



# sustainable development report

sustainable development is our core business

## environmental

we minimise our effect on the environment  
and help others minimise the effect they have

## social & cultural

we look after our staff and operate responsibly,  
and we help improve the lives of others

## economic

we operate in an economically sustainable  
manner, and our research provides benefits for  
all of New Zealand

# Sustainable Development Report

We are committed to operating in a sustainable manner and working with others to achieve our environmental, social, and economic goals and those of the Government. Many of our core business activities contribute directly to the sustainable development of New Zealand's natural environment and its resources through the provision of scientific advice, products, and services.

We take particular care to minimise the impact of our activities on the environment and to ensure that individuals and communities potentially affected by our actions are well informed and consulted. A growing component of our work is directed at creating new business and job opportunities. We contribute extensively to non-government organisations and community groups, and to the education of primary, secondary, and tertiary students, local and central government agencies, and the wider public. Our involvement with universities and international networks is essential in developing human capital for New Zealand's wider long-term interests in our key science sectors. Internationally, we represent New Zealand at a vast array of scientific meetings and inter-government forums.

NIWA is committed to:

- undertaking research for the benefit of New Zealand;
- pursuing excellence in all activities;
- complying with all ethical standards;
- promoting and facilitating the application of the results of research and technological developments;
- being a good employer;
- maintaining financial viability.

These principles are the basis of our non-financial performance measures which are agreed each year with the shareholding Ministers as part of our Statement of Corporate Intent. From 2006–07, we will report on new indicators developed by the Crown Company Monitoring & Advisory Unit to demonstrate our role and effectiveness in our target sectors and our impact on New Zealand's society, environment, and economy.

In the following pages we summarise our 2005–06 Sustainable Development Report. The full version, verified by URS, including highlights, targets, and achievements, is presented on our website: [www.niwa.co.nz](http://www.niwa.co.nz).

## Our science helps ensure the sustainable development of New Zealand's natural resources

Our core business is providing scientific advice, products, and services that underpin the sustainable development of natural marine, freshwater, and atmospheric resources.

We contribute significantly to developments in agriculture, aquaculture, energy, fisheries, and marine and freshwater resources. Key issues include concerns about water quality and allocation, increased atmospheric and aquatic pollution, declining fish stocks, and increased pressure on freshwater and marine resources. Some examples of how we contributed to sustainability in these sectors are given below; many more are presented in the science and services sections (see pp. 10–43).



*West Head at the opening of Tory Channel.*

### Sustainable management of marine resources

- Understanding the factors driving variation in the productivity of coastal waters helps improve predictability and sustainable management of the aquaculture industry and long-term sustainability of the environment. Multi-year variations in nitrogen concentrations are driving variations in plankton production in the Marlborough Sounds via upwellings from Cook Strait and inflows from the Pelorus River.
- Stock assessments for the Ministry of Fisheries this year, targeted because of current or potential sustainability issues, included hoki, orange roughy, oreo, and paua.

### Sustainable use of freshwater resources

- Harvesting from rivers is one solution to restricted water availability for agricultural development in water-deficient areas. We are developing a model to run future development scenarios for sustainable water use.
- We are developing a web-based tool, 'Water Resources Explorer', which models stream water resources information by catchment, and includes models to estimate, for example, mean annual suspended sediment yield, water runoff, and water quality. Users only have to zoom to and mouse-click on the part of the stream they are interested in.

### Sustainable land use

- We now have a new model to predict nitrogen and phosphorus losses from single properties in the Rotorua Lakes area. It will be used for land-use consenting under the Environment Bay of Plenty 'Land and Water Plan' to ensure the long-term sustainability of valuable land and freshwater resources in the region.
- We again ran workshops to help farmers make more informed decisions, both in the paddock and at the water's edge, when considering farm intensification and sustainable use of resources.



