

Board Minutes

Confirmed at 23 November 2023 Board Meeting

28 September 2023

9:00am - 4:30pm

LOCATION: Callaghan Innovation, Harakeke Room, Ngutuihe, Gracefield, Wellington (morning)
Callaghan Innovation, Room 12.2, Level 12, Majestic Centre, Wellington (afternoon)

IN ATTENDANCE

Board

Pete Hodgson (Chair)
Elena Trout (online)
Jennifer Kerr
Matanuku Mahuika
Nicole Buisson
Sally McKechnie
Shaun Hendy

Executive

Stefan Korn, Chief Executive
Florian Spoerl, Acting Chief Product Officer
Cliff Hastings, Chief Innovation Expertise Officer
Henare Johnson, Chief Māori and Government Engagement Officer
Jen Cherrington, Chief Innovation Enablement Officer (online)
Karen Skinner, Chief Government Engagement and Strategic Initiatives Officer
Kirsty Bellringer, Chief Financial Officer

Shareholder

Nic Blakeley, Deputy Secretary, Labour, Science and Enterprise, MBIE
Michael Bird, General Manager Entity Performance and Investment, MBIE

Other

Dan Alexander, Programme Design Manager
Desmond Gilmore, Enterprise Risk Management Specialist
Luke Rushton, Programme Delivery Manager
Shelly Clapperton, Interim Risk, Assurance, H&S Manager
Jess Spinetto, Business Analyst
Kate Brazier, Senior Advisor - Performance Reporting
Nicola Fenwick, Group Leader - Brand, Marketing & Communications
Will Smith, Group Financial Controller
Sally Macesmith, Governance Capability Lead (minute taker)

9(2)(a) - Privacy

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Apologies

Secretarial note: Before the meeting began, Dan Alexander and Luke Rushton took Directors attending in person on a tour of the Gracefield Innovation Quarter (GIQ).

1 **Board Only time** BD28/09/23/01

Board only time was not minuted.

1.2 **CEO Meeting Overview (one pager)** BD28/09/23/02

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

Stefan Korn and Sally Macesmith joined the meeting to discuss the agenda.

Cliff Hastings, Florian Spoerl, Henare Johnson, Jen Cherrington, Karen Skinner, Kirsty Bellringer and Michael Bird joined the meeting.

Matanuku Mahuika led a discussion on tikanga in the governance context. The Board:

- **suggested** management contact **9(2)(a) - Privacy**, to seek a hui next time the Board is meeting at GIQ. **Action - Chief Executive**
- **requested** a short briefing on the history/pepeha of the locations of Board meetings and that relevant cultural information be added to the Customer Event Briefings. **Action - Chief Maori and Government Engagement Officer and Customer Navigator Capability Lead**
- **requested** that opening and closing karakia be added to Board meeting agendas and meeting packs. **Action - Governance Capability Lead**

Nicola Fenwick and **9(2)(a) -** joined the meeting.

The Board discussed the timing of the release of the Office of the Auditor-General Inquiry into Callaghan Innovation's procurement process. They also:

- **requested** a communications plan for the release of the report be shared with the Chair. **Action - Chief Executive**
- **requested** key messages in the communications plan be shared with Directors closer to the report release date. **Action - Chief Executive**

Nicola Fenwick and **9(2)(a) -** left the meeting.

STRATEGY / STRATEGIC RISK

2.1 **Annual Report 2022/2023 Approval** BD28/09/23/03

Will Smith and Kate Brazier joined for this item.

Secretarial note: The meeting adjourned at 11:45am and moved locations to the Majestic Centre. **9(2)(a) -** joined the Board online for a discussion over lunch. The meeting recommenced at 12:40pm.

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

- **Noted** Callaghan Innovation's unmodified audit opinion of the financial statements and Section 15 controls audit, and control findings for the 2022/23 financial year.
- **Noted** the material judgements made in the preparation of Callaghan Innovation's financial statements.
- **Noted** the verbal update from the Chief Executive on the potential sale of Food Innovation Waikato.
- **Noted** the recommendation from the Audit and Risk Committee to approve the Annual Report, subject to any changes, and sign the representation letters.
- **Approved** the group annual report (including the Statement of Service Performance (SSP), Carbon Reporting, and Financial Statements) subject to minor amendments and **delegated** the signing to the Board Chair and the Chief Executive.
- **Noted** the signed representations provided by management to the Board in support of the Board's representations to PwC.

