



**NIWA**

Taihoru Nukurangi

**NIWA**  
**Group Half Yearly Report**

For the period ended 31 December 2018

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**SCIENCE GUIDING  
OUR FUTURE**

## Half Yearly Report

for the six months ended 31 December 2018

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### Overview

At the half year stage NIWA's revenue, profit and cash flow metrics are close to budget, with variances being within the normal phasing variation experienced each year relating to the mix of work performed from month to month.

All science objectives as outlined in the 2018/19 Statement of Corporate Intent are on track, and good progress has been made with the implementation of initiatives to improve NIWA's operational efficiency and effectiveness.

An ongoing focus on collaborating with other science providers has strengthened NIWA's research capability and supported the application of NIWA's science to industry and government agencies, as illustrated below.

### Financial Results

NIWA's turnover at \$74.876 million was \$6.043 million higher than the same period last year while being slightly behind the budgeted revenue of \$75.601 million. Profit after taxation of \$0.814 million was \$0.131 million below budget.

Although slightly lower than budget, expenses were \$3.886 million higher than during the same period last year. This was due to higher science staff numbers as well as increased spending on materials and supplies, both driven by the revenue growth noted above.

As at 31 December 2018 NIWA's cash balance was \$16.792 million (including other short-term investments) compared with a budget projection of \$24.060 million. This difference was due both to the timing of capital purchases and a lower than budgeted opening cash balance for the year.

## Financial KPIs

NIWA's financial KPIs for the first half of the year were close to the budget set out in its Statement of Corporate Intent (SCI), as illustrated in the table below. Variances are within the normal phasing differences experienced each year, mainly related to the mix of work performed from month to month.

### Ratios and Statistics as at 31 December 2018

	Actual Year to date	SCI Year to date	SCI Full year
<b>Revenue and other gains(\$000s)</b>	74,876	75,603	161,294
<b>Liquidity</b>			
Current ratio	1.25	1.52	1.73
Quick ratio (aka Acid test)	2.57	2.96	2.05
<b>Profitability (%)</b>			
Adjusted return on equity*	0.8	1.0	6.1
Return on equity	0.7	0.8	5.0
Return on assets	0.5	0.5	4.6
<b>Operational risk (%)</b>			
Profit volatility	27.2	25.9	13.1
Forecasting risk (non-adjusted ROE)	1.1	1.1	1.1
<b>Coverage</b>			
Interest cover	N/A	N/A	N/A
<b>Growth/Investment (%)</b>			
Capital renewal	140.1	113.7	117.6
<b>Financial strength (\$000s)</b>			
Cash and other short-term investments	16,792	24,060	21,745

\*Agreed with Officials after adjustment in 2006/07 for restatement of certain land and buildings cost figures.



## Collaboration

### End-user collaboration

Increased focus on the application of NIWA's science for the benefit of New Zealand has continued this year. Some examples of the benefits of this end-user collaboration are included in the *Positive impacts of NIWA science* section below.

### Research collaboration

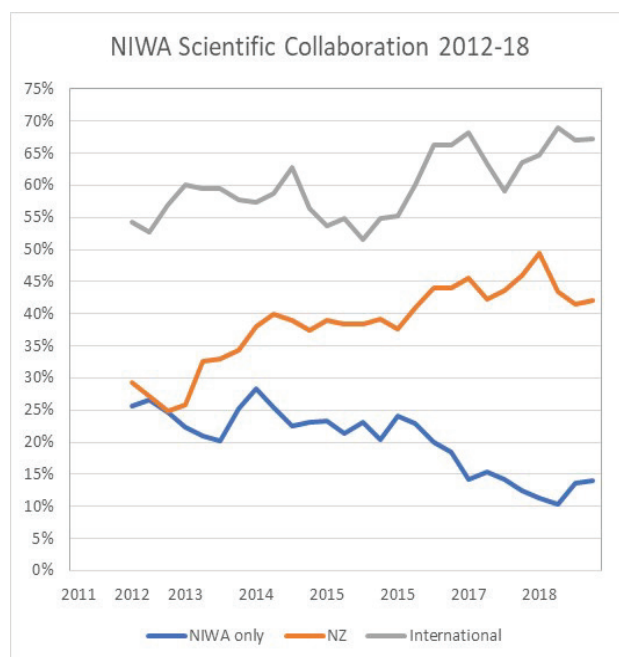
One measure of the importance and scale of collaborative relationships NIWA has with many national and international organisations, in order to deliver our Core Purpose and ensure that we deliver internationally leading science, is the publication of jointly-authored papers.

