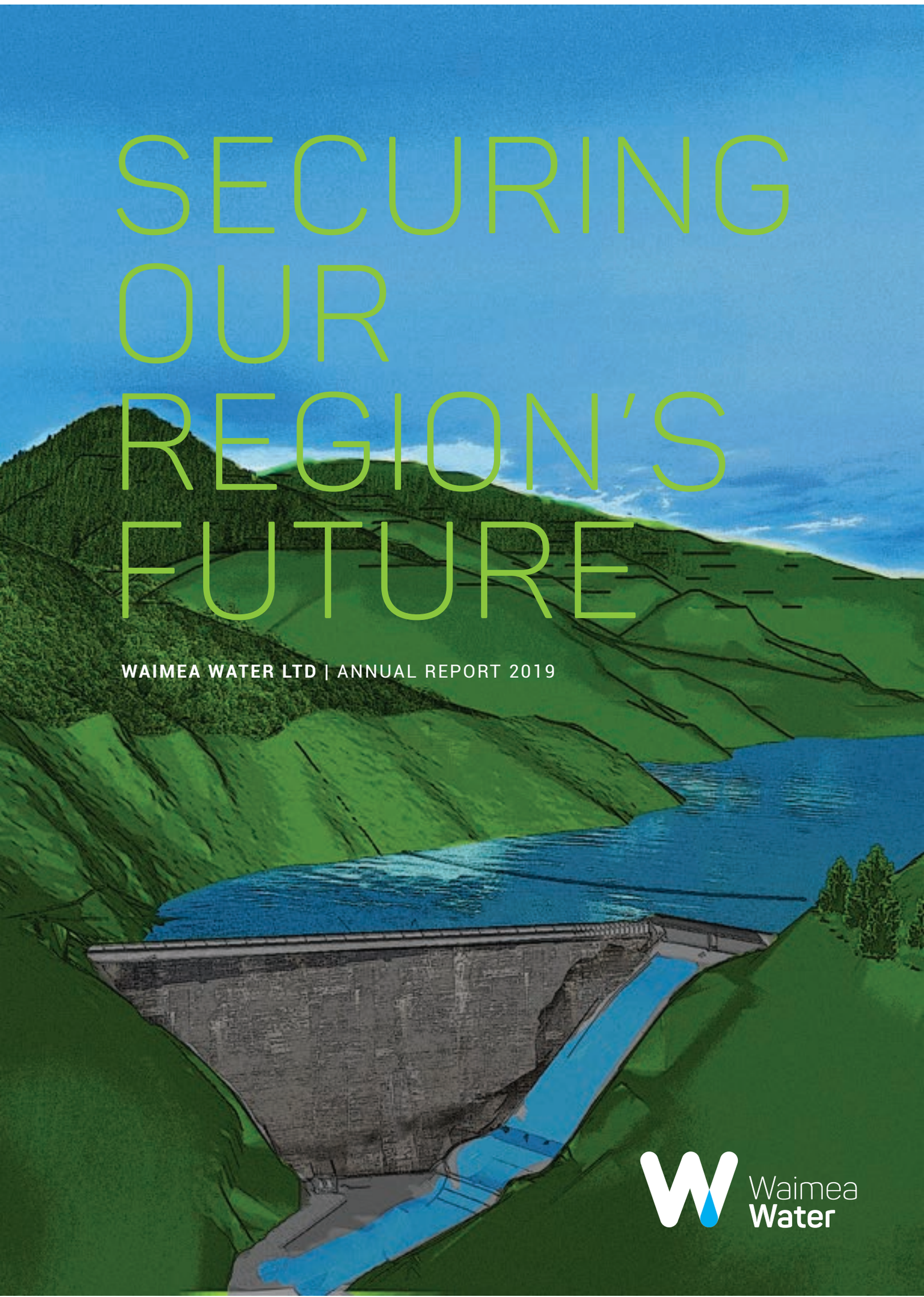


SECURING OUR REGION'S FUTURE

WAIMEA WATER LTD | ANNUAL REPORT 2019

Waimea Water

Our Commitment

Waimea Water is committed to building and operating a safe, reliable and efficient dam for the benefit of the region.

Contents

OVERVIEW

About Waimea Water

Waimea Water Ltd (WWL) is a Council-Controlled Organisation established in November 2018 to manage the construction, operation and maintenance of the Waimea Community Dam. The dam is a significant infrastructure project for the region and is set to secure the water supply for Nelson Tasman for the next 100+ years.

Approval to proceed with the dam was reached by the Tasman District Council (TDC) on 30 November 2018 and finance was secured for the project on 21 December 2018. A joint venture project between the Tasman District Council (TDC) and Waimea Irrigators Ltd (WIL), the dam realises the vision and many years of work for groups and individuals to provide greater water security for the Waimea Plains and wider community (also see timeline on pages 8 and 9).

WWL is focused on ensuring that it has the people, systems and positive relationships it needs to deliver a world-class water project for Nelson Tasman.

The Waimea Community Dam

The three-year construction project began in March 2019, with works to create access to the Lee Valley site now almost complete. Construction of the dam is expected to start in July 2019.

The dam is being constructed for WWL through a joint venture between experienced local companies Fulton Hogan Ltd and Taylors Contracting Ltd (FHTJV). Specialist dam consulting engineers, Damwatch Engineering Ltd will provide independent review of the design and construction.

The concrete-face rockfill dam will be about 53 metres high, 220 metres long, and 6 metres wide at the crest. About 430,000 cubic metres of indigenous rock will be excavated, processed and used to build the dam.

Once the dam is in place, the reservoir will fill up naturally over several months, with the final commissioning expected in early 2022. The lake created by the dam will contain approximately 13 billion litres of water.

The Waimea Community Dam is designed to the latest and highest international design standards under the NZ Dam Safety Guidelines and will continue to be regularly peer reviewed by technical experts throughout the build process.

The benefits of the dam for the region are:

- supporting a growing population and providing the community with water security
- healthy Lee and Waimea rivers for swimming, fishing and other recreational activities
- healthier rivers for aquatic life to thrive
- a robust economy strengthened by the success of horticulture and farming industries and the subsequent growth of associated secondary and tertiary industries
- jobs for people in our primary industries and the support services working with them
- greater potential to develop, maintain and grow businesses for the next generation
- families staying in the area and contributing to a community that has more to offer people of all ages.

Key facts about the dam at a glance:

Concrete-face rock filled dam – approximately

53m HIGH

220m LONG

Constructed from approximately

430,000m³

OF ROCK

Lake created by the dam will contain approximately

13 billion litres

OF WATER

UP TO

2.2 m³/s Flow

into the Lee and Waimea River Systems during drought

Filling of reservoir and final commissioning by early

2022

Estimated economic benefit in the first 2 years

$55m*

and between

$600 -$900m

over 25 years

*NZIER Report 2017

Performance Highlights

Achievements so far

The Ground-breaking Ceremony

Final Investment Decision → **December 2018**

Commenced Construction → **March 2019**

Project Progress (spend) → **18%**

Injury Rate → **0**

Consent Compliance → **100%**

Approved Construction Environmental Plans → **3**

Site Access → **Substantially Complete**

Expected Completion for filling → **October 2021**

Timeline

Several decades of work has led to this significant investment in infrastructure.

1979
NC&RWB[1] commissions a study to consider building a dam in the Wairoa Gorge.

Summer 2001 -2002
Severe drought in Tasman highlights the magnitude of the water shortage issue.

2003
WWAC[2] is established to look at options for water supply.

2007
Many potential sites assessed for engineering, environmental and social factors.

2010
WWAC[2] completes detailed feasibility study.

2013
WWAC recommends a private co-operative company operates the dam. Proposed company has legal constraints on funding for TDC[3].

March 2014
Changes to water rules in the Tasman Resource Management Plan came into effect.

September 2014
Waimea Community Dam Ltd lodges application for resource consent.

October 2014
NZIER report shows regional GDP would reduce significantly ($17.5 - $34.5 million p/a) without the dam.

October 2014 – May 2015
Community consultation on how the dam should be funded and managed.

March 2015
Resource consents granted, subject to conditions.

2015 – 2016
Water permits are introduced that change water allocation policies and rules in the Waimea water management zones.

Early 2017
Expressions of Interest process to establish the construction cost of the dam.

June 2017
NZIER updates its 2014 economic assessment, showing the benefits of the dam are greater than earlier estimates.

November – December 2017
Public consultation on funding Council's share of the dam.

February 2018
Council approves using a CCO[6] to oversee and manage the dam project.

April 2018
WIL[4] closes water shares offer (opened in March 2018). More than 220 applicants sought shares and $16.5 million was raised.

June 2018
TDC[3] and NCC[5] 2018/28 Long Term Plans adopted which included funding for the dam.

August 2018
Early Contractor Involvement process concluded with estimate above the original project budget. TDC[3] submit a Local Bill to Parliament to allow access to land in Mount Richmond Forest Park for the dam.

September / October 2018
A revised project budget was proposed and Select Committee hearings on the Local Bill were held.

November 2018
TDC[3] voted to proceed with construction of the dam.

December 2018
WWL[4] is incorporated and takes ownership of construction and management of the dam.

[1] Nelson Catchment and Regional Water Board
[2] Waimea Water Augmentation Committee
[3] Tasman District Council
[4] Waimea Irrigators Ltd
[5] Nelson City Council
[6] Council Controlled Organisation

The Dawn Blessing

Report from Board Chair

Welcome to the inaugural Annual Report for Waimea Water Ltd (WWL).

As we reflect on our first seven months as a new organisation, I am mindful that when WWL was incorporated in December 2018 it was not only a key milestone for the region but the culmination of many years of work to progress the dam. The former Nelson Catchment and Regional Water Board first commissioned a study to consider building a dam in the Wairoa Gorge as early as 1979, and other dam options in the Moutere area were also considered over 25 years ago.

This year's drought further highlighted the need for greater water security in the Tasman region. Research shows that New Zealand gets plenty of water each year and uses less than two percent of it. It's clear that we need to be smarter about storing it for when we most need it.

