

Board Minutes

Confirmed at 23 March 2023 Board meeting

1 February 2023

9:00am - 4:00pm

LOCATION: Virtual

IN ATTENDANCE

Board

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

Executive

Stefan Korn (CEO)
Cliff Hastings (Chief Innovation Expertise Officer)
Brett Calton (Chief Product Officer)
Jen Cherrington (Chief Enablement Digital Officer)
Kirsty Bellringer (CFO)
Hayden Whelan (Chief Innovation Development Officer)
Nicola Vibert (Chief Sustainability and Risk Officer)
Henare Johnson (Chief Maori and Government Engagement Officer)
Kirsten Campbell (ELT and Board Enablement Manager)

Shareholder

Michael Bird (MBIE)

Apologies

None

The Board received a verbal update from the Deputy Chair on the Manaaki / Indigo issue. They also:

- 9(2)(f)(iv) [REDACTED]
- **Acknowledged** and **thanked** the two Board members who are taking on an attempt to resolve this issue.
- **Discussed** the OAG inquiry into the Manaaki / Indigo issue.

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

Michael Bird (MBIE) joined for this item.

- **Noted** the Te Ara Paerangi white paper was launched end of 2022, and the Minister was pleased with the launch.
- **Noted** Prue Williams has been appointed as General Manager for Te Ara Paerangi. She was formerly responsible for the MBIE funding systems. She will likely join the March Board meeting to introduce herself.
- **Thanked** and **acknowledged** the hard work that Callaghan Innovation put in to support GNS to develop its costed option for Wellington Science City Project (WSCP). The level of work and commitment shown in developing this is excellent and much appreciated, especially so as it was over the Christmas and New Year holiday season. The proposal is now with all the relevant ministers and will be part of the budget process.
- **Noted** the current Minister is very committed to WSCP, however, it remains to be seen how the new Prime Minister and a potential new Minister (after the election) will view it.
- **Noted** that MBIE is also looking into Grants appropriations for Callaghan Innovation and in particular at a more consistent multi year appropriation system. This will help avoid very large In-principle Expense Transfers (IPETs).
- **Thanked** Callaghan Innovation for the work on 9(2)(f)(iv) - Confidential advice to Government [REDACTED]
- **Discussed** the appointment of new directors - MBIE has put advice up to the Minister recommending two candidates for appointment. A further candidate is being interviewed by MBIE who might be an additional possible director. A further discussion between MBIE and the Minister will be held later this month, and MBIE will be able to provide an update to Callaghan Innovation subsequently.
- **Noted** that MBIE made it clear to the Minister that the appointment of at least one new director is a priority.

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

The ELT, Brett Calton (Chief Product Officer), Florian Spoerl (Group Leader Market Engagement), Kirstin Mead (Customer Navigator Functional Lead) joined for this item.

- **Received** an update on the Navigation team.
 - The new Navigation function is focussed on connecting our customers to the right product at the right time, building a 'single front door' approach to our individual customer needs, and enabling access to product referrals.
 - It also means that there is tightened operational reporting, and real time visibility of interactions with customers. We can now digitally track which products our customers are interested in, and collect engagement and demand data.
 - There is high and increasing engagement with our target customers.
 - Further engagement with Māori businesses is needing more work, and several measures have been taken to ensure this.
 - Increased integration with NZTE is continuing to ensure there is better data exchange and processes between Callaghan Innovation and NZTE.

- **Acknowledged** the thoroughness of this piece of work, and how it has been implemented.
- **Received** an update on the ELT 100:
 - 8 ELT and 3 Board members participated in 103 customer visits, as follows - 13% were Māori businesses. Eight visits with Regional Business Partner (RBP) Contract Holders. Visits across 13 regions, noting this was the first ever ELT visit for some regions.
 - Through the feedback received there are multiple actions being taken that will make Callaghan Innovation products and processes better and easier to meet customer needs. Actions considered / undertaken are outlined in the paper provided.
 - The ELT 100 initiative was very beneficial for the ELT, and the meetings with customers - in particular in the regions - were welcomed. The outcome has been a lot of good information that Callaghan Innovation can utilise to improve its services.
 - **Suggested** including some of our lead and distinguished Scientists in the regional and customer events to showcase the talent pool and the work of Callaghan Innovation scientists. **Action - Chief Product Officer**

Kirstin and Florian left the meeting after this item.