*NIWA agricultural climatologist Alan Porteous (right) and North Canterbury farmer Roel Wobben discuss the high value supplementary feed available through effective irrigation management.*

### Sustainable management of biodiversity and biosecurity

- The invasive river alga *Didymosphenia geminata* could cost \$58–285 million in lost production and decreased biodiversity values over the next six years. We first identified the alga and have now carried out trials on biocides to control the species.
- We have further developed an epidemiological model to simulate the transport of non-indigenous fouling species around New Zealand by yacht movements. It will help evaluation of the most effective methods of preventing the spread of key invasive marine species.

### Improving the quality of life in urban and rural areas

- Kilometres of stream length are lost each year in the Auckland region through land development and roading. NIWA researchers are part of a team of experts developing a method to evaluate the value of streams in the urban environment and to show how adequate replacement or restoration can be achieved with 'no net loss' of stream function.
- When a NIWA remote sensor tested emissions from more than 73 000 vehicles at 24 sites in the Auckland region, emissions from about 4000 vehicles (8.5% or 1 in 12) were

above an acceptable level. The owners of these vehicles were sent a letter by the ARC, as part of their Big Clean Up programme, encouraging them to tune their vehicle.

### Renewable and alternative energy sources

- Conventional anaerobic ponds release considerable quantities of greenhouse gases. Our research has shown that the methane content (typically 67%) has excellent energy recovery potential and could reduce the running cost of small waste treatment plants.
- Regional councils and power companies are supporting our investigations into the feasibility of using algae from wastewater treatment ponds as a fuel source.

### Working with Māori

- In collaboration with Te Arawa Māori Trust Board, and using both western science and traditional methods, we are helping develop a sustainable management framework for customary fisheries of the Te Arawa lakes.
- We have been working with Taumutu Rūnanga to teach safe, efficient, and ethical usage of both backpack and bank-mounted electric fishing equipment to upskill Māori to help us in various research projects.

## Environmental sustainability

We recognise that our activities have an impact on the environment. We aim to minimise any harmful effects and to help maintain or enhance the state of the environment.



Our 2006 Honda Civic Hybrid provides better fuel economy as well as lower emissions.

### Highlights for 2005–06 included:

- we established video conferencing at the four major sites, with limited coverage at four smaller sites;
- we carried out energy audits at all major sites and aquaculture facilities to identify areas where energy consumption could be reduced;
- we purchased our first hybrid vehicle;
- we expanded our recycling facilities;
- we conducted a waste audit at the Hamilton office;
- we increased our recycling and decreased our waste production;
- we increased staff awareness and involvement in minimising the impacts of our activities;
- we had no incidents of non-compliance with discharge regulations;
- we reduced carbon emission equivalents from our vessel operations.

### Resource use

Electricity use per fulltime staff equivalent increased this year compared with previous years, but our efficiency efforts during the last few years helped constrain this increase. A major contributor was certainly our increased productivity: compared with the baseline in 2001–02, electricity use increased by 2.8%, but staff productivity increased by 23%.

Emission of carbon dioxide through the consumption of fossil fuels to support our business (our use of motor vehicles and air travel) rose this year to 4407 t. The increase was expected and was due to the full use of the aquaculture facilities at Bream Bay.

Carbon dioxide emissions per full-time staff member increased from 6.99 t in 2004–05 to 7.49 t in 2005–06, mainly because of the expansion-driven increase in electricity use in Wellington and Bream Bay.

Despite the greater use of our research vessels, they consumed 25% less fuel, and carbon dioxide emissions decreased by more than 1700 t, as a result of a reduction in target cruise speed. Both vessels have stringent, planned maintenance routines and practices which provide high operational efficiency, including underwater hull scrubbing to improve fuel consumption.

Every 6 months the vessels are inspected for introduced species, such as *Undaria*, and are cleaned. This is also done before they enter areas where *Undaria* and other noxious plants have not been recorded, such as Antarctica.

