



Manaaki Whenua  
Landcare Research

# Half Yearly Report

For the period ending December 2021



Landcare Research New Zealand Limited  
(Manaaki Whenua)  
Half-Year Report 2021  
Directors' Report and Financial Statement

Presented to the House of Representatives  
pursuant to section 44 of the Public Finance  
Act 1989

ISSN (web) 2253-2943

HALF-YEAR REPORT 2021  
Our Half-Year Report fulfils our Annual  
Reporting Responsibilities under the  
CRIs Act 1992. Detailed information about  
our research, operational activities and impacts,  
and governance is available on our website:  
[www.landcareresearch.co.nz](http://www.landcareresearch.co.nz)

On the cover:

*Thomas Caspari and Ursula Jewell determining  
soil colour during the 2021 pedologists meeting  
in Waipara.*

**Contents**

**CHAIR AND CHIEF EXECUTIVE’S REPORT.....4**

**FINANCIALS .....7**

**FINANCIAL STATEMENTS .....8**

## CHAIR AND CHIEF EXECUTIVE'S REPORT

### Overview

In the first half-year, Manaaki Whenua has started to implement its refreshed strategy. This comprises a new ambition statement, a commitment to the principles of Te Tiriti o Waitangi, new impact and outcome goals, and new strategic priorities. This can be seen at [Te Āpōpōtanga – Our land, our people, our future » Manaaki Whenua \(landcareresearch.co.nz\)](https://landcareresearch.co.nz/te-apopotanga-our-land-our-people-our-future). We have had a review of our biological collections and databases by our international Science Advisory Panel and a group of senior Māori, and we finished our new building at Lincoln.

### Our ambition and goals

Our new ambition statement is, “Kia mauri ora te whenua me tōna taiao (make the life-force and the vitality of the land strong). The inclusion of mauri in this statement links the environment to people, which is a theme throughout our new strategy. We have made a formal commitment to upholding the Principles of Te Tiriti in all our activities. These are: Partnership, Participation, and Active Protection of Māori interests, especially in the natural environment.

We have reset our science impact areas to focus on the major areas of Aotearoa's needs: restoring biodiversity and beating invasives; enhancing soils, land, and water; acting against climate change; and achieving a positive relationship between people and their environment. Our 12 new outcome statements reflect our partners' diverse needs for value from science.

### Commitment to Te Tiriti

We have made a formal commitment to the Principles of Te Tiriti and have started on a plan of action. This commitment recognises both the history and further development of our relationship, and the ongoing and pressing need to restore balance and equity in the Treaty partnership. As a first step we have appointed three new Tier 3 research leaders to ensure that Māori aspirations are influential in setting our science strategy and kaupapa Māori research. We will make further investments in Māori partnership and engagement, and in building our internal bicultural capability.

### Strategic priorities

We have embarked on three new priorities:

- weave the principles of Te Tiriti into our fabric
- drive research impact with our partners
- create a sustainable environment for our research and people to thrive.

### Impact from science

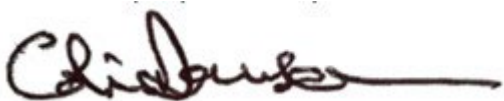
In November 2021 our international Science Advisory Panel reviewed our biological collections and databases. This included a hui with senior Māori leaders. Our response will form a key part of our commitment to the principles of Te Tiriti.

### Our infrastructure

We completed our new building at Lincoln, and after its blessing we have moved staff in. However, due to Covid19 restrictions, most of our staff are presently working from home, so we cannot fully enjoy the benefits of the new building.

## **Financial performance**

We were trading at a small loss (\$1.2 million NPAT) at the half-year, influenced by the pandemic restrictions.

A handwritten signature in dark ink, appearing to read 'Colin Dawson', with a long horizontal flourish extending to the right.

Colin Dawson  
**Chairman**

A handwritten signature in dark ink, appearing to read 'Richara Gordon', with a long horizontal flourish extending to the right.

