance from IR on how to apply the criteria.
- **Noted** that the Minister is comfortable for Callaghan Innovation to become even more involved.
- **Noted** the issues being experienced are no closer to being resolved than they were at the end of 2019.

#### 4.1.5 Grants appropriation and review

BD19/03/20/16

The Board received the **report** and **noted** the information. They also:

- **Noted** there is a surplus demand to the forecast. There is a steep increase in value of grants over the last year, and student grants have quadrupled over last year. Eg student grants are \$27m over what was forecast over last year.
- **Noted** the shortfall could be between \$50-\$70m, using last year's historical demand figures.
- **Noted** Covid-19 could have a mitigating impact on this.
- **Sections 9(2)(g)(i)**
- **Noted** this product has a narrower R&D definition, and a narrower entity eligibility definition.
- **Sections 9(2)(g)(i)**
- **Noted** the risk assessment in the papers is as of a week and a half ago. Impact assessments are currently being run on the RDTI definition and the project grants.
- **Discussed** that people will likely pull back on R&D significantly if they are cutting back on staff, with students likely to be the first to be impacted.
- **Noted** that MBIE have been asked to look at options to support the role of R&D through the next few months of Covid-19. The actual policy environment is also more fluid from what is being presented in this paper.
- **Noted** that when Callaghan Innovation was formed the grants function was put in the form of multi year appropriation, which increases flexibility and also increases risk of early overspend.
- **Noted** the exact cause of the large increase in average value of project grants is not able to be determined, but anecdotally two contributing factors are 1) customers doing more than \$300,000 of R&D in the previous 3 years were eligible for a Growth Grant and with the introduction of the RDTI this was increased to \$800,000 which increased the number of entities eligible for a project grant and 2) general awareness of Callaghan Innovation grants increased with promotion of the RDTI.
- **Requested** monthly reports on the grants appropriations. **Action - CFO.**
- **Requested** the data analysis on volume and per cost basis be brought back to the April 2020 Board meeting. **Action – CFO**
- **Noted** the new project grants structure.
- **Noted** that Callaghan Innovation and MBIE will be putting up a joint briefing to the Minister – noting that the separate views of both agencies are able to be provided in the same document.
- Requested a paper for decision be brought to the April 2020 Board meeting outlining how this will be managed beyond April 2021. **Action – CFO**

- **Requested** an internal report on what happened, and what mitigations will be put into place to ensure it does not happen again. **Action – CFO**
- **Requested** this be added to the Internal Audit, and a draft terms of reference brought to the ARC. **Action – CFO / Enterprise Programme Management Office Manager**

#### 4.1.6 Health and Safety report January / February 2020

BD19/03/20/17

The Board **received** the **report** and **noted** the information. They also:

- **Noted** the executive are currently framing up what a HSE seminar at Gracefield would look like, and this is planned for April 2020.
- **Noted** that given the Covid-19 situation this will not be done with such a large group in one space, so alternatives are being investigated.
- **Noted** that the someone from Hawkins will be brought to the April Board meeting to present to the Board around the electrocution case.

#### 4.1.7 Financial Report February 2020

BD19/03/20/18

The Board **received** the **report** and **noted** the information. They also:

- **Noted** the Covid-19 environment will mean forecasting will be changing more frequently than normal.
- **Endorsed** the new format.
- **Noted** a hiring freeze will be put in place, and any new hires will be decided by exception.

*Stefan Korn left the meeting.*

#### 4.1.8 Commercial dashboards (MSL / KiwiStar / GlycoSyn)

BD19/03/20/19

The Board **received** the **report** and **noted** the information. They also:

- **Noted** that due to Covid-19 and the cancelling of international travel, there is a risk on moving in to the MSL building on time - the installer for the faraday cage must come from overseas. There is not yet a clear solution to this.
- **Discussed** the significance of MSL and KiwiStar revenue loss to impacting these services – at this stage no specific risk revenue wise to the ongoing operations of these teams.

### 4.2 Letter of Expectations

BD19/03/20/20

#### 4.2.1 Draft response

The Board **received** the **draft** and **noted** the information. They also:

- **Noted** the letter from the Minister and the draft response back to her due 20 March 2020.
- **Agreed** response letter to be sent from our Chair to the Minister.

*Michael Bird left the meeting after this item.*

#### 4.2.2 Draft minutes of GDGG meeting held on 4 December 2019

BD19/03/20/21

The Board **received** the minutes and **noted** the information.

### 4.3 CIRL Directorships

BD19/03/20/22

The Board **received** the **report** and **noted** the information. They also:

- **Appointed** (by resolution) Matt Kenny, and re-appoint Esther Livingston as directors of Callaghan Innovation Research Limited; and
- **Signed** the attached appointment letters.

#### 4.4 Appointment of Paul Linton as Attorney

BD19/03/20/23

The Board **received** the **report** and **noted** the information. They also:

- **Resolved** to grant Paul Linton power of attorney to execute Deeds on behalf of the Board, on the terms of the appointment notice; and
- **Executed** the attached appointment notice with the signature of two Board members.
- **Signed** the document for the bank facilities to support our payroll implementation.

## 5. BOARD ONLY TIME

### 5.1 PM's Chief Science Advisor, Juliet Gerrard

BD20/03/20/01

*The Prime Minister's Chief Science Advisor, Juliet Gerrard, joined for this item.*

- **Requested** Callaghan Innovation's skill sets help with the triage of ideas, and early kill of bad ones.
- **Noted** that Juliet Gerrard will connect Vic Crone, and Gary Evans, and Peter Crabtree to work together around these.
- **Noted** the high level debrief from Juliet Gerrard on the Covid-19 situation, and what steps the government is likely to take to control the spread of the virus.

## 6 SHAPING THE ORGANISATION

### 6.1 Future state of the organisation

BD20/03/20/02

The Board **received** the report and **noted** the information. They also:

- **Noted** work done to more clearly articulate the future state of our organisation.
- **Discussed** the future state and provide feedback to management.
- **Noted** regenerative systems thinking is being employed, which is discovering a new sustainable model aligned with strategy.
- **Provided** feedback.
- **Noted** this will come back to a future board meeting to ensure the final document reflects the Board's intentions.
- **Noted** that once confirmed, all Callaghan Innovation investments will be set against this.
- **Noted** it is unlikely Callaghan Innovation will see a loss of talent as there are individuals, rather than teams that are resistant to the future state.
- **Noted** the future operating model will be based on the assumptions in this document.

### 6.2 FY21 strategy, budget and metrics update

BD20/03/20/03

The Board received the report and noted the information. They also:

- **Discussed** the draft final FY2020/21 strategy to deliver strategic transformation in a phased way, to reflect the maturity and capability of the organisation, and ways to de-risk that move
- **Discussed** the indicative FY21 metrics and the path to improvements within existing systems limitations
- **Discussed** the draft budget necessary to support the proposed strategy
- **Noted** final Board approval of the FY2020/21 strategy, budget and SPE will be sought in the April 2020 Board meeting

- **Noted** that at the June Board meeting the market landscape will be discussed, ahead of refreshing our long term 5 year strategy and KPIs in 2020.
- **Noted** that the lighthouse pilot biotech hub will be a business-driven strategy rather than an asset driven strategy.
- **Requested** a stronger health and safety narrative – continuous improvement is not the right message. **Action – General Manager Strategy, Impact, and Insights**
- **Noted** that health and safety culture must be improved before the organisation will be able to go fully agile.

#### Tātai Whetū

- **Raised** the possibility of overload onto one person.
- **Noted** that resourcing across various projects (RTS Strategy and Customer Experience) was being duplicated, so they were put under Tātai Whetū to ensure integration with the operating model, processes, and agile. These are two separate tranches under Tātai Whetū.

#### Budget

- **Recommended** the executive make a decision on whether to wind back capex.
- **Noted** there will be some effects from Covid-19 on the budget, which is an unknown at this stage.
- **Noted** that recruiting new headcount over the next two years is an opportunity to shift the culture.
- **Noted** the foundational focus for this budget is to deliver against the SPE and letter of expectations.
- **Noted** that Covid-19 presents an opportunity to manage the deficit naturally.

### 6.3 Moving to strategic portfolio management (workshop)

BD20/03/20/04

This item was deferred due to time allocation and unscheduled discussion needed around the Covid-19 situation.

### 6.4 Change framework update (demo / verbal update)

BD20/03/20/05

The Board **received** the **update** and **noted** the information. They also:

*Jason Sutherland (ePMO Change Practice Lead) joined for this item*

- **Noted** the presentation from the ePMO Change Practice Lead.
- **Noted** the change framework model.
- **Noted** this is the first key deliverable from the Tātai Whetū programme.
- **Noted** one of the key benefits seen in change activities using this model is a notable shift in the organisational capability for change.
- **Noted** the launch of this framework will be done digitally via change agents at all levels of the organisation, rather than people leaders.
- **Noted** this investment is critical as it will drive the way that change is done throughout the strategic programmes in Callaghan Innovation.
- **Requested** screen shots of the presentation be uploaded into Board books. **Action – CEO Office**

### 6.5 Moving to agile

BD20/03/20/06

The Board:

- **Recommended** that discussions at Board and executive level should be held on how moving to agile will affect the operational and governance level.
- **Recommended** Board and ELT do agile training first, then run a facilitated workshop around what that might look like, and dialogue with other boards that are exemplars in agile. **Action - CEO**
- **Recommended** putting readings in resources centre. **Action – CEO Office**

## 7

## BOARD AND COMMITTEE ADMINISTRATION

Rukuhia te wāhi ngaro, hei maunga tātai whetū

Explore the unknown, pursue excellence

## 7.1 Board Administration

### 7.1.1 Draft minutes of meeting held 29 January 2020

BD20/03/20/07

The Board **received** the minutes and **confirmed** them as a true and correct record.

### 7.1.2 Action list

BD20/03/20/08

The Board **received** the list and **noted** the information.

### 7.1.3 Interest schedule

BD20/03/20/09

The Board **received** the schedule and **noted** the information.

### 7.1.4 2020 meeting dates

BD20/03/20/10

The Board **received** the paper and **noted** the information.

## 7.2 Board Committees

### 7.2.1 Draft minutes of Gracefield Development governance meeting 12 February 2020

BD20/03/20/11

The Board **received** the minutes and **noted** the information.

### 7.2.2 Draft minutes of Health and Safety Committee meeting 12 February 2020

BD20/03/20/12

The Board **received** the minutes and **noted** the information. They also:

- **Noted** that while health and safety wasn't where it needed to be, **Sections 9(2)(g)(i)**
- **Noted** the minutes did not reflect concern expressed in the meeting.

### 7.2.3 Verbal update Gracefield Development Governance Group meeting 19 March 2020

BD20/03/20/13

The Board **received** the update from the Committee Chair and **noted** the information.

## 8 OTHER BUSINESS

BD20/03/20/14

There was no other business tabled.

## 9 MEETING REVIEW

BD20/03/20/15

The Board **conducted** a meeting review and **comments** are summarised below:

- In the Covid-19 circumstances this meeting was been productive and useful.
- The two day meeting worked well and was needed at this time due to Covid-19.
- Having Committee meetings in the week as the Board meeting was helpful for the Board members in terms of being in a Callaghan Innovation headspace, however it has been tough on management around preparing papers.
- Acknowledged the good quality of the papers.
- Attending by videoconference also worked well.
- Noted that the CE has forced more wholistic thinking across the organisation. Exploring the linked issues and challenges has been beneficial.
- Recommended letting staff know about CE intentions re travel, and precautions being taken.