### In 2006–07 we are considering:

- investing in more energy efficient systems and building management systems;
- purchasing more hybrid vehicles;
- installing further video conferencing facilities at other sites.

## Our social and cultural responsibilities

NIWA's social responsibility starts with the well-being of its greatest asset – its staff. Without the commitment and expertise of a highly skilled and dedicated workforce, we would not be able to meet our financial and scientific goals. We are committed to providing a safe and healthy working environment that enhances professional and career development, enhances capability in core areas, promotes a positive work/life balance, ensures that staff are treated in a fair and equitable way, rewards staff within the financial constraints of the company, and promotes innovation and excellence in scientific research, services, and the commercialisation of intellectual property.

We are equally committed to promoting social and cultural sustainable development and fulfilling our responsibilities to the wider public through our education initiatives at all levels, linking closely with local communities, and working with staff, iwi, hapū, and Māori organisations to promote partnerships in areas such as renewable energy systems.

### How we help our staff

#### Highlights for 2005–06 included:

- implementing a recruitment strategy focused on proactively marketing NIWA Science to potential recruits and updating our succession plan for leaders in core research and support areas;
- introducing new key performance indicators for science and technical staff as part of their career development and to manage expectations better;
- providing a safe and healthy working environment, maintaining our high workplace safety record and premium discount in the ACC Partnership Programme;
- creating and appointing 34 new positions to grow capability in core areas of aquaculture production, bioactives, environmental data management and forecasting, taxonomy, hazards, and sustainable energy.
- completing an internal audit of human resources policies against Equal Employment Opportunities Trust standards, policies, and practices and updating these to ensure best practice;
- undertaking a wide range of training, including leadership training and commercial skills training for key staff.

#### Rewarding staff

A tight labour market, skills shortage, and talent war placed considerable pressure on our ability to maintain competitive levels of remuneration. On average, and based on the Hay Survey of Pure and Applied Research, we have remained ahead of the science market across most levels. However, on some levels the gap between our remuneration levels and the Hay survey results is narrowing. To continue to recruit and retain high quality staff, and deliver excellent science and high quality products and services, we must aim to continue to keep remuneration levels above the market median, within our financial constraints.

Our remuneration system provides for an annual review and aims to reward people by appropriately recognising their contribution to the business and their individual

performance. We have an annual profit share scheme that allows all permanent staff to share equally in the success of the organisation. This year the profit share was the largest in NIWA's history, a reflection of the achievements, increased productivity, and dedication of our staff.

Permanent staff are also entitled to:

- a subsidised superannuation scheme;
- provision of life insurance;
- sick leave and bereavement leave as necessary;
- a personal training and development leave programme;
- ex gratia payments after returning from parental leave;
- support for sabbaticals, technical training awards;
- access to overseas travel grants;
- access to subsidised crèche facilities at our largest site.

#### Staff development

We worked with staff to develop and implement a new framework for career development.

We reran our staff management, communication, and commercial skills training programmes, and introduced a new leadership programme to ensure that we had a pool of talented, experienced leaders available in the future.

We developed new social performance measures and achieved the following:

- 300 staff received internal and external training;
- 61% of staff have personal development plans;
- 88 (including replacements) permanent job opportunities were created: 72 in main city centres, 16 in rural areas);
- 33 different types of financial and non-financial benefits available to staff.

#### Employee well-being and work-life balance

A staff survey showed the overall satisfaction in NIWA had dropped slightly to 48%, still within the margin of error of the science benchmark of 49%. The survey highlighted that staff are proud to work for NIWA, NIWA provides a supportive and friendly work environment, staff tell their friends that NIWA is a great place to work, and managers are friendly, easy to approach, and receptive to ideas and suggestions. Areas of concern include pay and benefits (perceived as being below that of other organisations), treating staff fairly, high workload, and pressure on staff.



