

Waimea Water Limited

Quarterly Report September 2021

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1. Introduction

This Quarterly Report is presented by the Directors of Waimea Water Limited (WWL), in accordance with Section 66 of the Local Government Act 2002. Established in December 2018, WWL is a Council Controlled Organisation under Section 6 of the Local Government Act 2002.

The purpose of this document is to provide Shareholders with an un-audited report containing the following information relating to the Waimea Community Dam (WCD) project for the three-month period ending 30 September 2021. It includes:

- Health, safety and wellbeing performance.
- Update on project design.
- Update on construction progress.
- Update on expected cost and risk.
- Statement of comprehensive revenue and expense, disclosing actual and comparative figures.
- Statement of financial position at the end of the period.
- Statement of cashflows.
- A commentary on the results for the period.



Figure 1: Downstream reinforced embankment face. 8 September 2021

2. Health, Safety and Wellbeing

WWL has a statutory obligation under the Health and Safety at Work Act 2015 and a duty of care for people it influences or directs, while delivering the Waimea Community Dam project.

WWL's health, safety and wellbeing obligations are discharged across:

1. WWL's Health and Safety Management System.
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.

WWL System: During this reporting period, WWL operated its system with no notable updates or incidents involving WWL staff or premises. During COVID-19 Alert Levels 3 and 4, WWL implemented its Business Continuity Plan for staff to work remotely or at the dam site under strict protocols agreed with the Contractor.

Dam Site (operated by Contractor): During the period, WWL and its consultant, IMPAC, reviewed and worked with the Contractor on its monthly safety performance. Regular verification of critical safety risks and regular geotechnical inspections were completed. Key metrics for this reporting period include:

- No lost time injuries.
- A rolling annual average of 6.7 injuries per million man-hours.
- Two high potential incidents.

Opportunities for Improvement (OFI) and incidents are monitored and reviewed, shown in Figure 2 below, at a similar rate to previous quarters.

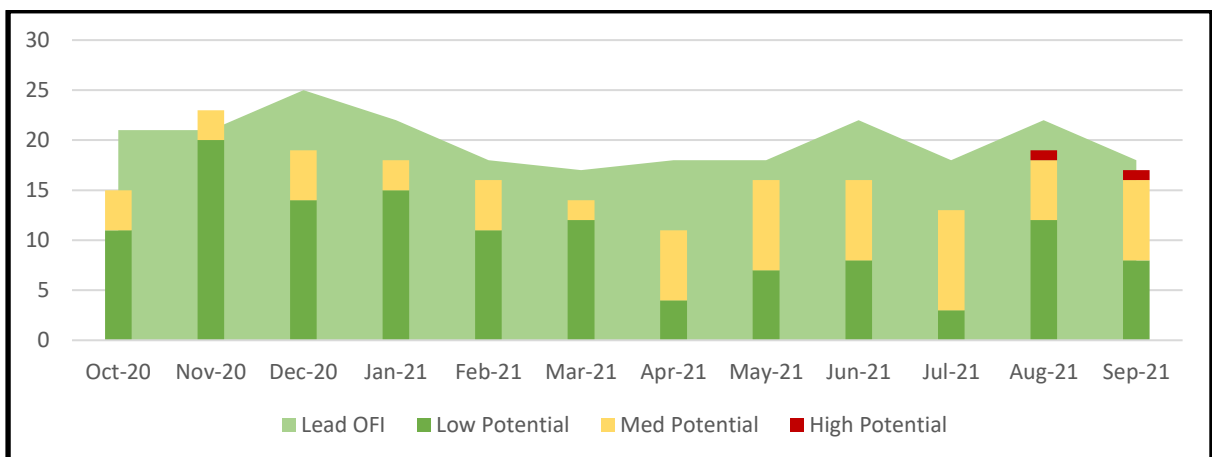


Figure 2: Safety metrics showing OFIs and Incident Reports by potential harm

Work was suspended on the 17th of August 2021 when the Government moved all of New Zealand to COVID-19 Alert Level 4. Following support from MBIE, work recommenced on site on the 23rd of August and continued for the balance of the Alert Level 4 period until the 1st of September, with Level 4 operating protocols in place. These protocols were regularly audited and found to be functioning effectively.

3. Design

The majority of significant design changes are now complete, with WWL's team of engineers and geologists continuing to monitor geological conditions as they are encountered, adapting the design to suit.

a. Dam Safety

Preparation of dam safety management systems continues for operational readiness.

b. Dam Design

Various design elements were progressed, peer reviewed and workshopped during the period, including the Stage 4 diversion design, apron on the spillway approach channel to mitigate the shear zone, the toe berm, and the winch platform.

WWL also worked with Damwatch Engineering on solutions to the shear zone in the spillway cut-off wall.

c. Mechanical and Electrical

Procurement of mechanical and electrical equipment and works continued this period. Material specifications and design details are being adjusted to suit availability and lead times for key components.

Radio communications for select instrumentation has been adopted to simplify electrical ducting and cabling around the site.

d. Ancillaries

Detailed design for the ancillary buildings, comprising the valve chamber cover, electrical building and generator cover has been completed.

e. Closure Sequencing

The design of the Stage 4 temporary diversion works, which manages river flow and reservoir fill on closure of the diversion culvert, has been completed. This includes a detailed plan for changeover from diversion to reservoir impoundment.

Procurement of long lead items associated with this period continued.

Preparation of commissioning plans continued.

4. Construction

The construction of the Waimea Community Dam is now 60% complete.

