

# MetService

## Annual Report 2022



## Helping people to make informed decisions based on the weather

In August 2021 MetService celebrated 160 years of scientific weather observations being officially recorded in Aotearoa, acknowledging however that weather observations were taken in New Zealand before MetService was established. MetService is proud of the role we play in helping New Zealanders to make informed decisions to stay safe.

As the only official provider of severe weather information in Aotearoa, our role is pivotal in helping communities, businesses and authorities to prepare for the impacts of weather. We are committed to building on our legacy of weather forecasting excellence in New Zealand, and during the past 12 months have successfully tested a new suite of advanced weather-warning products to keep people in New Zealand informed of approaching weather impacts.

It is clear that the world's weather is changing, and as global temperatures continue to rise, so too do the magnitude and frequency of severe weather events. In May 2019 MetService introduced Red Warnings, reserved for the most extreme weather events the nation faces. In the 12 months of this annual report, MetService issued five of the seven Red Warnings issued in the past three years, of which the majority resulted in local states of emergency being declared.

In January 2022 MetService moved its Wellington headquarters from Kelburn to Seabridge House in the central business district while a permanent home is being considered. The move to Seabridge House has ensured a secure and resilient environment for the people of MetService and the essential services we provide.



# Contents

<b>Our reach across Aotearoa / New Zealand</b>	<b>3</b>
<b>Year in review</b>	<b>5</b>
<b>Chair's report</b>	<b>7</b>
<b>Chief Executive's report</b>	<b>9</b>
<b>Our strategic focus</b>	<b>11</b>
<b>Stories from the year</b>	
Leading on weather impacts to keep people safe	13
Improving how we engage with Māori	18
Putting our customers first in all we do	20
Optimising operations to drive efficiency	25
<b>Board of Directors</b>	<b>29</b>
<b>Governance overview</b>	<b>31</b>
<b>Number crunch</b>	
Financial statements	35
Independent auditor's report	61
Statutory information	63
Key performance indicators	67
<b>Company directory</b>	<b>71</b>



# Our reach across Aotearoa New Zealand



MetService is New Zealand's oldest continuous scientific institution, and the work we do affects New Zealanders every day, helping to guide decisions.

Our people and their expertise and experience, our network of resources and our world-leading capabilities help ensure that our experts can predict the ever-changing weather and ocean conditions with confidence, accuracy and timeliness. The scope of our work reaches across Aotearoa and further afield.

We are proud to deliver on our purpose: to help people stay safe and make informed decisions, based on the weather. The sectors reliant on MetService include:

## Tourism

Our forecasts drive decision-making throughout New Zealand's tourism industry. This year we teamed up to support the tourism sector, while improving our mountain forecasts to provide additional safety-critical information for those heading out to the great outdoors.

## Primary industries

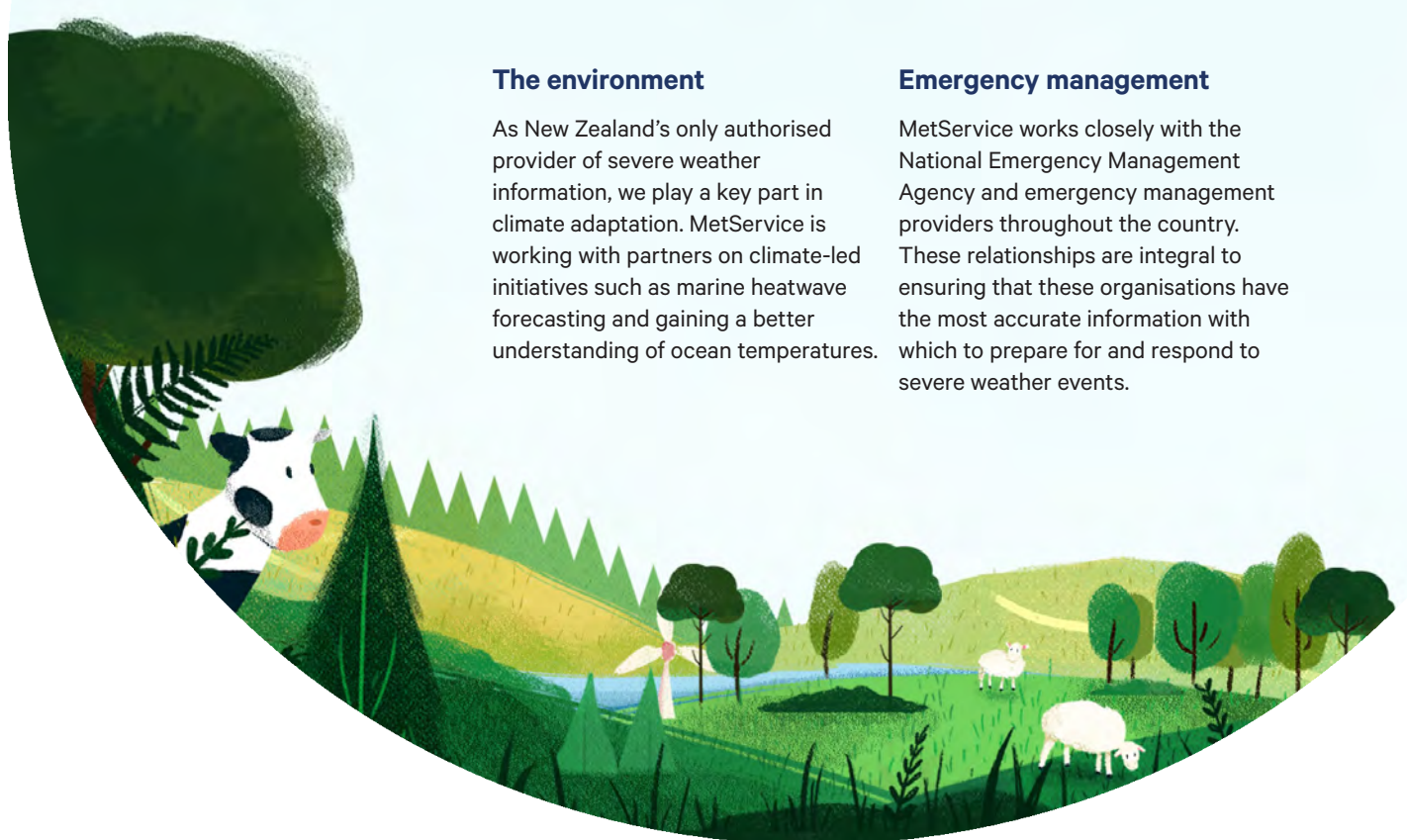
Our expertise informs decisions made every day by thousands of farmers and growers. Our support is not limited to food production and farming. We work closely with the mining, fishing and forestry sectors to support safety and productivity.

## The environment

As New Zealand's only authorised provider of severe weather information, we play a key part in climate adaptation. MetService is working with partners on climate-led initiatives such as marine heatwave forecasting and gaining a better understanding of ocean temperatures.

## Emergency management

MetService works closely with the National Emergency Management Agency and emergency management providers throughout the country. These relationships are integral to ensuring that these organisations have the most accurate information with which to prepare for and respond to severe weather events.



## Energy

Our consultant meteorologists provide the energy sector with advice on managing the impacts of weather on energy supply and generation, and our forecasts help the energy sector to manage energy demand when and where it is needed. This year we completed projects to help Transpower best forecast and manage energy demand based on the water levels in New Zealand's hydro lakes.

## Aviation

Every commercial flight landing in or taking off from New Zealand is reliant on MetService forecasts. Our aviation forecast team supports aircraft to navigate New Zealand's skies safely. Despite significant reductions in aviation volume this year, we continued to advance weather technology in the essential services provided to the sector.

## Marine

Our marine forecasts help make activities safer at sea. Our global marine work includes partnerships with ports in Australasia and Southeast Asia, offshore oil exploration organisations and large-scale vessels reliant on our services to operate both safely and efficiently.

## Across the Pacific

MetService is committed to extending help through lightning-detection infrastructure developments across the Pacific. We also work to support Pacific meteorological organisations in times of severe weather and uncertainty. Through our Master of Meteorology programme we train new meteorologists from smaller Pacific nations.



## Broadcast

Weatherscape, our weather graphics platform, enables our international media customers to share weather stories with millions of viewers around the world. Closer to home, we provide weather graphics to TVNZ and Newshub multiple times daily. MetService also produces more than 50 weather videos each week for news providers in New Zealand and in the Pacific.

## On the roads

Our weather technology and data help to keep New Zealand's roads open, ensuring that those on the go are aware of weather impacts. This year we worked closely with Waka Kotahi NZ Transport Agency to minimise risk by adding new forecasting technology to new roading developments of national significance and at high-incident locations.

## Around the world

Approximately 10% of our revenue comes from our work outside New Zealand. We saw significant growth in the media sector in Europe this year. We worked with primary sectors in Southeast Asia, weather media in Africa, and in Australian retail.

## Research

Through partnerships with science-led organisations, including universities, iwi and central government, MetService conducts scientific research projects to help advance New Zealand's security and economy through an informed understanding of our changing climate.



## Year in review

### Our People



**305**  
Employees



### Online influence



**91,571**

**Twitter followers**

16.84% growth in Twitter followers from July 2021 to June 2022.



**7,817**

**Media articles**

MetService appeared in 7,817 media stories in the 2022 financial year across broadcast, print, radio and digital platforms.



**21,611**

**Instagram followers**

9.07% increase in Instagram followers from July 2021 to June 2022.



**+19%**

**App impressions**

The total number of app impressions are 156,619,009 in the last 12 months.



**180,193**

**Facebook fans**

13.89% growth in Facebook fans from July 2021 to June 2022.



**\$258,958**

**Social investment**

Our social investment number is the value of free advertising MetService provided to charity and non-profit organisations over the last year. MetService also provided free advertising support to New Zealand tourism businesses this year, which is included in the total above.



Finance information

**0.6%**

Return on funds employed

**8.0%**

Growth in total revenue

**2.2m**

Normal trading operating profit

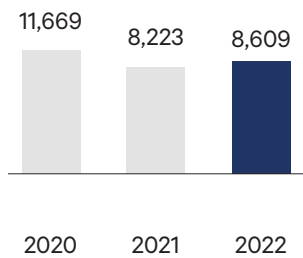
**3.5%**

Normal trading operating margin

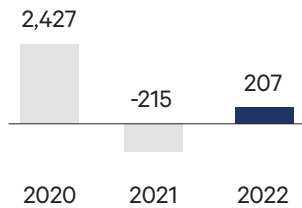
**-0.5%**

Return on equity

EBITDA (\$000)



Operating profit (\$000)



Our network

**10**

Weather Radars

**235**

Automatic Weather Stations

**4**

Upper Air Observatories



**Carbon Neutral Government Programme**

MetService have engaged Toitū Envirocare to assist in determining the organisations carbon footprint. During the next financial year MetService will set emission reduction targets and plans and report progress to the Ministry for the Environment. Emissions reporting will be featured in future Annual Reports.



## Chair's report

# “We have delivered outstanding forecasting and warning services to New Zealand during a remarkable year that has seen five Red Warning severe weather events.”

It is my pleasure to introduce the 2021/22 Annual Report for MetService, my third annual report during my tenure as MetService Chair. I am proud to report that we have delivered outstanding forecasting and warning services to New Zealand during a remarkable year that has seen five Red Warning severe weather events. Furthermore, we have delivered a financial performance greater than expected.

The COVID-19 pandemic has had a significant impact on MetService operations, and I have been particularly proud of the collective resilience of our people and our business and forecasting processes. In the past year the company has continued to take a prudent risk-managed approach in response to the pandemic. This has helped to ensure the delivery of all the critical safety services we provide and helped our people to feel safe, supported and resilient.

The past 12 months have been very busy, often in challenging circumstances. It is to the credit of all at MetService that there have been many successes and highlights.

### The big move

We saw in the New Year with a significant move. The Kelburn

site and our landmark building had been the home of MetService for many decades, with several generations of scientists spending their entire careers there. The need to strengthen the building led to a temporary move during the New Year period, to Seabridge House at 110 Featherston Street.

The Kelburn building had been specifically designed and equipped for weather observations and forecasting. This meant the move was complex and time-consuming, taking over a year to plan and execute. Our technical team was at the centre of the move and completed both a full migration of hundreds of data servers to the Amazon Web Services cloud and a relocation of our satellite receiver and other instrumentation to our Paraparaumu facility.

Throughout this major undertaking MetService continued to deliver weather forecast and warning services for New Zealand, despite many severe weather events and the constraints of the pandemic. I am extremely proud of the dedication and commitment of all our MetService people.

### Wild weather

May 2022 marked three years since

the introduction of Red Warnings, reserved for the worst weather events Aotearoa experiences. When our severe weather warning system was designed, our forecasting team predicted one or two events of this magnitude each year; however, in the past fiscal year alone we have forecast five Red Warnings across the motu, most resulting in local states of emergency.

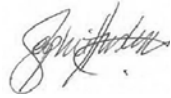
To support public safety and infrastructure security during severe weather events, MetService is New Zealand's official provider of severe weather warnings and impact information. The responsibility to help keep people safe from the impacts of the weather is central to everything we do and is reinforced by more than 800 years of collective forecasting experience in our specialist team of meteorologists.

As our changing climate affects the nature of weather impacts, we must adapt our approach to weather forecasting, warnings and communications. In the year to June 2022 MetService trialled two new warning products.

Firstly, in November 2021 a public heavy swell warning product was introduced for the greater Wellington region. This service is available through MetService







**Sophie Haslem**  
Chair



digital products and complements the existing guidance we provide to every regional council in heavy swell events. Secondly, MetService partnered with other science-led organisations to develop a new heat alert platform to issue alerts when temperature thresholds are exceeded during the summer months.

MetService also collaborated with Penguin Random House to produce a very well received book titled 'New Zealand's Wild Weather'.

### Looking ahead

MetService is committed to ensuring that New Zealand's leading weather forecasts are accessible to all and continue to evolve based on our customers' needs.

To support that commitment, MetService has undertaken the most extensive consumer research project in recent years. The research findings are helping the company to shape future website and app product developments that will satisfy the changing weather needs of New Zealanders.

Our digital reach continues to grow, with our website, [metservice.com](https://metservice.com), averaging more than one million daily page views and half a million daily site visits. The use of

our MetService NZ Weather app has grown by almost 20%, with an average 1.26 million pages viewed on the app every day. As the reach of digital channels grows, so too does our focus on the continual development of improved content.

We have developed and implemented a new strategy that paves the way for continued success in the next five years. Our Strategy to 2026 provides an organisational blueprint for improved performance, capability development and profitability. It also provides a framework for MetService to become a business committed to the principles of Te Tiriti o Waitangi. The first objective of our strategy outlines a greater commitment to changing the way we work and engaging more effectively with Māori to build trust and relevance. Some great initiatives were introduced during the year to improve our internal cultural competency, with the completion of the pilot Awatea programme a particular highlight. We were also delighted to create the new Pou Ārahi leadership role at MetService, and to appoint Francene Wineti to this executive position.

### Financial performance

The financial performance of our business has remained positive

this year. Following a couple of challenging years in the aviation sector, we were pleased to achieve a growth in revenue of \$64.2 million, 8% up on last year. Our normal trading earnings before interest and taxes was \$2.2 million, similar to last financial year.

### Thank you

I would like to thank the 305 staff at MetService, based in New Zealand and abroad, for their mahi in the past 12 months. Particular thanks go to our Chief Executive Stephen Hunt and the Executive Leadership Team at MetService for their leadership, which continues to enable the organisation to thrive.

Finally, as Chair I wish to acknowledge my fellow directors for their ongoing commitment to MetService throughout the year, particularly outgoing Board members Stephen Eaton, Tupara Morrison and Roanne Parker. Special thanks go to Roanne and Tupara for their leadership roles on the Board in recent years, and for their drive in helping shape our cultural competency journey.



## Chief Executive's report

**“MetService is New Zealand’s only company with the expertise and capabilities to deliver our national severe weather warning services and weather products. In the face of increasingly severe climate change impacts, we are working for you 24/7 as a vital operational component of Aotearoa’s national resilience and safety.”**

*Tēnā koutou i runga i ngā ahuatanga o te wā. Ka nui te mihi ki ngā hau e whā. Nōku te honore nui kia whārahia te pūrongo-ā-tau. Tēnā koutou katoa.*

### Successes

This has been a year of challenge and change for MetService and I am proud to have seen all our MetService people step up to support and deliver excellent forecasting services to New Zealand. Working under the conditions of a pandemic and a tight economic environment, the company headquarters has successfully relocated premises while sustaining full operational capabilities and commercial activities.

