

**NIWA**

*Taihorō Nukurangi*

**Half yearly report**  
**for the 6 months**  
**ended 31 December 2000**

**NIWA Library**

**6 MAR 2001**

PO Box 14-901  
Wellington NZ

**National Institute of Water and Atmospheric Research Limited**

## **REPORT TO THE SHAREHOLDER FOR THE HALF YEAR ENDED 31 DECEMBER 2000**

### **Financial Results**

NIWA has recorded a net profit before tax of \$1,311k for the 6 months to 31 December 2000 against a budgeted loss of \$17k. The favourable variance is a reflection of the strong commercial activity to date and the finalisation of the Land Information New Zealand (LINZ) Continental Shelf Survey contract, which was substantially undertaken in May/June 2000, but favourably affected the start of the current financial year. Based on results to date, and the unbudgeted Foveaux Strait hydrographic survey (using RV *Kaharoa*) contract awarded to us by LINZ in December, the year end budgeted profit of \$5,644k is likely to be exceeded.

### **Foundation for Research, Science and Technology**

Foundation projects are generally on track, and there are no indications at this stage that any of these or any NSOF projects will be uncompleted at year end.

### **Fisheries**

2000/2001 projects led by the Ministry of Fisheries are generally progressing on schedule. We continue to have a high success rate with our tenders, but have real concern that no recognition is given to New Zealand research content when considering external tenders from outside New Zealand. We are very concerned to ensure that NIWA's capability to deliver high quality fisheries research science is maintained, and draw attention to the risk of this being lost through the pursuit of this policy.

### **Climate Change**

Dr Rick Pridmore, Deputy Chief Executive (Strategic Development) was invited by the Hon. Pete Hodgson to join the New Zealand delegation to The Hague for COP6 of the Kyoto Protocol in November 2000. Through the New Zealand Business Council for Sustainable Development, NIWA plans to sponsor a business forum on Climate Change in Auckland in early May, featuring Dr Bob Watson, Co-chair of the IPCC Working Group I which has just reported from Shanghai. Our aim is to bring greater awareness of climate change issues to New Zealand business leaders.

### **Research Vessel Operations**

As a result of successfully securing the Western Ross Sea Hydrographic Survey contract from LINZ, our deepwater research vessel *Tangaroa* is now heavily, if not fully, committed for the rest of this financial year. The Antarctic contract will take 6 weeks of ship time in February/March 2001, and required the installation on *Tangaroa* of a Simrad 300 Multi-Beam Electronic Sounder, acquired from the United States on a lease to buy contract. The installation of this complex equipment has been successfully achieved, and has greatly enhanced the capability of *Tangaroa* as a research vessel.

A second major development has been the awarding of a further LINZ contract for the hydrographic survey of the shipping channels through Foveaux Strait. This will use the RV *Kaharoa* and begin in March.

Proposals have now been made to LINZ for the completion of the UNCLOS Legal Continental Shelf Surveys for New Zealand, to be undertaken in the next financial year, 2001/2002.



From a strategic point of view, *Tangaroa* has already proved that it can operate in the Antarctic environment after its successful voyage in February 2000 for the Antarctic Division of Environment Australia. We see further opportunities in this region.

### **Aquaculture Development**

The NIWA board has now formally approved the major proposal for the development of an aquaculture facility at Marsden Point on land leased from Mighty River Power, adjacent to the decommissioned Marsden A Power Station. Our Marsden Point aquaculture facility will have access to the large seawater intake, built originally for the power station, and other facilities. It will be used to:

- provide a unique warm-water aquaculture research and development complex in New Zealand
- enable commercialisation of new aquaculture species from pilot-scale to full production, in partnership with industry
- maintain and grow existing funding from the Foundation for Research, Science and Technology to further our research on new aquaculture species and related marine enhancement and ecology
- facilitate development of new business enterprises based on aquaculture in a region currently lacking employment opportunities
- provide training and hands-on opportunities for students and industry, from research through to full commercial aquaculture production
- provide hatchery facilities to supply stock for both the aquaculture industry and marine enhancement initiatives.

There is strong industry interest and support for this development, which will provide a unique opportunity for technology transfer. An important requirement has been a suitable warm-water coastal site within range of Auckland. An onsite hatchery manager will be appointed, and it is envisaged that NIWA staff from other locations will work at the facility from time to time and be able to be accommodated for short stays. This project represents a major development for NIWA, and we expect it will be very significant for New Zealand's aquaculture industry.

### **Institute of Aquatic and Atmospheric Sciences**

The joint institute established between NIWA and the University of Auckland is now fully established and has 13 PhD students funded through a variety of scholarships and fellowships.

### **NIWA (USA) Inc.**

Our US operations are now well underway, and several projects have been undertaken with US partners, with other projects in prospect.

