

Board Minutes

Confirmed at 20 April 2023 Board Meeting

23 March 2023

9:00am - 4:00pm

LOCATION: 5 Sheffield Crescent, Christchurch

IN ATTENDANCE

Board

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

Executive

Stefan Korn (CEO)
Cliff Hastings (Chief Innovation Expertise Officer)
Brett Calton (Chief Product Officer)
Kirsty Bellringer (Chief Financial Officer)
Hayden Whelan (Chief Innovation Development Officer)
Nicola Vibert (Chief Sustainability and Risk Officer)
Henare Johnson (Virtual) (Chief Maori and Government Engagement Officer)
Karen Skinner (Group Manager Government Engagement)
Bonnie Selak (Executive Support)
Robyn Sampson (Virtual) (Executive Support)

Shareholder

Michael Bird (MBIE)

Apologies

Jen Cherrington (Chief Enablement Digital Officer)

1	BOARD ONLY TIME	BD23/03/23/00
Board only time was not minuted.		
1.2	CEO Meeting Overview (one pager)	BD23/03/23/01
The Board received the paper and noted the information.		
2	FOR DISCUSSION / APPROVAL	
2.1	Regular Ministry of Business, Innovation and Employment (MBIE) update	BD23/03/23/02
The Board received the verbal update and noted the information. They also:		
<i>Prue Williams (MBIE) joined for this item at 9.45am.</i>		
<ul style="list-style-type: none"> • Noted 9(2)(f)(iv) - Confidential advice to Government • Noted 9(2)(f)(iv) - Confidential advice to Government • Noted that there have been some changes at MBIE in the policy and innovation teams. • Noted there will be a targeted gathering of information in order to receive responses from the Te Ara Paerangi (TAP) White Paper before the decision goes to cabinet. MBIE is considering setting up a panel to review responses to the TAP White Paper before recommendations for cabinet are formed. The panel will include members of Government, researchers, Māori and industry representatives. • Prue Williams Joined 9.45am General Manager Science System Investment and Performance Te Ara Paerangi. • Noted the Te Ara Paerangi Future Pathways programme is looking at ways to grow the RSI Sector and ideally achieve the Government's long term target of R&D expenditure reaching 2% of GDP. The TAP White paper lays out 4 main objectives, that the programme team will be working on over the next 2-3 years: <ol style="list-style-type: none"> 1) Valuing our people through expanding fellowship schemes, an increase in diversity across the RSI system for women, Māori and Pasifika. 2) Investing in Government priorities on research and science. Learning from the National Science Challenges, which end next year (in June 2024). The Minister and Government have indicated they wish for fewer priorities and to have those better resourced. 3) Building system agility, being ready for new challenges. 4) Ensuring we are getting the best out of our innovators and researchers which also includes removing barriers for Māori scientists and innovators. MBIE are building a clear statement of Expectations on how to work with Māori innovators and how to honor Te Tiriti o Waitangi obligations. 		
2.2	External Presentation - Ben Reid (Memia)	BD23/03/23/03
The Board received the presentation and noted the information from Memia.		
<i>Ben Reid joined for this item.</i>		
2.3	FY24 Statement of Performance Expectations	BD23/03/23/04
The Board received the paper and noted the information. They also:		
<ul style="list-style-type: none"> • Discussed and provided feedback on the draft 2023/24 Statement of Performance Expectations (SPE). • Noted the draft SPE has been considered and endorsed by the Audit and Risk Committee (ARC). • Noted that feedback from both ARC and the Board will be incorporated into the draft SPE for Minister Verrall. • Noted that a baseline budget has been included in the SPE which is aligned with our Strategic priorities and the Letter of Expectations from the Minister. • Requested that all major reallocations of budget to other appropriations / output classes are highlighted clearly, Action - Chief Financial Officer. • Requested that updates in relation to the new cost allocation model are made clear. Action - Chief Financial Officer. 		