Many of the challenges we are facing relate to the changing conditions of our planet – its atmosphere and oceans. According to the World Economic Forum’s analysis of the annual global risk landscape, extreme weather events, failures of climate change mitigation and adaptation, natural disasters and

water crises are consistently identified as among the most critical societal risks in the next 10 years in terms of impacts and likelihood.

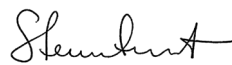
We are already seeing the impacts of climate change increasing the severity of New Zealand’s weather and the warming of our oceans. In the three years since we introduced our Red Warning system, reserved for New Zealand’s most extreme weather, there have been seven Red Warning events. Five events have occurred in the past year, including the damaging Gisborne flooding in March and April 2022. As I write this report we are once again collaborating with Civil Defence and emergency management services as they respond to yet another sustained Red Warning event striking multiple regions.

MetService’s role as the single authoritative voice for national severe weather events is more important than ever. It is a role we take seriously and one that needs to be safeguarded if we are to have our

voice heard by all New Zealanders. The importance of a greater understanding of how the oceans around Aotearoa affect our weather has led to innovative products, such as the marine heatwave forecasts developed by MetOcean, our oceanographic division.

In June I attended the World Meteorological Organization (WMO) Executive Council in Geneva, the first WMO face-to-face meeting since the start of the COVID-19 pandemic. As the Permanent Representative of New Zealand at the WMO, I met with many of my counterparts from National Meteorological Services. There was a clear collective urgency to adapt our processes and systems to address the impacts of climate change and extreme weather and the related environmental issues. The heatwave affecting Europe during the Executive Council underscored the importance of this work, and the criticality of MetService’s role in supporting New Zealand’s security and resilience.





**Stephen Hunt**  
Chief Executive



## Future focus

At MetService we are improving the way we operate through strengthening our core capabilities and improving our efficiency and effectiveness. Our Strategy to 2026 will set us up to transform our business and add greater value to New Zealand's society and economy. It will also allow us to make an even greater contribution to national resilience in the face of our changing climate and help even more New Zealanders to understand how the weather may affect their lives.

We have created two new and impactful positions on our Executive Leadership Team. Francene Wineti has been appointed to the role of Pou Ārahi. MetService is committed to our responsibilities as a Te Tiriti o Waitangi partner in upholding the Treaty principles of Partnership, Protection and Participation. The role of the Pou Ārahi will help guide us to engage more effectively as a Te Tiriti partner. This is crucial to our achieving our wider strategic objective to change the way we work

with, and engage more effectively with, Māori to build trust and relevance.

The second new executive appointment is Sean Davidson to the position of Chief Digital Officer. Sean has introduced our new digital strategy, which will transform our technical and digital systems and set a path for continued excellence in weather modelling and forecasting, data management and product development.

## Our people

The success of 2021/22 is the result of the sustained commitment and professionalism of everyone at MetService. The year ahead will bring further challenges as we transform and optimise the business in preparation for a future defined by a highly competitive weather industry and the unpredictable impacts of climate change. Our continued success will rely on our resilience and ability to combine our scientific and commercial expertise quickly and efficiently. Our place

in an uncertain climate future will require adaptation and change, and with transformation comes risk. I am fully confident that the people of MetService will not only continue to deliver change but continue to deliver exceptional services to our customers and all New Zealanders. I am grateful for the commitment and resilience of all our people and for the incredible work they have delivered through the challenges of the year.

*Ngā manaakitanga.*



## Our strategic focus

In the past financial year MetService has developed and implemented a new five-year organisational plan. Our 'Strategy to 2026' places a greater emphasis on value creation, partnerships, innovation and collaboration across the organisation than ever before.

The primary objectives of the strategic framework are outlined below, and form the narrative of the stories outlined in the following pages of this year's Annual Report.



### Leading on weather impacts to keep people safe

MetService is the leading agency on the response to weather impacts in Aotearoa, and we are committed to supporting the safety and resilience of New Zealanders in a changing climate. As New Zealand's only official provider of severe-weather information, it is imperative that we continually develop and improve products and tools to keep Kiwis safe from the impacts of the weather.

We are committed to providing our customers with accurate and fit-for-purpose information about weather and its impacts, to support their decision-making.



### Build trust and relevance with Māori

MetService values Te Tiriti o Waitangi and is committed to upholding our Te Tiriti o Waitangi responsibilities and the Treaty principles of Partnership, Protection and Participation.

We aim to grow our partnerships with and contributions to iwi and the Māori economy, while continuing to deliver the benefits and value of existing initiatives like the Moana Project (page 19 for more on this).

This long-term objective will be delivered in unison with our commitment to developing internal Māori cultural capability, and our people's learning and understanding of Te Ao Māori: Te Tiriti o Waitangi, te Reo Māori ōna tikanga Māori.



### Putting our customers first in all we do

MetService is committed to developing a customer-centric operating model that supercharges value creation and supports a scalable business, and that continues to differentiate our offering from national and global competition. We are committed to providing a platform for partnerships that support and deliver growth for all parties.

We will help enable customer success through the continual consolidation of a modern suite of products and services, while focusing on markets and segments where we can uniquely serve those customers.



### Optimising operations to drive efficiency

As a State-Owned Enterprise (SOE), MetService has long been heralded as one of the most commercially successful National Meteorological Services. Our commercial imperative drives and grows efficiency, innovation and progress, and allows us to develop new capabilities that provide more value to our customers.

We are committed to further optimising the way our business operates to drive improved profitability, capability and efficiency. We will achieve this through the elimination of technical debt and the consolidation of existing common technological capabilities into an industry-leading digital business platform.





## Leading on weather impacts to keep people safe

# Three years of Red Warnings



MetService Red Warnings are reserved for Aotearoa's most extreme weather, and since being introduced three years ago in May 2019 there have been seven Red Warning events. These have included the devastating Canterbury flooding in May 2021 and the East Coast flooding events in 2022.

Damage to homes and properties, washed-out bridges, isolated communities, evacuated residents, toppled trees and power outages have been some of the impacts caused by these weather events that have wreaked havoc across the motu.

All but one of the seven MetService Red Warnings have been for heavy rain, with five resulting in local or regional states of emergency being declared.

MetService only issues Red Warnings when widespread significant impacts, disruptions and safety issues are expected, and after close consultation with



*Canterbury flooding, 30 May 2021, Hawkins River. Photo by Sheryl Watson/Shutterstock.*

regional councils. The organisation then uses all its communication expertise to get the weather messages out to media outlets, and to the public through the MetService website, app, social media and partner channels.

Three years on, Red Warnings are helping to grab people's attention. The highest warning level makes it easy for everyone to understand the level of severity of forecast weather. Now, people know – if it is red, it is serious!

### Seven Red Warning weather events issued by MetService:

The Red Warnings listed below were all preceded by Severe Weather Outlooks and Watches or Orange Warnings. In every case there was contact with the respective council or the Civil Defence Emergency Management Group before a Red Warning was issued.

- Fiordland flooding, 3-4 Feb 2020
- Canterbury flooding, 29-31 May 2021
- West Coast flooding, 15-17 July 2021
- Canterbury winds, 12 – 13 September 2021
- West Coast flooding, 1-3 February 2022 and Taranaki flooding, 5-6 February 2022
- East Coast flooding, 23 March 2022
- East Coast flooding, 12-13 April 2022

As New Zealand's official provider of severe weather warnings, MetService provides land-based severe weather alerts through a system of Watches and Warnings.

MetService uses a three-tier, colour-coded warning system. The use of colour-coded warnings linked to impacts is recommended by the WMO.

A Watch (yellow circle graphic) may precede a warning and indicates that there is an expectation that conditions may trigger a warning and people need to stay alert. There are two warning levels: an Orange Warning (orange hexagon graphic) and a Red Warning (red triangle graphic). The majority of warnings issued are Orange Warnings; if the conditions are forecast to meet severe weather criteria within the next 24 hours, they indicate that people need to take action as there could be some disruption to their days or risks to people, animals or property. A Red Warning is reserved only for the most extreme weather, when people need to take immediate action to protect people, animals and property from its impacts.



# Stronger partnerships with emergency responders

In a year with an unprecedented number of Red Warning weather events, MetService's role to forecast and communicate the impacts of the weather could not have been more pivotal.

To extend the reach of this vital severe weather information, MetService has been focused on developing even closer relationships with organisations for which safety and emergency responses are key purposes.

MetService works closely with regional councils ahead of issuing Red Warnings, and during the events to understand local concerns. The more forewarning that can be provided, the more time communities and responders have to prepare and stay safe. There is a fine balance, and judgement is required to give sufficient warning ahead of an event while reducing the risk of a false alarm.

MetService meteorologists provide up-to-date advice and information as events unfold to local Civil Defence Emergency Management teams, Waka Kotahi NZ Transport Agency on roading impacts, lines companies

on the impacts of strong winds on powerlines, media outlets, and the public through the MetService website, app and social media.

Whether for heavy rain or snow, coastal inundation, strong winds or extended dry spells, MetService engages with responding agencies to provide credible, impact-based information that supports operational decision-making that in turn protects people and property.

A warming climate and rising sea temperatures are resulting in a greater number of severe weather events. When MetService first introduced Red Warnings in 2019, it was anticipated that Aotearoa would, on average, experience one or two Red Warning events each year. However, the 2021/22 year saw five Red Warning events declared, with the majority resulting in the declaration of local states of emergency.

MetService remains committed to continually building effective, embedded relationships with local and national authorities to help communities across the motu prepare better for the impacts of the weather.

## Collaboration to reduce health impacts of heat events



### Multi-agency pilot highlights health impacts from hot weather

International datasets consolidated by the WMO identified 2021 as one of the seven warmest years on record globally, with all seven of those years being since 2015. The impacts of climate change and weather-related hazards such as record-breaking temperatures, drought and exceptional rainfall events can be life changing, with devastating impacts for communities globally.

Closer to home, in December 2021 MetService trialled a heat-alert pilot as an initial step towards supporting communities at risk of health impacts from heat stress, which is expected to increase with climate change.

The pilot, developed and produced by a partnership of MetService, the New Zealand Climate Change Research Institute at Victoria University of Wellington and the Institute of Environmental Science and Research, was an

important breakthrough in the country's management of heat stress.

During the three-month pilot, MetService monitored heat conditions at 22 locations in New Zealand. When a significant heat event was forecast for a location for two consecutive days, a heat alert banner for the affected area would appear on the respective forecast page on [metservice.com](https://metservice.com), highlighting the forecast as 'Significantly Hot'. MetService meteorologists and media alike used this terminology throughout the three-month trial.

The Canterbury District Health Board used this heat-alert information, taking effective action to reduce the health-related risks of heat events to those most vulnerable.

The learnings from the three-month pilot will help MetService and the partner agencies to refine and improve the service for the coming summer and beyond.



Long-period swell at Breaker Bay, Wellington south coast, generated by an offshore storm. Photo by Michael Blades.

## Heavy swell warnings product delivered for Wellington region

### Intent for future national swell warnings product

Large waves and heavy swell can have considerable impacts on coastal communities. To help mitigate the risk, MetService introduced heavy swell warnings to the public in the Greater Wellington region (Kāpiti, Wellington and Wairarapa) in November 2021.

The warning service is available on [metservice.com](https://metservice.com) and the MetService

app. Those in coastal communities can also sign up to receive MetService heavy swell warnings.

In partnership with swell-affected community groups from Wellington's south coast, MetService successfully trialled a localised warning system in 2020. However, the new service, developed in conjunction with Greater Wellington Regional Council and the Wellington Regional Emergency Management Office,

supersedes this, covering hundreds of kilometres of coastline.

Given the success of the introduction of heavy swell warnings in the Wellington region, MetService will continue to work closely with coastal hazard specialists at regional councils and emergency management providers throughout New Zealand, with the intent of further enhancing coastal-hazard advice for other regions.





# Lightning Strikes

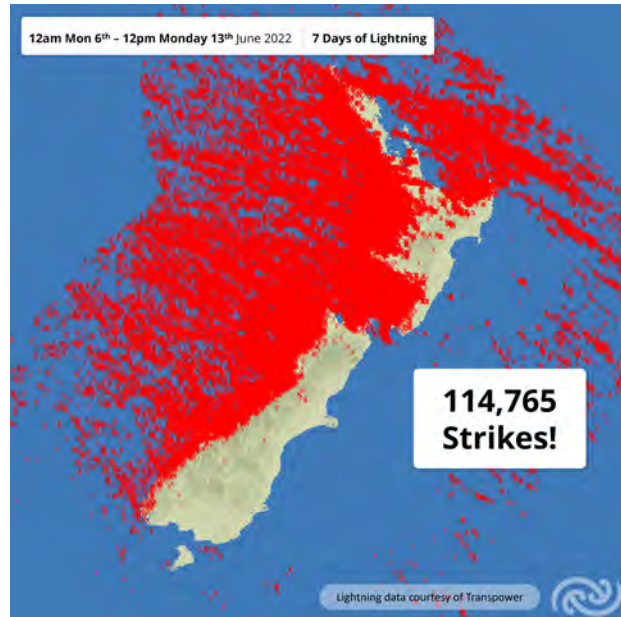
**During the first half of June 2022, MetService recorded the second-highest number of monthly lightning strikes in Aotearoa since recording began in 2000.**

During this severe weather event the Westland weather radar, owned and maintained by MetService, was hit by a direct lightning strike.

The lightning damaged the fibreglass dome on the radar tower, the wall of the radar equipment room building, and electronic radar equipment.



*Lightning strike damage to the radar radome.*



Like most of our radar network, the Westland radar is remote, sitting 360 metres above sea level and 10 kilometres east of Hokitika. It is one of 10 radars in the national radar network and 218 automatic weather stations (AWS) that our hard-working team of technicians maintains.

Our weather observation network has lightning-protection systems in place, but the energy involved in a direct lightning strike can sometimes overpower the protection and cause damage to the electronic systems.

Following multiple visits to the site, the Westland radar was repaired within 10 days of the outage.

The Kāpiti-based team undertakes planned maintenance inspections of our vital weather-observation network on a routine basis. Excluding the planned outages for the maintenance and calibration of these sites, we are proud of our record of keeping the radar and AWS continually in operation, with uptime for both well in excess of 99%.

# Reconnecting at the WMO Executive Council

This event, held in Geneva in June 2022, was attended by Chief Executive Stephen Hunt. It was the first in-person WMO meeting that MetService had attended since the start of the pandemic.

MetService is New Zealand's national weather authority and designated representative to the WMO.

The objectives of the event included building strategic in-person relationships with partners and peers in the global meteorological industry. The primary focus was on gaining a deeper collective understanding of the contexts of climate impacts experienced by meteorological service providers globally. Discussions centred on approaches, strategies and actions to deal with these impacts.

The conference released the WMO's White Paper, 'Future of National Meteorological or Hydrometeorological Services, Evolving Roles and Responsibilities'.

The primary objectives of the White Paper were to inform key decisions on the future development of National Meteorological Services, consider risks, opportunities and scenarios for the foreseen institutional, technological and operational changes, and enable better governance choices.

MetService was a key contributor to this global paper. The operating model of the SOE, as a fully commercial entity, is unique on the global stage of meteorology, and generated much interest among other National Meteorological Services.



*Stephen Hunt, Chief Executive, MetService and Diane Campbell, Assistant Deputy Minister, Meteorological Service of Canada.*



## Improving how we engage with Māori

# Appointment of inaugural Pou Ārahi leadership position



In May 2022 MetService announced the appointment of Francene Wineti (Te Atihaunui-a-Pāpāurangi, Ngāti Rangī, Ngāti Tūwharetoa, Ngāti Kahungunū ki Wairoa) to the newly created Pou Ārahi role.

MetService is committed to upholding Te Tiriti o Waitangi, and the role of the Pou Ārahi will help guide MetService to engage more effectively as a Te Tiriti partner.

Francene is part of the Executive Leadership Team and will lead, guide and support MetService on its journey of organisational bicultural transformation and in its responsibilities as a Te Tiriti o Waitangi partner.

## Cultural competency initiatives underway

### MetService commits to develop greater cultural competency

MetService has partnered with Awariki Ltd to design, develop and deliver a unique and fit-for-purpose Māori cultural capability programme that will support our Māori strategy and build our internal Māori cultural capabilities and competency.

The name of the programme is Awatea, which speaks to daylight and the dawning of a new day.

The initial component of the programme involved senior leaders from the organisation completing a four-day, face-to-face cultural competency workshop. The workshop covered topics such as developing a richer understanding of Māori history and viewpoints, developing enduring partnerships with hapū and iwi, and gaining a greater understanding of Māori language and protocols.

## Mānawatia a Matariki

In celebration of Matariki and the first public holiday acknowledging the Māori New Year, MetService shared information and resources on its public-facing channels to help engage New Zealanders.