The Waimea Community Dam will provide reliable access to water and meet the demand of urban and rural communities in the Waimea Plains for the next 100+ years and in doing so, plays a vital part in supporting the region to thrive. A secure water supply underpins the growth and economic prosperity of a community. It provides future generations with opportunities to remain in the region and raise their families.

WWL is a Council Controlled Organisation and represents the shared interests of Tasman District Council (TDC) and Waimea Irrigators Ltd (WIL). Combining the water requirements of both the TDC and WIL is the most cost-effective option for a regional dam, while minimising costs for ratepayers.

Financial investment and support for this significant infrastructure project was secured from Crown Irrigation Investments Limited, TDC and WIL. Our neighbour Nelson City Council also contributed to the funding of the dam and a grant was received from the Ministry for the Environment. This all adds up to best value for all parties and reflects the spirit of collaboration in helping to achieve sustainable communities.

The WWL Board has seven experienced Directors appointed by TDC, WIL and Ngāti Koata. The Directors have strong ties to the local community and expertise across a range of disciplines including governance, risk management, water and dams. We meet regularly and are committed to a high standard of corporate governance and regulatory compliance in guiding and monitoring WWL's activities.

We have every confidence that the management team we have put in place at WWL will build and operate the Waimea Community Dam to a high standard, and we are very pleased with the progress made to date.

The Board, alongside the company and contractors, look forward to delivering on our promise to secure water for the region and realise the commitments made in the Statement of Intent.

Karen Jordan

Report from Chief Executive Officer

I am delighted to be back home in the Nelson Tasman region and to have the opportunity to lead such an important legacy project for our region. I appreciate the generally strong support from the community, and I understand what this key investment means for the region. Following last summer's drought, most people I talk to ask whether we can build the Waimea Community Dam any quicker.

I strongly believe that the dam will secure our region's water supply and is fundamental to both building resilience within our growing community and providing greater protection of our local economy. Good infrastructure, such as the Waimea Community Dam, will undoubtedly protect and enhance our primary industries, which in turn will lead to more secondary and tertiary industries to provide opportunities for generations to come and drive economic prosperity within our region.

Since joining WWL in April 2019, I have worked with the Board to put in place a small team of experienced specialists to build and operate the Waimea Community Dam in a safe, reliable and efficient manner. The team consists of qualified professionals with expertise in the area of dam design, construction, project management, operations, environmental and sustainability management, business and corporate management.

We have a management system in place to support us to achieve our objectives, in the areas of safety, financial and budget controls, risk identification and mitigation, project controls, management of change and regulatory controls.

The design reflects international best practice and is appropriate for the location and geology of the site. The concrete face rockfill dam meets the high standards under the building regulations and the New Zealand Dam Safety Guidelines. The design has been peer reviewed by many experts. We have appointed and are supported by independent specialist dam consulting engineers, Damwatch Engineering Limited, who are recognised as one of the leading dam experts in the Asia-Pacific region. WWL and Damwatch are focused on optimising the design to reduce costs, geological risks and improve operability.

The dam is being constructed for WWL through a joint venture between experienced local companies Fulton Hogan Ltd and Taylors Contracting Co Ltd who have undertaken similar projects together in the South Island. Work commenced in March 2019 and early work has been centred on site access. Excavation and mining of rock is due to commence in August 2019, and river works and structures are due to commence later in 2019. The dam is scheduled to be complete in late 2021 to fill the 13 million cubic metres reservoir in 2022.

We have put measures in place to monitor and manage environmental considerations around construction, such as monitoring water quality and managing sediment run off. Our environmental sustainability programme is also underway which includes relocating rare species from the dam catchment area and the upcoming restoration of the Rough Island Wetlands. Our Environmental Management Plan supports us to achieve the requirements under the Resource Consent and includes planning around biodiversity, vegetation clearance, traffic management, erosion and sediment control.

WWL is well positioned to deliver this transformational project, which is fundamental to meeting our water demands and moving our regional economy forward.

I look forward to the successes and challenges that lie ahead as we strive to deliver New Zealand's first large dam in over 20 years.

Mike Scott

Executive Management Team

Mike Scott
Chief Executive Officer
Master of Engineering (Civil)

Mike has a Master of Engineering with Distinction in Civil Engineering from the University of Canterbury, specialising in environmental engineering and has completed executive international management training at the Thunderbird School of Global Management in Arizona.

Mike has 27 years' post graduate experience in business and commercial development, strategy, planning, operations and engineering in predominantly the energy sector in Australia, Scotland, USA and New Zealand. Before joining WWL, Mike was the Vice President North West Shelf Venture at Woodside Energy Limited, a top 15 ASX A$30B market cap company, where he also held the position of Chief Executive Officer for one of Australia's largest economic assets, the A$34B North West Shelf LNG Joint Venture Project. Mike previously held the position of Vice President for Strategic Business Development and Growth at Woodside Energy Limited with the responsibility of growing Woodside's business in Australia and internationally.

Richard Timpany
Commercial Manager and Company Secretary
Bachelor of Laws, Bachelor of Commerce (Finance)

Richard was admitted as a Barrister and Solicitor of the High Court of New Zealand in 2004 following graduating with a Bachelor of Laws and Bachelor of Commerce (Finance) from Otago University.

Richard worked in various capital market roles in Sydney and then London before returning to New Zealand. He has consulted on irrigation projects in Central Otago prior to becoming the Chief Executive Officer at Hunter Downs Development Company in Timaru.

Daniel Murtagh
Technical Manager and Engineer Representative
Bachelor of Engineering (Hons) (Mechanical)

Daniel holds a Bachelor of Engineering (Hons) (Mechanical) degree, and is a Chartered Professional Civil Engineer, an International Professional Engineer and member of the NZ Society of Large Dams.

He has extensive knowledge in the development of challenging large-scale capital projects around New Zealand. Most recently, Daniel successfully managed the ground up development of the $45M Sheffield Water Scheme in mid-Canterbury. This project involved the design, consenting, capital raising and construction of a cooperative irrigation scheme including a High PIC earth ring embankment dam.

Daniel has significant experience in infrastructure project management, administration of New Zealand construction contracts, water reticulation design, quality control and plant commissioning.

Iain Lonie
Engineering and Project Manager
Bachelor of Engineering (Civil), Master of Engineering Science (Geotechnical)

Iain is a Chartered Professional Engineer (Aus) and a Registered Professional Engineer of Queensland. He holds a Bachelor of Engineering (Civil) from University of Auckland and a Master of Engineering Science (Geotechnical) from the University of New South Wales.

Iain has a background in dams, tailings and geotechnical engineering in a variety of locations, including New Zealand, Australia and South East Asia. His experience includes, the feasibility, preliminary and detailed design of Greenfield dams' projects and the assessment, design and construction of dam upgrades. He gained his expertise working in design and construction roles at GHD and most recently as Dams Team Leader for the Snowy Mountains Engineering Corporation (SMEC) in Queensland.

Richard Milsom
Project Services Manager
Bachelor of Science (Hons) Construction Management

Richard is an Incorporate Member of the Chartered Institute of Building and has over 30 years in the building and civil engineering industries in the United Kingdom and New Zealand. He has a diverse portfolio of experience, including over 20 years project management. He joined Waimea Water Ltd after eight years at McConnell Dowell and four years at HEB Construction working on the two largest infrastructure projects undertaken by Christchurch City Council; the safety award-winning Sumner Road Rehabilitation and the Lyttleton Wastewater Upgrade.

Richard has large earthworks experience, including the Mercer to Long-swamp motorway extension; Sir Barry Curtis Park, the one million^3 earthworks project that created Flatbush in Manukau and the Ashburton Business Park.

Richard's portfolio at WWL includes project health & safety, schedule performance, cost management and risk strategies.

Dave Ashcroft
Chief Financial Officer
Chartered Accountant

Dave has significant commercial experience spanning three decades, specialising in organisations undergoing significant change in a variety of industry sectors in New Zealand, Australia, the United States and Europe. In 2017, he launched his own business advisory company and has recently worked with Koata Ltd, NZ Artesian Water and the Aimex Service Group. Previously Dave had senior executive team roles at the Cawthron Institute and at a Sealord aquaculture joint venture in Tasmania.

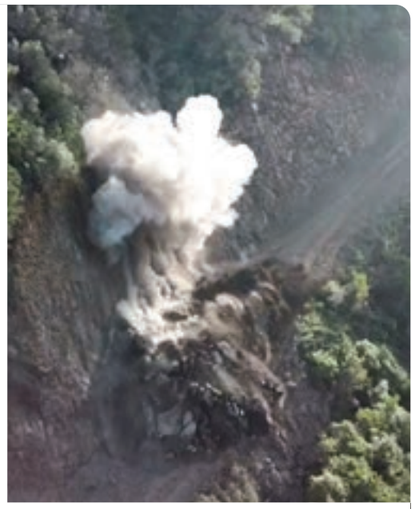
Dave is passionate about the success of the region and supports a small number of local businesses and organisations in both a commercial and volunteer context. He is a Chartered Accountant and a member of the NZ Institute of Directors and of the Australian Institute of Company Directors.

Alasdair Mawdsley
Environment and Sustainability Manager
Bachelor of Science Geography and Environmental Management'

Alasdair has nine years' environmental management experience and a Bachelor of Science, majoring in geography and environmental science from Auckland University.

Prior to joining WWL, he managed consenting, environmental, sustainability and heritage issues for Downers and McConnell Dowell Constructors Ltd on the Auckland City Rail Link (CRL), a project that involved underground tunnelling in a high risk, dense urban environment.

Alasdair's former experience also includes work on the Te Mihi Geothermal Power Project, Waterview tunnels and a range of smaller tunnelling projects. He also brings eight years' experience from an early career in the freight industry.



AREAS OF ACTIVITY

Design

The science behind building a quality dam is complex and this year we engaged the knowledge and expertise of specialists across a range of disciplines.

