



SECURING OUR REGION'S FUTURE

WAIMEA WATER LTD | ANNUAL REPORT 2020

Our Commitment

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

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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, with financial closure 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 by groups and individuals to provide greater water security for the Waimea Plains and wider community (also see the 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 to four year construction project began in March 2019, with site works commencing in August 2019. The concrete-face rockfill dam will be about 53 metres high, 220 metres long, and 6 metres wide at the crest.

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

The dam is being constructed for WWL through a joint venture between experienced local companies Fulton Hogan Ltd and Taylors Contracting Ltd (FHTJV). Damwatch Engineering Ltd also independently reviews the construction and provides design guidance. GHD Engineering peer reviews design changes and designs temporary works.

Despite challenging geological conditions encountered and a construction pause in the project's first year due to the COVID-19 lockdown, a number of key elements were progressed, such as the diversion culvert, the left-hand

and right-hand side plinths, and required design revisions.

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

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 and moving to 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

440,000m³ OF ROCK

Estimated economic benefit in the first 2 years

\$55^{m*}

and between

\$600 - \$900

over 25 years ^m

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

MID **2022**



Performance Highlights
Achievements so far



Final Investment Decision —————> **December 2018**

Commenced Construction —————> **March 2019**

Project Progress (spend) —————> **42%**

Injury Rate —————> **0**

Consent Compliance —————> **100%**

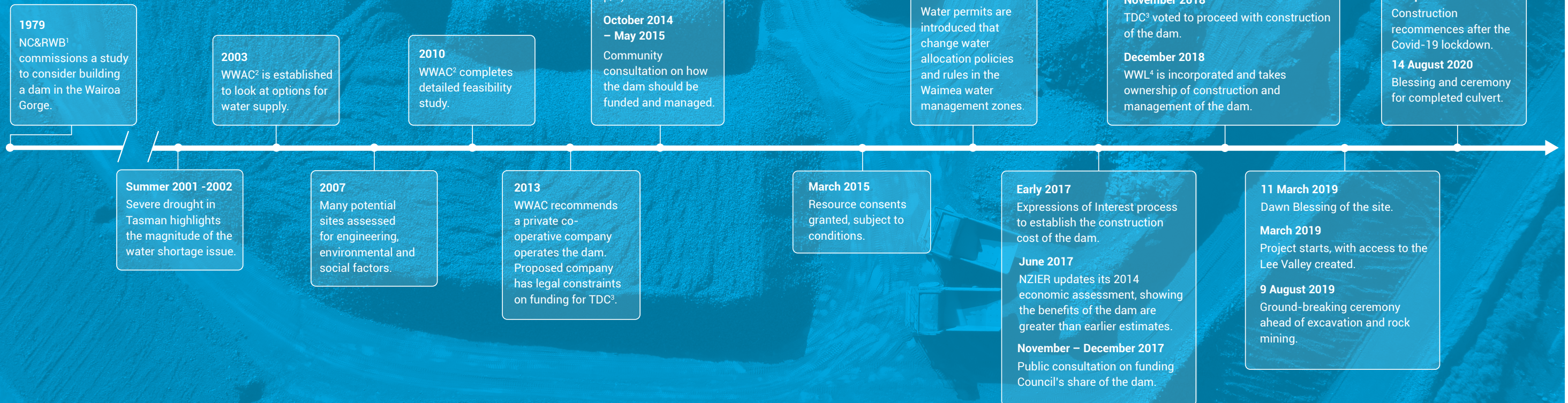
Approved Construction Environmental Plans —> **14**

Substantially Complete —————> **Diversion culvert**

Expected Completion for Filling —————> **April 2022**

Timeline

Several decades of work has been invested into this significant regional infrastructure.



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



“Waimea Water Limited is a great example of a mutually beneficial public-private partnership that will help our community thrive.”

Report from Board Chair

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

The Waimea Community Dam is now approximately 40 per cent complete. I would like to thank our team, the main Contractor Fulton Hogan Taylors and the various other project contractors, for the achievements to date, despite facing challenging geological and design issues, followed by the impacts of COVID-19. In January this year, I was appointed Chair by the Board following the resignation of our founding Chair Karen Jordan. On behalf of the Board, I would like to thank Karen for her significant input into setting up the company and her lasting contribution to the project. Meanwhile, and subsequent to the reporting period, TDC appointed Margaret Devlin to the Board, returning our Board to its stable of seven directors.

WWL was established only 18 months ago in December 2018. The events that have occurred in those 18 months have only intensified our region's need for water security. The 2018-19 drought was the worst the region had faced for at least 20 years, with water permit holders on the Waimea Plains facing significant cuts

to their allocations, costing the region tens of millions of dollars. On top of the late, dry 2019-2020 summer and the Ministry of Primary Industries officially classifying Tasman as one of the areas affected by large-scale adverse drought in 2020, it is clear we need to carefully manage our precious water resources in the future.

Water infrastructure challenges are not unique to Tasman. Since 1990, New Zealand's population has grown by more than 40 per cent and yet it has been 30 years since New Zealand's last publicly funded dam was built, the Clyde Dam on the Clutha River, and 20 years since construction of the country's last large dam.

Many regions are struggling with deficient and aging water infrastructure, and we can increasingly see the effects in Auckland, Wellington, and many other provinces. For our part, Tasman has front-footed the ongoing climate change challenges, with the Waimea Community Dam ensuring our region's future water supply needs.

The dam has united common needs to leverage economy of scale and provide the most economical solution

to support our region's growth. The dam is the most cost-effective option for secure water supply, while minimising costs for ratepayers. Financial investment and support for this significant infrastructure project was secured from Crown Irrigation Investments Limited, TDC and Waimea Irrigators Limited. Nelson City Council also contributed, and we received a grant from the Ministry for the Environment.

WWL is a great example of a mutually beneficial public-private partnership that will help our community thrive. And in particular, the Waimea Community Dam will be a vital part of the region's success in the future as we face an increasingly uncertain world.

As always, we thank you for your support.

Ngā mihi

David Wright

“The impact of the global pandemic to New Zealand has reinforced how necessary the Waimea Community Dam will be to our recovery from what may be the greatest recession many of us will ever experience.”



Report from Chief Executive Officer

The last financial year has been a tough year with geological issues and COVID-19, and I am proud of the way our team has handled these challenges. We have a strong team of experienced specialists to manage the design, construction and operations of the Waimea Community Dam in a safe, reliable and efficient manner. The team has worked very hard and effectively this year to find solutions to issues that have confronted the project.

Most importantly, we have had no injuries on the project to date. All resource consent conditions for the reporting period have also been met. And, despite a number of challenges, we have successfully completed 90% of the diversion culvert, and significantly progressed the plinths and earthworks.

In early 2020, we encountered issues with the performance of the embankment rockfill, which led to the need to both modify the design of the embankment and import drainage material. Whereas the initial design was based on sufficiently strong free draining permeable rockfill from predominantly sandstone greywacke, what we instead encountered was predominantly foliated silt or mudstone argillite that breaks down on handling and processing and, therefore, inhibits drainage. To rectify this issue and meet dam safety guidelines, we have modified the design of the embankment to include drainage zones that use imported rock from nearby quarries, while still being able to use indigenous rockfill for the bulk of the embankment.

Geological conditions significantly contributed to an increase of \$25 million in the estimated cost of

the project to a total of \$129.4m, announced in February 2020. Below-ground engineering projects such as these are always subject to a degree of uncertainty and risk when it comes to cost and schedule estimates, and we have always been upfront about this.

Like other non-essential businesses, we were side-lined by the COVID-19 Level 4 lockdown in late March 2020, and further impacted by Level 3 and Level 2 operational requirements.

Suspended construction and ongoing supply chain challenges due to COVID-19 will have cost and schedule implications. Coupled with earlier delays and having lost the ideal weather of the early autumn to recover the programme, we are six months behind schedule and now expect to complete construction in mid-2022. While we will endeavour to recover time, it is likely that the dam will not be ready for the 2021-2022 summer season.

Both the direct and indirect cost of the pandemic are still being determined, but will be significant.

As a ratepayer, I appreciate that the cost of this large project, New Zealand's first large dam in a generation, is a lot for a small community, and we are doing all we can to mitigate cost increases.

The impact of the global pandemic to New Zealand has reinforced how necessary the Waimea Community Dam will be to our community's future.

Recognising the increasing importance of the primary industry to New Zealand's recovery, I welcome the initiative of both the Government and Opposition to boost the primary sector in an environmentally sustainable

manner, which is exactly what this dam does. While increasing minimal environmental river flows, water security will enhance and grow our primary industries and in turn the secondary and tertiary industries that service and support them. These industries will bear the responsibility for bringing income, investment, and jobs to our region, while international tourism is on hold and the global economy slows down. More than ever, the dam is fundamental to the growth and prosperity of our region.

We appreciate the strong support and encouragement from the community. To our supporters, shareholders and ratepayers, thank you. We share your commitment to support our community, economy and provide a better future for future generations. And finally, thank you to our project team; WWL, Fulton Hogan Taylors, Damwatch, GHD Engineering, Rawlinsons and supporting consultants. No one can doubt the sweat, heart and soul that you are putting into completing this legacy project as quickly as possible, while ensuring its safety and integrity.

Even though this year has been extremely challenging, we are well positioned to deliver this transformative project to meet the region's water demands and support our economy.

Ngā mihi

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. He also held the position of Chief Executive Officer at 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.



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. Previously he has worked with Koata Ltd, NZ Artesian Water and the Aimex Service Group, and 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.



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.



Calum McNeil
Business Analyst
Master of Arts (Economics), Master of Science (Energy Management), Master of Business Administration

Calum's extensive education and diverse work experience have developed a well-rounded analytical skill set. His three masters degrees in Economics, Energy Management and Business Administration, all obtained within ten years, have given him deep understanding and skill in each of these areas. He is also currently completing a Chartered Practising Accountant qualification.

He has worked across the public and commercial sectors, both in New Zealand and internationally. Experience includes providing financial analysis for Meridian Energy, the Commerce Commission, Contact Energy and the Accident Compensation Corporation.



Daniel Murtagh
Construction Manager
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 on Large Dams (NZSOLD).