Winter presented a few challenges to construction, including:

- Freezing conditions for multiple days at the main site (see figure 3 below).
- A 1 in 5 year storm event in July when the site faced its largest flood. River flows peaked in excess of 180 cubic metres a second, and more than 12.5 million cubic metres of water passed through the site over three days, resulting in water being impounded to 20 metres above river level upstream of the dam. The site was well prepared for this event and only minimal damage occurred.
- COVID-19 Level 4 restrictions in late August impacting construction and productivity.

After completion of the reinforced rockfill embankment, an eight metre closure bund was constructed, enabling the culvert to safely pass a 1:1000 year flood event without overtopping the embankment before construction is completed.



Figure 3: General overview from right hand abutment on frosty morning, July 2021



Figure 4: The dam site coped well after the July storm event.

At-a-glance, construction progress this period included:

- The embankment reached 40 metres above river level, with its fill being 80% complete.
 - Seventy percent of the concrete face kerb was completed, reaching layer 77 of 109 (186m RL, 12.8 metres from the top) on the upstream face.
 - Half of the concrete face starter slabs were complete.
 - Sixty five percent of spillway foundation was exposed, cleaned, mapped, treated, and covered with site concrete. Some sections of the walls were constructed, including the two eight metre high slip-formed walls that form the outside of the flip bucket.
 - The right hand side and left hand side plinths were complete.
 - Grouting is 50% complete.
-



Figure 5: Concrete pour on left hand side slab of concrete face.
Sept 2021



Figure 6: Right hand side concrete face starter slab preparation.
Sept 2021



Figure 7: Slipforming right hand side flip bucket wall.
Sept 2021



Figure 1: Lower spillway progress.
Sept 2021



Figure 9: Overview of embankment from right hand abutment.
Sept 2021

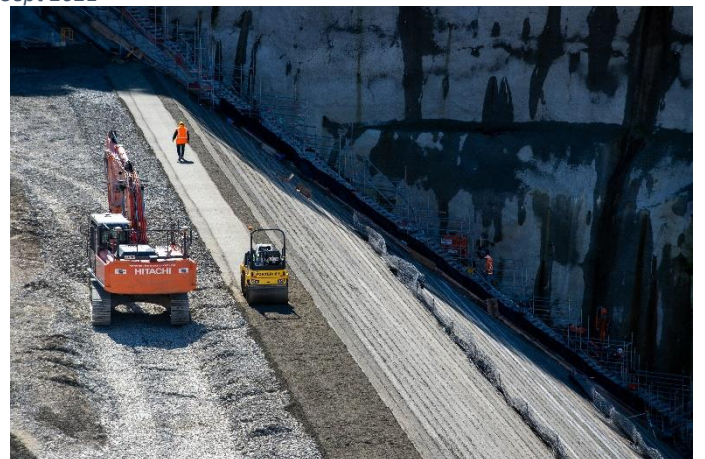


Figure 10: Compacting rock material and building kerbs, upstream face.
Sept 2021

5. Environment

During the quarter, WWL worked in compliance with its resource consents. Construction has to date not compromised the Construction Environmental Management Plan.

Two key reports were completed and submitted this period, the Bi-Annual Report for CIIL, and the Annual Water Quality Report.

The Contractor was recognised and highly commended for its environmental performance by the International Erosion Control Association (IECA) at its annual Australasian Environmental Excellence Awards.

Fortnightly water quality monitoring has been within spec throughout the period, with Water Quality Results and the QMCI score continuing to demonstrate excellent ecological health in the river, including after the period's flood events.



