

# Table of Contents

1. Preamble.....	3
2. Vision, Mission, Position and Values .....	3
3. Core Business .....	4
3.1 Core Services .....	4
3.2 Core Competencies .....	5
3.3 Business Areas .....	5
4. Goals and Strategies.....	6
4.1 Key Result Areas and Objectives .....	6
4.2 Organisational Structure .....	7
5. Business Policies and Other Matters .....	9
5.1 General and Statutory Business Policies.....	9
5.2 Risk Management Policies.....	9
5.3 Shareholder Consent for Significant Transactions.....	9
5.4 Intellectual Property Policies .....	9
5.5 Databases and Collections Policies.....	9
5.6 Dividend Policy .....	10
5.7 Accounting Policies.....	10
6. Performance Measures and Targets .....	11
6.1 Financial Performance Measures.....	11
6.2 Non-Financial Performance Measures.....	11
7. Statutory Disclosures .....	13
7.1 Information to be Disclosed.....	13
7.2 Commercial Value and Valuation Methodology.....	13
7.3 Procedures for Share Subscriptions or Purchases .....	14
7.4 Compensation Sought .....	14
Appendix I – Statement of Significant Accounting Policies.....	15
Appendix II – Capability Fund – Priorities for Investment .....	19
Directory .....	20

# 1. Preamble

This Statement of Corporate Intent is submitted by the Board of Directors of the Institute of Environmental Science and Research Limited (ESR) in accordance with Section 16 of the Crown Research Institutes Act 1992.

ESR is a Crown Research Institute (CRI) incorporated on 1 July 1992 and wholly owned by the New Zealand Government. ESR is the leading provider of specialist science solutions in public health, environmental health and forensic services. It delivers forensic, public health, consulting and research services to meet the varied needs of government, industry and commerce.

ESR has scientific service facilities in Auckland, Wellington (Porirua and Wallaceville) and Christchurch. It currently has a Board of six directors and a senior management team of eight. The present structure was established in 1999/2000 to focus attention on the effective management of client projects in the core businesses of environmental health and forensic science.

## 2. Vision, Mission, Position and Values

### Vision

ESR will be a leading provider of specialist science solutions contributing to innovation in New Zealand and to the protection of people and their environment in the Asia-Pacific region

### Mission

Protecting people and their environment through science  
Manaaki tangata taiao hoki

### Position

ESR: Science in action – uniquely aligned with Government  
to keep New Zealanders safe

### Values

ESR has the following values, which are reflected in its goals and business approach:

Science excellence

Ethical conduct

Valuing staff

Quality assurance

Client focus

Cultural respect and responsiveness

Participation in society

## Science excellence

ESR pursues and delivers work using creative and leading-edge approaches. ESR works in areas where a high degree of scientific knowledge, skill and expertise is required, some of which has been established as international best practice. ESR ensures it always uses rigorous and thorough scientific methodologies in the delivery of its work.

## Ethical conduct

ESR maintains the highest standards of ethical conduct in all of its work. All stakeholders can therefore depend on ESR to deliver impartial and accurate scientific information.

## Valuing staff

ESR delivers value-added, professional scientific research and services. This delivery is dependent on the expertise and commitment of ESR people. Through progressive and innovative human resource practices, ESR ensures that staff operate in a supportive and stimulating environment and that their work is recognised and valued.

## Quality assurance

ESR is committed to being a leading organisation in the application of quality to science. To this end all laboratories have the highest level of quality accreditation relevant to the services they deliver.

## Client focus

ESR organises its activities to ensure excellence in the delivery of contracted outcomes to its clients. While growth through focusing on new clients and revenue is necessarily important, ESR is committed to ensuring that current clients' needs are met through value-added service.

## Cultural respect and responsiveness

ESR realises that the Treaty of Waitangi is New Zealand's founding document and as a Crown Agency is committed to fulfilling its obligations under the Crown Entities Act 2004 and supporting the principles of the Treaty. ESR also recognises the increasingly multicultural nature of the society within which its scientific activities are undertaken. To this end the social sciences staff provide the capability to take account of all communities' needs, values and concerns.

## Participation in society

ESR is committed to being a positive participant in society and to operating in a manner that shares information with society. ESR works, through its social sciences staff in particular, towards integrating science within both the wider New Zealand community and the Asia-Pacific rim.

# 3. Core Business

## 3.1 Core Services

### Environmental Health

The Environmental Health Business Group's (EHBG's) core scientific strengths include:

- microbiology and virology (both clinical and environmental);
- molecular biology;
- chemistry;
- epidemiology;
- surveillance.

The EHBG fulfils an invaluable national role in providing expertise unique in New Zealand and, consequently, contributes substantively to the national overview of environmental and public health.

### Forensic

The Forensic Business Group (FBG) provides scientific analyses and research, and expert opinions developed from those, for the purpose of presenting evidence in courts of law or coronial courts. The areas of science covered by this include:

- chemistry;
- biochemistry;
- molecular biology;
- toxicology;
- pharmacology;
- biological and physical examination based on scientific method.

### Operating Principles

In conducting its business, ESR will comply with the objectives and principles embodied in the Crown Research Institutes Act 1992. In particular it will maximise the value of the Crown's investment in ESR and assist in strengthening the New Zealand science community by:

- operating in accordance with a strategy that aims to focus resources on the delivery of core science-related services to priority clients;
- reinvesting operating surpluses in capital expenditure, human resource capability development and research opportunities that will, over time, add to shareholder value;
- strengthening the human capital represented by our staff through human resource strategies such as the provision of market-rate salaries, internally funded research opportunities, effective performance-based rewards and incentives, career development and training programmes.

## 3.2 Core Competencies

ESR's core competencies consist of three major science platforms – chemistry, molecular biology and microbiology – with key expertise in intelligent systems. This has allowed ESR to develop a set of capabilities to give ESR a unique advantage over competitors. The main areas of advantage are:

### 1. Assessing the impacts of environmental exposures on people

While other CRIs have expertise in the impacts of human activity on the environment, ESR's expertise is in assessing the impacts of environments on people, essentially "environmental health".

Supporting capabilities for this competency are: exposure assessment, human health impact assessment, epidemiology, monitoring and surveillance, risk assessment/risk management, social science and systems thinking, and database management underpinned by applied research.

### 2. Applying science within the health and justice sectors

As a CRI, ESR is involved in providing advice and information on all aspects of the regulatory framework, for example:

- policy (e.g. Ministry for the Environment, Ministry of Health (MoH), New Zealand Food Safety Authority (NZFSA);
- compliance (e.g. territorial local authorities and regional councils);
- the law enforcement and judicial system (Police, Justice, Environment Court).

The application of science to regulatory frameworks involves the use of ESR's supporting scientific capabilities.