- **Approved** the representation letters requested by PwC in support of their audit opinion and Section 15 audit report and **delegated** the signing to the Board Chair and the Chair of Audit & Risk Committee.
- **Noted** that the Annual Report would be provided to the Minister by 19 October 2023, and presented in Parliament as soon as possible after the commencement of the next session of Parliament. The Annual Report would be published no later than 2 November 2023.
- **Requested** the history of Callaghan Innovation's audit fees going back 5 years and insights into PwC's interpretation of the Office of the Auditor-General requirements. **Action - Chief Financial Officer**
- **Requested** a comparison of similar organisations' audit fees. **Action - Michael Bird, MBIE**

2.2 BIM and post-Election strategy

BD28/09/23/04

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

- **Discussed** and **provided feedback** on the Briefing to the Incoming Minister (BIM) approach and outline.
- **Discussed** the timeline for finalising the BIM.

GOVERNANCE AND OPERATIONS

3.1 CEO Report

BD28/09/23/05

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

- **Requested** a review of the Enterprise Risk Framework to align Board and management thresholds for risk ratings. The board requested that management investigate whether risk ratings need to be separated out based on the area of risk (e.g. business critical, health & safety critical, property, staff, systems, etc). **Action - Interim Risk, Assurance, H&S Manager**
- **Agreed** the Audit and Risk Committee would provide the Board's input into the updated Enterprise Risk Framework.
- **Requested** regular (dashboard) reporting on the nature and seriousness of known cyberattacks on Callaghan Innovation. - **Action - Chief Information Security Officer**
- **Requested** that management explore if Fire and Emergency New Zealand could be alerted directly in the event of an unplanned gas release. - **Action - Interim Risk, Assurance, H&S Manager**
- **Requested** an update on the two Wellington Science City workstreams, including the Service Agreement for the Operating Model development. **Action - Director Mahuika and Chief Executive**
- **Requested** the job description for the Chief Science Officer role. **Action - Chief Executive**

3.2 Brand Refresh Update

BD28/09/23/06

Nicola Fenwick joined for this item.

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

- **discussed** the timing and perception of costs of the refreshed branding.
- **endorsed** the refreshed visual identity as a whole.

3.3 Management Updates

3.3.1 Quarterly Risk Update

BD28/09/23/07

Shelly Clapperton and Desmond Gilmore joined for this item.

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

- **Noted** that the risk team has no recommended actions for the Board to take from this report.
- **Noted** the current state of Enterprise and Strategic risks and work underway to control them included in Appendix 1.
- **Noted** the current state of Health & Safety Critical risks and work underway to control them included in Appendix 2.
- **Noted** the emerging risk area related to modern slavery legislation and topical risk articles.
- **Suggested** that management seek wider government guidance on suppliers in relation to the modern slavery legislation. **Action - Procurement Manager**

3.3.2 9(2)(b)(ii) - Commercial information

3.3.3 9(2)(b)(ii) - Commercial information

3.3.4 Delegating Insurance Renewal Approval

BD28/09/23/10

Will Smith joined for this item.

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

- **Noted** that there had been no material difference in the approach to completing the Liability proposal forms for Marsh this year compared to last year.
- **Noted** the decision to seek a second valuation of the Library Building (Ngutuihe) after the AON valuation was considered materially too low.
- **Noted** that our overall property, plant, and equipment portfolio's insurable values had increased by 12.6% from 9(2)(ba)(i) - .
- **Noted** that there had been no changes to the 2023 Insurance review timeline.
- **Approved** the following delegations from the Board for the CEO to:
 - sign the insurance renewal, if the total premium value does not increase by more than 25% over the current premium levels, being a total maximum renewal value of 9(2) .
 - use his professional judgement when agreeing any changes to the claims excesses and Policy limits under the CRI Collective Insurance.

4 MONITORING

4.1 Financial Report

BD28/09/23/11

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

- **Discussed** the timing of commercial revenue and the interventions in place to get uplift and meet ambitious sales targets (e.g. timesheeting and value-based pricing).
- **Requested** that the changes in the latest Forecast be highlighted in the BIM. **Action - Chief Financial Officer**

4.2 Health & Safety Dashboard

BD28/09/23/12

Shelly Clapperton and Jess Spinetto joined for this item.