Figure 11: SLR monitor water quality fortnightly

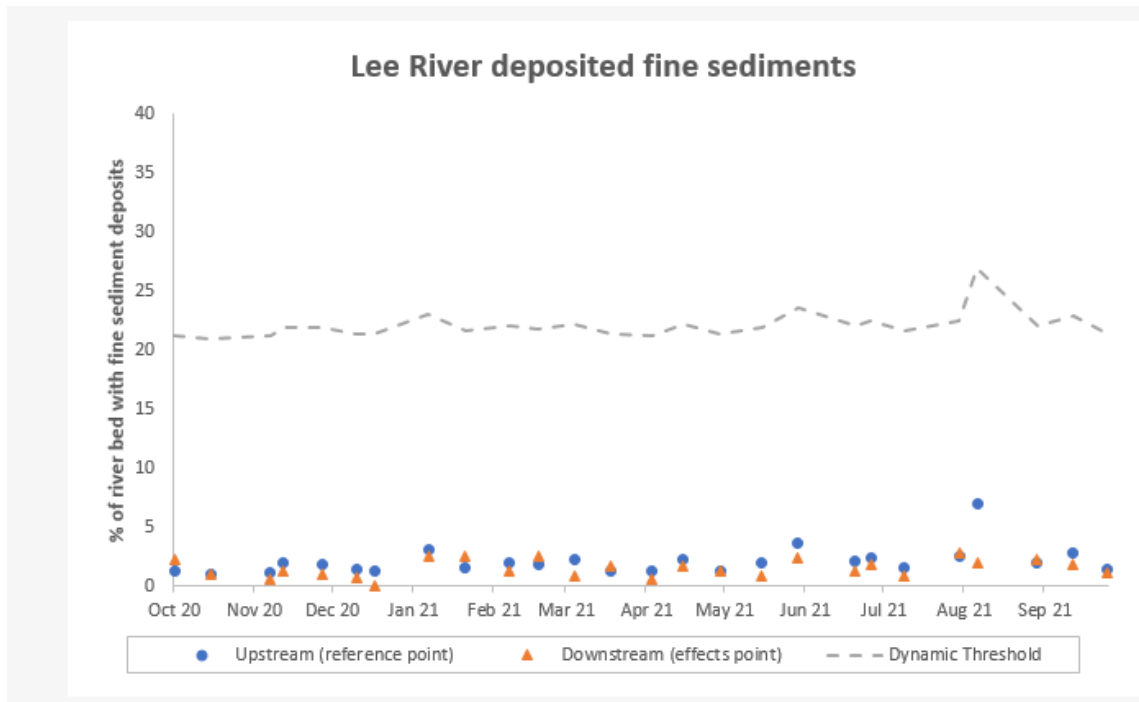


Figure 12: Lee River deposited fine sediments

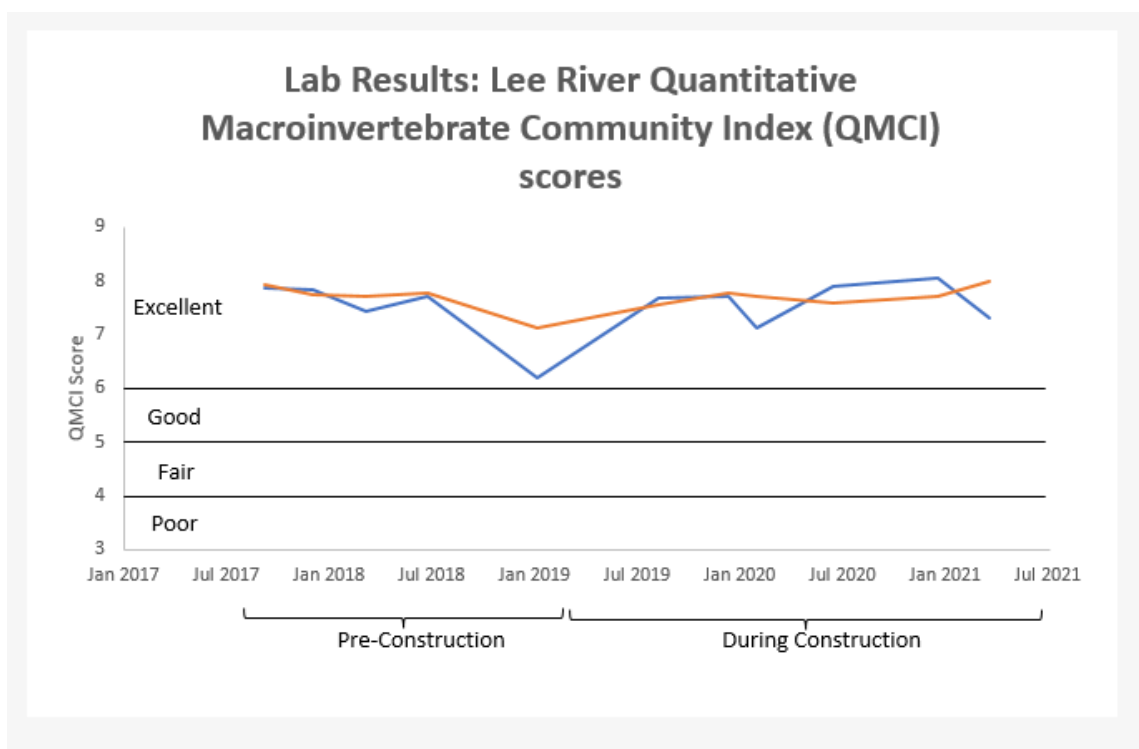


Figure 13: Lee River QMCI, recorded six-monthly

Biodiversity Management Plan

The Biodiversity Management Annual Report was completed and submitted this period.

An inspection of 2020 Rough Island plants showed mixed results. Some areas are growing well, however, some areas have a high number surviving, but not thriving. These will be monitored and replaced in 2022 if necessary.

The 2021 planting is now complete. Eighty five percent of total pioneer planting is complete, with the focus in 2022 being the remaining 15% and infill planting.

Future Ecology started weed control around all plantings on Rough Island, and Kaitiaki O Ngahere restarted its weed control works in the dam to Lucy Creek zone.

Potential dam site planting areas were mapped for review.



Figure 14: 2021 plantings on Rough Island

6. Engagement

As well as scheduled shareholder meetings during the period, WWL has engaged with stakeholders and the public about the project.

Representatives of TDC toured Rough Island and the main dam site on 6th July, and Nelson City Council visited the site on 9th July. A September newsletter was produced and posted online on the Waimea Water website, promoted by the TDC Facebook, and advertised via www.stuff.co.nz aimed at Nelson Tasman residents, gaining 164,000 'impressions.' During the period, updates were published in the media (Nelson Mail, Waimea Weekly, Golden Bay Weekly, NZSOLD magazine and Irrigation NZ magazine).

Facebook photos and video posts are ongoing, approximately twice weekly. Video was published and reported in the Nelson Mail / Stuff, and on the website.

The Richmond Library presence was cancelled due to the August COVID-19 lockdown, and a future time is being investigated. Due to Level 2 restrictions, the Richmond A & P show has also been cancelled to exhibitors.

7. Programme

The dam is expected to be completed in early July 2022, approximately eight months behind schedule, due in part to delays associated with COVID-19, the loss of recovery time, flooding, and overcoming the encountered geological conditions.

WWL is planning on filling the reservoir during the spring of 2022, concurrent with fitting out the dam with mechanical and electrical components, to complete and commission the dam at the end of 2022.



Figure 15: General overview, looking upstream. 2 September 2021

8. Risk and Cost

The project has faced cost pressures, predominantly due to the encountered geology, escalating mechanical and electrical prices and under or non-budgeted items, such as COVID-19 impacts.

In February 2021, WWL announced a revised forecast estimate of \$158M, with a risk range of between \$148M and \$164M based on residual uncertainty in COVID-19 costs and geology.