### 3. Responding quickly and effectively to important emerging issues

ESR is able to provide early warning of emerging population/public health and environmental health issues (e.g. notifiable diseases, water quality and food safety) and to organise multidisciplinary responses to identify and manage risks.

Supporting capabilities for this competency are: monitoring and real-time surveillance, risk assessment/risk management, social science, project management and information management underpinned by research programmes.

### 4. Developing and maintaining scientific information management systems

Environmental health and forensic scientists deal with increasingly larger volumes of complex data. ESR has developed an in-house capability to address the information management needs of its own scientists as well as the needs of external clients.

Supporting capabilities for this competency are: information analysis, business process improvement, software design, development and implementation and project management.

## 3.3 Business Areas

### Environmental Health

ESR provides scientific services and research in five programme areas:

- food safety;
- water management;
- communicable disease;
- population and environmental health;
- biosecurity and emerging diseases.

### Forensic

ESR provides scientific services and research in the areas of forensic science, toxicology, therapeutics and workplace drug testing. Services are provided in the following areas:

- crime scene investigation, including clandestine laboratories;
- forensic physical evidence;
- forensic biology;
- National Forensic DNA Profile Databank and Crime Sample Database;
- illicit drug analysis;
- criminal and coronial post-mortem toxicology;
- breath and blood alcohol chemistry;
- medicine and device testing;
- pharmaceutical studies (clinical trials and early-phase studies);
- employee drug testing, drug programme consultancy, validation and training;
- drug testing in penal institutions.

## 4. Goals and Strategies

### Goals

In order to realise its mission and vision, ESR has based its plans over the next five years on the following high-level goals:

Attract, retain and reward high-quality staff

Increase ESR's contribution to the New Zealand science system

Diversify to include the provision of new and enhanced products and services to both existing and new clients

These business goals are inter-linked and are supported by a range of advancement strategies, objectives and key performance indicators. These strategies, objectives and indicators can be grouped into eight key result areas (KRAs):

Staff development and staff relations

Environmental health

Forensic

Integrative research for sustainability

Business and research capability development

Financial performance

Maori development

Social responsibility

Details of these KRAs and associated objectives are described below.

### 4.1 Key Result Areas and Objectives

#### Staff Development and Staff Relations

ESR's objectives for staff development and staff relations are to use human resource systems and policies to:

- maximise staff performance;
- recruit and train skilled staff effectively and efficiently;
- retain staff to such an extent that turnover is low enough to maintain institutional knowledge, while sufficient to maintain the influx of new ideas and innovation;
- remunerate staff well and appropriately;
- build a positive quality culture;
- foster the development of a high-performance, team-focused culture;
- organise ESR's work practices so that ESR offers all staff a workplace that is "family friendly";
- maintain a flat but effective management structure;
- build a positive health and safety culture.

ESR's systems and policies are designed to ensure ESR will continue to comply with the principle of being a good employer as outlined in the Crown Entities Act 2004.

#### Environmental Health

The EHBG's objective is that all New Zealanders should be able to enjoy a healthy and safe environment. To achieve this objective the EHBG must retain the scientific cutting edge and continue to enhance its national and international scientific reputation.

Strategies to achieve this objective are:

- short term – develop efficient, effective new contracts with MoH, NZFSA and other major clients;
- medium term – identify and utilise intra-environmental health synergies to make internal efficiencies and optimise science delivery;
- long term – maintain and enhance a healthy, coherent portfolio of environmental health work, which improves the public health of New Zealand.

#### Forensic

The FBG's objective is to continue to provide the New Zealand justice system, through its contract with New Zealand Police (Police), with a first-class forensic service. This will be underpinned by original research and the utilisation of the latest DNA and crime scene technology.

Within the work for Police, ESR will continue to demonstrate that the use of well targeted forensic services by Police investigators provides value for money and leads to better outcomes. To do this, ESR will continue to work with Police to improve delivery and anticipate future demands facilitated by the new three-year contract negotiated with Police during 2008. ESR will also work with its other justice partners to seek funding for forensic research and to secure feedback on maximising the benefit of good forensic science services.

ESR provides medicine and medical device testing to Medsafe. Under the new Medsafe management, therapeutic product testing continues to be a priority and ESR will work with Medsafe to grow this revenue.

ESR is one of four New Zealand laboratories with Good Laboratory Practice (GLP) accreditation, an essential requirement for undertaking early-phase drug trials. However, ESR is the only specialist pharmaceutical GLP-registered laboratory and will work to grow this business in New Zealand and internationally.

The provision of workplace drug testing services and consultancy to safety-sensitive industries is a mature but expanding service. ESR will continue to work with existing and new clients to improve workplace safety as addressed in the Health and Safety in Employment Act Amendments, 2003.

#### Integrative Research for Sustainability

Intergrative Research for Sustainability (IRfS) is a multidisciplinary team with expertise in public and environmental health, systems thinking and modelling, participatory action research, sociology, environmental policy, kaupapa Maori and bicultural research, operations research, management, psychology and water science.

IRfS covers three broad, interrelated areas of research:

- healthy communities;
- sustainable development;
- science, technology and society.

#### Business Development and Marketing

ESR's business development and marketing is focused on four strategic business areas:

- corporate legal services – provide statutory, legal and contractual advice and assistance;
- strategic business development – assist core business programmes to expand environmental health and forensic scientific solution delivery to government (central and local government);

- new business development – generate growth outside core business via “productising” intellectual capital, standard operating procedures, expert systems and research intellectual property to deliver commercial services through partnerships, joint ventures and subsidiaries (i.e. new business structures) primarily in the international marketplace;
- marketing and communications – coordinate marketing and communications strategies to support the strategic initiatives of EHBG and FBG.

## Research Capability Development

ESR is a research organisation that discovers new knowledge and develops new products and services for key government clients in the environmental health and justice sectors.

In accordance with ESR’s stated purpose and statutory role, it maintains and develops core capabilities of national benefit. The introduction of the Capability Fund and a more stable research funding environment will assist ESR in managing and maintaining our unique, nationally significant capability in environmental health and forensic science.

ESR’s core scientific capabilities in microbiology, molecular biology and chemistry underpin our research and service delivery to clients. Informed by our regular engagement with key stakeholders and clients such as MoH, Police and NZFSA, we determine priorities for capability development to maintain and enhance our existing capabilities, identify new and emerging capability needs and undertake futurewatch activities to anticipate the capability requirements of the future. Further details are provided in Appendix II, including goals for the next three years.

## Financial Performance

ESR is committed to achieving a sustainable, appropriate level of return for its shareholders. This return will be achieved within an optimal capital structure that includes a prudent level of gearing. The capital structure takes account of the organisation’s free cash flows and key clients, and the gearing of comparable organisations.