A total of 127 papers were published involving NIWA staff during the first half of the year. Of these papers, 81% involved NIWA scientists collaborating with one or more other organisations.

At a **national** level, 42% of the total reflected collaboration with New Zealand organisations, the most frequent collaborations being with the University of Auckland (10 papers), the University of Otago (5 papers) and the University of Waikato (3 papers). These levels of collaboration are significantly above what would be indicated through conventional financial measures such as subcontracting, highlighting a diversity of collaborative models. In addition, there is demonstrable science collaboration with end-users – the Department of Conservation (4 papers) and the Ministry for Primary Industries (2 papers).

At an **international** level 67% involved collaboration with international organisations from 35 countries, most frequently with the US (in 26 papers), Germany (in 17 papers), UK (in 15 papers), and Australia (in 12 papers). The stability and consistency of these indicators in every quarter show that NIWA is deliberately collaborative – leading and participating in world-leading teams to undertake high-quality research for the benefit of New Zealand.

We have emphasised how the stability and consistency of these indicators demonstrate that NIWA research continues to be heavily collaborative as we lead and participate in high-quality research for the benefit of New Zealand. Now, having reported on these statistics for over seven years, we can report clear overlaying trends. What is notable is that **NIWA has increased its level of collaboration significantly**, and that our research has become even more collaborative than it was. *Our collaboration*



*with New Zealand organisations has increased by 75% since 2012, and by 25% with international organisations. By comparison, the proportion of papers written by only NIWA authors has decreased by 50%.*

This information, based on the publication of all NIWA research in the scientific literature, shows clearly that almost all our published research is achieved in collaboration with other scientists and organisations, and that the level of collaboration has been increasing steadily, especially with New Zealand organisations.

← *Percentage of NIWA papers having collaboration with New Zealand and international organisations, showing strongly increasing trends. This is mirrored by a significant decrease in authorship by solely NIWA researchers. Figures are based on rolling four-quarter averages.*

## Technology and Knowledge transfer

Technology and knowledge transfer activities continued at a high level for the first half of the year. Some qualitative information on transfer activities to New Zealand industry, government and Māori is contained in the *Positive impacts of NIWA science* section below. Quantitative information follows:

### *End-user reports and presentations*

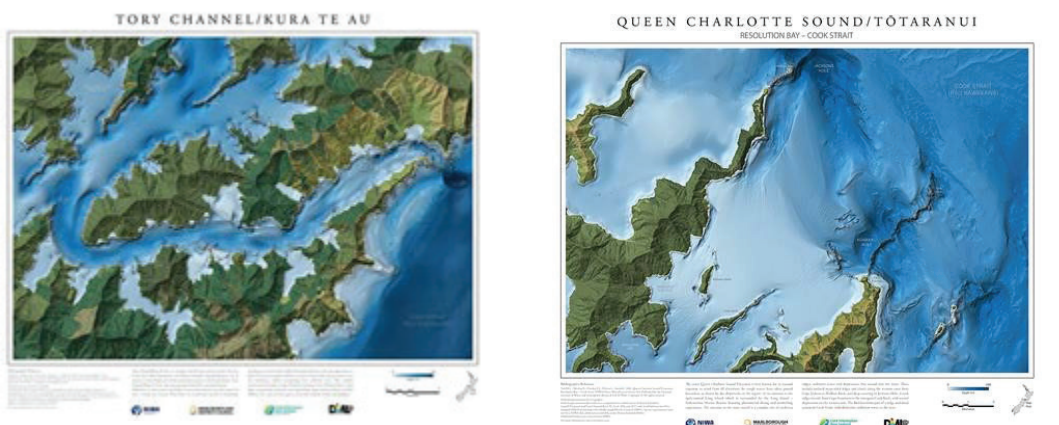
NIWA completed 197 reports for end users, which supported the information needs of a wide range of central and local government agencies, industry organisations (particularly in the energy and aquaculture sectors) and international agencies. Many of these reports were specifically focused on the technical staff in stakeholder organisations.

NIWA staff made 105 presentations at a wide variety of national and international conferences, workshops, seminars and meetings, including under the auspices of the National Science Challenges. There were many more informal presentations and discussions through which information was transferred.