He has extensive knowledge in the development of challenging large-scale capital projects around New Zealand. 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.



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, 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 earlier career in the freight industry.



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 Engineering and as Dams Team Leader for the Snowy Mountains Engineering Corporation (SMEC) in Queensland.



Richard Greatrex
Construction Engineer
BE(Hons) Civil, Chartered Professional Engineer (CPEng), International Professional Engineer (IntPE (NZ))

Richard is a generalist civil engineer with experience in design, construction and contract management. His broad experience includes industrial process engineering, structural, roading, three waters and geotechnical. He has successfully completed several full-time site roles on heavy civil construction projects as either the owner's or designer's representative.

He has worked on some of New Zealand's largest infrastructure projects, including the East Taupo Arterial, SH20-1 Manukau Extension, SH16 Causeway and Waterview tunnel tender phase. His international experience includes geothermal exploration infrastructure in Indonesia. Prior to working with Waimea Water Ltd, Richard worked for Stantec on the design and contract management of pipework, river and dam upgrades around New Zealand. He is a member of the NZ Society on Large Dams (NZSOLD).



AREAS OF ACTIVITY

Project Performance

WWL actively manages the project's schedule and cost whilst progress is reported regularly to shareholders, financiers, stakeholders and the public throughout the year.

Objective

WWL is committed to constructing and operating a dam that is safe, reliable and sustainable to the highest appropriate standards. Recognising these overarching principles, WWL is also committed to delivering and operating the dam as efficiently and reasonably as possible with respect to cost and schedule.

Progress

WWL currently expects practical completion of the dam to be in the second quarter of 2022, approximately six months behind schedule. This includes more than one month's delay associated with COVID-19.

The final cost of the dam will not be known until near completion of the project. In February 2020, WWL announced a revised forecast cost estimate of \$129.4m, excluding COVID-19 costs.

Approximately three quarters of this expected \$25 million cost increase is associated with encountered geological conditions, including the embankment rockfill, filling voids in the plinth and culvert foundation, and additional slope stabilisation.

The balance of the cost includes improving the resilience of the dam through increased drainage beneath the spillway and additional grout curtain; underbudgeted items such as engineering, mechanical work and other overheads; and schedule changes. Gains from various project savings greater than budget are also included in the \$25 million.

The cost, and delay, from COVID-19 are expected to become clearer in the next reporting period.

Risk Planning

WWL operates a risk management system based on NZTA's Z/44 system and guidelines. The risk register is continuously updated as risks are identified, reviewed and updated, or closed. Mitigation plans are developed and monitored for high and very high risks.

Rawlinsons is appointed as WWL's Quantity Surveyors, with any major variation or change independently peer reviewed.

The most significant risks as the project progresses are allocated to four key areas:

1. Encountered geological conditions.
2. Improved dam resilience.
3. Underbudgeted items not known at time of pre-construction budgeting.
4. Savings greater than budget.

In this reporting period a geological risk was realised, and an enforced construction suspension occurred due to the Government mandated COVID-19 lockdown. Mitigation plans were put in place, however, the events compounded, impacting on the project cost and schedule.

Geological conditions

Although some areas of rock met expectations, the mined rockfill for the embankment has transpired to be predominantly foliated silt or mudstone argillite rather than the sandstone expected. This incipient foliations in the argillite leads to the rock breaking down on process and handling, meaning that it is unsuitable for drainage material. These encountered geological conditions have impacted on design, cost and schedule (see revised forecasts in orange below).

The geology of the site remains a considerable risk, reducing as the build progresses and moves above ground in the autumn of 2021.

COVID-19

Due to the COVID-19 pandemic, the Construction Contract was placed into suspension from 26 March to 28 April 2020. Full suspension followed by the Level 3, 2 and 1 industry standard protocols impacted on productivity and site costs. WWL is working to fully understand the impacts of COVID-19, which includes elements such as

productivity (smaller work groups and physical distancing), recovery of the programme, procurement challenges, labour shortages, and the possible delay of a season.

Next steps

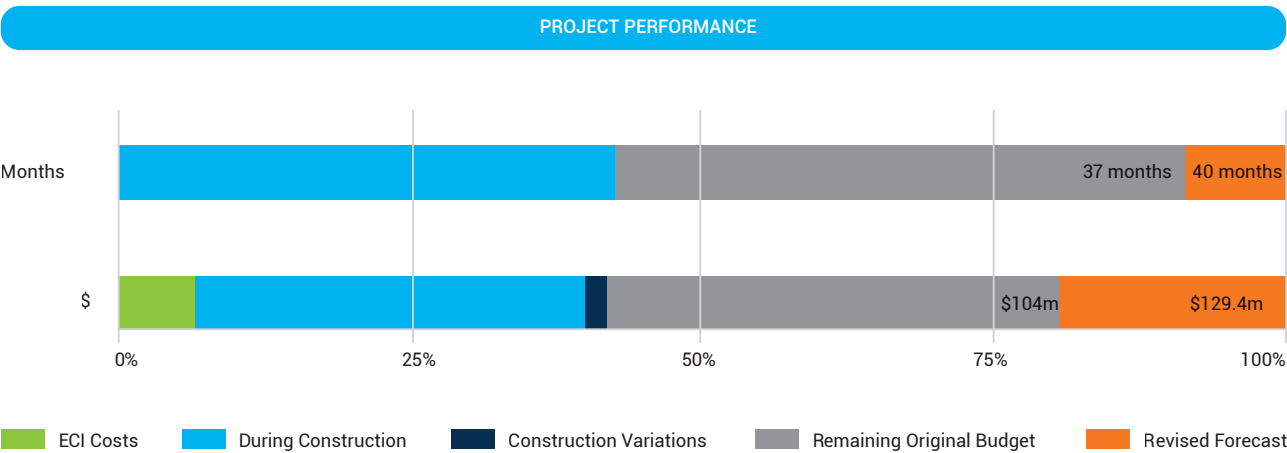
In the 2020-2021 financial year, WWL will continue to look for opportunities to regain time in the construction schedule and reduce costs and risks on the project through implementing risk mitigation plans.



Free draining rock expected and needed.



Not free draining rock encountered.



Design

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. The dam is designed in accordance with the highest requirements of international and New Zealand Society on Large Dams (NZSOLD) guidelines, which include flood and earthquake magnitude considerations. It is also designed in accordance with New Zealand building regulations.

International dam engineering company Damwatch Engineering Ltd (DWE) has peer reviewed all design elements. Additionally, an independent panel of engineers from GHD Engineering reviews any significant design changes DWE makes.

Objective

WWL's aim is to design and construct 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

The design team's focus this year has been on enhancements to increase the dam's reliability, provide greater alignment with current practice internationally, and capitalise on cost and schedule benefits. Changes to the spillway geometry were carried out following analysis of the deficiencies in significant dam safety incidents around the world in recent years (eg. Oroville and Whaley Bridge), with learnings applied.

Additionally, in early January 2020, embankment trial tests of class-2 rock (sandstone greywacke) intended for the embankment revealed the rock would not perform as required to allow free drainage of seepage within the embankment. The undisturbed foundation rock on which the embankment sits is as expected.

Key design optimisations made include:

- Plinth and grout – design adapted to reduce the dam safety risk from excessive seepage beneath the dam.
- Spillway – modified to improve drainage, meeting learnings from recent dam safety incidents and to enhance constructability.
- Mechanical and electrical – Commission of the mechanical and electrical components' design, working closely with the Contractor to refine material selection and arrangements.
- Zoning of the embankment – Amendments made due to encountered geological conditions include new drainage zones and maximisation of materials quarried from site.

WWL has worked collaboratively with the Contactor to ensure their plant and processes are able to produce the required site materials. WWL has also commenced preparation of the Dam Safety Management Systems, which will allow the safe operation and maintenance of the dam once it is completed in 2022.

Opportunities investigated for cost and schedule savings

- Geosynthetic membrane - investigations were made into replacing the concrete face with a geosynthetic membrane for resilience, schedule and cost savings. Cost and schedule benefits have, however, dissipated with the project delay resulting from COVID-19.
- Fuse gates - WWL is considering a proposal to replace the Ogee Weir with 2.3m high fuse gates to provide an extra 1.5Mm3 of storage for power generation or future storage. WWL is currently exploring a design that leaves this option open for future work.
- Power and communication – WWL is considering replacing the need for power and fibre cables to site with on-site micro-hydro-power generation and radio communications respectively.

Decisions on these proposals will be made in the 2020 – 2021 financial year.

Risk planning

Our risk analysis processes are ongoing and enable early risk identification. For example, discovering and testing geology in January resulted in a design intervention, the rezoning of the embankment, which will mitigate costs to the project and make the embankment more resilient. Due to COVID-19, WWL is also monitoring procurement risks and any impact on design details.

Dam embankment changes

Prior to work commencing last year, a component of the original dam design had been its rockfill, which performs two key functions:

- Firstly, it acts as a stiff support to the concrete face to minimise the risk of cracking due to movement or settlement of the fill.
- Secondly, any seepage through the face of the dam needs to be

drained in a controlled manner, in the very unlikely event of damage to the upstream dam liner.

Due to the onsite rock not satisfying the required drainage capacity, the design has been changed to include a larger drainage zone of imported rock. This allows the majority of the dam body to be constructed from low cost indigenous rockfill obtained from site as shown on the following page.