As a responsible dam owner, WWL has a primary obligation to avoid exposing the community to risks or hazards associated with the build and management of the Waimea Community Dam. To achieve this requirement, the dam has been designed in accordance with the New Zealand Dam Safety Guidelines, New Zealand Standards, New Zealand Building Regulations, international best practice and to the highest possible standards for floods and earthquakes.

Following a rigorous evaluation process, the dam selected was a concrete-face rockfill dam which is the most appropriate design for the geology, location and seismic risk of the site.

Public safety will always be WWL's paramount consideration, and the design and materials have been selected to withstand significant natural hazards. This includes an earthquake with a 1:10,000-year probability of occurring and a Probable Maximum Flood (PMF) event that is greater than 1000 m3/s, or nearly 3 times the 100-year flood, and is equivalent to one and half times the size of the reservoir flowing over the spillway in a 24 hour period. Designing to these two levels represents the highest design standard under the New Zealand Safety Guidelines.

A crucial component of the dam is the design of the rockfill which firstly provides an impermeable layer and secondly allows water to flow through preferred channels in a controlled manner in the very unlikely event of damage to the upstream dam liner. This means that no uncontrolled loss of the reservoir can occur.

Another notable feature is that the design utilises the rock material excavated from the site during the forming of the dam itself, which is an environmentally responsible practice. The design also uses nature's delivery system - the rivers, to increase water to the aquifers that supply our community with water. The dam will release stored water slowly down the river during drier months, increasing their flows and adding water to the aquifers naturally.

Objective

WWL's aim is to design the right dam for the location and to meet the needs of the region now and in the future - a quality design that is safe, reliable and efficient, and in line with international best practice.

Progress

Leading dam engineering experts in the Asia-Pacific region, Damwatch Engineering Ltd, has been appointed to provide independent review of the design and build process.

This year, Damwatch has reviewed the majority of the 257 drawings that set out the major components of the dam to optimise the design and identify efficiencies. The drawings include structural detailing for the concrete membrane, spillway, concrete joints, pipework, plinth, conduit, bridges and embankment zoning. The concrete-face is being reviewed to improve longevity and to reduce costs, and the design of the spillway, plinth and culvert have also been enhanced.

The contractors have been actively involved in the revision process, providing input to constructability and offering alternatives to add value to the process.

A cycle of updates to the Tasman District Council, in their role as regulator, has commenced. This ensures councillors and relevant staff are kept informed of proposed enhancements to maintain transparency and compliance as part of the building consent process.

Risk Planning

The risk of natural hazards is relevant to all areas of the construction and management of the dam.

Although it is not always practicable to have plans in place for every event that may seriously disrupt work, a considerable amount of planning has been undertaken for potential future flooding, drought and fire-related emergency events.

Compaction and permeability trials commenced in 2018/19, which provide a greater level of confidence about the properties of the rock being removed from the ground and those needed for the embankment.

Next steps

In the first quarter of the 2019/20 year, the drawings will be finalised, and the construction phase of the dam will commence.

Designers and peer reviewers will continue to be actively involved during the build process to address issues as they arise.

Preparation of dam safety management systems and developing the design for communications and the supply of power to the site will also commence in the first quarter of the 2019/20 year.

Construction

WWL's focus this year has been to get key contracts and sub-contracts finalised, mobilise plant and machinery, as well as attract great people to build the dam in a safe, reliable and efficient way.

Objectives

WWL's aim is to work collaboratively with our construction contractor, and to be responsive and open to opportunities that enhance the dam as the build progresses.

WWL is striving to build a world-class dam that complies with regulations and best practice guidelines.

Progress

The construction contract for the dam was awarded to a joint venture between experienced local company Taylors Contracting Ltd and Fulton Hogan (FHTJV) on 21 December 2018 after a phase of early contractor involvement.

Contract work commenced in January which involved recruiting personnel and mobilising plant and equipment to the construction site along with preparation of a number of management plans to meet contract and resource consent conditions. Access to the site was restricted during the first quarter of 2019 as a result of the drought and Pigeon Valley fire event with more stringent fire prevention measures put in place until early March.

Work on upgrading the 6.5 km Lee Valley access road to the dam site will be completed early in the 2019/20 financial year, including widening for safety and improved traffic flow, and installing rock fall protection measures. Construction of the haulage roads to the dam site, sediment retention ponds and construction compound were also near completion at the end of the financial year. Vegetation clearance beneath the dam and reservoir commenced in June. Substantial progress has also been made on construction of an alternative access road to blocks of land which would otherwise be landlocked once the reservoir is filled.

As at 30 June 2019, approximately 35 contract personnel were working regularly onsite. A further 130 people were inducted and working on site at various times, contributing to a total of 20,000 person-hours, using 23 various items of plant and machinery. This number is expected to ramp up during the course of construction when parallel work activities and specialist tasks are undertaken as anticipated in the build programme.

Risk planning

As mentioned earlier in this report, adverse weather remains a risk to the project and resilience plans have been developed to mitigate this risk.

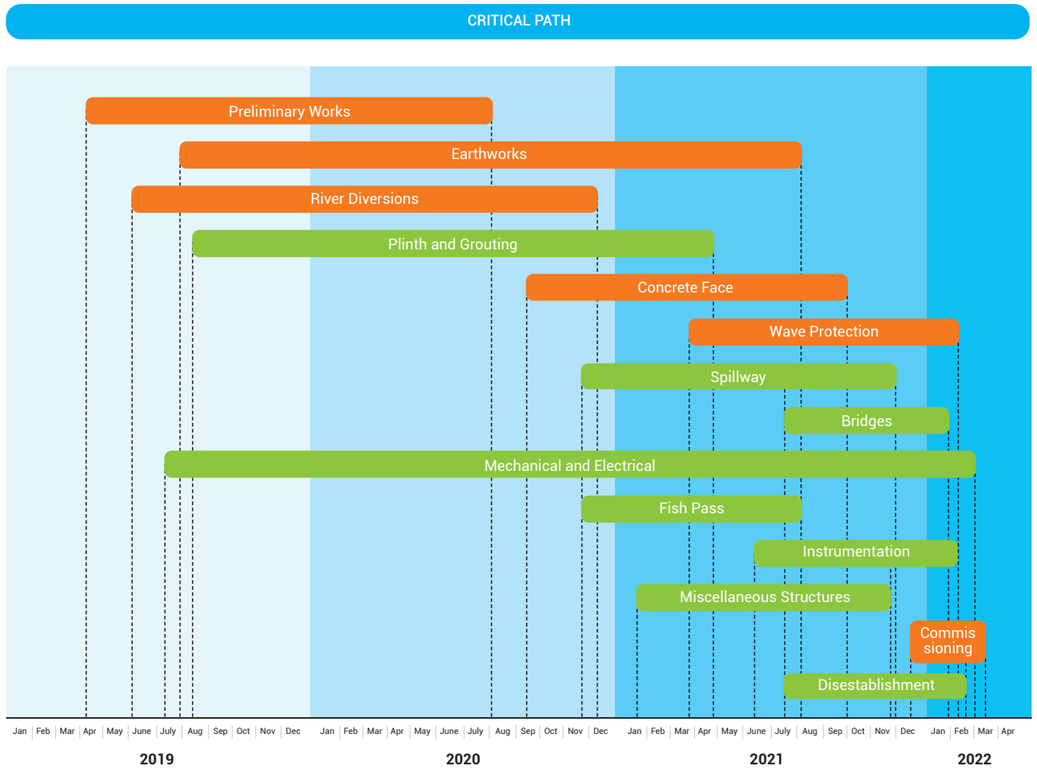
Measures to mitigate flood damage remain a key focus for the construction team especially during this early period when temporary river diversion structures are in place. Considerable design and planning effort has gone into developing a robust method for diverting the river to minimise the likelihood of damage or setbacks during predicted flood events.

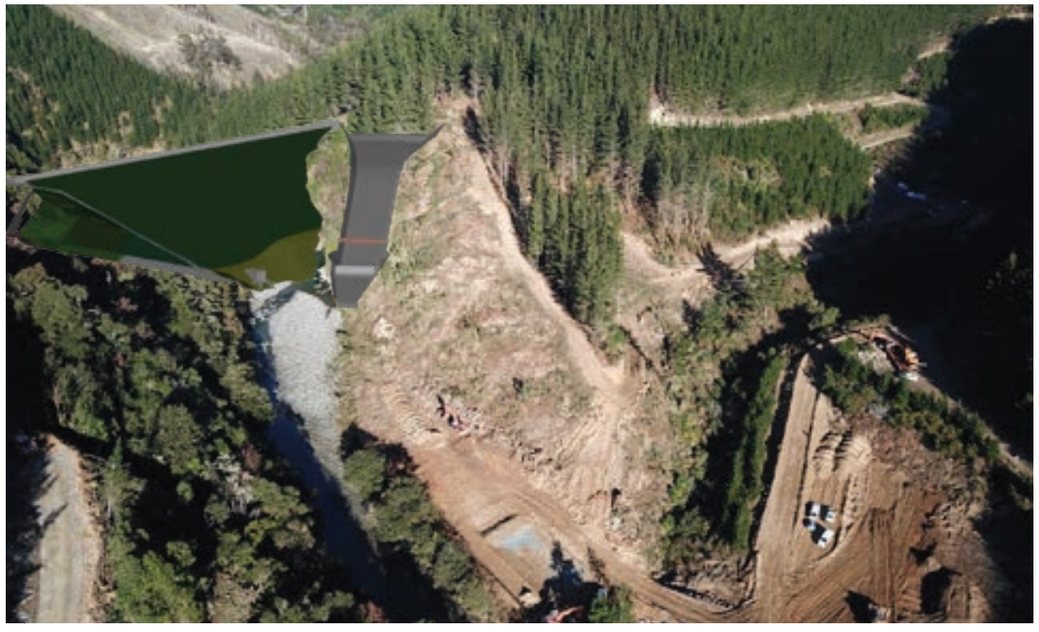
Next steps

In the first quarter of the 2019/20 year, work on Lee Valley access road will continue which will include installation of two bridges to improve long term access and flood resilience during construction and operation of the dam.