Using the local information boxes on the Towns & Cities page of [metservice.com](https://metservice.com) and on the MetService NZ Weather app, people were offered the chance to learn more about the star cluster Matariki and the star Puanga, which herald the Māori New Year and allow traditional seasonal forecasting for the year ahead. Information was provided by mātauranga Māori experts Professor Rangī Matamua and Che Wilson.

The content ran in the lead-up to the Matariki public holiday and received an impressive 5,872,085 impressions. The cloud-cover video forecasts to assist people in viewing Matariki in the pre-dawn sky were also popular and were shared with media and on MetService's social channels.





*The Moana Plan identifies iwi values such as kaimoana.*

## Moana Project partnership with Whakatōhea and other iwi

### **The Whakatōhea Moana Plan is Aotearoa's first iwi marine spatial plan**

As part of the Moana Project, the five-year ocean research initiative led by MetOcean Solutions, Whakatōhea iwi (eastern Bay of Plenty) are preparing a Moana Plan for their rohe moana – a marine spatial plan outlining Whakatōhea values and aspirations for the coastal and ocean area.

The Whakatōhea Moana Plan presents Whakatōhea mātauranga and cultural priorities, along with scientific knowledge on ocean transport and dynamics, threatened species and environmental stressors.

It is Aotearoa's first iwi marine spatial plan and it is hoped that it will provide a blueprint (in terms of process and content) for iwi across the country. Within the Moana Project, the plan weaves together the science and mātauranga Māori that are providing a mechanism through which Moana Project research can become directly useful to iwi.

The plan was prepared by the University of Waikato's Dr Kimberley Maxwell, of Whakatōhea heritage, who is employed as a postdoctoral fellow on the Moana Project. A marine scientist, Kimberley grew up in Ōpōtiki and is in a good position to document her iwi's traditions and the current state of the environment. Based on these, the plan identifies the priorities and actions required to safeguard and enhance the local environment and Whakatōhea's relationship with it.

The actions identified in the Moana Plan include, for example, the protection of areas of cultural or environmental value from adverse effects, the enhancement of fisheries and aquaculture opportunities, and the education of Whakatōhea youth on the importance of Rāhui, (temporary restrictions of ocean access).

Throughout the planning process, Kimberley and Whakatōhea have been collaborating closely with the government agencies responsible for managing the area.



Putting our customers first in all we do

## New contract benefits rural sector

### Partnership provides farming community with integrated weather data

From April 2022, more New Zealand farmers will have access to high-quality and site-specific weather forecasts and data from their phones, due to a new partnership between global farm-management company CropX and MetService.

MetService will provide weather data to CropX customers through its cloud-based platform, directly to the app on farmers' phones.

The data is based on modelling and local observations from specific weather stations in farming hubs. The partnership integrates the data onto a single platform to help inform water- and nutrient-management decisions.



Sheep farm. Photo by Chutima Chaochaiya/Shutterstock.

## MetraWeather supports critical decision-making in Australian energy market

### New partnership makes use of enhanced probability distribution forecasts

The Australian National Energy Market (NEM) incorporates more than 40,000 kilometres of transmission lines across eastern and southern Australia, with more than 53,500 megawatts of capacity available from generators.

The transport of electricity from generators to consumers is facilitated through a spot market, where the total output from generators is aggregated and scheduled at five-minute intervals to meet demand.

The Australian Energy Market Operator (AEMO) is tasked with running the NEM and needs to model

demand to ensure an adequate supply to the market.

Weather is the primary driver of energy demand, so having access to the best available forecast information created a need for AEMO to access enhanced probability distribution (ePD) forecasts from MetraWeather, MetService's international brand.

Since the partnership commenced in January 2022, MetraWeather's ePD forecasts have consistently been verified as more accurate than a wide selection of numerical weather models also used. The ePD forecasts play a critical role for the AEMO staff tasked with keeping sufficient energy supply in place for millions of Australian consumers and businesses.



# Improved forecasts for aviation sector



## New charts better highlight icing and turbulence risks

In October 2021 MetService improved icing and turbulence hazard forecasts in aviation significant weather (SIGWX) charts.

Aircraft icing is a serious aviation hazard. The possible range of icing effects on an aircraft include a reduction in aerodynamic and flight performance, an increase in weight and, in severe situations,

a loss of control. The new charts provide airlines with forecasts of the locations and severity of icing and turbulence using a new hazard dataset issued by World Area Forecast Centres.

The new icing and turbulence hazard forecasts enhance safety, providing airlines with additional information during flight planning to assess the risks of icing and turbulence to aircraft. The SIGWX charts are issued every six hours

and are now in full colour. The charts show significant weather, icing and turbulence on a single chart.

The charts also show other phenomena relevant to aircraft operations, including embedded cumulonimbus clouds, jet stream locations and heights, volcanic eruptions, tropical cyclones, radioactive events, widespread dust and sandstorms.

# Resilience work underway in Wallis and Futuna

## New project builds on existing South Pacific initiatives

In May 2022 MetService signed an agreement to support work on a project funded by the French Pacific Fund. The project aims to communicate the impacts of atmospheric and oceanographic hazards, while providing a detailed study of the impacts of climate change on Wallis and Futuna.

Like other countries and territories in the Pacific, Wallis and Futuna faces increasing climate variability in land, atmospheric and marine environments.

This project is one of many ongoing initiatives that MetService is undertaking to support weather and climate resilience in the Pacific.

Others include:

- developing and maintaining lightning-detection infrastructure across the Pacific
- supporting neighbouring Pacific meteorological organisations in times of severe weather
- providing South Pacific weather video forecasts every weekday to 15 free-to-air Pacific broadcasters
- training new meteorologists from Pacific nations through the two-year Master of Meteorology programme, in conjunction with Victoria University of Wellington.



# Weather visualisation through Weatherscape

MetService is a major player in weather graphics and visualisation globally. Weatherscape is an innovative system that provides weather graphics to more than 30 broadcasters, including TVNZ and Newshub in New Zealand, all major Australian broadcasters, Sky News UK and Al Jazeera.

MetService is committed to using new and emerging technology to broaden the capability of Weatherscape into new sectors and markets.

To inform and direct this work, extensive research within our current customer base and adjacent sectors has taken place. With support from the New Zealand Trade and Enterprise International Growth Fund, wider

research on how to best build and deliver this capability for a broader audience is underway.

Weatherscape is a great example of MetService exporting Kiwi smarts to the world, and a product that MetService has continually improved. It was first developed more than 25 years ago as a bespoke weather broadcast product in conjunction with TVNZ. Later the BBC picked it up and during the 14 years in which it was a client the product evolved. Now it is one of the leading weather graphics systems in the world.

Weatherscape is a real NZ Inc success story and MetService is committed to continuing that success into the future.

# Weatherscape expands reach into Africa

The people of Angola now receive their weather information with enhanced weather graphics.

This is the result of an exciting collaboration between MetraWeather, the international brand of MetService, and Meteo France International, a subsidiary of the French National Meteorological Service. Together they are delivering the awesome power of Weatherscape to the national weather service of Angola – called INAMET as part of their wider modernisation programme.

The new system will help INAMET tell great weather stories and keep the people of Angola informed about severe weather.

In early 2022 MetraWeather staff visited Luanda, Angola's capital city, where the newly built INAMET office is located. There they worked with the project team to produce graphic visuals of the weather for local television stations, including the public television broadcaster of Angola.



# Introducing Point Forecast API

## Simplifying complex weather data for customers

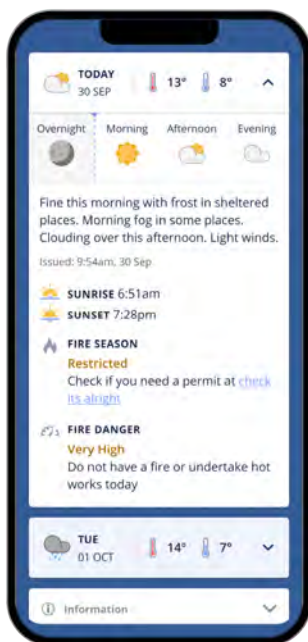
Following an extensive test period with key stakeholders spanning more than six months, MetOcean Solutions, the oceanographic arm of MetService, released the new Point Forecast Application Programming Interface (API) in March 2022.

The Point Forecast API is a global customisable product, enabling private and commercial users to access forecast and historical ocean, terrestrial and atmospheric data easily.

The API processes complex requests in less than a quarter of a second, providing complex data from global forecast models to local high-resolution domains inside ports and harbours into easily consumed formats, enabling users to integrate data quickly with their own systems.

The API operates as a five-tier product, from a free starter package to a bespoke Enterprise product that offers high API call volumes and customised data. The packages provide simple and flexible pricing options that allow customers to access the information they need when they need it.

Coastguard New Zealand, a partner organisation in helping the public to stay safe and enjoy the natural environment, signed up as the first Enterprise customer of the Point Forecast API. Coastguard also receives one-minute wind observations from around the country and the written marine forecasts from MetService meteorologists. Using the API, Coastguard also provides much of this information to the public through its Boaties Best Mate app.



## Safety-critical content added to MetService platforms

### Integrated partnership with Fire and Emergency New Zealand improves fire safety reach

A strategic partnership with Fire and Emergency New Zealand came into effect in October 2021. The partnership sees fire danger and fire season content seamlessly integrated on [metservice.com](https://metservice.com) and the MetService app.

The safety-critical fire information is visible on all town, city and rural forecast pages of the website. Fire data captures maximum risk times for fire for each day and the day

after, while outlining activities that require fire permits.

Outcomes from this partnership have been encouraging, with increased awareness translating into a decrease in vegetation fire incidents and importantly a decrease in summer wildfires compared to prior years.

This partnership is part of a programme of work to partner with aligned safety-focused organisations, including those in the marine and outdoor sectors.





# MetService again in good company



## MetService scores fifth in public sector reputation index

In May 2022 Kantar Public released its annual reputation research results for the public sector.

MetService performed well, scoring the fifth spot out of 58 agencies

benchmarked. It follows a run of strong results: MetService as a top-10 performing agency in four of the past five years.

MetService was in good company, joining Fire and Emergency New Zealand, the Department of

Conservation, Callaghan Innovation and the National Emergency Management Agency in the top five.

The public-sector reputation index survey uses 3500 public interviews to unearth New Zealanders' views on public-sector organisations.

# MetService produces weather book



## 18-month project generates strong sales and media coverage

Publisher Penguin Random House released 'New Zealand's Wild Weather – Explained by the experts at MetService' in November 2021.

The coffee-table-style book highlights the talents and experience of MetService scientists, who explain in simple terms the science behind New Zealand's wild weather.

Each chapter focuses on a unique weather phenomenon and draws readers in with gripping eye-witness reports of the impacts of that weather type.

The book outlines the intricacies of meteorology and oceanography, while giving readers a sound understanding of the impacts of New Zealand's weather in a changing climate, and the vital safety role that MetService plays in keeping New Zealanders safe.

'New Zealand's Wild Weather' book released in late 2021.

## Optimising operations to drive efficiency

# Digital advances

To remain at the forefront of weather forecasting and environmental prediction, MetService has embarked on a programme to modernise and consolidate its systems into a modern 'digital platform'. By leveraging new technology approaches now available as a result of recently migrating systems to the cloud, the resulting digital platform will provide a best-in-class, highly reusable technology ecosystem.

MetService operates a highly complex technology environment with well over 200 systems spanning four data centres, and several public clouds. Collectively these enable automation and increased accuracy in forecasting, as well as opportunities to consolidate, predict and process environmental observations from New Zealand and our international partners.

These systems also power MetService's digital products and services, both domestically and abroad, including [metservice.com](https://metservice.com). While following the latest developments in science and technology, many of these systems have evolved independently over a long period of time, resulting in an overall technology ecosystem that is evolutionary rather than revolutionary.

The specification and design of the digital platform is expected to commence in the first quarter of 2022/23, with a proof of concept to be completed in the second half. We expect the digital products and services to be migrated progressively to the new platform in a four-year period, with a focus on delivering organisational benefits early and consistently over the period.

# Data centre migration project complete

## Long-term resilience project enhances future capabilities

The data centre migration concluded in March 2022 and was 18 months in the making. The project involved building new cloud environments and migrating more than 270 servers from the Kelburn data centre either to new cloud environments in Amazon Web Services or to local all-of-government cloud providers. It also involved decommissioning multiple legacy products and more than 600 servers.

Completing the migration project has positioned MetService to take advantage of the future capabilities of new hybrid cloud environments. It has also improved the organisation's ability to maintain and enhance application and infrastructure resilience and capabilities for customers.



# Research for digital product development

A six-month project with market research provider Perceptive was the largest MetService had undertaken in six years. The intent behind the research was to help provide a framework for the future development of MetService's digital channels based on the needs of New Zealanders.

MetService operates some of the busiest public digital platforms in New Zealand. This year [metservice.com](https://metservice.com) traffic averaged more than one million page views and half a million daily site visits, with those numbers often tripling in severe weather events. The MetService NZ Weather app experienced an almost 20% growth, with approximately 1.25 million pages viewed on the app each day.

The research initially comprised a series of focus groups, and was followed by an in-depth immersion phase. Groups varied demographically and in their scale of weather engagement. A quantitative survey of 1000 participants followed, and this latter phase helped MetService to allocate New Zealanders into five segments based on how the weather affected them and their lifestyle choices.

The results showed the strong position of MetService in terms of brand awareness and a collective understanding of the role of the organisation.

# Paraparaumu office extension

In March 2022 building work began on developing MetService's Paraparaumu office and engineering workshop. The project will add new office spaces and facilities and refurbish the existing workspaces for the Met Data Services team and the technicians and engineers who oversee and maintain the national observation network.

The work was some time in the planning as part of an office modernisation programme to ensure that our infrastructure in the greater Wellington region is resilient and provides a better working environment for MetService's people.

The foundation and framing for the extension were complete in May and the roof has just been added. Once the extension has been built, our Paraparaumu team will move into it while the current office area is refurbished. All going to plan, work on the new extension will be completed in time for Christmas!



# An end of an era

## MetService temporarily moves for the first time in more than 50 years



At the end of December 2021, MetService temporarily farewelled its Kelburn building atop the Wellington Botanic Garden. After 54 years in the building, it relocated its head office and National Forecasting Centre to another iconic Wellington building – Seabridge House.

Like many Wellington buildings, the Kelburn building at 30 Salamanca Rd requires earthquake strengthening. It had been home to the New Zealand Meteorological Service since it was built in 1968, and while it is considered safe to occupy, its new building standard rating places it in the earthquake risk category.

The move to Seabridge House, on Featherston Street in Wellington, will ensure that we have a resilient

environment for the people of MetService and the essential services the organisation provides while restrengthening options for the Kelburn building are investigated.

The transition to the new location was months in the planning. It included moving the distinctive satellite dishes on the roof of the Kelburn building to the engineering headquarters in Paraparaumu. One of the satellite receivers is New Zealand’s primary source of weather satellite imagery, which comes from the Himawari-8 satellite operated by the Japan Meteorological Agency, and the other antenna system receives high-resolution temperature and humidity profiles of the atmosphere from five international polar orbiting satellites used in weather models.



*MetService building atop of the Botanic Gardens, Kelburn, Wellington.*



The move also fast-tracked the migration by MetService to a hybrid cloud computing environment.

The Seabridge House office was refitted to provide a choice-based style of working environment, offering greater flexibility for the Wellington-based staff.

The precious taonga whakairo Tāwhiri-Mātea, carved by Cliff Whiting, which had resided in the Kelburn building reception area for close to 40 years, was also moved to Seabridge House and now hangs in the foyer of the building. Taranaki Whānui representative Peter Jackson conducted the blessing of Tāwhiri-Mātea and the new office space.



Tāwhiri-Mātea, Cliff Whiting, 1984.

## Slice of Antarctic history discovered

### Shackleton logbook found in MetService archives

Historic treasures were discovered in the MetService basement archive during preparations to move out of the organisation's Kelburn headquarters.

One of these treasures was a meteorological logbook recording the conditions during the rescue mission for members of Ernest Shackleton's 1914-16 Trans-Antarctic Expedition from Ross Island in Antarctica.

The discovery of the logbook attracted significant media attention, particularly from the

United Kingdom and Ireland, with stories running in *The Guardian*, the *BBC News* and *The Irish Times*.

Other historic documentation discovered included two logbooks (1910 and 1911) from *Terra Nova*, the ship that carried Captain Robert Falcon Scott and his team on the tragic mission to be the first people to reach the South Pole.