Revenue has grown considerably over the past five years and is currently at a consolidation phase, with slower growth projected over the medium term, sourced mainly from existing business streams. The organisation will also focus on increased operational efficiencies that are supported by enhanced technological infrastructure, business process improvement and capital investment. ESR is also committed to investment in opportunities that leverage off core business and increase the value of the enterprise.

## Maori Development

ESR recognises that the Treaty of Waitangi is New Zealand’s founding document and as a Crown Agency is committed to fulfilling its obligations under the Crown Entities Act 2004 and supporting the principles of the Treaty. Central to the Treaty relationship, and the implementation of Treaty principles, is a common understanding that the Crown and Maori will relate to each other in good faith, and with mutual respect, cooperation and trust.

ESR is committed to Maori development. In the 2007/08 year further advances were made in ESR’s relationship with Maori through its site-based iwi partnerships (Ngati Toa, Ngati Whatua ki Orakei and Ngai Tahu). The Maori Development Fund programmes are underway and continue to support innovative programmes aimed at the common goal of ESR and iwi to increase the number of rangatahi Maori in the science sector. Initiatives include support for marae-based science camps, support for tertiary science students, and scholarships for secondary students taking advanced science subjects. The aim of the jointly funded PhD scholarship between ESR and Nga Pae o te Maramatanga is to support students involved in education and provide student pathways into a professional science career with ESR. The scholarship has had its first

recipient. ESR continues to support internal Maori advancement. In 2007/08 ESR also engaged with iwi and other Maori organisations (Nga Ringa Whakahaere, Te Whare Wananga o Awanuiarangi, Nga Pae o te Maramatanga) to develop collaborative research bids and it continues to actively build networks with iwi and Maori researchers. ESR is committed to working with Maori communities to ensure that its research programmes contribute to Maori development and advancement in the wider community.

## Social Responsibility

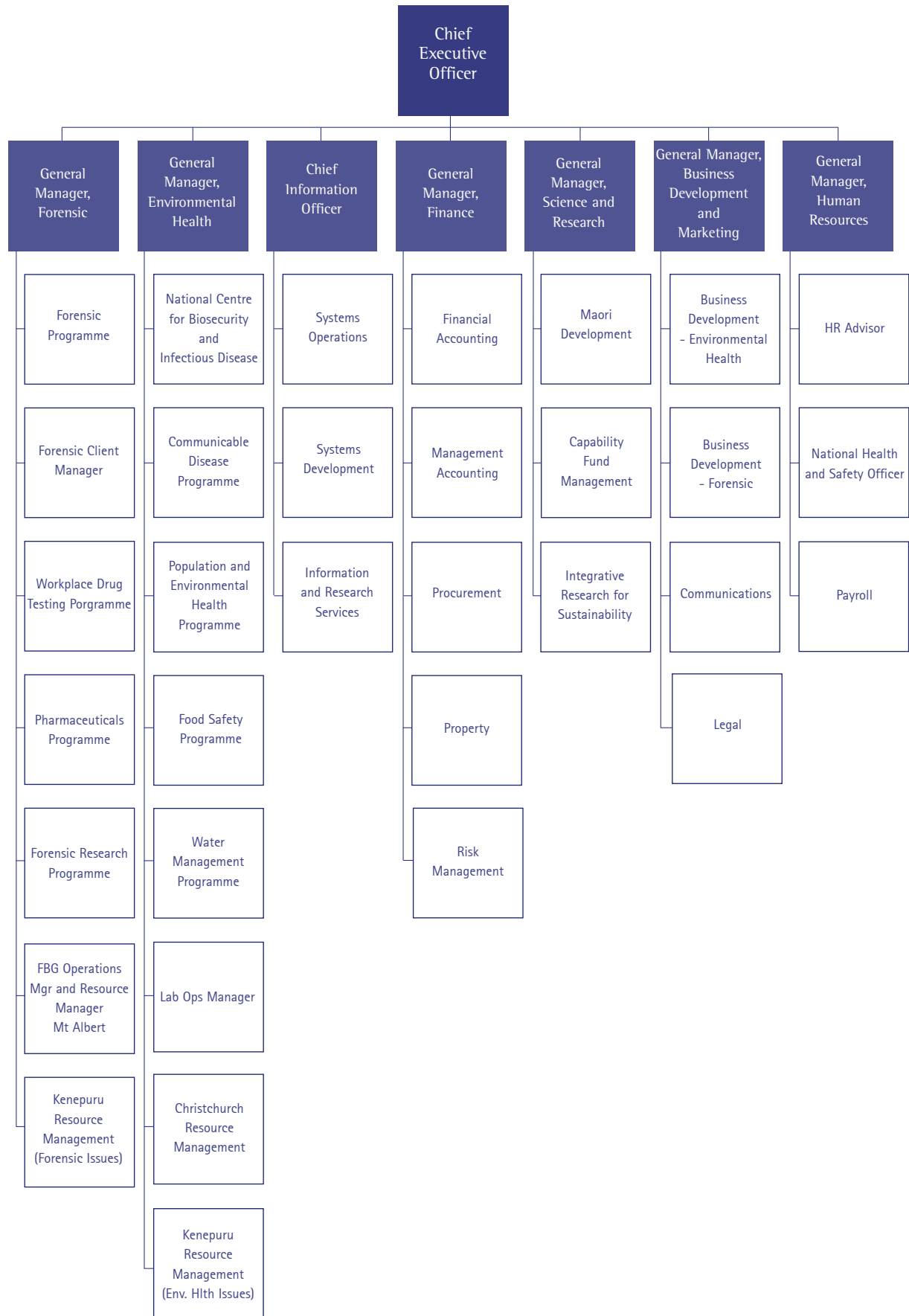
ESR is also committed to being part of the local communities in which it exists, and relationships with local business, Maori and Pacific communities and schools have been developed with a view to increased participation of students in science. Examples are ESR site-based collaborations with: Unitec to host “WestSci”, a science camp for Pasifika students from west Auckland; Victoria University of Wellington to hold a science and technology youth project for students from Porirua; and Canterbury Pasifika Ltd to promote the University of Otago’s hands-on-science programme and ESR Pasifika Science Achievement Awards in Christchurch. These partnerships will be built on and collaborative research opportunities will be pursued. ESR continues to support a long-standing partnership with Titahi Bay Intermediate School facilitated by Partners Porirua.

## 4.2 Organisational Structure

The structure has been developed over the past six years and includes:

- a stronger sector and client management focus from within business groups;
- the greater separation of resource and programme management roles to:
  - reduce ambiguity and unclear priorities in combined roles;
  - provide a dedicated site-based focus to staff development and utilisation;
  - allow a stronger focus on programme development and delivery.