- **Moved By Matanuku Mahuika** that the Board **Approve** the draft SPE for submission to the Minister due 28 April 2023.
Second - Shaun Hendy.
Agreed by all Members.

BD23/03/23/05

2.4 FY24 Budget Process and Envelope

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

- **Noted** the process and timeline for preparing our FY23/24 budget.
- **Suggested** the following changes to future versions of the SPE:
 - Remove the word treasury from line 4 on page 68 as it is not needed. **Action - Chief Financial Officer.**
 - Remove the term SOI on page 68. **Action - Chief Financial Officer.**
 - Update Innovation Development Grant to Ārohia in Appendix 1 - FY23/24 Budget Assumptions. **Action - Chief Financial Officer.**
- **Acknowledged** the work the CFO and the Finance team has put into the FY23/24 Budget process.
- **Moved by Matanuku Mahuika** that The Board **Approve** the proposed draft budget envelope for FY23/24 to be included in the draft SPE
Second - Pete Hodgson.
Agreed by all members.

BD23/03/23/06

2.5 FY23 PwC Audit Plan and FY22 Audit Fee Final Approval

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

- **Approved** the FY22/23 external audit plan.
- **Approved** the corresponding engagement letters and delegated responsibility to the Board Chair to sign those letters.
- **Noted** 9(2)(b)(ii) - Commercial information [REDACTED]
- **Noted** that a lot of work has been done to build the relationship between PwC and Callaghan Innovation.
- **Noted** due to the lessons learnt in the previous Audit and the finance team being close to fully staffed, there are more robust plans in place for managing this year's Audit.
- **Noted** 9(2)(b)(ii) - Commercial information [REDACTED]
- **Approved** 9(2)(b)(ii) - Commercial information [REDACTED]

BD23/03/23/07

2.6 Enterprise Resource Planning Solution Approval

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

Dee Naido (Group Financial Controller) and Renee Sidaway (Finance Transformation Manager) joined for this item.

- **Endorsed** the contents of this paper.
- **Noted** management will seek Board out of cycle approval before signing commercial terms with the chosen provider to confirm the final funding envelope required.
- **Noted** current estimates for implementation costs for the medium length scenario of 18 months indicate an overall funding envelope of 9(2)(b)(ii) - ¹ (including 25% contingency).
- **Noted** that while ongoing licensing costs are expected to be similar to our current cost profile, we are expecting a significant uplift in functionality.
- **Noted** the financial treatment for this investment will be operating expenditure given that the ERP solution is using a software as a service solution (SaaS), placing pressure on our operational funding for FY23/24 and the following year potentially.

¹ Refer to Appendix 1 for full cost profile

- **Noted** funding for the ERP investment will be covered by our baseline funding, either through the uplift in operating baseline (budget bid), reduction in baseline operating expenditure, additional funding request to MBIE/TSY, or, as a last option through the utilisation of existing retained earnings (with some of the \$5m retained earnings threshold needing to be utilised).
- **Agreed** to **9(2)(f)(iv) - Confidential advice to Government**
- **Noted** that an external independent quality assurance ("IQA") provider will be contracted to give both management and the Board assurance that the programme is being run to deliver the outcomes required.
- **Requested** a thorough cost / benefit analysis with updated cost estimates, funding options and quantified benefits be completed and presented to the Board in June. **Action - Chief Financial Officer.**
- **Acknowledged** the work the CFO and the Finance team has put into the Enterprise Resource Planning Solution.
- **Moved By Matanuku Mahuika** That the Board **Approve** entering into commercial negotiations with our chosen ERP solution provider for phase 1 of the ERP implementation and related license costs for the next 5 years.
Second by Elena Trout.
Agreed by all members.

11.45am Elena Trout left the meeting.