Planning for the first diversion of the river is underway which will enable the construction of the 160-metre-long, 4 metre x 5 metre concrete diversion culvert on the right-hand side of the river. This will involve excavation work and construction of a number of bunds, Coffer Dams, to redirect the river flow in a controlled manner to ensure concrete work can be completed in dry conditions. In the latter part of the financial year, the river will be rediverted through the newly constructed culvert to enable construction of the reinforced rockfill section of the dam over the culvert. In parallel with this work, relocation, salvage and clearance of vegetation within the reservoir footprint behind the dam will begin.

Construction of the Starter Dam, the foundation, is expected to commence in late 2019 and the plinth and grout curtain will be subsequently constructed during 2020.





Health and Safety

CHARTER

This year we established our Charter, which is:

WWL is committed to a culture that creates personal accountability for and a relentless focus on health and safety as part of the way we do things. WWL lives the value:

"No task is too important or so urgent as to preclude health and safety."

We will do this through:

- the Board and management modelling behaviours that they expect from WWL staff and contractors
- establishing best practice health and safety behaviours in the field and in the office environment, monitoring adherence to these practises and taking immediate corrective actions, if required
- ensuring that WWL and those who are working for WWL meet all health, safety and environment regulatory obligations.

Objective

Health and safety protects the well-being of people.

Personal and process safety is of paramount importance to WWL. WWL will be a leader in health and safety management, ensuring both the protection and welfare of our extended workforce, and compliance with the Health and Safety at Work Act 2015.

WWL is committed to a robust health and safety system that provides an assurance for our people, contractors and the public that their personal safety and well-being matters.

Progress

WWL has developed a Health and Safety Management System to actively manage this function throughout the workplace consistent with industry best practice and the contractor's own systems. WWL processes and documents are reviewed on a regular basis as part of our commitment to continuous health and safety improvement.

WWL has worked closely with contractors to establish a safety reporting culture with strong leadership endorsement. This is important to identify hazards, analyse trends, explore 'root cause' behaviours and learn from 'near misses' or incidents, however small.

Trust is pivotal to the success of this process and WWL has endorsed the contractors' proactive Worker Recognition Programme which encourages project leaders to give positive reinforcement to their workers particularly for innovation, safety and managing difficult tasks. WWL regularly reviews contractor method statements to assess risk, controls and mitigation.

Other initiatives introduced include:

- The establishment of a Health and Safety Committee to review the health and safety performance of the project, including reviewing new policy, procedure and the Health and Safety Management System each year along with any issues or incidents raised by workers.
- Health and Safety Representatives (HSR) who provide a voice for workers who would otherwise not speak up about health and safety matters. They undertake training to enable them to upskill their knowledge and are on the Health and Safety Committee.
- Toolbox talks were implemented and are a forum for engaging with staff about learnings from recent incidents (internal and external) and near misses, feedback on action taken and current safety and environmental areas of focus. The talks are distributed weekly to the contractors' employees via email and health and safety noticeboards. The toolbox talk is delivered on site at a daily prestart by the zone's site engineer for sub-contractors.

Risk planning

The development of the Health and Safety Management System is based on a 'zero harm' culture and documents the key requirements to achieve a safe working environment. WWL considered NZ Health and Safety legislation and international dam safety guidelines as minimum standards when developing risk controls.

WWL recognises that an effective health and safety system is paramount to constructing and operating a safe, reliable and efficient dam. WWL reduces safety clutter by focussing on key risks, process safety and engaging workers in these processes which is key to the success of the programme.

Next steps

Ongoing monitoring and auditing of incidents with a view to updating risk controls to ensure the Health and Safety Management System reflects learnings and remains relevant in an evolving construction environment.

HEALTH AND SAFETY

WWL's Daniel Murtagh discusses plans with Contractor Matt Taylor.

WWL and the Contractor work together closely on safety. Here Contractor Peter Wissel briefs visitors on safety.

Project Performance

In December 2018 when WWL was incorporated, an approved design and baselines for cost and project schedule were agreed with shareholders and financers. Managing these parameters is set in the company constitution, shareholders' agreements and the Project Funding Agreement.

WWL provides regular reporting against these schedules to deliver the project and keep both shareholders and financers informed of progress.

WWL has developed and uses a risk management system that proactively understands and mitigates risks.

Objective

WWL is committed to delivering the Waimea Community Dam on schedule and within budget.

Progress

WWL has adopted the New Zealand Transport Agency Z/44 standard for risk management and has a comprehensive strategic and operational risk register in place, which sets a baseline that is regularly refreshed and maintained through an active risk management process.

WWL operates an inclusive risk model and has an open forum to engage widely with staff. This helps maintain a broader perspective and provides an opportunity to further explore the risk or identify appropriate contingencies or mitigation.

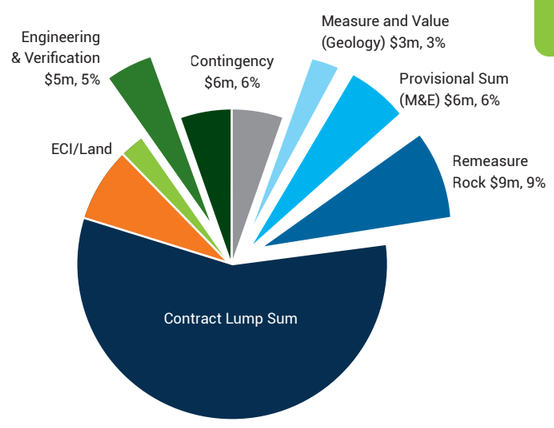
Risk planning

WWL senior managers continue to be an integral part of the risk committee, and the risk register is regularly reviewed and updated to reflect developments as the project evolves.

WWL administers a contingency to cover reasonable risks. The contingency was determined probabilistically using reasonable distributions for items at risk, which is predominantly sub-surface geology, and equates to approximately 25% of the project components that are not fixed and are at risk.

WWL holds insurances for Contract Works, General Liability and Statutory Liability.

RISK MANAGEMENT



Next steps

In the 2019/2020 financial year, WWL will continue to look for opportunities to reduce costs and risks on the project through implementing risk mitigation plans.

Environmental Protection and Compliance

WWL is committed to minimising its operating impact on the environment by using practices that protect the environment during the build and operation of the dam.

WWL is complying with 130 resource consent conditions.These conditions include salvaging rare plants from the reservoir footprint and propagating them, offsetting vegetation loss via a range of biodiversity enhancements, preparing to prevent and respond to spills, constructing sediment ponds to protect water quality, vegetation clearance, measuring and tracking river water quality and remediating the land within the project footprint upon completion of the dam.

Objective

WWL is delivering a project that has environmental and economic benefits for the region and is ensuring these benefits are not eroded through unexpected adverse effects on the environment.

Progress

WWL and construction partner, FHTJV have jointly developed Environmental Management Plans in preparation for the start of construction works. These plans have been certified as compliant with resource consent conditions by the Tasman District Council and include:

- Vegetation Clearance Plan
- Construction Environmental Management Plan
- Construction Traffic Management Plan
- Erosion and Sediment Control Plan
- Hazardous Substances – Emergency Spill Contingency Plan.

The following Supplementary Construction Environmental Management Plans (SCEMP) have also been developed and certified:

- SCEMP 1: Access road to dam site – roading improvements
- SCEMP 2: Site compounds, disposal area and concrete batching plant
- SCEMP 3: Access to eastern and western dam abutments.

SCEMPS 4 -7 will be developed prior to the works commencing that they relate to.

Vegetation clearance of the reservoir and dam footprint has commenced under the Vegetation Clearance Plan. Most vegetation, being larger trees, will be removed from the site and WWL is working with Ngāti Koata to salvage larger native trees. Residual smaller vegetation is being mulched to provide protection against growth and sediment run off. The mulch is expected to decompose during construction of the dam before the reservoir is filled.

To support WWL's obligations under the Emissions Trading Scheme (ETS), WWL is working with a qualified forestry contractor to carry out ETS accounting and reporting for the clearance of pre-1990 trees in the dam footprint.

Pre-construction river water quality monitoring has been completed; this will form the baseline for future monitoring. Turbidity loggers have also been installed to monitor the 'murkiness' of the river by assessing the level of material suspended in the water.

Risk planning

Monitoring compliance with resource consents and environmental legislation is key to mitigating WWL's environmental risk. The development of Environmental Management Plans and an adaptive management approach that ensures learnings throughout the construction process are included in the plans, means that WWL is well placed to achieve compliance.

A range of water quality and river health metrics have been put in place to regularly assess the impact of construction work downstream. These measures ensure that an accurate picture of river health is available so emerging issues can be resolved quickly.

The concrete batching plant will be built on an elevated platform to keep it clear of the river so in the event of a flood, the health of the waterway is not affected by the plant.

Next steps

WWL has the people and systems for environmental auditing, monitoring and training. Through a continuous Plan, Do, Check and Improve cycle, WWL monitors compliance, deals with change and ensures our construction partners continue to work in a manner that protects our natural environment.

Environmental Sustainability

Social and environmental sustainability is at the heart of what WWL does and underpins the project from conception, planning and design through to construction and operation.

The dam will have environmental benefits for the region, including healthier Lee and Waimea Rivers. The dam will improve water quality to provide a better environment for plants, fish and animals, and in doing so, create more opportunities for people to enjoy fishing, swimming and other recreational activities all year round.

Objective

WWL's vision is to build and operate the Waimea Community Dam to the highest affordable sustainability standards.

Progress

WWL has developed an Environment and Sustainability Plan to embed good practice for delivering sustainable infrastructure in the project.

Consistent with the Partnering Deed between WWL and Ngāti Koata, the project is working closely with the iwi to protect and nurture taonga in the area and to integrate Māori cultural values in caring for the environment in WWL's work. Always being mindful of the natural environment is vital for the success of WWL's Environmental Sustainability Strategy.

Next steps

During the construction and operation of the dam, WWL will continue to implement the programmes committed to in the Biodiversity Management Plan.

Sediment retention ponds.