2.3 Update on Code of Conduct initiative

BD01/02/23/03

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

Brett Calton (Chief Product Officer) and Nathan Stantiall (Group Leader Product Ownership), and Karen Skinner (Group Manager Government Engagement) joined for this item.

- **Received** an update on progress regarding the implementation of the Code of Conduct for the startup ecosystem, including the associated process that founders can use to raise concerns that they may have with our providers.
- **Noted** CI have notified 6 providers in the Founder and Startup Support Programme that they will need Code of Conducts in place, and there will be contractual amendments to come.
- **Noted** that the co-designed / open source Code of Conduct facilitated by Callaghan Innovation and NZTE is available on our website, as is a guide for founders on participating in structured startup / founder programmes.
- **Requested** that Callaghan Innovation investigate stepping up the clauses in its contracts with providers on standards and expectations on conduct. **Action - Chief Product Officer**
- **Discussed** that as the implementation of further support mechanisms becomes clearer, it will be revealed where other government agencies have obligations as well.
- **Suggested** the involvement of a legal provider who may be of value to the process.
- **Requested** this come back to the Board as soon as practicable with an update on contractual changes embedded with providers as well as an update on a mechanism for complaints. **Action - Chief Product Officer**

Nathan Stantiall left the meeting after this item.

2.4 Update / discussion - Founder and Startup Support Programme OIAs (verbal Update)

BD01/02/23/04

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

Stefan Korn (CEO), Karen Skinner (Group Manager Government Engagement), Chantelle Stroud (Chief Legal Advisor) joined for this item.

- **Noted** everything provided to the OAG will be confidential, and will not be subject to the OIA process, however the final report will be publicly available.
- **Noted** the government procurement rules will be the guiding suite of principles.
- **Noted** that the Board is satisfied with the response letter to the complaint.
- **Discussed** that the Board will be available for special meetings on this as required.
- **Discussed** that the Chair, the Deputy Chair, and a further Board member have agreed to be interviewed by the OAG around this process in mid-February.

- **Acknowledged** the two Board members who are putting in their time to attempt to resolve this issue.

2.5 Grants and Loans Approvals Authorities

2.5.1 Grants Operational Delegations Policy (updated to include New to R&D Grant)

BD01/02/23/05

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

Brett Calton (Chief Product Officer) and Sharon Burleigh (Group Manager Funding and Contract Management) joined for this item.

- **Discussed** the sections in the policy that need to be approved:
 - 6.1 - New to R&D Grants - Funding Amount - R&D Costs Only
 - 6.4 - New to R&D Grants - Time Extensions
 - 7.1 - New to R&D Grants - Capability Development Plan
 - 12.2 - Funding Agreements
 - 12.4 - New to R&D Grants - R&D Contribution from Capability Portion
- **Approved** the updates made to the Operational Delegations policy for Grants.
- **Requested** that in future instances, the changes to the policy the Board were to approve be clearly highlighted in the paper.

2.5.2 Approval Framework for R&D Loans (updated to cover ongoing management of the loan book)

BD01/02/23/06

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

- **Noted** the new R&D loan framework allows a loans officer to manage the non-repayment of loans.
- **Noted** the repayments are not required in the first three years, but the time is now approaching for monthly repayments of loans.
- **Noted** that all forgiveness or forgiveness of principle needs Crown approval. This means the proposals will be presented to the loans officer, who can manage any issues around this, before the proposal is presented to the Board for approval. Once the Board approves, the Crown approval will then be managed via MBIE.
- **Noted** that it is not yet clear what kind of volume there will be. The first repayments are due to start in August, and it is not possible to anticipate what will happen prior to repayment notices being sent to customers.
- **Noted** the loan repayments will not flow through Callaghan Innovation's P&L.
- **Noted** auditors from MBIE and Callaghan Innovation will need to be involved as well.
- **Requested** that MBIE are brought in to provide their view on this portion of the policy:

