

15 April 2021

Hon Dr Megan Woods
Minister of Research, Science and Innovation
Private Bag 18041
Parliament Buildings
WELLINGTON 6160

Dear Minister

Re: Annual Letter of Expectations for 2021/22

Thank you for the opportunity to present Scion's progress towards your strategic and performance expectations relating to the 2021/22 financial year and beyond.

The Board is confident that Scion's vision, supported by its scientific capability, will deliver the transformative knowledge and innovations needed by the Government to safeguard New Zealand's future health, environment and prosperity.

Our mission reflects the same intent "Enhancing New Zealand's prosperity, well-being and environment through trees. Kia piki te ora, te taiao me te whai rawa o Aotearoa mā te ngāherehere".

New Zealand forests and its by-products are where our nation needs to look to help shape a sustainable future that responds to global and local challenges. We see this happening by valuing the forestry sector as a rich strategic resource. The approach is simple – having the right trees, in the right places, for the right purposes from permanent forests stabilising land and capturing carbon, to forests for manufacture of high-value environmentally friendly sustainable products, through to short-rotation energy forests.

This right tree, right purpose approach has our research focused on the things that matter for New Zealanders – enhancing indigenous forestry, mitigating climate change and improving environmental outcomes, and replacing the petrochemical based economy with one that is circular and biobased providing truly sustainable processes and products.

Our new innovation building Te Whare Nui o Tuteata exemplifies the wood first principle where innovative design and high-tech engineered timber produced a functional and beautiful regional hub for all users to enjoy. Te Whare Nui o Tuteata represents much more too. It is a tangible example of our strong and growing connection with mana whenua and broader partnerships with Māori that we recognise are vital to how we can best contribute to Māori aspirations.

The loss of contestable funding in 2019 led us to rigorously focus and prioritise our future research. We have reviewed our research excellence and capability with international experts and with the MBIE science review commissioned in early 2020. We have yet to see the completed review but will incorporate its recommendations as appropriate.

The Board and executive leadership remain very optimistic that Scion's research can make a huge contribution to New Zealand becoming a leading circular bioeconomy. A credible long-term funding package is needed to realise that potential and deliver the transformation New Zealand needs.

In response to your specific points raised in the Letter of Expectations, I am pleased to advise as follows:

Accelerate New Zealand's economic recovery and deliver on Government priorities

Our Strategy 2030 continues to be highly relevant and if anything should be accelerated as it is about economic recovery with significant opportunity for New Zealand in the context of climate change and building back better from COVID-19 impacts. Our 2030 Strategy is impact based and is highly aligned with Government priorities. We are working closely with government departments and the Climate Change Commission. We have taken a direct role with MPI on their next steps around 'Fit For a Better World'. We have aligned portfolios of research to MfE's 'Conservation and Environment Science Roadmap', specifically we have portfolios that will help MfE to meet their Theme 2 Mātauranga Māori, Theme 3 Climate Change and Theme 4 Biosecurity Outcomes. Looking forward, we hope to advance our relationship to partnerships with MPI and MfE in the area of helping New Zealand to transition to a circular bio-economy and with understanding New Zealand's carbon sequestration capability. As part of Science New Zealand the CRI's are working on nationally important datasets and easy access to those.

Scion is working towards Carbon Neutrality by 2025 after approval in principle in February 2021 by the Scion Board for Scion to take on this goal.

We have been measuring our carbon emissions from energy use and travel since 2009 and have been making reductions in both our energy use and travel over that time. We are currently working with WoodBeca on an EECA-funded project to determine the best pathway for moving off our reliance on natural gas (used for hot water and heating). Our car fleet is shifting to EV as we upgrade, with three battery EVs budgeted for this year. We are not currently offsetting as we want to make every effort to reduce emissions before we offset.

We are following the Public Service guidelines over pay and are working on pay equity, particularly for the lower paid employees of Scion and have lifted the pay of the lowest paid to the living wage.