A Biodiversity Management Plan has also been developed and includes the following key initiatives:

Maintain Eel Passage – a fish pass is incorporated into the dam design to allow upstream eel migration. Once operational WWL will monitor the fish pass to assess how well it caters for downstream migrating eels. Further activities may be required to ensure the eels continue to thrive.

Starts 2019 with fish passage design – long term project

Rare Plants – the dam and reservoir footprint have a number of rare plants, including NZ shovel mint, scented boom, rock coprosma and river cloak daisy. Biodiversity experts have collected samples to transplant and propagate these plants into suitable habitats in the region. By establishing a greater number of populations and increasing the number of plants through nursery propagation, WWL expects these species to flourish in the future.

Started 2018 – ongoing transplant and propagation

Restoring the Lee River – a programme of controlling invasive weeds and pests as well as carrying out planting within the riparian margin on the banks of the Lee River downstream of the dam is planned. The aim is to enhance the ecological value of the river margin to support the natural systems that feed into the Lee River.

Physical works to start 2020

Rough Island Wetland Restoration – to mitigate the removal of forest from the dam footprint, WWL is organising the planting of a 10-hectare wetland buffer on Rough Island. The land around the wetland will be retired from forestry and planted out in native vegetation. It will improve biodiversity on the land and provide protection to the unique wetland on the site.

Starts 2019 with weed management and plant procurement

Protecting Alluvial and Riparian Forest – WWL has acquired a covenant to protect two existing alluvial and riparian forest areas within the Wairoa River catchment from development. WWL will also carry out pest and weed management activities to restore these areas to a more natural state.

Commence planting in 2019

Gorge Turf – WWL will monitor downstream Gorge Turf communities to assess potential effects of the dam on these plants at two locations in both the Lee and Wairoa Rivers.

Starts 2019

Relocation of rare plant species.

Measuring river water quality.

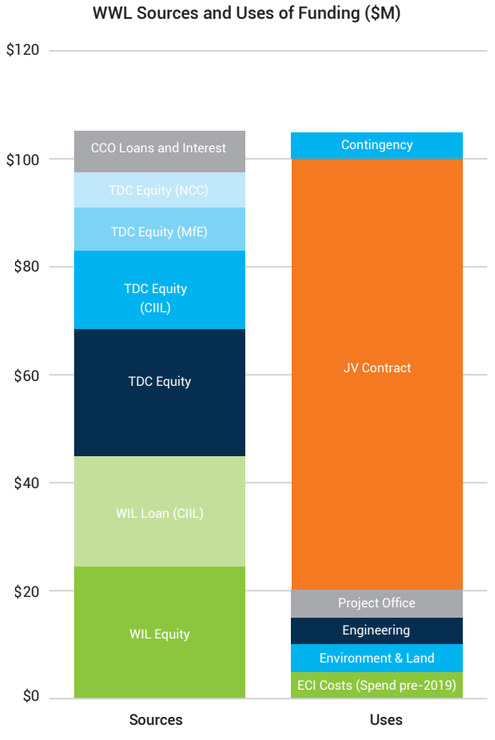
PERFORMANCE

Operating and Financial Overview

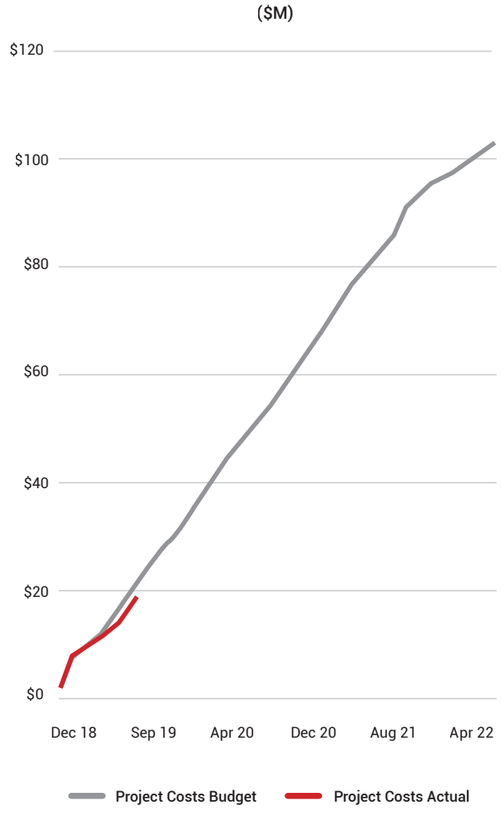
Waimea Water Ltd is fully funded by its shareholders, Tasman District Council (TDC) and Waimea Irrigators Ltd (WIL) to the project budget of $104.4 million. WIL funding is sourced from WIL equity contributions and a Crown Irrigation Investments Ltd (CIIL) loan that converts to WIL equity as the loan is repaid with water usage by WIL.The TDC equity contributions are sourced from TDC, TDC loans from CIIL and grants from the Ministry for the Environment and Nelson City Council. TDC will also advance a Council Controlled Organisation loan to the project. Interest is expected to be earned from term deposits.

Spend to 30 June 2019 is $19.2 million, of which $6.3 million was expended prior to the investment decision on early commitments made that include land acquisition, design, procurement, early contractor involvement, consenting, project office and governance. Expenditure is in line with the project budget.

FUNDING AND SPEND



FORECAST COST & SCHEDULE TO COMPLETE



Performance against Statement of Intent

Health and Safety

No task is too important or so urgent as to preclude health and safety.

- Development and implementation of an annual Health and Safety Management Plan.
  - ✓ *WWL has developed a Health and Safety Plan System in line with industry best practice and the contractors' own systems.*
- Quarterly audit compliance score from FHTJV.
  - ✓ *95% compliance score in audits undertaken by WWL.*
- Percentage of incidents investigated, reported, actions assigned and closed out within two weeks.
  - ✓ *Not applicable (no incidents).*
- Total Recordable Injury Frequency Rate.
  - ✓ *Zero.*

Sustainability and social outcomes

We will comply with resource consent conditions, including the requirement to relocate rare native species, enhance lowland areas (e.g. the lower reaches of the Waimea River and native areas of Rabbit Island), considering advice from the Biodiversity Technical Advisory Group (BTAG).

- 100% compliance with resource consents.
  - ✓ *All consent conditions due to be met have been met, on track to meet all those not yet due.*
- Achievement of the Environment and Sustainability Plan milestones.
  - ✓ *5 Environmental Management Plans developed and certified.*
  - ✓ *3 of 7 Supplementary Construction Environmental Management Plans (SCEMP) have also been developed and certified.*
- Achievement of the Tree Management and Carbon Offsetting Plan milestones.
  - ✓ *Plan and milestones in development, will then meet milestones as they fall due.*
- Effective engagement with the BTAG.
  - ✓ *Biannual meetings held, with advice informing WWL actions.*
- Achievement of our Sustainability Communications and Engagement Plan milestones.
  - ✓ *Plan and milestones in development, will then meet milestones as they fall due.*

Project delivery

WWL will deliver the Waimea Community Dam to quality, time and cost in accordance with shareholders' expectations.

- The dam is built as designed, to the quality and safety guidelines applicable.
  - ✓ *On track to achieve this when it falls due.*
- Built as Designed Certificate issued by Design and Assurance Consultants, verified by the Independent Technical Engineer.
  - ✓ *On track to achieve this when it falls due.*
- The dam is constructed to schedule in accordance with the baseline plan.
  - ✓ *Expect to meet schedule.*
- Practical completion is achieved on or before September 2021 and commissioning is achieved on or before February 2022.
  - ✓ *Expect to meet completion dates. Current activities following plan.*

Funding envelope

Achieve value for money through fiscal and budgetary prudence and efficiency.

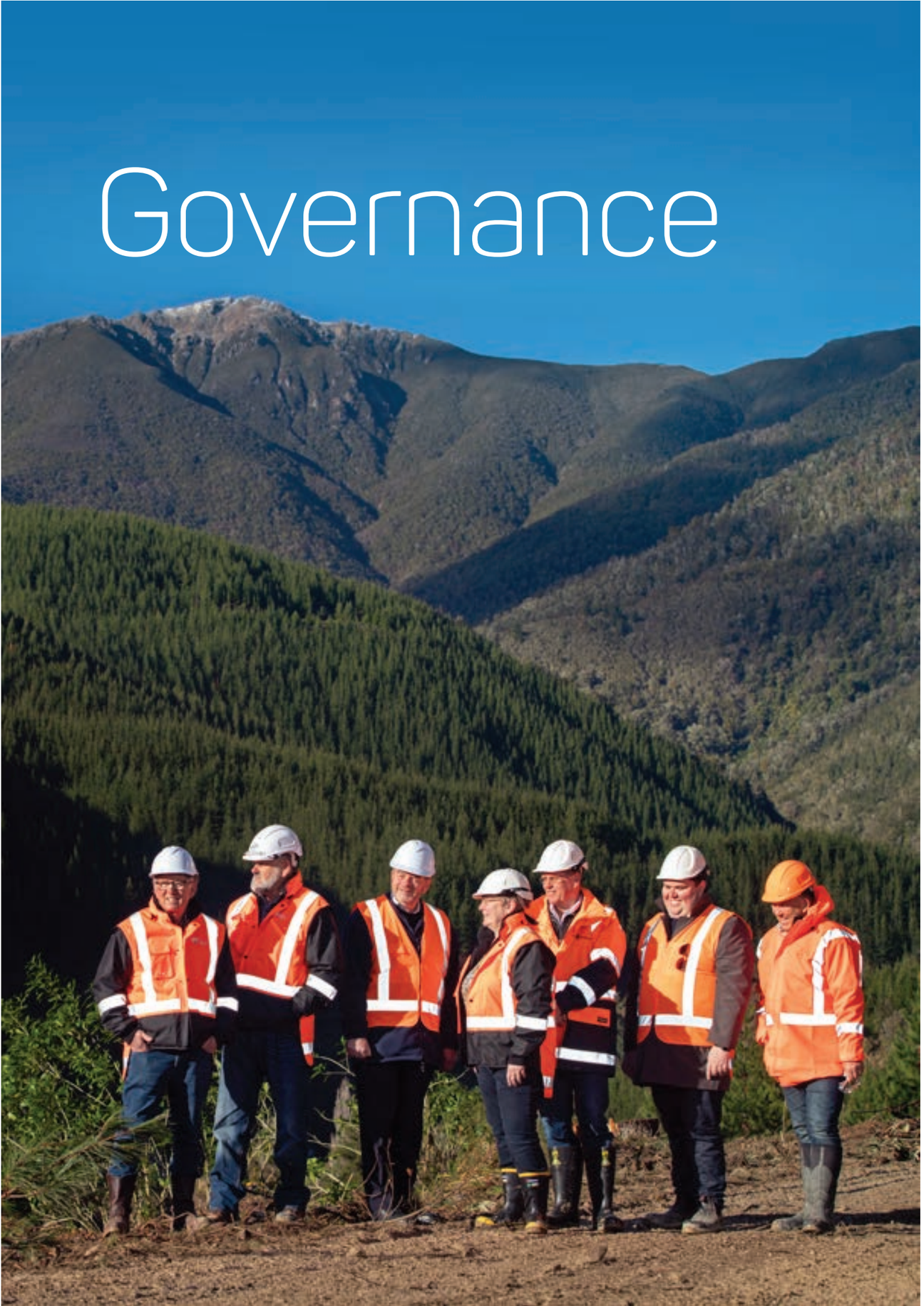
- Track percentage of variance between actual and budget.
  - ✓ *11% of budget not yet spent.*
- Transparent reporting to stakeholders.
  - ✓ *Regular updates to shareholders and financers.*
- Unconditional sign off of the Company accounts from external auditors.
  - ✓ *Achieved.*

