

Guiding Philosophy

We strive to ensure that everything done by Manaaki Whenua (Landcare Research) is consistent with our guiding philosophy which we will continue to refine in the light of experience and new knowledge.

1. We will care for the land and its ability to sustain future generations. Land is a source of healthy produce, clean water, recreation, and of spiritual strength. Land provides for the abundant diversity of life, birth, death, decay and regeneration. We are pledged to enhance this, the environmental inheritance of our country.
2. We will honour the principles and spirit of the Treaty of Waitangi. We believe that the spirit of the Treaty provides a model for our dealings with people from all cultures and societies.
3. We are committed to acting in an ethical manner in all aspects of our business. We have developed a code of ethics to guide directors, executives and staff in their decisions and actions.
4. The broad focus of our work is to use science to understand and encourage sustainable use of the resources of Aotearoa - New Zealand. Science must combine the ecological, social and economic components of land use if management systems are to remain viable in the long term.
5. We aim to use both strategic and applied research to support the development of sound policies and management systems. We will also undertake basic research to provide high quality information on the current state of our resources and on environmental processes.
6. We will encourage community participation in setting our research directions and strategies. We will aim for transparency as to the distribution of the costs and benefits of any policy recommendations, and we will communicate our results to all those involved.
7. Our recommendations will be based on consistently trying to ensure that adverse environmental effects are avoided, remedied or mitigated. Responsibility for implementing appropriate action should lie with the persons or businesses affecting the environment.
8. We have important roles as information providers and knowledge brokers. Expression of our work will reflect the professional opinion of individuals and teams, and be the subject of on-going peer review. As an organisation, we will only adopt an advocacy role in unusual circumstances: when great uncertainty, risk or irreversibility strongly necessitates precautionary action, or when important ethics call for public advocacy.
9. We will publicise our achievements to make our staff, our stakeholders and our clients aware that we are making a difference. We will strive together to become internationally recognised for the quality and effectiveness of our research.

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Introduction from the Chairman

Welcome to our report of corporate sustainability. Publishing this report is a new initiative for Manaaki Whenua, and one which we intend to continue on a regular basis.

Any assessment of corporate sustainable development must focus on three ingredients: financial performance, environmental impact, and social benefit. While we are accountable to our shareholding Ministers for the financial and other aspects of our performance, which has been clearly expressed in all our prior Annual Reports, Manaaki Whenua has additional responsibilities to all stakeholders including our shareholders, staff, clients, suppliers, and the community.

Financial viability is the essential link to maintaining our organisation and our research business as well as satisfying the reasonable requirements of all our stakeholders. Our business is to work profitably in partnership with our clients helping to improve the environment in ecologically, economically and socially sustainable ways. Our Research Reports have summarised much of our efforts to date, and further examples are provided in this report. Our annual accounts record our profitability in a strictly financial sense.

But we also have a duty to measure and publicise our own social and environmental performance—hence this sustainability report. Merely beginning to assess our impact has already increased awareness and improved our environmental management systems.

Another cornerstone of our sustainable development is maintaining our human resources—our staff. We must develop our intellectual capability, foster an appreciation of diversity, ensure healthy satisfying work environments, and encourage staff to balance work and life commitments.

Sustainable development is neither a new concept nor restricted to one culture. Much of the Māori view of the natural world is captured in the term *kaitiakitanga* or guardianship. It is a notion of mankind being in this world simply to look after what *Papatuanuku* (Mother Nature) has provided for us to care for in our lifetimes. We do not own any of it, although we might individually and collectively assume rights of possession over parts of it. Each generation must ensure that these treasures are well cared for and passed on intact and healthy.

Manaaki Whenua's strategic intent is to *'make a difference for a truly clean and green New Zealand'*—improving the quality of our country's natural resources and the quality of life of our peoples, without compromising the ability of future generations to meet their own needs. Our core science areas, which reflect research priorities set by the New Zealand Government, are primarily land-based:

- protecting New Zealand's indigenous biodiversity
- reducing threats of exotic organisms and improving pest management
- sustaining the quality of land, soil, water, and food chains
- reducing net emissions of greenhouse gases
- improving the efficiency of natural resource use while minimising waste.

Because this report is our first effort at publicly assessing our performance, we particularly welcome feedback. We wish to use sustainable development philosophies and activities to strengthen our relationships with all our stakeholders and encourage them to see sustainable development as a commitment and an exciting challenge leading us into the future.

Manaaki whenua, manaaki tangata, haere whakamua.
Care for the land, care for the people, go forward.



Ian Donald
CHAIRMAN



Chief Executive's Report

Sustainable development is not an option, it is an imperative. It is not a destination, but a direction.