MetService gave these artefacts to the Antarctic Heritage Trust in Christchurch, which will provide the logbooks to Canterbury Museum to house in its extensive Antarctica collection.



## Board of Directors



### Sophie Haslem, Chair

Sophie Haslem is a professional director working across multiple industry sectors including logistics, technology, agriculture, private-equity investment and property.

She brings to the table more than 20 years of broad commercial executive experience, having worked with both large, established corporate entities and early-stage growth companies, and more than a decade of governance experience. Sophie is a Chartered Member of the Institute of Directors in New Zealand.



### Tupara Morrison

Tupara Morrison has extensive governance and senior executive experience in the health, tertiary education, iwi development and tourism sectors. He is a director of a

number of private and iwi boards, and had a ministerial appointment to the New Zealand Māori Arts and Crafts Institute in his home town of Rotorua. Tupara is a chartered accountant and Fellow of Chartered Accountants Australia and New Zealand, and a member of the Institute of Directors in New Zealand. His whakapapa is to Ngāti Whakae iwi in the rohe (region) of Te Arawa. Tupara resigned as a director in February 2022.



### Roanne Parker

Roanne Parker has founded, partnered, grown and sold several companies in a broad range of sectors over 25 years. Today her commercial interests are predominantly in the

areas of digital, technology and marketing data, and she has provided expertise to many of New Zealand's most successful organisations, along with mentoring and support to early-stage companies. Roanne brings to the Board mergers and acquisitions expertise and an entrepreneurial viewpoint. She holds a Certificate in Company Direction from the Institute of Directors in New Zealand and serves as a director on a number of boards. Most recently she was appointed to the Board of the New Zealand Lotteries Commission. Roanne retired as a director in June 2022.



### Stephen Eaton

Stephen Eaton has held chief executive and senior management roles in the financial services and asset-management sectors in New Zealand; these have included

17 years as Chief Executive of a significant national company with assets of \$12 billion. He brings expertise in corporate governance, risk management and compliance, as well as proficiency in business strategy and profitability. Stephen advises companies on capital raising and expansion strategies. He is a member of the Institute of Directors in New Zealand. Stephen retired as a director in October 2021.





### **Dave Moskowitz**

Dave Moskowitz is a professional director and early-stage investor and takes an active role in a number of start-ups, of which several focus on educational technology. He provides consultancy services around innovation, entrepreneurship and technology for a variety of clients in the public and private sectors and works with a number of community initiatives. He serves on the EdTechNZ Council and the boards of the Xerra Earth Observation Institute and a number of early-stage companies. Dave is a member of the Institute of Directors in New Zealand.



### **Stephen Willis**

Stephen Willis is an experienced executive-level leader of highly complex and large multi-campus organisations in the healthcare, education and research sectors in Australia and New Zealand. His diverse industry experience includes the military, nursing, health service management, property management, property and campus development, project and portfolio management and complex corporate support services. He is currently the Chief Operating Officer at the University of Otago. Stephen is a member of the Institute of Directors in New Zealand.



### **Victoria Spackman, Acting Chair, Audit and Risk Assurance Committee**

Victoria Spackman ONZM is an independent director based in Wellington. Her other governance roles include Chair of high-growth trans-Tasman technology company Ackama Group, director of Education New Zealand Manapou ki te Ao and CDC Pharmaceuticals and Co-Chair of Toi Mai Workforce Development Council, which serves the creative, cultural, technology and recreation sectors. She is also an independent director of communications company Acumen and an owner-director of visitor experience design company Gibson Group. She has been made an Officer of the New Zealand Order of Merit for services to theatre, film and television.



### **Dr Alison Watters, Chair, People, Culture and Remuneration Committee**

Alison Watters is an experienced director with a background in science, agriculture, senior management, innovation, and international sales and marketing. Alison currently has board roles (including being Chair of AsureQuality) in several large commercial organisations, as well as small to medium enterprises and a National Science Challenge. Alison, with her husband Andrew, owns a dairy-farming business in Wairarapa and they are foundation shareholders of MyFarm Investments Ltd. Alison is a member of the Institute of Directors in New Zealand.



## Governance overview

The directors are pleased to present an overview of the main governance practices of the Meteorological Service of New Zealand Ltd (MetService).

### Shareholders

MetService was established under the State-Owned Enterprises Act 1986 (SOE Act) and incorporated under the Companies Act 1993. As an SOE, MetService is wholly owned by the Crown, which is represented by two Shareholding Ministers – the Minister of Finance and the Minister for State-Owned Enterprises.

Each Minister is responsible to the House of Representatives for the performance of the functions delegated to them under the SOE Act. In turn, the MetService Board is responsible to the Shareholding Ministers for ensuring effective corporate governance across the MetService Group. The Ministers' expectations are stated in the 'Owner's Expectations Manual' (published on the Treasury's website) and in the letters of expectations sent to every SOE each year.

### Shareholder communication

MetService provides the Shareholding Ministers with quarterly reports outlining performance against the objectives set out in the Statement of Corporate Intent (SCI), half-yearly financial statements, an annual business plan and an annual report including audited annual accounts. The SCI, half-year report and annual report are tabled in Parliament annually. Shareholding Ministers are also kept up to date on a regular basis by management and the Board as part of a 'no surprises' policy.

### The Board

The MetService Board may comprise up to nine directors, all of whom must be non-executive and independent.

As at 30 June 2022 the Board comprised six directors. Each director is considered to be independent, in that each is independent of the management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of the directors' unfettered and independent judgement.

In accordance with the Board Charter, the Chair takes the leadership role in the conduct of the Board and its relationship with the Shareholding Ministers and other stakeholders. The Chair also has a strong working relationship with the Chief Executive. The Chair has no

external commitments that conflict with the Chair's role.

The Shareholding Ministers appoint directors under the process described in the 'Owner's Expectation Manual'. The changes to the Board composition of MetService during the 2021/22 financial year include the resignation of Tupara Morrison on 20 February 2022 and the end of term of Stephen Eaton on 31 October 2021 and Roanne Parker on 30 June 2022.

### The Board's role

The Board is responsible to the Shareholding Ministers for directing and monitoring the management and affairs of the MetService Group. The MetService Group comprises Meteorological Service of New Zealand Ltd, MetOcean Solutions Ltd (non-trading), MetraWeather (Australia) Pty Ltd, MetraWeather (Thailand) Ltd (under liquidation) and MetraWeather (UK) Ltd. Under the SOE Act, MetService's principal objective is to operate as a successful business, including:

- to be as profitable and efficient as comparable businesses that are not owned by the Crown
- to be a good employer
- to exhibit a sense of social responsibility by having regard to the interests of the community in which it operates.

The Board sets strategy to achieve these objectives and, in the context of the approved policies and risk and compliance framework within which the company operates, monitors those strategies. The Board has delegated day-to-day management to the Chief Executive.

The Board is presented annually with a three-year business plan, which is consistent with the company's strategic objectives, for approval. The Board closely monitors financial and non-financial performance and compares performance to the annual plan and forecasts at its regular meetings.

### Access to information

If circumstances warrant additional assurance, the Board or individual directors may request independent and additional advice at the company's expense to assist them in carrying out their responsibilities. Such requests are made in consultation with the Chair and facilitated through the Company Secretary.





## Board meetings

In the last financial year, the Board met 12 times as scheduled (together with additional meetings as required). The Board also holds a strategic planning session each year to consider strategic issues in conjunction with the Chief Executive and the Executive Leadership Team.

Board member	Board meeting attendance (Total meetings were held for FY 2021/22)
Sophie Haslem	12/12
Tupara Morrison**	6/12
Roanne Parker***	12/12
Stephen Eaton*	4/12
Dave Moskovitz	12/12
Stephen Willis	11/12
Victoria Spackman	11/12
Alison Watters	11/12

The Chief Executive attends all Board meetings. Other managers may attend Board meetings in relation to matters specific to their areas of responsibility. Directors have other opportunities, including site visits, for contact with employees.

\*End of term 31 October 2021

\*\*Resignation effective 20 February 2022

\*\*\*End of term 30 June 2022

Outside of standard monthly board meetings, two additional meetings were held.

## Board committees

The Audit and Risk Assurance and People, Culture and Remuneration Committees assist the Board in discharging its responsibilities. Both committees have formal charters, approved by the Board, setting out their respective responsibilities.

The Board also has the power to establish ad-hoc committees as required to deal with specific issues.

Directors are entitled to attend committee meetings, and copies of all meeting papers and minutes are available to them. The Chief Executive has a standing invitation to committee meetings and the external auditors have a standing invitation to the Audit and Risk Assurance Committee meetings. The Audit and Risk Assurance Committee also holds 'director-only' sessions, which provide opportunities for directors to have candid interactions with the external auditors to ensure a robust

and independent audit process.

## Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee is chaired by Victoria Spackman in an acting capacity and normally comprises two other directors. The committee holds up to four meetings a year and may hold additional meetings as required. The committee assists the Board in discharging its risk management, accounting and financial reporting responsibilities, including by:

- assisting the Board to meet its financial reporting responsibilities under the Companies Act 1993, Financial Reporting Act 2013 and related legislation
- overseeing and reviewing the quality of external audits
- ensuring the company has the framework and methodologies in place to ensure all strategic and business risks are thoroughly managed
- reviewing the company's risk- and financial-related policies and strategies and making recommendations to the Board
- advising the Board in relation to governance and compliance responsibilities.

## People, Culture and Remuneration Committee

The People, Culture and Remuneration Committee is chaired by Alison Watters and currently comprises of two directors. The committee holds up to three meetings per year and there is provision for additional meetings to be held to deal with other matters as they arise.

The committee assists the Board in fulfilling its oversight of good employer and human resource governance responsibilities, including:

- reviewing the organisation's people, culture and remuneration strategies, policies and practices
- reviewing the remuneration framework and associated policies for the Chief Executive Officer and the Enterprise Leadership Team
- monitoring succession planning and reviews of the Chief Executive officer and Enterprise Leadership Team
- overseeing the appointment, performance and remuneration of the Chief Executive Officer.



## Wellbeing and safety

The Board continues to champion health, safety and wellbeing across the MetService Group. The Board has a core governance role that requires strong leadership of and oversight on all matters relating to health, safety and wellbeing. In particular, the Board is committed to supporting MetService in implementing, promoting and maintaining both the Health and Safety Management System and the Te Whare Tapa Whā Wellbeing framework to ensure that they meet best-practice standards and ensure, and encourage, to the greatest extent possible, the health, safety, and wellbeing of all employees, contractors and visitors to MetService offices and sites. Both the Board and Executive Leadership Team have refreshed their knowledge of their responsibilities under the Health and Safety at Work Act 2015 and have further enhanced their knowledge of MetService's critical risks.

The Board's Wellbeing and Safety Charter is reviewed annually, and the Board supports the 'Good Governance Practices Guideline for Managing Health and Safety Risks' produced by the Institute of Directors in New Zealand and WorkSafe New Zealand.

## Risk management

Management of risk is a key focus of the Board, as it is crucial to the protection of shareholder value. The MetService Group has in place a comprehensive risk management and internal control framework to identify and treat all key strategic and business risks.

The Board approves and monitors policies and processes in key risk areas. The Board has approved a comprehensive delegated authority structure that clearly states actions reserved to itself and those delegated to management. The Board is also required to approve all capital expenditure and operational expenditure that exceeds the Chief Executive's delegated authority. Any such request for approval is required to reflect a formal consideration of the relevant risk and prioritisation issues.

The following specific actions are taken:

- a Group risk profile that considers the key risks, and the management actions to treat such risks, is updated throughout the year
- the Audit and Risk Assurance Committee periodically reviews the key risk profile
- internal controls are externally assessed with a risk-based internal audit plan, with the outcomes considered by the Audit and Risk Assurance Committee.

## Integrity standards

The Board supports the principles set out in the Codes of Practice for Directors as published by the Institute of Directors in New Zealand. Directors are expected to:

- act with honesty and integrity
- comply with the law
- avoid conflicts of interest
- use company assets responsibly and in the best interests of the company
- be responsible and accountable for their actions
- act in accordance with their fiduciary duties.

## Conflicts of interest

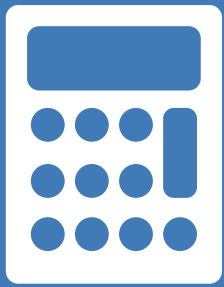
The Companies Act 1993, MetService's Constitution and Board Charter and the 'Owner's Expectations Manual' deal with the disclosure of interests by directors, and with participation and voting at Board meetings where any such interests are relevant.

Directors are regularly requested to make general disclosures of interest, which are recorded in the Register of Interests and set out in the Statutory Information on pages 63 - 66 of this report.

## Governance best practice

The Board has confirmed that its corporate governance policies, practices and procedures are in accordance with the Financial Markets Authority's 'Corporate Governance – Principles and Guidelines Handbook 2018', in the material respects for which they are appropriate for an SOE.





# Number crunch



## Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022

	Note	Group 2022 \$000s	Group 2021 \$000s
<b>Total Revenue and Other Income</b>	3	<b>64,225</b>	<b>59,443</b>
<b>Operating Expenses</b>			
Collaboration / Subcontractor Costs		3,695	3,150
Employee Benefits Expense	4	32,914	30,701
Communication Costs		684	633
Network Observing Costs		2,323	2,351
IT Costs		5,787	5,828
Data Costs		4,525	3,547
Marketing Costs		395	593
Occupancy Costs		1,106	787
Office Expenses		312	342
Professional Expenses		1,180	1,182
Other Costs		2,695	2,106
Depreciation and Amortisation Expense	16,17,18	8,402	8,438
<b>Total Operating Expenses</b>	5	<b>64,018</b>	<b>59,658</b>
<b>Operating Profit/(Loss)</b>		<b>207</b>	<b>(215)</b>
Financial Costs	6	419	541
<b>Loss Before Taxation</b>		<b>(212)</b>	<b>(756)</b>
Taxation	7	(88)	(160)
<b>Net Loss Attributable to Equity Holders</b>		<b>(124)</b>	<b>(596)</b>
<b>Other Comprehensive Income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Movement in Foreign Currency Translation Reserve		(37)	51
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS</b>		<b>(161)</b>	<b>(545)</b>

This statement should be read in conjunction with the notes to the financial statements.



## Statement of Financial Position as at 30 June 2022

	Note	Group 2022 \$000s	Group 2021 \$000s
<b>Equity</b>			
Issued Capital	8	5,000	5,000
Foreign Currency Translation Reserve		(540)	(503)
Retained Earnings		18,282	18,406
<b>Total Equity</b>		<b>22,742</b>	<b>22,903</b>
<b>Liabilities</b>			
Trade and Other Payables	9	7,691	8,189
Forward Foreign Exchange Contracts	22	-	4
Lease Liability	18	1,050	526
Employee Benefits	11	1,993	2,047
<b>Total Current Liabilities</b>		<b>10,734</b>	<b>10,766</b>
Provisions	12	650	586
Lease Liability	18	2,790	2,188
Employee Benefits	11	39	42
Borrowings	13	10,500	10,500
<b>Total Non Current Liabilities</b>		<b>13,979</b>	<b>13,316</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>47,455</b>	<b>46,985</b>
<b>Assets</b>			
Cash and Cash Equivalents		4,685	8,746
Trade and Other Receivables	10	7,006	5,579
Forward Foreign Exchange Contracts	22	22	-
Income Taxation Receivables		282	413
Inventories		360	307
<b>Total Current Assets</b>		<b>12,355</b>	<b>15,045</b>
Trade and Other Receivables	10	550	401
Deferred Taxation	7	495	125
Property, Plant and Equipment	16	15,534	14,138
Intangible Assets	17	14,786	14,753
Right-of-Use Asset	18	3,735	2,523
<b>Total Non Current Assets</b>		<b>35,100</b>	<b>31,940</b>
<b>TOTAL ASSETS</b>		<b>47,455</b>	<b>46,985</b>

This statement should be read in conjunction with the notes to the financial statements.

The Board of Directors of Meteorological Service of New Zealand Limited authorised these financial statements for issue on 12 September 2022.