### **NIWA Australia Pty Ltd**

NIWA has now established an Australian company, which will be based in Brisbane, and has already made two staff appointments. This company has been established primarily for tax purposes, but it will draw together a variety of projects and relationships in Australia which NIWA and its predecessors have had over many years.

### **Ngai Tahu**

On 19 December NIWA signed a formal Memorandum of Understanding with Te Runanga o Ngai Tahu at a ceremony at Te Waipounamu House in Christchurch. This agreement follows a series of MoUs negotiated by NIWA with different iwi groups throughout New Zealand. The latest agreement commits NIWA to a strong working relationship with Ngai Tahu and is the culmination of a relationship which has been built up over several years.



**Greta Point**

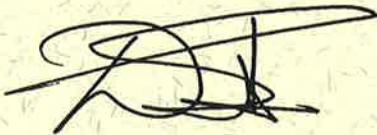
A building extension at our major facility at Greta Point at Evans Bay, Wellington, is now underway. Staff numbers there have been growing steadily, and we see further growth in future in Wellington from a whole range of activities, including new commercial initiatives. This will be the first significant building extension since NIWA originally took up the Greta Point site.

**NIWA Board**

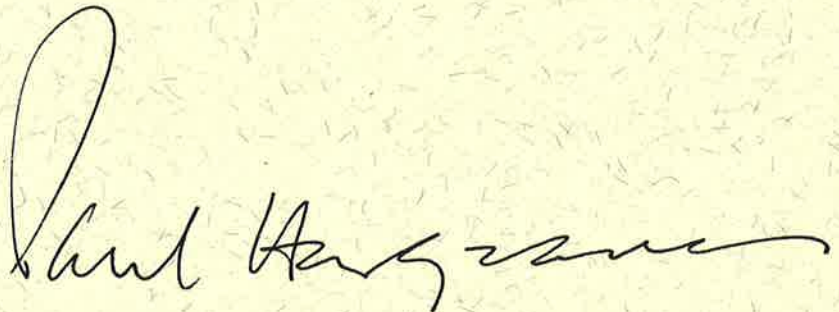
Two new board members, Professor Carolyn Burns, Head of the Department of Zoology at the University of Otago, and Mr John Hercus, former director of the Christchurch Polytechnic, joined the NIWA Board in December, replacing the two directors who retired on 30 June 2000, Mr Alex Laing and Dr Don Thompson.

**Outlook**

NIWA is very heavily committed over a wide range of public good science and commercial projects and anticipates another successful year.



**Don Sollitt**  
Chairman



**Paul Hargreaves**  
Chief Executive

**February 2001**



**CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE 6 MONTHS ENDED 31 DECEMBER 2000**

	<b>6 mths to Dec 00 (\$000s)</b>	<b>6 mths to Dec 99 (\$000s)</b>	<b>12 mths to Jun 00 (\$000s)</b>
Revenue	33,530	31,425	71,102
Interest revenue	372	205	454
Audit Fees and Other Services	36	30	87
Depreciation	3,643	3,514	7,108
Directors' Fees	51	65	132
Leasing/Rental Expenses	627	383	862
Interest Expense	-	-	-
Other Expenses	<u>28,234</u>	<u>26,941</u>	<u>55,366</u>
<b>Surplus Before Tax</b>	<b>1,311</b>	<b>697</b>	<b>8,001</b>
Provision for Taxation	<u>442</u>	<u>245</u>	<u>2,675</u>
<b>Net Surplus after Taxation</b>	<b><u>869</u></b>	<b><u>452</u></b>	<b><u>5,326</u></b>

**CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY  
FOR THE 6 MONTHS ENDED 31 DECEMBER 2000**

	<b>6 mths to Dec 00 (\$000s)</b>	<b>6 mths to Dec 99 (\$000s)</b>	<b>12 mths to Jun 00 (\$000s)</b>
<b>Opening Equity</b>	<b>51,675</b>	<b>46,349</b>	<b>46,349</b>
Net Surplus for Period	<u>869</u>	<u>452</u>	<u>5,326</u>
<b>Total Recognised Revenues and Expenses for the period</b>	<b><u>869</u></b>	<b><u>452</u></b>	<b><u>5,326</u></b>
<b>Closing Equity</b>	<b><u>52,544</u></b>	<b><u>46,801</u></b>	<b><u>51,675</u></b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2000**