## ESR Organisational Structure with Effect from 1 July 2008



# 5. Business Policies and Other Matters

## 5.1 General and Statutory Business Policies

ESR operates in accordance with the purpose and principles of operation stated in the Crown Research Institutes Act 1992, namely:

- maximise the value of the Crown's investment in scientific services, research and technology;
- pursue excellence in all activities and comply with any applicable ethical standards required in the performance of its activities;
- undertake research and expand the research funding base for the benefit of New Zealand;
- maintain and develop the intellectual capacity of ESR and be a good employer;
- operate in a financially responsible manner and maintain continuing financial viability and scientific capacity;
- promote the application of the results of research and technological developments;
- continue to develop constructive working relationships with Maori and Pacific Island groups;
- establish ESR-Maori linkages in research, science and technology;
- exhibit a sense of social responsibility by having regard to the interests of the community and by endeavouring to accommodate or encourage those interests when able to do so.

ESR organises its operations and policies to maintain its competitive advantage in the areas of business it undertakes. These policies include the identification and use of advanced technologies that can promote ESR's competitive position.

ESR recognises its statutory obligations under the Crown Research Institutes Act 1992 and other Acts applying to its activities, including its obligations under the Companies Act 1993 and Crown Entities Act 2004. ESR has policies and procedures in place to ensure its statutory obligations are met.

Significant services are performed for Police under the Land Transport Act 1998 and the Misuse of Drugs Act 1975.

## 5.2 Risk Management Policies

ESR seeks to minimise business risk by developing stable and long-term profitable revenue streams in core business areas with a sound client base, and building new profitable revenue in core markets or services. Human resource policies are designed to recruit, retain and develop staff with critical skills and expertise.

ESR's risk management framework, its supporting policy and procedures, and the related management accountabilities and responsibilities, are well established and accepted. Arrangements for risk and risk assurance reporting to the Board, Board Audit and Risk Committee, Chief Executive Officer and Strategic Leadership Team are subject to continuous review and are upgraded to meet legal and other requirements when necessary.

ESR has put in place comprehensive risk management policies and has a significant range of controls in place, including:

- an Audit and Risk Committee of the Board that meets regularly to consider ESR's risk management plans and policies;
- an internal audit plan;
- financial reporting systems that provide timely and accurate information;
- well defined expenditure and contract authority levels and processes;
- a rigorous capital expenditure evaluation and monitoring process;

- standard contractual documentation;
- compliance with legislation and regulations;
- a portfolio of cost-effective insurance policies to cover residual risk;
- close relations with end users of research and funding agencies to ensure that ESR's programmes remain responsive to the new investment criteria and client signals;
- intellectual property policy and procedures;
- individual performance-related employment contracts for key staff that are tailored to their needs;
- career development plans for key staff to ensure they receive appropriate opportunities to further develop and apply their expertise;
- health and safety systems, including accident reporting and monitoring;
- accreditation to national/international laboratory standards (IANZ, ASCLD/LAB, GMP);
- policies and security measures to protect and to prevent unauthorised access to, or distribution of, information;
- a media liaison policy.

## 5.3 Shareholder Consent for Significant Transactions

The Board will obtain prior written consent for any transaction or series of transactions involving the full or partial acquisition, disposal or modification of property (buildings, land and capital equipment) and other assets with a value equivalent to or greater than \$10m or 20% of ESR's total assets (prior to the transaction), whichever is the lesser.

The Board will obtain prior written consent of Shareholding Ministers for any transaction or series of transactions with a value equivalent to or greater than \$5m or 30% of ESR's total assets (prior to the transaction) involving:

- the acquisition, disposal or modification of an interest in a joint venture or partnership, or similar association;
- the acquisition or disposal, in full or in part, of shares or interests in a subsidiary, external company or business unit;
- transactions that affect ESR's ownership of a subsidiary or a subsidiary's ownership of another entity;
- other transactions that fall outside the scope of the definition of ESR's core business or that may have a material effect on ESR's science capabilities.

## 5.4 Intellectual Property Policies

General principles and procedures relating to the access, use, maintenance, enhancement, exploitation or disposal of any intellectual property, research and benefits of research held by ESR (other than national databases and reference collections) will meet the requirements of the Transfer Agreement between ESR and the Crown. Particular regard will be paid to ESR's statutory requirement to promote and facilitate the application of the results of research and technological developments, while remaining financially viable.

## 5.5 Databases and Collections Policies

ESR holds, and is responsible for, one national microbiological reference collection. This is the New Zealand Reference Culture Collection, Medical Section, which is held at the Kenepuru Science Centre.

The management of nationally important databases and collections (e.g. National Forensic DNA Profile Databank and Crime Sample Database) will meet the requirements of the Revised Policy Framework for National



Databases and Collections owned by CRIs (July 1997) and any specific client requirements. Access to the reference collection will be as outlined below.

ESR will not encumber or dispose of any national database or reference collection without the prior written consent of the Shareholding Ministers, and will immediately notify the Shareholding Ministers if, in the Board's view, it cannot reasonably maintain the integrity, security and quality of any national database or reference collection. ESR will remain responsible for the reference collection until after Shareholding Ministers have notified the Board of their determination regarding the future maintenance of, or access to, the database or reference collection.

ESR will ensure that Shareholding Ministers are advised in a timely manner of any disputes over access to, or the use of, the reference collection held by ESR. Under the terms of the Transfer Agreement, Shareholding Ministers may appoint a person with relevant expertise to decide the matter. Any such decision will be binding on ESR.

### Policy for Access to National Databases and Reference Collections

ESR will provide access to the above reference collection except where access is clearly not to the benefit of New Zealand.

In providing this access:

- the costs of collection, archiving and maintenance will be recovered only to the extent that they have not been paid for from public good funding;
- the costs of the actual retrieval of information from databases and reference collections will be recovered;
- in situations where a third party wishes to obtain large portions of information from a database or reference collection for direct commercial use, ESR reserves the right to negotiate a copyright, royalty or licence fee.

### Policy for Treatment of Items with Covenants

ESR has covenants on the disposal of identified databases and reference collections. These will be managed in accordance with statutory requirements and obligations under the Transfer Agreement with the Crown.

## 5.6 Dividend Policy

The Crown Research Institutes Act 1992 provides for Shareholding Ministers to direct, if necessary, that CRIs pay financial dividends to the Crown as owner. Correspondingly, ESR's policy is that all funds surplus to ESR's investment and operating requirements will be distributed to the Shareholding Ministers.

In determining surplus funds, consideration will be given to:

- the provision for capital investment requirements without recourse to the Crown for equity injections;
- ESR's working capital requirements;
- ESR's requirements for efficient infrastructure, both technological and physical;
- the ongoing financial viability of ESR;
- the obligations of the directors under the Companies Act 1993 and other statutory requirements.