**S Haslem**  
Director



**V Spackman**  
Director



## Statement of Changes in Equity for the year ended 30 June 2022

GROUP 2022	Note	Attributable to Owners			Total \$000s
		Fully Paid Ordinary Shares \$000s	Retained Earnings \$000s	Foreign Currency Translation Reserve \$000s	
<b>Equity as at 1 July 2021</b>		<b>5,000</b>	<b>18,406</b>	<b>(503)</b>	<b>22,903</b>
Net Loss		-	(124)	-	(124)
Currency Translation Differences		-	-	(37)	(37)
<b>Total Comprehensive Income</b>		<b>-</b>	<b>(124)</b>	<b>(37)</b>	<b>(161)</b>
<hr/>					
<b>EQUITY AS AT 30 JUNE 2022</b>		<b>5,000</b>	<b>18,282</b>	<b>(540)</b>	<b>22,742</b>
<hr/>					
<b>GROUP 2021</b>					
<hr/>					
<b>Equity as at 1 July 2020</b>		<b>5,000</b>	<b>19,002</b>	<b>(554)</b>	<b>23,448</b>
Net Loss		-	(596)	-	(596)
Currency Translation Differences		-	-	51	51
<b>Total Comprehensive Income</b>		<b>-</b>	<b>(596)</b>	<b>51</b>	<b>(545)</b>
<hr/>					
<b>EQUITY AS AT 30 JUNE 2021</b>		<b>5,000</b>	<b>18,406</b>	<b>(503)</b>	<b>22,903</b>

This statement should be read in conjunction with the notes to the financial statements.



## Statement of Cash Flows for the year ended 30 June 2022

	Note	Group 2022 \$000s	Group 2021 \$000s
<b>Cash Flow from Operating Activities</b>			
<b>Cash was Provided from:</b>			
Receipts from Customers		61,976	59,284
Interest		22	6
<b>Cash was Applied to:</b>			
Payments to Suppliers and Employees		(54,561)	(49,063)
Interest Paid		(441)	(547)
Income Taxation Paid		(183)	(332)
<b>Net Cash Generated by Operating Activities</b>	20	<b>6,813</b>	<b>9,348</b>
<b>Cash Flow from Investing Activities</b>			
<b>Cash was Provided from:</b>			
Proceeds from Disposal of Property, Plant and Equipment and Intangibles		7	6
<b>Cash was Applied to:</b>			
Purchase of Property, Plant and Equipment and Intangibles		(5,697)	(2,805)
Labour Capitalisation (Assets)	4	(4,343)	(3,990)
<b>Net Cash Used by Investing Activities</b>		<b>(10,033)</b>	<b>(6,789)</b>
<b>Cash Flow from Financing Activities</b>			
<b>Cash was Applied to:</b>			
Repayment of Borrowings		-	(2,500)
Lease Liability - Principal Payments	18	(841)	(484)
<b>Net Cash Used by Financing Activities</b>		<b>(841)</b>	<b>(2,984)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>		<b>(4,061)</b>	<b>(425)</b>
Add Cash and Cash Equivalents at the Beginning of the Year		8,746	9,171
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	21	<b>4,685</b>	<b>8,746</b>

This statement should be read in conjunction with the notes to the financial statements.



# Notes to the Financial Statements for the year ended 30 June 2022

## 1. GENERAL INFORMATION

The financial statements presented here are for the reporting entity of Meteorological Service of New Zealand Limited and its subsidiaries ('Group'). These financial statements were authorised for issue by the Board of Directors on 12 September 2022.

Meteorological Service of New Zealand Limited ('Parent') is a for-profit entity incorporated and domiciled in New Zealand. The address of its registered office is L2 / 110 Featherston Street, Wellington. Its primary service is to provide weather, oceanographic and presentation services to customers around the globe.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

### Basis of preparation

The financial statements of the Group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP).

The Group is a for-profit entity for the purposes of complying with NZ GAAP. The financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS. The financial statements also comply with International Financial Reporting Standards (IFRS). The financial statements are prepared in accordance with the Companies Act 1993, the Financial Reporting Act 2013, and the State-Owned Enterprises Act 1986.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities.

### Standards adopted for the first time

Not Applicable.

### Standards that are not yet effective and have not been early adopted by the Group

None.

### Principles of consolidation

#### Subsidiaries

The financial statements are prepared from the financial statements of the Parent and its subsidiaries as at 30 June 2022. Subsidiaries are all entities over which the Group has control. Control is achieved where the Parent has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of any subsidiary acquired or disposed of during the year are included in the Statement of Profit or Loss and Other Comprehensive Income from the effective date of acquisition or disposal. All transactions between Group companies are eliminated on consolidation.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

A business combination in which all of the combining entities or businesses are ultimately controlled by the Group both before and after the business combination is a common control acquisition. Common control acquisitions within the Group are accounted for using the predecessor values method. Predecessor values are the carrying values of the assets and liabilities of an entity from the financial statements of the Group.

### Revenue

The Group derives revenue from delivering a range of weather services that directly support the safety of life and property. Revenue is recognised when control of a good or service transfers to the customer. The Group has segregated its revenue streams into the following portfolios:

#### Contracts with Customers - revenue recognised over time

- Forecasting data and licence
- Business to consumer
- Consultancy
- Grants

#### Contracts with Customers - revenue recognised at a point in time

- Hardware and one off data sales

Sales are made with a standard term of 30 days.

For each contract portfolio the five-step method was applied to assess the impact on revenue recognition. The following accounting policies have been adopted:

#### Forecasting data and licence - Over Time

Revenue for the provision of forecasting data is recognised over the period the data is provided. Revenue for licences is recognised over the defined term that access is granted.

#### Business to consumer - Over Time

Revenue is recognised over the period of time in which the advertising space is made available on our website.

#### Consultancy - Over Time

Revenue is recognised over the period that the service is received.

#### Grants - Over Time

Revenue is recognised over the period of the project, measuring progress towards completion based on costs incurred to date.

#### Hardware and one off data sales - Point in Time

Revenue for hardware or data sold is recognised when the customer obtains control of the hardware or data.

#### Interest income

Interest income is accounted for using the effective interest rate method.





## Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Profit or Loss and Other Comprehensive Income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

## Government grants

Government grants are recognised as revenue when there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Research & Development tax credits are reported as other revenue in the profit or loss statement based on 15% of the eligible expenditure.

## Inventories

Inventories are valued at the lower of cost, on a weighted average cost basis of inventory on hand calculated at the time of the last purchase, and net realisable value. Net realisable value represents the estimated selling price for inventories less costs necessary to make the sale.

## Property, plant and equipment

The cost of purchased property, plant and equipment is valued at the consideration given to acquire the assets plus other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for the intended service. Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The costs of assets constructed by the Group include the costs of all materials used in construction and direct labour on the project. Costs are not capitalised until available for use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged as expenses in the Statement of Profit or Loss and Other Comprehensive Income during the financial period in which they are incurred.

## Depreciation

Depreciation of property, plant and equipment, other than freehold land, is calculated using the straight-line method to allocate the historical cost over the estimated useful life of the asset, after due allowance has been made for the expected residual value.

The costs of improvements to leasehold property are capitalised, disclosed as leasehold property and amortised over the unexpired period of the lease or the estimated useful life of the improvements, whichever is shorter.

The annual depreciation rates are shown below for each classification of asset:

Land & Buildings	2.5% – 33.3%
Meteorological Equipment & Plant	2.5% - 33.3%
ICT Equipment, Vehicles & Furniture	8.0% – 33.3%

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are recognised as profit or loss in the Statement of Profit or Loss and Other Comprehensive Income.

## Intangible assets

### Goodwill

Goodwill represents the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets of the acquired investment at the date of acquisition. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units (CGU) or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill recognised as expenses in the Statement of Profit or Loss and Other Comprehensive Income are not reversed. Gains and losses on the disposal of a CGU or portion of a CGU include the carrying amount of goodwill relating to the CGU or portion of a CGU sold.

### Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives of between three and ten years. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

### Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair



## Notes to the Financial Statements (Cont.) for the year ended 30 June 2022

values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

### **Internally-generated intangible assets - computer software**

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- the intention to complete the intangible asset and use or sell it
- the ability to use or sell the intangible asset
- how the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is charged as expenses in the Statement of Profit or Loss and Other Comprehensive Income in the period in which it is incurred. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

### **Research and development costs**

Research expenditure is incurred by the Group and is recognised as expenses in the Statement of Profit or Loss and Other Comprehensive Income in the period in which it is incurred. Development costs are capitalised when they meet the requirements for capitalisation of NZ IAS 38 Intangible Assets.

### **Leases NZ IFRS 16**

The Group leases various land and building sites and IT equipment under lease arrangements. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost.

The finance cost is charged to the Statement of Profit or Loss

and Other Comprehensive Income over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Lease extension options were taken into consideration as a result of the adoption of NZ IFRS 16. When the Group recognises a lease as a lessee, it assesses the lease term based on the conditions of the lease and determines whether it is reasonably certain that it will exercise any extension or termination options. It then uses the expected modified term under such options if it is reasonably certain that it will be exercised. As such, a change in the assumption used could result in a significant impact in the amount recognised as a right-of-use asset and lease liability, as well as in the amount of depreciation of right-of-use asset and interest expense on lease liability.

### **Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### **Restoration provision**

Restoration costs include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas. The restoration costs are based on management's best estimate of the amount required to settle the obligation. Reestimates of the restoration provision are capitalised as part of the Right-of-Use Asset. Other movements are recognised as profit or loss in the Statement of Profit or Loss and Other Comprehensive Income.

## **Employee benefits**

### **Remuneration**

The Board and management are committed to remuneration practices that are fair, transparent and appropriate, and which contribute to strong governance, shareholder value and company performance. This starts with MetService's Remuneration Policy which is developed under the supervision of the Board's People, Culture & Remuneration Committee and



approved by the Board.

MetService's Remuneration Policy sets out the remuneration principles applying to all employees and is designed to ensure that MetService meets the strategic policy objective of attracting, rewarding and retaining staff with the requisite skills and capabilities to ensure our successful business outcomes.

The People, Culture and Remuneration Committee oversees the implementation of our Remuneration Policy, including recommending to the Board remuneration for the position of Chief Executive Officer and other senior leaders, and budget parameters for the annual pay review. Employee fixed remuneration comprises a base salary, Employer Kiwisaver contributions (for participating employees), Group Income Continuance insurance as well as other work-related benefits such as a broadband allowance and on-site parking. Remuneration is reviewed yearly for employees, with any changes based on market movement and performance, effective from 1 July.

MetService does not offer a Long-Term Incentive scheme however members of the Executive Leadership Team and sales employees are invited to join a Short-Term Incentive (STI) scheme which forms part of the employment agreement. Any benefits from the STI scheme are in addition to the salary and other benefits agreed with the employee. The terms of the STI scheme set out the performance criteria to be met before any payments are made under the STI scheme.

#### **Wages and salaries and annual leave**

Liabilities for wages and salaries, including non-monetary benefits, annual leave, long-service leave and alternative days leave expected to be settled within 12 months of the reporting date, are recognised in payables in respect of employees' service up to the reporting date and are measured at the amounts expected to be paid when it is probable that the liabilities will be settled.

#### **Termination leave**

The liability for termination leave not expected to be settled within 12 months of the reporting date is recognised in non-current liabilities and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date, using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

## **Tax**

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current tax**

The tax currently payable is based on taxable profit for the

year. Taxable profit differs from profit as reported in the Statement of Profit or Loss and Other Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

#### **Deferred tax**

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes



# Notes to the Financial Statements (Cont.) for the year ended 30 June 2022

levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

## Foreign currencies

### Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of MetraWeather (Australia) Pty Limited and MetraWeather (Thailand) Limited is New Zealand dollars and the functional currency of MetraWeather (UK) Limited is British pounds. These financial statements are presented in New Zealand dollars, which is the Group's presentation currency.

### Transactions and balances

Transactions denominated in foreign currency are converted to New Zealand dollars using the exchange rate at the date of the transaction.

At balance date, foreign monetary assets and liabilities are recorded at the closing exchange rate.

Gains or losses due to currency fluctuations, both realised and unrealised, are recognised as profit or loss in the Statement of Profit or Loss and Other Comprehensive Income.

### Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position.
- income and expenses for each Statement of Profit or Loss and Other Comprehensive Income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income. On consolidation, exchange differences arising from the translation of the net investment in foreign operations and of borrowings, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the Statement of Profit or Loss and Other Comprehensive Income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

## Financial instruments

Financial instruments carried on the Statement of Financial Position include cash and cash equivalents, trade and other receivables, trade and other payables, borrowings, employee entitlements and forward contracts.

Management determined the classification of financial instruments at the initial recognition and re-evaluates the designation at each reporting date.

### Financial assets

Trade and other receivables and cash and cash equivalents are initially measured at fair value plus transaction costs. Subsequently they are measured at amortised cost, including any expected credit loss allowance provisions. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period, which are classified as non-current.

### Impairment of financial assets

Collectability of trade receivables is reviewed on an ongoing basis and uncollectable debt is written off. A provision for impairment losses is recognised where there is objective evidence that the Group may not be able to collect some or all amounts due according to the original terms.

In addition to this, consideration is also given to other economic factors which could contribute to further expected credit losses.

The amount of the provision is recognised in profit or loss in the Statement of Profit or Loss and Other Comprehensive Income.

While cash and cash equivalents are subject to the impairment requirements of NZ IFRS 9, the identified impairment loss was deemed immaterial.

### Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

### Financial liabilities

Financial liabilities, including trade and other payables and borrowings, are initially measured at fair value, net of transaction costs.

Trade and other payables and borrowings are subsequently measured at amortised cost using the effective interest method.

The Group enters into forward exchange contracts, with gains or losses recognised in the Statement of Profit or Loss and Other Comprehensive Income. The classification within profit or loss depends on the purpose for which contracts were acquired.

### Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.



## Statement of Cash Flows

For the purpose of the Statement of Cash Flows, cash and cash equivalents include cash on hand and in banks, and investments in money market instruments with original maturities of three months or less, net of outstanding bank overdrafts. The following terms are used in the Statement of Cash Flows:

Operating activities: are the principal revenue-producing activities of the Group, including interest received and paid and other activities that are not investing or financing activities.

Investing activities: are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Financing activities: are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity, including dividends paid.

## Goods and Services Tax

All items included in the financial statements are reported exclusive of Goods and Services Tax (GST), except for accounts payable and accounts receivable, which include GST invoiced.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

## Impairment of tangible and intangible assets excluding goodwill

At each balance date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is

reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss in the Statement of Profit or Loss and Other Comprehensive Income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss in the Statement of Profit or Loss and Other Comprehensive Income.

## Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

## Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors are required to make 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. Actual results may differ from these estimates.

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following note:

Note 17: Intangible assets - measurement of goodwill impairment of subsidiaries and internally generated intangible assets.

## COVID-19 Pandemic

While still affected by the impacts of COVID-19, particularly in the aviation sector, our financial performance for the year for the underlying business remained positive due to a number of cost saving and aviation sector initiatives.

The Group continues to place restrictions on discretionary spending in areas such as entertainment, travel, conference attendance and training.

The scale and duration of impacts of COVID-19 is expected to continue to evolve after the date of this report.



## Notes to the Financial Statements (Cont.) for the year ended 30 June 2022

<b>3. REVENUE AND OTHER INCOME</b>	Group 2022 \$000s	Group 2021 \$000s
Contracts with Customers – revenue recognised over time	60,890	57,609
Contracts with Customers – revenue recognised at a point in time	848	931
Government grant income	2,075	713
Other	412	190
<b>TOTAL REVENUE AND OTHER INCOME</b>	<b>64,225</b>	<b>59,443</b>

Aviation revenue has been significantly impacted by COVID-19 in 2021 and 2022, however full services have continued to be provided. MetService has received a contribution towards a portion of the costs incurred in maintaining our aviation services through the essential transport connectivity fund (ETC). Total received for the current year is \$1.9m. (2021: \$500,000) A Flight Disruption Levy has been agreed in principle with industry during the year. This has and will result in adjustments to the transaction price of services already transferred to certain customers, once contract variations are in place.

<b>4. EMPLOYEE BENEFITS EXPENSE</b>	Group 2022 \$000s	Group 2021 \$000s
Wages and Salaries	34,235	32,324
Kiwisaver / Superannuation Contributions	936	766
Labour Capitalised	(4,343)	(3,990)
Contractors/Temporary Staff	1,432	1,054
Other Employee Benefits	654	547
<b>TOTAL EMPLOYEE BENEFITS</b>	<b>32,914</b>	<b>30,701</b>

<b>5. OPERATING EXPENDITURE</b>	Group 2022 \$000s	Group 2021 \$000s
<b>Profit for the year has been arrived after charging/(crediting)</b>		
Access to training material through an online platform provided by PwC	1	–
Audit Fees of Financial Statements paid to PwC	196	160
Audit Fees related to Audit of Subsidiary MetraWeather (UK) Ltd paid to Crowe Clark Whitehall (CCW)	28	26
Audit Fees related to MetraWeather (Thailand) Ltd paid to Khun Natakorn	2	2
Directors' Fees	189	162
Fees Paid to CCW (UK) for Payroll and Accounting Services	22	23
Foreign Exchange (Gains)/Loss	(16)	118
Impairment of Intangible Assets	346	239
Impairment of Property, Plant and Equipment	704	–
Increase/(Decrease) in Allowance for Impairment of Trade Receivables	3	(80)
Insurance	785	711
Loss on Disposal of Property, Plant and Equipment	35	57
Research Expenditure	1,495	583
Travel & Accommodation	124	181



### 5(i) Significant Items

During the 2020 financial year, MetService commissioned a seismic assessment of the Kelburn facility to assess the building against the latest building code standards which were updated in 2017. The assessed seismic capacity is in the earthquake risk category. Based on this assessment there is no legal requirement for seismic strengthening to take place.