"The Loans Officer will conduct a thorough review of the circumstances and will submit a Board paper to the Chief Product Officer via the Group Manager, FCM with a recommendation to the Board. Following Board approval, Crown approval will be sought via MBIE. Whilst the Funding Agreement states that such approvals should be sought prior to the end of January each year, we do not interpret this to mean it can be effected only once per year. This would be unreasonable for borrowers. Accordingly, as instances of write off or forgiveness occur, approval will be sought at the time, once Board approval is held." **Action - Chief Product Officer**
- **Suggested** that it would be good to have somewhere to direct our customers if they are in stressful or difficult circumstances to help to look after them, and the "Abroad Programme" could be a potential resource for this. **Action - Chief Product Officer**
- **Approved** the revised R&D Loan Approval Framework.

FOR DISCUSSION / APPROVAL

3 CEO Report

BD01/02/23/07

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

- **Discussed** the Callaghan Innovation anniversary celebrations that are being postponed due to the emergency situation in Auckland.
- **Discussed** the Wellington Science City proposal (WSCP), which has now gone to MBIE and the Minister. It is now out of Callaghan Innovation's hands.
- **Noted** that if the WSCP does not proceed, the GIQ programme will be reduced by half in the next financial year. The staff that are retained will be those who will help to wrap up the programme.
- **Noted** that in addition to centres 1, 2 and 3 proposals for WSCP, Callaghan Innovation was involved in the development of a separate proposal to establish a sustainable Māori network within Wellington's RSI ecosystem.
- **Acknowledged** the effort, and thanked the team for the work they have done on the proposal.
- **Discussed** 9(2)(g)(i) - Free and Frank advice, 9(2)(f)(iv) - Confidential advice to Government
- **Noted** that part of Callaghan Innovation's mandate is to maintain technical capability in certain areas. An extensive process has been undertaken to evaluate Callaghan Innovation's technical capability portfolio, and management will provide a more comprehensive view on recommendations in this regard.
- **Agreed** to change the dates of the 19-20 July Board meeting to 17-18 July. **Action - Board Governance Manager**

3.1.1 Finance report - November (December)

BD01/02/23/08

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

- **Agreed** the shorter version of the report is good, and this can continue - the full version of the report can be presented to the Board quarterly. **Action - CFO**
- **Noted** that in addition to the report tabled, 9(2)(f)(iv) - Confidential advice to Government
- **Noted** Callaghan Innovation is slightly below the Q1 forecast expectations, but overall tracking well for FY22/23.
- **Noted** the January forecast update will be brought to the 23 March Board 2023 meeting.
- 9(2)(f)(iv) - Confidential advice to Government
- **Acknowledged** the work the CFO and the Finance team has put into planning for the audit year ahead.

3.1.2 Health and Safety report (December)

BD01/02/23/09

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

- **Discussed** the HSE Metrics for December 2022.
- **Noted** the single page dashboard for the Board, requested in the 22 November 2022 Board meeting is due to be presented at the 23 March 2023 Board meeting.
- **Noted** that management investigated the action:
Investigate whether carcinogen health risks should be considered as a critical risk.
The necessary work on this item has been done, and assessed that Carcinogens are a critical risk however the risk has strong mitigations and controls in place so is not within our top 10.

3.1.3 GIQ Dashboard (December)

BD01/02/23/10

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

- **Noted** that what is meant by 'flipping' of the forklift was that it tipped onto its side. There was no injury. The contractors review of the incident has highlighted failings in their processes. They have shared their

report with Callaghan Innovation, and there may be ways that Callaghan Innovation can work with its contractors to strengthen their processes going forward.

- **Noted** that there is a recurring theme with contractors who are pointing the finger at subcontractors or labour hire, so there is a need to address Callaghan Innovation's responsibilities around overlapping duties to hold our contractors to account. This will be addressed further in the next Gracefield Development Governance Group (GDGG) meeting on 8 March 2023.
- **Noted** the team are on track to meet budget this year.