Taking into account the statutory requirement to remain financially viable and a going concern, the need to fulfil the principles of operation contained in Section 5 of the Crown Research Institutes Act 1992, and the following considerations:

- the need to provide financial security against fluctuations in demand for ESR's services in competitive and contestable markets and where there is no long-term security for core government revenues;
- the need to maintain an appropriate critical mass of resources with the relevant capacity and capabilities to ensure that long-term opportunities are not sacrificed for short-term gains;
- the need to invest in new scientific and information technology in order to maintain competitiveness in service delivery to clients;
- the need to maintain an effective technical and physical infrastructure;
- the need to finance strategic growth opportunities;
- the need to finance investment in research opportunities,

the Board will detail in a submission to Shareholding Ministers, within two months of the end of the financial year:

- the amount of the dividend (if any) recommended to be distributed to the shareholders;
- the percentage of tax-paid profits that the dividend represents;
- the rationale and analysis used to determine the amount of the dividend.

ESR notes that surplus funds will be applied initially to investment and capital projects in the planned period 2008/09 and beyond, with any remainder being provided as a dividend.

ESR has determined that it will commit a dividend of up to \$106,000 per annum for three years from 2006/07 as its contribution to the establishment costs of the Advanced Network (KAREN), with 2008/09 being the final year.

## 5.7 Accounting Policies

The general accounting principles recognised as appropriate for the measurement and reporting of results, cash flows and financial position under the historical cost method are followed in the preparation of financial statements. Accrual accounting is used to match expenses and revenue. Reliance is placed on the fact that ESR is a going concern. The organisation has implemented appropriate measures to ensure timely compliance with the requirements of the New Zealand equivalent to International Financial Reporting Standards (NZIFRS). Appendix I outlines the particular accounting policies that have been adopted by ESR.

## 6. Performance Measures and Targets

### 6.1 Financial Performance Measures

Indicator	2006/07 Actual	2007/08		2008/09 Plan	2009/10 Plan	2010/11 Plan
		Target	Forecast			
1. Revenue, \$m	51.0	56.7	51.5	55.9	58.8	63.3
2. EBIT margin, %	9.2	6.8	5.6	6.9	7.6	8.0
3. Return (NPAT) on equity, %	18.2	8.2	7.3	8.6	8.8	8.9
4. Return (EBIT) on assets, %	13.3	9.5	9.3	10.1	10.7	11.1
5. Acid test	1.3	0.8	0.7	0.8	0.9	1.0
6. Equity ratio, %	72.9	75.0	93.2	81.6	81.1	80.5
7. Gearing, %	-	7.8	-	5.3	6.4	10.4
8. Interest cover	-	28.5	-	-	20.8	13.0
9. Revenue/FTE \$000	133.6	132.8	133.8	144.7	152.4	161.8

### 6.2 Non-Financial Performance Measures

\* new or changed indicators to conform with new CCMAU Research Application Indicators

Indicator		Measure	2006/07 Actual	2007/08		2008/09 Plan	2009/10 Plan	2010/11 Plan
				Target	Forecast			
<b>Benefit to New Zealand</b>								
1. Value of public good services provided in New Zealand	\$m		42	44	46	50	51	55
2. Invitations or elections to serve on national or international scientific agencies, boards or advisory committees during the current year	No. of invitations		53	52	52	55	55	57
<b>Science Output</b>								
1. Papers accepted for publication in international, externally refereed journals, series or books	No. of papers		89	100	85	100	105	105
2. Papers in local, internally or editor-refereed journals, series or books	No. of papers		9	15	15	16	16	18
3. Invited keynote and plenary presentations – costs paid in full or part*	No. of presentations		26	30	30	32	35	37
4. Conference papers and abstracts – presentations on technical information and research results*	No. of papers		154	140	140	145	145	150
5. Research monographs or books	No. of books		1	1	1	1	1	1
6. Scientific and technical reports – commissioned reports to users	No. of reports		122	135	135	135	140	140
7. Submissions for R&D funding	No. of EOIs and bids		40	45	50	45	47	47
<b>Application and Promotion of Science</b>								
1. Staff involvement in conferences, workshops, hui, seminars and training sessions	No. of events		387	475	330	400	400	425
	No. of attendees		673	750	600	700	700	725
2. Availability and use of ESR Reference Culture Collection	No. of cultures issued		1,982	2,000	1,900	1,750	1,750	1,700
3. Number of Tech NZ contracts	No. of contracts		-	1	0	1	0	1
4. Support for NZ science system – number of bids to funding agencies refereed and papers for scientific journals refereed, number of MSc or PhD students supervised, number of MSc and PhD theses externally examined	Total no.		251	170	400	200	200	210
5. Number of science-promoting media events	No. of events		130	140	165	145	145	150
6. Science-related talks to schools, community groups and service clubs	No. of talks		52	45	45	50	50	52

## 6.2 Non-Financial Performance Measures *continued*

Indicator	Measure	2006/07 Actual	2007/08		2008/09 Plan	2009/10 Plan	2010/11 Plan
			Target	Forecast			
Good Employer							
1. Staff turnover	% of total staff (excluding redundancies and fixed term contracts)	11.7	8-12	8-12	8-12	8-12	8-12
2. Number of work days lost through workplace accidents	No. of workdays lost as a % of total working days	<0.1	<0.1	<0.1	<0.1	<0.1	<0.1
3. Staff composition in the following groups:							
• Business Services	No. of FTEs	74					
• Management/general	No. of FTEs	32					
• Science	No. of FTEs	276					
Total	No. of FTEs	382					
New criteria for 3. above							
• Research	No. of FTEs		285	271	272	272	277
• Research Support	No. of FTEs		58	53	53	53	53
• Other	No. of FTEs		61	61	61	61	61
Total	No. of FTEs		404	385	386	386	391

## 7. Statutory Disclosures

### 7.1 Information to be Disclosed

Reporting requirements to the Shareholding Ministers are set out in Sections 16 to 18 of the Crown Research Institutes Act 1992. ESR is also a Crown Entity within the meaning of the Crown Entities Act 2004.

#### Half-Yearly Report

The Half-Yearly Report will include:

- a commentary on performance for the period;
- a description of scientific and technological highlights for the period;
- an unaudited statement of financial performance, statement of financial position, statement of cash flows, and notes to accounts (including accounting policies);
- a certificate by the Board that ESR has operated in accordance with the principles of the Crown Research Institutes Act 1992 and the Companies Act 1993 during the period.

#### Annual Report

The Annual Report will be delivered to Shareholding Ministers within three months of the end of each financial year. It will report on the operations of the consolidated company and, separately, its subsidiaries (if any) during that financial year. It will comply with the reporting provisions of the Public Finance Act 1989 and its subsequent amendments, and the Crown Research Institutes Act 1992 (as amended).

