



## MP for Wigram

Minister of Energy and Resources

Minister Responsible for the Earthquake Commission

Minister for Greater Christchurch Regeneration

Minister of Research, Science and Innovation

Minister for Government Digital Services

12 APR 2019

Mr Michael Ahie  
Chair  
The New Zealand Institute for Plant and Food Research Limited  
Private Bag 92169, Auckland Mail Centre  
Auckland 1142  
s 9(2)(a)

Dear Michael

## ANNUAL LETTER OF EXPECTATIONS FOR 2019/20

I write to convey the Government's priorities and my expectations for your role in achieving these, along with my strategic and performance expectations for the New Zealand Institute for Plant and Food Research Limited (Plant and Food) in relation to the 2019/20 financial year and beyond.

The Government's priorities are to build a productive, sustainable and inclusive economy and to improve the wellbeing of New Zealanders. Building a modern economy that is fit for the 21st century and beyond means being smarter in how we work. It means an economy that produces and exports higher value goods, one that protects the environment, supports our regions to grow, and one that makes sure all New Zealanders share in the rewards of economic growth. We want every New Zealander to have access to world-class education and healthcare, to live in a home that is healthy and in a community that is safe, and to realise their potential.

I expect Crown entities to work constructively with the Government and officials to meet these priorities.

## Priorities for the Research, Science and Innovation portfolio

Our research and innovation systems are key to meeting current and future challenges. We need research, science and innovation to help us understand and tackle social, economic, and environmental problems, improve the sustainable production of goods and services, and deliver effective public services. We need to partner with business to encourage innovation and productivity, and we are introducing the R&D tax incentive to help business increase its R&D expenditure to two per cent of GDP. CRIs have the skills and expertise to contribute towards achieving these goals, and I expect you to work collaboratively and invest in and share your capability and infrastructure.

On that note, I wish to thank you for the collaborative approach undertaken to develop the report backs on *Māori partnership and co-innovation* and *CRI Science Workforce*. I look forward to discussing the content of these reports and priority actions with you shortly, particularly how CRIs can increase the diversity of their workforce.

A diverse and inclusive R&D workforce can improve research productivity and impact, and strengthen the relationship between science and society. In line with MBIE's Diversity in Science Statement, I expect that you will make progress towards the goal of cultivating a science and research workforce that reflects the diversity of Aotearoa New Zealand. This will require efforts to grow capacity to make sure there is a diverse pipeline of talented people, to create an inclusive research environment that is accepting of all people and knowledge systems and to tackle barriers that prevent some groups from progressing or remaining in science and research. I would encourage you to make sure you have a diversity of people and perspectives on all advisory and decision-making bodies.

There are a number of key areas that I expect CRIs to demonstrate in their Statements of Corporate Intent, where appropriate, how they will collaborate to pursue bold and innovative science. These areas include:

- Transitioning New Zealand's primary industries (including future food and fibre products) into higher value products and exports.
- Improving the quality of New Zealand's freshwater.
- Transitioning to a low-carbon economy by 2050 and understanding climate change and its possible effects on New Zealand.

I note that MBIE plans to review how well the CRIs are positioned to meet New Zealand's future needs. I fully endorse this approach and expect you to provide your full support to this review. Subsequently, I expect you to work closely with MBIE to give effect to the outcomes of the process.

Finally, effective engagement underpins excellent research. I expect you to adopt formal mechanisms to seek feedback from your key stakeholders to inform the operation of your business and report the findings to MBIE.

### **Specific priorities for Plant and Food**

I appreciate the achievements of Plant and Food over the last year. Plant and Food has a strong record in delivering its objectives while maintaining high standards of good governance and robust operating systems.