Since the cost forecast in February 2021:

- The left hand abutment has been found to be highly fractured and requiring significantly more treatment than expected.
- Shear zones that transverse the left hand side and bisect the top of the spillway have been discovered (figure 16), requiring significant stabilisation above the spillway and a new 4,000 m3 apron on the spillway approach channel.
- Mechanical and electrical costs have continued to escalate in a very tight market experiencing high inflation.
- There were further COVID-19 related delays and costs.

Given these developments, WWL now expects the cost of the dam to stress the upper end of the range, \$164M, and possibly exceed this estimate if further risks eventuate associated with the plunge pool geology, delays and further escalation to the delivery of the equipment, and / or further COVID-19 restrictions.

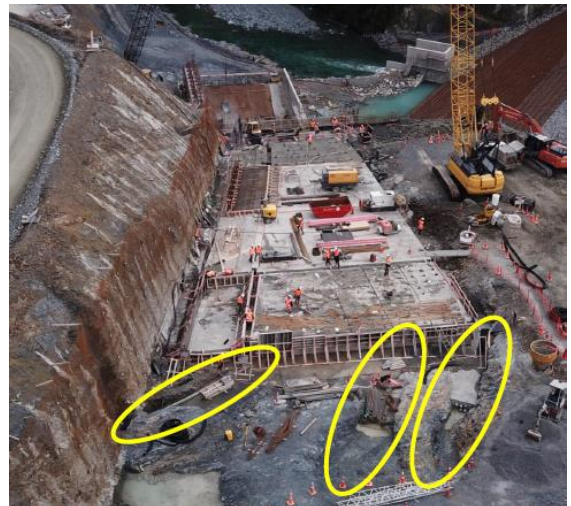


Figure 16: Shear zones at approach to the slipway. September 2021



Figure 17: sources of funding and cost increases (\$k)

Cost increase at-a-glance since funding:

- Geology +\$32M
- Mechanical electrical+\$14M
- Under/not budgeted+\$16M

Since SOI, increase in costs towards forecasted upper range of \$164M:

- Left hand side highly fractured (sand/drainage).
- Two left hand side shear zones requiring an apron.
- Mechanical & electrical cost escalation (COVID-19).
- Consumed contingency.