Communication and engagement

Stakeholders and the community are engaged to become more informed about the dam and its benefits. WWL has a range of formal and informal communication channels, and there is readily available information about the project, its benefits and impacts that is current and plain English. Enquiries have been responded to promptly and any issues resolved.

- Track quarterly and annually information provision and events.
  - ✓ *Quarterly presentations to shareholders, AGM pending.*
- Proportionate social media presence and communication.
  - ✓ *Social media accounts setup – 259 Facebook and 94 Twitter followers.*
  - ✓ *Stories in national and local publications, newspapers and newsletters.*
- Mana Whenua engagement through agreed channels.
  - ✓ *Engaging with iwi, Kaumatua, Trustees, Directors and staff as appropriate.*

Governance



Corporate Governance

The WWL Board is committed to a high standard of corporate governance and regulatory compliance in guiding and monitoring WWL's activities.

The Board carries out its accounting, reporting, risk management and decision-making responsibilities in accordance with legislation and the directors comply with their obligations under the Companies Act 1993, the Local Government Act 2002 and other relevant legislation.

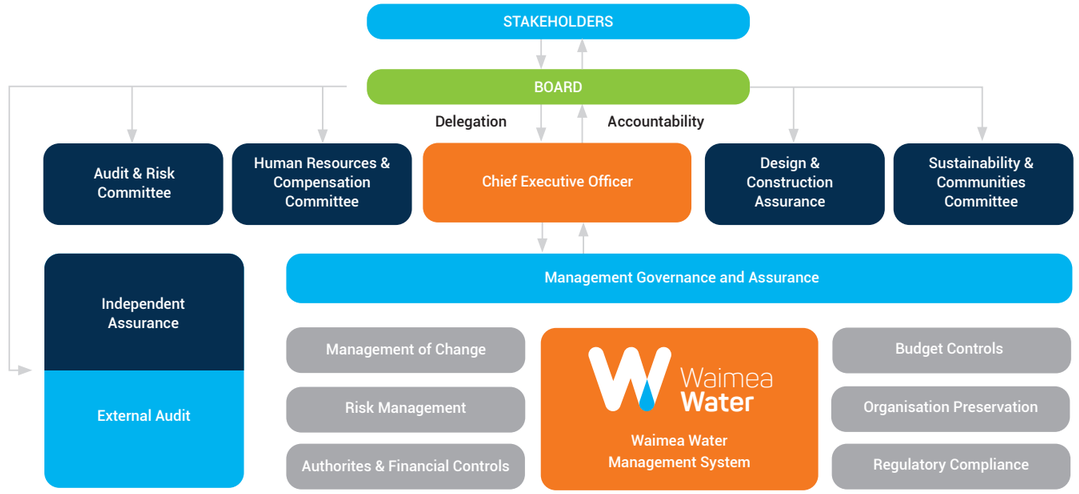
Board performance is evaluated on an annual basis.

Directors are appointed for a period of four years. The Board has seven highly experienced directors appointed by shareholders and iwi, as follows:

Tasman District Council - 4, Waimea Irrigators Ltd - 2 and Ngāti Koata - 1.

Corporate Structure

The WWL Board is supported by four committees that consist of subgroups of directors and staff. The committees provide governance and assurance across audit and risk; human resources; design and construction; and sustainability and communities. The management of WWL works to a management system approved by the Board that provides systems for management of change; risk management; authorities and financial controls; budget controls; organisation preservation and regulatory compliance. An external audit is completed annually for the Board by Audit NZ.



Board of Directors

Karen Jordan

Chair

(Tasman District Council)

Karen is a qualified Accountant (FCMA) and project manager with over 20 years' corporate general management experience in FTSE Top 20 infrastructure companies. She has extensive commercial operations and asset management expertise; latterly with National Grid plc across a £1BNpa construction programme. Prior to moving permanently to NZ, she was Director of Contract Management for UK Defence, with responsibilities across a multi-billion-pounds project delivery portfolio. She is an Independent Member of the NZDF Risk and Assurance Committee and is currently a Director of City Rail Link Ltd, providing governance in the construction of New Zealand's largest ever infrastructure project.

Julian Raine

Director

Director (Waimea Irrigators Ltd) and Chair Sustainability and Communities Committee

Julian's career background is in agriculture and horticulture and he is actively involved in a wide range of export focussed businesses. He is a former Director on the Cawthron Institute Board, Director and Deputy Chair on Manaaki Whenua Landcare Research and Chairman of Sirtrack. Julian is also the chair of Wai-West Horticulture and a Director and shareholder of Waimea Irrigators Ltd.

Ken Smales

Director

(Tasman District Council)

Ken has nearly 50 years of engineering experience in all aspects of dam building, including design, consents, construction, operation, safety, hydro power generation and irrigation. He was involved in the Central Plains Irrigation Project in Canterbury worth $450 million for five years and has also been the Deputy Chairman of DamWatch for 10 years and a Director of Southern Generation Australia and their subsidiary company Meridian.

David Wright

Director

(Tasman District Council) and Chair Human Resources and Compensation Committee

David is a Company Director, Management Consultant and former Chief Executive. His current directorships include Chair of Wellington Water Limited and a Director of the Waikato District Council Waters Governance Board, both council owned organisations providing drinking water, storm water and waste-water services. David was previously employed as Acting Chief Executive of Palmerston North City Council.

Doug Hattersley

Director

(Tasman District Council) and Chair Design and Construction Committee

Doug has over 45 years engineering and project management experience on large international infrastructure. He is a Graduate Member of the Australian Institute of Company Directors, a Chartered Professional Engineer and has a Bachelor of Engineering (Honours) (Civil) degree from the University of Canterbury. Doug is currently a consultant for renewable energy and infrastructure companies.

Bruno Simpson

Director

(Waimea Irrigators Ltd) and Chair Audit and Risk Committee

Bruno is the Director - Sales, Finance and Administration at Waimea Group and Chairman of the International New Varieties Network. He has been actively involved in Waimea Irrigators Ltd (WIL) and is also a director of Century Water Ltd, the other major funder of WIL.

Andrew Spittal

Director

(Ngāti Koata)

Andrew is a Director and Shareholder in a national company and several local companies. He has a vast range of commercial experience in the civil construction industry with over 25 years in the field, including transforming a residential drainage business into one of Nelson's largest drainage and water reticulation specialists. Andrew represents the interests of Ngāti Koata as their nominated Board Director.

Independent Auditor's Report

To the readers of Waimea Water Limited's financial statements and performance information for the seven months ended 30 June 2019

The Auditor General is the auditor of Waimea Water Limited (the company). The Auditor General has appointed me, John Mackey, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company on his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 41 to 54, that comprise the statement of financial position as at 30 June 2019, the statement of comprehensive revenue and expense, statement of changes in net assets and statement of cash flows for the seven months ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on page 28.

In our opinion:

- the financial statements of the company on pages 41 to 54:
    - present fairly, in all material respects:
        - its financial position as at 30 June 2019; and
        - its financial performance and cash flows for the seven months then ended; and
    - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime; and
- the performance information of the company on page 28 presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the seven months ended 30 June 2019.

Our audit was completed on 12 September 2019. 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 and the performance information, 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 and the performance information

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

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

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the company for assessing the company'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 the Board of Directors intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, 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 and the performance information.

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

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 and the performance information, 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 company'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 evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.
- 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 company'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 and the performance information 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 company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

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 4 to 27, 29-34, 39-40, and 55, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information 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 and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information 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 company in accordance with the independence requirements of the Auditor General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1(Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the company.

John Mackey
Audit New Zealand
On behalf of the Auditor General
Christchurch, New Zealand

Annual Report

FOR YEAR ENDED 30 JUNE 2019

The Directors have pleasure in presenting to the shareholders the Annual Report and audited financial statements of WWL for the year ended 30 June 2019.

Nature of Business

Manage construction, operation and maintenance of the Waimea Community Dam.

Our Commitment

WWL is committed to building and operating a safe, reliable and efficient dam for the benefit of the region.

