



30 April 2020

Hon Dr Megan Woods
Minister of Research, Science and Innovation
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Wellington

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Dear Minister

Thank you for your annual Letter of Expectations for 2020/21 received on 9 March 2020.

Despite the current unprecedented circumstances, GNS Science continues to deliver excellent, mission-led science to deliver on our Statement of Core Purpose and our vision for a *cleaner, safer and more prosperous New Zealand*.

As discussed with senior officials from late December 2019, while revenue growth has been strong, there continues to be significant pressure on our margins as we invest in line with the direction agreed through our strategic review. Both the Whakaari eruption and COVID-19 have exacerbated these pressures, and we would welcome a discussion on the resulting financial impacts (*see Strategic Issues section*).

Meeting the Government's priorities

Despite the pressures noted above, as GNS continues to implement and realise the benefits from our strategic review, we are well-positioned to respond to evolving Government priorities for research, science and innovation in the forthcoming Kei Mua Te Ao Strategy.

We welcome the Te Pae Kahurangi CRI Review and will work closely with MBIE and other CRIs, as appropriate, to ensure that the outcomes from the Review are implemented effectively across the system. In parallel, we look forward to better understanding and taking action on GNS-specific feedback.

We are working to finalise and implement a People and Culture Strategy to develop the organisational capability and culture GNS needs to thrive. A key element will be strategic workforce planning, focusing on workforce needs of the future and growing workforce diversity, in line with the cross-CRI reports to you on Māori partnership and workforce planning. In 2020/21, GNS will implement a Diversity and Inclusion Plan to drive a more collaborative, diverse and inclusive culture.

Vision Mātauranga is at the core of GNS's Strategic framework, and we remain committed to growing our ability to effectively implement VM by strengthening existing and new relationships with iwi/Māori, growing VM across our Science themes, supporting the development of iwi-led research, and collaborating with other CRIs to develop Māori research and innovation capability. GNS will continue to build strong, meaningful relationships to better understand Māori science needs and expectations. Our aspiration is that Māori worldviews,

priorities and needs are clearly visible and reflected in GNS's ways of working, as well as our strategic direction.

Embedding GNS's new science plan and science themes

The Statement of Corporate Intent 2019-24 set out GNS's new science direction, including the four Science Themes that drive our science strategy, and four 'strategic pillars' which shape our culture and behaviours. GNS will build on this work in 2020/21 through systematic science planning, review and investments, and ongoing culture change.

Energy Futures

In 2020/21, we will continue to develop our Energy Futures Science Theme. As the 'Energy CRI', GNS can play a key role in enabling New Zealand to transition to a lower-carbon, renewable energy future. We will build on work to develop New Zealand's geothermal energy resources and, notwithstanding COVID-19 constraints, continue to leverage longstanding collaborations in Japan and Taiwan to progress further revenue opportunities. We will also continue collaborative research to accelerate New Zealand's emerging hydrogen economy. While this is at an early stage and will take time to generate commercial revenue, recent co-creation processes with industry and other partners provide confidence that the science has good potential for future revenue generation. To drive a sustainable economic recovery in New Zealand, we urge the Government to continue to invest in energy futures science, including through the proposed Advanced Energy SSIF Platform.

Whakaari eruption

The Whakaari eruption demonstrated the value of the Crown's investment in the National Geohazards Monitoring Centre, and the expertise of GNS's volcanologists. However, the event led to a significant commitment of GNS resources, and subsequent investigations have placed substantial obligations on key scientists and managers. Nonetheless, we will continue to provide expertise to support relevant government agencies and the investigations, and meet our ongoing responsibilities to monitor New Zealand's volcanoes and other natural hazards.

National Seismic Hazard Model

GNS is also committed to working collaboratively with MBIE and others to progress the National Seismic Hazard Model. A steering group, which includes MBIE, EQC and GNS has been established to develop the work programme and contracting.

Financial systems

GNS completed an upgrade to our finance system last year and is currently focused on improvements to financial reporting and project management reporting. In 2020/21, we will work with several other CRIs to identify options for a new long-term integrated systems solution for GNS, which may include HR, Finance, Project Management, Resource Planning, Contract Management, and Asset Management.

Infrastructure

We are working towards completion of a Property Strategy by September 2020 to identify and evaluate GNS's long-term infrastructure needs. We expect this to recommend future investments in property and infrastructure, which will form the basis of discussions with you in the year ahead.

High Performance Boards

The Board undertakes self-assessments annually and provides feedback to MBIE and The Treasury. In 2019/20, we refreshed membership of GNS's Strategic Scientific and User Advisory Panel to ensure more future-focused independent advice to the Board. This year we will look to add Māori and environment sector representation on the Panel.

Strategic issues

I would like to draw to your attention to several significant strategic issues that will directly affect GNS in the 2020/21 year.

Responding to extraordinary events

Both the Whakaari eruption and the COVID-19 pandemic have led to significant disruption to business-as-usual for GNS. We are increasingly concerned about GNS's ability to both deliver on existing contracts and secure and deliver new revenue. This is particularly the case for high-value international commercial work, but also includes New Zealand-based commercial contracts and anticipated central, regional and local government contracts now put on hold to enable COVID-19-related investments.

GNS is liaising with other CRIs and ScienceNZ to ensure that we support the national COVID-19 response. GNS is also contributing to the COVID-19 technical resource group and has provided advice to the Ministry of Health on science communications relating to risk in a major crisis event.

Financial sustainability

These disruptions amplify existing financial pressures and are expected to have ongoing impacts. While we are working to assess the impacts of COVID-19 on GNS, the scale of the impact depends largely on the trajectory of the pandemic and its impacts on both public and private sector science expenditure.

We will continue to engage closely with MBIE officials as we look to navigate the compounding challenges of lower-than-expected revenue, the Whakaari eruption and COVID-19 to the best of our ability. We have signalled to officials that we understand the need to reprioritise science investment to support the COVID-19 recovery, and in line with that position, we do not support roll-over of current science contracts. Investment in future-facing science and innovation is key to creating new economic value and increasing resilience.

In closing, we appreciate that New Zealand is potentially facing its greatest challenge since the Great Depression and that science is only one priority among many. The GNS Board and Executive stand ready to offer New Zealand any assistance we can at this time of collective national action.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nicola Crauford', written in a cursive style.

Dr Nicola Crauford
Chairman