## Positive impacts of NIWA science

NIWA's science covers a broad range of activities, as indicated by our National Centre structure (refer to the 2018/19 Statement of Corporate Intent). Some examples of how we have advanced science in our spectrum, and the resulting benefits to end users, are given below.

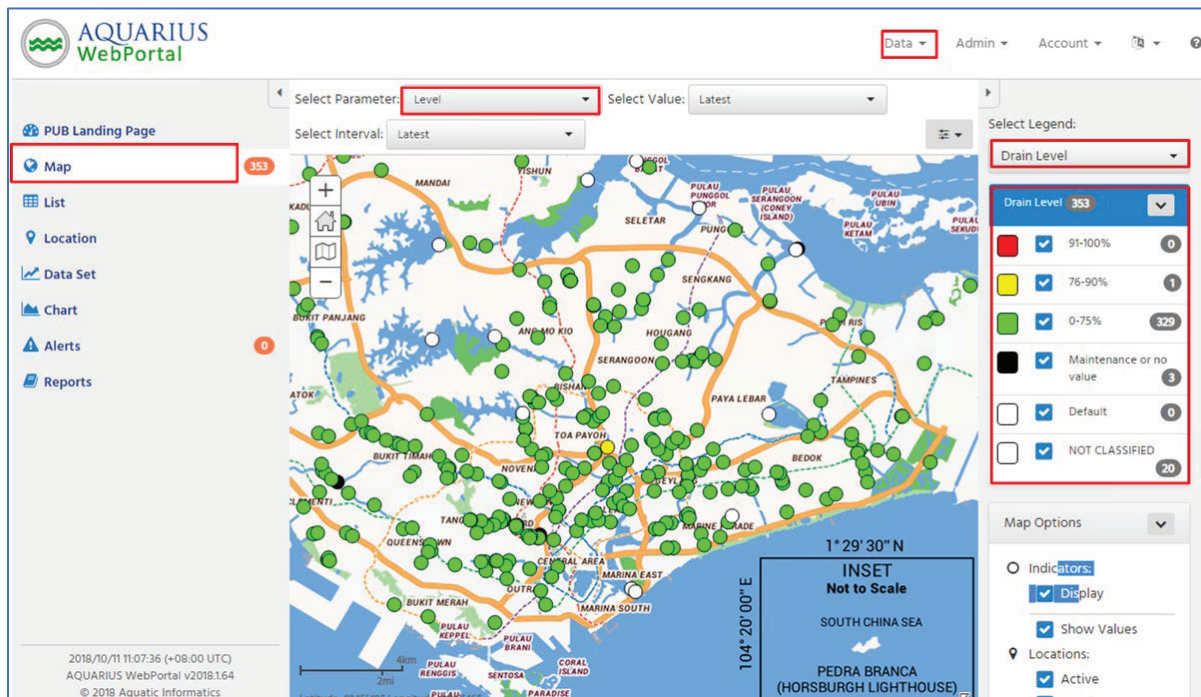
*Outer Queen Charlotte Sound/Tōtaranui (HS51) Survey reaches a significant milestone.* NIWA's most complex coastal-multibeam survey has been completed after two years. This survey included 280 days on the water and 30 terabytes of new data. This was followed by 312 days processing data, completing habitat interpretations, developing three dimensional solutions for structures on the seabed and in the water column, and providing of a range of products across eight deliverable



deadlines. The scope of the science products developed and delivered by the team is readily apparent in the scale of the final electronic delivery, including: 1,179,152 file-sets of multibeam, water column and navigational data; 36,360 Geoswath sounder files; 208 three-dimensional visualisations; 163 seafloor videos; 1,826 HS51 hydrographic deliverables; 26 graphic portfolios from 13 study regions within the sounds, interactive PDFs, social media streams, and 6 new NIWA Miscellaneous Series Charts. Collectively, the results of this project provide a foundation for any further science in the region and underpin a paradigm shift in our knowledge of the sounds. The effort by the team has greatly enhanced NIWA's capability in coastal surveying, placing NIWA at the forefront of habitat mapping science.