	6 mths to Dec 00 (\$000s)	6 mths to Dec 99 (\$000s)	12 mths to Jun 00 (\$000s)
<b>Current Assets</b>			
Cash and Short-term Deposits	8,982	11,195	8,715
Receivables and Prepayments	6,615	4,288	8,150
Taxation Receivable	1,086	814	327
Inventory & WIP	4,292	867	2,744
<b>Total Current Assets</b>	<b><u>20,975</u></b>	<b><u>17,164</u></b>	<b><u>19,936</u></b>
<b>Non Current Assets</b>			
Future Income Taxation Benefit	332	630	443
Plant, Property, and Equipment	43,903	44,731	44,034
<b>Total Non Current Assets</b>	<b><u>44,235</u></b>	<b><u>45,361</u></b>	<b><u>44,477</u></b>
<b>TOTAL ASSETS</b>	<b><u>65,210</u></b>	<b><u>62,525</u></b>	<b><u>64,413</u></b>
<b>Current Liabilities</b>			
Payables and Accruals	2,449	4,372	3,349
Employee Entitlements	2,920	3,131	4,443
Revenue in Advance	4,720	6,165	2,290
<b>Total Current Liabilities</b>	<b><u>10,089</u></b>	<b><u>13,668</u></b>	<b><u>10,082</u></b>
<b>Non Current Liabilities</b>			
Repair Provision	410	511	545
Employee Entitlements	2,167	1,545	2,111
<b>Total Non Current Liabilities</b>	<b><u>2,577</u></b>	<b><u>2,056</u></b>	<b><u>2,656</u></b>
<b>Total Liabilities</b>	<b><u>12,666</u></b>	<b><u>15,724</u></b>	<b><u>12,738</u></b>
<b>Equity</b>			
Share Capital	24,799	24,799	24,799
Retained Earnings (Note 3)	22,411	17,637	22,026
Vessel Replacement Reserve	5,334	4,365	4,850
<b>Total Equity</b>	<b><u>52,544</u></b>	<b><u>46,801</u></b>	<b><u>51,675</u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>65,210</u></b>	<b><u>62,525</u></b>	<b><u>64,413</u></b>



**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE 6 MONTHS ENDED 31 DECEMBER 2000**

	<b>6 mths to Dec 00 (\$000s)</b>	<b>6 mths to Dec 99 (\$000s)</b>	<b>12 mths to Jun 00 (\$000s)</b>
<b>From Operating Activities</b>			
Cash was provided from:			
• Receipts from customers	38,133	41,662	76,424
• Interest received	372	205	454
Cash was disbursed to:			
• Payments to staff and suppliers	(33,664)	(31,002)	(63,948)
• Income tax paid	(1,091)	(791)	(2,546)
• Interest paid	<u>—</u>	<u>—</u>	<u>—</u>
<b>Operating Net Cash Flow</b>	<b>3,750</b>	<b>10,074</b>	<b>10,384</b>
<b>From Investing Activities</b>			
Cash provided from/(applied to):			
• Sale of Fixed Assets	30	87	177
• Purchase of Fixed Assets	<u>(3,513)</u>	<u>(4,562)</u>	<u>(7,442)</u>
<b>Investment Net Cash Outflow</b>	<b>(3,483)</b>	<b>(4,475)</b>	<b>(7,265)</b>
<b>From Financing Activities</b>			
Cash provided from/(applied to):			
• Proceeds of Term Debt Issued	<u>—</u>	<u>—</u>	<u>—</u>
• Settlement of Term Debt	<u>—</u>	<u>—</u>	<u>—</u>
<b>Financing Net Cash Flow</b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>—</u></b>
<b>Net Cash Flow</b>	<b>267</b>	<b>5,599</b>	<b>3,119</b>
Opening Cash Position	<u>8,715</u>	<u>5,596</u>	<u>5,596</u>
<b>Closing Cash Position</b>	<b><u>8,982</u></b>	<b><u>11,195</u></b>	<b><u>8,715</u></b>



**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE 6 MONTHS ENDED 31 DECEMBER 2000 (continued)**

**RECONCILIATION OF SURPLUS AFTER TAXATION  
TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	6 mths to Dec 00 (\$000s)	6 mths to Dec 99 (\$000s)	12 mths to Jun 00 (\$000s)
<b>Surplus after Taxation</b>	869	452	5,326
<b>Add/(Less) Items Classified as Investing Activities</b>			
Net (gain) on disposal of assets	(30)	(65)	(45)
<b>Add Non-Cash Items</b>			
Depreciation	3,643	3,514	7,108
Increase in Employee Entitlements	56	24	769
(Increase)/Decrease in Future Income Taxation Benefit	111	(35)	152
Increase/(Decrease) in Repair Provisions	<u>(135)</u>	<u>—</u>	<u>33</u>
	<u>3,675</u>	<u>3,503</u>	<u>8,062</u>
<b>Add/(Less) Movements in Working Capital Items</b>			
(Increase)/Decrease in Receivables and Prepayments	1,531	1,640	(2,223)
Increase in Payables and Accruals	13	4,279	385
(Increase)/Decrease in Inventory and Contract WIP	(1,549)	775	(1,099)
(Increase)/Decrease in Income Tax Provision	<u>(759)</u>	<u>(510)</u>	<u>(22)</u>
	<u>(764)</u>	<u>6,184</u>	<u>(2,959)</u>
<b>Net Cash Flow From Operating Activities</b>	<u>3,750</u>	<u>10,074</u>	<u>10,384</u>



## CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

### STATEMENT OF ACCOUNTING POLICIES

#### 1. Accounting Policies

There have been no changes to the accounting policies stated in the 2000 annual report.

