

9(2)(a)

From: 9(2)(a)
Sent: Wednesday, 12 December 2012 1:24 p.m.
To: Jim McLean (jim.mclean@xtra.co.nz)
Subject: future footprint
Attachments: Future footprint analysis (draft).DOCX; 2012-31st-Oct-AgResearch_Future_Footprint_Business_Case_final2.pdf.pdf

Hi Jim

Hope you are keeping well. I'm great and looking forwards for a lazy few weeks at Christmas.

The Future footprint has been a little delayed by Callaghan Innovation, the Lincoln Hub and MBE transitions – but we are up and running again!

Do you have any time to look at this before xmas?

There is more detail on the state of play in the analysis document.

(Usual disclaimer – commercial in confidence)

As always – please feel free to call and discuss anything from timings to the detail.

Kind regards,

9(2)(a)

Financial Analyst
Science and Innovation Group, Ministry of Business, Innovation & Employment

DDI: 9(2)(a) | Mobile: 9(2)(a) | www.mbie.govt.nz

33 Bowen Street, PO Box 5762, Wellington 6145





Ministry of Business, Innovation & Employment

To: Jim McLean

From: 9(2)(a), Institutional Performance, Science, Skills and Innovation

Topic: Future Footprint – Provisional Analysis

Action required: For your input

Security: Commercial in confidence

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Please find attached a copy of our analysis on the Future Footprint business plan.

The business case has been partially superseded by a proposed joint education-research-industry hub at Lincoln. A detailed plan is due to be presented by the Chairs of AgResearch, Plant and Food Research, Landcare Research, Lincoln University and DairyNZ by March 2013. Minister Joyce has shown substantial interest in the concept.

The Lincoln Hub plan will be built upon the Future Footprint strategy of moving staff from Ruakura (Hamilton) and Invermay (Dunedin) to Massey and Lincoln. Given this reliance, AgResearch request approval in principle before starting detailed planning.

Our involvement in this Lincoln Hub has delayed this analysis.

MBIE has 3 significant concerns that will need to be addressed:

The first is that the benefit of the business case is mostly economic rather than on AgResearch's balance sheet. The benefits (especially given the Lincoln Hub proposal) could be substantial. This is in line with AgResearch's Core Purpose. We will recommend that shareholding Ministers seek assurances that those economic benefits are realised (i.e. that the hub functions are aligned and a culture of partnership is incentivised).

The second is a question of if the business case presented is gold-plated. We will only be able to assess, alongside the Lincoln Hub, once the next stage of planning concludes.

The third is that, during transition, human capability may be lost to both AgResearch and NZ. We also ask how attractive the new configuration will be to the best of the world's scientists.

A briefing based on this analysis will be sent to Minister Joyce and Minister Coleman. We would appreciate input so that the briefing can be sent on December 21.

Regards

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From: 9(2)(a) @treasury.govt.nz>
Sent: Wednesday, 19 December 2012 10:23 a.m.
To: 9(2)(a)
Cc: 9(2)(a) (COMU)
Subject: AgResearch - Future Footprint Business Case

Hi 9(2)(a)

Thanks for providing us with your report on AgResearch's 'Future Footprint Business Case' which would see AgResearch make a significant capital investment in new 'hubs' at Massey and Lincoln. This would largely be funded by AgResearch divesting a number of existing properties. We think you have done a good job on your report. We make the following comments which we can discuss at our meeting at 2.30pm this afternoon.

At a high level, the establishment of two science and innovation hubs and the disposal of smaller, dispersed sites/assets seems a reasonable approach to making the best use of AgResearch's assets, intellectual property and expertise. Nevertheless, the entire plan hinges upon some fairly significant asset sales being concluded in a subdued market for properties of the type of scale/value on offer and we see this as a key risk. A summary of the property sales as we read it are:

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- Total sales - \$73 million

There is also a risk that the costs of the new developments will be higher than expected and so the net present value of the business case will be lower than expected, and could even be negative in a worst case scenario (i.e. costs higher, asset proceeds lower and received later, benefits achieved lower). To mitigate the risk of such an eventuality it makes sense for AgResearch to undertake more detailed planning, which will help narrow down the costs and sure up the proposed benefits. MBIE has proposed that shareholding Ministers provide an 'in principle' approval for the Future Footprint plan. The Treasury is comfortable with such an approach, provided that there are clear and unequivocal exit points established so that if the further work establishes that the business case is not as viable as currently suggested, then the whole programme can be reassessed and may not proceed.

There is also the question as to whether the individual transactions, or the interconnected series of transactions is/are major transactions in terms of the Companies Act 1993. This will need further consideration by the company, but it may mean that shareholding Ministers need to specifically approve parts or all of the business case. Whilst it would be the Board's role to manage implementation of the business case, approval of any major transactions would provide the ability for shareholding Ministers to exercise greater control over the project going forward.