*Singapore "Smart Drainage Grid" hardware and software deployment and training.* Our expertise in hardware and software related to hydrological monitoring is regularly transferred to New Zealand stakeholders, but increasingly it is in demand internationally. For example, NIWA (including our

subsidiary Unidata), together with local partners completed the installation of servers in the Singapore Government Data Centre to host the Smart Drainage Grid (SDG) System, software developed by NIWA for the Singapore Public Utilities Board (PUB). Currently, the system is tested and further configured, and several training courses will be conducted before the SDG system goes into full operation in February. It consolidates all historical and real-time Singapore environmental sensor data into one system, provides a one-stop shop for the data, and delivers a range of user interfaces and notification systems, enabling PUB to manage the Singapore network of over 60,000 drainage channels more efficiently. Other agencies in the region are seeking solutions for data quality control, consolidation and analytics, and are very interested in our solutions for Singapore.

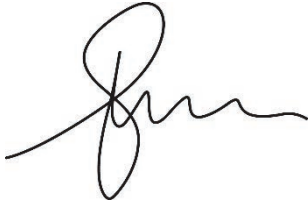


↑ The Smart Drainage Grid developed by NIWA consolidates all Singapore environmental sensor data into one system.

**New Zealand's bottom trawl footprint.** Research describing the extent and intensity of the contact of bottom trawl gear in New Zealand's Territorial Sea and Exclusive Economic Zone (EEZ) was included in a global analysis of the fishing footprint on continental shelves (to depths of 1,000 m), recently published in the *Proceedings of the National Academy of Sciences* of the United States of America (<http://www.pnas.org/content/pnas/early/2018/10/03/1802379115.full.pdf>). The objective of the paper was to provide a more rigorous description of the global footprint than had been previously presented. Based on methods developed by NIWA to generate trawl footprints from commercial fishing data, the footprint of New Zealand trawling has been relatively finely described because of New Zealand's high-resolution data. Of the 24 regions included in the international study, 11 regions (including New Zealand – the largest region) had trawl footprints that contacted no more than 10% of the continental shelf seafloor (the overall average was 14%). Footprints from seven regions in the northeast Atlantic and Mediterranean had 30–81% coverage of the shelf!

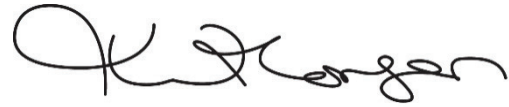
**Establishing an urban freshwater research hub and increasing data access.** NIWA and Hamilton City Council (HCC) are collaborating to set up a network of freshwater hydrometric monitoring stations focused on the Mangakōtukutuku Stream in Hamilton, to investigate the impacts of urban development (past, present and future). The network will be referred to as the Mangakōtukutuku Urban Freshwater Research Hub (MURB). The aim is to develop a long-term (10–15 year), multi-stakeholder network that supports research on best-practice urban development and progresses the understanding and minimisation of negative environmental impacts, particularly on freshwater. The

council wishes to formalise its interest in the collection and/or transfer of hydrometric data, including near real-time data, from seven NIWA-operated MURB hydrometric stations. It would have access to data from, and/or contribute to the operation of nominated hydrometric stations, on the terms and conditions set out in an agreement currently under development.



**Barry Harris**  
*Chairman*

**February 2019**



**John Morgan**  
*Chief Executive*

## Statement of comprehensive income for the 6 months ended 31 December 2018

in thousands of New Zealand dollars	Note	6 Months to Dec 18 Unaudited	6 Months to Dec 17 Unaudited	12 Months to Jun 18 Audited
<b>Revenues and other gains</b>	1			
Revenue		74,875	68,832	151,415
Other gains		1	1	1
<b>Total income</b>		<b>74,876</b>	<b>68,833</b>	<b>151,416</b>
<b>Operating expenses</b>	2			
Employee benefits expense		(36,265)	(34,349)	(70,079)
Other expenses		(28,979)	(27,009)	(57,669)
		<b>(65,244)</b>	<b>(61,358)</b>	<b>(127,748)</b>
<b>Profit/(loss) before interest, income tax, depreciation and amortisation</b>		<b>9,632</b>	<b>7,475</b>	<b>23,668</b>
Depreciation and impairment		(8,334)	(7,140)	(14,448)
Amortisation		(510)	(493)	(1,036)
<b>Profit/(loss) before interest and income tax</b>		<b>788</b>	<b>(158)</b>	<b>8,184</b>
Interest income		343	519	890
Finance expense		–	–	–
<b>Net interest and other financing costs</b>		<b>343</b>	<b>519</b>	<b>890</b>
<b>Profit/(loss) before income tax</b>		<b>1,131</b>	<b>361</b>	<b>9,074</b>
Income tax credit/(expense)		(317)	(102)	(2,602)
<b>Profit/(loss) for the period</b>		<b>814</b>	<b>259</b>	<b>6,472</b>
<b>Other comprehensive income</b>				
Foreign currency translation differences for foreign operations		(49)	48	39
<b>Total comprehensive income for the period</b>		<b>765</b>	<b>307</b>	<b>6,511</b>
<b>Profit/(loss) attributable to:</b>				
Parent interest		816	275	6,451
Minority interest		(2)	(16)	21
<b>Profit for the period</b>		<b>814</b>	<b>259</b>	<b>6,472</b>
<b>Total comprehensive income attributable to:</b>				
Parent interest		767	323	6,490
Minority interest		(2)	(16)	21
<b>Total comprehensive income for the period</b>		<b>765</b>	<b>307</b>	<b>6,511</b>