---

The meeting closed at 2:41 pm

Pete Hodgson  
Chair  
Callaghan Innovation  
20 March 2020

Released under the Official Information Act 1982

# Board Minutes

28 April 2020 – 2.30pm – 5.30pm

we  
are

Callaghan  
Innovation

## AUCKLAND – VC – all locations

### IN ATTENDANCE

#### Board

Pete Hodgson (Chair)  
Jennifer Kerr  
Stefan Korn  
Shaun Hendy  
Elena Trout  
Angela Bull  
Paul Stocks (MBIE)  
Matanuku Mahuika

#### Executive

Vic Crone (CEO)  
Matt Kenny (CFO)  
Esther Livingston (GM People and Capability)  
Kirsten Campbell (Manager Office of the CE and Board)  
Paul Linton (GM Commercial & RTS)

#### Apologies

---

1. **BOARD 2020 (Board only)** BD28/04/20/01

---

2. **FOR DISCUSSION / APPROVAL**

2.1 **MSL Electrical Incident – ICAM Report** BD28/04/20/02

The Board **received** the report and **noted** the information. They also:

**Sections 9(2)(a)** (Hawkins) joined for this item.

- **Noted** that this incident and follow up actions/recommendations will be discussed in detail at the Gracefield Development Governance Group (GDGG) and Health and Safety committees on 6th May.
- **Noted** this has been discussed in Hawkins both at the Wellington Regional, and National level **Noted** Hawkins has added some processes in place to increase their trend tracking for all minor incidents including for their subcontracted companies.
- **Noted** Hawkins are transitioning into the Downer ISO accreditation, which means their systems will start to get audited later in the year.
- **Noted** the electrical incident on the MSL Fitout project resulting in a lost time injury.
- **Noted** WorkSafe were notified but did not attend site, nor require a further investigation into the incident.
- **Noted** Callaghan Innovation suspended works onsite following the incident.
- **Noted** the ICAM report's findings and recommendations.
- **Noted** the actions taken in response to the incident and ICAM report recommendations.
- **Noted** the next steps for continuous improvement.



- **Noted** management are working towards implementing the necessary controls to keep the risk of serious harm and fatality to as low as reasonably practicable.
- **Noted** that the ICAM was very good and identified the deficiencies very clearly.
- **Noted** that currently all but four recommendations have been closed out, with the remainder expected to be closed by 1 June 2020.
- **Noted** the alignment of the permitting work systems between Callaghan Innovation and Hawkins will likely be able to be completed within the next four weeks.
- **Decided** to close the facilities GIQ capital works, all other capital works that have been started in the previous 90 days, excepting any urgent remedial work needed, with a review on 6 May in the Health and Safety Committee meeting.
- **Requested** that management submit a progress report to this meeting on the outstanding actions outlined in the board report. **Action – CE / GIQ Programme Manager**
- **Requested** the Chief Executive discuss with the Health and Safety Committee to take the decision on whether to reopen the site.
- **Agreed** to extend the next Health and Safety Committee meeting if necessary.

## 2.2 FY20/21 budget approval and SPE sign off

BD28/04/20/03

The Board **received** the reforecast and **noted** the information. They also:

- **Approved** the draft Statement of Performance Expectations 2020/21 (SPE) to be sent to Hon Dr Megan Woods.
- **Noted** there are minor changes that we will edit in post approval and before submission.
- **Noted** there is a broader range of descriptors around how the government money is being spent.
- **Noted** tried to pull through stronger alignment with government goals and Callaghan Innovation's purpose and mission.
- **Noted** the updated version addresses addressed COVID-19 implications how Callaghan Innovation is managing this.
- **Noted** that feedback from PWC (external auditors), were queries around some of the performance measures.
- **Noted** the SPE can be submitted after the Cabinet meeting on 11 May, and the Budget meeting on 18 May in order to incorporate information from these meetings into the SPE initiatives.

## 2.3 Transition strategy for sign off

BD28/04/20/04

The Board **received** the strategy and **noted** the information. They also:

- **Discussed** and **approved** the Transitional strategy, budget and impact metrics pending the incorporation of board feedback as discussed in the meeting.
- **Noted** next steps are to move into developing the FY 2020/21 Operating Plan.
- **Noted** the Final Transitional Strategy and SPE will be brought to the Board for approval at the June meeting, subject to any additional COVID-19 information that will inform changes.
- **Noted** that at the June Board meeting the market landscape will be discussed, and the FY21 metrics will be brought for approval, ahead of refreshing the longer-term multi-year strategy.
- **Noted** the budget is a post-mitigated budget, which means the numbers submitted to MBIE were before cost cutting was implemented due to the COVID-19 situation.

## 2.4 COVID-19 Customer response

BD28/04/20/05

The Board **received** the document and **noted** the information. They also:

- **Noted** the measures put in place to support Callaghan Innovation customers through COVID-19.
- **Noted** that management continue to work with MBIE and NZTE to identify further options to provide support to R&D performing businesses through the 're-start' and 'recovery' phases of the COVID-19 crisis.

- **Noted** the opening of the Gracefield site has been delayed until the COVID-19 response team is satisfied with the procedures in place for social distancing.

### 3. FOR DISCUSSION / APPROVAL

#### 3.1 March Finance report

BD28/04/20/06

The Board **received** the report and **noted** the information. They also:

- **Requested** FY21 reports be clearer on when there are savings or deferred costs. **Action - CFO**

#### 3.2 March Health and Safety report

BD28/04/20/07

The Board **received** the report and **noted** the information. They also:

- **Expressed** concern about the working from heights lapse, and **noted** that this is going to the 6 May Health and Safety Committee meeting.
- **Requested** the performance metrics be reduced to a 12 month chart, rather than 24 months for a cleaner look. **Action – General Manager People and Capability**
- **Requested** trend data be added to the Health and Safety report on how many high possible potential near misses and incidents have occurred over a 12 month period. **Action – General Manager People and Capability**

#### 3.3 Managing Grants Appropriations beyond April 2021

BD28/04/20/08

The Board **received** the document and **noted** the information. They also:

- **Noted** that a forecast of insufficient funds in the 5-year multi-year Project and Student Grants appropriation to meet expected demand between now and the end of the appropriation in June 2022, along with options available to manage down future new commitments was reported in the March Board meeting.
- **Noted** that analysis shows that this situation was the result of a lack of oversight of the appropriation, caused by a disconnect between enhancing the operation of the Grants and monitoring the overall appropriation commitment.
- **Noted** that COVID-19 will have uncertain effects on the medium to long-term demand on the appropriation; however, after the first month of lockdown we have not seen any material reduction in demand.
- **Noted** that the post COVID-19 Government R&D support packages do not currently impact the Project and Student Grant appropriation.
- **Noted** a separate paper will be provided to the Board summarising Callaghan Innovation's role in contributing to the Government's recovery effort.
- **Noted** that the joint review of Project Grants by Callaghan Innovation and MBIE is now being considered in light of the government's broader post COVID-19 economic recovery package.
- **Noted** that MBIE is preparing a Budget Bid through the 11 May COVID-19 Response package for new COVID-19 response mechanisms to support R&D, **Sections 9(2)(g)(i)**
- **Noted** that MBIE has indicated that funds could be re-appropriated to address the Project and Student Grants appropriation.
- **Agreed** that in the absence of concrete steps to resolve the issue, Callaghan Innovation should look to resolve the shortfall within our operational settings.
- **Approved** the recommendation to propose the following options to the Minister for managing future supply of the appropriation:
  - Option 2 - Tighten eligibility criteria by adopting a stricter interpretation of the Ministerial Direction stated policy objective that "R&D Project Grants are targeted at businesses with smaller research and development programmers and business new to R&D" by:

- Changing the criteria for what constitutes a company that is “new to R&D” to state that a company that has undertaken R&D for more than three years is ineligible; and
- Reducing the threshold for the amount a business can have spent on R&D each year for the last three years to be considered eligible for a project grant from \$800k to a lower amount; and
- Declining any application from a business that previously has received a project grant
- Option 4 - Decline any requests from current Grant recipients to increase funding for existing projects through Funding Agreement variations.
- Option 7 - Place a limit on the number of overall student grants awarded in any one financial year
- Option 8 - Place a limit on the number of student grants made available to any one business in a financial year
- **Approved** Callaghan Innovation consult with MBIE and the Minister around the above options following the 11 May 2020 Budget Announcement.
- **Requested** an update paper be presented to the Board in the next meeting. **Action – CFO**

### 3.4 RDTI progress report

BD28/04/20/09

The Board **received** the report and **noted** the information. They also:

- **Noted** the impact of COVID-19 on demand for the RDTI.
- **Noted** the impact of COVID-19 on Callaghan Innovation to implement the RDTI.
- **Noted** the changes to the refundability rules, and how this will influence demand and risks.
- **Noted** the update to the risk register that we are actively managing.
- **Discussed** and provide feedback on our approach to managing these issues.

### 3.5 Election and BIM process

BD28/04/20/10

The Board **received** the report and **noted** the information. They also:

- **Noted** the key details of the general election process and how this affects Callaghan Innovation.
- **Noted** that the conventions and timelines may be affected due to COVID-19.
- **Noted** that the COVID-19 response may impact some election processes.
- **Noted** our approach to developing the Briefing for the Incoming Minister.

### 3.6 PWC Audit plan

#### 3.6.1 Audit plan

BD28/04/20/11

The Board **received** the plan and **noted** the information. They also:

- **Noted** the recommendation from the Audit and Risk Committee (ARC) to approve the PwC 2020 Audit Plan and sign the corresponding standard form engagement letter.
- **Reviewed and approved** the PwC 2020 Audit Plan.
- **Reviewed and signed** the corresponding standard form audit engagement letter.

#### 3.6.2 Audit engagement letter (for approval)

BD28/04/20/12

The Board **received** the letter and **noted** the information. They also:

- **Approved** the letter for signing.

### 3.7 Section 15 compliance

The Board **received** the letter and **noted** the information. They also:

- **Noted** the recommendation from the Audit and Risk Committee to sign the engagement and representation letters for PwC's 2017/18 and 2018/19 assurance reviews related to the requirements of Section 15(2) of the Callaghan Innovation Act 2012.
- **Reviewed and signed** the PwC engagement letter for their 2017/18 and 2018/19 assurance reviews.
- **Noted** that once final 2017/18 and 2018/19 assurance reports have been completed, the Board is required to sign the Directors' representation letter.
- **Noted** the back to back representation letter that will be provided by management, in support of the Directors' representation letter.

## 3.7.2 S15 representation letter – Board to PWC (for ref)

BD28/04/20/14

The Board **received** the letter and **noted** the information. They also:

- **Approved** a director to sign.

## 3.7.3 S15 representation letter – Management to Board

BD28/04/20/15

The Board **received** the letter and **noted** the information.

## 4. MONITORING

### 4.1 Board administration

## 4.1.1 Draft minutes of meeting held 19 &amp; 20 March 2020

BD28/04/20/16

The Board **received** the minutes and **confirmed** them as a true and correct record.

## 4.1.2 Board action list

BD28/04/20/17

The Board **received** the list and **updated** the information.

## 4.1.3 Interest schedule

BD28/04/20/18

The Board **received** the schedule and **noted** the information. They also:

- **Noted** the following changes for Stefan Korn:
  - No longer a director of "Admin Innovations Limited"
  - Fuelled Ltd is in the process of being wound down, with an expectation it will be formally closed in May.
  - Formally stepped down as CEO of Creative HQ as at 1 April 2020 but remains an employee of Creative HQ in the role of GM Products and Strategy.
- **Noted** that Matanuku is no longer on the Geographic Board.

## 4.1.4 2020 meeting dates

BD28/04/20/19

The Board **received** the paper and **noted** the information.