Next steps

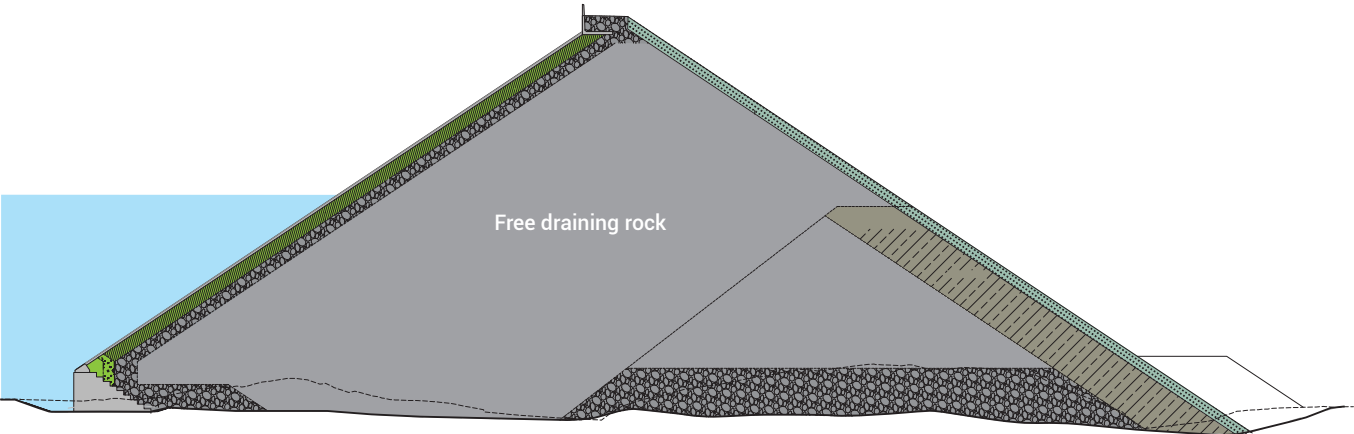
WWL will continue to identify design improvements for dam resilience, cost and schedule benefits, and adapt the design to solve any further encountered conditions and procurement changes, if they occur. WWL will also progress the Dam Safety Management System, complete the mechanical and electrical design and procurement, and work closely with the Contractor on closure planning and commissioning plans for the dam.



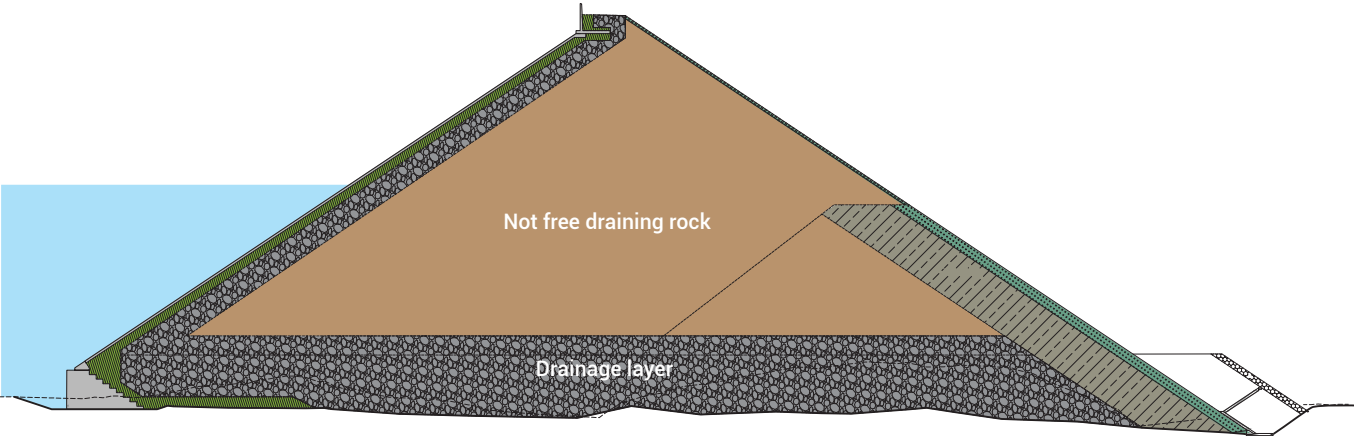
Example of foliated rock.

WAIMEA COMMUNITY DAM DESIGN CHANGES

Original design based on free draining rock fill



Updated design with increased drainage layers



Construction

The Contractor, FHTJV, has achieved for WWL a number of major construction milestones.

Objective

WWL works 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

Construction commenced in March 2019, with early work on the access roads to site. As outlined earlier, the site was shut down for five weeks in 2020 due to COVID-19. When work recommenced on 28 April under Level 3 restrictions, additional office and amenity blocks and physical distancing measures were required, which impacted productivity.

Fortunately, favourable weather conditions, along with the Contractor mobilising more resources, have helped recover some of the construction programme, which is currently six months behind. On any given day, between 140 and 180 personnel can be onsite.

To date the Contractor has:

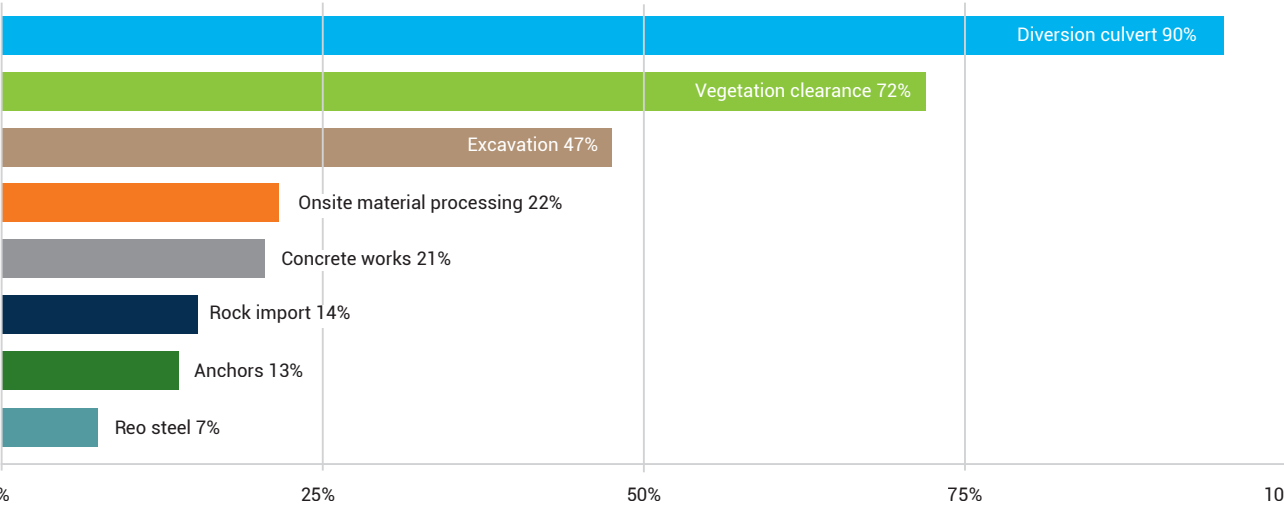
- Completed site establishment works, including Lee Valley Access Road upgrades and two bridges.
- Cleared approximately 80% of the vegetation within the reservoir footprint.
- Cleared, mapped and approved much of the right-hand side (RHS) abutment rock foundation.
- Completed approximately 90% of the approximately 165m long diversion culvert. Fifteen of 17 sections are constructed, with temporary diversion works well underway.

- Stabilised approximate 1,900m2 of the slope above the RHS plinth.
- Commenced construction of the left-hand side (LHS) and RHS plinth.
- Largely completed bulk earthworks to remove overburden and Class-3 rock.
- Commenced excavation and cleaning of the spillway foundation.
- Completed early grouting work in advance of river diversion.
- Imported 11,000m3 of Zone 3P drainage material of a total forecasted 80,000m3.
- Extracted and processed 18,000m3 of river gravels into drainage material.

An overview of progress to date and the next phase of construction is illustrated on page 27.



CONSTRUCTION PROGRESS BY NUMBERS





Risk planning

The most challenging element of dam building is “getting out of the ground.” A number of issues have been encountered in this first year, most of which relate to the underlying ground conditions.

- On the RHS slope above the dam crest and plinth, two colluvium deposits required additional stabilisation work and bespoke anchoring.
- Some significant defects in the foundations of the LHS and RHS plinths were treatable with dental concrete as anticipated, but larger and deeper holes required more significant remedial work. Similarly, voids in the culvert foundation required mass concrete infill.

- With some onsite rock unsuitable for embankment fill, alternative rock has been imported from a local quarry and the drainage zone within the embankment has been extended and enlarged significantly (see design changes on page 21).
- Initial excavation of the spillway foundation indicates it will need similar dental treatment that was required for the plinth and culvert foundations.

Meanwhile, adverse weather remains a risk to the project, particularly during the early stages of river diversion, until the reinforced rockfill coffer dam is complete. Resilience plans have been developed to mitigate any flooding, drought and fire-related events. To monitor progress and risk, all

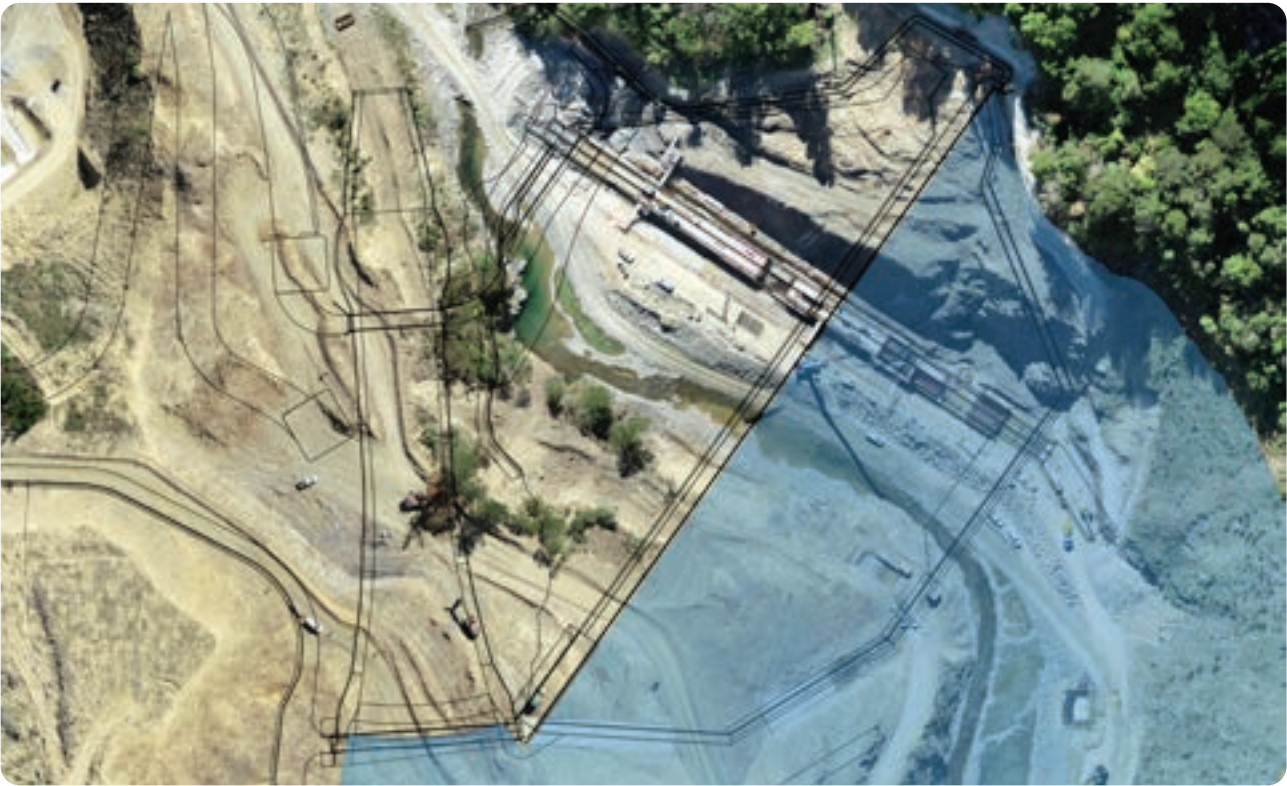
contract meetings are attended, including weekly construction update meetings, site visits and supervision.