The accompanying 'Notes to the financial statements' are an integral part of, and should be read in conjunction with, these financial statements.



## Statement of changes in equity for the 6 months ended 31 December 2018

in thousands of New Zealand dollars	Note	Share capital	Retained earnings	Minority interest	Foreign currency translation reserve	Total equity
<b>Balance at 1 July 2017</b> (Audited)		24,799	88,813	235	(277)	113,570
Profit for the year		–	275	(16)	–	259
Translation of foreign operations		–	–	–	48	48
Total comprehensive income		–	275	(16)	48	307
<b>Balance at 31 December 2017</b> (Unaudited)		24,799	89,088	219	(229)	113,877
<b>Balance at 1 July 2017</b> (Audited)		24,799	88,813	235	(277)	113,570
Profit for the year		–	6,451	21	–	6,472
Translation of foreign operations		–	–	–	39	39
Total comprehensive income		–	6,451	21	39	6,511
<b>Balance at 30 June 2018</b> (Audited)		24,799	95,264	256	(238)	120,081
<b>Balance at 1 July 2018</b> (Audited)		24,799	95,264	256	(238)	120,081
Profit for the year		–	816	(2)	–	814
Translation of foreign operations		–	–	–	(49)	(49)
Total comprehensive income		–	816	(2)	(49)	765
<b>Balance at 31 December 2018</b> (Unaudited)		24,799	96,080	254	(287)	120,846

The accompanying 'Notes to the financial statements' are an integral part of, and should be read in conjunction with, these financial statements.

### Share capital

The Group has issued and fully paid capital of 24,798,700 ordinary shares (2017: 24,798,700 ordinary shares). All shares carry the equal voting and distribution rights and have no par value.

## Statement of financial position as at 31 December 2018

in thousands of New Zealand dollars	Note	As at Dec 18 Unaudited	As at Dec 17 Unaudited	As at Jun 18 Audited
<b>Equity</b>				
Share capital		24,799	24,799	24,799
Equity reserves		95,793	88,859	95,026
<b>Shareholders' interest</b>		<b>120,592</b>	<b>113,658</b>	<b>119,825</b>
Non-controlling interest		254	219	256
<b>Total equity</b>		<b>120,846</b>	<b>113,877</b>	<b>120,081</b>
<b>Non-current liabilities</b>				
Provision for employee entitlements		907	808	872
Deferred tax liability		5,908	7,244	5,908
<b>Total non-current liabilities</b>		<b>6,815</b>	<b>8,052</b>	<b>6,780</b>
<b>Current liabilities</b>				
Payables and accruals		8,058	8,181	12,222
Revenue in advance		21,656	21,633	14,668
Provision for employee entitlements		8,450	7,879	8,168
Tax payable		–	–	2,887
Forward exchange derivatives		17	43	1
<b>Total current liabilities</b>		<b>38,181</b>	<b>37,736</b>	<b>37,946</b>
<b>Total equity and liabilities</b>		<b>165,842</b>	<b>159,665</b>	<b>164,807</b>
<b>Non-current assets</b>				
Property, plant and equipment		116,355	95,453	112,892
Identifiable intangibles		1,524	1,742	1,868
Deferred tax asset		172	167	178
Prepayments		73	43	51
<b>Total non-current assets</b>		<b>118,124</b>	<b>97,405</b>	<b>114,989</b>
<b>Current assets</b>				
Cash and cash equivalents		6,792	8,088	16,839
Other short-term investments		10,000	23,000	5,000
Receivables		10,349	10,431	17,843
Prepayments		3,404	3,401	2,431
Taxation receivable		277	783	–
Assets held for sale		–	–	188
Uninvoiced receivables		14,572	14,022	5,043
Inventories		2,324	2,535	2,474
Forward exchange derivatives		–	–	–
<b>Total current assets</b>		<b>47,718</b>	<b>62,260</b>	<b>49,818</b>
<b>Total assets</b>		<b>165,842</b>	<b>159,665</b>	<b>164,807</b>