### 4.2 Board Committees

## 4.2.1 Draft minutes of Grants Committee meeting of 12 March 2020

BD28/04/20/20

The Board **received** the minutes and **noted** the information.

## 4.2.2 Draft minutes of ARC Committee meeting of 16 April 2020

BD28/04/20/21

The Board **received** the minutes and **noted** the information.

5. **OTHER BUSINESS**

BD28/04/20/22

Pay cuts

- **Noted** the PM is taking a 20% cut over six months.
- **Noted** ELT decided collectively to put in 10% of their salary.
- **Noted** the CE and the Board Chair have decided to put in 20% each of their salary.
- **Noted** the Board members will decide at their discretion whether to contribute to this.
- **Noted** the money will be donated to a benevolent fund, to be used for helping people in the Gracefield, Petone and Wainui areas who are under financial pressure, as well as supporting mental health and domestic violence initiatives, and for any staff in Callaghan Innovation who are under financial pressure.

Weekly COVID-19 board meetings

- **Decided** these meetings were no longer necessary.

6. **MEETING REVIEW**

BD28/04/20/23

The meeting review was conducted verbally. Comments were:

- Mornings are usually better than afternoons for half day meetings.
- Good meeting and dealt with a couple of chunky issues.
- Although the papers were late they were good papers – the quality has improved and the quantity has decreased.

The meeting closed at 5.30 pm

Pete Hodgson  
Chair  
Callaghan Innovation  
28 April 2020

# Board Minutes

18 June 2020 9.00am – 3:30pm

we  
are

Callaghan  
Innovation

AUCKLAND, BNZ CENTRE 80 QUEENS STREET

## IN ATTENDANCE

### Board

Pete Hodgson (Chair)  
Jennifer Kerr  
Stefan Korn - VC  
Shaun Hendy  
Elena Trout  
Angela Bull  
Matanuku Mahuika

### Executive

Vic Crone (CEO)  
Matt Kenny (CFO) - VC  
Esther Livingston (GM People and Capability) - VC  
Kirsten Campbell (Manager Office of the CE and Board)  
Paul Linton (GM Commercial & RTS)

### Apologies

Paul Stocks (MBIE)

## 1. BOARD 2020 (Board only)

### 1.1 Board overview paper

BD18/06/20/01

The Board **received** the overview paper, and **commenced** board only time discussion.

## 2. FOR DISCUSSION / APPROVAL

### 2.1 Operating Model discussion with KPMG

BD18/06/20/02

The Board **discussed** the model and **noted** the information. They also:

Colm Kearney, Wayne Eltringham, **Sections 9(2)(a)** (Director, Management Consulting, KPMG) and **Sections 9(2)(a)** (Partner, Performance Consulting, KPMG) joined for this item.

- **Noted** the background to the 'Future Operating Model' project.
- **Noted** the key insights obtained from a review of Callaghan Innovation's current state operating model.
- **Noted** the intention to run a practical session with the Board in order to help inform design of the future operating model.
- **Noted** the team will complete the detailed design of the layers of new operating model in latter part of 2020 for implementation in 2021.
- **Discussed** that there could be some things in the Callaghan Innovation Act 2012 that could be linked in to support the vision, strategy and long term strategy.
- **Noted** that the operating model will provide a Callaghan Innovation way of doing things, which will complement the Customer Journey.
- **Participated** in an operating model workshop, with the key themes being 'strategic direction and risks', and 'capability and capacity'.

# Board Minutes

18 June 2020 9:00am – 3:30pm

we

BD18/06/20/03  
Callaghan

The Board **received** the report and **noted** the information. They also:

- **Discussed** this framing of market trends and insights. We would like you to test/challenge insights that inform our direction, pace and scale.
- **Noted** that at our October 6 Board Meeting we will seek feedback on the Strategy Refresh Process - a well scoped framework with strategic options and more evidence for decision making.

## 2.3 KiwiStar Strategy paper

BD18/06/20/04

The Board **received** the strategy and **noted** the information. They also:

- **Noted** the internal operational decisions are currently with the Chief Executive and the executive team.
- **Noted** any business case on progressing an aspherising capability will come to the Board.
- **Sections 9(2)(g)(i)**

## 2.4 Research and Technical Services (RTS) strategy implementation deep dive

BD18/06/20/05

The Board **received** the strategy and **noted** the information. They also:

*Florian Spoerl (RTS Customer Engagement Manager) joined for this item.*

- **Noted** the key mission of the RTS Strategy was defined as “ Increase the number of global companies in NZ by de-risking R&D and accelerating their speed to market and growth
- **Noted** the Minister’s Letter of Expectations to the Board stated: ‘Implement RTS Strategy and deliver a viable operating/ financial model that provides better value within current funding.’
- **Noted** that the RTS Strategy implementation was merged with Customer Journey into a unified customer centric project under Tātai Whetū.
- **Noted** a target customer base of 2,100 high impact innovators has been identified.
- **Noted** RTS will focus on large engagements with established firms in high performing Sectors to achieve around one third of its budget (\$8m --\$9m) through commercial revenue.
- **Noted** RTS can likely free up >30,000 additional R&D hours to serve High Impact Innovators through a revised utilisation model.
- **Noted** that RTS will likely offer subsidised services for High Impact Innovators to drive adoption and impact better value.
- **Noted** the other thing to achieve was to find a pricing and commercial model that works for innovators. A co-funding model would achieve this.
- **Sections 9(2)(g)(i)**
- **Noted** the RTS operating model and utilisation scenario will be presented to the executive for decision in July 2020.
- **Noted** that if approved, agile, iterative implementation will commence under the Tātai Whetū internal programme.
- **Sections 9(2)(g)(i)**
- **Discussed** that this could be piloted.
- **Approved** the direction of travel – it makes RTS more relevant and responsive and future focussed.

The Board **received** the strategy and **noted** the information. They also:

- **Noted** the consultation and process that Callaghan Innovation undertook to develop the long-term strategy.
- **Noted** the progress that has been made over two years.
- **Noted** that in FY21 the executive will refresh the long term strategy in order to:
  - Review future trends for New Zealand over three horizons - 2 years, 20 years and 50 years.
  - Integrate significant workstreams into one strategy (RTS strategy, our Vision and Purpose, our culture and future operating model, customer segmentation, our treaty partner ambition, and GIQ strategic future).
  - Incorporate new policy directions, including industry transformation programmes, RSI strategy, and new grants/RDTI platforms.
  - Understand our role in supporting government in post Covid-19 economic recovery.

### 3. FOR DISCUSSION / APPROVAL

#### 3.1 CEO Report

BD18/06/20/07

The Board **received** the report and **noted** the information. They also:

*Conrad Lendrum (Group Manager Health, Safety and Environment), Esther Livingston (GM People and Capability), Hayden Whelan (GIQ Programme Manager), and Matt Kenny (CFO) joined for this item*

- **Congratulated** the Chief Executive and the executive team on the outstanding progress that has been made since the March board meeting.

##### 3.1.1 Commercial dashboards

BD18/06/20/08

The Board **received** the dashboards and **noted** the information.

##### 3.1.2 Financial report – May 2020

BD18/06/20/09

The Board **received** the report and **noted** the information. They also:

- **Discussed** the finance report and the Statement of Performance Expectations (SPE) together.
- **Noted there is** still underspending on advertising (which is related to Covid-19) and software costs (which were related to having some capital work completed).
- **Noted** the biggest underspend is in the consulting area.
- **Noted** the most significant change is in the forecast to the end of the financial year.
- **Suggested** giving the Minister the choice of what to do with the surplus. **Action – CE**
- **Requested** the amount of uncommitted, retained earnings is confirmed. **Action – CFO**
- **Noted** looking at \$1m for a pivot fund.

##### 3.1.3 HSE report – May 2020

BD18/06/20/10

The Board **received** the report and **noted** the information for YTD to May 2020. They also:

- **Noted** the update post the reopening of the Gracefield site. The Health and Safety Committee agreed to reopen the whole site, except where there are contractors who do not meet the PCBU standards.
- **Noted** that over time these contractors will be swapped out.
- **Noted** work has been done on the health and safety culture work.
- **Noted** the TRIFR figure has not been accurate.



- **Noted** the total hours worked numbers were originally an estimation, so currently looking at getting more accurate data from payroll.
- **Noted** the TRIFR number – 3/5 are muscular-skeletal injuries relating to carrying too heavy loads. None of them relate to the critical risks.
- **Noted** the update from the Health and Safety Committee Chair:
  - PCBU framework is good was quickly implemented and is being used well.
  - Thanked Conrad for stepping into the role.
  - Having Conrad Lendrum on board is great and will make the link with tier three and four managers much more robust.
  - The critical work has still not been realised.
  - Tier three and four managers are still not quite at the level needed to drive this forward.
- **Requested** the Health and Safety team loop the Health and Safety Committee Chair in on the metrics prior to presenting to the Committee and the Board. **Action – Executive Lead Health and Safety**
- **Acknowledged** a lot of work has been done in a short amount of time.

### 3.2 SPE and budget for approval

BD18/06/20/11

The Board **received** the report and **noted** the information. They also:

- **Noted** that the \$400k for gender pay gap spending is within State Services Commission guidance.
- **Approved** the draft Statement of Performance Expectations 2020/21 to be sent to Hon Dr Megan Woods, pending incorporation of the Board's feedback.
- **Noted** the formatting for the SPE will change from next year to reflect that Callaghan Innovation is an innovative organisation.
- **Discussed** that the full amount of covid cost pressures for next year – ask the Minister if she would like the money back or be allocated into the grants for next year. **Action - CFO**

### 3.3 CE's Innovation Group (verbal)

BD18/06/20/12

This update was **deferred** due to time constraints.

### 3.4 Digital update (verbal)

BD18/06/20/13

The Board **received** the update and **noted** the information.

### 3.5 COVID-19 update

BD18/06/20/14

The Board **received** the update and **noted** the information. They also:

- **Noted** that Callaghan Innovation has now successfully moved to Alert Level 1 and consequently has stood down our Emergency Response Team. We are confident that should Alert Levels change we are well prepared to manage through these. Overall, Callaghan Innovation's people report being well supported during Alert Levels 2, 3 and 4.
- **Noted** the detailed update from the Customer Operations workstream, particularly the R&D Loans Scheme.
- **Noted** the unique challenge the executive have in managing risk while running a loan book in a high trust environment to high risk investors.
- **Noted** there is extra level of care with the financial due diligence team, in order to be able to escalate quickly if it is looking like there will be a high level of default.
- **Noted** the legal implications of having Callaghan Innovation employees approve the loans.
- **Noted** the Board or a sub-Committee of the Board may be able to approve the loans, depending on the legal advice that is currently being sought.
- **Noted** the executive will come back to the Board Chair in the first instance in terms of the delegation issue.

- **Suggested** it would be prudent to get an external agency to audit the loans, and this should be put into the process.
- **Noted** there are currently 400 expressions of interest. It is anticipated that this loan could be oversubscribed very quickly, which is a risk.
- **Noted** there is pressure on our people in this process.
- **Noted** this loan will create more demand for some of our existing services, which could potentially create some undersubscription for some of our other services.
- **Noted** there are some reputational risks that Callaghan Innovation is carrying around this, and the Board will be kept informed.
- **Noted** that any loans that are not approved are able to apply for a peer review process to try to mitigate the risk that loans are approved that should not be and vice versa.
- **Noted** there are still issues that mean we are unable to access information sharing with Inland Revenue, which will likely cause some delays.
- **Noted** these risks will be mitigated as best as possible.
- **Noted** the executive have secured the ability from Department of Internal Affairs for Callaghan Innovation to “operate in good faith”, in terms of an exemption of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009. This would reduce the cost of the loan administration.
- **Requested** a 30 minute Board session with Russell McVeagh around this to assist with clarity.  
**Action – GM People and Capability**
- **Noted** other updates from the Internal Operations and Government Engagement Workstreams and the Future Recovery Planning Team.