Next steps

As illustrated on page 27, two coffer dams will be constructed to divert the river into the completed culvert, enabling construction of the larger reinforced rockfill embankment. A starter dam will be constructed, the revised spillway continued, and the plinth completed. A permanent communications link, including the radio telemetry link for remote monitoring and operation of the dam, will be established.



Illustration of the future Waimea Community Dam filled with water

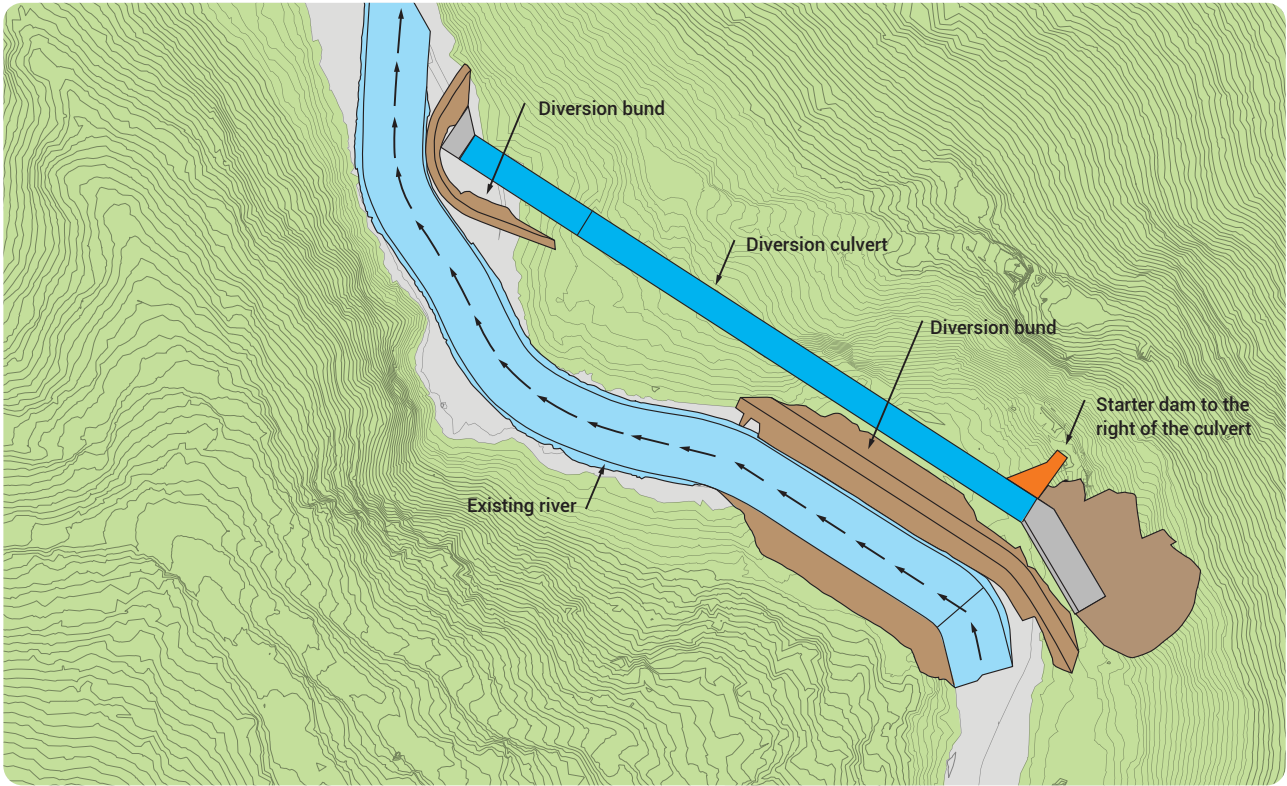


Next Step: Divert river to enable main dam construction

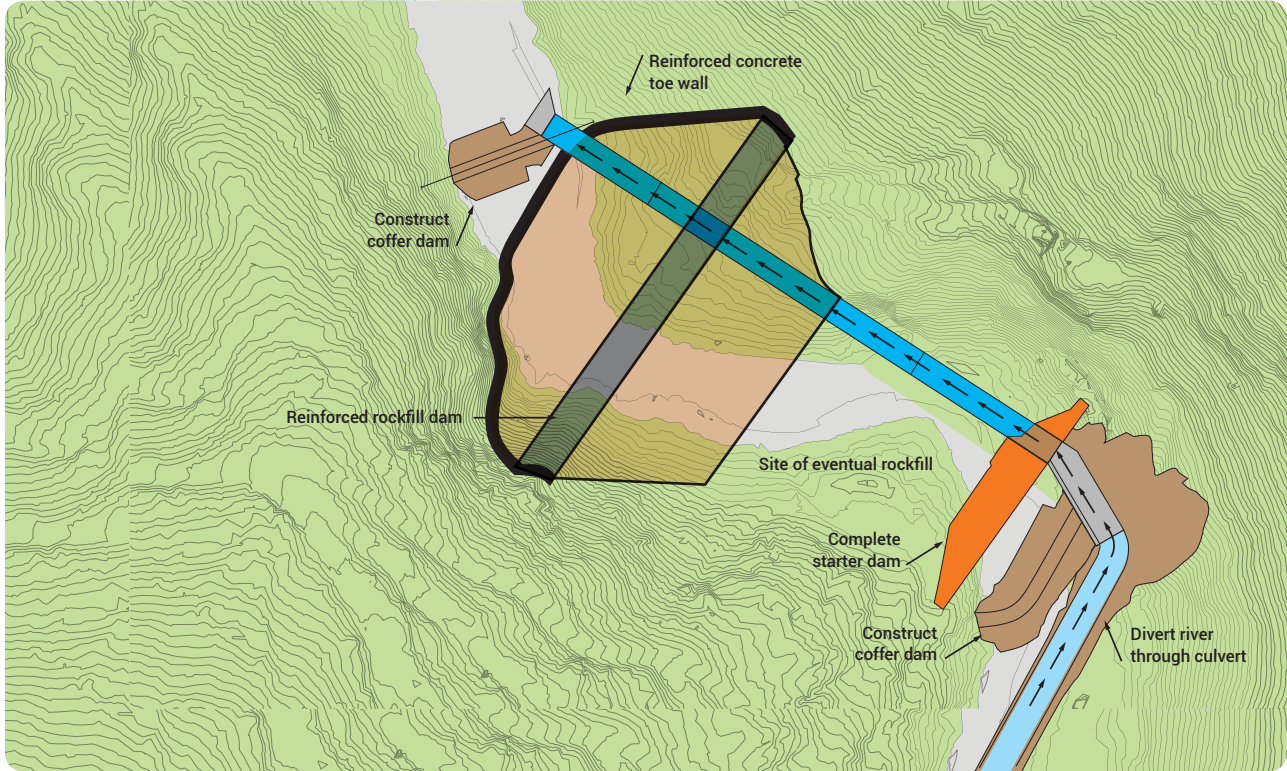


WAIMEA COMMUNITY DAM DIVERSION WORKS

First Step: Diversion culvert



Next Step: Divert river and construct downstream reinforced rockfill dam component to enable main dam construction.



Construction by the numbers



Sustainability and
Community Relationships

WWL recognises the interdependence between social, environmental and economic outcomes, and that a prosperous economy can support good social, cultural and environmental outcomes.

WWL's three sustainability strands encompass the Environment, Economy and Community.

Environment - The dam will have environmental benefits for the region, including healthier Lee and Waimea rivers. During construction WWL strives to protect the environment, recognising the importance of environmental health to the regional economy.

Economy – The project provides positive economic outcomes, both during construction through job creation and local procurement, and when the dam is operating - NZIER estimates the economic benefit to be \$55 million in the first two years.

Community – A Partnering Deed ensures WWL works closely with Ngāti Koata to protect and nurture taonga in the area and to integrate Māori cultural values in caring for the environment in WWL's work. For openness and transparency, WWL proactively engages with shareholders, stakeholders and the wider public.

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

Environment - WWL has established an account on the Emissions Trading Register and submitted a notification of deforestation. WWL's Biodiversity Management Plan (BMP) addresses Resource Consent conditions 13-30, with actions aiming to offset ecological losses at the dam site. The BMP describes nine ecological restoration projects within the Waimea catchment.

BIODIVERSITY MANAGEMENT PLAN PROGRESS HIGHLIGHTS					
	Year 1	Year 2	Year 3	Year 4	Year 5+
1. Downstream eel trap and transfer					
2. Rare and threatened plants	Salvage trips completed. Propagation of 3 plant species underway. 1 species planted at 4 sites.				
3. Alluvial and riparian forest downstream of the dam		Review of contracting plans.			
4. Rough Island wetland	11,000 natives planted. 24,000 plants for 2021 ordered.	24,000 natives to be planted.	12,000 natives to be planted.		
5. Waimea River Park berm land					
6. Old Man's Beard control in Wairoa catchment					
7. Protect existing alluvial podocarp forest	Programme being reviewed.				
8. Downstream gorge turf plant communities	Reviewed 4 measuring sites.				
9. Biodiversity Compensation Fund					Discussion underway.