Recent reviews of the state of the world environment by the United Nations make it abundantly clear that in spite of our greater awareness of these matters we, the human race, continue to undermine the basis of our long-term survival. We might argue about the precise details, but we cannot escape the conclusion that humanity must change its present course towards one of more sustainable development. Manaaki Whenua has already chosen to move in that direction, both in our own operations, and in the support we can give to others through our research. This report is a statement of our current progress and future direction.

Corporate reporting of sustainable development is not a new concept, but it has yet to be adopted by organisations in New Zealand. A handful of businesses in this country (e.g., Watercare Services, Carter Holt Harvey, Tasman Pulp and Paper) report separately on their environmental performance, while many parent companies of well-known multinationals (e.g., BP, Toyota) produce comprehensive environmental and social reports. Such reporting is not mandated by legislation in New Zealand, and guidelines for reporting are not widely available. In 1999, Manaaki Whenua became a founding member of the New Zealand Business Council for Sustainable Development (NZBCSD), along with twenty or so other well-known companies. The Council intends leading change towards sustainable development, and members are committed to producing reports of their activities and new directions.

In producing our report, we owe something to many overseas organisations including work of CERES on the Global Reporting Initiative and the UK organisation SustainAbility. Their guidelines have been invaluable in helping us target appropriate aspects of our performance. We have worked through this task with the assistance of Professor Jan Bebbington from the University of Aberdeen. More than 30 of our own staff have contributed directly to the production of the report.

And yet, with all that support, it has been a enormous learning exercise. We have uncovered gaps in our own collection of data. We have had to face up to the publication of information which some may find uncomfortable. We have recognised that to have policies is not enough—that having meaningful targets and monitoring their achievement is what counts. We have seen that initiatives such as this report must be owned by everyone and truly reflect the culture of the organisation, and not be just the province of only a small group of committed staff. A report of sustainable development is not an academic exercise in self-congratulation; it is an indication of corporate strategy and future direction.

What is perhaps important about this report is that sustainable development *is* our business. Our stakeholders should expect us to lead the way. Our 'products'—research and consultancy— should by definition contribute towards greater sustainability. But it is a challenge for us to measure our contribution, and to constantly increase that contribution. In an ideal world, our environmental performance should be exemplary.

Have we challenged ourselves enough? Some national governments and corporations outside New Zealand are espousing very challenging goals (e.g., to increase the efficiency with which their economies use natural resources by factors of ten or more). We have done what we believe is appropriate i.e., set achievable targets in a context of continuous improvement.

It is my belief that radical targets are also required if we are to stimulate the innovation and thinking 'out of the square' necessary to make significant progress along the road towards sustainable development.

Here are 12 proposed targets for New Zealand to which our work is contributing:

- no increase in the extinction risk, as assessed by the International Union for the Conservation of Nature, for any indigenous species
- the diversity and viability of indigenous biota has increased in areas characterised as 'under protected', without loss of sustainable economic production levels
- the number of Tb-infected herds of cattle and deer, and the number and size of Tb-endemic areas, will be reduced to levels set for 2010 in the Animal Health Board's National Pest Management Strategy
- a reduction in the area of New Zealand occupied by key invasive weed species
- management priorities and plans in place for all invasive invertebrate species that pose a significant threat to New Zealand's natural ecosystems
- wide-spread acceptance that sustainable management of indigenous forests is being achieved under permits and plans approved by MAF
- the health of our nation's intensively used soils is maintained via a monitoring network using agreed indicators
- all groundwater resources are safe for drinking
- air quality in our cities meets the toughest standards of any city in the world
- residential subdivisions are being built that combine existing environmental technology and ecosystem knowledge to achieve a nett-positive impact on the local environment, at no extra cost to the residents
- in at least one region of New Zealand, government, business and community will work together to achieve a factor-10 improvement in resource-use efficiency and radically improved quality of natural ecosystems
- a very significant contribution is made towards off-setting the country's greenhouse gas emissions through the planting and maintenance of indigenous plant species, with benefits also for indigenous animal diversity, cultural values, and employment.



I wish to thank all our staff for their commitment to Manaaki Whenua and to making a difference for a truly clean and green New Zealand. I appreciate the efforts of those who were particularly involved in compiling this report, and also our advisor Prof Jan Bebbington, and our independent verifier Marje Russ of Tonkin & Taylor.