Board attendance

Director	Position	Tenure	Meetings Attended	Of a possible	Directors Fees	Director Services*
K Jordan	Chair	Dec '18 - Jun '19	12	12	$37k	$83k
B Simpson	Deputy Chair	Dec '18 - Jun '19	12	12	$18k	-
D Hattersley	Director	Dec '18 - Jun '19	11	12	$18k	$64k
J Raine	Director	Dec '18 - Jun '19	10	12	$18k	-
K Smales	Director	Dec '18 - Jun '19	11	12	$18k	$177k
A Spittal	Director	Feb '19 - Jun '19	5	6	$13k	-
D Wright	Director	Mar '19 - Jun '19	3	5	$12k	-
					$134k	**$324k**

Employee remuneration

No employees or former employees received remuneration and other benefits of $100,000 or more for the seven months ended 30 June 2019

** Prior to other key management personnel being recruited Directors performed interim executive level services in a normal supplier relationship on terms and condition no more or less favourable than those that it is reasonable to expect the entity would have adopted in dealing with the party at arm's length in the same circumstances.*

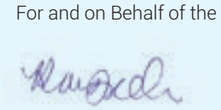
Amount paid to the Auditor

Audit New Zealand will be paid approximately $47,000 to complete an audit of WWL's account. No audit expenses were paid in the financial year ended 30 June 2019.

Donations

The value of donations for the period 30 June 2019 was $0.

For and on Behalf of the Board



Karen Jordan
Chair

Bruno Simpson
Deputy Chair

Directors' Register of Interests:

Karen Jordan

City Rail Link Limited (Director)
New Zealand Defence Force (Independent Member)
NZ Law Society - Nelson Branch (Lay Member)

Ken Smales

K S Project Management Ltd (Principal)
Smales Family Trust (Trustee)
Central Plains Water (Engineer to Contract)

Doug Hattersley

Colonel Noel Percy Adams Trust (Melrose) Society (Trustee and Chair)
NZ Red Cross Incorporated (Committee Member – Motueka)
Stanley Douglas Hattersley (Consultant)

Julian Raine

Raine Group Ltd (Managing Director)
Raine Farms Ltd (Director)
Raine Estate "Oaklands" Ltd (Director)
Horticulture NZ Ltd (Chairman - resigned)
Horticulture NZ Inc.(President - resigned)
NZ Boysenberry Council Ltd (Director)
Boysenberry New Zealand Ltd (Executive Chairman)
RACO NZ Ltd (Director)
Wai West Horticulture Ltd (including subsidiary companies Wai West Investment Ltd and Wai West Farms Ltd - Director)
Saxton Fruit Ltd (Director)
Jarar Holdings Ltd (Director)
Hinetai Hops Ltd (Director)
New Zealand Dairy Desserts Company Ltd (Chairman)
Waimea Community Dam Ltd (Director)
New Zealand Hops Ltd (Director)
Aunt Jeans Ltd (Director)
Motupiko Dairy Farm Ltd (Director)
Cold Storage Nelson Ltd (Director)
Waimea Irrigators Ltd (Director and Shareholder)
Massey Lincoln Agricultural Industry Trust (Trustee)
Heatham Trust (Trustee)
NZ Farmers Leaders Group (Member - resigned)
Primary Sector Council (Member)
Kakariki Fund Limited (Chair/Director)

Bruno Simpson

Waimea Group Ltd (Executive Director)
Waimea Group Properties Ltd (Executive Director)
Waimea Nurseries Ltd (Executive Director)
Waimea Variety Management Ltd (Executive Director)
WNW Ltd (Executive Director)
Century Water Ltd (Director)
International New Varieties Network LLC (Chairman)
Canis Lupus Ltd (Director and Shareholder)
Summerfruit New Zealand – ApriCO (Appointed Interim Director)

Andrew Spittal

Ching Contracting Ltd (80% Shareholder Director)
Trench Shoring NZ Ltd (Director and 50% Shareholder)
Spittal Developments Ltd (Director and 50% Shareholder)
Spittal Family Trust (Trustee)
Andrew and Deborah Spittal Family Trust (Trustee)
Home Living Solutions Ltd (Director and Shareholder)
H L Solutions Ltd (Director)
Richmond West Development Company Ltd (Director)
Artillery 5 Ltd (Director)
Squally Cove Forestry No. 14 Ltd (25% Shareholder Director)
Glass House Block Ltd (Director)
Exeter Street Ltd (Director)
Tuff Buoys Ltd (Director)
Project Tasman Ltd (Director)
Spittal Management Ltd (Shareholder)
Coman Developments Ltd (Director)
CCLP Limited (Director)

David Wright

David Wright Limited (Director)
Wellington Water Limited (Chair)
Waikato District Council Waters Governance Board (Director)
Central Air Ambulance Rescue Limited (Chair)
Search and Rescue Services Limited (Interim Chair)
Solomon Islands Airport Corporation Limited (Interim Chair)
Workbridge Incorporated (Chair)
Global Safety Index Pty Limited (Advisory Board Member)
Internet New Zealand (Member, Audit and Risk Committee)
Red Meat Profit Partnership (Chief Executive)
MFAT Energy Services Panel (Panel Member)

Statement of Comprehensive Revenue and Expense

FOR THE SEVEN MONTHS ENDED 30 JUNE 2019

	Note	2019 $000	2018 $000
Project costs	1	-	-
Employee costs		243	-
Depreciation	2	7	-
Other administrative expenses	3	393	-
Operating Expenses		643	-
Finance income	4	325	-
Total Comprehensive Income (Expenses)		**(318)**	**-**

Statement of Changes in Net Assets

FOR THE SEVEN MONTHS ENDED 30 JUNE 2019

	Note	2019 $000	2018 $000
Opening retained earnings		-	-
Total profit for the year		(318)	-
		-	-
Reatined earnings as at year end		(318)	-
Share capital		35,096	-
Closing equity at year end		**34,778**	**-**

Statement of Financial Position

AS AT 30 JUNE 2019

	Note	2019 $000	2018 $000
Assets			
Current			
Cash And Cash Equivalents	5	4,722	-
Receivables From Non-Exchange Transactions	6	213	-
Total Current Assets		4,935	-
Non-Current			
Property, Plant And Equipment	7	18,796	-
Deferred Tax Asset	8	-	-
Other Non-Current Financial Assets	9	15,281	-
Total Non-Current Assets		34,077	-
Total Assets		**39,012**	**-**
Liabilities			
Current			
Payables Under Exchange Transactions	10	2,051	-
Employee Entitlements	11	22	-
Total Current Liabilities		2,073	-
Non-Current			
Loans And Borrowings	12	2,161	-
Total Non-Current Liabilities		2,161	-
Total Liabilities		**4,234**	**-**
Net Assets		**34,778**	**-**
Equity			
Equity Contributions		35,096	-
Accumulated Funds		(318)	-
Other Equity Reserves		-	-
Total Equity		**34,778**	**-**

Statement of Cash Flows

FOR THE SEVEN MONTHS ENDED 30 JUNE 2019

	Note	2019 $000	2018 $000
Cash flow from operating activities			
Payments to suppliers		(245)	-
Payments to employees		(207)	-
Net cash from/(used in) operating activities		(452)	-
Cash flow from investing activities			
Purchase of property, plant and equipment		(17,027)	-
Purchase of financial assets		(15,268)	-
Net cash from/(used in) investing activities		(32,295)	-
Cash flow from financing activities			
Proceeds from equity		35,096	-
Proceeds on borrowings		2,062	-
Interest received		311	-
Net cash from/(used in) financing activities		37,469	-
Net increase/(decrease) in cash and cash equivalents		4,722	-
Cash and cash equivalents, beginning of the year		-	-
Effect of exchange differences on foreign cash held		-	-
Cash and cash equivalents at end of the year	**5**	**4,722**	**-**

Notes to the financial statements

A Reporting entity

Waimea Water Limited ("WWL") is a Council Controlled Organisation under Section 6 of the Local Government Act 2002. WWL is registered under the Companies Act 1993. WWL has been established to manage the construction, operation and maintenance of the Waimea Community Dam.

The financial statements were authorised for issue by the Board of Directors on 12 September 2019.

B Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with the requirements of the Local Government Act 2002 which include the requirement to comply with Generally Accepted Accounting Practice in New Zealand as required by the Companies Act 1993. The company has a balance date of 30th June.

The financial statements have been prepared in accordance with and comply with PBE Standards RDR and disclosure concessions have been applied. The Company is eligible to report in accordance with PBE Standards RDR because it does not have public accountability and it is not large.

(b) Basis of measurement

The financial statements are prepared on the basis of historical cost. They are prepared on the going concern basis.

(c) Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ("000s"). The functional currency of Waimea Water Limited is New Zealand dollars (NZ$).

(d) Comparatives

These statements cover the first period of operations, and comparative figures are all nil.

(e) Changes in accounting policies

These statements cover the first period of operations, and accounting policies adopted for the first time.

C Summary of significant accounting policies

The preparation of financial statements requires Waimea Water Limited to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Future outcomes could differ from those estimates. The principal areas of judgement in preparing financial statements are set out below. These will be assessed by management as part of the annual reporting process and included within the final annual accounts.

(f) Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

Notes to the financial statements

(g) Trade and Other Receivables

Trade and other receivables are initially stated at fair value and subsequently stated at their amortised cost using the effective interest method less impairment losses. A provision for impairment of receivables is established when there is objective evidence that Waimea Water Limited will not be able to collect all the amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying value and the present value of the expected future cash flows discounted using the effective interest method.

(h) Trade and Other Payables

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

(i) Property, plant and equipment

Property, Plant & Equipment (PPE) will be recognised in accordance with PBE IPSAS 17, at historical cost less accumulated depreciation and any accumulated impairment losses. Historical Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. 'Directly attributable' includes; all costs directly associated with the dam build including professional fees, all staff costs where a majority of the person's time is directly associated with the dam build, and a reasonable allocation of other costs incurred for staff identified above. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Uncompleted capital works are not depreciated until ready for service.

Subsequent expenditure is capitalised and added to the carrying amount of an item of Property, Plant and Equipment when the cost incurred if it is probable that the future economic benefits embodied in the specific asset will flow to the Company and the cost of the item can be measured reliably. The costs of day-to-day servicing of Property, Plant and Equipment are recognised in the surplus or deficit as incurred.