BD23/03/23/08

2.7 CEO Report

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

- **Discussed and noted** the update on the current Hydrogen Sulphide situation which remains largely unchanged.
- **Noted** that WorkSafe is onsite at Gracefield Innovation Quarter on Monday the 27th of March for another situation assessment and inspection.
- **Noted** concern that neither the Board Chair, nor Callaghan Innovation have to date received any response from The Ministry of Defence in regards to the Chair's letter requesting support to resolve the Hydrogen Sulphide situation over a shorter timeframe than is currently possible with the waiting times required to obtain a suitable overpack from overseas.
- **Requested** a **9(2)(g)(i) - Free and Frank advice, 6(d) - safety**
Action - Chief Sustainability and Risk Officer.
- **Noted** that the Board and ELT are actively working on seeking resolution to the Founder and Startup Support Programme situation.
- **Noted** the update on **9(2)(g)(i) - Free and Frank advice**
- **Discussed** progress on the Māori partnership strategy and noted the MOU with Te Taumata and further partnerships being explored with other parties.

BD23/03/23/09

2.7.1 Updated Slide One and Slide Two

The Board **received** the slides and endorsed the updated content with minor changes.

GOVERNANCE AND OPERATIONS

3 FOR DISCUSSION / APPROVAL

3.1 Strategies and Priorities Update

BD23/03/23/10

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

Melanie Luen (Strategy Enablement Capability Lead) joined for this item.

- **Requested** a narrative of the top FY23/24 priority of 'Increase our impact on the environmental sustainability and decarbonisation of Aotearoa' be included in the Board briefing pack. **Action - Chief Executive Officer.**
- **Suggested** the text underneath the illustration on page 6 ("Our focus on supporting Māori businesses and entities") could be simplified and more explicit. **Action - Chief Executive Officer and Chief Maori and Government Engagement Officer.**
- **Requested** that management continue the drive towards providing updates to the Board by succinct and informative dashboards across all areas of the business. **Action - Chief Executive Officer.**
- **Recommended** an update to the video on the "About us" section of the Callaghan Innovation website. **Action - Chief Executive Officer.**

BD23/03/23/11

3.2 GIQ - Hazardous Goods Change Request

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

- **Noted** the GIQ Programme Board and Gracefield Development Governance Group (GDGG) have endorsed this budget change request.
- **Approved** an increase of \$2.417m to the budget for the Hazardous Goods project, taking the total budget from \$15.778m to \$18.195m.
- **Noted** the budget increase requested will be funded from the GIQ Programme Contingency which will still have \$3.0m left in it.
- **Moved by Matanuku Mahuika** that the board **Approve** the increase of \$2.417m to the budget for the Hazardous Goods project, taking the total budget from \$15.778m to \$18.195m. ,
Second - Pete Hodgson.
Agreed By all Members.

BD23/03/23/12

3.3 Update on Carbon Reduction Programme - options for CI

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

Shelly Fawcett (Risk and Assurance Lead) and Emma Koot (Environmental Specialist) joined for this item.

- **Noted** the options towards reducing our carbon emission footprint.
- **Requested** information on any Government departments that have initiated / requested a variation of carbon reduction targets. **Action - Michael Bird (MBIE).**
- **Noted** that the two boilers used in the Processing Building at Gracefield Innovation Quarter have the highest carbon output due to steam generation. Consequently management are seeking to replace these boilers first if funding is received for the Wellington Science City proposal.
- **Requested** an updated paper be brought to the Board in June 2023 meeting. The paper should include a breakdown of initiatives by cost and carbon reduction (e.g. in form of a Pareto chart) and should demonstrate how Callaghan Innovation will ultimately reach a 42% carbon reduction in line with the Government's directive. **Action - Chief Executive Officer.**
- **Noted** that the updated paper can go to the Gracefield Development Governance Group meeting for review prior to the 21st June 2023 Board meeting.
- **Declined to endorse** either option presented to the Board, as Directors felt there was insufficient information at this time regarding impact and funding of specific interventions.