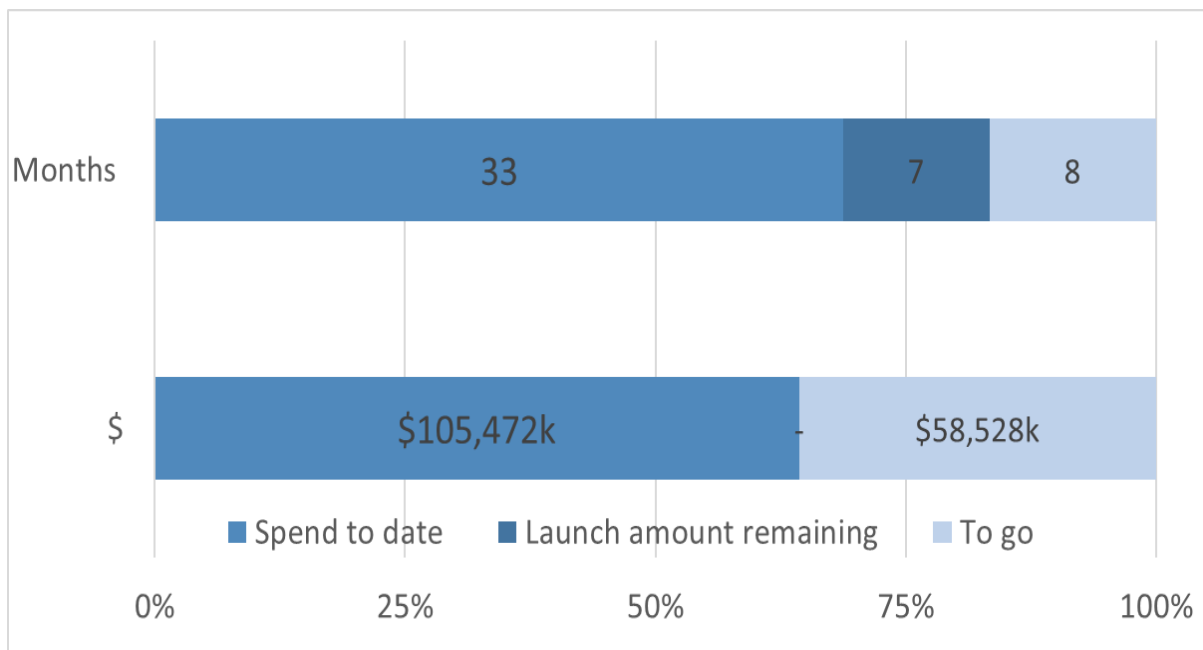


Figure 18: Progress and spend to date

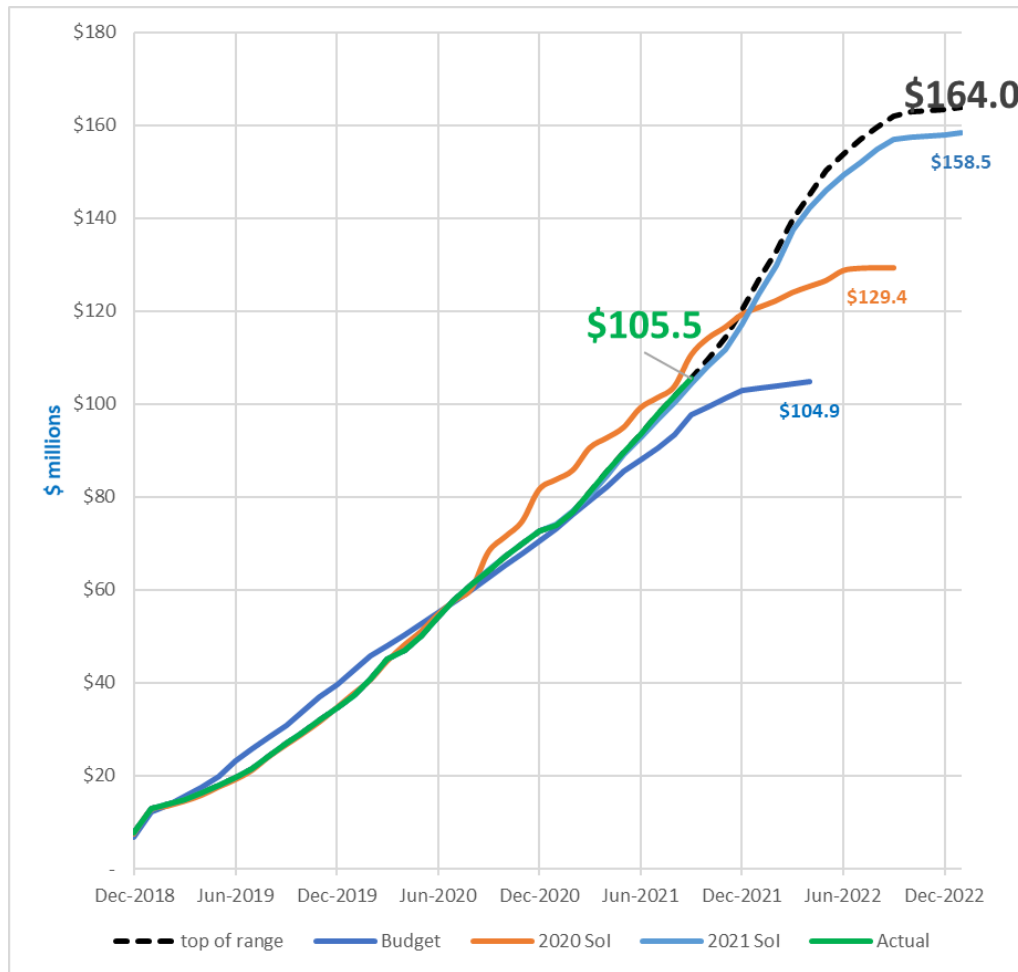


Figure 19: Project Spend and Cost Forecast



Figure 20: Top view of the whole embankment footprint. Sept 2021

Unaudited financial information

Waimea Water Limited

Financial Statements

For the period ended 30 September 2021



draft, unaudited, 8 Nov 2021

Waimea Water Limited

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draft, unaudited, 8 Nov 2021

Statement of Comprehensive Revenue and Expense

For the period ended 30 September 2021

		3 months Sep 2021 \$000	3 months Sep 2020 \$000	12 months Jun 2021 \$000
Project costs	1	-	-	-
Employee costs		145	156	625
Depreciation and impairment	2	3	5	1,352
Other administrative expenses	3	45	59	341
Operating expenses		193	220	2,318
Finance income	4	2	164	462
Finance costs	4	-	-	(1)
Surplus/ (Deficit) for the year		(191)	(56)	(1,857)

Statement of Changes in Net Assets

For the period ended 30 September 2021

		3 months Sep 2021 \$000	3 months Sep 2020 \$000	12 months Jun 2021 \$000
Opening retained earnings		(2,587)	(730)	(730)
Total surplus (deficit) for the year		(191)	(56)	(1,857)
Retained earnings as at year end		(2,778)	(786)	(2,587)
Opening share capital		70,517	55,147	55,147
Movement for the year		1,500	14,421	15,370
Share capital at year end	5	72,017	69,568	70,517
Closing equity at year end		69,239	68,782	67,930

Statement of Financial Position

As at 30 September 2021

	Note	3 months Sep 2021 \$000	3 months Sep 2020 \$000	12 months Jun 2021 \$000
Assets				
<i>Current</i>				
Cash And Cash Equivalents	6	6,673	8,724	9,357
Receivables From Exchange Transactions	7	-	-	286
Receivables From Non-Exchange Transactions	8	629	1,439	546
Other Current Financial Assets	9	-	17,480	-
Total Current Assets		7,302	27,643	10,189
<i>Non-Current</i>				
Property, Plant And Equipment	10	101,164	61,247	89,395
Deferred Tax Asset	11	-	-	-
Other Non-Current Financial Assets	9	-	-	-
Total Non-Current Assets		101,164	61,247	89,395
Total Assets		108,466	88,890	99,584
Liabilities				
<i>Current</i>				
Payables Under Exchange Transactions	12	4,842	3,406	4,553
Employee Entitlements	13	94	99	87
Total Current Liabilities		4,936	3,505	4,640
<i>Non-Current</i>				
Loans And Borrowings	14	34,291	16,602	27,013
Total Non-Current Liabilities		34,291	16,602	27,013
Total Liabilities		39,227	20,107	31,653
Net Assets		69,239	68,783	67,931
Equity				
Equity Contributions	5	72,017	69,568	70,517
Accumulated Funds		(2,778)	(785)	(2,586)
Total Equity		69,239	68,783	67,931

Statement of Cash Flows

For the period ended 30 September 2021

	Note	3 months Sep 2021 \$000	3 months Sep 2020 \$000	12 months Jun 2021 \$000
<i>Cash flow from operating activities</i>				
Payments to suppliers		(63)	(128)	(577)
Payments to employees		(136)	(128)	(567)
Net cash from/(used in) operating activities		(199)	(256)	(1,144)
<i>Cash flow from investing activities</i>				
Purchase of property, plant and equipment		(11,165)	(10,704)	(38,187)
Purchase of financial assets		-	(1,132)	(13,590)
Net cash from/(used in) investing activities		(11,165)	(11,836)	(51,777)
<i>Cash flow from financing activities</i>				
Proceeds from equity		1,500	14,420	15,369
Proceeds from sale of financial assets		-	-	30,000
Proceeds from borrowings		7,179	1,967	12,243
Interest received		2	162	398
Interest paid on borrowings		-	-	-
Net cash from/(used in) financing activities		8,681	16,549	58,010
Net increase/(decrease) in cash and cash equivalents		(2,684)	4,456	5,089
Cash and cash equivalents, beginning of the year		9,357	4,268	4,268
Cash and cash equivalents at end of the year	6	6,673	8,724	9,357

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 22 November 2021.