Scion has been in a period of fiscal restraint for nearly three years and understands the need to continue as best we can in the current context. We are aware that the Long-Term Funding Solution that you requested MBIE and ourselves pursue has not yet completed its work, in part due to COVID-19 related delay. (See comments below.)

Te Pae Kahurangi Report

Science New Zealand has work underway to develop pan CRI strategies that are intended to pursue a quadruple helix approach to ensure all key stakeholders are involved. Scion is an active participant in this work and in the development of a single front door into the CRIs. We have reinforced our approach to capital planning, which had already been based on collaboration not duplication, and in all three of our locations we are co-located with others. We believe that you will have seen first-hand at the opening of Te Whare Nui o Tuteata the progress we have made in key stakeholder relations, particularly with iwi and also with government departments and industry.

COVID-19, hazard management and emergency response

In relation to COVID-19 you are aware of our collaborative work producing face masks. Also Scion has partnered with New Zealand's most experienced group of vaccine producers in the effort to produce a COVID-19 vaccine in New Zealand, for New Zealanders and the world.

We do see our role as providing scientific support to the relevant critical functions of government to ensure decision-making is soundly evidence based. The work we carry out is central to many of the solutions New Zealand will need in responding to climate change and building back better. It was wonderful to hear your and the Prime Minister's confirmation of this role for Scion. We continue to work with government to ensure evidence is being made available to decision making.

We provide important emergency response functions, in particular for rural fire and biosecurity events. Our biosecurity responses such as for Myrtle Rust, Kauri Die Back and Red Needle Cast are strong examples of pan CRI and science system collaboration.

Vision Mātauranga

We have purposely taken a strategic approach to strengthen our Māori capability. Our new portfolio model has several specific Māori-led portfolios. Alongside this approach, we have also strengthened our Mātauranga and Māori partnership capability in our Te Ao Māori Unit.

Approximately 50 Scion staff have undertaken Treaty Partnership and Wai 262 training, which will be rolled out to the full organisation including the Scion Board this calendar year.

We are finalising a Memorandum of Understanding with the mana whenua of Scion to strengthen the partnership. This will also include a mana whenua operational role, which will take the partnership to exciting new levels. A tangible example is having a Māori carver in residence on our Rotorua site.

Well-being and workplace diversity

Scion remains committed to these objectives, and these are built into our annual processes.

A Cultural Competency framework has been developed for the whole organisation. The framework includes focus on the Māori / Crown context, Māori engagement, local context, Wai 262, Te Reo, inhouse cultural protocols and Māori research protocols.

Scion has recently appointed three female Māori leaders to senior research and management roles. In addition, during the last year Scion has recently engaged three Māori interns from local hapū to work alongside our Māori Forestry Futures team and assist with initiatives to develop Māori knowledge and expertise.

Specific priorities for Scion

As you are aware, delays have continued with the review of our science. Once the findings have been received and reviewed by the Board we will report back on any resulting actions. The science review is the final step before proposing a Long-Term Funding Solution as requested by yourself in 2019.

We note the earlier comments in your letter regarding fiscal restraint and fully understand that need. We have therefore been exploring fiscally neutral options that we wish to discuss with you once the science review is complete. We would also like to discuss future options around the opportunity for New Zealand as the world moves toward the circular bioeconomy and the application of our capabilities in indigenous forestry, bioenergy and new environmentally friendly biomaterials.

On this funding front we reinforce that Scion does look to leverage its funding, and we have made significant progress in increasing industry funding over the years and continue to work on this. We have also promoted the R&D tax credit system and will continue to do so. We are challenged in that much of the future opportunity we focus on is in the emergence and building of new industries where there are limited existing partners of scale.

We note the other documents referred to for guidance and can confirm that this advice has been taken on board.

Yours sincerely,



Dr Helen Anderson QSO
Scion Chair



Dr Julian Elder
Chief Executive