*NIWA pulling together: Ken Grange (Nelson) and Owen Bunter (Bream Bay) pull along Carina Sim-Smith (Auckland) and Chris Woods (Christchurch) at a team race during the Mussel Festival in Nelson.*

To help staff maintain a healthy work-life balance, we allow flexible work hours where possible, generous sick leave provisions (which include family), provisions for parental leave in addition to the standard government provisions, and a training and personal development programme with paid leave and some reimbursement of costs. The personal development leave has a wide range of options, including yoga classes, photography seminars, and golf lessons. We also provide special paid leave for staff to take part in civil defence, search and rescue, volunteer fire fighting, and coastguard activities.

Reported workplace accidents rose slightly from 90 to 93, with lost-time accidents dropping from 6 to 5. Improvements in our management of rehabilitation and support for an early return to work saw the lost time drop from 157.6 FTE days to 73.9 FTE days, corresponding to 0.05% of total work days per year for science staff. We reinforced our safety culture this year by creating an annual Health and Safety Champion Award to recognise a staff member who made a substantial contribution to workplace health and safety.



*Kate Neil and Jeff Foreman negotiate Hell's Gate at the end of the soft surface 4WD training course held on Wellington's south coast.*

Fifty-one percent of NIWA's employees belong to our major union, the PSA. We facilitate partnership, openness, trust, and involvement with the PSA through quarterly meetings with delegates at our 'Partnership Forum'.

### Staff composition

Staffing levels increased over the year, reflecting a period of growth for the company. We established 34 new science positions, spread through our main centres and also in more rural areas, such as Bream Bay, Greymouth, and Turangi. Turnover remained constant at 9.8% for the Group and dropped for NIWA Science from 9.6% to 9.0%.

## How we help others

### Education and training

We are committed to education that advances science, particularly in our core areas. We do this through targeted sponsorship for schools, joint research and teaching ventures with universities, and training courses for the public. We are also the major sponsor of the regional school science and technology fairs in Auckland, Waikato, Bay of Plenty, Wellington, and Nelson. We help with sponsorship of several other regional science fairs and the national 'Realise the Dream' fair. And we fund the 'NIWA Interactive Room' at Kelly Tarlton's Underwater World, which is aimed at primary school pupils, and attracts at least 60 000 children each year.

We have strong links with New Zealand universities, including postgraduate Centres of Excellence at Canterbury and Otago, and the Institute of Aquatic and Atmospheric Sciences at Auckland, and we supervised 58 postgraduates this year. We also funded eight postdoctoral fellowships in core areas.

We also ran 12 public training courses and 3 training workshops, ranging from environmental monitoring and aquaculture to biodiversity.

(see also 'Education and Training', p. 51)



*Graeme Smart, NIWA Christchurch, showing staff from regional councils how the stopbanks on the Waimakariri River protect Christchurch from inundation.*

### Working with Māori

NIWA supports the Vision Mātauranga policy framework designed to unlock the innovation potential of Māori knowledge, resources, and people. The Māori Development portfolio encourages capacity building of Māori researchers and measurable research outcomes identified by Māori. Our Māori Research and Development Unit, Te Kūwaha, focuses on research that underpins Māori aspirations for business development and sustainable resource management. Collaboration has continued between Te Kūwaha scientists and iwi in the development of strategic research plans which help prioritise the research aspirations of iwi, hapū, and Māori organisations. Our Māori researchers and scientists specialise in the core areas of climate and energy, freshwater, marine, and aquaculture research.

A key aim for Te Kūwaha is to improve all staff interactions with iwi partners, based on 'tikanga tangata' and 'kawa atua', thus making NIWA an attractive place for Māori researchers to work. Te Kūwaha now comprises a General Manager and 15 key Māori scientists and technicians. We have daily interactions with iwi, and currently have 85 iwi relationships, 13 letters of understanding, 19 draft proposals, and 9 signed memorandums of understanding.