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 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 prior financial year. Comparatives may have been reclassified from that reported in the 30 June 2021 financial statements where appropriate to ensure consistency with the expanded 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. Areas of judgement in preparing financial statements are set out below. These are assessed by Management as part of the reporting process and included within the accounts. The principal area of judgement in financial statements for the year are described in sections (i) and (k) below.

(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 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

After completion, depreciation of dam project components (including costs directly attributable to bringing them to the location and condition necessary to be capable of operating in the manner intended by management) will be provided on a straight line basis to write off the cost (or valuation) to estimated residual values, over their useful lives.

Land	not depreciated
Buildings (including fit out)	2-100 years
Bridges	100 years
Culverts, structures and fill (concrete, rock)	80-120 years
Earthworks and river stop banks	not depreciated
Rock and slope protection	80-120 years
Water pipes/valves/meters (manual)	15-80 years
Water pipes/valves/meters (automatic)	15-80 years

(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 annual 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.

Notes to the financial statements

(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.

(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

	3 months Sep 2021 \$000	3 months Sep 2020 \$000	12 months Jun 2021 \$000
<i>The following amounts attributable to the build were passed through operational accounts:</i>			
Pre-incorporation costs *	-	-	(208)
Dam construction costs	9,319	6,722	29,902
Project services	1,783	1,462	6,136
Borrowing costs capitalised	100	39	173
WWL operations	574	606	2,028
Transfer costs attributable to build to Capital WiP	(11,776)	(8,829)	(38,031)
Total	-	-	-

* Some pre-incorporation costs reimbursed to TDC have since been considered impaired. Refer Note 2.

2 Depreciation, amortisation and impairment expenses

	Note	3 months Sep 2021 \$000	3 months Sep 2020 \$000	12 months Jun 2021 \$000
Depreciation of property, plant and equipment	10	3	5	19
Impairment **		-	-	1,333
Total		3	5	1,352

** Some pre-incorporation costs reimbursed to TDC in FY19 were impaired in FY20 and some in FY21. Costs associated with the Covid-19 Level 4 lockdown in March / April 2020, determined in April 2021, are also considered impaired. Refer Note 17.

3 Other overhead and administrative expenses

	3 months Sep 2021 \$000	3 months Sep 2020 \$000	12 months Jun 2021 \$000
Office costs	20	20	94
Legal fees	1	2	63
Insurance	-	1	61
PR and other professional fees	21	23	51
Auditor remuneration	-	-	51
Accounting fees	3	13	21
Total	45	59	341

4 Finance income and costs

Interest income on bank deposits
Bank fees
Net

3 months Sep 2021 \$000	3 months Sep 2020 \$000	12 months Jun 2021 \$000
2	164	462
-	-	(1)
2	164	461

5 Share Capital

9,999 shares were authorised and issued on 21 Dec 2018.
172 shares have been issued since.

Ordinary shares - TDC
Ordinary shares - WIL
Non-voting shares - TDC
Non-voting shares - WIL
Shares at the end of the year

3 months Sep 2021	3 months Sep 2020	12 months Jun 2021
5,110	5,110	5,110
2,978	2,978	2,978
172	-	-
1,911	1,911	1,911
10,171	9,999	9,999

Ordinary shares have rights to vote, receive dividends, and participate in distribution on liquidation. Non-voting shares have no equivalent rights,

TDC ordinary shares have a par value of \$8,718.20.
TDC ordinary shares contribution*.

TDC contribution per ordinary share.

\$44,550k	\$43,601k	\$44,550k
\$8,718.20	\$8,532.41	\$8,718.20

TDC ordinary shares issued and fully paid
TDC ordinary shares issued and not fully paid

5,110	-	5,110
-	5,110	-

TDC non-voting shares have a par value of \$8719.91.

\$1,500k	-	-
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WIL ordinary shares have a par value of \$8,719.51.
WIL ordinary shares contribution*.

WIL contribution per ordinary share.

\$25,967k	\$25,967k	\$25,967k
\$8,719.61	\$8,719.61	\$8,719.51

WIL ordinary shares issued and fully paid
WIL ordinary shares issued and not fully paid

2,978	2,978	2,978
-	-	-

WIL non-voting shares have a par value of \$0.01.

Total shares contribution

\$72,017k	\$69,568k	\$70,517k
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* Share Capital contributions are also shown in Note 20, and represent the total dollar value of shares paid up. TDC contributions were primarily made to provide working capital to WWL. WIL contributions were made on agreed instalments.

TDC has committed to fund additional project costs. Shareholders have agreed part of the additional funding will be way of subscription for further shares. At Balance Date WWL has authorised the issue of up to 2,009 additional ordinary shares with a par value of \$8,719.91. At Balance Date these shares have not been issued and no contributions received for them. WWL will not authorise or issue further ordinary shares if it results in WIL holding less than 25% of total ordinary shares. Any additional project costs not funded by capital will be funded by loan, refer Note 14.