### 3.6 Briefing to the Incoming Minister (BIM)

BD18/06/20/15

The Board **received** the briefing and **noted** the information. They also:

- **Noted** that the approach to developing the Briefing to the Incoming Minister (BIM) was presented to the Board in the April meeting.
- **Noted** the BIM sits within the context of work to develop Callaghan Innovation’s Strategy Refresh and bids for Budget 2021.
- **Noted** the proposed structure for the BIM.
- **Noted** the approach to ensuring the BIM is responsive to different post-election scenarios.
- **Noted** that a draft BIM in August will be provided to the Board for consideration.
- **Discussed** that this will be published publicly, so it will be a good opportunity to tell a story about Callaghan Innovation.
- **Recommended** that the BIM should include that the statement that Callaghan Innovation will provide the incoming minister more information as decisions are made. **Action - Group Manager International Policy and Design**

## 4. MONITORING

### 4.1 Expectations and Standards policy for approval

BD18/06/20/16

The Board **received** the policy and **noted** the information. They also:

- **Approved** this policy.

### 4.2 Insurance renewal update

BD18/06/20/17

The Board **received** the update and **noted** the information. They also:

- **Noted** the feedback and review provided by the Audit and Risk Committee.
- **Noted** the market update.
- **Approved** the continuation of Aon as broker for the 2020 renewal, and the initiation of a 3-yearly market tender process in 2021.
- **Noted** the indicative valuations for the 2020 renewal.

- **Reviewed and provided feedback** on the proposed:
  - Coverage options
  - Material Damage & Business Interruption (BI) maximum loss limit
  - Business Interruption cover
  - Deductible levels
- **Approved** the deferral of specific contracts works cover until clearer start dates and contract values are available.
- **Noted** that this paper still does not cover what was requested by the Board and the ARC Committee last year.
- **Requested** that the deductibles on the buildings be addressed as potential to reduce premiums.
- Endorsed the ARC recommendation of Obtaining a quote for alternative cover options. **Action - CFO**
- **Requested** a more comprehensive paper at the next insurance round with comparable options and more investigation into insurance options. **Action - CFO**
- **Requested** that in October the executive provide a paper around sensitivities in deductibles and coverage. **Action - CFO**

#### 4.3 Grants appropriation update

BD18/06/20/18

The Board **received** the update and **noted** the information. They also:

- **Noted** that the estimate of the projected surplus in the Growth Grants appropriation has been revised to \$46 million (with a sensitivity range of \$32 million to \$55 million), down from the previous estimate of \$51 million due to MBIE transfers out of the appropriation.
- **Noted** that the executive recommend a minimum amount of \$32 million could be transferred to the appropriation for Project and Student Grants as part of the October Baseline Update.
- **Noted** that the forecast of the projected demand on the appropriation for Project and Student Grants has been revised (if no change was made to the settings) to a base case shortfall of \$42 million (with a sensitivity range of \$33 million to \$53 million).
- **Noted** that with the worst case \$32m transferred from Growth Grants, the shortfall in the Project and Student Grants appropriation is forecast to be \$10 million (base case) but that if the Growth Grants base case \$46 million is available to be transferred there is no projected shortfall.
- **Noted** that there are options available to you for constraining the availability and eligibility for Project and Student Grants.
- **Instructed** the following: **Action - CFO**
  - The executive prepare Option 1 for execution (outlined in detail below), and give ability to constraining Student Grants.
  - Provide a report to the Board in the second week of August, and this report should go to the Audit and Risk Committee first,
  - The report should include the complete modelling.
  - The decision will be made by the Board subject to this report, and will also be contingent on not having a rush of Student Grants.
- **Noted** that option 1 is made up of the following criteria:
  - **Constrain Student Grants by:**
    - Maintaining the staff:student ratio but limit the maximum number of students placed through Experience Grants to 10 (currently unlimited). *Financial impact \$2 million over the remaining 2 years.*
    - Capping the funding for Student Experience Grants to a maximum of \$8 million per annum (this could be operationalised, for example, through a contestable round or first come first served, but this is yet to be worked through). *No direct financial impact as the forecast is not above this amount.*
  - **Cap Project Grants amount to \$320k (\$800k spend, option 5) by:**
    - Capping individual Project Grants at \$320,000 (i.e. where eligible spend for a project is \$800,000) (no limit currently). This option ensures a broad base of customers can maintain some R&D, but limits the value of funding available to each. Customers would not be able to get follow-on funding (20% for

projects over \$800k). *Financial impact is \$6 million over the remaining 2 years.*

- **Possibly tightening the R&D eligibility criteria by:**
  - Introducing regular contestable rounds for Project Grants with assessments made against existing judgement criteria and limits on funding allocation in line with available appropriation.
  - An alternative is to accept applications on a first-come, first-served basis against targeted annual expenditure (no contestable rounds currently). *Financial impact is \$2- \$10 million over the remaining 2 years.* It introduces stricter assessment and ratings of applications against key criteria, such as product/market fit, ability to deliver, develop R&D programme, and benefits outside business.
  - For highest level savings, Callaghan Innovation could cap the amount available per quarter and make this contestable.
- **Noted** one of the main issues is the uncertainty of how Covid will play out in the loan and R&D areas.

#### Supplementary paper provided in the Board meeting

The Board **received** the supplementary paper in the Board meeting, and **noted this was an** update paper that provided a correction to the Growth Grants appropriation calculation included in the original Board Paper. They also:

- **Noted** the reduced amount of projected surplus in the Growth Grants appropriation for:
  - Base case to \$38 million from \$46 million
  - Best case to \$43 million down from \$51 million
  - Worst case is unchanged at \$32 million
- **Noted** that, with the worst case transfer from Growth Grants unchanged, the shortfall in the Project and Student Grants appropriation forecast of \$10 million (base case) is unchanged.
- **Noted** that if the new Growth Grants base case \$38 million is available to be transferred, there is now a \$4 million projected shortfall (previously no shortfall).
- **Noted** that this change has no material impact on the Low or Medium appropriation risk appetite recommendations but for the High risk appetite it may bring in some constraining considerations.
- **Noted** the deficit could be between \$4m and \$21m (in a very worst case scenario) for the multiyear appropriation, which is June 2021.
- **Noted** the board would like a mitigation strategy for the worst case scenario.
- **Noted** the exec will transfer over \$32m dollars form the surplus. Then think that F&P Appliances could offer up an extra \$10m if they move from Growth Grants to RDTI, then potentially another \$5m if MBIE decides to take that form another appropriation.

## 4.4 Board Administration

### 4.4.1 Draft minutes of meeting held 28 April 2020

BD18/06/20/19

The Board **received** the minutes and **noted** the information. Pending the following changes:

- Top of page 2 of minutes – change wording to ‘to as low as reasonably practicable.’
- Penultimate point of same section – change wording to – ‘**Requested** the Chief Executive discuss with the Health and Safety Committee to take the decision on whether to reopen the site’.

### 4.4.2 Board action list

BD18/06/20/20

The Board **received** the action list and **noted** the information, and the list. They also:

- **Noted** that the Committees need work. The Chair and Deputy Chair will discuss the Committee make up.
- **Noted** that the option to combine the Health and Safety and People Committees going forward will be discussed at the next meeting.

#### 4.4.3 Interests schedule

BD18/06/20/21

The Board **received** the interests schedule and **noted** the information.

#### 4.4.4 2020 meeting dates

BD18/06/20/22

The Board **received** the meeting dates and **noted** the information.

#### 4.4.5 GDGG meeting 6 May 2020 Chair report

BD18/06/20/23

The Board **received** the report and **noted** the information.

#### 4.4.6 Health and Safety meeting 6 May 2020 Chair report

BD18/06/20/24

The Board **received** the report and **noted** the information.

#### 4.4.7 Audit and Risk meeting 12 June 2020 Chair report

BD18/06/20/25

The Board **received** the report and **noted** the information. They also:

- **Noted** that the next meeting will be quite substantial as the external auditors will be there, and it will be held in Auckland.
- **Requested** the CFO let the ARC Chair know if there are any issues as they arise with the auditors. **Action - CFO**
- The Board Chair left at 2:47pm. The Deputy Chair (Jennifer Kerr) Chaired the meeting from this point.

#### 4.4.8 Grants meeting of 19 May 2020 Chair report

BD18/06/20/26

The Board **received** the report and **noted** the information.

## 5. OTHER BUSINESS

BD18/06/20/27

### Coordinate Measuring Machines for MSL

- **Noted** this came to just under \$1m (within the Chief Executives delegated authority). This has now gone above \$1m to \$1.07m (outside the Chief Executive's delegated authority) due to foreign exchange movement.
- The Board **approved** the expenditure of \$1.07m for this.
- The Board **delegated** to the Chief Executive to sign this contract.

The meeting closed at 3:30pm

Pete Hodgson  
Chair  
Callaghan Innovation  
18 June 2020

# Board Minutes (draft)

28 August 2020

8.30am - 3.30pm

## LOCATIONS:

69 Gracefield Road, Lower Hutt,  
1 Watt Street, Parnell, Auckland, and  
Video conference

## IN ATTENDANCE

### Board

Pete Hodgson (Chair)  
Jennifer Kerr (by video)  
Shaun Hendy (by video)  
Elena Trout (Auckland)  
Angela Bull (Auckland)  
Matanuku Mahuika (Gracefield)  
Paul Stocks (MBIE) (Gracefield) (until 12:06pm)

### Executive

Vic Crone (CEO)  
Kirsten Campbell (Manager Office of the CE and Board)