Te Kūwaha has engaged in several hui and wananga with their iwi research partners, users, and stakeholders. Particular highlights include the 2nd Māori Climate Forum at Hongoeka Marae in Plimmerton, Wellington, where Māori stakeholders, including many of our iwi partners, discussed regional issues and research priorities regarding climate change, and a customary fisheries wananga discussed the use of traditional methods as monitoring tools for taonga species in lakes, to ensure the sustainability of these important fisheries.

## We operate in an economically sustainable manner

Economic sustainability is not just about the company's financial performance, it is also about carrying out research which provides benefits and improvements to our community, the environment, and the whole of New Zealand.

The NIWA Group needs to generate sufficient operating surpluses to enable it to continue to grow and invest in capital expenditure and areas that extend its current base beyond fee-for-service. This year we purchased 50% of CRL Energy Ltd, creating what is now the largest energy research provider in New Zealand. The investment is an obvious extension to our core business in sustainable energy solutions – one of the most critical issues challenging New Zealand's future development and economic growth.

### Economic highlights this year included:

- NIWA Group exceeded its financial targets;
- record high revenue of \$106 million;
- net surplus, at \$10 million, producing a return on average equity of 24.4%;
- expanded the energy research capabilities of the Group by acquiring 50% of CRL Energy Ltd.

### Direct customers

Our direct customers are those who fund our science and research. The Government is our largest customer, but we also conduct research for, and provide advice and information to, many others, ranging from international conglomerates to local commercial fishers and schools. We consider the New Zealand public to be our most important customer.

### Total revenue

*NIWA Group for the year ended 30 June*

2004	\$84,631,000
2005	\$91,137,000
2006	\$106,414,000

### Revenue was received from:

Public Good Science and Technology	
Contract funding	\$42,895,000
Capability funding	\$7,479,000
Ministry of Fisheries	\$16,060,000
Other Crown Research Institutes	\$1,015,000
Central government and subsidiaries	\$11,069,000
Local government	\$5,665,000
Private sector	\$6,459,000
Other sales	\$15,772,000

### Contracts to supply information to New Zealand users

*NIWA Group for the year ended 30 June*

2006	\$35,196,000
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### Contracts to supply information to international users

*NIWA Group for the year ended 30 June*

2006	\$4,444,000
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To continue to provide the best science for all customers, we have to grow with the market. The continued increase in our revenue shows the ongoing growth in demand for the science, products, and services we provide and our ability to respond to new opportunities and issues facing New Zealand.

A client survey was conducted during 2005–06 to determine the quality and effectiveness of our consulting services. While issues around price are always a concern, the overall impression of respondents is that NIWA is a highly credible science-based organisation employing highly skilled and competent staff. The competency of our staff and quality of work appears to be the principal drawcard for our services. Monthly publications from our National Centres are widely read and have helped considerably in increasing knowledge of NIWA's research and consulting services.

### Suppliers

We aim to be good customers ourselves by supporting our suppliers and subcontractors by paying them in a timely manner in accordance with agreed terms.

### Cost of all goods, materials, and services

*NIWA Group for the year ended 30 June*

2004	\$36,153,000
2005	\$38,071,000
2006	\$42,824,000

### Employees

#### Total payroll and benefits

*NIWA Group for the year ended 30 June*

2004	\$41,864,000
2005	\$43,214,000
2006	\$47,188,000

### Providers of capital

NIWA had interest bearing debt at 30 June 2006 of \$600,000 (2005: \$1,700,000). Changes in economic value to our shareholders are:

### Operating surplus before tax

*NIWA Group for the year ended 30 June*

2004	\$7,036,000
2005	\$9,654,000
2006	\$15,706,000

### Return on equity (%)

*NIWA Group for the year ended 30 June  
(net surplus/average shareholders' funds)*

2004	10.7
2005	13.5
2006	24.4

## Public sector

Most of our research is aimed at addressing issues of relevance to the general public – the sustainability of our society and civilisation.