The cost of an item of Property, Plant and Equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Company and the cost of the item can be measured reliably. Individual assets, or groups of assets, are capitalised if their cost is greater than $500. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition. The majority of capital expenditure will remain as work in progress for the duration of the project and is not depreciated until ready for service.

Disposals

Gains and losses are determined by comparing the proceeds with the carrying amount and are recognised in the surplus or deficit. Net gains and losses are only recognised when the significant risks and rewards or ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, and there is no continuing involvement.

Depreciation

The depreciable amount of an asset is determined based on its useful life. Rates and methods of depreciation reflect the pattern in which the assets' future economic benefits are expected to be consumed by the Company.

Buildings	not applicable
Leasehold improvements	10%
Furniture and equipment	16% - 50%
Vehicles	20% - 30%
Dam (Capital WiP)	not applicable

Notes to the financial statements

(j) Intangible assets

Software Acquisition and Development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred.

(k) Impairment of non-current assets

The carrying amounts of Waimea Water Limited's assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such impairment exists, the asset's recoverable amount is estimated. If the estimated recoverable value amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount, and an impairment loss is recognised in the surplus or deficit.

The recoverable amount of an asset is the higher of the fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and discounting these to their present value using a pre-tax discount rate that reflects the current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent 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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised to the extent that an impairment loss for that asset was previously recognised in the surplus or deficit immediately.

(l) Other Financial Assets

Term investments over 90 days are classified as “other financial assets". They are initially measured at fair value, net of transaction costs. After initial recognition, financial assets in this category are measured at amortised cost using the effective investment method, less impairment. Gains and losses when the asset is impaired are recognised in the surplus or deficit.

(m) Share Capital

Ordinary shares are classified as equity. Direct costs of issuing shares are shown as a deduction from the proceeds of issue.

(n) Interest Bearing Borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost using the effective interest method. Borrowing costs directly attributable to the acquisition or construction of a qualifying asset which is determined to be an asset that takes a period of greater than one year to get ready for its intended use are capitalised as part of the cost of the asset.

(o) Employee Entitlements

A liability for annual leave is accrued and recognised in the Statement of Financial Position. The liability is calculated on an actual entitlements basis at current rates of pay. These include salaries and wages accrued up to balance date, alternate days earned but not yet taken, and annual leave earned but not yet taken up to balance date.

Notes to the financial statements

(p) Revenue

Revenue comprises the fair value of the consideration received or receivable in the ordinary course of the Company's activities, net of discounts, rebates and taxes. Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest income is recognised on an accrual basis using the effective interest method.

(q) Expenses

Financing Costs

Financing costs comprise interest payable on borrowings calculated using the effective interest rate method.

Dividends

Waimea Water Limited operates on a cost recovery basis. Therefore no dividends are payable.

(r) Income Tax

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to the income tax payable in respect to prior years. Current tax is calculated using rates that have been enacted or substantively enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

Current tax and deferred tax is charged or credited to the surplus or deficit, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity and other comprehensive revenue and expenses.

(s) Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, Inland Revenue is included as part of receivables or payables in the Statement of Financial Position.

1 Project construction costs

	Note	2019	2018
		$000	$000
The following amounts attributable to the build were passed through operational accounts:			
Pre-incorporation costs	17	6,329	-
Other dam construction costs		9,981	-
Project services		888	-
WWL operations		1,393	-
Transfer costs attributable to build to Capital WiP		(18,591)	-
Total		**-**	**-**

2 Depreciation, amortisation and impairment expenses

	2019	2018
	$000	$000
Depreciation of property, plant and equipment	7	-
Total	**7**	**-**

3 Other overhead and administrative expenses

	2019	2018
	$000	$000
Legal fees	122	-
Accounting fees	90	-
Office costs	59	-
Auditor remuneration	47	-
Other professional fees	48	-
Insurance	27	-
Total	**393**	**-**

4 Finance income and costs

	2019	2018
	$000	$000
Interest income on bank deposits	325	-
Total	**325**	**-**

5 Cash and cash equivalents

	2019	2018
	$000	$000
Cash at bank and in hand	4,722	-
Total	**4,722**	**-**

6 Receivables from non-exchange transactions

	2019	2018
	$000	$000
GST receivable	209	-
Other prepayments / receivables	4	-
Total	**213**	**-**

7 Property, plant and equipment

	Capital WiP	Leasehold Improvements	Furniture and Equipment	Vehicles	Total
	$000	$000	$000	$000	$000
Movements for each class of property, plant and equipment are as follows:					
2019					
Gross carrying amount	18,591	20	58	145	18,814
Depreciation for the year	-	-	(6)	(12)	(18)
Carrying amount 30 June 2019	**18,591**	**20**	**52**	**133**	**18,796**
2018					
Gross carrying amount	-	-	-	-	-
Depreciation for the year	-	-	-	-	-
Carrying amount 30 June 2018	**-**	**-**	**-**	**-**	**-**

8 Deferred tax

	2019	2018
	$000	$000
Deferred tax assets are only recognised when management consider it probable that future tax profits will be available against which these assets will be utilised.		
Recognised deferred tax assets:	**-**	**-**
Unrecognised deferred tax assets consist of:		
Tax losses	$89	-
Total unrecognised deferred tax asset	**$89**	**-**

9 Other financial assets

	2019	2018
	$000	$000
Held-to-maturity investments		
Term deposits	15,281	-
Total	**15,281**	**-**

10 Payables under exchange transactions

	Note	2019	2018
		$000	$000
Trade creditors		1,921	-
Related party payables	17	54	-
Non trade payables and accrued expenses		76	-
Total		**2,051**	**-**

11 Employee entitlements

	2019	2018
	$000	$000
Annual leave entitlements	22	-
Total	**22**	**-**

12 Loans and borrowings

	2019	2018
	$000	$000
Current - Secured loans	-	-
Non-current - Secured loans	2,161	-
Total	**2,161**	**-**

13 Financial instruments

The carrying amounts presented in the statement of financial position relate to the following categories of financial assets and liabilities.

	Financial assets*	Held-to-maturity investments	Loans and receivables/ payables	Finacial liabilities*	Total
	$000	$000	$000	$000	$000
2019					
Financial assets					
Cash and cash equivalents	4,722	-	-	-	4,722
Trade debtors and other receivables	-	-	4	-	4
Other financial assets**	-	15,281	-	-	15,281
Total Financial assets	**4,722**	**15,281**	**4**	**-**	**20,007**
Financial liabilities					
Trade creditors and other payables	-	-	1,932	-	1,932
Loans and borrowings***	-	-	-	2,161	2,161
Total Financial liabilities	**-**	**-**	**1,932**	**2,161**	**4,093**
2018					
Financial assets					
Cash and cash equivalents	-	-	-	-	-
Trade debtors and other receivables	-	-	-	-	-
Other financial assets**	-	-	-	-	-
Total Financial assets	**-**	**-**	**-**	**-**	**-**
Financial liabilities					
Trade creditors and other payables	-	-	-	-	-
Loans and borrowings***	-	-	-	-	-
Total Financial liabilities	**-**	**-**	**-**	**-**	**-**

** at fair value through surplus or deficit*

*** Other financial assets*

ANZ term desposit maturing Dec 2020 at 3.55%	5,093
ANZ term deposit maturing Apr 2021 at 3.55%	5,093
ANZ term deposit maturing Jun 2021 at 3.58%	5,094
	15,281

**** Loans and borrowings*

Crown Irrigation Investments Limited	2,161
	2,161

14 Contingent assets and contingent liabilities

The entity has no contingent assets or contingent liabilities (2018 : n/a).

15 Commitments

	2019	2018
	$000	$000
Expenditure contracted for at the end of the reporting period but not yet incurred is as follows:		
Property, plant and equipment	74,666	-
Total	**74,666**	**-**

16 Events after the reporting period

There were no significant events after the balance date.

17 Related party transactions

The entity has a related party relationship with its Directors, other key management personnel, and Shareholders.

Prior to incorporation Shareholders incurred costs of supplier services in normal supplier relationships on terms and conditions at arm's length. An agreed sum was reimbursed to Shareholders.

Prior to other key management personnel being recruited Directors performed interim executive level services in a normal supplier relationship on terms and condition no more or less favourable than those that it is reasonable to expect the entity would have adopted in dealing with the party at arm's length in the same circumstances.

The entity has a related party relationship with its key management personnel. Key management personnel include the Board of Directors and members of the Executive / Senior Management.

	Note	2019	2018
		$000	$000
Purchase of goods and services			
Purchase / reimbursement of services			
Directors		324	-
Pre-incorporation costs	1	6,329	-
Shareholder services		67	-
Other key management personnel		-	-
Total		**6,720**	**-**

	2019	2018
	$000	$000
Year end receivable/ payable with related parties		
Payable to related parties:		
Directors	49	-
Shareholders	2	-
Other key management personnel	3	-
Total	**54**	**-**

	2019	2018
	$000	$000
Key management compensation		
Key management personnel compensation includes the following expenses:		
Salaries and other short-term employee benefits	199	-
Directors fees	134	-
Total	**333**	**-**
Persons recognised as key management personnel	11	-

Company Directory

Directors

Karen Jordan (Chair)

Bruno Simpson (Deputy Chair)

Doug Hattersley

Julian Raine

Ken Smales

Andrew Spittal

David Wright

Registered Office

20 Oxford Street
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New Zealand

Telephone: 027 544 0030
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Chief Executive

Mike Scott

Managers

Chief Financial Officer:	Dave Ashcroft
Commercial Manager and Company Secretary:	Richard Timpany
Engineering and Project Manager:	Iain Lonie
Environmental and Sustainability General Manager:	Alasdair Mawdsley
Project Services Manager:	Richard Milsom
Technical Manager and Engineer Representative:	Daniel Murtagh

Auditor

Audit New Zealand on behalf of the Auditor-General

Accountant

Findex Ltd

Banker

ANZ Corporation

Lawyer

Anderson Lloyd

Waimea Water

SECURING OUR REGION'S FUTURE