BMP projects underway BMP projects yet to commence

Economic – There are approximately 140 – 180 people employed onsite each day, many of whom are local residents. WWL employs local engineering interns over the summer break and a local engineering graduate, utilising the project to provide invaluable experience for local young people.

Community – WWL works collaboratively with Ngāti Koata to respect and integrate iwi cultural values in caring for our environment. As part of WWL's Communications and Engagement Plan two public information events have been held this year; regular updates provided to shareholders at open council

meetings; reports, presentations, newsletters and construction updates published on the WWL website; and a minimum of weekly updates posted on Facebook, which currently has a strong following. Several media trips to site also occurred in this period.

Risk planning

As part of the Biodiversity Management Plan, WWL reports against the Resource Consent conditions, while also considering the most cost-effective method of implementing its nine projects. The independent Biodiversity Technical Advisory Group (BTAG), that includes nominees from TDC, The Director General of

Conservation (DOC), and the Royal Forest and Bird Protection Society. WWL engages regularly with DOC, TDC, and other key stakeholders, proactively highlighting project progress and risks.

Next steps

WWL will continue to work openly and collaboratively as the project progresses. As well as progressing the BMP, a Sustainability Plan will be created for dam operations in the long term (economically, environmentally and socially).



Environment and Sustainability Manager Alasdair Mawdsley and team planting on Rough Island.

Environmental Protection and Compliance

WWL is committed to minimising its impact on the environment by using practices that protect the environment during both the build and long-term operation of the dam. WWL uses skilled and experienced specialists and robust systems for environmental training, auditing and monitoring.

Objective

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

Progress



The project has 22 permits containing 178 resource consent conditions set by the Tasman District Council. To meet the Resource Consent conditions WWL has six

Management Plans, with a suite of nine Supplementary Construction Environmental Management Plans (SCEMP). The following provides progress of plan certification.

ENVIRONMENT PLAN CERTIFICATION TIMELINE							
March 2019	April 2019	May 2019	Aug 2019	Dec 2020	Jan 2020	May 2020	2020/21
Management Plans Certified							
1. Construction Traffic Management Plan. 2. Hazardous Substances Emergency Spill Response Plan. 3. Construction Environmental Management Plan.	4. Biodiversity Management Plan. 5. Vegetation Clearance Plan.						6. Construction Emergency Action Plan – Pending.
SCEMPs Certified							
1. Access Road to Dam Site – Roading improvements. 9. Reservoir access and disposal areas.		3. Access to eastern and western dam abutments.	2. Site Compounds, Disposal Area and Concrete batching plant. 6. Western abutment earthworks.	8. Lower and upper borrow and processing area.	5. Eastern abutment earthworks.	7. Dam footprint/ embankment.	4. Vegetation clearance of dam footprint.

Key activities progressed

In accordance with the Erosion and Sediment Control Plan, a range of silt fences, decanting earth bunds and sediment retention ponds have been installed at the construction site to treat the run-off from earthworks. The Contactor's hydroseeding and straw mulching equipment revegetates cleared areas to reduce erosion and the need to treat water affected by sediment.

Permanent road upgrades and temporary river crossings have included new and extended culverts. An independent ecologist reviews these to ensure fish passage is satisfactory, and where necessary the ecologist's recommendations are implemented to ensure temporary and permanent culverts do not prevent aquatic species completing their natural life cycle. Co2 treatment is applied to dewatering processes for pH correction before water is discharged.

The site's concrete batching plant has been built on an elevated platform to keep it clear of flood risks. The plant allows concrete to be produced with aggregate on site, offsetting transport carbon emissions. River health is independently monitored fortnightly, with positive results to date. Turbidity loggers also monitor the 'murkiness' of the river by assessing the level of material suspended in the water.



Independent ecologist Emma Woods verifies river health indicators fortnightly.

Risk planning

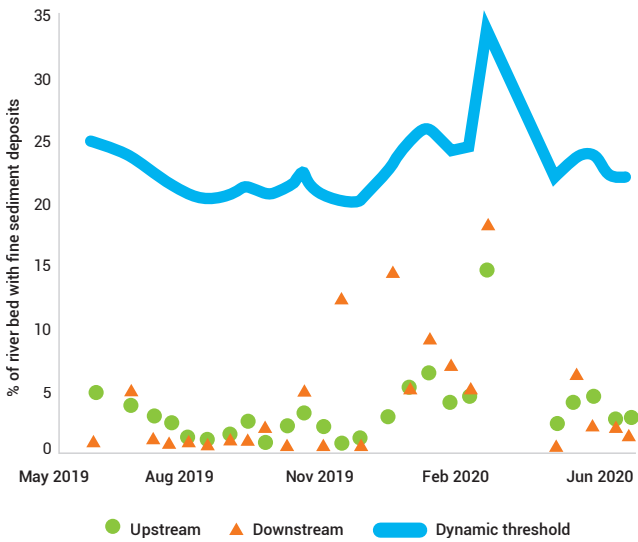
Monitoring compliance with resource consents and environmental legislation through peer reviewed Environmental Management Plans is key to mitigating WWL's environmental risk. As well as

monitoring compliance, WWL deals with change and ensures construction partners continue to work in a manner that protects our natural environment. A range of water quality and river health metrics are in place.

Next steps

The Construction Emergency Action Plan will be developed. WWL will maintain the monitoring and compliance of all other completed plans during construction, while also commencing plans for when the dam is in operation.

LEE RIVER DEPOSITED FINE SEDIMENT

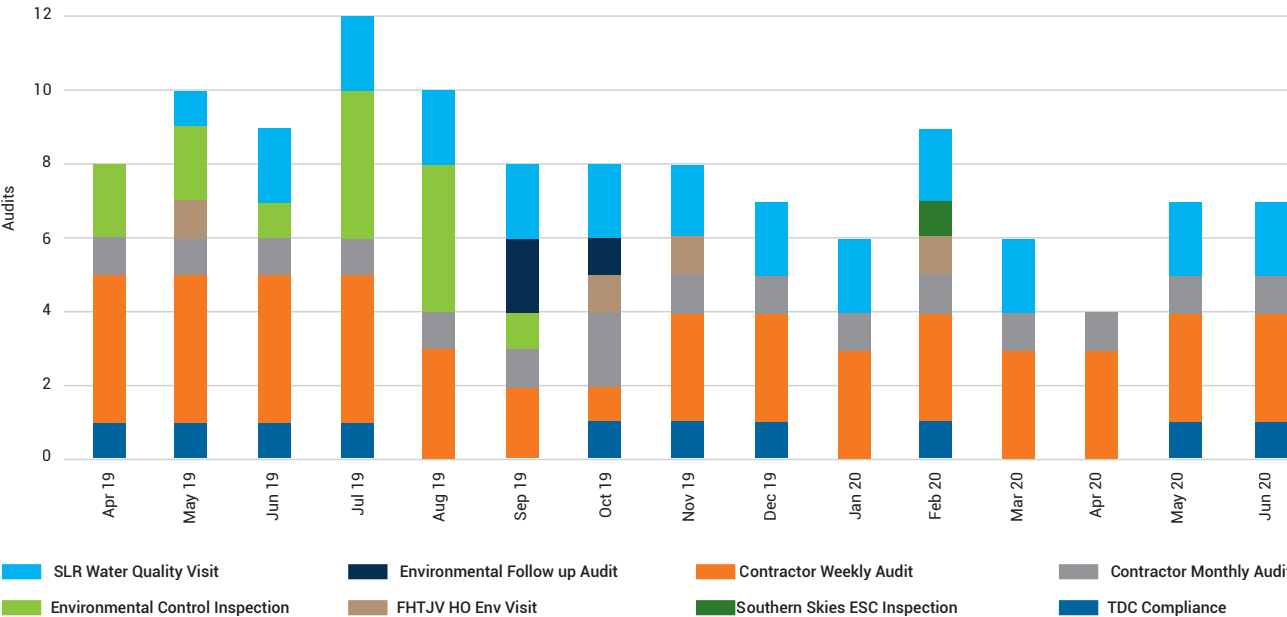


LEE RIVER QMCI* SCORE



*Quantitative Macroinvertebrate Community Index

ENVIRONMENTAL & COMPLIANCE INSPECTIONS HISTORY



Health and Safety

WWL has a statutory (Health and Safety at Work Act 2015) and moral duty of care for people we influence or direct while delivering the Waimea Community Dam project.

WWL's Health and Safety obligations are discharged across three responsibility areas:

- 1. Operating a Health and Safety Management System for the safety and wellbeing of **WWL's employees.**
- 2. Ongoing **due diligence of the Main Contractor's** Health and Safety Management Systems for the main dam site.
- 3. Activity-specific **due diligence for Minor Contractors,** to check the appropriateness of and adherence to their own Health and Safety Management Systems.

Objective

Personal and process safety is of paramount importance to WWL as health and safety protects the well-being of people. WWL will be a leader

in health and safety management, ensuring both the protection and welfare of our extended workforce, and compliance with legislation.

Progress

There have been no recordable injuries on the project to date. In May, the Contractor recognised 500 days on the project without injury. Committing to a culture that creates personal accountability for and a relentless focus on health and safety as part of the way things are done, WWL lives the value: *"No task is too important or so urgent as to preclude health and safety."*

WWL has implemented a risk-based Health and Safety Management System, that has been independently peer reviewed, to mitigate risk of harm to its staff, contractors and the public and to ensure compliance with legislation.

WWL has reviewed and confirmed the Contractor's Construction Health

and Safety Management Plan for the main dam site and reviewed and approved work method statements for critical tasks on the site (such as concrete work and rock anchoring).

WWL staff undertake daily observations of site activity, actioning safety improvements via open communication with the Contractor. Independent consultants undertake monthly site observations and management plan audits, reviewing monthly indicators with the Contractor.

WWL staff who need to be present on the dam site regularly are fully inducted into the site and operate in compliance with the Contractor's system.