### Apologies

None

Released under the Official Information Act 1982

1	Board Only time	BD28/08/20/01
<ul style="list-style-type: none"> <li>• <b>Discussed</b> that there is still no replacement for Frances Valintine on the Board.</li> </ul>		
1.1	Board Meeting overview	BD28/08/20/02
<p>The Board <b>received</b> the paper and <b>noted</b> the information. They also:</p> <ul style="list-style-type: none"> <li>• <b>Approved</b> the future operating model, which means the next steps - detailed design, can begin.</li> <li>• <b>Approved</b> the Funding Optimisation business case.</li> <li>• <b>Noted</b> this is replacing the very outdated IMS software and overhauling the systems and processes currently used to support businesses getting funding from Callaghan Innovation.</li> <li>• <b>Noted</b> that because this is more than a software system replacement, it is expensive as it includes complete process re-design and also sets us up to transition to automation and machine learning.</li> <li>• <b>Noted</b> the recent legal advice on our obligations under various H&amp;S regulations. We've discussed this at the recent H&amp;S committee meeting and it's important to get this on Director's radar.</li> </ul>		
1.2	Board Health and Safety walkabout (GIQ and Auckland)	BD28/08/20/03
<p>The Board conducted HSE walkabouts in both Gracefield and Auckland locations:</p> <ul style="list-style-type: none"> <li>• Pete Hodgson, Paul Stocks, and Matanuku Mahuika in Gracefield,</li> <li>• Angela Bull and Elena Trout, along with the Chief Executive in the Textile Centre.</li> </ul>		
1.3	Annual leave balance report - ARC or PCDC (discussion)	BD28/08/20/04
<p>The Board <b>discussed</b> which Committee the report should go to. They also:</p> <ul style="list-style-type: none"> <li>• <b>Decided</b> that going forward this report should be brought to the People Culture and Diversity Committee only.</li> </ul>		
1.4	CEO KPIs 20/21	BD28/08/20/05
<p>The Board <b>received</b> the paper and <b>noted</b> the information. They also:</p> <ul style="list-style-type: none"> <li>• <b>Noted</b> the CEO KPIs.</li> <li>• <b>Decided</b> that the KPIs the Board will measure are the broader ones in the column 'KPI Area', not the 'Further details'.</li> </ul>		
2	FOR DISCUSSION / APPROVAL	
2.1	Future Operating Model Recommendations	BD28/08/20/06
<p>The Board <b>received</b> the paper and <b>noted</b> the information. They also:</p> <p>Wayne Eltringham (Project Manager), Colm Kearney (Tatai Whetu Programme Manager), <b>Sections 9(2)(a)</b> (Director – Management Consulting, KPMG), and <b>Sections 9(2)(a)</b> (Partner - Performance Consulting, KPMG) joined for this item.</p> <ul style="list-style-type: none"> <li>• <b>Approved</b> the recommended future operating model blueprint for Callaghan Innovation presented in Appendix 1.</li> <li>• <b>Noted</b> the four case studies that demonstrate how Callaghan Innovation is already trialling and/or undertaking ways of working to align with the recommended operating model blueprint (Appendix 2).</li> <li>• <b>Noted</b> that KPMG's opinion is that transformation of the operating model rather than optimising the current operating model is preferred.</li> <li>• <b>Noted</b> this operating model would allow Callaghan Innovation to pool resources where they are needed, in terms of projects, programmes, and sectors, depending on moving priorities. This will allow a move from a fixed environment to a fluid and more agile way of operating. There will also be coaching and training as a response to the needs of our leaders in terms of upskilling as necessary, rather than planned out a year in advance.</li> <li>• <b>Discussed</b> that this is such a new way of operating for Callaghan Innovation, and communication to the organisation and the leaders will be key.</li> </ul>		

- **Noted** that the COVID-19 situation has meant that Callaghan Innovation has had to pull together teams in an agile way, which is how this organisation will be working going forward.
- **Noted** it is expected this will take 18 months to two years to embed. Improvements will be brought in step by step.
- **Requested** the Health Tech Activator Initiative be shown to the Board. **Action - Tātai Whetū Programme Manager**
- **Confirmed** they are happy with the direction of travel around the operating model.
- **Noted** Paul Stocks expressed that it is MBIE's opinion that Callaghan Innovation did an excellent job of standing up the R&D Loan Scheme.
- **Discussed** that the agile way that this was done is an example of the way forward in terms of the changes that will be made to our operating model - responsive, agile, and comprehensive. However, there are cultural and structural changes that need to be made in order for Callaghan Innovation to be able to have this as the way of working long term.
- **Requested** that the milestones and metrics that the board will be able to measure be looked at and brought back. **Action - Wayne Elfringham (Project Manager)**

2.2 FY 20/21 Strategy Delivery

2.2.1 FY 20/21 KPIs

BD28/08/20/07

The Board **received** the paper and **noted** the information. They also:

- **Noted** that MBIE is requesting a material change to the Outputs, in terms of including additional ones.
- **Agreed** that management would look into a faster implementation of 2-4 controls on the biggest risks in the Health and Safety area in order to move those KPIs along faster. **Action - Executive Lead, Health and Safety / General Manager Strategy, Insight and Impact**

2.2.2 Tātai Whetū update

BD28/08/20/08

The Board **received** the paper and **noted** the information. They also:

*Colm Kearney (Tātai Whetū Programme Manager) joined for this item.*

- **Noted** the Tātai Whetū Transformation Programme has been approved by the Executive and will be funded within existing operational budgets.
- **Noted** the programme blueprint elements that in combination enable the outcomes and in turn the programme benefits to be realised.
- **Discussed** the Tātai Whetū Transformation Programme and draft delivery schedule of capabilities into Callaghan Innovation over the next 24 months.
- **Noted** the programme develops the capability for the core of the organisation to embed.
- **Noted** Esther Livingston (GM People and Capability) and Paul Linton (GM Commercial and RTS) are the business change managers in the programme, the key executives who will lead the embedding of these new capabilities into the organisation.
- **Discussed** that the Exemplar Treaty Partner piece of work will be brought to the October Board meeting for further development and comment from the Board.
- **Discussed** that most of the Blueprint Elements could be brought to the Board for some developmental thinking.
- **Agreed** that this can be done by having an interim full Board telephone call so that Board members who want to join this discussion can, or it can be brought to the October Board meeting.
- **Noted** there are a lot of interdependencies within these blueprint elements, as well as interdependencies with Tātai Whetū and other programmes within the organisation.

2.2.3 Transformation Programme update

BD28/08/20/09

The Board **received** the paper and **noted** the information. They also:

*The Programme Senior Responsible Owners (SROs) joined for this item - Hayden Whelan (GIQ Programme Manager), Casper Badenhorst (Digital Programme Manager), Colm Kearney (Tātai Whetū Programme Manager), Paul Linton (General Manager RTS & Commercial), Jason Sutherland (ePMO Manager), Johnny Priestly (GIQ Programme Director) joined for this item.*

- **Noted** an update will be brought to the October Board meeting.



	<ul style="list-style-type: none"> <li>• <b>Noted</b> that each of the capabilities that are being built have benefits for Callaghan Innovation.</li> <li>• <b>Discussed</b> the risk management being embedded in all programmes.</li> <li>• <b>Noted</b> that transformation programmes are inherently risky, so to mitigate that the programmes have been aligned to strategy, good leadership capability has been embedded, and the focus is now on integration of the programmes.</li> <li>• <b>Noted</b> that every programme has its own risk register, which is monitored at a governance level within the organisation. Any high risks move into the enterprise risk register, which is then brought to the Board for visibility.</li> <li>• <b>Noted</b> that the Senior Responsible Owners (SROs) for all the programmes meet frequently and discuss the interdependencies to keep on top of these.</li> <li>• <b>Discussed</b> the resource allocation around the transformational programmes.</li> <li>• <b>Discussed</b> that Te Ao Māori is missing from the timeline in the programmes.</li> </ul>	
2.2.4	ePMO portfolio Deep Dive	BD28/08/2010
	<p>The Board <b>received</b> the paper and <b>noted</b> the information. They also:</p> <ul style="list-style-type: none"> <li>• <b>Discussed</b> the progress made to Callaghan Innovations operations as a result of the establishment of the ePMO.</li> </ul> <p>The Programmes SROs left the meeting.</p>	
2.2.5	Enterprise Risk update: Focus on Health and Safety Gracefield	BD28/08/2011
	<p>The Board <b>received</b> the paper and <b>noted</b> the information. They also:</p> <p><i>Nicola Kitchen (Executive Lead, Health, Safety and Environment), Hayden Whelan (GIQ Programme Manager), and Paul Linton (General Manager RTS and Commercial) joined for this item.</i></p> <ul style="list-style-type: none"> <li>• <b>Discussed</b> the increase in Callaghan Innovation health and safety principal risk based on new information that has emerged over the past 2-3 weeks.</li> <li>• <b>Noted</b> the legal opinion received from Morrison Kent regarding laboratories and compliance with the Health and Safety at Work (Hazardous Substances) Regulations 2017 section 18.</li> <li>• <b>Discussed</b> management's response to this heightened risk profile.</li> <li>• <b>Noted</b> the Health and Safety Committee (18 August 2020) has discussed in depth the above matters.</li> <li>• <b>Discussed</b> additional investment required to support H&amp;S implementation this financial year.</li> <li>• <b>Discussed</b> that the progress made by Callaghan Innovation around health and safety has been remarkable, and the leadership in place around this is excellent.</li> <li>• <b>Noted</b> that external experts are being engaged to advise on Callaghan Innovation's hazardous substance storage, lab requirements and hazard facilities for the new lab builds, and compliance audits across the labs.</li> <li>• <b>Noted</b> the second phase of the legal opinions have begun a review of the Laboratory standards across the GIQ site and the Major Hazard Facilities requirements for Callaghan. The CE is also involved in conversations with Worksafe around HSNO, regulatory requirements, and our status as a Major Hazard Facilities (MHF).</li> <li>• <b>Noted</b> that Paul Stocks informed the Board that if any regulatory change is needed here, to let MBIE know so they can assist.</li> <li>• <b>Noted</b> that the MHF issue only applies to Gracefield, not the whole of Callaghan Innovation.</li> <li>• <b>Requested</b> that the audit plans and overall assurance programme be brought back to the Audit and Risk Committee. <b>Action - Executive Lead, Health, Safety and Environment</b></li> <li>• <b>Noted</b> that the risk to and from surrounding sites is to be looked at as well.</li> <li>• <b>Acknowledged</b> that this plan is excellent, and shows that there is good leadership in this space.</li> </ul>	
2.2.6	Where do we play?	BD28/08/2012
	<p>The Board <b>received</b> the paper and <b>noted</b> the information.</p>	
2.3	FY 21/22 Strategy Development Process	BD28/08/2013

	<p>The Board <b>received</b> the paper and <b>noted</b> the information. They also:</p> <ul style="list-style-type: none"> <li>• <b>Discussed</b> the proposed strategy refresh plan, process and timelines.</li> <li>• <b>Agreed</b> to a Board 'futures' session to evaluate priorities and trade offs in October or November.</li> <li>• <b>Noted</b> an update on the business model work and long term strategy refresh will be brought to the October Board meeting.</li> <li>• <b>Noted</b> the identified risks and mitigation.</li> <li>• <b>Agreed</b> next steps.</li> </ul>	
2.4	<p><b>Deep Dive - Digital Core</b></p>	<p>BD28/08/20/14</p>
	<p>The Board <b>received</b> the paper and <b>noted</b> the information. They also:</p> <p><i>Jennifer Cherrington (Chief Digital Officer) and Casper Badenhorst (Digital Programme Manager) joined for this item and the following item.</i></p> <ul style="list-style-type: none"> <li>• <b>Acknowledged</b> the paper was a good update.</li> <li>• <b>Noted</b> that to increase the organisational maturity around cyber security, two cyber security resources have been engaged.</li> <li>• <b>Noted</b> there is a complication of our obligations under the Privacy Act to protect personal information.</li> <li>• <b>Requested</b> a live risk register be made available for the Board (perhaps under Resource Centre). <b>Action - Chief Digital Officer / CEO Office</b></li> </ul>	
2.5	<p><b>Funding Optimisation Business Case</b></p>	<p>BD28/08/20/15</p>
	<p>The Board <b>received</b> the paper and <b>noted</b> the information. They also:</p> <ul style="list-style-type: none"> <li>• <b>Approved</b> Option 3 ("Optimise") be pursued and that activities are progressed in Stage 1 in line with this option.</li> <li>• <b>Approved</b> an indicative forecast for future project activities is assumed, but are not scoped for delivery prior to 30 June 2021 (Stage 2);</li> <li>• <b>Approved</b> that financial authority for the funding of Stage 1 is delegated to the Digital Transformation Programme Manager.</li> </ul> <p><i>Paul Stocks (MBIE) left the meeting.</i></p>	
3	<p><b>FOR DISCUSSION / APPROVAL</b></p>	
3.1	<p><b>CEO Report</b></p>	<p>BD28/08/20/16</p>
	<p>The Board <b>received</b> the paper and <b>noted</b> the information. They also:</p> <p><i>Stefan Korn (General Manager MEE and Sectors), Rosalie Nelson (GM Strategy, Impact and Insights), Jane Fletcher (Acting CFO), Paul Linton (General Manager RTS and Commercial), Esther Livingston (GM People and Capability), joined for this item.</i></p> <ul style="list-style-type: none"> <li>• <b>Noted</b> that a sprint capability has been developed (Covid Emergency Response Sprint) to prepare for future covid emergencies. The aim of this was to develop ideas on how Callaghan Innovation can assist businesses who need help during such an emergency.</li> <li>• <b>Noted</b> this provided an opportunity for some staff to move from the research and analytical side of things to the planning and implementation side.</li> <li>• <b>Noted</b> the next steps are to take one or two of the ideas and turn them into white papers, and a critical piece of this work is how these ideas will be taken into Government.</li> <li>• <b>Noted</b> there were some things that can be internally implemented straight away.</li> <li>• <b>Noted</b> the verbal update from the GM RTS and Commercial that an advisory board for GlycoSyn will be stood up, and Pete Hodgson has agreed to be the Chair of that advisory board.</li> <li>• <b>Discussed</b> that KiwiStar is still a work in progress. Some international projects have been affected by COVID-19. There may be a possibility to use some of the capability within the space programme.</li> <li>• <b>Noted</b> the update from the Acting CFO on the cash position of Callaghan Innovation. MBIE have expressed concern in releasing the additional COVID-19 approved funding of \$6.3m until they are satisfied that the current cash holdings of \$61m is tagged for spend. To assist them make their decision, MBIE has requested a cashflow together with an analysis of Callaghan Innovation's cash reserves be</li> </ul>	

included as part of the next quarterly report. The balance of the Covid funding was not included in the Callaghan Innovation funding agreement for the FY21, therefore on MBIE's approval, an amended funding agreement will be required before any drawdown of cash can occur.