I encourage you to give us feedback about this report. Your comments will help guide the future development of our reporting.

email: sustainability@landcare.cri.nz

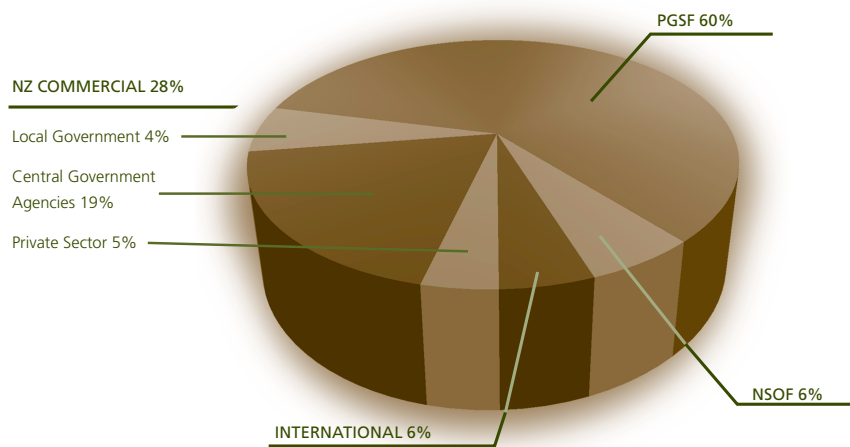
A handwritten signature in black ink, appearing to read 'Andrew J Pearce'. The signature is fluid and cursive.

Andrew J Pearce
Chief Executive

About Manaaki Whenua - Landcare Research

BUSINESS

Manaaki Whenua leads New Zealand research on sustainable management of land-based natural resources for production and for conservation. We undertake significant environmental research for the public good through contracts with the Foundation for Research, Science and Technology (FRST), Department of Conservation (DOC), Animal Health Board (AHB), Ministry for the Environment (MfE), Ministry of Agriculture and Forestry (MAF), other central government departments and agencies, and local government (Regional Councils and Territorial Authorities). Approximately 5% of our revenue is generated through research and development activities for the private sector in New Zealand, and 6% comes from international consultancy work for global development funding agencies such as the World Bank and Asian Development Bank.



ORGANISATIONAL STRUCTURE

Manaaki Whenua is managed by the Chief Executive and a Senior Management Team of eight, all but two of whom are at Lincoln. Personnel management is on a regional basis. However management of research programmes is thematic, based on outcomes, so is cross-company.

We have around 380 staff including 280 researchers. Our corporate office and largest science location are at Lincoln. Regional centres are at Palmerston North and Hamilton, with other sites in Auckland, Alexandra, Dunedin, Gisborne, Havelock North, and Nelson. At most of these sites, our offices are on university or research campuses.

KEY

- | | |
|---------------------|-------------------|
| 1. Auckland | 2. Hamilton |
| 3. Gisborne | 4. Havelock North |
| 5. Palmerston North | 6. Nelson |
| 7. Blenheim | 8. Lincoln |
| 9. Alexandra | 10. Dunedin |

FINANCIAL OVERVIEW

Manaaki Whenua is a Crown Research Institute and a limited liability company. A Board of seven Directors is appointed by the shareholding Ministers. Although wholly owned by the Government, we are responsible for our own financial viability. We have grown steadily over the seven-year period of our existence. In 1992/93 the total revenue of the company was \$28.7m; in 1998/99 it was \$37.5m. This growth has been achieved against a background of significant diversification in our customer base to cover a wide range of central, regional and local governments, private sector and international clients. There has been a corresponding increase in total assets, from \$19.1m in 1992/93 to \$28.3m in 1998/99. Not only has the company grown in size over this period, its net surplus (after tax) also improved, from \$1.2m in 1992/93 to \$1.8m in 1998/99. This sound financial performance has seen our equity increased from the initial \$8.0m invested to \$20.4m at the end of the 1998/99 year.

Summary of performance

	1995/96 \$000s	1996/97 \$000s	1997/98 \$000s	1998/99 \$000s
Total revenue	32,000	33,864	35,980	37,548
Total assets	22,339	23,431	25,976	28,328
Equity at the end of year	16,280	17,389	18,597	20,407
Net surplus after tax (NSAT)	1,429	1,178	1,208	1,810
Return on equity	9.2%	7.0%	6.7%	9.3%
Earnings before interest & tax (EBIT)	2,059	1,681	1,791	2,836
Return on assets	8.8%	7.3%	7.2%	10.4%

REPORTING TO OUR SHAREHOLDERS

In accordance with the Crown Research Institutes Act 1992, Manaaki Whenua publishes a Statement of Corporate Intent (SCI), the content of which has been agreed on by the Board and shareholding Ministers, at the beginning of each year. At the end of each financial year, we are required to publish an Annual Report accounting for our financial and non-financial performance against objectives in the SCI. The Annual Report is subject to the scrutiny of the Government's Education and Science Select Committee.