The report will include:

- stated performance against targets as presented in the Statement of Corporate Intent (SCI) for the annual period, and comparative performance figures against respective SCI targets for the previous year;
- a commentary on the performance for the period;

- a description of scientific and technological highlights for the period;
- a description of other highlights for the period;
- an audited statement of financial performance, statement of financial position, statement of cash flows, and notes to accounts (including accounting policies);
- the auditor's report on those financial statements;
- a statement of responsibility by the Board and management that ESR has operated in accordance with the principles of the Crown Research Institutes Act 1992 and the Companies Act 1993 during the period, and also acknowledging obligations under the Crown Entities Act 2004;
- confirmation that ESR has complied with all statutory environmental obligations.

#### Quarterly Reports and Strategic Plan

The Quarterly Reports will report financial performance for the quarter and year to date against budgets in the Strategic Plan, provide updated end-of-year forecasts, and provide a commentary on performance for the period. The commentary will focus on any material variances and how these will be addressed. Quarterly Reports will comment on major achievements for the period and the outlook for the next period. Quarterly Reports will continue to be submitted as long as they are required by Shareholding Ministers.

ESR will provide Shareholding Ministers with its Strategic Plan prior to the start of each financial year.

#### Other Information

Any other information required by the Shareholding Ministers pursuant to Section 20 of the Crown Research Institutes Act 1992 shall be supplied.

### 7.2 Commercial Value and Valuation Methodology

Shareholders' funds include shares, reserves and retained earnings. Total assets include all tangible assets. The estimated values of the Crown's investment as represented by the following forecast levels of shareholders' funds are:

Funds	2006/07 Actual	2007/08 Forecast	2008/09 Plan	2009/10 Plan	2010/11 Plan
Opening shareholders' funds (\$m)	24.0	27.6	29.7	32.3	35.3
Retained earnings for year (\$m)	3.7	2.1	2.7	3.0	3.3
Movement in reserves	(0.1)	-	(0.1)	-	(0.5)
Closing shareholders' funds (\$m)	27.6	29.7	32.3	35.3	38.0
Crown debt	-	-	-	-	-

The Board assesses that the best estimate of enterprise value is a net liquidation value in the vicinity of shareholders' funds.

The ratio of shareholders' funds to total assets is provided in the table of financial performance measures (page 11, 6.1) under "Equity ratio".

### 7.3 Procedures for Share Subscriptions or Purchases

Subscriptions for shares in any company or interest in any other organisation will be subject to consultation with the Shareholding Ministers. The procedures for the establishment of subsidiary companies and the sales of substantial assets in the company or any of its subsidiaries are detailed below:

The term "subsidiary" has the same meaning as in Section 158 of the Companies Act 1993, and Section 2 of the Crown Research Institutes Act 1992.

1. ESR will ensure that:

- control of the affairs of every subsidiary of ESR is exercised by a majority of the directors of ESR;
- a majority of the directors of every subsidiary of ESR are persons who are also directors or senior managers of ESR.

2. Without the prior consent of the Shareholding Ministers, neither ESR nor any subsidiary of ESR shall sell or otherwise dispose of, whether by single transaction or any series of transactions, and whether by sale of assets or shares, the whole or any substantial part of the business or undertaking of ESR and its subsidiaries (taken as a whole).

3. Where ESR or its subsidiaries holds 20% or more of the shares in any company or other body corporate (not being a subsidiary of ESR), they will not sell or otherwise dispose of any shares in that company without first giving notice of the disposition to the Shareholding Ministers.

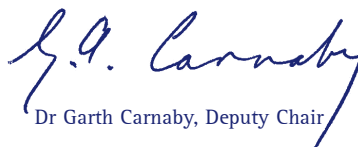
### 7.4 Compensation Sought

Where the Government wishes ESR to undertake activities or assume obligations that will result in a reduction of ESR's profit or net worth in terms of its investment in research, the Board will seek compensation sufficient to allow ESR's position to be restored.

No requests for compensation are currently under consideration.



Ian Wilson, Chair



Dr Garth Carnaby, Deputy Chair

# Appendix 1

## Statement of Significant Accounting Policies

### Reporting Entity

The financial statements of the Institute of Environmental Science and Research Limited ("ESR") have been prepared in accordance with the requirements of the Public Finance Act 1989, the Crown Research Institutes Act 1992, the Companies Act 1993, and the Financial Reporting Act 1993.

ESR provides specialist scientific solutions, including working with the New Zealand justice and health sectors to promote the protection of people and their environment.

ESR's owners do not have the power to amend these financial statements once issued.

### Basis of Preparation

The financial statements are prepared on the basis of historical cost with the exception of certain items for which accounting policies are stated below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The financial statements are parent and group financial statements. The three subsidiaries and associate of ESR are dormant non-trading entities; consequently there is no difference between the financial statements of the group and those of the parent.

These financial statements are presented in New Zealand dollars, which is ESR's functional and presentation currency.

### Statement of Compliance

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice. They comply with the NZIFRS and other applicable financial reporting standards, as appropriate for profit-oriented entities.

These are ESR's first financial statements to be prepared in accordance with NZIFRS. NZIFRS 1 *First Time Adoption of New Zealand Equivalents to International Financial Reporting Standards* ("NZIFRS 1") has been applied.

Reconciliations and explanations of how the transition to NZIFRS has affected the reported financial position and financial performance of ESR are contained in the financial statements in ESR's Annual Report.

In preparing these financial statements, no optional exemptions from the full retrospective application of NZIFRS have been applied.

### Adoption Status of Relevant New Financial Reporting Standards and Interpretations

The following standards for, amendments to and interpretations of existing standards have been published and are mandatory for ESR's accounting periods beginning on or after 1 July 2008 or later periods, but ESR has not early adopted them:

*NZ IFRS 8 Operating Segments* (effective for periods beginning on or after 1 January 2009).

IFRS 8 replaces *NZ IAS 14 Segment Reporting*. The new standard requires a "management approach", under which segment information is presented on the same basis as that is used for internal reporting purposes. ESR will apply NZ IFRS 8 from 1 July 2009. NZ IAS 14 did not apply to ESR. The expected impact is currently being assessed in detail by management.

## Accounting Estimates and Judgements

The preparation of financial statements in conformity with NZ IFRS requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Management's judgements, which have the most significant effect on amounts recognised in the financial statements, are found in Revenue and in Employee Benefits.

### i) Revenue

In recognising when revenue has been earned, management makes judgements on the stage of completion of certain projects. The stage of completion is assessed and reported on a monthly basis.

### ii) Employee Benefits

In determining the future entitlement of employees, management is required to make judgements on anticipated length of service, future salary levels and discount rates. Reference is made to historical data in determining appropriate factors to apply.

