

29 May 2020

Hon Dr Megan Woods
Minister of Research, Science and Innovation
Parliament Buildings

Dear Minister Woods

LETTER OF EXPECTATIONS FOR 2020/21

Thank you for your annual Letter of Expectations for 2020/21.

The Board is pleased to confirm AgResearch stands ready to contribute to helping New Zealand in its recovery from Covid19 pandemic and realising the Government's goals and priorities in the new coming year. We are also supporting New Zealand's primary sector in its recovery from the Covid19 pandemic.

AgResearch will meet the goals and specific priorities you articulate in your Letter of Expectations. We will do this within the context provided by the Government strategies such as Research, Science and Innovation (RSI) Strategy (Kei Mua Te Ao); the From the Knowledge Wave to the Digital Age; recommendations from Te Pae Kahurangi Review (the Crown Research Institute (CRI) Review) along with those from other relevant government agencies.

AgResearch's 2020/21 priorities

Protecting and enhancing New Zealand's reputation as a producer of the world's most sought-after high value food products is essential if we are to earn our way in the world. We believe science-led innovation is essential to ensuring the food export sector strikes the correct balance between profit and sustainable growth. Our science has and will make meaningful steps to help New Zealand achieve its goal of becoming a carbon neutral economy by 2050. We will also provide evidence-based research and advice to policy makers who are striving to improve the quality of New Zealand's freshwater. Chief among these is providing the primary sector with ongoing leadership in its transition to a clean, green, carbon neutral New Zealand.

Implementation of our Science Plan with its aspirational national level challenges of "net zero losses and emissions"; "every farm in NZ is profitable and benefiting regional growth"; and "NZ food & beverage exports >\$50B pa" along with a focus on global trends, customers, transformation and technology.

As part of this we are acutely aware of the need to support the growing Māori economy. Our objective in this area is to make significant and lasting impacts for Māori to enhance resource stewardship and unlock the potential of whenua-based assets. To achieve this, we are developing Te Ao Māori strategy to better embed Māori approach within the organisation and the work we do.

AgResearch Limited
NZBN: 9429 038 966 224

Corporate Office and
Lincoln Research Centre
1365 Springs Road, Lincoln 7674
Private Bag 4749, Christchurch 8140
T +64 3 321 8800

Ruakura Research Centre
10 Bisleys Road, Hamilton 3214
Private Bag 3123, Hamilton 3240
T +64 7 856 2836

Grasslands Research Centre and
Hopkirk Research Institute
Tennent Drive, Palmerston North 4410
Private Bag 11008, Palmerston North 4442
Grasslands T +64 6 356 8019
Hopkirk T +64 6 351 8600

Invermay Agricultural Centre
176 Puddle Alley, Mosgiel 9092
Private Bag 50034, Mosgiel 9053
T +64 3 489 3809

We will continue to shift our Strategic Science Investment Funding (SSIF) to generate new ideas critical for New Zealand; unique to AgResearch and contributing to Government's Kei Mua Te Ao and welcome your direction to use SSIF flexibly which will be particularly important during New Zealand's recovery to Covid19.

We remain committed to deepening our relationships and collaboration with research entities nationally and internationally. Particularly to build on the increased organisational collaboration amongst CRIs, evident during CRIs' response to Covid-19. The pandemic has also increased the focus we have on refreshing our international connections. We will maintain and strengthen our responsibilities as host, and are a partner of, Our Land and Water National Science Challenge, the New Zealand Agricultural Greenhouse Gas Research Centre and as a partner in the Pastoral Greenhouse Gas Research Consortium.

In the specific area of Overseer, AgResearch as a shareholder in, and research provider to, Overseer Ltd, is co-operating with Ministry of Primary Industries around Overseer including MPI's technical review assessing its capability and exploring potential improvements for its use. We are liaising with Ministry for the Environment.

Future workforce

We acknowledge that our people, and their capability, is needed to enable New Zealand to recover, renew and realign for a smarter economy. So, the Board is mindful of your advice to prioritise the retention of staff as we assess our financial position.

Diversity and gender pay gap matters are an ongoing area of focus for AgResearch at Board and management level – we and our CRI partners agree that a diverse and inclusive science workforce can improve research productivity and strengthen the relationship between science and industry.

A key part of our future workforce strategy is our four-campus model. As part of that the Board recently committed to maintaining human and physical capital at Invermay as an important regional centre of science excellence for AgResearch. This has been communicated to staff and stakeholders.

The Lincoln rebuild is another critical part of the four-campus model to embed and strengthen our ties with Lincoln University, and our commercial clients and collaborators in the Lincoln education, science and innovation precinct. Last year the Board was encouraged by your support for our Single-Stage Business Case to build new facilities in Lincoln and we are presenting an Implementation Business Case to you in June.

Governance

The Board also notes the expectations detailed in the State Services Commission's Letter of Enduring Expectations. We are committed to continuing our record of good governance, and are implementing regular self-assessment, board succession planning, effective monitoring of entity performance. We will continue to build good relations with MBIE officials and abide by our well established "no surprises" communications protocols between the Board and shareholder's office. The AgResearch Board has completed a board evaluation by Propero Consulting and intend to communicate the outcome of the review to MBIE.

A key focus for the Board this financial year is finalising an overarching strategy for AgResearch to drive it forward for the future within the context of Government strategies; recommendations from MBIE AgResearch Review, Te Pae Kahurangi review and changing needs emerging during Covid19 recovery.

Finance and investment

The Board notes your expectations regarding financial performance and that robust business cases for all significant investments and transactions are required. Our financial performance has been impacted by Covid19. We have robust reporting measures and a strategy to mitigate a drop in revenue but there is still a deleterious impact on our forecast earnings.

If it would be helpful, representatives of the Board and management welcome a discussion with you on any or all of these issues at a time that is convenient to you.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Paul', followed by a horizontal line extending to the right.

Dr Paul Reynolds
AgResearch Chair

cc Olivia Paterson, Manager Research, Science & Innovation – Performance & Investment