As a commercial entity, we also contribute by paying tax. Taxes paid in other countries were minimal.

## Taxes paid

NIWA Group for the year ended 30 June

2004	\$1,506,000
2005	\$3,000,000
2006	\$5,606,000

## The future economic challenges include:

- continuing to meet NIWA's economic targets in the face of increasing competition and increasing resource costs;
- continuing to find new investment and growth opportunities that add value to our organisation and extend beyond straight fee-for-service;
- maintaining our profitability and continuing to produce acceptable returns to our shareholders, balanced against increasing operating costs and the rising costs of retaining the best scientists in an increasingly tight labour market;
- increasing commercialisation and adding value that turns our research outcomes into new products, services, and industries for New Zealand;
- increasing the contribution of the products and commercialisation components of NIWA's revenue.

The full version of our Sustainable Development Report is presented on our website: [www.niwa.co.nz](http://www.niwa.co.nz).

## Performance against Statement of Corporate Intent (for NIWA Group)

The following table summarises performance against measures in our Statement of Corporate Intent.

We have maintained publication rates over the last 5 years, but with a greater focus on international, externally refereed journals. The number of conference papers and presentations and media articles is significantly higher than in recent years, partly because of our greater focus on promoting activities. We also funded 200 presentations at international conferences.

We have worked hard to improve access to our nationally significant databases. The climate database, for example, is now a web-based fully automated system, and this is reflected in the significant increase in the number of requests we serviced.

### Financial performance measures

	2005–06 Actual	2005–06 Target	2004–05 Actual
Revenue (\$ millions)	106.4	100.6	91.1
Current ratio	0.90	0.81	1.0
Quick ratio	1.20	0.87	1.3
Return on equity (%)	24.4	14.2	13.5
Return on assets (%)	22.7	12.8	13.4
EBIT margin (%)	14.5	8.8	10.2

### Non-financial performance measures

#### Staff composition (including subsidiaries)

Number of staff			
Research teams (including postdocs)	475	462	437
Research support	46	44	44
General support	104	103	106
Management	26	24	24
Staff turnover (%)	9.8	<8	9.6

#### Good employer

Lost time injuries (% of work days)	0.05	<0.05	0.07
Days lost to injury (NIWA Science)	73.9		157

#### Research output\*

Papers in international, externally refereed journals	369	300	347
Papers in local, internally-, or editor-refereed journals	102	180	127
Conference papers and other presentations	1020	800	781
Research monographs and books	83	70	88
Popular books	1	2	0
Client reports	609	510	606

#### Application and promotion of science

Value of consultancies to NZ users (\$ millions)	35	28	24
Achievements of technology transfer objectives in FRST contracts (%)	98	95	95
Number of external training courses	15		13
Number of joint ventures with NZ users	2		2
Value of TBG and Technet contracts (\$ thousands)	649	800	758
Requests serviced for information from NIWA's nationally significant public good databases			
• National Climate Database <sup>1</sup>	88 690	9000	8500
• Water Resources Archive	10 200	800	1120
• NZ Freshwater Fish Database	1309	1200	1452
Magazine and newspaper feature articles plus TV and radio interviews	231	250	194
Number of patents or licensed products owned <sup>2</sup>	11		6
Number of representatives on international committees	107	–	–
International visits (including conferences) <sup>3</sup>	136		
Visiting scientists	18		

\* Measured for a calendar year.

<sup>1</sup> These are individual data requests by 122 external subscribers who regularly access the database and do not include data requests for internal NIWA users.

<sup>2</sup> The number of patents includes patents granted (4) or at application stage. They cover three products, but exclude Unidata and other products which are licensed to distributors.

<sup>3</sup> Visits and conferences funded by NIWA.

