



**Half Yearly Report**  
**for the 6 months**  
**ended 31 December 2001**

**NIWA Library**

**28 FEB 2002**

PO Box 14-901  
Wellington NZ

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

# **REPORT TO THE SHAREHOLDER FOR THE HALF YEAR ENDED 31 DECEMBER 2001**

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## **Financial Results**

NIWA has recorded a net profit before tax of \$2,829k for the 6 months to 31 December 2001 against a budgeted profit of \$2,668k. Profit after tax was \$1,896k (\$1,666k).

NIWA is on target to meet its public good science, fisheries research, and commercial consulting revenue targets for the full year. Expenses are within budget. The research vessels are heavily committed throughout the 2001/2002 financial year.

## **One-Time Dividend**

As an outcome of the acceptance by the shareholder of NIWA's 2001/2002 Business Plan, a one-time dividend totalling \$19 million was negotiated; payable in two tranches, \$12 million at 31 December 2001 and \$7 million at 30 June 2002. The requirement to meet this commitment to the shareholder was explained to NIWA staff by management in the course of a series of road shows in December.

The first instalment of the one-time dividend was paid to the shareholder on 7 January 2002.

## **Public Good Science**

Close to 38% of NIWA's public good science portfolio has now been submitted for advancement with the Foundation for Research, Science and Technology. The process is complex and time consuming for both the Foundation and the science provider, and the fully competitive model which the Foundation has encouraged has resulted in heavy overbidding across portfolios. This imposes great financial uncertainty on NIWA in the coming year.

## **Fisheries Research**

NIWA has been working with the Ministry of Fisheries Research Co-ordinating Committee in their forward planning. Tenders for several significant projects have been awarded recently, including the survey of hoki and other middle depth species on the southern plateau, pelagic fish aerial sightings analysis, sampling snapper catches around the North Island, and a study of longfin eel spawning escapement. NIWA is also working with the Ministry to assist in a review of seamount management strategy and has submitted pre-proposals for consideration as part of the Ministry's Ross Sea biodiversity research programme for 2002/2003.

## **National Climate Centre**

This initiative is now well established, supported by the production of a regular series of publications, including *The Climate Update*, *Climate Now*, *The Island Climate Update* (for the Pacific Islands), and *The Southern Climate and Pasture Outlook*.

## **Aquaculture Development**

NIWA's Bream Bay Aquaculture development is nearing completion and is scheduled to be opened by the Minister of Fisheries on 24 April. The hatchery and broodstock buildings are almost complete, along with the office, laboratory, and accommodation block. Elaborate filtration systems have been installed at the receiving end of the seawater intakes to ensure that the cleanest possible water is provided to the facility.

NIWA expects to play a major role in working with regional councils in the establishment of the new aquaculture management areas over the next 2 years.

## **Research Vessels**

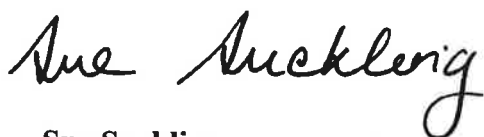
NIWA's research vessels *Tangaroa* and *Kaharoa* have been very heavily committed over the past 6 months. A major development during this period was securing a contract with the Japanese National Institute of Polar Research (NIPR) for a 30 day scientific voyage to Antarctica in February/March 2002. This voyage will comprise part of the Japanese multi-year research project "Antarctic Ocean and Earth System". It is likely that a further voyage in summer 2003 will be undertaken for NIPR. A major hydrographic survey in the shipping channels of Foveaux Strait is being undertaken by *Kaharoa* for LINZ.

## **Building Developments**

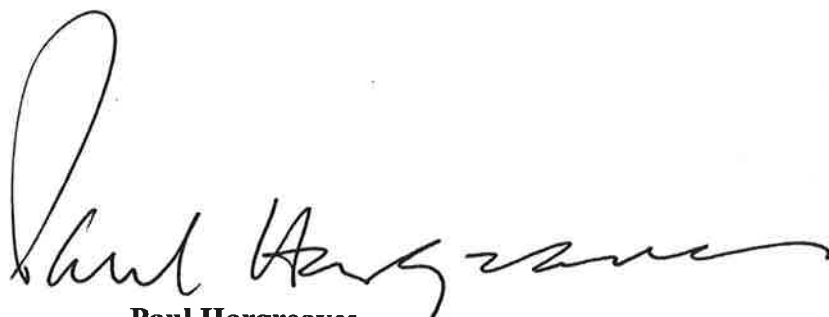
The alterations to the Auckland science laboratories are now completed and staff have moved equipment into the new space. Building extensions are proceeding in Hamilton to accommodate new staff.

