



MP for Wigram

Minister of Energy and Resources

Minister for Greater Christchurch Regeneration

Minister of Housing

Minister of Research, Science and Innovation

Hon Pete Hodgson  
Chair  
Callaghan Innovation  
PO Box 11529  
WELLINGTON 6142

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Dear Pete

## ANNUAL LETTER OF EXPECTATIONS FOR 2020/21

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 Callaghan Innovation in relation to the 2020/21 financial year and beyond.

This Government is committed to an inclusive, sustainable and productive New Zealand, and research, science and innovation (RSI) will play a crucial role in helping to deliver Government's agenda. We need new ideas, innovation and new ways of looking at the world, as well as the ability to collaborate with the knowledge and ideas we already hold.

In response, I have developed the new RSI Strategy, Kei Mua Te Ao, which is intended to guide the RSI system in New Zealand and Government's actions within that system. I expect Callaghan Innovation will work in ways to contribute and help realise Kei Mua Te Ao.

I expect all RSI Crown entities to foster and support diversity throughout the organisation and within the Board, and especially at the senior leadership level. This includes having an embedded Māori culture and contributing to the future science workforce.

### Specific priorities for Callaghan Innovation

I appreciate the achievements of Callaghan Innovation over the last year. Callaghan Innovation has done well to deliver its objectives while maintaining good governance and operating systems.

During 2020/21, my specific expectations for Callaghan Innovation are:

- **R&D Tax Incentive:** Implement the R&D Tax Incentive as part of the core team alongside Inland Revenue, and reprioritise your resources as required to deliver on the government's flagship R&D programme.
- **Research and Technical Services (RTS):** Implement the new RTS Strategy and deliver a viable operating and financial model that provides better value within current funding.
- **Gracefield Innovation Quarter Redevelopment:** Complete or be near to completion of emergency works by the end of 2020/21, with good progress on other tranches of the development.

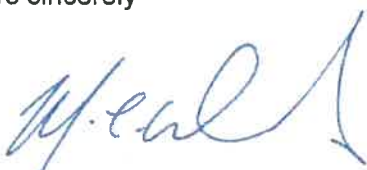
I also expect you to follow the advice provided in the State Services Commission's updated Letter of Enduring Expectations, and the general and good governance expectations outlined in Annex One.

**Response**

Your advice by 20 March 2020 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

A handwritten signature in blue ink, appearing to read 'M. Woods', written over a faint blue horizontal line.

Hon Dr Megan Woods

**Minister of Research, Science and Innovation**

Copy to: Vic Crone, Chief Executive, Callaghan Innovation

## **Annex One: 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, including the 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 also 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.