However, MetService has been investigating alternative options for seismic strengthening versus moving facilities permanently. As part of this process, and to continue the company's resilience project, one off costs have been incurred during the current and previous year to move the company's data centre off premise. This uncertainty has also resulted in the impairment of several physical assets at the Kelburn premises.

A 36 month lease has been signed for Level 2 / 110 Featherston Street, Wellington. Commencement date was 1 November 2021 and the business moved effective from 10 January 2022.

Operating Profit for the year includes one off spend of \$2.0m relating to the move of the data centre offsite (IT Costs), the costs involved with the move to Featherston Street (Building Maintenance) and Kelburn asset impairment (Other Expenses). (2021: \$2.5m)

	Group 2022 \$000s	Group 2021 \$000
Operating profit/(loss)	207	(215)
Data Centre move & Office Relocation	2,012	2,533
<b>Operating profit excluding one off significant items</b>	<b>2,219</b>	<b>2,318</b>

<b>6. FINANCE COSTS – NET</b>	Group 2022 \$000s	Group 2021 \$000s
<b>Interest Revenue</b>		
Bank Deposits	22	6
<b>Total Finance Income</b>	<b>22</b>	<b>6</b>
Interest on Bank Overdrafts and Loans	317	433
Interest Expense - Lease Liability	124	114
<b>Total Finance Costs</b>	<b>441</b>	<b>547</b>
<b>FINANCE COSTS – NET</b>	<b>419</b>	<b>541</b>



## Notes to the Financial Statements (Cont.) for the year ended 30 June 2022

<b>7. TAXATION</b>	Group 2022 \$000s	Group 2021 \$000s
Loss Before Taxation	(212)	(756)
Prima Facie Taxation Thereon at 28%	(59)	(212)
Non-Deductible Legal Fees	2	16
Non-Deductible Expenditure	6	8
Prior Period Adjustment	(16)	50
Effect of Different Tax Rates in Other Jurisdictions	(2)	(10)
Re-recognise Deferred Tax Asset - MetraWeather (UK) Limited	-	8
Other	(19)	(20)
<b>TAXATION BENEFIT</b>	<b>(88)</b>	<b>(160)</b>
Current Taxation	296	95
Prior Period Adjustment – Current Taxation	(14)	62
Deferred Taxation	(366)	(315)
Prior Period Adjustment – Deferred Taxation	(4)	(2)
<b>TAXATION BENEFIT</b>	<b>(88)</b>	<b>(160)</b>
<b>Deferred Tax</b>		
<b>Deferred tax liabilities arise from the following:</b>		
TEMPORARY DIFFERENCES		
Property, Plant and Equipment	(467)	(791)
<b>Net deferred tax liability</b>	<b>(467)</b>	<b>(791)</b>
<b>Deferred tax assets arise from the following:</b>		
NZ IFRS 16 adjustment	30	53
Provisions and Other Liabilities	844	734
MetService losses carried forward	-	56
MetraWeather (UK) losses carried forward	88	73
<b>Deferred tax asset</b>	<b>962</b>	<b>916</b>
<b>Deferred Taxation</b>		
Opening Balance	125	(181)
On Profit for the Year	366	304
Prior Period Adjustment	4	2
<b>CLOSING BALANCE</b>	<b>495</b>	<b>125</b>
<b>IMPUTATION CREDITS FOR USE</b>	<b>10,280</b>	<b>10,278</b>

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.





<b>8. ISSUED CAPITAL</b>	Group 2022 \$000s	Group 2021 \$000s
Authorised, Issued and Fully Paid Capital Consists of 5m Ordinary Shares	<b>5,000</b>	<b>5,000</b>

Issued shares have no par value.

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

Ordinary shares are classified as equity.

<b>9. TRADE AND OTHER PAYABLES</b>	Group 2022 \$000s	Group 2021 \$000s
Trade Payables	2,648	2,970
Other Payables	1,407	1,267
Accruals	2,082	1,773
Contract Liability Income in Advance	1,554	2,179
<b>TOTAL TRADE AND OTHER PAYABLES</b>	<b>7,691</b>	<b>8,189</b>

#### **9. (i) Revenue recognised in relation to contract liabilities**

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year.

	Group 2022 \$000s	Group 2021 \$000s
Revenue recognised that was included in the contract liability balance at the beginning of the period	1,999	2,156

<b>10. TRADE AND OTHER RECEIVABLES</b>	Group 2022 \$000s	Group 2021 \$000s
Trade Receivables – Contracts with Customers	4,703	3,121
Allowance for Impairment	(70)	(67)
	<b>4,633</b>	<b>3,054</b>
Prepayments – current	1,665	1,787
Sundry Debtors – current	708	738
<b>TOTAL TRADE AND OTHER RECEIVABLES – CURRENT</b>	<b>7,006</b>	<b>5,579</b>
Prepayments – non current	550	401
<b>TOTAL TRADE AND OTHER RECEIVABLES – NON CURRENT</b>	<b>550</b>	<b>401</b>

The average credit period on sales of goods and services is 30 days. No interest is charged on trade receivables overdue. Overdue debts are reviewed on a case-by-case basis and provided for if the receivable is considered not recoverable. Historical experience is such that international customers pay on a 60–90 day term and default is minimal.

Included in the Group's trade receivable balance are debtors with a carrying amount of \$211,968 (2021: \$37,708) which are past due at the reporting date for which the Group has not provided, as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.



## Notes to the Financial Statements (Cont.) for the year ended 30 June 2022

### 10. TRADE AND OTHER RECEIVABLES (CONTINUED)

	Group 2022 \$000s	Group 2021 \$000s
<b>Ageing Past Due Trade Receivables (Not Impaired)</b>		
30–60 days	65	30
60–90 days	42	6
Above 90 days	105	2
<b>TOTAL</b>	<b>212</b>	<b>38</b>
<b>Movement in the Allowance for Impairment</b>		
Opening Balance as at 1 July	67	147
Increase in Loss Allowance	15	7
Impairment Losses Reversed	(12)	(87)
<b>CLOSING BALANCE AS AT 30 JUNE</b>	<b>70</b>	<b>67</b>

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

The Group applies the NZ IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. In 2021 and 2022, Management has considered the impact the COVID-19 pandemic has had on the customer base world wide and has adjusted the historical loss rates based on possible future outcomes.

Using an expected credit loss of 2%, the Group has increased the provision to \$70,000 (2021: \$54,330). Included in the allowance for impairment are individually impaired trade receivables with a balance of \$nil (2021: \$7,138) for the Group, relating to receivables from entities which have been considered doubtful.

### 11. EMPLOYEE BENEFITS

	Group 2022 \$000s	Group 2021 \$000s
Annual Leave Entitlement	1,993	2,047
Termination Leave	39	42
<b>TOTAL EMPLOYEE BENEFITS</b>	<b>2,032</b>	<b>2,089</b>

The liability for employee benefits represents annual leave and termination leave entitlements accrued. The termination leave accrual is an actuarial assessment of the accrued termination leave liabilities for current employees of the Group. Only those employees with 10 years' service when the scheme closed are eligible for the benefit.



<b>12. PROVISIONS</b>	Group 2022 \$000s	Group 2021 \$000s
<b>Non Current</b>		
Restoration Provision	650	586
<b>TOTAL NON CURRENT PROVISIONS</b>	<b>650</b>	<b>586</b>

#### **Restoration Provision**

Opening Balance as at 1 July	586	560
Additions	143	48
Increase in Provision	16	29
Effects of Changes in Discount Rates	(75)	(46)
Annual Usage	(20)	(5)
<b>CLOSING BALANCE AS AT 30 JUNE</b>	<b>650</b>	<b>586</b>

#### **Restoration provision**

The Parent has a number of sites leased around the country for the purpose of housing weather stations or related equipment. A restoration provision has been calculated for those sites that contractually require the site to be restored to its original state on expiry of the licence to occupy. The Restoration provision is an estimate of the cost (in today's dollars) of restoring current leased sites to their original state on termination of the lease agreement, assuming this would occur at the end of the useful life of equipment on the leased site (usually 20 years from commencement of lease).

This provision includes estimation for restoring the Campbell Island site. In 2020, work was completed on Campbell Island to safely remove asbestos and diesel tanks. The Parent has used the ten-year government bond rate of 3.56% (2021: 1.75%) as the discount rate and assumed a 6.9% (2021: 1.5%) CPI increase on costs.

#### **Contingent liabilities**

##### **Restoration Provision**

Several lease agreements are held that do not include the requirements to restore the site on termination of the lease. Because the Parent is not contractually obligated to remove the equipment and restore the site, it is not certain that a liability would arise, therefore the estimated cost of restoring these sites has been excluded from the provision 2022: \$323,452 (2021: \$337,970).

<b>13. BORROWINGS</b>	Group 2022 \$000s	Group 2021 \$000s
<b>Secured</b>		
<b>Non Current</b>		
Bank Loan	10,500	10,500
<b>TOTAL BORROWINGS</b>	<b>10,500</b>	<b>10,500</b>

The Parent has a multi-option credit line facility with Westpac Banking Corporation to the value of \$4 million. Interest is charged on drawn amounts at the cash rate plus a corporate margin of 95 basis points as at 30 June 2022. There is a line-of-credit charge of 0.45% per month on the commitment during that month.

The Parent has an ongoing term loan agreement with Westpac Banking Corporation. The loans have interest rates that are fixed and due for renewal between 1 July 2022 and 22 April 2025. The bank loans will mature on 30 June 2025. The average interest rate for the loans as at 30 June 2022 is 3% (2021: 3.29%).

These loans are secured by a negative pledge that is subject to covenant clauses whereby the Parent is required to maintain a specified level of interest cover and total leverage ratio. As at 30 June 2022, all banking covenants had been complied with throughout the period.

#### **Net Debt Reconciliation**

Borrowings at 30 June 2022 were \$10.5m, no change from 2021.



## Notes to the Financial Statements (Cont.) for the year ended 30 June 2022

### 14. SUBSIDIARIES

Details of the Group's 100% owned subsidiaries at 30 June 2022 are as follows:

Names	MetraWeather (Australia) Pty Limited	MetraWeather (UK) Limited
Place of Incorporation and Operation	Australia	United Kingdom
Balance Date	30 June	30 June
Principal Activity	Forecasting, Marketing and Promotion of Weather and Information Presentation Services.	Forecasting, Marketing and Promotion of Weather and Information Presentation Services.
Names	MetraWeather (Thailand) Limited	MetOcean Solutions Limited
Place of Incorporation and Operation	Thailand	New Zealand
Balance Date	30 June	30 June
Principal Activity	Marketing and Promotion of Weather and Information Presentation Services.	Non-trading – Name Protection Purposes

On 24 September 2018, the Meteorological Service of New Zealand Limited opened a Representative Office in Bangkok, Thailand.

Closure proceedings continue for MetraWeather (Thailand) Limited. The Asian business operations remain the same.

### 15. RELATED PARTY TRANSACTIONS

The ultimate controlling party of the Group is the Crown.

#### Loans to/(from) Subsidiaries

The Parent provides funds to MetraWeather (UK) Limited via an intercompany account. Intercompany balances eliminate on consolidation.

Balances are interest-free and the Parent has no intention of requesting payment in the near future.

#### Compensation of Key Management Personnel

Key management personnel are paid in their capacity as employees and receive salaries and bonuses.

Key management personnel includes Directors and the Executive Leadership Team.

	Group 2022 \$000s	Group 2021 \$000s
Total Executive Leadership Team*	1,505	2,983
Kiwisaver / Superannuation Contributions	44	45
Directors' Remuneration	189	162
	<b>1,738</b>	<b>3,190</b>

#### Compensation of the Chief Executive Officer

Total Chief Executive Officer (CEO)	385	421
Performance Pay Paid Relating to Prior Year**	52	–
Kiwisaver / Superannuation Contributions	15	13
	<b>452</b>	<b>434</b>

\* The Executive Leadership Team decreased in numbers during the 2022 financial year.

\*\*Bonus payments are approved and paid after balance date and are therefore reported here on a "cash paid" basis.



## Other Related Parties

A member of our key management personnel has a minor shareholding in Cloudsource Limited however the Group has not provided services to Cloudsource Limited in 2022. (2021: \$6,000)

## Relationship with the Crown

Meteorological Service of New Zealand Limited is a limited liability company incorporated in New Zealand, under the Companies Act 1993.

The ultimate shareholder of the Group is the Crown and the Group undertakes many transactions with other State-Owned Enterprises, Crown Entities and Government Departments in the normal course of business which are not disclosed here. The Crown does not guarantee the liabilities of Meteorological Service of New Zealand Limited.

No amounts owed by related parties have been written off or forgiven during the year.

## 16. PROPERTY, PLANT & EQUIPMENT

<b>GROUP 2022</b>	Land & Buildings \$000s	Meteorological Equipment & Plant \$000s	ICT Equipment, Vehicles & Furniture \$000s	Capital Work In Progress \$000s	<b>Total \$000s</b>
Cost	10,081	28,012	7,598	2,986	<b>48,677</b>
Accumulated Depreciation and Impairment	(8,334)	(18,257)	(6,552)	-	<b>(33,143)</b>
<b>CARRYING AMOUNT</b>	<b>1,747</b>	<b>9,755</b>	<b>1,046</b>	<b>2,986</b>	<b>15,534</b>
Opening Carrying Amount 1 July	2,292	10,316	729	801	<b>14,138</b>
Additions at Cost	83	345	913	3,177	<b>4,518</b>
Disposals	(24)	-	(6)	-	<b>(30)</b>
Asset Impairment	(396)	-	-	(308)	<b>(704)</b>
Depreciation	(508)	(1,290)	(590)	-	<b>(2,388)</b>
Work In Progress Movement	300	384	-	(684)	-
<b>NET BOOK VALUE AS AT 30 JUNE</b>	<b>1,747</b>	<b>9,755</b>	<b>1,046</b>	<b>2,986</b>	<b>15,534</b>

<b>GROUP 2021</b>	Land & Buildings \$000s	Meteorological Equipment & Plant \$000s	ICT Equipment, Vehicles & Furniture \$000s	Capital Work In Progress \$000s	<b>Total \$000s</b>
Cost	9,721	27,984	8,043	801	<b>46,549</b>
Accumulated Depreciation and Impairment	(7,429)	(17,668)	(7,314)	-	<b>(32,411)</b>
<b>CARRYING AMOUNT</b>	<b>2,292</b>	<b>10,316</b>	<b>729</b>	<b>801</b>	<b>14,138</b>
Opening Carrying Amount 1 July	2,785	8,132	1,077	2,323	<b>14,317</b>
Additions at Cost	9	442	209	1,437	<b>2,097</b>
Disposals	-	-	(7)	-	<b>(7)</b>
Depreciation	(502)	(1,207)	(560)	-	<b>(2,269)</b>
Work In Progress Movement	-	2,949	10	(2,959)	-
<b>NET BOOK VALUE AS AT 30 JUNE</b>	<b>2,292</b>	<b>10,316</b>	<b>729</b>	<b>801</b>	<b>14,138</b>



## Notes to the Financial Statements (Cont.) for the year ended 30 June 2022

### 17. INTANGIBLE ASSETS

GROUP 2022	Goodwill	Software	Customer Base	Capital Work In Progress	Total \$000
Cost	3,025	60,446	412	4,617	<b>68,500</b>
Accumulated Amortisation	–	(53,302)	(412)	–	<b>(53,714)</b>
<b>CARRYING AMOUNT</b>	<b>3,025</b>	<b>7,144</b>	<b>–</b>	<b>4,617</b>	<b>14,786</b>
<b>Opening Carrying Amount 1 July</b>	3,025	8,645	–	3,083	<b>14,753</b>
Additions at Cost	–	9	–	5,484	<b>5,493</b>
Asset Impairment	–	(346)	–	–	<b>(346)</b>
Amortisation Expense	–	(5,114)	–	–	<b>(5,114)</b>
Work in Progress Movement	–	3,950	–	(3,950)	–
<b>NET BOOK VALUE AS AT 30 JUNE</b>	<b>3,025</b>	<b>7,144</b>	<b>–</b>	<b>4,617</b>	<b>14,786</b>

GROUP 2021	Goodwill	Software	Customer Base	Capital Work In Progress	Total
Cost	3,025	58,016	412	3,083	<b>64,536</b>
Accumulated Amortisation	–	(49,371)	(412)	–	<b>(49,783)</b>
<b>CARRYING AMOUNT</b>	<b>3,025</b>	<b>8,645</b>	<b>–</b>	<b>3,083</b>	<b>14,753</b>
<b>Opening Carrying Amount 1 July</b>	3,025	10,313	–	2,651	<b>15,989</b>
Additions at Cost	–	22	–	4,641	<b>4,663</b>
Disposals	–	(71)	–	–	<b>(71)</b>
Asset Impairment	–	(159)	–	–	<b>(159)</b>
Amortisation Expense	–	(5,669)	–	–	<b>(5,669)</b>
Work in Progress Movement	–	4,209	–	(4,209)	–
<b>NET BOOK VALUE AS AT 30 JUNE</b>	<b>3,025</b>	<b>8,645</b>	<b>–</b>	<b>3,083</b>	<b>14,753</b>

Internally developed software and capital work in progress includes software development to be used in sellable products and installations of infrastructure. The amount to be capitalised is determined on the basis of time spent by employees developing these assets. Timesheets are used for recording hours spent against specific pre-approved activities, both capital and operational. The timesheets are reviewed against the criteria determined in the accounting policy and approved by management. IT development is allocated at a rate of \$108 per hour (2021: \$103) and Network Engineer's rate is \$72 per hour (2021: \$72). These rates were determined by using the appropriate overheads for each area, along with the average hourly rate for employees developing these assets.