## **NIWA Board**

On 1 July 2001, Sue Suckling succeeded Don Sollitt as Chair and three new Board members were appointed: Miranda Cassidy, Peter Nicholas, and David Sharp. Dr Brian Rhoades retired from the Board at 31 December 2001, having completed his term.



**Sue Suckling**  
*Chair*



**Paul Hargreaves**  
*Chief Executive*

**February 2002**

**NATIONAL INSTITUTE OF WATER AND ATMOSPHERIC RESEARCH LIMITED AND GROUP  
STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE 6 MONTHS ENDED 31 DECEMBER 2001**

	<i>Note</i>	<b>6 mths to Dec 01 (\$000s)</b>	<b>6 mths to Dec 00 (\$000s)</b>	<b>12 mths to Jun 01 (\$000s)</b>
Revenue		<u>37,728</u>	<u>33,530</u>	<u>77,113</u>
<b>Operating surplus before tax</b>	2	<b>2,829</b>	<b>1,311</b>	<b>7,328</b>
Provision for taxation		<u>933</u>	<u>442</u>	<u>2,611</u>
<b>Net surplus</b>		<b><u>1,896</u></b>	<b><u>869</u></b>	<b><u>4,717</u></b>

The accompanying "Notes to the Financial Statements" are an integral part of, and should be read in conjunction with, this "Statement of Financial Performance".

**NATIONAL INSTITUTE OF WATER AND ATMOSPHERIC RESEARCH LIMITED AND GROUP  
STATEMENT OF MOVEMENTS IN EQUITY  
FOR THE 6 MONTHS ENDED 31 DECEMBER 2001**

	<i>Note</i>	<b>6 mths to Dec 01 (\$000s)</b>	<b>6 mths to Dec 00 (\$000s)</b>	<b>12 mths to Jun 01 (\$000s)</b>
<b>Opening equity</b>		<b>56,435</b>	<b>51,675</b>	<b>51,675</b>
Net surplus		1,896	869	4,717
Foreign currency translation reserve movement		<u>(174)</u>	=	<u>43</u>
<b>Total recognised revenues and expenses</b>		<b><u>1,722</u></b>	<b><u>869</u></b>	<b><u>4,760</u></b>
<b>Closing equity</b>		<b><u>58,157</u></b>	<b><u>52,544</u></b>	<b><u>56,435</u></b>

The accompanying "Notes to the Financial Statements" are an integral part of, and should be read in conjunction with, this "Statement of Movements in Equity".

**NATIONAL INSTITUTE OF WATER AND ATMOSPHERIC RESEARCH LIMITED AND GROUP**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2001**

	<i>Note</i>	<b>6 mths to Dec 01 (\$000s)</b>	<b>6 mths to Dec 00 (\$000s)</b>	<b>12 mths to Jun 01 (\$000s)</b>
<b>Current assets</b>				
Cash and short-term deposits		11,822	8,982	14,392
Receivables and prepayments		9,925	6,615	13,117
Taxation receivable		131	1,086	447
Inventory & WIP		<u>6,077</u>	<u>4,292</u>	<u>2,244</u>
<b>Total current assets</b>		<b><u>27,955</u></b>	<b><u>20,975</u></b>	<b><u>30,200</u></b>
<b>Non-current assets</b>				
Future income taxation benefit		795	332	627
Plant, property, and equipment		<u>46,723</u>	<u>43,903</u>	<u>44,980</u>
<b>Total non-current assets</b>		<b><u>47,518</u></b>	<b><u>44,235</u></b>	<b><u>45,607</u></b>
<b>TOTAL ASSETS</b>		<b><u>75,473</u></b>	<b><u>65,210</u></b>	<b><u>75,807</u></b>
<b>Current liabilities</b>				
Payables and accruals		4,850	2,449	7,343
Employee entitlements		4,513	2,920	4,386
Revenue in advance		5,325	4,720	4,952
<b>Total current liabilities</b>		<b><u>14,688</u></b>	<b><u>10,089</u></b>	<b><u>16,681</u></b>
<b>Non-current liabilities</b>				
Repair provision		517	410	497
Employee entitlements		<u>2,111</u>	<u>2,167</u>	<u>2,194</u>
<b>Total non-current liabilities</b>		<b><u>2,628</u></b>	<b><u>2,577</u></b>	<b><u>2,691</u></b>
<b>TOTAL LIABILITIES</b>		<b>17,316</b>	<b>12,666</b>	<b>19,372</b>
<b>Equity</b>				
Share capital		24,799	24,799	24,799
Retained earnings	3	27,184	22,411	25,773
Vessel replacement reserve		6,305	5,334	5,820
Foreign currency replacement reserve		<u>(131)</u>	=	<u>43</u>
<b>Total equity</b>		<b><u>58,157</u></b>	<b><u>52,544</u></b>	<b><u>56,435</u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b><u>75,473</u></b>	<b><u>65,210</u></b>	<b><u>75,807</u></b>