Richara Gordon  
**Chief Executive**

## NON-FINANCIAL INDICATORS

### Research collaboration

Scientific peer-reviewed publications, 12-month rolling total	31 Dec 21/22	SCI target	On track?	31 Dec 20/21
In collaboration with other NZ institutes	33.5%	25–30%	No MBIE target	27.6%
In collaboration with international institutes	34.9%	35–40%	No MBIE target	39.9%
Both NZ and international institutes	21.9%	25–30%	No MBIE target	24.1%
<b>Joint papers %</b>	90.3%	85–90%	<b>Yes</b>	91.6%

### End-user collaboration

Commercial revenue per FTE, 12-month rolling total (\$000s)	31 Dec 21/22	SCI target	On track?	31 Dec 20/21
Commercial revenue per FTE (a, b)	\$63.9	>\$50	<b>Yes</b>	\$61.0

### Science quality

Mean publication citation score, annual measure (calendar year published in Q4 and Annual Report, score per SCImago)	31 Dec 21/22	SCI target	On track?	31 Dec 20/21
Mean citation score for journals in which the CRI has published (c)	4.0	3.0–4.0	<b>Yes</b>	4.2

### Tech transfer

Number of commercial/customer reports per scientist FTE, 12-month rolling total	31 Dec 21/22	SCI target	On track?	31 Dec 20/21
Client reports (d)	135	No target	No target	159
Client reports per scientist FTE	0.74	0.75–0.85	<b>Yes</b>	0.86

### Financial

Revenue per FTE, 12-month rolling total (\$000s)	31 Dec 21/22	SCI target	On track?	31 Dec 20/21
Revenue per FTE (a, b)	\$231.3	>\$200	<b>Yes</b>	\$218.0

#### Notes:

- a. Revenue and FTEs are counted at the Manaaki Whenua – Landcare Research Group level.
- b. The total differs from the quarterly report revenue and annual accounts revenue because it nets New Zealand's Biological Heritage National Science Challenge subcontracts against revenue.
- c. Updated annually in Q4 from Web of Science and Scimago using previous calendar year citation data.
- d. Excludes reports to collaborators in MBIE and NSC programmes. Not included in the SCI targets.

## FINANCIALS

The following financial indicators and statements show the Landcare Research Group's unaudited results for the half-year ending 31 December 2021.

### Financial Indicators

#### Landcare Research – Manaaki Whenua

Summary table of financial performance indicators

Consolidated (\$)

	<b>Actual</b> For the 6 months ended 31 December 2020	<b>Business Plan</b> For year ending 30 June 2021
<b><i>Efficiency</i></b>		
Operating margin	4.4%	8.1%
Operating margin per FTE	\$1,280	\$19,066
<b><i>Risk</i></b>		
Quick ratio	0.9	1.72
Interest coverage	23.29	N/A
Operating margin volatility	N/A	19.3%
Forecasting risk	N/A	0.8%
<b><i>Tailored rate of return</i></b>		
RoE (based on NPAT)	3.0%	6.2%
<b><i>Growth/investment</i></b>		
Revenue growth	N/A	11.6%
Capital renewal	N/A	1.4

Operating margin volatility, Forecasting risk, Revenue growth, and Capital renewal are calculated annually and are therefore shown as N/A in the half year accounts.

## FINANCIAL STATEMENTS

### Landcare Research New Zealand Limited

#### Interim condensed consolidated statement of comprehensive income (unaudited)

For the six months ended 31 December 2021

	Dec 2021 Actual	Dec 2020 Actual	Full year to Jun 2021 Actual
	\$000s	\$000s	\$000s
Revenue from operations	45,395	47,096	96,799
Finance income	132	191	311
<b>Total revenue</b>	<b>45,527</b>	<b>47,287</b>	<b>97,110</b>
Finance costs	19	126	230
Operating expenses	47,145	44,920	92,239
<b>Total expenses</b>	<b>47,164</b>	<b>45,046</b>	<b>92,469</b>
<b>Profit / (Loss) before tax</b>	<b>(1,637)</b>	<b>2,241</b>	<b>4,641</b>
Income tax expense	(420)	534	1,358
<b>Profit / (Loss) after tax</b>	<b>(1,217)</b>	<b>1,707</b>	<b>3,283</b>