- **Noted** the update from the Acting CFO on the uncommitted and available retained earnings. As requested by the Board a retained earnings analysis is included in the monthly finance report. The analysis shows uncommitted and available retained earnings of \$5.4m. This balance has been earmarked for spend during the current financial year and will be monitored on a monthly basis.

3.1.1 **Finance report - July 2020** BD28/08/20/17

The Board **received** the paper and **noted** the information. They also:

- **Noted** the cash risk that Callaghan Innovation faces as discussed in the previous item.
- **Noted** there are some concerns about the quality of our external auditors, which will be raised by the Chair of the Audit and Risk Committee at the next Committee meeting.

3.2 **Health and Safety report and update - July 2020** BD28/08/20/18

The Board **received** the paper and **noted** the information.

3.3 **Grants appropriation update** BD28/08/20/19

The Board **received** the paper and **noted** the information. They also:

- **Noted and discussed** that, given there has been no significant or material change to the forecast net appropriations shortfall since the June 2020 Board meeting, management intends to closely manage and monitor the Grants appropriations and to continue to provide regular updates to the Board.
- **Requested** that this is reported regularly for the next few Board meetings. **Action - CFO/CEO Office**

3.4 **Appointment of Paul Linton to replace Matt Kenny as director of CIRL** BD28/08/20/20

The Board **received** the paper and **noted** the information. They also:

- **Appointed** (by resolution) Paul Linton as a director of Callaghan Innovation Research Limited (CIRL) to replace Matt Kenny; and
- **Agreed** to sign the appointment letter.

3.5 **R&D Loan Scheme approvals (see separate Board pack - uploaded Wed 26 Aug)** BD28/08/20/21

For the purposes of clarity and consistency, this portion of the meeting was treated as a separate R&D Loans Board meeting, and the minutes are kept in a separate document as per the minutes of previous R&D Loans Board meetings.

#### 4 MONITORING

4.1 **FY 19/20 KPI performance** BD28/08/20/22

The Board **received** the paper and **noted** the information. They also:

- **Noted** Callaghan Innovation FY20 performance progress and challenges, and steps taken to mitigate these in FY21.

4.2 **Board administration (supported by draft or final minutes where available)**

4.2.1 **Draft minutes of meeting held 18 June 2020** BD28/08/20/23

The Board **received** the minutes and **confirmed** them as a true and correct record pending the following amendment:

- **Remove** the highlighted note.

4.2.2 **Board action list** BD28/08/20/24

	<p>The Board <b>received</b> the action list, and <b>discussed</b> and <b>agreed</b> the actions that can be closed. They also:</p> <ul style="list-style-type: none"> <li>• <b>Requested</b> the Briefing to the Incoming Minister (BIM) be presented to the Board in the October meeting if it's ready. <b>Action - General Manager People and Capability</b></li> </ul>	
4.2.3	<p><b>Interest schedule</b></p>	BD28/08/20/25
	<p>The Board <b>received</b> the interests schedule and <b>noted</b> the information. They <b>updated</b> the interests schedule as follows:</p> <ul style="list-style-type: none"> <li>• <b>Remove</b> Tuku Korero from Matanuku Mahuika's interests list.</li> </ul>	
4.2.4	<p><b>2020 meeting dates</b></p>	BD28/08/20/26
	<p>The Board <b>received</b> the meeting dates and <b>noted</b> the information.</p>	
4.2.5	<p><b>Committee Chair report - Gracefield Development Governance Group (GDGG)</b></p>	BD28/08/20/27
	<p>The Board <b>received</b> the report and <b>noted</b> the information. They also:</p> <ul style="list-style-type: none"> <li>• <b>Noted</b> that the meetings are collaborative, respectful and transparent.</li> <li>• <b>Noted</b> that the GM RTS and Commercial has stepped into the SRO role, and the CE attends each meeting too.</li> <li>• <b>Noted</b> that after the meeting of 11 September, the meetings will move from 6-weekly to quarterly, which is a reflection of how well things are tracking.</li> <li>• <b>Noted</b> the next big focus for the GDGG will be the Treasury Gateway Review process.</li> <li>• <b>Noted</b> the area that needs more progress is the strategic tranche.</li> </ul>	
4.2.6	<p><b>Committee Chair report - Health and Safety</b></p>	BD28/08/20/28
	<p>The Board <b>received</b> a verbal report from the Chair of Health and Safety Committee and <b>noted</b> the information.</p>	
4.2.7	<p><b>Committee Chair report - Grants</b></p>	BD28/08/20/29
	<p>The Board <b>received</b> the report and <b>noted</b> the information. They also:</p> <ul style="list-style-type: none"> <li>• <b>Noted</b> that the external committee members in the Grants Committee have been reappointed for a further 12 months, and one member (Alastair McCormack) has indicated that this will be his final year.</li> <li>• <b>Noted</b> that the Board would like to acknowledge his service of 10 years on this Committee, with inviting Alastair to join the Board Breakfast in Auckland in October to share any insights he has developed of his time here.</li> </ul>	
5	<p><b>MEETING REVIEW</b></p>	BD28/08/20/30
	<p>The Board <b>discussed</b> the various aspects of the meeting, which were summarised as follows:</p> <ul style="list-style-type: none"> <li>• <b>Noted</b> the Textile Centre was getting building works done, and participants in this location found this very challenging due to the noise and vibration.</li> <li>• <b>Agreed</b> that it was one of the better meetings that has been conducted via video conference.</li> <li>• <b>Agreed</b> the chairing of the meeting was good, and the meeting ran well.</li> <li>• <b>Agreed</b> the content of the papers was generally very good.</li> <li>• <b>Discussed</b> that the direction of travel is going really well, and that there are obvious tangible changes that have been made.</li> <li>• <b>Discussed</b> that there were some heavy topics discussed, which went well.</li> <li>• <b>Noted</b> the CEO found that the Board were clear in terms of what they wanted around metrics.</li> <li>• <b>Agreed</b> that members generally enjoyed the meeting.</li> </ul>	
6	<p><b>ANY OTHER BUSINESS</b></p>	BD28/08/20/31

There was none.

The meeting closed at 2:45 pm

Pete Hodgson  
Chair  
Callaghan Innovation  
28 August 2020

Released under the Official Information Act 1982

# Board Minutes

6 October 2020

8.30am - 3.30pm

## LOCATIONS:

Parnell Hotel, 10-20 Gladstone Road, Parnell, Auckland, with video conference option

## IN ATTENDANCE

### Board

Pete Hodgson (Chair)  
Jennifer Kerr  
Shaun Hendy  
Elena Trout  
Angela Bull  
Matanuku Mahuika

### Executive

Vic Crone (CEO)  
Kirsten Campbell (Outgoing Manager Board Governance and CEO Office) (VC)  
Crispian Franklin (Incoming Manager Board Governance and CEO Office) (VC from 1:30pm)

### Apologies

Paul Stocks (MBIE)

Released under the Official Information Act 1982

Board Breakfast	
<ul style="list-style-type: none"> <li>• Guest - Alastair McCormack</li> </ul>	
STRATEGY / STRATEGIC RISK	
1	<p><b>Board Only time</b> <span style="float: right;">BD06/10/20/01</span></p> <p>The Board conducted Board only time.</p>
1.1	<p><b>Board Meeting overview</b> <span style="float: right;">BD06/10/20/02</span></p> <p>The Board <b>received</b> the paper and <b>noted</b> the information.</p>
2	FOR DISCUSSION / APPROVAL
2.1	<p><b>Board professional development - Agile workshop - Sections 9(2)(a) (Radically)</b> <span style="float: right;">BD06/10/20/03</span></p> <p>Sections 9(2)(a) and Sections 9(2)(a) from Radically joined for this item.</p> <p>The Board <b>received</b> a presentation, and <b>participated</b> in a good workshop on Agile Governance. They also:</p> <ul style="list-style-type: none"> <li>• <b>Agreed</b> to do a half day board workshop on Agile around February, once new Directors have joined. <b>Action - CEO Office</b></li> </ul>
2.2	Operating model update
2.2.1	<p><b>Measuring Progress towards the Future Operating Model</b> <span style="float: right;">BD06/10/20/04</span></p> <p>The Board <b>received</b> the paper and <b>noted</b> the information. They also:</p> <p>Wayne Eltringham (Project Manager), Colm Kearney (Tātai Whetū Programme Manager), and Sections 9(2)(a) (Consultant, KPMG) joined for this item.</p> <ul style="list-style-type: none"> <li>• <b>Discussed</b> the approach for measuring progress towards our Future Operating model.</li> <li>• <b>Discussed</b> that the cultural aspects are more difficult to measure, and <b>noted</b> these sorts of things will be able to be measured by changes in behaviours.</li> <li>• <b>Noted</b> that there is currently a project about to be started around behaviours, and these will be tracked.</li> <li>• <b>Acknowledged</b> there will be some subjectivity to the cultural measures.</li> <li>• <b>Noted</b> that the simultaneous workstreams provide challenges, however management are taking advice from KPMG based on similar projects they have run. An agile and design thinking process will be engaged for this - working via an iterative process, and with the organisation and the leadership.</li> <li>• <b>Expressed</b> congratulations on the amount of progress within a short amount of time.</li> <li>• <b>Expressed</b> their strong support.</li> <li>• <b>Acknowledged</b> the Operating Model papers were very good due to the inclusion of background information around what had been brought to the Board previously.</li> </ul>
2.2.2	<p><b>Operating model tool to track progress</b> <span style="float: right;">BD06/10/20/05</span></p> <p>The Board <b>received</b> the paper and <b>noted</b> the information.</p>
2.2.3	<p><b>Moving towards the future state (KPMG report)</b> <span style="float: right;">BD06/10/20/06</span></p> <p>The Board <b>received</b> the paper and <b>noted</b> the information.</p>

2.3 Callaghan Innovation Behaviours Development

BD06/10/20/07

The Board **received** the paper and **noted** the information. They also:

- **Discussed** the Behaviours Project and its intended delivery of the new Behaviours into Callaghan Innovation.
  - **Discussed** that the competencies and values should be kept simple and high level, which will make the desired behaviours easier to monitor and respond to.
  - **Discussed** that due to the importance of the behaviours in terms of setting the foundations for the rest of the Tātai Whetū programme, the time frame for this will not be rushed. The emphasis instead will be in embedding these culturally, so that all other parts of the programme can be built on from this.
  - **Agreed** that the behaviours would be decided by management, rather than signed off by the Board, however the Board would like information on the process by which the behaviours are landed on.
- Action - Tātai Whetū Programme Manager**

GOVERNANCE AND OPERATIONS

3 FOR DISCUSSION / APPROVAL

3.1 CEO Report

BD06/10/20/08

The Board **received** the paper and **noted** the information. They also:

*Esther Livingston (Chief Operations Officer Internal Partners), Stefan Korn (General Manager Marketing, Engagement, Experience, and Sectors), Jennifer Cherrington (Chief Digital Officer), Rosalie Nelson (General Manager Strategy, Insights and Impact) and Jane Fletcher (CFO) joined for this item.*

- **Noted** that from the results from the RDTI Rapid Review it is likely that there will need to be a meeting between MBIE, IR, and Callaghan Innovation of senior leaders.
- **Discussed** Callaghan Innovation will receive the Financial and Funding Review in the next month or so and the incoming CFO will implement these findings.
- **Discussed** that the Board is full in support and in favour of getting the RDTI to work effectively for customers.
- **Discussed** the down-sizing of leadership and supportive of this ensuring management are conscious of Christmas holidays.
- **Discussed** the Grants Appropriation and management flagged there could be increases in demand and will bring this to the November board.