WWL has reviewed safety plans related to planting work on Rough Island, and other contractors not working on the main dam site. WWL undertook spot checks of safety plans for professional services firms operating in the field for WWL, such as survey and environmental monitoring firms.



Celebrating 500 days of zero injuries at an early morning awards presentation on site.

Health & Safety measures

Independent review and verification of WWL and Contractor systems and performance.

Lead indicators (preventative measures)



Lag indicators (occurred incidents)



Risk Planning

Both WWL and the Contractor remain vigilant to health and safety risks, monitoring and auditing performance and incidents, and updating risk controls in an evolving construction environment. For example, with 140 to 180 people on site each day, a tight control of vehicle movements is required, and slope stability requires constant monitoring and preventative measures.

Due to COVID-19, WWL and the Contractor developed a Trigger Assessment Response Plan and a COVID-19 Return to Work Plan, implemented on site for each alert level.

Next steps

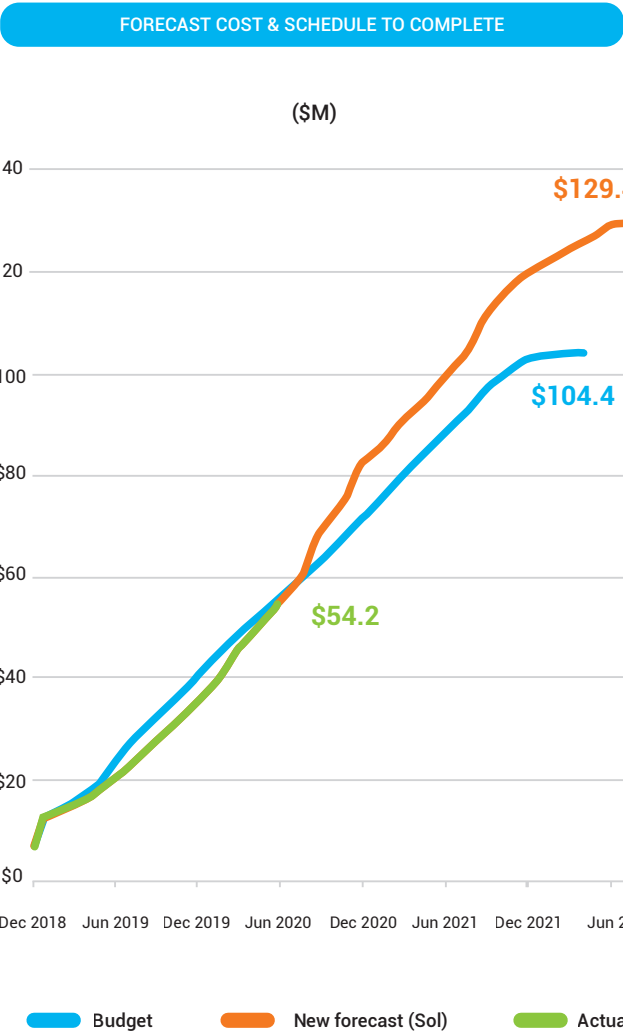
WWL and the Contractor will continue to implement and review their Health and Safety Management Systems and risk registers.

PERFORMANCE

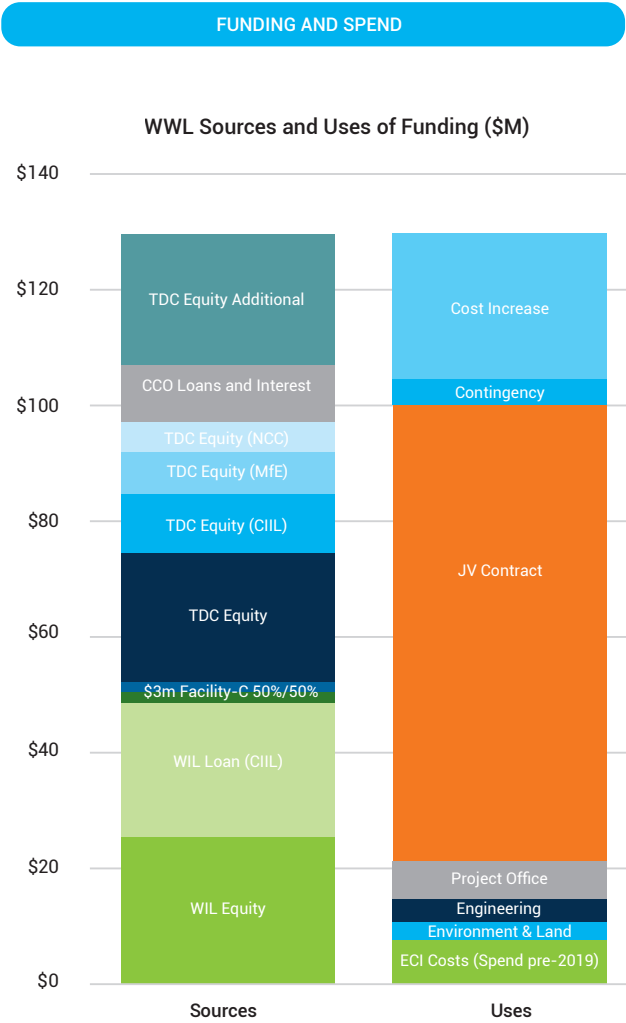
Operating and Financial Overview

Waimea Water Ltd is fully funded by its shareholders, Tasman District Council (TDC) and Waimea Irrigators Ltd (WIL) to the expected project cost of \$129.4 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 2020 is \$54 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.



*Excludes cost impact of Covid-19 suspension.



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 implemented its Health and Safety system, with annual plan independently reviewed and each part of the plan reviewed on a rolling calendar.
- Quarterly audit compliance score from FHTJV.
 - ✓ Contractor has met monthly assurance targets and passed 12 of 12 monthly audits undertaken by WWL's independent experts.
- Percentage of incidents investigated, reported, actions assigned and closed out within two weeks.
 - ✓ 100% of High Potential Incidents (one incident, 24 Oct 2019 closed 3 Nov 2019).
- Total Recordable Injury Frequency Rate.
 - ✓ The project celebrated 500 days of injury free work this period.

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.
 - ✓ All Supplementary Environmental Management Plans prepared and certified.

- Achievement of the Tree Management and Carbon Offsetting Plan milestones.
 - ✓ Reporting on 2019 deforestation completed. Carbon credit surrender on track to meet MfE due dates.
- Effective engagement with the BTAG.
 - ✓ Annual meeting held, with advice informing WWL actions.
 - ✓ Annual reporting process completed in accordance with resource consents.
- Achievement of our Sustainability Communications and Engagement Plan milestones.
 - ✓ Intended milestones achieved through numerous stakeholder meetings.
 - ✓ A new, formal, Sustainability Plan is in development.

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.
 - ✓ The design is being modified to meet encountered conditions and quality expectations.
- 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. Practical completion is achieved on or before September 2021 and commissioning is achieved on or before February 2022.
 - ❖ On 26 March 2020, NZ entered a Government mandated COVID-19 lockdown and works on site were suspended until 28 April 2020.
 - ❖ Plan cost has increased by \$25m, predominantly due to encountered geological conditions.

❖ The project is approx. 6 months late with COVID-19 and other factors contributing to the delay.

Funding envelope

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

- Track percentage of variance between actual and budget.
 - ✓ 9% overspent to Jun 2020 vs Sol¹.
 - ✓ 1% underspent vs budget².
- Transparent reporting to stakeholders.
 - ✓ Regular updates to shareholders and financiers.
- 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, 'town hall' meetings.
- Proportionate social media presence and communication.
 - ✓ Social media accounts setup – 508 Facebook and 94 Twitter followers.
 - ✓ Coverage in national and local publications, newspapers and newsletters.
- Mana Whenua engagement through agreed channels.
 - ✓ Engaging with iwi, Kaumatua, Trustees, Directors and staff as appropriate.

¹The Sol refers to 'The Northington Model', that included only estimates of year-on-year build contract costs.

²Includes year-on-year costs aligned with the build contract schedule.



Blessing of Waimea Community Dam Diversion Culvert 14 August, 2020.



WWL Board members with Nelson MP Hon Dr Nick Smith and Tasman District Mayor Tim King.

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 is made up of seven highly experienced Directors appointed by shareholders and iwi, as follows:

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

In January this year, Chairperson Karen Jordan resigned, and fellow Director David Wright stepped into that role. Following Jordan's resignation, TDC commenced the recruitment process for a new council-appointed Board Member.

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



David Wright
Chair (Feb 2020 to present)
(Tasman District Council) and Chair Human Resources and Compensation Committee

David is a Company Chair, 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.



Bruno Simpson
Deputy Chair
(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.



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 for 10 years was the Deputy Chairman of DamWatch, and a Director of Southern Generation Australia and their subsidiary company Meridian.



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.



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 a director of Wai-West Horticulture and a shareholder of Waimea Irrigators Ltd.



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.



Margaret Devlin
Director (Appointed to Board July 2020)
(Tasman District Council)

Margaret is a professional director with extensive experience in governance and executive management primarily in the water and infrastructure sectors in New Zealand and the United Kingdom. She has served as a director for a range of entities with a particular focus on audit and risk. She is currently chair of Watercare Services Limited, Lyttelton Port Company Limited, the Women in Infrastructure Network, and Hospice Waikato.

She has directorships with Meteorological Services of NZ Limited, Waikato Regional Airport, Titanium Park, IT Partners Group, Aurora Energy, and Infrastructure New Zealand. She is also the Independent Chair, Waikato District Council Audit and Risk Committee, Councillor at Waikato University, Deputy Chair of WINTEC and a Member of the Institute of Directors Waikato Branch Committee.



Karen Jordan
Chair (Dec 2018 to Jan 2020, left board Jan 2020)
(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.

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

Independent Auditor's Report

To the readers of Waimea Water Limited's financial statements and performance information for the year ended 30 June 2020

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 49 to 63, that comprise the statement of financial position as at 30 June 2020, the statement of comprehensive revenue and expense, statement of changes in net assets and statement of cash flows for the year 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 37.

In our opinion:

- the financial statements of the company on pages 49 to 63:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2020; 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 Public Benefit Entity Reporting Standards Reduced Disclosure Regime; and
- the performance information of the company on page 37 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 year ended 30 June 2020.