*The accompanying notes form part of these financial statements.*

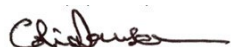
**Landcare Research New Zealand Limited**

**Interim condensed consolidated statement of financial position (unaudited)**

**As at 31 December 2021**

		<b>Dec 2021</b>	<b>Dec 2020</b>	<b>Full year to Jun 2021</b>
		<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
	<b>Note</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	4.	5,234	11,451	12,249
Trade and other receivables		4,348	5,964	7,793
Inventories		100	560	183
Other financial assets		36,391	19,218	26,292
Contract assets		5,693	780	2,520
Finance lease receivable		53	49	53
Tax receivable		1,214	-	311
Derivative financial instruments		-	(1)	-
<b>Total current assets</b>		<b>53,033</b>	<b>38,021</b>	<b>49,401</b>
<b>Non-current assets</b>				
Property, plant and equipment		44,759	45,452	45,822
Right-of-use assets		4,858	6,057	5,175
Patents and intellectual property		507	513	507
Intangible assets		552	867	552
Deferred tax asset		242	611	242
Finance lease receivable		249	253	249
<b>Total non-current assets</b>		<b>51,167</b>	<b>53,753</b>	<b>52,547</b>
<b>Total assets</b>		<b>104,200</b>	<b>91,774</b>	<b>101,948</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables		9,458	9,860	12,809
Employee benefit liabilities		5,306	4,871	4,573
Contract liability (revenue in advance)		31,607	18,534	25,588
Lease liability - Current		195	443	407
Tax payable		-	171	-
<b>Total current liabilities</b>		<b>46,566</b>	<b>33,879</b>	<b>43,377</b>
<b>Non-current liabilities</b>				
Employee benefit liabilities		938	999	938
Lease liability - Non-current		5,245	5,804	4,965
<b>Total non-current liabilities</b>		<b>6,183</b>	<b>6,803</b>	<b>5,903</b>
<b>Total liabilities</b>		<b>52,749</b>	<b>40,682</b>	<b>49,280</b>
<b>NET ASSETS</b>		<b>51,451</b>	<b>51,092</b>	<b>52,668</b>
<b>EQUITY</b>				
Ordinary shares		10,515	10,515	10,515
Retained earnings		40,936	40,577	42,153
<b>Total equity</b>		<b>51,451</b>	<b>51,092</b>	<b>52,668</b>

*The accompanying notes form part of these financial statements.*



**Colin Dawson**  
**Chairman**

23 February 2022



**Paul Reynolds**  
**Deputy Chairman**

23 February 2022

**Landcare Research New Zealand Limited**  
**Interim condensed consolidated statement of changes in equity (unaudited)**  
**For the six months ended 31 December 2021**

	<b>Dec 2021</b>	<b>Dec 2020</b>	<b>Full year to Jun 2021</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>
<b>Balance at 1 July</b>	<b>52,668</b>	<b>49,385</b>	<b>49,385</b>
Total comprehensive income for the year ended 30 June	(1,217)	1,707	3,283
<b>Balance at 31 December</b>	<b>51,451</b>	<b>51,092</b>	<b>52,668</b>
<b>Total comprehensive income attributable to:</b>			
Parent company	(1,217)	1,707	3,283
	<b>(1,217)</b>	<b>1,707</b>	<b>3,283</b>

*The accompanying notes form part of these financial statements.*

**Landcare Research New Zealand Limited**  
**Interim condensed consolidated statement of cash flows (unaudited)**  
**For the six months ended 31 December 2021**