6 Cash and cash equivalents

	3 months Sep 2021 \$000	3 months Sep 2020 \$000	12 months Jun 2021 \$000
Cash at bank and in hand	6,673	8,724	9,357
Total	6,673	8,724	9,357

7 Receivables from exchange transactions

	Note	3 months Sep 2021 \$000	3 months Sep 2020 \$000	12 months Jun 2021 \$000
Related party receivables	20	-	-	286
Total		-	-	286

8 Receivables from non-exchange transactions

	Note	3 months Sep 2021 \$000	3 months Sep 2020 \$000	12 months Jun 2021 \$000
GST receivable		629	438	546
Other prepayments / receivables	18	-	1,001	-
Total		629	1,439	546

9 Other financial assets

	Note	3 months Sep 2021 \$000	3 months Sep 2020 \$000	12 months Jun 2021 \$000
<i>Held-to-maturity investments</i>				
Term deposits - current		-	17,480	-
Term deposits - non-current		-	-	-
Total	16	-	17,480	-

10 Property, plant and equipment

Note	Capital WIP \$000	Leasehold improvements \$000	Furniture and office equip \$000	Vehicles and site equip \$000	Total \$000
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Movements for each class of property, plant and equipment are as follows:

3 months Sep 2021	<u>Gross carrying amount</u>					
	Opening	89,168	28	76	278	89,550
	Additions	11,776	-	5	-	11,781
	Impairment	-				-
	Disposals			-	-	-
	Gross carrying amount	100,944	28	81	278	101,331
	<u>Accumulated depreciation and impairment</u>					
	Opening	-	(6)	(43)	(106)	(155)
	Depreciation - assets attributable to the build	-			(9)	(9)
	Depreciation - administration assets	2	-	(3)	-	(3)
Disposals			-	-	-	
Accumulated depreciation and impairment		(6)	(46)	(115)	(167)	
Carrying amount 30 September 2021		100,944	22	35	163	101,164
12 months Jun 2021	<u>Gross carrying amount</u>					
	Opening	51,138	28	76	278	51,520
	Additions	39,363				39,363
	Impairment	(1,333)				(1,333)
	Disposals					-
	Gross carrying amount	89,168	28	76	278	89,550
	<u>Accumulated depreciation and impairment</u>					
	Opening	-	(3)	(27)	(54)	(84)
	Depreciation - assets attributable to the build				(52)	(52)
	Depreciation - administration assets	2	-	(3)	(16)	(19)
Disposals		-	-	-	-	
Carrying amount 30 September 2020		89,168	22	33	172	89,395

11 Deferred tax

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:

3 months Sep 2021 \$000	3 months Sep 2020 \$000	12 months Jun 2021 \$000
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Unrecognised deferred tax assets are based on:

Statement of Comprehensive Revenue and Expense	(191)	(56)	(1,857)
Temporary differences *	7	99	(645)
Temporary differences **	(100)	(39)	456
Taxable income (deficit)	(284)	4	(2,046)

Unrecognised deferred tax assets consist of:

Opening balance	876	303	303
Tax on taxable position above, at 28%	80	(1)	573
Total unrecognised deferred tax asset	956	302	876

* Primarily related to the deductibility of annual leave

** Primarily related to the deductibility of capitalised finance costs

12 Payables under exchange transactions

	Note	3 months Sep 2021 \$000	3 months Sep 2020 \$000	12 months Jun 2021 \$000
Trade creditors		4,760	3,364	4,467
Related party payables	20	33	32	38
Non trade payables and accrued expenses		49	10	48
Total		4,842	3,406	4,553

13 Employee entitlements

	3 months Sep 2021 \$000	3 months Sep 2020 \$000	12 months Jun 2021 \$000
Annual leave entitlements	94	99	87
Total	94	99	87

Employee remuneration

0 employees received remuneration and other benefits of \$100,000 or more for the period ended 30 September 2021. (12 months Jun 2021, 7 employees.)

Remuneration	Number of employees		
\$100,001 - \$110,000	-	-	1
\$130,001 - \$140,000	-	-	1
\$160,001 - \$170,000	-	-	1
\$190,001 - \$200,000	-	-	1
\$200,001 - \$210,000	-	-	1
\$250,001 - \$260,000	-	-	1
\$320,001 - \$330,000	-	-	1

14 Loans and borrowings

	3 months Sep 2021 \$000	3 months Sep 2020 \$000	12 months Jun 2021 \$000
Non-current - Secured loans - CIIL	25,455	16,602	18,239
Non-current - Secured loans - TDC	8,836	-	8,774
Total	34,291	16,602	27,013

WWL has financing arrangements with Crown Irrigation Investments Limited up to \$25,000,000. Facilities were drawn down 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 ("TDC") plus guarantees from Waimea Irrigators Limited, and are repayable by 2034.

TDC has committed to fund additional project costs. WWL has financing arrangements with TDC up to \$47,817,000, secured by a second ranking general security over present and future assets. WWL finance costs will be recovered from both shareholders. A facility for \$8,750,000 has been drawn. It will be repaid in instalments after project completion, with final maturity no later than 2058. Facilities for \$39,067,000 have not been drawn at Balance Date. Funds can be drawn down quarterly to fund project costs. Facilities are repayable by 2058 or may be converted to equity.