During 2019/20 my specific expectations for Plant and Food are:

- *Achieving growth through Plant and Food's new business strategy:* I would like to see Plant and Food's significant investment in its staff, its facilities and new organisational structure to start delivering value to New Zealand. That is achieving Plant and Food's aspiration of a *Smart, Green, Future*. I expect Plant and Food to work with its partners to identify more opportunities to create value for New Zealand from its investments and from its new strategy.
- *Equity stakes and new business models:* Plant and Food is entering into new risk sharing business models. The aim is to support the participation of new science partners and to diversify sources of on-going revenue and reduce its reliance on royalties. I expect the Plant and Food Board to closely monitor the extent to which these investments require additional resourcing and effectively balance the risk associated with these investments.
- *Partnering with and building deeper relationships with Māori:* Over the past year Plant and Food has tailored its business model to enable the development of deeper relationships with Māori and to support the Māori economy. Plant and Food has appointed a new General Manager, Māori. I expect Plant and Food's new strategy and agile business model to be captured in its Statement of Corporate Intent for 2019-2024, and that this will demonstrate how Plant and Food will contribute to government priorities.

### **Employment and workplace relations**

I expect that you will conduct employment and workplace relations generally, and the negotiation of individual employment agreements, collective agreements and organisational policies on pay and conditions, in a manner consistent with the Government's overarching policy for employment and workplace relations. I wish to emphasise that you should meet your Good Employer obligations and work to close gender pay gaps and apply the Gender Pay Principles.

### **Expectations regarding finance and investment**

CRIs are required to maintain resilient businesses. Shareholding Ministers' expectations regarding financial performance in areas such as to profitability, funding capital programmes, dividends, and commercialisation remain unchanged.

Shareholding Ministers continue to require robust business case processes for all significant investments and transactions. We consider that flexibility, resilience and connection are critical investment objectives. We expect the focus of your investment to be on supporting our ability to undertake high quality and relevant science, in collaboration with universities, CRIs and other research organisations.

### **Response**

Your advice by 25 March 2019 on how you propose to respond to the expectations set out in this letter would be appreciated.

I look forward to continuing our working relationship over the coming year.

Yours sincerely



Hon Dr Megan Woods

**Minister of Research, Science and Innovation**

Copy to: Mr David Hughes, Chief Executive s 9(2)(a)

## **Annex 1: General and good governance expectations**

### *Effective boards*

Ensuring the Board is, and remains, high-performing is essential. There are many tools to help boards self-assess and improve performance. I expect you to carry out an assessment, using a robust process. Please provide me and the Ministry of Business, Innovation and Employment (MBIE) with a summary of the results of your self-assessment by 29 November 2019, including what steps the Board is taking to respond to the results.

Your input into succession planning for the Board is also sought. I expect you to provide MBIE with your view of the competency mix you need to work well as a board, along with your thoughts on upcoming appointments and any candidate attributes to target.

### *Deliver responsible governance with a broader measure of success*

I ask you to be part of a public sector that builds a New Zealand we can all be proud of; a public sector that recognises the value of every New Zealander and backs all our people. To do this I expect you to think holistically about the impact of your organisation's plans and programmes prioritising interventions that make the biggest difference to lifting the current and future wellbeing of New Zealanders. In particular, I ask you to strengthen your effort to partner with Māori organisations to improve services and outcomes for Māori.

I expect you to actively promote and develop the diversity of your workforce for the long term to encompass a broad spread of experience, culture, perspective and lifestyle of those who live in New Zealand.

### *Effective monitoring of entity performance by boards and relationship with MBIE*

In addition to setting and driving a strategy that delivers on government priorities, your Board is the most important monitor of entity performance. I expect the Board to provide me with high quality information and analysis on entity performance against plan, implications for future performance, and risks and opportunities facing the entity.

I expect you to have a constructive working relationship with your monitor within MBIE. This relationship should include active participation and engagement with my officials in the process of setting your organisation's strategic direction and in any review of existing strategies, priorities and plans, and data systems.

I expect you to work with and across government to integrate the work of your organisation with the role and work of other agencies, and to support the state sector stewardship of government departments.

### *No surprises*

The Government has a 'no surprises' policy. No surprises means that the Government expects a board to:

- be aware of any possible implications of their decisions and actions for wider government policy issues
- advise the responsible Minister of issues that may be discussed in the public arena or that may require a ministerial response, preferably ahead of time or otherwise as soon as possible
- inform the Minister in advance of any major strategic initiatives.

I also ask you to avoid 'pre-judging' my potential responses to risks and opportunities. I expect to hear about emerging issues and what major actions the Board is considering. My reactions will be based on a range of factors, including the benefits of new initiatives and of taking different approaches to achieve our goals.