	<b>Dec 2021</b>	<b>Dec 2020</b>	<b>Full year to Jun 2021</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>
<b>Cashflows from operating activities</b>			
Receipts from customers	50,744	52,252	105,741
Interest received	132	304	371
Payments to suppliers and employees	(37,892)	(38,440)	(79,218)
Interest paid	(117)	(384)	(230)
Tax refund/(paid)	(2,512)	(1,757)	(2,724)
<b>Net cash generated from operating activities</b>	<b>10,355</b>	<b>11,975</b>	<b>23,940</b>
<b>Cashflows from investing activities</b>			
Purchase and sale of short term investments	(10,099)	(256)	(7,330)
Purchase of property, plant and equipment	(7,202)	(5,749)	(10,018)
Purchase of intangible assets	-	(43)	-
<b>Net cash used in investing activities</b>	<b>(17,301)</b>	<b>(6,048)</b>	<b>(17,348)</b>
<b>Cashflows from financing activities</b>			
Operating leases - principal paid	(68)	(504)	(371)
<b>Net cash generated from (used in) financing activities</b>	<b>(68)</b>	<b>(504)</b>	<b>(371)</b>
<b>Net increase/(decrease) in cash</b>	<b>(7,014)</b>	<b>5,423</b>	<b>6,221</b>
Cash, cash equivalents and bank overdrafts at beginning of the year	12,249	6,028	6,028
<b>Cash, cash equivalents and bank overdrafts at end of the year</b>	<b>5,235</b>	<b>11,451</b>	<b>12,249</b>

*The accompanying notes form part of these financial statements.*

## 1. Reporting entity and activities

Landcare Research New Zealand Limited (trading as Manaaki-Whenua) is a Crown Research Institute governed by the Crown Research Institutes Act 1992, Crown Entities Act 2004, Companies Act 1993 and the Public Finance Act 1989. The Landcare Research Group ('the Group') consists of Landcare Research New Zealand Limited and its subsidiaries, Landcare Research US Limited (100% owned) and Enviro-Mark Solutions Limited (trading as Toitū Envirocare, 100% owned). Landcare Research New Zealand Limited and Enviro-Mark Solutions Limited are incorporated and domiciled in New Zealand; Landcare Research US Limited is incorporated and domiciled in the USA.

The core purpose of the Group is to drive innovation in New Zealand's management of terrestrial biodiversity and land resources in order both to protect and to enhance the terrestrial environment and grow New Zealand's prosperity.

These unaudited condensed consolidated interim financial statements of the Group are for the six months ended 31 December 2021 and were authorised by the Board of Landcare Research New Zealand Limited on 23 February 2022.

## 2. Basis of preparation

The interim financial statements of the Group have been prepared in accordance with NZ IAS 34 'Interim financial reporting'. The interim financial statements should be read in conjunction with the annual financial statements for the year ended 30 June 2021, which have been prepared in accordance with NZ IFRS, and other applicable financial reporting standards, including generally accepted accounting practice, as appropriate for Tier 1 for-profit entities.

## 3. Accounting policies

The Group's accounting policies have been consistently applied in preparing the financial statements for the six months ended 31 December 2021; and the comparative information for the six months ended 31 December 2020 and the year ended 30 June 2021.

## 4. Reconciliation of net profit/(loss) after tax with net cash flow from operating activities

	Consolidated		Full year to
	Dec 2021	Dec 2020	Jun 2021
	Actual	Actual	Actual
	\$000s	\$000s	\$000s
Profit / (loss) after tax	(1,217)	1,707	3,283
Add/(less) non-cash items:			
Depreciation and amortisation	2,519	2,093	5,203
Increase/(decrease) in deferred tax	1,183	-	(210)
Movement in non-current employee entitlements	-	-	(61)
Add/(less) items classified as investing or financing activities:			
Movement in financial assets	-	-	55
Add/(less) movements in working capital items			
Inventory	294	(284)	(118)
Trade and other receivables	(1,942)	3,240	(404)
Interest receivable	104	170	60
Trade and other payables	2,931	2,980	7,038
Employee benefit liabilities	733	412	114
Contract Liabilities (Revenue in advance)	5,750	1,657	8,980
<b>Net cash inflow/(outflow) from operating activities</b>	<b>10,355</b>	<b>11,975</b>	<b>23,940</b>

## 5. Capital commitments

Estimated capital expenditure contracted for and committed to by the Group, but not recognised in the interim financial statements as at 31 December 2021 is \$0.2m (31 December 2020 \$0.4m).

## 6. Contingencies

There were no significant contingent liabilities or contingent assets as at 31 December 2021 (31 December 2020: \$Nil).

## 7. Audit

These interim financial statements have not been audited.