## ASSURANCE STATEMENT

### Scope and Methodology

URS New Zealand Limited (URS) has carried out an independent audit of the National Institute of Water and Atmospheric Research (NIWA) Sustainable Development Report 2005/6, to provide readers assurance on the accuracy and completeness of the Report content.

The audit was designed to investigate whether NIWA has provided adequate evidence to support the information contained in the Report and to assess how well the AA1000 Assurance Standard (March 2003) principles of Materiality, Completeness, and Responsiveness are applied.

The audit methodology was to:

- Review the draft Report – to identify statements of fact/claims and data requiring verification;
- Identify key environmental/social performance areas and issues (based on understanding of NIWA operations in New Zealand and identified stakeholder interest);
- Conduct interviews with key personnel at NIWA;
- Speak with key stakeholders to gauge NIWA's responsiveness to their interests and any concerns;
- Sight documented information, computer and hardcopy files, data sources and data;
- Identify errors or weakness in data, provide feedback to NIWA and verify the final Report.

The scope of assurance covered all sections of the NIWA Sustainable Development Report 2005/06.

### Independence

URS worked on a small number of projects with NIWA during the period covered by the Report. There is no aspect of the relationship that has influenced the independent nature of the verification findings.

### Accuracy

On the basis of the described audit methodology, URS verifies that the content of the NIWA Sustainable Development Report 2005/06 provides an accurate description of the company's performance.

NIWA's Report provides a high level of exactness and low margin of error. Reporting and information systems are very robust and transparent. Some minor discrepancies were identified during the process, however these were corrected by NIWA.

## DISCLAIMER

The veracity of the information summarised in the Report is dependant upon the uniformity, consistency and thoroughness of site/operational staff reporting all relevant matters. While the report Verification Process allowed URS to develop a good appreciation of NIWA's sustainability issues and site specific initiatives, URS did not and can not determine precisely the uniformity, consistency and thoroughness of reporting. URS has prepared this Statement for the use of NIWA in accordance with the usual care and thoroughness of the consulting profession. The opinions provided are based on generally accepted practices and standards at the time they were prepared. No other warranty, expressed or implied, is made as to the professional advice included in this Statement. To the extent permitted by law, URS excludes all liability that may arise from professional advice contained in this Statement. This Statement must be read in conjunction with the supporting documents prepared by URS. No responsibility is accepted for use of any part or all of this Statement in any other context or for any other purpose or by third parties. No third party is entitled to rely on any matter contained in this Statement without URS's prior consent in writing. Neither URS's name nor the material submitted in this Statement may be included in any prospectus or used in offering or representations in connection with the sale of securities or participation interest without URS's prior consent in writing. URS owes no duty of performance to any party other than our contracted client.

### Materiality

NIWA's Report provides a balanced representation of the organisation's sustainability issues and related activities with appropriate reference made to the previous NIWA Report to provide stakeholders with information on progress over time.

NIWA sets clear targets for environmental and social performance to drive continuous improvement. Some of these targets were set in 2002 and we would recommend a review of these to reflect NIWA's current operations.

NIWA presents a balanced view to stakeholders, reporting on targets not achieved and challenges. We note that more commentary on why these occurred would add value in some areas.

### Completeness

Appropriately detailed information and data are included in the Report, especially with regard to NIWA's wider contribution to sustainable development, its physical infrastructure, staff challenges and stakeholder feedback.

There is a further opportunity to work more closely with project partners and suppliers to explore sustainability issues with them.

### Responsiveness

As reflected in the report, NIWA works closely with its stakeholders across a range of projects related to sustainable development and reports on areas of interest to both external and internal stakeholders.

An opportunity exists to engage more closely with stakeholders to help NIWA ensure all areas of significance are included within future reports.

It was evident throughout the verification process that NIWA's culture and values are well aligned with the concepts of socially and environmentally responsible practices. We commend NIWA on their commitment to sustainable development and look forward to seeing further progress towards fully integrated sustainability.

**URS New Zealand Limited**  
6th September 2006



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