## Principles of Consolidation

### i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of ESR as at 30 June 2008 and the results of the operations of all subsidiaries for the year then ended. ESR and its subsidiaries together are referred to in these financial statements as the Group.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether ESR controls another entity.

Subsidiaries that form part of the Group are consolidated from the date on which control is transferred to ESR. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries of the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective

of the extent of minority interest. The excess of the cost over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the Income Statement.

Intercompany transactions, balances and unrealised gains on transactions between subsidiary companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with policies adopted by the Group.

## *ii) Associates*

Associates are all entities over which the Group has significant influence but not control, generally evidenced by the holding of between 20% and 50% of voting rights. Investments in associates are accounted for by the Group by using the equity method of accounting and are initially recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the Income Statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment in the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

## Property, Plant and Equipment

Property, plant and equipment are initially recorded at cost, and subsequently at cost less accumulated depreciation. The cost of property, plant and equipment includes the value of consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended use.

The carrying amounts of plant, property and equipment are reviewed at least annually to determine if there is any indication of impairment. Where an asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Losses resulting from impairment are reported in the Income Statement.

Realised gains and losses arising from the disposal of property, plant and equipment are recognised in the Income Statement in the periods in which the transactions occur.

Depreciation is charged on a straight-line basis at rates calculated to allocate the cost of an item of property, plant and equipment, less any estimated residual value, over its estimated useful life. The estimated useful lives of different classes of property, plant and equipment are as follows:

Freehold buildings	25–50 years
Leasehold improvements	10 years
Plant, equipment and vehicles	3–10 years
IT equipment and integral software	3 years

## Intangible Assets

### *i) Computer Software*

Items of computer software, that do not comprise an integral part of the related hardware are treated as intangible assets with finite lives. Intangible assets with finite lives are recorded at cost, and subsequently recorded at cost less any accumulated amortisation and impairment losses. Amortisation is charged to the Income Statement on a straight-line basis over the useful life of the asset. Typically, the estimated useful life of computer software is three years.

### *ii) Development Costs – Internally Generated Intangible Assets*

The cost of an internally generated intangible asset represents expenditure incurred in the development phase of the asset only. The development phase occurs after the following can be demonstrated: technical feasibility; ability to complete the asset; intention and ability to sell or use; and development expenditure can be reliably measured. Expenditure incurred on research of an internally generated intangible asset is expensed when it is incurred. Where the research phase cannot be distinguished from the development phase, the expenditure is expensed when it is incurred. Amortisation is charged to the Income Statement on a straight-line basis over the useful life of the asset.

### *iii) Indefinite Life Assets*

An intangible asset with an indefinite life is tested for impairment annually, and where there is an indication of impairment. Where an intangible asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised in the Income Statement.

## Impairment of Non-financial Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

## Taxation

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction. This is then adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities settle. The relevant tax rates are applied to the cumulative amount of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to temporary differences if they arose in a transaction, other than a business combination, and at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and the tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

## Cash and Cash Equivalents

Cash means coins and notes, demand deposits and other highly liquid investments in which ESR has invested as part of its day-to-day cash management. The following definitions are used in the Statement of Cash Flows:

- investing activities are those activities relating to the acquisition, holding and disposal of fixed assets and investments;
- financing activities are those activities that result in changes in the size and composition of the capital structure of ESR. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to the capital structure are included in financing activities;
- operating activities are the principal revenue-producing activities and other activities that are not investing or financing activities.

## Trade and Other Receivables

Trade receivables are stated at their estimated realisable value after providing against debts where collection is doubtful. An estimate of the value of doubtful debts is made based on a review of debts at year end. Bad debts are written off in the period in which they are identified.

## Inventories

Stocks of consumables and work in progress are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis. Work in progress includes a portion of the costs appropriate to the stage of completion reached.

## Trade and Other Payables

These amounts represent the best estimate of the expenditure required to settle an obligation arising from goods or services provided to ESR prior to period end. These amounts are unsecured and are usually paid within 30 days of recognition. Liabilities and provisions to be settled beyond 12 months are recorded at their present value.

## Employee Benefits

### *i) Wages, Salaries and Annual Leave*

Liabilities for wages and salaries, in particular annual leave that is expected to be settled within 12 months of the reporting date, are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Obligations for contributions to defined contribution retirement plans are recognised in the Income Statement as they fall due.

### *ii) Long Service Leave, Retiring Leave and Development Leave*

The liability for long service leave, retiring leave and development leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to the expected future salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date for Government Bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

## Leases

Finance leases transfer to ESR, as lessee, substantially all the risks and rewards incidental to ownership of a leased asset. Initial recognition of a finance lease results in an asset and liability being recognised at amounts equal to the lower of the fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The property, plant and equipment acquired under a finance lease are depreciated over the shorter of the assets' useful lives and lease terms.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Income Statement on a straight-line basis over the period of the lease.

## Share Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown as appropriate in equity as a deduction, net of tax, from the proceeds.

## Revenue

### *i) Sales of Goods and Services*

Revenue is earned by ESR in exchange for the provision of outputs (products or services) to third parties. Revenue from the supply of goods and services is measured at the fair value of consideration received. Revenue from the supply of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from the supply of services is recognised in the accounting period in which the services are rendered, by reference to the completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

### *ii) Interest Income*

Interest income is recognised in the Income Statement on a time proportion basis, using the effective interest rate method.

## Foreign Currency

Transactions in foreign currencies are initially translated at the foreign exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the Income Statement.

Non-monetary assets and liabilities measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

## Goods and Services Tax

Items in the Income Statement and Statement of Cash Flow are disclosed net of Goods and Services Tax ("GST"). All items in the Balance Sheet are stated net of GST with the exception of receivables and payables, which include GST invoiced.



## Dividends

A provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date.

## Financial Instruments

The designation of financial assets and financial liabilities by ESR into instrument categories is determined by the business purposes of the financial instruments, policies and practices of management, the relationship with other instruments and the reporting costs and benefits associated with each designation. The designations applied by ESR are reflected in the financial statements.

### *i) Financial Assets*

Financial assets held by ESR include cash and cash equivalents, and trade receivables.

Receivables specifically are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables issued with durations less than 12 months are recognised at their nominal value, unless the effect of discounting is material. Allowances for estimated irrecoverable amounts are recognised when there is objective evidence that the asset is impaired.

Gains or losses from interest, foreign exchange, other fair value movements and impairment losses are separately reported in the Income Statement. Transaction costs are expensed as they are incurred.

Cash and cash equivalents include cash on hand, cash in transit, bank accounts and deposits with a maturity of no more than three months from the date of acquisition.

### *ii) Financial Liabilities*

Financial liabilities held by ESR include trade and other payables.

