Office of Hon Dr Shane Reti

Minister of Science, Innovation and Technology
Minister for Universities
Minister of Statistics
Minister for Pacific Peoples

Barry Harris
Board Chair
New Zealand Institute for Bioeconomy Science Limited
By email to: Privacy of natural persons

Dear Barry

ANNUAL LETTER OF EXPECTATIONS FOR 2026/27

I am writing to outline my expectations for the **New Zealand Institute for Bioeconomy Science Limited (BSI)** from 1 July 2026. BSI is uniquely placed to lead and collaborate in identified research areas to deliver to the outcomes outlined in your interim Statement of Core Purpose (SCP).

Science, Innovation and Technology (SI&T) continues to be a pillar of the Government's Going for Growth strategy. SI&T is critical to the development and use of new ideas, knowledge and technology to benefit New Zealand. As BSI transitions to public research organisation (PRO) status, I expect your organisation to undertake research that supports economic growth, and positions New Zealand for the future.

Preparations for the planned SI&T Bill have identified the functions of a PRO, which are to:

- Undertake rigorous, internationally benchmarked science and research in areas where it is likely to produce long-term benefits for New Zealand, including economic, environmental, and health benefits.
- Provide the research and science services needed in order to:
  - Inform key regulatory and policy decisions, and
  - Give confidence to markets, the Government, and the public of New Zealand.
- Encourage commercialisation and practical use of the research carried out and technologies created.
- Drive internationally competitive innovation in New Zealand through large-scale collaboration and knowledge-sharing networks.
- Act in accordance with any applicable statement of purpose.
- Carry out any additional function, which may be directed by the Minister.

My expectations for FY27 build on those shared in previous Letters of Expectations and Board appointment letters and focus on the following medium to long-term outcomes.

Alignment to Government Science Priorities

- I expect you to align to the new Government Science Priorities to ensure national coherence and to drive system-wide outcomes for New Zealand. Recently announced research platform investments have focussed on advanced technology, specifically Future Magnetic and Materials Technologies and Artificial Intelligence.
- I expect you to demonstrate adaptability in your research portfolio, to ensure continued relevance to both traditional bioeconomy sectors and emerging technology areas (within the scope of your SCP).

- Government Science Priorities (based on the recommendations of PMSITAC) will be known in the first half of 2026. Confidentiality Confidentiality

Collaboration

- I expect you to:
  - Drive internationally competitive innovation in New Zealand through large-scale collaboration and knowledge-sharing networks.
  - Protect the integrity and security of sensitive research and technology and meet ethical standards.
  - Prioritise strategically important and valuable collaborations.
  - Build private sector capability by developing deeper relationships.
- I expect you to pursue shared and co-ordinated approaches in the areas where it is most important to do so, to enable efficiencies in cost and effectiveness in delivery. These areas may include shared infrastructure (such as property), shared suppliers, and shared services. Some approaches will be pan-CRI whereas for others a system-wide approach will be appropriate. I note the unprecedented CRIs/Universities collaboration and progress in agreed priority areas.

Economic growth, including commercial outcomes and commercialisation

- I expect you to:
  - Have an increased focus on science delivering economic benefits.
  - Encourage entrepreneurship to drive economic growth through the practical use of the research carried out and technologies created.
  - Connect transdisciplinary expertise to identify new applications of knowledge.
  - Cultivate international partnerships to improve research, investment, and economic growth outcomes.
  - Support the Government's wider diplomatic objectives.

- The amalgamation of AgResearch, Landcare, Plant and Food Research, and Scion created BSI with the mandate to drive innovation and commercial outcomes for the bioeconomy. I expect you to enable high-impact research, that leverages BSI's breadth of capability, to accelerate technology transfer, regional economic development, commercial outcomes and commercialisation.

Financial resilience

I expect you to have regard to the Government's enduring Letter of Expectations (April 2024). This includes the use of reprioritisation to drive greater value from public funds and assets, fully understanding your organisation's cost drivers and performance against key outcomes and incorporating strong evidence and evaluation practices.

Complementary to these enduring expectations, I expect you to maintain an adequate rate of return on shareholder funds to remain financially viable. This involves operating a sufficient rate of return to fund your 10-year capital intentions and maintaining a buffer for financial shocks. To support conversations with funders, I have previously signalled my support for full cost charging for services. I anticipate this could involve difficult trade-offs and expect organisations to work together as far as possible to realise efficiencies.

Although I do not typically expect dividends, I do expect BSI to repay in full the $28 million capital injection received by Plant and Food Research via the North Island Weather Events Response Package in 2022/23 and 2023/24. I expect this repayment to be initiated by way of dividends to the Crown within 5 years of receiving the capital and to be repaid in full within 10 years.

In developing your Statement of Corporate Intent, if you cannot realistically meet these expectations, it is important to let me know earlier rather than later. For example, if funding capital pressures are unaffordable, it would translate into structural debt positions or entail a return on shareholder funds that would price you out of the market.

If this is the case, I am prepared to discuss refining expectations for an individual organisation's circumstances that strike a balance between the organisation achieving appropriate returns to support carefully managed capital intentions, and potential Crown capital support in the medium term. However, I would also expect this work to be undertaken closely with MBIE and occur well before any business cases seeking capital, or relying on excessive levels of debt, are put to shareholding Ministers for consideration. Where a capital investment decision requires stakeholder approval, I expect your organisation to rigorously follow the Treasury's Better Business Case process to ensure that any post-amalgamation investment decisions represent value for money.

Please keep my officials informed of how you will achieve these outcomes and evidence of progress, both as a separate organisation and in collaboration with other CRIs and stakeholders as appropriate. I expect you to share your progress throughout the year, including any areas where priorities are not being advanced as intended.

If you need further clarification, please contact Michael Bird or Nicola Scott.

Thank you for your continued leadership.

Yours sincerely

Hon Dr Shane Reti
Minister of Science, Innovation and Technology
On behalf of shareholding Ministers

cc Mark Piper, Chief Executive, BSI, by email to: mark.piper@plantandfood.co.nz