The accompanying "Notes to the Financial Statements" are an integral part of, and should be read in conjunction with, this "Statement of Financial Position".

**NATIONAL INSTITUTE OF WATER AND ATMOSPHERIC RESEARCH LIMITED AND GROUP**  
**STATEMENT OF CASH FLOWS**  
**FOR THE 6 MONTHS ENDED 31 DECEMBER 2001**

	<i>Note</i>	<b>6 mths to Dec 01 (\$000s)</b>	<b>6 mths to Dec 00 (\$000s)</b>	<b>12 mths to Jun 01 (\$000s)</b>
<b>From operating activities</b>				
Cash was provided from:				
• Receipts from customers		40,579	38,133	74,034
• Interest received		341	372	774
Cash was applied to:				
• Payments to staff and suppliers		(37,003)	(33,664)	(57,542)
• Income tax paid		(952)	(1,091)	(2,915)
• Interest paid		=	=	=
<b>Net cash inflow</b>	<b>4</b>	<b>2,965</b>	<b>3,750</b>	<b>14,351</b>
<b>From investing activities</b>				
Cash was provided from/(applied to):				
• Sale of plant, property, and equipment		92	30	180
• Purchase of plant, property, and equipment		<u>(5,627)</u>	<u>(3,513)</u>	<u>(8,854)</u>
<b>Net cash outflow</b>		<b>(5,535)</b>	<b>(3,483)</b>	<b>(8,674)</b>
<b>From financing activities</b>				
Cash was provided from/(applied to):				
• Proceeds of term debt issued		-	-	-
• Settlement of term debt		=	=	=
<b>Net cash inflow</b>		<b>=</b>	<b>=</b>	<b>=</b>
<b>Net cash flow</b>		<b>(2,570)</b>	<b>267</b>	<b>5,677</b>
Opening cash position		<u>14,392</u>	<u>8,715</u>	<u>8,715</u>
<b>Closing cash position</b>		<b><u>11,822</u></b>	<b><u>8,982</u></b>	<b><u>14,392</u></b>

The accompanying "Notes to the Financial Statements" are an integral part of, and should be read in conjunction with, this "Statement of Cash Flows".

**NATIONAL INSTITUTE OF WATER AND ATMOSPHERIC RESEARCH LIMITED AND GROUP  
NOTES TO THE FINANCIAL STATEMENTS**

**1. Statement of Accounting Policies**

There have been no changes to the accounting policies stated in the 2001 annual report. These policies have been consistently applied during the 6 months ended 31 December 2001.

These interim financial statements have been prepared under the requirements of FRS-24: Interim Financial Statements. They should be read in conjunction with the 2001 annual report.

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

The financial statements are for the NIWA Group only. This comprises the Parent company (the National Institute of Water and Atmospheric Research Limited) and its wholly owned subsidiaries (NIWA Vessel Management Limited, NIWA Australia Pty Ltd, NIWA Environmental Research Institute, and NIWA (USA) Inc.). The NIWA Group financial statements are accounted for using the purchase method. All significant intercompany transactions are eliminated on consolidation.

**(b) Comparatives**

The financial statements for the 6 months ended 31 December 2001 and for the comparative 6 month period to 31 December 2000 are unaudited. The comparative figures for the year ended 30 June 2001 are extracted from the audited financial statements at that date.