Such financial liabilities are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method. Financial liabilities entered into with durations less than 12 months are recognised at their nominal value. Amortisation and, in the case of monetary items, foreign exchange gains and losses are recognised in the Income Statement as is any gain or loss when the liability is derecognised.

### *iii) Derivatives*

Derivative financial instruments are recognised both initially and subsequently at fair value. They are reported as either assets or liabilities depending on whether the derivative is in a net gain or net loss position respectively. ESR does not use hedge accounting, and as such derivatives are classified as held-for-trading financial instruments with fair value gains or losses recognised in the Income Statement. Such derivatives may be entered into for risk management purposes.

## Financial Risk Management

ESR's activities are exposed to a variety of financial risks: market risk, credit risk, liquidity risk, cash flow risk and fair value interest-rate risk. ESR's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on ESR's financial performance.

### *Market Risk*

In accordance with its Treasury Management policy, ESR uses derivative financial instruments to economically hedge its exposure to foreign exchange risks from its operational, financing and investment activities. These derivatives are classified at fair value, and gains and losses are recognised in the Income Statement.

### *Credit Risk*

Credit risk exposure arises from trade debtors, and transactions with financial institutions. ESR's credit policy is monitored regularly. In some circumstances, collateral of security over assets may be obtained from trade debtors to mitigate the risk of default. Security over assets is not required from financial institutions owing to the quality of the institutions with which ESR deals. There are no significant concentrations of credit risk.

### *Liquidity Risk*

Prudent liquidity risk management means maintaining the availability of sufficient cash and funding via an adequate amount of committed credit facilities. Owing to the nature of the underlying business, ESR aims to maintain funding flexibility through committed credit lines.

### *Interest Rate Risk*

ESR's operating cash flows are substantially independent of changes in market interest rates. Cash flow interest-rate risk arises mainly from borrowings of both short-term and long-term advances. Long-term borrowings are arranged at fixed and floating rates and expose ESR to fair value interest-rate risk.

# Appendix II

## Capability Fund (CF) – Priorities for Investment

### A. Existing Capabilities [maintain and enhance]

Capability	Areas of Activity	2008/09 Forecast	2009/10 Forecast	2010/11 Forecast
1. Water quality	New water allocation and trading tools. Developing a water resources group based in Canterbury.	Collaborate with regional councils, researchers and business leaders.	Practical research undertaken to inform policy development and solve real-world water use problems.	Demonstrate value of combining biophysical and social science research to assist with sustainable use of water.
2. Human biosecurity and disease surveillance	Develop research capability with ESR's National Centre of Biosecurity and Infectious Disease (NCBID) partners to underpin service delivery with particular focus on the impacts of climate change.	Develop research capability with NCBID partners to underpin service delivery.	Develop a research base with NCBID partners to underpin and enhance service delivery to multiple clients across the government sector.	Develop a research base with NCBID partners to underpin and enhance service delivery to multiple clients across the government sector.
3. Population health and communicable disease	Develop and mentor young scientists to maintain and enhance core capability.	Sustainable capability as part of succession plan.	Mine data to inform research and service delivery.	Mine data to inform research and service delivery.
4. Food safety	Integrate New Zealand based research with EU research through collaborative projects.	Implement research findings and direct future research through end user involvement.	Implement research findings and direct future research through end user involvement.	New Zealand positioned as top-quality food exporter based on scientific information.

### B. New and Emerging Capabilities

Capability	Areas of Activity	2008/09 Forecast	2009/10 Forecast	2010/11 Forecast
1. Envirogenomics platform – ongoing	Understand gene-environment interactions with a view to individualised/personalised preventative health and medical and drug therapies. Focus on tobacco addiction.	Identify and compete for external research and service delivery opportunities to progressively replace CF.	Undertake research and develop new products and services in the personalised medicine space.	Undertake research and develop new products and services in the personalised medicine space.
2. Microbial and chemical forensics platform – ongoing	Rapid identification of microbes and chemicals and chain of custody, underpins NCBID.	Negotiate new service delivery with clients.	Secure service delivery to new clients.	Consolidate service delivery to new clients.
3. New biological identification techniques platform – ongoing	Identify cell types using new technologies.	Continue to build research capability through supervision of postdoctoral students.	Apply capability for forensic service delivery to clients.	Apply capability for forensic service delivery to clients.
4. Science in society – ongoing	Develop capacity for community interaction with science and technology in the sustainability space.	Use methodologies in research projects for stakeholders. Develop research and new services for clients.	Develop new services for government and private sector clients (e.g. IBM).	Develop new services for government and private sector clients (e.g. IBM).
5. Drugs in society	Combine capabilities in toxicology, workplace drug testing, forensic science and social science to build a new integrated platform	Undertake research to inform policy.	Undertake research to inform policy.	Undertake research to inform policy.

### C. Over the Horizon [discovery and creative insight activity]

Potential Capability	Areas of Activity	2008/09 Forecast	2009/10 Forecast	2010/11 Forecast
1. New technology futurewatch	Contribute to MoRST and ESR Futurewatch Programmes with a view to identification of new or disruptive technologies.	Maintain watching brief on new technologies useful for ESR activities present and future. Action as required.	Maintain watching brief on new technologies useful for ESR activities. Action as required.	Maintain watching brief on new technologies useful for ESR activities. Action as required.

# Directory

## Directors

Ian Wilson (Chair)  
Dr Garth Carnaby (Deputy Chair)  
Prof. Stephen Chambers  
Dr Judith Johnston  
Sharon Opai  
Dr Mere Roberts

## Chief Executive Officer

Dr John Hay

## Senior Managers

Dr Keith Bedford	General Manager, Forensic
Jocelyn Grainger	General Manager, Human Resources
Leo Morta	Chief Information Officer
Dr Valerie Orchard	General Manager, Science and Research
Peter O'Shea	General Manager, Finance; and Company Secretary
David Talbot	General Manager, Business Development and Marketing
Dr Fiona Thomson-Carter	General Manager, Environmental Health

## Principal Scientists

Dr John Buckleton  
Dr Murray Close  
Dr Diana Martin  
Dr Tom Speir

## Programme Managers

Dr Bruce Adlam	Communicable Disease; and Population & Environmental Health
Dr Virginia Hope	National Centre for Biosecurity and Infectious Disease
Maui Hudson	Maori Development
Dr Stephen On	Food Safety
Dr Ralph Richardson	Pharmaceuticals
Alistair Sheat	Water Management
Dr Jill Vintiner	Forensic
Vacant	Workplace Drug Testing
Vacant	Forensic Research

## Registered Office

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## Auditor

Karen Shires of PricewaterhouseCoopers  
on behalf of the Auditor-General

## Banker

National Bank of New Zealand

## Solicitor

Kensington Swan