Our audit was completed on 23 October 2020. 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.

Emphasis of matter – Impact of Covid-19

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the company as set out in note 17 to the financial statements.

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 36, 38 to 42, 47 to 48 and 64, 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: International 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 2020

The Directors have pleasure in presenting to the shareholders this Annual Report and audited financial statements of WWL for the year ended 30 June 2020.

Nature of Business

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

Our Commitment

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

Board attendance

Board Attendance levels during the year were as follows;

Director	Position	Tenure	Meetings	Of a	Directors Fees	FY2019***
Director	Position	during year	Attended	possible	Directors Fees	
D Wright*	Chair	Full year	23	23	\$47.3k	\$11.7k
B Simpson	Deputy Chair	Full year	22	23	\$31.5k	\$18.4k
D Hattersley	Director	Full year	23	23	\$31.8k	\$18.4k
J Raine	Director	Full year	23	23	\$31.5k	\$18.4k
K Smales	Director	Full year	22	23	\$31.5k	\$18.4k
A Spittal	Director	Full year	22	23	\$31.5k	\$12.9k
K Jordan**	Previous Chair	Jul '19 - Jan '20	6	6	\$31.5k	\$36.8k
					\$236.6k	\$135.0k

* Appointed Chair Jan 2020. ** Resigned Jan 2020. *** FY2019 full year was 7 months.

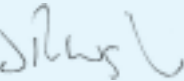
Amount paid to the Auditor

Audit New Zealand was paid \$43,048 during the current period for the prior year audit, and \$35,966 is expected to be paid for the current year audit.

Donations

The value of donations for the year ended 30 June 2020 was \$0 (2019 \$0).

For and on Behalf of the Board



D Wright
Chair



B Simpson
Deputy Chair

Directors' Register of Interests:

David Wright

David Wright Limited (Director)
Wellington Water Limited (Chair)
Tervuren Trust (Trustee)
Waikato District Council Waters Governance Board (Director)
Central Air Ambulance Rescue Limited (Chair)
Search and Rescue Services Limited (Chair)
Solomon Islands Airport Corporation Limited (Interim Chair)
Internet New Zealand (Member, Audit and Risk Committee)
Red Meat Profit Partnership (Chief Executive)
MFAT Energy Services Panel (Panel Member)
Tokelau Renewables Energy Steering Committee (Chair)

Ken Smales

K S Project Management Ltd (Principal)
Smales Family Trust (Trustee)

Doug Hattersley

Colonel Noel Percy Adams Trust (Melrose) Society (Member)
Dalem Hills Limited (Director and Shareholder)
NZ Red Cross Incorporated (Vice President and Committee Member – Motueka)
Stanley Douglas Hattersley (Consultant)
Hattersley Family Trust (Trustee)

Julian Raine

Raine Group Ltd (Managing Director)
Raine Farms Ltd (Director)
Raine Estate "Oaklands" Ltd (Director)
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)
New Zealand Dairy Desserts Company Ltd (Chairman)
Waimea Community Dam 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)

Wairua Hop Garden GP Limited (Director)
Nelson Climate Forum (Joint Chair)
Oaklands Milk Marlborough Limited (Director and Shareholder)
Food Factory Trust (Trustee)

Bruno Simpson

Waimea Group Ltd (Executive Director)
Waimea Group Properties Ltd (Executive Director)
Waimea Nurseries Ltd (Executive Director)
Waimea Nurseries Consulting Limited (Director and Shareholder)
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)
Harley Trustee Company No.33 Ltd (Director and Shareholder)
B S Family Trust (Trustee)

Andrew Spittal

Ching Contracting Ltd (Director and Shareholder)
Trench Shoring NZ Ltd (Director and Shareholder)
Spittal Properties Ltd (Director and Shareholder)
Spittal Holdings Limited (Director and 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 (Director and Shareholder)
Glass House Block Ltd (Director)
Exeter Street Ltd (Director)
Tuff Buoys Ltd (Director)
Project Tasman Ltd (Director)
Spittal Developments Limited (Director and Shareholder)
TMBC Limited (Director and Shareholder)
Coman Developments Ltd (Director)
CCLP Limited (Director)
Maitai Development Co General Partner Limited (Chair)

Karen Jordan

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

Statement of Comprehensive Revenue and Expense

FOR THE YEAR ENDED 30 JUNE 2020

		FY2020	2019
	Note	\$000	\$000
Project costs	1	-	-
Employee costs		628	244
Depreciation and impairment	2	110	6
Other administrative expenses	3	317	393
Operating expenses		1,055	643
Finance income	4	646	325
Finance costs	4	(1)	-
Surplus/(Deficit) for the year		(410)	(318)

Statement of Changes in Net Assets

FOR THE YEAR ENDED 30 JUNE 2020

	Note	FY2020	2019
		\$000	\$000
Opening retained earnings		(318)	-
Total surplus (deficit) for the year		(410)	(318)
		-	-
Retained earnings as at year end		(728)	(318)
Opening share capital		35,096	-
Movement for the year		20,051	35,096
Share capital at year end		55,147	35,096
Closing equity at year end	5	54,419	34,778

Statement of Financial Position

AS AT 30 JUNE 2020

		FY2020	FY2019
	Note	\$000	\$000
Assets			
<i>Current</i>			
Cash And Cash Equivalents	6	4,268	4,722
Receivables From Non-Exchange Transactions	7	1,584	213
Other Current Financial Assets	8	16,345	-
Total Current Assets		22,197	4,935
<i>Non-Current</i>			
Property, Plant And Equipment	9	51,436	18,796
Deferred Tax Asset	10	-	-
Other Non-Current Financial Assets	8	-	15,281
Total Non-Current Assets		51,436	34,077
Total Assets		73,633	39,012
Liabilities			
<i>Current</i>			
Payables Under Exchange Transactions	11	4,531	2,051
Employee Entitlements	12	86	22
Total Current Liabilities		4,617	2,073
<i>Non-Current</i>			
Loans And Borrowings	13	14,597	2,161
Total Non-Current Liabilities		14,597	2,161
Total Liabilities		19,214	4,234
Net Assets		54,419	34,778
Equity			
Equity Contributions	19	55,147	35,096
Accumulated Funds		(728)	(318)
Other Equity Reserves		-	-
Total Equity		54,419	34,778

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2020

		FY2020	FY2019
	Note	\$000	\$000
<i>Cash flow from operating activities</i>			
Payments to suppliers		(445)	(245)
Payments to employees		(577)	(207)
Net cash from/(used in) operating activities		(1,022)	(452)
<i>Cash flow from investing activities</i>			
Purchase of property, plant and equipment		(31,332)	(17,027)
Purchase of financial assets		(919)	(15,268)
Net cash from/(used in) investing activities		(32,251)	(32,295)
<i>Cash flow from financing activities</i>			
Proceeds from equity		20,052	35,096
Proceeds from borrowings		12,266	2,062
Interest received		501	311
Interest paid on borrowings		-	-
Net cash from/(used in) financing activities		32,819	37,469
Net increase/(decrease) in cash and cash equivalents		(454)	4,722
Cash and cash equivalents, beginning of the year		4,722	-
Effect of exchange differences on foreign cash held		-	-
Cash and cash equivalents at end of the year	6	4,268	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 23 October 2020.

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. WWL has a balance date of 30th June.

The financial statements have been prepared in recognition of WWL being a public benefit entity, in accordance and to comply with PBE Standards RDR. Disclosure concessions have been applied. WWL 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, and 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 WWL is New Zealand dollars (NZ\$).

(d) Comparatives

The comparative financial period is the seven months of operations of the prior financial year. Comparatives may have been reclassified from that reported in the 30 June 2019 financial statements where appropriate to ensure consistency with the presentation of the current year's position and performance.

(e) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year. Any impact of new and amended standards and interpretations applied in the year is limited to additional note disclosures.

C Summary of significant accounting policies

The preparation of financial statements requires WWL 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 are 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 WWL 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) is 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 is incurred if it is probable that the future economic benefits embodied in the specific asset will flow to WWL 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 WWL and the cost of the item can be measured reliably. Individual 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 WWL.

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 WWL'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 profit or loss.

(m) Share Capital

Ordinary shares are classified as equity. Direct costs of issuing shares are shown as a deduction from the proceeds of issue. At balance date some shares may have been issued but not called up.

(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 WWL's activities, net of discounts, rebates and taxes. Revenue is recognised to the extent it is probable that the economic benefits will flow to WWL 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. They exclude qualifying costs that are capitalised.

Dividends

WWL 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 profit.

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.

The net GST paid to or received from Inland Revenue, including the GST relating to investing and financing activities, is classified within operating cash flow in the Statement of Cash Flows.

1 Project construction costs

	FY2020	FY2019	Project to date
	\$000	\$000	\$000
<i>The following amounts attributable to the build were passed through operational accounts:</i>			
Pre-incorporation costs	(76)	6,329	6,253
Dam construction costs	25,767	9,981	35,748
Project services	4,896	769	5,665
Borrowing costs capitalised	170	286	456
WWL operations	1,790	1,226	3,016
Transfer costs attributable to build to Capital WiP	(32,547)	(18,591)	(51,138)
Total	-	-	-

\$119k of consent costs were reclassified in FY19 comparatives from 'Project services' to 'WWL operations' to ensure consistency of presentation this year.

2 Depreciation, amortisation and impairment expenses

	Note	FY2020	FY2019
		\$000	\$000
Depreciation of property, plant and equipment	9	24	6
Impairment loss - Capital WiP*		86	-
Total		110	6

* Some pre-incorporation costs reimbursed to TDC in FY19 have been impaired in FY20.