The accompanying 'Notes to the financial statements' are an integral part of, and should be read in conjunction with, these financial statements.

## Cash flow statement for the 6 months ended 31 December 2018

in thousands of New Zealand dollars	Note	6 Months to Dec 18 Unaudited	6 Months to Dec 17 Unaudited	12 Months to Jun 18 Audited
<b>Cash flows from operating activities</b>				
Cash was provided from:				
Receipts from customers		79,840	73,338	150,511
Dividends received		1	1	1
Interest received		343	519	890
Cash was disbursed to:				
Payments to employees and suppliers		(69,969)	(66,310)	(127,290)
Interest paid		–	–	–
Taxation paid		(3,475)	(1,243)	(1,418)
<b>Net cash inflow from operating activities</b>	3	<b>6,740</b>	<b>6,305</b>	<b>22,694</b>
<b>Cash flows from investing activities</b>				
Cash was provided from:				
Sale of property, plant and equipment		262	101	162
Investments in other term deposits		–	14,000	24,000
Cash was applied to:				
Purchase of property, plant and equipment		(11,854)	(7,438)	(32,479)
Purchase of intangible assets		(165)	(310)	(979)
Investments in other term deposits		(5,000)	(12,000)	(4,000)
<b>Net cash outflow in investing activities</b>		<b>(16,757)</b>	<b>(5,647)</b>	<b>(13,296)</b>
<b>Cash flows from financing activities</b>				
<b>Net cash inflow (outflow) from financing activities</b>		<b>–</b>	<b>–</b>	<b>–</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(10,017)</b>	<b>658</b>	<b>9,398</b>
Effects of exchange rate changes on the balance of cash held in foreign currency		(30)	1	12
Opening balance of cash and cash equivalents		16,839	7,429	7,429
<b>Closing cash and cash equivalents balance</b>		<b>6,792</b>	<b>8,088</b>	<b>16,839</b>
Made up of:				
Cash		1,622	1,113	3,029
Short-term deposits		5,170	6,975	13,810
<b>Closing cash and cash equivalents balance</b>		<b>6,792</b>	<b>8,088</b>	<b>16,839</b>

The accompanying 'Notes to the financial statements' are an integral part of, and should be read in conjunction with, these financial statements.

## Preparation disclosures

### Reporting Entity

National Institute of Water & Atmospheric Research Limited ('NIWA' or 'the Company') and its subsidiaries form the consolidated Group ('the NIWA Group' or 'the Group'). NIWA is a profit-orientated company registered in New Zealand under the Companies Act 1993.

The financial statements for the NIWA Group are presented in accordance with the requirements of the Crown Research Institutes Act 1992, the Crown Entities Act 2004, the Public Finance Act 1989, the Companies Act 1993, and the Financial Reporting Act 2013.

### Nature of activities

The NIWA Group conducts research and commercial science in water and atmospheric sciences in New Zealand and internationally.

### Basis of preparation

The measurement basis adopted in the preparation of these financial statements is historical cost, except for financial instruments as identified in specific accounting policies. Cost is based on the fair value of consideration given in exchange for assets.

The presentation currency of the Group and functional currency used in the preparation of these financial statements is New Zealand Dollars.

Accounting policies are selected and applied in a manner that ensures that the resulting financial information meets the concepts of relevance and reliability, ensuring that the substance of the underlying transaction or event is reported.

Except as noted below, the Group's accounting policies have been consistently applied in preparing the financial statements for the six months ended 31 December 2018; and the comparative information for the six months ended 31 December 2017 and the year ended 30 June 2018.