These policies have been consistently applied during the 6 month period.

These interim financial statements have been prepared under the requirements of FRS-24: Interim Financial Statements. They should be read in conjunction with the 2000 annual financial report.

#### (a) Basis of Consolidation — Purchase Method

The consolidated financial statements include the holding company and its wholly owned subsidiaries (NIWA Vessel Management Limited, NIWA Environmental Research Institute, and NIWA (USA) Inc.), accounted for using the purchase method. All significant intercompany transactions are eliminated on consolidation.

2. The financial statements for the 6 months ended 31 December 2000 and for the comparative 6 month period to 31 December 1999 are unaudited. The comparative figures for the year ended 30 June 2000 are extracted from the audited financial statements at that date.

#### 3. Retained Earnings

	6 mths to Dec 00 (\$000s)	6 mths to Dec 99 (\$000s)	12 mths to Jun 00 (\$000s)
Opening Balance	22,026	17,670	17,670
Net Surplus for Period	869	452	5,326
Transferred to Vessel Replacement Reserve	<u>(484)</u>	<u>(485)</u>	<u>(970)</u>
<b>Closing Balance</b>	<b><u>22,411</u></b>	<b><u>17,637</u></b>	<b><u>22,026</u></b>



## **NIWA DIRECTORY**

### **Board of Directors**

Don Sollitt, *Chairman*

Paul Morgan, *Deputy Chairman*

Dr Carolyn Burns

John Hercus

Dr John Montgomery

Dr Brian Rhoades

### **Executive Management**

Paul Hargreaves, *Chief Executive*

Dr Rod East, *Deputy Chief Executive (Operations)*

Dr Rick Pridmore, *Deputy Chief Executive (Strategic Development)*

Dr Bryce Cooper, *Director (Business Development)*

Dr John McKoy, *Director (Fisheries Research)*

Dr Rob Murdoch, *Director (Research Development)*

Dr Clive Howard-Williams, *Director (Educational Programmes)*

Dene Biddlecombe, *General Manager — Finance and Company Secretary*

### **Lawyers**

Bell Gully Buddle Weir

### **Auditors**

Deloitte Touche Tohmatsu on behalf of the Office of the Controller and Auditor-General

### **Bankers**

The National Bank of New Zealand Limited

### **Insurers**

Marsh Limited

### **Registered Office and Address for Service**

269 Khyber Pass Road, Newmarket, Auckland

### **NIWA on the Web**

<http://www.niwa.cri.nz>



## **PRINCIPAL OFFICES**

### **Corporate**

Cnr Mountain Road & Khyber Pass Road  
Newmarket, Auckland  
Private Bag 99 940  
Newmarket, Auckland  
Phone +64-9-375 2090  
Fax +64-9-375 2091

### **Auckland**

Cnr Mountain Road & Khyber Pass Road  
Newmarket, Auckland  
Private Bag 109 695  
Newmarket, Auckland  
Phone +64-9-375 2050  
Fax +64-9-375 2051

### **Hamilton**

Gate 10, Silverdale Road  
Hillcrest, Hamilton  
PO Box 11 115  
Hamilton  
Phone +64-7-856 7026  
Fax +64-7-856 0151

### **Wellington**

295-310 Evans Bay Parade  
Greta Point, Wellington  
PO Box 14 901  
Wellington  
Phone +64-4-386 0300  
Fax +64-4-386 0574

### **Nelson**

104 Halifax Street  
Nelson  
PO Box 893  
Nelson  
Phone +64-3-548 1715  
Fax +64-3-548 1716

### **Christchurch**

10 Kyle Street, Riccarton  
Christchurch  
PO Box 8602, Christchurch  
Phone +64-3-348 8987  
Fax +64-3-348 5548

### **NIWA Instrument Systems**

10 Kyle Street, Riccarton  
Christchurch  
Phone +64-3-343 7890  
Fax +64-3-343 7891

### **Lauder (Central Otago)**

State Highway 85  
Lauder, Central Otago  
Private Bag 50 061, Omakau  
Otago  
Phone +64-3-447 3411  
Fax +64-3-447 3348