15 Commitments

	3 months Sep 2021 \$000	3 months Sep 2020 \$000	12 months Jun 2021 \$000
<i>Expenditure contracted for at the end of the reporting period but not yet incurred comprises unpaid contract values, and unpaid determined variations or unpaid purchase orders, for the Contractor and/or Damwatch.</i>			
Property, plant and equipment	29,261	44,844	31,981
Total	29,261	44,844	31,981

16 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	Loans and receivables	Financial Liabilities at amortised cost	Total
	\$000	\$000	\$000	\$000
3 months Sep 2021				
<u>Financial assets</u>				
Cash and cash equivalents	-	6,673	-	6,673
Trade debtors and other receivables	-	-	-	-
Other financial assets *	-	-	-	-
Total Financial assets	-	6,673	-	6,673
<u>Financial liabilities</u>				
Trade creditors and other payables	-	-	4,747	4,747
Loans and borrowings **	-	-	34,291	34,291
Total Financial liabilities	-	-	39,038	39,038
12 months Jun 2021				
<u>Financial assets</u>				
Cash and cash equivalents	-	9,357	-	9,357
Trade debtors and other receivables	-	286	-	286
Other financial assets *	-	-	-	-
Total Financial assets	-	9,643	-	9,643
<u>Financial liabilities</u>				
Trade creditors and other payables	-	-	4,464	4,464
Loans and borrowings **	-	-	27,013	27,013
Total Financial liabilities	-	-	31,477	31,477
* Other financial assets				
	<u>3 months Sep 2021</u>	<u>12 months Jun 2021</u>		
	-	-		
Total term deposits	-	-		
** Loans and borrowings				
		<u>3 months Sep 2021</u>	<u>12 months Jun 2021</u>	
Crown Irrigation Investments Limited		25,455	18,239	
Tasman District Council		8,836	8,774	
		34,291	27,013	

17 Contingent assets and contingent liabilities

The entity has no contingent assets or contingent liabilities except for obligations for government mandated Covid-19 lockdowns.

The Engineer To Contract ("ETC") confirmed a 10 day suspension of works for government mandated Covid-19 lockdowns in August 2021. The obligation is not recognised because the final amount cannot be reliably measured. The process to value the suspension continues, refer Note 18.

18 Covid-19

Impacts

During government mandated Level 4 lockdowns, site works can be suspended. When works continue in any mandated restricted level, appropriate working practices can impede productivity. WWL staff operations are not significantly impacted during any level. Lockdowns extend the programme.

Site works were suspended on 26 Mar 2020 (a prior financial year) until 28 Apr 2020 when they resumed under Level 3. Site works were suspended on 18 Aug 2021 (current financial year) until 23 Aug 2021 when they resumed under Level 4. Under all levels, appropriate restrictions and precautions impeded productivity. At balance date for this report normal works were operating.

Financial performance

A 33 day suspension for the Level 4 Mar/Apr 2020 lockdown cost \$917,947, included as an impairment expense in FY2021 - refer Note 2 comparatives. A 5 day suspension for the Level 3 lockdown in Apr 2020 cost \$100,148, included as dam construction costs in FY2021 - refer Note 1 comparatives.

A 10 day suspension for lockdowns in Aug 2021 was issued in Sep 2021. Costs remain unresolved or unknown, and the resolution will result in an impairment expense and/or dam construction costs. Further costs may be incurred in future periods from any flow-on impacts, however, those costs are unknown.

Non-financial performance

The schedule was and will continue to be delayed for impacts from any government mandated lockdowns. Lockdowns do 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, refer Statement of Performance against Statement of Intent.

19 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.

20 Related party transactions

WWL is jointly owned by Tasman District Council ("TDC" - 51.9% of issued shares) and Waimea Irrigators Limited ("WIL" - 48.1%). 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.

Note	3 months Sep 2021 \$000	3 months Sep 2020 \$000	12 months Jun 2021 \$000
<u>Purchase / reimbursement of services</u>			
Directors *	-	16	16
Pre-incorporation costs	-	-	-
Shareholder services **	5	2	26
Total	5	18	42

* Directors with engineering qualifications may perform independent peer review 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.

** TDC provided multiple services to WWL in the normal course of operating activities (e.g. resource consent fees).

<u>Sale / reimbursement of services</u>			
Shareholder services ***	-	-	249
Total	-	-	249

<u>Share Capital contributions from Joint Operators</u>			
Tasman District Council Share Capital	1,500	10,245	11,194
Waimea Irrigators Limited Share Capital	-	4,176	4,176
Total Share Capital	1,500	14,421	15,370

Loans and borrowings

TDC has committed to fund additional project costs.

Non-current - Secured loans - TDC	8,836	-	8,774
Borrowing costs capitalised	62	-	24

Year end receivables / payables with related parties

Payable to (Receivable from) related parties:

Directors	12	32	32	34
Shareholders	12	1	-	4
Shareholders ***	7	-	-	(286)
Other key management personnel		-	-	-
Total		33	32	(248)

*** In FY2021 WWL recovered from TDC, in the normal course of operating activities, costs for investigating options for possible provision of future hydro capability.

Key management compensation

Key management personnel compensation includes the following expenses:

Salaries and other short-term employee benefits	223	227	948
Directors fees	63	63	252
Total	286	290	1,200
Persons recognised as key management personnel	11	11	11

Company Directory

Directors

David Wright (Chair)
Bruno Simpson (Deputy Chair)
Doug Hattersley
Julian Raine
Ken Smales
Andrew Spittal
Margaret Devlin

Registered Office

20 Oxford Street
Richmond 7020
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Telephone: 027 544 0030
Email: info@waimeawater.nz

Chief Executive

Mike Scott

Management

Chief Financial Officer:
Commercial Manager and Company Secretary:
Engineering and Design Manager:
Environmental and Sustainability General Manager:
Construction Manager:

Dave Ashcroft
Richard Timpany
Iain Lonie
Alasdair Mawdsley
Daniel Murtagh

Auditor

Audit New Zealand on behalf of the Auditor-General

Accountant

Findex Ltd

Banker

ANZ Corporation

Lawyer

Anderson Lloyd