3 Other overhead and administrative expenses

	FY2020	FY2019
	\$000	\$000
Office costs	81	59
Insurance	58	27
Auditor remuneration	33	47
Accounting fees	17	90
Legal fees	5	122
Other professional fees	123	48
Total	317	393

4 Finance income and costs

	FY2020	FY2019
	\$000	\$000
Interest income on bank deposits	646	325
Bank fees	(1)	-
Total	645	325

5 Share Capital

	FY2020	FY2019
	Shares	Shares
<i>9,999 shares were issued on 21 Dec 2018.</i>		
Ordinary shares - TDC	5,110	5,110
Ordinary shares - WIL	2,978	2,978
Non-voting shares - WIL	1,911	1,911
Shares at the end of the year	9,999	9,999

Ordinary shares have a value of \$8,719.91, and rights to vote, receive dividends, and participate in distribution on liquidation. Non-voting shares have no equivalent rights. Share Capital contributions in Note 19 represent the total dollar value of shares paid up. TDC contributions are primarily made to provide working capital to WWL. WIL contributions are made on agreed instalments. TDC ordinary shares are paid up to \$33,356k, equating to \$6,527.67 per share. WIL ordinary shares are paid up to \$21,791k, equating to \$7,317.27 per share. TDC has committed to fund additional project costs. Shareholders have agreed this will be by way of subscription for further shares. TDC will not be issued ordinary shares if it results in WIL holding less than 25% of total ordinary shares.

6 Cash and cash equivalents

	FY2020	FY2019
	\$000	\$000
Cash at bank and in hand	4,268	4,722
Total	4,268	4,722

7 Receivables from non-exchange transactions

	FY2020	FY2019
	\$000	\$000
GST receivable	583	209
Other prepayments / receivables	1,001	4
Total	1,584	213

8 Other financial assets

		FY2020	FY2019
	Note	\$000	\$000
Held-to-maturity investments			
Term deposits - current		16,345	-
Term deposits - non-current		-	15,281
Total	15	16,345	15,281

9 Property, plant and equipment

	Note	Capital WiP \$000	Leasehold Improvements \$000	Furniture & office equip \$000	Vehicles & site equip \$000	Total \$000
<i>Movements for each class of property, plant and equipment are as follows:</i>						
FY2020						
Gross carrying amount						
Opening		18,591	20	58	145	18,814
Additions		32,633	8	18	154	32,813
Impairment		(86)	-	-	-	(86)
Disposals		-	-	-	(21)	(21)
Gross Carrying amount		51,138	28	76	278	51,520
Accumulated depreciation and impairment						
Opening		-	-	(6)	(12)	(18)
Depreciation - assets attributable to the build		-	-	-	(49)	(49)
Depreciation - administration assets	2	-	(3)	(21)	-	(24)
Disposals		-	-	-	7	7
Accumulated depreciation and impairment		-	(3)	(27)	(54)	(84)
Carrying amount 30 June 2020		51,138	25	49	224	51,436
FY2019						
Gross carrying amount		18,591	20	58	145	18,814
Depreciation - assets attributable to the build		-	-	-	(12)	(12)
Depreciation - administration assets	2	-	-	(6)	-	(6)
Carrying amount 30 June 2019		18,591	20	52	133	18,796

10 Deferred tax

	FY2020	FY2019
	\$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 are based on:		
Statement of Comprehensive Revenue and Expense	(410)	(318)
Temporary differences *	86	-
Permanent differences **	(170)	-
Temporary differences prior year *	16	-
Permanent differences prior year **	(286)	-
Taxable income (deficit)	(764)	(318)
Unrecognised deferred tax assets consist of:		
Opening balance	89	-
Tax on taxable position above, at 28%	214	89
Total unrecognised deferred tax asset	303	89

* Primarily related to the deductibility of annual leave

** Primarily related to the deductibility of capitalised finance costs

11 Payables under exchange transactions

	Note	FY2020	FY2019
		\$000	\$000
Trade creditors		4,446	1,921
Related party payables	19	71	54
Non trade payables and accrued expenses		14	76
Total		4,531	2,051

12 Employee entitlements

	FY2020	FY2019
	\$000	\$000
Annual leave entitlements	86	22
Total	86	22

Employee remuneration

6 employees or former employees received remuneration and other benefits of \$100,000 or more for the year ended 30 June 2020.

Remuneration	Number of employees
\$150,001 - \$160,000	2
\$180,001 - \$190,000	1
\$190,001 - \$200,000	1
\$240,001 - \$250,000	1
\$300,001 - \$310,000	1

13 Loans and borrowings

	FY2020	FY2019
	\$000	\$000
Non-current - Secured loans	14,597	2,161
Total	14,597	2,161

WWL has financing arrangements with Crown Irrigation Investments Limited up to \$25,000,000. Facilities can be drawn down monthly to fund project costs, and are secured by a general security over present and future assets. Facilities are provided subject to credit support from Tasman District Council plus guarantees from Waimea Irrigators Limited, and are repayable by 2034.

14 Commitments

	FY2020	FY2019
	\$000	\$000
Expenditure contracted for at the end of the reporting period but not yet incurred is:		
Property, plant and equipment	50,414	74,666
Total	50,414	74,666

15 Financial instruments

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

	Held-to-maturity investments \$000	Loans and receivables \$000	Financial liabilities at amortised cost \$000	Total \$000
FY2020				
<i>Financial assets</i>				
Cash and cash equivalents	-	4,268	-	4,268
Trade debtors and other receivables	-	1,001	-	1,001
Other financial assets*	16,345	-	-	16,345
Total Financial assets	16,345	5,269	-	21,614
<i>Financial liabilities</i>				
Trade creditors and other payables	-	-	4,476	4,476
Loans and borrowings**	-	-	14,597	14,597
Total Financial liabilities	-	-	19,073	19,073
FY2019				
<i>Financial assets</i>				
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	15,281	4,726	-	20,007
<i>Financial liabilities</i>				
Trade creditors and other payables	-	-	1,932	1,932
Loans and borrowings**	-	-	2,161	2,161
Total Financial liabilities	-	-	4,093	4,093
<i>* Other financial assets</i>	FY2020	FY2019		
ANZ term desposit maturing Aug 2020 at 2.58%	511	-		
ANZ term deposit maturing Dec 2020 at 3.55%	5,277	5,093		
ANZ term deposit maturing Apr 2021 at 3.55%	5,277	5,094		
ANZ term deposit maturing Jun 2021 at 3.58%	5,280	5,094		
Total term deposits	16,345	15,281		
<i>** Loans and borrowings</i>			FY2020	FY2019
Crown Irrigation Investments Limited			14,597	2,161

16 Contingent assets and contingent liabilities

In June 2020 the Engineer To Contract ("ETC") confirmed a 33 day suspension of works for the Government mandated Covid-19 Level 4 lockdown. The obligation is not recognised because the final amount cannot be reliably measured. The contractual process to value the suspension is underway. A valuation is likely to be determined before the end of calendar 2020.

The Covid-19 lockdown will have future flow-on effects and further costs may be incurred in future periods, refer Note 17.

17 Covid-19

Impacts

On 26 March 2020 the country entered a Government mandated Covid-19 lockdown. WWL staff operations were not significantly impacted. Site works were suspended until 28 April 2020 when they resumed under Level 3. During Levels 3 and 2, appropriate restrictions and precautions impeded productivity. At balance date normal works had resumed. The lockdown will extend the programme past the scheduled completion date in FY22.

Financial performance

The ETC issued a Notice To Contractor confirming a 33 day suspension for lockdown Level 4, however, the value of the suspension has not been agreed, refer Note 16. The Contractor was advanced \$1,000,000 against future costs, without prejudice, to support employee retention during Level 4 and facilitate re-mobilisation at Level 3. The advance is treated as a prepayment, refer Note 7.

Non-financial performance

The schedule was delayed for impacts from lockdown Levels 4, 3 and 2. The lockdown did not affect the ability to report against performance indicators.

Future assumptions

The final schedule will be affected and future costs will be higher than earlier contemplated. Costs for the 33 day suspension, and for productivity losses during Levels 3 and 2, remain unresolved or unknown, and the resolution of those matters may result in a future adjustment for carrying amounts incurred in May and June 2020. Further costs will be incurred in future periods from any flow-on impacts, however, those costs are unknown.

18 Events after the reporting period

There were no significant events after the balance date that would require amounts recognised in these financial statements to be adjusted, or separate disclosure. (WWL continues to receive claims for extension of time from the Contractor that if agreed may result in future costs.)

19 Related party transactions

WWL is jointly owned by Tasman District Council ("TDC" - 51%) and Waimea Irrigators Limited ("WIL" - 49%). TDC and WIL are Joint Operators. The entity also has a related party relationship with its Directors and other key management personnel. Key management personnel include the Board of Directors and members of the Executive / Senior Management.

	FY2020	FY2019
	\$000	\$000
Purchase of goods and services		
Purchase / reimbursement of services		
Directors*	-	324
Pre-incorporation costs**	3	6,329
Shareholder services	123	67
Total	126	6,720

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

** With respect to prior year figures, 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.

	Note	FY2020	FY2019	Total
		\$000	\$000	\$000
Contributions from Joint Operators				
Tasman District Council		10,877	22,479	33,356
Waimea Irrigators Limited		9,174	12,617	21,791
Total	5	20,051	35,096	55,147
Year end receivable/ payable with related parties				
Payable to related parties:				
Directors		32	49	
Shareholders		39	2	
Other key management personnel		-	3	
Total	11	71	54	
Key management compensation				
Key management personnel compensation includes the following expenses:				
Salaries and other short-term employee benefits		945	199	
Directors fees		236	135	
Total		1,181	334	
Persons recognised as key management personnel		11	11	

Company Directory

Directors

David Wright (Chair)*

Bruno Simpson (Deputy Chair)

Doug Hattersley

Julian Raine

Ken Smales

Andrew Spittal

Karen Jordan **

Margaret Devlin***

** Appointed Chair Jan 2020.*

*** Resigned Jan 2020.*

**** Appointed post-balance date July 2020*

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New Zealand

Telephone: 027 544 0030

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Chief Executive

Mike Scott

Management

Chief Financial Officer:

Dave Ashcroft

Commercial Manager and Company Secretary:

Richard Timpany

Engineering and Design Manager:

Iain Lonie

Environmental and Sustainability General Manager:

Alasdair Mawdsley

Construction Manager:

Daniel Murtagh

Auditor

Audit New Zealand on behalf of the Auditor-General

Accountant

Findex Ltd

Banker

ANZ Corporation

Lawyer

Anderson Lloyd



WWL Board in-front of almost complete culvert.



Waimea
Water

SECURING OUR REGION'S FUTURE