#### Impairment test for goodwill

Goodwill of \$600,000 is allocated to MetraWeather (UK) Ltd. The recoverable amount has been determined based on a value-in-use calculation. This year the model has used the forecast cash flows to 2023, incorporating the impact of COVID-19. The discount rate is based on the Group's Weighted Average Cost of Capital. At 30 June 2022, a pre-tax discount rate of 9.78% (2021: 8.42%) was applied in the model. A terminal growth rate of 2.0% was applied to the model. This was based on an allowance for inflationary growth.

Goodwill of \$2.425m is related to the acquisition of MetOcean Solutions Limited. The goodwill has been allocated to the Meteorological Service of New Zealand Limited CGU, as it continues to benefit from the business acquisition. The recoverable amount has been determined based on a Group valuation prepared by an independent external valuation expert. This is based on fair value less costs to sell, using a four-year discounted cash flow (DCF) which has been cross-checked against comparable company multiples. The discount rate is based on the Group's Weighted Average Cost of Capital. At 30 June 2022, a pre-tax discount rate of 9.78% (2021: 8.42%) was applied to the model. A terminal growth rate of 2.0% was applied to the model. This valuation is level 3 in the fair value hierarchy. A reasonable possible change in assumption would not result in impairment.



## 18. LEASES

The Group as Lessee:

### 18(a) Right-of-Use Asset

	Group 2022 \$000s	Group 2021 \$000s
Land & Buildings	3,534	2,371
Asset Retirement Obligation	201	152
<b>CARRYING AMOUNT AS AT 30 JUNE</b>	<b>3,735</b>	<b>2,523</b>

Additions to the right-of-use assets during the 2022 financial year were \$1.7m (2021: \$88,000)

### 18(b) Lease Liability

	Group 2022 \$000s	Group 2021 \$000s
Current portion of lease liability	1,050	526
Non-current portion of lease liability	2,790	2,188
<b>CARRYING AMOUNT AS AT 30 JUNE</b>	<b>3,840</b>	<b>2,714</b>

### 18(c) Amounts recognised in the Statement of Profit or Loss and Other Comprehensive Income

The Profit or Loss Statement includes the following amounts relating to leases, exclusive of the amounts above.

	Group 2022 \$000s	Group 2021 \$000s
Expense relating to low-value assets	116	171
Expense relating to short term leases	41	41
Depreciation charge of right-of-use asset	806	439
Depreciation charge of asset retirement obligation	94	61
Interest expense (included in finance costs)	125	114



## Notes to the Financial Statements (Cont.) for the year ended 30 June 2022

### 18. LEASES (CONTINUED)

#### 18(d) Amounts recognised in the Cash Flow Statement

	Group 2022 \$000s	Group 2021 \$000s
Principal lease payments (included in financial activities)	841	484
Interest expense (included in operating activities)	125	114
Short term, low-value assets and variable lease payments (included in operating activities)	157	212
	<b>1,123</b>	<b>810</b>

#### 18(e) Contractual Maturities for Lease Liabilities

	Group 2022 \$000s	Group 2021 \$000s
Less than Six Months	548	307
Six to Twelve Months	517	227
Between One and Two Years	1,026	417
Between Two and Five Years	824	753
Over Five Years	1,680	1,789
<b>Total Contractual Cash Flows</b>	<b>4,595</b>	<b>3,493</b>
<b>Carrying Amount</b>	<b>3,840</b>	<b>2,714</b>

The Group as Lessor:

While decisions are still being made around the future of the premises at 30 Salamanca Road, Kelburn, a short term leasing arrangement is in place for two levels.

### 19. DIVIDENDS

As at balance date, there has been no provision made for a final dividend. The Group is not planning on paying a dividend for this financial year. The Group's dividend policy is to distribute in the range of 15% to 40% of net cash flows from operating activities, less maintenance capital expenditure. No dividend is expected to be paid due to the requirement to seismically strengthen the Wellington facility and the impact on the business of COVID-19.





<b>20. RECONCILIATION OF NET LOSS WITH CASH FLOW FROM OPERATING ACTIVITIES</b>	Group 2022 \$000s	Group 2021 \$000s
--	----------------------	----------------------

**Reconciliation of Net Loss with Cash Flow from Operating Activities**

Net Loss for the Year	(124)	(596)
<b>Non Cash/Non Operating Items</b>		
Depreciation and Amortisation	8,402	8,438
Increase in Deferred Tax	(370)	(305)
(Gain)/Loss on Forward Foreign Exchange Contracts	(22)	4
Impairment losses on PPE and Intangibles	1,050	310
Loss on Sale of Fixed Assets	35	57
Increase in Restoration Provision	16	78
Less Restoration Provision unwound	(95)	(52)
Other Non Cash Operating Items	(30)	(114)
<b>INCREASE IN NON CASH ITEMS</b>	<b>8,986</b>	<b>8,416</b>
<b>Movements in Working Capital</b>		
Increase in Receivables	(1,576)	(663)
(Decrease)/Increase in Accounts Payable and Accruals	(551)	2,218
Decrease/(Increase) in Income Taxation Receivable	131	(228)
(Increase)/Decrease in Inventories	(53)	201
<b>Total Movement in Working Capital</b>	<b>(2,049)</b>	<b>1,528</b>
<b>NET CASH GENERATED BY OPERATING ACTIVITIES</b>	<b>6,813</b>	<b>9,348</b>

**21. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents at the end of the year as shown in the Statement of Cash Flows can be reconciled to the related items in the balance sheet as follows:

	Group 2022 \$000s	Group 2021 \$000s
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>4,685</b>	<b>8,746</b>

The Parent has an overdraft facility with Westpac Banking Corporation to the value of \$50,000.

**22. FINANCIAL RISK MANAGEMENT**

**Financing risk management objectives**

Financing risk is the risk of not being able to refinance debt obligations or other cash outflows when required, on terms that are less favourable than those currently in place. The main objectives of the management of financing risk are to ensure sufficient funding is available to meet the Group's requirements and to avoid liquidity crises, achieve competitive pricing on sources of funding and lines of credit, and diversify sources of funding and liquidity.

**Capital risk management**

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. This year it was agreed with Treasury to not pay an annual dividend.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 13, cash and cash equivalents and equity attributable to equity holders of the Parent, comprising issued capital and retained earnings as disclosed in the Statement of Changes in Equity.

Debt covenants are reviewed by management on a monthly basis.



## Notes to the Financial Statements (Cont.) for the year ended 30 June 2022

### 22. FINANCIAL RISK MANAGEMENT (CONTINUED)

Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants:

Total Leverage Ratio – requires debt to remain lower than 3 times EBITDA.

Interest Cover Ratio – requires EBITDA to be greater than or equal to 3 times the interest expense.

Change in Ownership – any sale of shares must be advised immediately to the bank.

Event of Review – the Group must advise the bank if the Ministry of Transport contract is cancelled or renewed on less favourable terms, including if revenue is reduced by 25%.

The Group has complied with all covenants throughout the reporting period. As at 30 June 2022, the interest cover was 27.1 (2021: 19.1) and the leverage ratio was 0.68 (2021: 0.21).

#### Financial instruments by category

Categories of Financial Instruments	Group 2022 \$000s	Group 2021 \$000s
<b>Assets</b>		
FINANCIAL ASSETS AT AMORTISED COST		
Cash and Cash Equivalents	4,685	8,746
Trade and Cash Equivalents	5,341	3,793
Forward Foreign Exchange Contracts	22	–
<b>TOTAL FINANCIAL ASSETS</b>	<b>10,048</b>	<b>12,539</b>

Categories of Financial Instruments	Group 2022 \$000s	Group 2021 \$000s
<b>Liabilities</b>		
FINANCIAL LIABILITIES AT AMORTISED COST		
Trade and Other Payables	5,746	5,667
Borrowings	10,500	10,500
Lease Liabilities	3,840	2,714
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		
Forward Foreign Exchange Contracts	–	4
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>20,086</b>	<b>18,927</b>

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

#### Market risk

There has been no change in the types of risks the Group is exposed to.

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, and price risk), credit risk and liquidity risk.

#### Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuation arise. The Group manages this through forward exchange contracts taken out in line with the Board-approved Treasury Policy.

The New Zealand dollar equivalent carrying amounts of the foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:



	Liabilities 2022 \$000	Liabilities 2021 \$000	Assets 2022 \$000s	Assets 2021 \$000s
<b>Group</b>				
US Dollars	276	464	487	516
British Pounds	4	5	257	508
Euro	128	39	602	240
Australian Dollars	94	47	1,545	1,703
Thai Baht	10	-	9	6
Malaysian Ringgit	-	-	2	-
Japanese Yen	7	-	-	-
	<b>519</b>	<b>555</b>	<b>2,902</b>	<b>2,973</b>

### Foreign currency sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to exchange rate at the balance sheet date. This analysis is based on the closing foreign currency denominated monetary assets and monetary liabilities at the reporting date.

If exchange rates had been 10% higher and all other variables were held constant, Group profit and equity would have decreased by \$217,000 (2021: \$220,000). If exchange rates had been 10% lower and all other variables were held constant, Group profit and equity would have increased by \$396,000 (2021: \$310,000).

### Forward Foreign Exchange Contracts

Forward Foreign Exchange Contracts are reported at fair value through Profit or Loss Statement and are all held for trading.

	Group 2022 \$000s	Group 2021 \$000s
Fair Value (Gain)/Loss on contracts held	(22)	4

### Interest rate risk management

The Group manage interest rate risk by borrowing funds at fixed interest rates and maintaining an appropriate level of debt.

If interest rates had been 5% higher and all other variables were held constant, Group profit and equity would have decreased by \$525,000. (2021: \$105,000, 1%). If interest rates had been 5% lower and all other variables were held constant, Group profit and equity would have increased by \$525,000 (2021: \$105,000, 1%).

### Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

Financial instruments which potentially subject the Group to credit risk principally consist of bank transactions and deposits, accounts receivable and sundry accounts receivable. The Group has a credit policy which is used to manage its exposure to credit risk. As part of this policy, limits on exposures have been set and are monitored on a regular basis.

In the normal course of business amounts due from the Ministry of Transport represent a significant account receivable, and a concentration of credit risk. However, the Directors do not expect any loss from non-performance of this counterparty.

The Group does not require collateral or security to support financial instruments due to the quality of financial institutions and trade debtors dealt with.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.



## Notes to the Financial Statements (Cont.) for the year ended 30 June 2022

### 22. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Parent has access to financing facilities, the total unused amount of which is \$4m (2021: \$4m) at the balance date. The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

The table below summarises the cash flows payable by the Group by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual and expected undiscounted cash flows.

#### Financial Liabilities

	Group 2022		Group 2021	
	Borrowings \$000s	Interest Payable \$000s	Borrowings \$000s	Interest Payable \$000s
<6 Mths	-	158	-	173
6-12 Mths	-	158	-	173
1-5 Yrs	10,500	630	10,500	691
5+ Yrs	-	-	-	-
	<b>10,500</b>	<b>946</b>	<b>10,500</b>	<b>1,037</b>

It is likely that the Group will be rolling over this facility past five years.

Trade and other payables and employee benefits, excluding termination leave, are repayable within the next six months.

### 23. CAPITAL COMMITMENTS

	Group 2022 \$000s	Group 2021 \$000s
Commitments for the acquisition of property, plant and equipment	1,277	44

### 24. SUBSEQUENT EVENTS

No material events have occurred subsequent to the end of the reporting period that require recognition of, or additional disclosure in these financial statements.





## Independent Auditor's Report

### TO THE READERS OF METEOROLOGICAL SERVICE OF NEW ZEALAND LIMITED'S GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The Auditor-General is the auditor of Meteorological Service of New Zealand Limited and its subsidiaries (the Group). The Auditor-General has appointed me, Sarah Turner, using the staff and resources of PricewaterhouseCoopers, to carry out the audit of the financial statements of the Group on his behalf.

#### Our opinion

We have audited the financial statements of the Group on pages 35 to 59, that comprise the Statement of Financial Position as at 30 June 2022, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information.

In our opinion the financial statements of the Group:

- present fairly, in all material respects:
  - its financial position as at 30 June 2022; and
  - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalent to International Financial Reporting Standards and International Financial Reporting Standards.

Our audit was completed on 12 September 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

#### Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible on behalf of the Group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the State Owned Enterprises Act 1986.

#### Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and the performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

## Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 34 and pages 63 to 71, but does not include the financial statements, and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

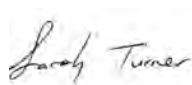
In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Independence

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standards 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit we have provided access to training material through an on-line platform, which is compatible with those independence requirements. Other than the audit and the access to training materials, we have no relationship with or interests in the Group.

For and on behalf of:



**Sarah Turner**

On behalf of the Auditor-General  
Wellington, New Zealand



**PricewaterhouseCoopers**



## Statutory Information

### Results of operations

	2022 \$000s	2021 \$000s
Net Loss	(124)	(596)
Retained Earnings at Beginning of the Year	18,406	19,002
Retained Earnings at End of the Year	18,282	18,406

### Changes in accounting policies

There have been no material changes in accounting policies during the year. The policies are set out on pages 39–44.

### Changes in capital

There were no changes in capital during the year.

### Remuneration bands

The number of employees (not including Directors) whose remuneration and benefits during the accounting period were within the specified band is as follows:

	Number
\$100,001 – \$110,000	35
\$110,001 – \$120,000	26
\$120,001 – \$130,000	27
\$130,001 – \$140,000	9
\$140,001 – \$150,000	14
\$150,001 – \$160,000	8
\$160,001 – \$170,000	4
\$170,001 – \$180,000	1
\$180,001 – \$190,000	1
\$190,001 – \$200,000	2
\$210,001 – \$220,000	1
\$220,001 – \$230,000	3
\$240,001 – \$250,000	1
\$290,001 – \$300,000	2
\$300,001 – \$310,000	1
\$320,001 – \$330,000	1
\$340,001 – \$350,000	1
\$440,001 – \$450,000	1

### Donations

Monetary donations for the year totaled \$500.

### Auditor

The Auditor for the Group is Sarah Turner, assisted by PricewaterhouseCoopers, Wellington, on behalf of the Auditor General. The amount payable by the Group to PricewaterhouseCoopers during the year as audit fees is \$195,740.

The amount in respect of the year for other services provided by PricewaterhouseCoopers is \$595 in relation to access to general training material.

### Directors' fees

The total fees payable to members of MetService Board during financial year was \$188,816. The total Board fees are within the amount authorised by the Shareholding Ministers.

Sophie Haslem (Chair)	\$46,896
Tupara Morrison (Deputy Chair resigned 20 February 2022)	\$19,540
Roanne Parker (end of term 30 June 2022)	\$23,448
Stephen Eaton (end of term 31 October 2021)	\$7,816
Dave Moskovitz	\$23,448
Stephen Wilis (started 19 July 2021)	\$22,556
Victoria Spackman (started 19 July 2021)	\$22,556
Alison Watters (started 19 July 2021)	\$22,556
<b>Total Directors' Remuneration</b>	<b>\$188,816</b>

### Directors' and employees' indemnity and insurance

MetService has insured the Directors and employees against any costs or liabilities of the type referred to in s162(5) of the Companies Act 1993.