3.1.4 Product hāpu report

BD01/02/23/11

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

- **Acknowledged** the good information included in the Product Hāpu report.
- **Requested** a further "Products on a Page" report later in the year be brought to the Board, or put in the Resource Centre. **Action - Chief Product Officer**

3.1.5 Letter of Expectations (LOE) / Statement of Performance Expectations (SPE) discussion

BD01/02/23/12

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

- **Noted** that so far Callaghan Innovation has only received a draft letter, which the Board decided not to discuss until the official LOE has been sent to Callaghan Innovation.
- **Agreed** to defer this item to the next Board meeting on 23 March 2023 if it is received by then, or to deal with it out of cycle.
- **Noted** the response to the LOE will be sent to the Board out of cycle once the official letter has been received.

3.1.6 9(2)(g)(i) - Free and Frank advice

BD01/02/23/13

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

9(2)(g)(i) - Free and Frank advice

3.2 Hydrogen Sulphide update

BD01/02/23/14

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

9(2)(g)(i) - Free and Frank advice, 6(d) - safety

- **Recommended** the Chair be in touch with the Minister of Defense (Andrew Little) about this issue. **Action - Chair**
- **Requested** all the documentation between Callaghan Innovation and the Defense Force be sent to the Chair. **Action - Chief Sustainability & Risk Partnership**

3.3 2023 - the year ahead - Priorities, planning and key projects

BD01/02/23/15

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

- **Discussed** and **provided** feedback to the Chief Executive about changes they would like to make to the document.
- **Requested** that the Health and Safety of the Gracefield site be listed as a priority. **Action - CEO**
- **Requested** an update to the document be brought to the 23 March 2023 meeting. **Action - CEO**

Michael Bird, Elena Trout, and the ELT left the meeting after this item.

3.4 Board retrospectives and reflections from 2022

BD01/02/23/16

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

Brett Calton (Chief Product Officer) joined for this item.

- **Provided** the following feedback:
 - The retrospective sessions are valuable.
 - A theme for the meeting is less important than ensuring in forward planning that key items the Board need to know about are scheduled throughout the year.
 - Aim to keep Board packs to 100 pages or less, and not have too much extra reading in the Resource Centre.
 - Interested in hearing from customers who at the beginning of the journey - will bring different or better insights. This also plays into the Code of Conduct space, which can be leveraged to get insights.
 - **Requested** the CE provide a one-pager at the beginning of the meeting outlining what management needs from the Board for the meeting **Action - CEO**
 - **Requested** the CEO report be put at the beginning of the meeting. **Action - Governance Manager**
 - **Ensure** the agenda has timings against it. **Action - Governance Manager**
 - **Requested** the VC / superfund be taken off the external speaker list for future board meetings as already covered, or replace the speaker with 9(2)(a) - [REDACTED] from NZTE.

4 MONITORING

Rukuhia te wāhi ngaro, hei maunga tātai whetū

Explore the unknown, pursue excellence

4.1 Board Administration

4.1.1 Draft minutes of meeting held 24 November 2022

BD01/02/23/17

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

- 2.2 external presentation, 4th bullet point should be 'venture capital' not 'capitalist'.

4.1.2 Action list

BD01/02/23/18

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

4.1.3 Conflict of Interest Register

BD01/02/23/19

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

9(2)(ba)(i) - Obligation of Confidence

- **Requested** confirmation on whether every single holding needs to be declared. **Action - Governance Manager**

5 OTHER BUSINESS

BD01/02/23/20

External Board appointment for Chief Executive

- **Noted** the Chief Executive has been asked to consider an Establishment Chair role for Logan City Council, QLD, Australia, to spin out a local government funded incubator.
- **Noted** the duties involved are very moderate, approximately 2 hours per month.
- **Noted** this will be almost exclusively virtual meetings.
- **Noted** there is currently no overlap with any duties around Callaghan Innovation.
- **Approved** the Chief Executive to accept the appointment.

6 MEETING REVIEW

BD01/02/23/21

The Board undertook a Retro Session on the meeting.

The meeting closed at 3:48 pm

Pete Hodgson
Chair
Callaghan Innovation
1 February 2023