3.1.1 Finance report - August 2020

BD06/10/20/09

The Board **received** the paper and **noted** the information. They also:

- **Noted** the updated forecast for the year highlighted a \$3.7m deficit. This will be updated and managed on a monthly basis to reflect an up to date position of how the organisation is tracking to budget.
- **Noted** the increase in the deficit primarily related to a \$1m R&D budget oversight and an additional \$1m allocated to Health and Safety programme.
- **Noted** the Covid-19 funding of \$6.3 million is included in the FY2021 budget and it is therefore critical that the funding agreement be amended to allow Callaghan Innovation access to these funds in the second half of the year.
- **Noted** the operating costs as outlined in the Edi Replacement Business Case approved at the meeting are included in the budget.
- **Noted** the Project/Student Grant appropriation is being managed on a monthly basis. Management took a conservative approach at October Baseline Update (OBU) and transferred \$10m from the Growth Grant appropriation to mitigate a portion of the forecast overspend in the Project/Student Grant appropriation and will revisit this at March Baseline Update (MBU) to ensure an more accurate transfer can be made.
- **Noted** the updated forecast in respect of the Project/Student Grant appropriation will be circulated to the Board as an out of cycle paper if there is significant movement over the last two months.
- **Noted** that Industry 4.0 is progressing, and will likely be an update for the Board on this next year. It is a mobile unit and can be presented to the Board when completed.

3.1.2 Health and Safety report- August 2020

BD06/10/20/10



The Board **received** the paper and **noted** the information.

*Cliff Hastings and Nicola Kitchen joined for this item.*

**3.1.3 Commercial dashboards** BD06/10/20/11

The Board **received** the dashboards and **deferred** the discussion to the November board meeting along with the Glycosyn dashboard.

**3.1.4 Transformational programmes dashboard** BD06/10/20/12

The Board **received** the dashboard and **noted** the information.

**3.2 Health and Safety**

**3.2.1 Home Safe Programme set up** BD06/10/20/13

The Board **received** the paper and **noted** the information. They also:

- **Discussed** the proposed programme approach to ensure they are satisfied it will deliver the desired outcomes.
- **Endorsed** the programme approach and the ongoing development and initiation of the home safe programme.
- **Noted** the two audits currently being undertaken - a lab audit, and hazardous substances audit. The aim is to find the unknown unknowns, then sync them into a programme to manage.
- **Noted** that five of the existing six HS project workstreams will be incorporated into this programme, to ensure that these are all managed in conjunction with each other.
- **Noted** the structure of the programme, with everything being put under one programme which allows
- **Noted** the next steps.
- **Noted** that the business case will be brought back to the Board for approval.
- **Noted** that remediation of actions raised in the two audits will need to be clearly prioritised.
- **Noted** that Worksafe have made it very clear that they will be supporting Callaghan Innovation along the journey, and also that Callaghan Innovation may be issued with improvement notices. This may not be a pleasant experience, however the most important thing is that Callaghan Innovation is genuine in what it is trying to achieve, and WorkSafe have acknowledged this.
- **Acknowledged** that they are pleased with the process, and **support** what management are aiming to achieve in Health and Safety.
- **Noted** that this programme will be built into the audit programme for next year.

**3.2.2 Home Safe Programme Blueprint** BD06/10/20/14

The Board **received** the paper and **noted** the information. They also:

- **Noted** and **agreed** with the programme blueprint.

**3.2.3 Home Safe Programme org chart** BD06/10/20/15

The Board **received** the paper and **noted** the information. They also:

- **Noted** and **agreed** with the organisational chart.
- **Noted** management are still building out the resourcing of the programme.

**3.2.4 Key Health and Safety activities update** BD06/10/20/16

The Board **received** the paper and **noted** the information. They also:

- **Noted** and **thanked** management for providing the update on where things are at. Management will bring another update to the next Health and Safety Committee. **Action - Executive Lead, Health and Safety**

3.2.5 Guest - Phil Parkes, WorkSafe CEO

BD06/10/20/17

This item is to be rescheduled to another Board meeting, as Phil Parkes was unwell on the day. **Action - CEO Office**

3.3 Customer Experience and Health Tech Activator

BD06/10/20/18

The Board **received** the paper and **noted** the information. They also:

*Colm Kearney (Tātai Whetū Programme Manager), Spencer Willis (Customer Engagement Manager), Andrew Clews (Head of Health Technology), joined for this item.*

- **Noted** that Customer Experience (CX) is a key project of the Tātai Whetū Programme and is actively delivering in an agile fashion which aligns closely to our proposed future ways of working as outlined in our Operating Model MVP.
- **Discussed** the first phase of the CX project, which focussed on the Health Tech Activator, with the accompanying slide pack (*Appendix 1*) describing the outputs and outcomes from that work.
- **Noted** the learnings from this first phase of work are informing the scaling of the CX work across Callaghan Innovation.
- **Noted** the verbal update on the Health Tech Activator.
- **Noted** Callaghan Innovation has developed key relationships within the Health Tech sector, which will enable us to act as a successful connector in this space.
- **Noted** that in the testing of the customer journey work, it was discovered that the service level around this was variable, and an improvement in this will be very beneficial for this sector.
- **Noted** there are currently 180 managed customers in the CI HealthTech sector and the development of the HTA will further deepen our engagement and support of emerging HealthTech companies across a wide range of sub-categories including Digital Health, Therapeutics, Bio/Pharma and Device technologies. The capability building aspects of the HTA's 4 year programme commitment will continue to add strength to the sector.

3.4 Board Delegations for Technology Incubator Programme

BD06/10/20/19

The Board **received** the paper and **noted** the information. They also:

- **Noted** the legal advice received from Russell McVeagh (Annex One) with regards to the applicability of section 12 of the Callaghan Innovation Act (2012) (CI Act) and the Anti-Money Laundering and Counter Financing of Terrorism Act (2009) (AML Act) to the Technology Incubator programme.
- **Noted** that ELT has considered the legal advice and is of the opinion that there is a low risk that Callaghan Innovation could be viewed as being in contravention of the Callaghan Innovation Act if the Board were to delegate its authority to make decisions on repayable grant funding under the Technology Incubator Programme.
- **Discussed** and **agreed** that although one director suggested the authority be delegated to the Chief Executive, it was the preference of the Board to delegate this authority to the Repayable Grant Approval Committee.
- **Requested** the report mechanism back to the Board be via the regular CEO Report. **Action - CEO**
- **Noted** the steps that we are taking with the Ministry of Justice to resolve our obligations with regards to the AML Act.
- **Noted** that post election we work with MBIE to advise the Minister that an amendment be made to Section 12 of the CI Act, resolving this uncertainty and remedying the unintentional impacts it has on the way we administer this scheme and other loan schemes that we may potentially administer in the future.

3.4.1 Legal advice from Russell McVeagh re S12

BD06/10/20/20

The Board **received** the paper and **noted** the information.

3.4.2 Proposed Technology Delegation policy

BD06/10/20/21

The Board **received** the paper and **noted** the information. They also:

- **Agreed** with the direction of the policy.

3.5 EDI replacement business case approval

BD06/10/20/22

The Board **received** the paper and **noted** the information. They also:

- **Approved** this business case.

4 MONITORING

4.1 Insurance renewal update

BD06/10/20/23

The Board **received** the paper and **noted** the information. They also:

- **Noted** the planned steps through October to secure the November 2020 renewal.
- **Noted** the indicative premiums for the November 2020 insurance renewal to provide some context and direction for October 2020 ARC discussions.

4.2 Group financial statements

BD06/10/20/24

The Board **received** the paper and **noted** the information. They also:

- **Noted** the material judgements made in the preparation of the Group financial statements.
- **Noted** the proposed back to back representation letters.

4.2.1 Financial Statements Materials Assumptions

BD06/10/20/25

The Board **received** the paper and **noted** the information. They also:

- **Noted** the verbal update from the CFO, which was based on the report.

4.2.2 Financial Statements (SSP and financial statements)

BD06/10/20/26

The Board **received** the paper and **noted** the information. They also:

- **Noted** that note 7 (seven) of the financial statements was updated upon the recommendation of the ARC to note that the cash balance included tagged unspent capital project funding and funds received in advance of programmes.
- **Approved** the statements as per the recommendation from the ARC.

4.2.3 PwC Final Callaghan Innovation Report

BD06/10/20/27

The Board **received** the report and **noted** the information. They also:

- **Noted** the process this year was challenging.

4.2.4 Management Rep letter - CEO CFO

BD06/10/20/28

The Board **received** the letter and **noted** the information. They also:

- **Approved** this letter to be signed by the CEO and the CFO, as per the recommendation from the ARC.

4.2.5 Representation letter to PwC

BD06/10/20/29

The Board **received** the letter and **noted** the information. They also:

- **Approved** this letter to be signed by the Board Chair and the Committee Chair.

4.2.6 Letter of Engagement

BD06/10/20/30

The Board **received** the letter and **noted** the information. They also:

- **Approved** this letter of engagement be accepted and signed by the Board Chair.