BD23/03/23/13

3.4 Policy framework review

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

Shelly Fawcett (Risk and Assurance Lead) joined for this item.

- **Noted** the progress being undertaken to review Callaghan's policy suite.
- **Noted** the next steps in the project timeline.
- **Noted** caution if we are not using standard government policy templates.

- **Discussed** the current approach and the proposed committee sign off delegation for policies.
- **Moved by Jen Kerr**, that The Board **Approve** the current approach and the proposed committee sign off delegation for policies.
Second Shaun Hendy.
Agreed by all members.

3.5 Management updates

BD23/03/23/15

3.5.1 Finance report - February 2023 (comprehensive version)

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

- **Received** the January forecast update and **noted** the slight improvement in projected year end results.
- **Noted** the work being done to realign appropriations.
- **Discussed** potential improvements to the marketing of the Student and Experience Grants, to improve the connections between Businesses and Students and enable greater linkages for working together.

BD23/03/23/16

3.5.2 GIQ Dashboard - February 2023

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

- **Noted** the updated actuals for February 2023 have come in and there is confidence that all projects will be completed on time and to budget.
- **Noted** that the hazardous goods project carries the most risk is being monitored accordingly. This was also discussed at the Gracefield Development Governance Group meeting.
- **Noted** the importance of the hazardous goods project getting underway in order to meet the goal of delivering the project by 2024.
- **Noted** that there are other projects that are starting to wind down and there is a likelihood of surplus funds. Management are looking into how these funds could be used and this will be addressed in future updates.

BD23/03/23/17

3.5.3 Health and Safety report - February 2023

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

- **Discussed** the HSE Metrics for February 2023.
- **Noted** the discussion with NIWA in regards to the NIWA gas leak in February 2023 to understand how they responded.
- **Noted** the health monitoring information is being worked through with the Health & Safety sub-committee.
- **Noted** the open action 'Implement findings from review of evacuation scheme'. Closing this action item is a high priority. **Action - Chief Sustainability and Risk Officer.**

BD23/03/23/18

3.5.4 New HSE dashboard (DRAFT) - February 2023

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

- **Provided** the following feedback:
 - Show a clearer view of the critical risks. Indicate what prevents the risks from occurring and if they do occur what controls may mitigate the impact. Also include why it is believed those controls will work.
 - Feature a different critical risk in each report and provide specific examples on how risks are motivated. Noting that sophisticated examples show the risk mitigations from design all the way through to operation. The Chief Sustainability and Risk Officer's team can also join the meeting to share examples.
 - Recommended that a second page to the dashboard could be used to feature specific critical risks and examples. Brett Calton and Brad Stevens (Plant & Machinery + Noise and Vibration) have been suggested as the first critical risk area to be showcased at the next board meeting on April 20th. **Action - Chief Sustainability and Risk Officer, Chief Product Officer.**

3.5.5 9(2)(g)(i) - Free and Frank advice



3.5.6 Product Hapu report - February 2023

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

- **Acknowledged** the Coffee Roulette initiative as a great way to connect staff in the regions with their peers.
- **Acknowledged** and **congratulated** Mark Maguire and Jason Herbert for their hard work.

The Board **received** the update and **noted** the information regarding the Code of Conduct They also:

- **Noted** the following information:
 - Covid-19 disrupted Lean participants from participating in the program.
 - The Product 360 website crashed at a certain point which led to negative customer reviews.
 - RDTI engagement is good.
 - The NPS score of Industry 4.0 Network site visits is a little below expectations however it is not concerning as it is a small variance and the pipeline is full so it will increase.
 - 1.7 billion dollars of research and development has been supported through RDTI.
 - There is a Callaghan Innovation to MBIE secondment happening from the RDTI team. The teams feel very positive about this.
 - The RDTI team feels well prepared for the upcoming peak demand period.
 - There have been 9 applications approved and 1 application declined for the New to R&D Grant. A strong marketing campaign has been created that also utilises our incubator and accelerator programmes.
- **Requested** financial information relating to grants be included in future reports. **Action - Chief Product Officer and Chief Financial Officer.**

3.5.7 Repayable Grants Committee Chair Delegation

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

- **Approved** delegation of the Repayable Grants Committee Chair's role to an independent member when reviewing applications involving Callaghan Innovation Intellectual Property.