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

- **Cautioned** against using assumptions for the number of employees exposed to the Heights risk.
- **Discussed** improving clarity in the visuals in the dashboard.

4.3 Product Hapū Report

BD28/09/23/13

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

- **Requested** a paper on Callaghan Innovation's role and influence on the New Zealand Product Accelerator and the Bioresource Processing Alliance boards. **Action - Chief Product Officer**
- **Discussed** pausing the Ārohia Trailblazer Seed funding as 60% of the financial year's funding had already been allocated.
- **Noted** there would be a review of the effectiveness of the Founder wellbeing support initiative.
- **Requested** a short paper confirming Callaghan Innovation had received Ministerial direction for the changes to the interpretation for New to R&D Grant funding. **Action - Chief Government Engagement and Strategic Initiatives Officer**

4.4	Innovation Expertise Update	BD28/09/23/14
	<i>Nick Sterling joined for this item.</i>	
	The Board received the paper and noted the information. They also:	
	<ul style="list-style-type: none"> • Noted the update on the Construction Whare. 	
4.5	GIQ Dashboard	BD28/09/23/15
	The Board received the paper and noted the information.	
4.6	Regular MBIE Update	BD28/09/23/16
	<i>Nic Blakeley joined the meeting.</i>	
	Nic Blakeley, Deputy Secretary, Labour, Science and Enterprise at the Ministry of Business, Innovation and Employment, gave his reflections from the past few months of being in his new role.	
	<i>Nic Blakeley and Michael Bird left the meeting.</i>	
4.7	Board Administration	
4.7.1	Updated Terms of Reference for Grants Committee	BD28/09/23/17
	The Board received the paper and noted the information. They also:	
	<ul style="list-style-type: none"> • Agreed to include a clause allowing Board members to be co-opted as a Grants Committee member to establish a quorum on a case by case basis. Action - Governance Capability Lead • Approved the Terms of Reference for the Grants Committee, subject to the above amendment. • Discussed the importance of giving feedback when declining applications. 	
4.7.2	Draft minutes of meeting held 17-18 July 2023	BD28/09/23/18
	The Board received the minutes and confirmed them as a true and correct record.	
4.7.3	Action list	BD28/09/23/19
	The Board received the action list and noted the information. They also:	
	<ul style="list-style-type: none"> • Agreed that managed funds where a member is a passive investor with no ability to influence buy/sell decisions are not considered to be interests. • Agreed that for managed funds where a member is an active investor, the Governance Capability Lead will check to see if any shareholdings are also a Callaghan Innovation customer, supplier or partner. If they are, that entity would be listed on the Directors' Interest Schedule. • Noted the Governance Manual would reflect the above decisions. Action - Governance Capability Lead • Noted section 62(3)(c) of the Crown Entities Act 2004 says that an interest that is so remote or insignificant that it cannot reasonably be regarded as likely to influence a Board member in carrying out their responsibilities is not considered to be an interest under the Crown Entities Act. 	
4.7.4	Interests schedule	BD28/09/23/20
	The Board received the interest schedule and noted the information. There were no further updates.	
4.7.5	Change to 2024 meeting date	BD28/09/23/21
	The Board received the paper and noted the information. They also:	
	<ul style="list-style-type: none"> • Agreed to change the 20 September 2024 meeting to 2 October 2024 and the 17-18 July 2024 meeting to 1-2 August 2024. Action - Governance Capability Lead 	
4.7.6	2023 meeting dates	BD28/09/23/22

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

4.7.7 Committee Chair report - H & S, People, Culture & Diversity

BD28/09/23/23

The Board **noted verbal update**.

4.7.8 Committee Chair report - Audit and Risk

BD28/09/23/24

The Board **noted verbal update**.

5 OTHER BUSINESS

BD28/09/23/25

The Board expressed its appreciation for the changes in the audit status and noted the improvements in this year's audit process. The Board thanked management for their effort in achieving this result.

The Executives and Sally Macesmith left the meeting.

6 MEETING REVIEW

BD28/09/23/26

The Board undertook a Retro Session on the meeting with Stefan Korn.

The meeting closed at 4:45 pm

Pete Hodgson
Chair
Callaghan Innovation
28 September 2023