4.4	Annual Report and Briefing for the Incoming Minister (BIM) for approval (final approval will be out of cycle)	BD06/10/20/31
<p>The Board <b>received</b> the report and <b>noted</b> the information. They also:</p> <ul style="list-style-type: none"> <li>• <b>Noted</b> the updated look and feel of the annual report and the BIM.</li> <li>• <b>Endorsed</b> the approach, which allows for a greater ability to tell the story of Callaghan Innovation.</li> </ul>		
4.5	Board administration (supported by draft or final minutes where available)	
4.5.1	Draft minutes of meeting held 28 August 2020	BD06/10/20/33
<p>The Board <b>received</b> the minutes and <b>confirmed</b> them as a true and correct record.</p>		
4.5.2	Action list	BD06/10/20/34
<p>The Board <b>received</b> the action list and <b>noted</b> it.</p>		
4.5.3	Interest schedule	BD28/08/20/35
<p>The Board <b>received</b> the interests schedule and <b>noted</b> the information. They also:</p> <ul style="list-style-type: none"> <li>• <b>Decided</b> to keep the declared interests for the R&amp;D Loan meetings in the recorded minutes for those meetings, and not include them in the list of the main Interests Schedule maintained for the Board.</li> </ul>		
4.5.4	2020 meeting dates	BD06/10/20/36
<p>The Board <b>received</b> the meeting dates and <b>noted</b> the information. They also:</p> <ul style="list-style-type: none"> <li>• <b>Requested</b> February 2021 Board meeting would be 1.5 day meeting, and include a half day of further Agile training. <b>Action - CEO Office</b></li> <li>• <b>Requested</b> that the 2021 dates be set very soon. <b>Action - CEO Office</b></li> <li>• <b>Discussed</b> that in the February meeting they discuss whether they may want to meet in a region. If so, a programme will need to be developed. <b>Action - CEO Office</b></li> </ul>		
4.5.5	Committee Chair report - Gracefield Development Governance Group (GDGG)	BD06/10/20/37
<p>The Board <b>received</b> the verbal report from the Committee Chair and <b>noted</b> the information.</p>		
4.5.6	Committee Chair report - Audit and Risk	BD06/10/20/38
<p>The Board <b>received</b> the report and <b>noted</b> the information.</p>		
5	MEETING REVIEW	BD06/10/20/39
<p></p>		
6	ANY OTHER BUSINESS	BD06/10/20/40
<p>There was none.</p>		

The meeting closed at 3:25 pm

Pete Hodgson  
Chair  
Callaghan Innovation  
6 October 2020

Released under the Official Information Act 1982

# Board Minutes

26 November 2020

8.30am - 3.30pm

## LOCATIONS:

Textile Centre, 1 Watt Street, Auckland

## IN ATTENDANCE

### Board

Pete Hodgson (Chair)  
Jennifer Kerr  
Shaun Hendy  
Elena Trout  
Angela Bull

### Executive

Vic Crone (CEO)  
Esther Livingston (COO - Internal Partners)  
Jen Cherrington (CDO)  
Jane Fletcher (Acting CFO)  
Stefan Korn (GM MEE)  
Nicola Kitchen (EL H&S)  
Crispian Franklin (Manager Board Governance and CEO Office)  
Peter Crabtree (MBIE)(1.30pm)

### Apologies

Paul Stocks (MBIE)  
Matanuku Mahuika

Released under the Official Information Act 1982

Board Breakfast - CE and Board		
<ul style="list-style-type: none"> <li></li> </ul>		
STRATEGY / STRATEGIC RISK		
1	Board Only time	BD26/11/20/01
The Board conducted Board only time.		
	1.1 Board Meeting overview	BD26/11/20/02
The Board <b>received</b> the paper and <b>noted</b> the information.		
2	FOR DISCUSSION / APPROVAL	
2.1	Helping NZ Build Back better - Callaghan Innovation's long term strategy refresh	BD26/11/20/03
The Board <b>received</b> the paper and <b>noted</b> the following information:		
<ul style="list-style-type: none"> <li>• <b>Noted</b> the data and analysis confirmed the 5 year direction and focus on Frontier ventures</li> <li>• <b>Agreed</b> the draft long term strategy direction and 'no regrets' actions that help optimise the NZ Innovation system.</li> <li>• <b>Noted</b> bring back a draft final strategy (March) and seek final Board approval in June 2021</li> <li>• <b>Discussed</b> on the 2040 Strategy and what the team had learnt from internal innovative agencies and development on scenarios and what it means for Callaghan.</li> <li>• <b>Noted</b> that CI's future direction on two pages is insufficient and will need to be expanded and the word "ethical" needs to be evidence based.</li> <li>• <b>Highlighted</b> that Te Ao Maori is important as it exists only in New Zealand and would like to see more of this in the Strategy Refresh</li> <li>• <b>Noted</b> concerns around climate change and clean tech and where Callaghan Innovation fit into advancing the technology.</li> <li>• <b>Noted</b> that the underlying scenarios were based on the four key forces - global economy and cohesion, prioritisation of resilience and sustainability, societal changes and NZ mastery in Innovation and opportunity to build on this and bring this more strongly in the Strategy Refresh as well as approach on the business model, organising innovation and business start-ups.</li> <li>• <b>Provided</b> an overview of the concept of "mission" and the role of crown agencies and highlighted the need to understand opportunities and barriers, and the levers that are available; the need for innovation instead of science and how to engage with private innovators to prototype solutions and integrate and systemise into businesses.</li> </ul>		
2.2	Introduction to the Change Lab (live video session)	BD26/11/20/04
The Board <b>received</b> the presentation.		
GOVERNANCE AND OPERATIONS		
3	FOR DISCUSSION / APPROVAL	
3.1	CEO Report (11.15am)	BD26/11/20/05
The Board <b>received</b> the paper and <b>noted</b> the information.		
3.1.1	Finance report - September 2020	BD26/11/20/06

The Board **received** the paper and **noted** the information. They also:

- **Noted** the predictive burnt rate and timing on when it will spend the financial funds over the long break to provide a clearer forecast.
- **Emphasised** the need to get clarity from the Executive Leadership Team on what is the final forecast budget for the year.
- **Requested** the Chief Executive to brief the Chairperson before the meeting with the Minister. **Action - CE**

3.1.2 **Health and Safety report- August - September 2020**

BD26/11/20/07

The Board **received** the paper and **noted** the information. They also:

- **Discussed** the HSE Metrics for August, September and October 2020.
- **Updated** the Board that the Safeplus Audit has been completed for the Gracefield site and will be active from 13 December 2020.
- **Congratulated** the Executive Leadership Team and the H&S team for no overdue action for the month of September.

3.1.3 **CE Performance dashboards**

BD26/11/20/08

The Board **received** the dashboards and **noted** the following:

- **Noted** that the Executive Leadership Team is seeking legal advice on the definition of AG4 auditing standard for non-financial measures and understand what is required for this standard.
- **Requested** the Acting CFO to meet with OAG to understand fully the difference of definition of non-financial standards in the public sector. **Action - CFO**
- **Requested** the team to provide high potential exposures (actuals and near misses) on the dashboard and track it over time. **Action - EL H&S**

3.2 **Tech Incubator Repayable Grant Approvals**

BD26/11/20/09

The Board **received** the paper and **noted** the information. They also:

- **Noted** two repayable grants were approved by the Repayable Grant Committee.
- **Endorsed** the report and noted the discussion.
- **Noted** that the target is around 15 to 20 applications.

3.3 **Guest - Phil Parkes, WorkSafe**

BD26/11/20/10

The Board **received** the presentation.

3.4 **Grants Appropriations Update**

BD26/11/20/15

The Board **received** the paper and **noted** the information. They also:

- **Noted** the best estimate for the Grants Appropriation has increased from -\$2.4m in July 2020 to -\$6m in October 2020.
- **Noted** that from 1 July 2022, the Multi Year Appropriation for Project and Student Grants becomes an annual appropriation.
- **Noted** that there is a structural shift in increased demand for Project and Student Grants and there is unlikely to be enough in our new multi year appropriation to meet these demands.
- **Discussed** the options proposed to manage the appropriation within the budget envelope.
- **Agreed** to management's recommendations of Option A, effectively to run the scheme down. This does not preclude at any time bringing in further constraining measures.
- **Noted** next steps.
- **Noted** that the students grants will run out before March 2022 but will not be the same amount as the process for the students grants will be dependent on timing for the next appropriation.



- **Noted** that the Executive Leadership Team to consider secondment roles towards Maori and Pacific Island candidates. **Action - COO**
- **Noted** that the forecasting model does not take into account customer optimism bias and unsure about the impact of the closure of the Growth Grants.
- **Noted** that the forecasting model goes through a peer review and is updated every month and reviewed after three months and is tested against the regional economic assumptions.
- **Agreed** that the Executive Leadership Team will diligently manage the appropriation to 0-\$1m under; Callaghan Innovation will not overspend and will underspend as little as possible.

3.5 Covid 19 Project Update

BD26/11/20/12

The Board **received** the paper and **noted** the information. They also:

- **Noted** the feedback provided from our customers on the positive impact our response has had on their businesses.
- **Noted** the success of the Alert Level processes enabling our people to successfully transition through national and regional Alert Level changes.
- **Noted** the establishment of a repeatable ideation process to continue to generate innovative solutions for Callaghan Innovation and our customers.
- **Discussed** the response to date and contribute their collective knowledge and expertise to our future efforts.

3.6 KiwiStar Optics Sections 9(2)(ba)

BD26/11/20/13

The Board **received** the paper and **noted** the information. They also:

- **Noted** the background and business situation of KiwiStar.
- **Sections 9(2)(ba)**

3.7 Financial Approval - Data integration Platform Project

BD26/11/20/14

The Board **received** the paper and **noted** the information. They also:

- **Approved** the Data Integration Platform investment case as part of the Digital Transformation investment programme.
- **Approved** investment of up to \$2,266,748 Capex and \$228,285 Opex (FY21) and investment of up to \$270,165 Capex and \$475,151 Opex (FY22).
- **Delegated** financial authority for delivery of this project to the Chief Executive.

3.8 RDTI Review and next steps

BD26/11/20/15

The Board **received** the paper and **noted** the information. They also:

- **Noted** the key findings from the RDTI Rapid Review.
- **Noted** the RDTI governance group has been reactivated across MBIE, IRD and ourselves.
- **Discussed** the next steps being proposed.
- **Noted** the challenges with the RDTI system and noting that MBIE and IRD Policy are supportive to work together.
- **Noted** that management intends to undertake a declines review where applicants that were declined will go through an independent review in light of the interpretation of the legislation and guidelines.
- **Noted** the challenges around engagement with applicants due to the interpretation of the legislation and process.
- **Noted** that there are two key fundamental factors around the challenges: legislative and process change which will have an impact on the amount of companies receiving tax incentive.

- **Noted** that the team will be focusing on the 3 areas identified by the PwC report and assessing the data collected on customers and plan for the changes.
- **Noted** the team will report back at a future meeting to the Board (suggested January 2021) on the declines review Terms of Reference, information change process and setting up a convening committee to look back into the decisions when the organisations agree a way forward. **Action - COO**
- **Noted** that the Board offers it full support to the team to assist with the process e.g out of cycle decision etc.

4 MONITORING

4.1 FY20 PwC control observations - resolution plan BD26/11/20/16

The Board **received** the paper and **noted** the information. They also:

- **Noted** the update on PwC's FY20 control observations.
- **Noted** that PwC will be invited to the March audit and risk committee to report back on the progress the CI team has made to address their control observations.
- **Received** the paper and requested the CFO to send a copy of the report to PwC. **Action - CFO**

4.2 Board administration (supported by draft or final minutes where available)

4.2.1 Draft minutes of meeting held 6 October 2020 BD26/11/20/17

The Board **received** the minutes and **confirmed** them as a true and correct record.

4.2.2 Action list BD26/11/20/18

The Board **received** the action list and **noted** it.

4.2.3 Interest schedule BD26/11/20/19

The Board **received** the interests schedule and **noted** the information.

4.2.4 2021 meeting dates BD26/11/20/20

The Board **received** the meeting dates and **noted** the information.

4.2.5 Committee Chair report - Audit and Risk BD26/11/20/21

The Board **received** the report and **noted** the information.

4.2.6 Committee Chair report - Grants BD26/11/20/22

The Board **received** the report and **noted** the information.

5 OTHER BUSINESS BD26/11/20/23

6 MEETING REVIEW BD26/11/20/24

The meeting closed at 2.39 pm

Pete Hodgson  
Chair  
Callaghan Innovation  
26 November 2020

Released under the Official Information Act 1982