3.5.8 R&D Loans - novation request

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

- **Moved by Pete Hodgson**, that The Board **Approved** to novate the 9(2)(b)(ii) - Commercial information, 9(2)(ba)(i) -

Second Stefan Korn.

Agreed by all members.

4 MONITORING

4.1 Board Administration

4.1.1 Draft minutes of meeting held 1 February 2023

BD23/03/23/23

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

4.1.2 Action list

BD23/03/23/24

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

- **Requested** that the dates of when the action was entered into the register be checked. Some say 2023 when it should read 2022. **Action - Governance Capability Lead Role.**
- **Acknowledged** and **congratulated** Owen Catchpole (Chief Engineer Biotechnologies) for being made a Fellow of the Royal Society Te Apārangi.
- **Noted** 9(2)(g)(i) - Free and Frank advice, 6(d) - safety

4.1.3 Conflict of Interest Register

BD23/03/23/25

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

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

4.1.4 2023 meeting dates

BD23/03/23/26

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

- **Noted** their support for more even spacing of meeting dates in 2024.

4.1.5 Committee Chair report - Gracefield Development Governance Group - meeting of 8 March (verbal)

BD23/03/23/27

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

4.1.6 Committee Chair report - Audit and Risk - meeting of 16 March 2023 (verbal)

BD23/03/23/28

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

4.1.7 Committee Chair report - Health, Safety, People, Culture and Diversity - meeting of 10 February (verbal)

BD23/03/23/29

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

4.1.8 Committee Chair report - Grants - meeting of 23 February 2023 (verbal)

BD23/03/23/30

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

5 OTHER BUSINESS

BD23/03/23/31

Update from Chief Innovation Expertise Officer

- In order to feature and highlight the work of our scientists 6 video shorts have been completed and have been shared internally and on youtube / LinkedIn.
- 5 profiles of women scientists have also been created and shared publicly.
- Royal society award nominations are due soon and Callaghan Innovation will be putting some staff nominations forward.
- The Life Science Summit 2023 is currently being held in Wellington. Callaghan Innovation staff members are facilitating some of the panels.
- A science advisory group is being set up in order to provide a forum for science related decisions in the organisation.
- An internal recruitment process has started to appoint a Chief Science Office.
- There is currently an open position for a Chief Science Advisor at MBIE. Directors suggested that the position be shared with the scientists at Callaghan Innovation. **Action - Chief Executive (with details from Shaun Hendy)**
- Bioveros has been welcomed as the first startup tenant at GIQ in the BioTech space. Hayden Whelan and Cliff Hastings attended and noted it was a good occasion with significance in their group. Paul Benjes from Glycosyn has been very supportive and proactive throughout the onboarding process of BioViros.
- In the reusable plastics space **9(2)(f)(iv) - Confidential advice to Government**
- **9(2)(f)(iv) - Confidential advice to Government**
- The RDS / Innovation Expertise capability review is continuing and will be shared with the Board in April or June (depending on board meeting capacity). The current thinking is to move forward with a strategy called "focus and grow".
- Information will come to the board about potential business models for Glycosyn in the future (towards the second half of 2023).
- A noteworthy expense item is represented by the rent payments for the University of Canterbury to house Callaghan Innovation's Protein Science and Engineering team based in Christchurch. The rent agreement and location of the team is being reviewed.

6

MEETING REVIEW

BD23/03/23/32

The Board undertook a Retro Session on the meeting.

The meeting closed at 4.20 pm

Pete Hodgson
Chair
Callaghan Innovation
23 March 2023