## Statement of Responsibility

The Directors are responsible for presenting financial statements for the period that give a true and fair view of the financial position of Landcare Research New Zealand Limited (the Company) and its subsidiaries (the Group) and of the financial performance and cash flows for that period.

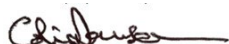
The Directors consider the financial statements of the Group and the Company have been prepared using appropriate accounting policies consistently applied and supported by reasonable judgments and estimates, and that all relevant financial reporting and accounting standards have been followed.

The Directors are responsible for establishing and maintaining a system of internal control designed to provide reasonable assurances as to the integrity and reliability of the financial reporting.

The Directors believe that proper accounting records have been kept, which enable, with reasonable accuracy, the determination of the financial position of the Group and facilitate compliance of the financial statements with the Companies Act 1993.

The Directors believe that they have taken adequate steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Board of Directors of Landcare Research New Zealand Limited approved and authorised the financial statements for the half year ended 31 December 2021 for issue on 23 February 2022.



**Colin Dawson**

**Chairman**

23 February 2022



**Paul Reynolds**

**Deputy Chairman**

23 February 2022

## Directory

### DIRECTORS

Dr Paul Reynolds (Acting & Deputy Chair)  
 Prof Caroline Saunders  
 John Rodwell  
 Ngarimu Blair  
 Justine Gilliland

### REGISTERED OFFICE

54 Gerald Street  
 PO Box 69040  
 Lincoln 7608  
 New Zealand

Phone: +64 3 321 9999  
 Fax: +64 3 321 9998

### SENIOR LEADERSHIP TEAM

Dr Richard Gordon	Chief Executive
Kylie Hansen	General Manager, People & Culture
Holden Hohaia	General Manager, Maori Development
Dr Steve Lorimer	General Manager, Development
Dr Peter Millard	General Manager, Science
	General Manager, Corporate Services
Dr Fiona Carswell	Chief Scientist
Chris McDermott	General Manager, Brand and Communications
Graham Sevicke-Jones	General Manager, Science and Knowledge Translation
Daniel Patrick	Director, NZ Biological Heritage
	National Science Challenge
Melanie Mark-Shadbolt	Kaihautu Ngatahi
	New Zealand Biological Heritage
	National Science Challenge

### WEBSITE

[www.landcareresearch.co.nz](http://www.landcareresearch.co.nz)

**BANKERS:** ANZ Bank  
 New Zealand Limited

**AUDITORS:** Audit New Zealand on behalf  
 of the Auditor-General

**SOLICITORS:** Buddle Findlay

### Email

<surname> <initial>@landcareresearch.co.nz

### ALEXANDRA

43 Dunstan Road  
 PO Box 282  
 Alexandra 9340  
 Ph: +64 3 440 2930

### AUCKLAND

231 Morrin Rd, St Johns  
 Private Bag 92170  
 Auckland 1142  
 Ph: +64 9 574 4100

### DUNEDIN

764 Cumberland Street  
 Private Bag 1930  
 Dunedin 9054  
 Ph: +64 3 470 7200

### HAMILTON

Gate 10, Silverdale Road  
 Private Bag 3127  
 Hamilton 3240  
 Ph: +64 7 859 3700

### LINCOLN

54 Gerald Street  
 PO Box 69040  
 Lincoln 7640  
 Ph: +64 3 321 9999

### PALMERSTON NORTH

Riddet Road, Massey  
 University Campus  
 Private Bag 11052  
 Palmerston North 4442  
 Ph: +64 6 353 4800

### WELLINGTON

Level 6  
 17 Whitmore Street  
 PO Box 10345  
 Wellington 6143  
 Ph: +64 4 382 6649

### ENVIRO-MARK SOLUTIONS LTD:

Becky Lloyd (Chief Executive)  
 20 Augustus Terrace, Parnell  
 PO Box 137182, Parnell  
 Auckland 1151  
 Ph: +64 9 574 4230  
 or: +64 3 321 9804

(Registered Office)

54 Gerald Street  
 PO Box 69040  
 Lincoln 7640  
 Ph: +64 3 321 9999