### Directors' loans

No loans were made to the Directors during the year.





## Directors' disclosures

No specific disclosures were given by the Directors pursuant to s140(1) of the Companies Act 1993.

General disclosures of interest made by the Directors of MetService and its subsidiaries pursuant to s140(2) as at 30 June 2022 are:

Director	Company	Nature of Interest
<b>Sophie Haslem (Chair)</b>	Centreport Captive Insurance Ltd (inactive)	Director
	CentrePort Properties Limited	
	LIC Agritechnology Company Limited	
	Ngāi Tahu Holdings Corporation	
	Payment NZ Limited	
	CentrePort Limited	Deputy Chair Chair of Audit and Risk Committee Chair of Remuneration Committee
	Kordia Group Limited	Director
<b>Tupara Morrison (Deputy Chair and Chair, Audit and Risk Assurance Committee) (resigned 20 February 2022)</b>	Livestock Improvement Corporation Limited	Chair of Audit and Risk Committee
	Rangatira Limited	
	Omphalos Limited	Director/Shareholder
	MOTAT	Director
	Competenz	
	Te Puia NZMACI Management Limited	
	Nga Kaihoe o Aotearoa (Waka Ama NZ)	
<b>Roanne Parker (Chair, People, Culture and Remuneration Committee) (end of term 30 June 2022)</b>	Kāinga Ora	Contract Consultant
	NZMG Limited	Director/ Shareholder
	Te Puia Limited	Chairman
	Te Kotahitanga o Ngāti Whakaue Assets Trust	Trustee
	Māori Education Trust	
	Waiheke Oranga Urgent After Hours Limited	Trustee/Director
	Pukeroa Oruawhata Trust	Shareholder
	Ngati Whakaue Tribal Lands Inc	
	Whakaue GP Limited	
Kotahi te Hoe Limited		
<b>Stephen Eaton (end of term 31 October 2021)</b>	Araroa Property Limited	Director
	Pulse GP Limited	
	Hopscotch Waiheke Limited	Director/Shareholder
	Wonderstuff Limited	
	Skyspace Family Trustee Limited	
	The Mashery Limited	
<b>Stephen Eaton (end of term 31 October 2021)</b>	Mark Izzard Medical Limited	Shareholder
	Waiheke Island Distillery	
	AMS Consult Limited	Director
	Hanlu Consulting Limited	Director/Shareholder
<b>Stephen Eaton (end of term 31 October 2021)</b>	Number 63 Limited	
	Bronnie Limited	Shareholder



## Statutory Information (Cont.)


Dave Moskovitz	Catalyst Cloud Limited Xerra Earth Observation Limited	Director
	Te Taura Whiri I te Reo Māori Victoria University of Wellington	Contractor – Support for Freelex Lexicography database systems
	NZ Tech Alliance	Member / Contractor – EdTechNZ Future Focus project
	Registered marriage celebrant	Contractor
	EdTech New Zealand Council	Member / Councillor
	Global Entrepreneurship Network NZ	Trustee / Chair
	Jaipuna Limited Chatterize Limited	Director/ Shareholder/Chair
	Arabic Digital Reform Institute	Advisor/ Shareholder
	Golden Ticket Limited Hyperstart Limited Think Tank Consulting Limited WebFund Limited WebFund Smartshow Holdings Limited WebFund Golden Ticket Holdings Limited	Director/Shareholder
	Wellington Abrahamic Council	Co-chair/ Councillor
	Te Muka Rau Charitable Trust	Trustee
	Moskovitz Frykberg Family Trust Think Tank Brains Trust	Trustee / Beneficiary
	The Christchurch Call Advisory Network	Advisor
	Admin Innovation Limited Celsius Limited Cloud Cannon Limited Cloudsource Holdings Limited Common Ledger Limited Conscious Consumers Limited (CoGo) Debtor Daddy Limited Open Accounting Data Limited Ponoko Limited Sharesies Limited Showgizmo Limited Tapi Limited Thought-Wired Limited VidApp Limited WIP APP Limited	Shareholder
	Lightning Lab 2013 Limited Partnership Lightning Lab 2014 Limited Partnership Lightning Lab XX Limited Partnership Movac Fund 5 2020 Limited Partnership Startmate NZ 2020 Limited Partnership	Limited Partner
	AngelHQ ICE Angels Institute of Directors NZ InternetNZ NZ Open Source Society NZ Rise Royal Society	Member
	Privacy Foundation NZ Tohatoha Creative Commons NZ	Member
	Wellington Progressive Jewish Congregation	Lay leader / Member



<b>Stephen Willis (started 19 July 2021)</b>	University of Otago	Chief Operating Officer
	Presbyterian Support Otago	Board member
<b>Victoria Spackman (started 19 July 2021)</b>	Acumen New Zealand Limited Acumen Trust Limited CDC Pharmaceuticals Limited Tinakori Katoa Investments Limited Undergroundsound Limited	Director
	Allegra Productions Limited Browley & Silver Limited (Trustee for V&A Trust) The Gibson Group Limited & Associated Companies	Director/ Shareholder
	Ackama NZ Limited & Associated Companies	Director/Chair
	Tinakori Katoa Trust The Paul Spackman Family Trust	Trustee
	Toi Mai Workforce Development Council	Co-chair
	Katherine Mansfield Birthplace Society	Board member
	SPADA Global Women	Member
	Spackman Property Services Limited	Shareholder
	Uno Loco Limited/HULA Design	Chair of the Advisory Board
	<b>Allison Watters (started 19 July 2021)</b>	BVAQ Singapore Pty LIC Agritechnology Company Limited Livestock Improvement Corporation Limited Totally Vets Limited
AsureQuality Limited		Director/Chair
Agriculture Resources Limited Aginvest Holdings Limited Taumata Island Dairy Limited		Shareholder

## Directors' statement

This Annual Report is for the period 1 July 2021 to 30 June 2022 and is signed on behalf of Meteorological Service of New Zealand Limited's Board of Directors.



**S Haslem**  
Director



**V Spackman**  
Director



## Key Performance Indicators Financial

	Statement of Corporate Intent	Actual 2022	Actual 2021
<b>1. Shareholder Returns</b>			
Total Shareholder Return	0.0%	(1.9%)	0.2%
Dividend Yield	0.0%	0%	0%
Dividend Payout	0.0%	0%	0%
Return on Equity (ROE)	(4.5%)	(0.5%)	(2.6%)
Return on Funds Employed	0.3%	0.6%	(0.7%)
<b>2. Profitability/Efficiency</b>			
NPAT	(1,018)	(124)	(596)
Normal Trading EBIT	133	2,219	2,536
EBIT	(437)	207	(215)
EBITDA	8,283	8,609	8,223
Asset Turnover	1.22	1.37	1.27
Operating Margin (EBITDAF)	13.6%	13.4%	13.8%
Operating Margin (Normal Trading)	0.2%	3.5%	4.3%
Operating Margin (EBIT)	(0.7%)	0.3%	(0.4%)
<b>3. Leverage/Solvency</b>			
Gearing Ratio (net)	41.5%	20.4%	7.1%
Interest Cover	13.9	19.5	15.1
Solvency	1.11	1.15	1.40
<b>4. Bank Covenants</b>			
Interest Cover ratio* (>3)	16.4	27.1	19.1
Total Leverage ratio (<3)	2.29	0.68	0.21
<b>5. Growth/Investment</b>			
Revenue Growth	3.0%	8.0%	(1.4%)
EBITDA Growth	(24.7%)	4.7%	(29.5%)
NPAT Growth	(100.1%)	(79.2%)	(143.8%)
Capital Renewal	2.35	1.19	0.81

\* Interest Cover ratio for the Bank Covenants is calculated using debt interest only and excludes IFRS 16 Lease interest costs.



## NOTES ON THE FINANCIAL KEY PERFORMANCE INDICATORS

Measure	Description	Calculation
<b>1. Shareholder Returns</b>		
Total Shareholder Return	Performance from an investor perspective – dividends and investment growth.	$(\text{Commercial value}_{\text{end}} \text{ less Commercial value}_{\text{beg}} \text{ plus dividends paid less equity injected}) / \text{Commercial value}_{\text{beg}}$
Dividend Yield	The cash return to the shareholder.	$\text{Dividends paid} / \text{Average commercial value.}$
Dividend Payout	Proportion of net operating cash flows less allowance for capital maintenance paid out as a dividend to the shareholder.	$\text{Dividends paid} / \text{Net cash flow from operating activities.}$
Return on Equity (ROE)	How much profit a company generates with the funds the shareholder has invested in the Company.	$\text{Net profit after tax} / \text{Average equity.}$
Return on Funds Employed (ROFE)	Measures company profitability and the efficiency with which its capital is employed.	$\text{Ratio of EBIT to average debt plus equity over the period.}$
<b>2. Profitability/Efficiency</b>		
Asset Turnover	The amount of revenue generated for every dollar worth of assets.	$\text{Revenue} / \text{Assets.}$
Operating Margin (EBITDAF)	The profitability of the Company per dollar of revenue.	$\text{EBITDAF} / \text{Revenue.}$
Operating Margin (Normal Trading)	The profitability of the Company per dollar of revenue from normal trading.	$\text{Normal Trading EBIT} / \text{Revenue.}$
Operating Margin (EBIT)	The profitability of the Company per dollar of revenue, with profitability measured as earnings before interest, taxation.	$\text{EBIT} / \text{Revenue.}$
<b>3. Leverage/Solvency</b>		
Gearing Ratio (net)	Measure of financial leverage – the ratio of debt (liabilities on which a company is required to pay interest) less cash, to debt less cash plus equity.	$\text{Net debt} / \text{Net debt plus equity.}$
Interest Cover	The number of times that earnings can cover interest.	$\text{EBITDA} / \text{Interest paid.}$
Solvency	Ability of the Company to pay its debts as they fall due.	$\text{Current assets} / \text{Current liabilities.}$
Debt Coverage Ratio	Level of bank debt in relation to earnings.	$\text{Bank debt} / \text{EBIT.}$
<b>4. Bank Covenants</b>		
Interest Cover ratio	The number of times that earnings can cover interest.	$\text{EBITDA} / \text{Interest Paid (less leases)}$
Total Leverage ratio	Defined as the total indebtedness.	$\text{Net debt} / \text{EBITDAF.}$
<b>5. Growth/Investment</b>		
Revenue Growth	Measure of whether the Company is growing revenue.	$\% \text{ change in Total Revenue and Other Income.}$
EBITDAF Growth	Measure of whether the Company is growing earnings.	$\% \text{ change in EBITDAF.}$
NPAT Growth	Measure of whether the Company is growing profits.	$\% \text{ change in NPAT.}$
Capital Renewal	Measure of the level of capital investment being made by the Company.	$\text{Capital expenditure} / \text{Depreciation expense.}$



# Key Performance Indicators

## Non-financial

	Statement of Corporate Intent	Actual 2022	Actual 2021
<b>1. Our Scientific Expertise</b>			
Number of employees who are WMO-qualified meteorologists, or scientists with a postgraduate qualification in meteorology, oceanography, or a related discipline	>120	136	138
% uptime of weather observing systems (combined Radar and Automated Weather Stations)*	>99%	99%	99%
POD Heavy Rain (12 mo mean)	>90%	95%	92%
POD Severe Gales (24 mo mean)	>90%	94%	93%
POD Heavy Snow (24 mo mean)	>90%	84%	89%
FAR Heavy Rain (12 mo mean)	<15%	19%	11%
FAR Severe Gales (24 mo mean)	<25%	14%	20%
FAR Heavy Snow (24 mo mean)	<25%	11%	16%
<b>2. Our Digital Infrastructure</b>			
Average number of monthly unique browsers across metService.com and MetService mobile app	1.1 million	1.2 million	NA
Number of MetService app downloads **	250,000	268,500	NA
<b>3. Our Relationships</b>			
Number of effective and managed relationships with iwi, Māori businesses or community groups**	6	4	NA
Monetary value (\$000) of social investment (free digital advertising to charity, environmental organisations and COVID-19 recovery initiatives)	250	187	247
Number of employees who have contributed to WMO or ICAO constituent bodies (e.g., technical commissions, working groups and expert panels)	10	16	15
<b>4. Our People</b>			
Contribute to workplace Diversity and Inclusion through unconscious bias e-learning modules: % of employees who have completed training	75%	75%	68%
Make progress towards our ideal company culture through annual culture surveys and action planning: percentage of employees who have participated in culture sessions	90%	67%	96%
<b>5. Our Environment</b>			
External environmental impact: number of new services or initiatives that lead to a positive impact on the environment **	3	3	NA

\*The warning and network uptime targets reflect minimum acceptable performance for services delivered under MetService's contract with the Ministry of Transport.

\*\*Additional KPIs added in 2022 and historical data not available.



## NOTES ON THE NON-FINANCIAL KEY PERFORMANCE INDICATORS

Measure	Description/Calculation
Probability of Detection (POD)	The ratio of correctly forecast events to actual events observed.
False Alarm Rate (FAR)	The ratio of severe forecast events that didn't occur (false alarms) to the number of events forecast.  The POD and FAR for heavy rain events is reported as a 12-month running mean. For heavy snow and high wind events the POD and FAR are reported as a 24-month running mean, reflecting the relative infrequency of these events.
Radar % Uptime	The percentage of time that radar data is available in MetService's Wellington office, averaged over all radar sites.
AWS % Uptime	The percentage of time that Automated Weather Station data is available in MetService's Wellington office, averaged over all AWS sites.
WMO	World Meteorological Organisation.



## Company directory

### DIRECTORS

Sophie Haslem (Chair)  
Tupara Morrison (Deputy Chair and Chair, Audit and Risk Assurance Committee) (resigned 20 February 2022)  
Alison Watters (started 19 July 2021)  
Dave Moskovitz  
Roanne Parker (Chair, People, Culture and Remuneration Committee) (end of term 30 June 2022)  
Stephen Eaton (end of term 31 October 2021)  
Stephen Willis (started 19 July 2021)  
Victoria Spackman (started 19 July 2021)

### EXECUTIVE

#### Chief Executive

Stephen Hunt

#### Chief of Science & Innovation

Norm Henry

#### Chief Financial Officer

Keith Hilligan

#### Chief of Customer & Commercial

Rob Harrison

#### Chief of People & Strategy

Natalie Lombe (departed May 2022)

#### Chief Digital Officer

Sean Davidson (started November 2021)

#### Pou Ārahi

Francene Wineti (started May 2022)

### BANKER

Westpac Banking Corporation  
318 Lambton Quay  
PO Box 1298  
Wellington, New Zealand

#### Design: Amy Chin

This report is also available online at [metservice.com](http://metservice.com) and [metraweather.com](http://metraweather.com)

### AUDITOR

Sarah Turner, with the assistance of  
PricewaterhouseCoopers  
10 Waterloo Quay  
PO Box 243  
Wellington, New Zealand  
On Behalf of:  
Office of the Auditor-General  
100 Molesworth Street  
PO Box 3928  
Wellington, New Zealand

### HEAD OFFICE

Meteorological Service of New Zealand Ltd  
L2 / 110 Featherston Street  
PO Box 722  
Wellington 6140  
New Zealand  
Telephone +64 4 4700 700  
[www.metservice.com](http://www.metservice.com)  
[www.metraweather.com](http://www.metraweather.com)

### REGISTERED OFFICES

#### Europe

MetraWeather (UK) Ltd  
40 Caversham Road  
Reading RG1 7BT  
United Kingdom  
Telephone +44 1183 805063

#### Australia

MetraWeather (Australia) Pty Ltd  
Suite 25 Level 8, 100 Walker Street  
PO Box 413, St Leonards  
North Sydney NSW 2060  
Australia  
Telephone +61 2 9449 9771

#### Asia

MetraWeather (Thailand) Ltd  
C/o Premier Thai Lawyers Ltd (Head Office)  
Liberty Square, #1803, 18th Floor,  
287 Silom Road, Silom,  
Bangrak, Bangkok  
Thailand

Meteorological Service of New Zealand  
(Thailand Representative Office)  
C/o Premier Thai Lawyers Ltd (Head Office)  
Liberty Square, #1803, 18th Floor,  
287 Silom Road, Silom,  
Bangrak, Bangkok  
Thailand









**Corporate Office**

L2 / 110 Featherston Street, Wellington 6011

PO Box 722, Wellington 6140

New Zealand

Phone +64 4 4700 700

[metservice.com](http://metservice.com) [metraweather.com](http://metraweather.com) [metocean.co.nz](http://metocean.co.nz)

This report is also available online at [metservice.com](http://metservice.com)