The Group adopted NZ IFRS 15 *Revenue from Contracts with Customers* and NZ IFRS 9 *Financial Instruments* with effect from 1 July 2018. There have been no material impacts from the adoption of these standards.

### Statement of compliance

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP). They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards appropriate for profit-oriented entities.

The financial statements comply with International Financial Reporting Standards (IFRS).

These interim financial statements have been prepared in accordance with the requirements of NZ IAS 34: Interim Financial Reporting. They should be read in conjunction with the 2018 annual report.



## Accounting judgements and major sources of uncertainty

In the application of the accounting policies, the Group makes judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

## Comparatives

The financial statements for the six months ended 31 December 2018 and for the comparative six-month period to 31 December 2017 are unaudited. The comparative figures for the year ended 30 June 2018 are audited.

### Notes to the financial statements for the 6 months ended 31 December 2018

#### 1. Revenues and other gains

in thousands of New Zealand dollars	6 Months to Dec 18 Unaudited	6 Months to Dec 17 Unaudited	12 Months to Jun 18 Audited
Research			
Rendering of services	44,015	42,045	91,516
Applied Science			
Rendering of services	28,499	24,712	54,798
Sale of goods	2,361	1,974	5,101
Dividends	1	1	1
Gain on sale from property, plant and equipment	–	101	–
<b>Total operating revenue</b>	<b>74,876</b>	<b>68,833</b>	<b>151,416</b>

#### 2. Operating expenses

##### Employee benefits

in thousands of New Zealand dollars	6 Months to Dec 18 Unaudited	6 Months to Dec 17 Unaudited	12 Months to Jun 18 Audited
Defined contribution plans	1,564	1,484	2,988
Termination benefits	89	–	171
Other employee benefits	34,612	32,865	66,920
<b>Employee benefit expense</b>	<b>36,265</b>	<b>34,349</b>	<b>70,079</b>

## Other expenses

in thousands of New Zealand dollars	<b>6 Months to Dec 18 Unaudited</b>	<b>6 Months to Dec 17 Unaudited</b>	<b>12 Months to Jun 18 Audited</b>
Materials and supplies	4,840	4,080	9,176
Research Collaboration	8,878	8,725	19,969
Property occupancy costs	2,826	2,957	6,020
Information technology	3,481	2,670	5,680
Remuneration of directors	149	149	299
Foreign currency gain (loss)	(29)	32	(48)
Movement within the doubtful debt provision	(1)	(1)	(6)
Bad debts written off	–	–	–
Change in the fair value of derivatives	16	26	(16)
Other expenses	8,716	8,297	16,413
	<b>28,876</b>	<b>26,935</b>	<b>57,487</b>

## Auditor's remuneration

in thousands of New Zealand dollars	<b>6 Months to Dec 18 Unaudited</b>	<b>6 Months to Dec 17 Unaudited</b>	<b>12 Months to Jun 18 Audited</b>
Auditor's remuneration comprises:			
Audit of the financial statements (Group)	88	74	150
Audit of the financial statements (Subsidiary)	10	–	27
Other assurance services (ACC audit)	5	–	5
<b>Total auditor's remuneration</b>	<b>103</b>	<b>74</b>	<b>182</b>

### 3. Reconciliation of the profit for the period to net cash inflow from operating activities

in thousands of New Zealand dollars	6 Months to Dec 18 Unaudited	6 Months to Dec 17 Unaudited	12 Months to Jun 18 Audited
<b>Profit for the period</b>	<b>814</b>	<b>259</b>	<b>6,472</b>
<b>Add/(less) items classified as investing activities</b>			
Net loss/(gain) on disposal of property, plant and equipment	(18)	(80)	81
	<b>(18)</b>	<b>(80)</b>	<b>81</b>
<b>Add/(less) non-cash items</b>			
Depreciation and impairment	8,334	7,140	14,448
Amortisation of identifiable intangibles	510	493	1,036
Net foreign currency (gain)/loss	(19)	48	39
Increase/(decrease) in deferred tax liability	–	–	–
	<b>8,825</b>	<b>7,681</b>	<b>15,523</b>
<b>Add/(less) movements in working capital items</b>			
Increase/(decrease) in payables and accruals and revenue in advance	2,824	3,878	839
Increase/(decrease) in employee entitlements	317	(167)	187
(Increase)/decrease in receivables and prepayments	6,499	2,328	(4,122)
(Increase)/decrease in inventory and un invoiced receivables	(9,379)	(6,480)	2,559
(Increase)/decrease in taxation receivable	(3,158)	(1,140)	1,171
(Increase)/decrease in forward exchange derivatives	16	26	(16)
	<b>(2,881)</b>	<b>(1,555)</b>	<b>618</b>
<b>Net cash flows from operating activities</b>	<b>6,740</b>	<b>6,305</b>	<b>22,694</b>