**2. Operating Surplus before Taxation**

	<b>6 mths to Dec 01 (\$000s)</b>	<b>6 mths to Dec 00 (\$000s)</b>	<b>12 mths to Jun 01 (\$000s)</b>
The operating surplus before taxation is stated after charging/(crediting):			
Interest revenue	(382)	(372)	(744)
Depreciation	3,884	3,643	7,681
Directors' fees	84	51	122
Leasing/rental expenses	613	627	797
Remuneration of auditor:			
Deloitte – audit fees	41	36	52
Deloitte – other services	17	14	48

### 3. Retained Earnings

	6 mths to Dec 01 (\$000s)	6 mths to Dec 00 (\$000s)	12 mths to Jun 01 (\$000s)
Opening balance	25,773	22,026	22,026
Net surplus	1,896	869	4,717
Transferred to vessel replacement reserve	<u>(485)</u>	<u>(484)</u>	<u>(970)</u>
<b>Closing balance</b>	<b><u>27,184</u></b>	<b><u>22,411</u></b>	<b><u>25,773</u></b>

### 4. Reconciliation of Net Surplus to Net Cash Inflow from Operating Activities

	6 mths to Dec 01 (\$000s)	6 mths to Dec 00 (\$000s)	12 mths to Jun 01 (\$000s)
<b>Net surplus</b>	1,728	869	4,717
<b>Add/(less) items classified as investing activities</b>			
Net loss/(gain) on disposal of assets	(92)	(30)	47
<b>Add non-cash items</b>			
Depreciation	3,884	3,643	7,681
(Increase)/decrease in future income taxation benefit	(168)	111	(184)
Increase/(decrease) in employee entitlements	(83)	56	83
Increase/(decrease) in repair provisions	<u>20</u>	<u>(135)</u>	<u>(48)</u>
	<u>3,653</u>	<u>3,675</u>	<u>7,532</u>
<b>Add/(less) movements in working capital items</b>			
(Increase)/decrease in receivables and prepayments	3,192	1,531	(4,967)
(Increase)/decrease in inventory and contract WIP	(3,833)	(1,549)	500
(Increase)/decrease in income tax provision	316	(759)	(120)
Increase/(decrease) in employee entitlements	127	-	(57)
Increase/(decrease) in payables and accruals	<u>(2,126)</u>	<u>13</u>	<u>6,699</u>
	<u>(2,324)</u>	<u>(764)</u>	<u>2,055</u>
<b>Net cash flow from operating activities</b>	<b><u>2,965</u></b>	<b><u>3,750</u></b>	<b><u>14,351</u></b>

### 5. Interim Dividend Payment

On 7 January 2002 (post balance date), NIWA made an interim dividend payment of \$12 million to the Crown.



## 6. Commitments

### 6a. Operating Lease Obligations

	6 mths to Dec 01 (\$000s)	6 mths to Dec 00 (\$000s)	12 mths to Jun 01 (\$000s)
Obligations payable after balance date on non-cancellable operating leases:			
Within 1 year	614	1,269	654
Between 1 and 2 years	558	1,213	572
Between 2 and 5 years	811	1,846	1,054
Over 5 years	2,527	2,593	2,559

### 6b. Capital Commitments

Commitments for future capital expenditure:

Approved, but not contracted for	1,683	78	3,180
Contracted, but not provided for	<u>538</u>	<u>326</u>	<u>345</u>
	<u>2,221</u>	<u>404</u>	<u>3,525</u>

## 7. Contingent Liabilities

There are no significant contingent liabilities that require disclosure in the financial statements.

# NATIONAL INSTITUTE OF WATER AND ATMOSPHERIC RESEARCH LIMITED DIRECTORY

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## **BOARD OF DIRECTORS**

Sue Suckling, *Chair*

Paul Morgan, *Deputy Chair*

Dr Carolyn Burns

Miranda Cassidy (appointed 1 July 2001)

John Hercus

Peter Nicholas (appointed 1 July 2001)

Dr Brian Rhoades (retired 31 December 2001)

David Sharp (appointed 1 July 2001)

## **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 & Company Secretary*

## **Solicitors**

Bell Gully Buddle Weir

Edmonds Marshall Burcher

## **Auditors**

Deloitte Touche Tohmatsu on behalf 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.co.nz>

**NATIONAL INSTITUTE OF WATER AND ATMOSPHERIC RESEARCH LIMITED  
PRINCIPAL OFFICES**

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**Corporate**

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

**Auckland**

269 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**

301 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  
PO Box 8602, 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  
Central Otago  
Phone +64-3-447 3411  
Fax +64-3-447 3348