9(2)(a) | Senior Advisor | The Treasury
9(2)(a) @treasury.govt.nz

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From: 9(2)(a) @msi.govt.nz]
Sent: Wednesday, 19 December 2012 8:38 a.m.
To: 9(2)(a)
Subject: RE: Briefing

Draft Briefing – I'm just working on reflecting the latest position but the analysis won't change.

9(2)(a)

From: 9(2)(a) @treasury.govt.nz
Sent: Wednesday, 19 December 2012 8:27 a.m.
To: 9(2)(a)
Subject: Briefing

9(2)(a)

Can you please email me the latest version of your report to Ministers as soon as you can. With other commitments I only have between now and 10.30 this morning to look at it.

Thanks, 9(2)(a)

9(2)(a) | Senior Advisor | The Treasury
9(2)(a) @treasury.govt.nz

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From: 9(2)(a)
Sent: Wednesday, 19 December 2012 8:36 a.m.
To: 9(2)(a) @treasury.govt.nz
Subject: draft cab paper
Attachments: C_12_011 AgResearch re Future Footprint.doc

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From: 9(2)(a) @msi.govt.nz>
Sent: Friday, 1 March 2013 10:41 a.m.
To: 9(2)(a) @treasury.govt.nz); 9(2)(a) @treasury.govt.nz
Cc: 9(2)(a) @mpi.govt.nz
Subject: Lincoln hub / AgResearch Future Footprint [MSI-MSLFID80871]
Attachments: Lincoln - AgResearch Cab paper 27022013.DOCX

Hi

Please find attached the final version of the Cab paper that Minister Joyce is distributing. Regarding the AgResearch business case there has been no real changes since the December briefings. The flux has been around the role of hubs and some of the detail on Lincoln Hub. This is now Minister Joyce's paper (was a joint paper with Minister Coleman)

Regards

9(2)(a)

Financial Analyst
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From: 9(2)(a)
Sent: Thursday, 7 March 2013 8:32 a.m.
To: 9(2)(a) (TEC)
Subject: RE: How did your CBC Paper go?
Attachments: Lincoln - AgResearch Cab paper 27022013.DOCX

Will do!

From: 9(2)(a) @tec.govt.nz]
Sent: Thursday, 7 March 2013 8:17 a.m.
To: 9(2)(a)
Cc: (TEC)
Subject: RE: How did your CBC Paper go?

OK - thx

Can you keep us in the loop on this one - we also need to brief our Minister etc....

Do you have a final copy of the paper you can send to us.

Cheers

9(2)(a)

9(2)(a) Chief Executive's Office
Tertiary Education Commission, Te Amorangi Mātauranga Mātaua
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From: 9(2)(a) @msi.govt.nz]
Sent: Thursday, 7 March 2013 8:09 a.m.
To: 9(2)(a)
Subject: Re: How did your CBC Paper go?

Cbc got cancelled and minister joyce is away next week. EGI on 20th is most likely with announcement tbc.

From: 9(2)(a) @tec.govt.nz]
Sent: Thursday, March 07, 2013 08:06 AM
To: 9(2)(a)
Cc:
Subject: How did your CBC Paper go?

9(2)(a)

Just wondering if there was any update on your CBC paper re Lincoln?

Am off there Monday and would be keen to know, plus if any announcements are to be made.

Thanks.

9(2)(a)

9(2)(a) Chief Executive's Office

Tertiary Education Commission Te Amorangi Mātauranga Matua

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From: 9(2)(a)
Sent: Tuesday, 19 March 2013 9:25 a.m.
To: 9(2)(a) @tec.govt.nz
Subject: FW: Final Cabinet paper - Innovation and Science Hubs in New Zealand and AgResearch Limited's Future Footprint Plans
Attachments: SL7.2-copie13031515000.pdf

V minor final changes by Minister – reordering the list of hubs.

From: 9(2)(a) [mailto:[9\(2\)\(a\)@parliament.govt.nz](mailto:9(2)(a)@parliament.govt.nz)]
Sent: Friday, 15 March 2013 4:23 p.m.
To: Michael Bird; 9(2)(a) (MIN)
Cc: Ministerial Services
Subject: Final Cabinet paper - Innovation and Science Hubs In New Zealand and AgResearch Limited's Future Footprint Plans

Just lodged. Will find out on Monday if it'll be accepted.

Let me know if you need the final word copy.

9(2)(a)

9(2)(a) Private Secretary - Science and Innovation | Office of Hon Steven Joyce |
9(2)(a)

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