### 4. Related party transactions

The Government of New Zealand (the Crown) is the ultimate shareholder of the NIWA Group. No transactions with other New Zealand Government-owned entities are considered as related party transactions in terms of NZ IAS 24. No related party debts have been written off or forgiven during the year. Any business the NIWA Group has transacted in which a director or an employee has an interest has been carried out on a commercial basis. Any potential conflict is recorded in the minutes of Board meetings for directors and a separate interests register for employees. The interests register containing all relevant interests is updated on a regular and timely basis.

### 5. Key management personnel compensations

in thousands of New Zealand dollars	6 Months to Dec 18 Unaudited	6 Months to Dec 17 Unaudited	12 Months to Jun 18 Audited
Short-term benefits	3,912	3,809	7,510

The table above includes remuneration of the Chief Executive Officer and all key management positions.

## 6. Commitments

### Operating lease arrangements

in thousands of New Zealand dollars	<b>6 Months to Dec 18</b> Unaudited	<b>6 Months to Dec 17</b> Unaudited	<b>12 Months to Jun 18</b> Audited
Lease expense recognised in the period	1,130	1,251	2,270
Obligations payable after balance date on non-cancellable operating leases:			
Within 1 year	2,641	2,569	2,636
Between 1 and 2 years	1,930	1,821	1,843
Between 2 and 5 years	940	1,704	915
Over 5 years	2,979	2,793	2,734
	<b>8,490</b>	<b>8,887</b>	<b>8,128</b>

Operating leases relate to office and laboratory facilities within New Zealand and Australia with lease terms between 1 and 11 years, with various options to extend.

### Capital commitments

in thousands of New Zealand dollars	<b>6 Months to Dec 18</b> Unaudited	<b>6 Months to Dec 17</b> Unaudited	<b>12 Months to Jun 18</b> Audited
Commitments for future capital expenditure:			
Contracted, but not provided for	2,662	18,465	3,792

## 7. Contingent liabilities

The ground lease over the Hamilton office site includes a clause that requires the site to be restored at the end of the lease. Ongoing negotiations over the future use of the site mean that it is not yet probable that NIWA will be required to restore the site, therefore no provision for this has been included in the financial statements for site restoration. Quantity surveyors have provided an estimate of the costs for restoring the site (including demolition of buildings) which is disclosed below as a contingent liability.

in thousands of New Zealand dollars	<b>6 Months to Dec 18</b> Unaudited	<b>6 Months to Dec 17</b> Unaudited	<b>12 Months to Jun 18</b> Audited
Site restoration lease clause	500	–	500

## 8. Subsequent events

There are no material events occurring subsequent to 31 December 2018 which require adjustment or disclosure in the financial statements.



# National Institute of Water & Atmospheric Research Ltd

## Directory

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### BOARD OF DIRECTORS

Barry Harris (Chairman)  
Nicholas Main (Deputy Chairman)  
Dr Helen Anderson  
Dr Tracey Batten  
Prof. Gillian Lewis  
Mary-Anne Macleod  
Michael Pohio

### EXECUTIVE TEAM

John Morgan, *Chief Executive Officer*  
Geoff Baird, *General Manager, Communications & Marketing*  
Patrick Baker, *Chief Financial Officer*  
Dr Barry Biggs, *General Manager, Technology & Innovation*  
Dr Bryce Cooper, *General Manager, Strategy*  
Dr Mary-Anne Dehar, *General Manager, People & Capability*  
Dr Rob Murdoch, *General Manager, Research*  
Dr Helen Neil, *General Manager, Operations*

### Auditors

Karen Shires with the assistance of PricewaterhouseCoopers on behalf of the Auditor-General

### Solicitors

Atkins Holm Majurey  
Meredith Connell

### Bankers

ANZ Bank of New Zealand

### Insurance Broker

Marsh Limited

### Registered Office and Address for Service

41 Market Place, Auckland Central 1010, New Zealand

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



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