



Waimea Water Limited

Mid-Year Report: 28 February 2022

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2. CEO's summary

We are proud of the progress and number of significant construction milestones the Waimea Community Dam project has reached during the first half of the 2021 / 2022 year. These include the completion of the rock-filled embankment, the lower spillway, the flip-bucket and the plinths.

With construction 70% complete, as at 31 December 2021 it was expected the civil parts of the dam would be completed with the reservoir ready for filling between July and September 2022, subject to weather and of course to no further delays on site resulting from COVID-19 workplace restrictions. This will allow filling of the reservoir over the spring, in time to provide service for the 2022/2023 season.

This year's construction achievements to date are even more impressive given the challenging winter at the start of the financial year. Aside from freezing conditions at the construction site, there was a significant storm event in July. This was followed by a COVID-19 lockdown in August and subsequent operating restrictions.

I commend and thank the Waimea Water Ltd (WWL) staff, Contractor Fulton Hogan and Taylors, dam engineers Damwatch Engineering and the wider Waimea Community Dam team for their ongoing hard work and commitment.

As well as construction progress, three key activities of the past six months have been the procurement of various mechanical and electrical components, planning for the dam's operation in the next financial year and designing solutions for the encountered geology – primarily the left-hand side geology, where key structures, such as the spillway and plunge pool are located, and the ongoing production of the embankment's safety-critical material.

The project currently faces further cost pressures and risks. Like all current construction projects, our procurement of mechanical items is significantly impacted by the high inflationary environment, resource constraints and global supply chain disruptions resulting from a very buoyant and constrained global construction sector.

Furthermore, after removing overburden (overlying rock or soil) in early 2021, we found highly fractured rock in the left-hand side of the site, with multiple large shear zones (areas of ground rock and clay) bisecting the top of the spillway. The geology of the plunge pool at the bottom of the spillway has also emerged as a risk and cost.

The extent of these inflationary and geological challenges was not evident when the project cost was forecast in early 2021 and they have since stressed the upper end of the risk range of \$164M presented in February 2021. Based on what we can currently reasonably foresee, the project is expected to cost \$185M, as outlined in section 8.2, albeit with diminishing residual risk.

The project continues to achieve outstanding safety and environmental performances, and I am very grateful for the effort, diligence and discipline the Contractor and the wider team is making to ensure everyone stays safe and the environment is well protected. Congratulations to Fulton Hogan Taylors for their well-deserved recognition and award from the International Erosion Control Association.

As noted in section 9, Waimea Water is progressing well against its Statement of Intent objectives. As we enter the second half of the financial year, we look forward to moving closer to the dam's successful completion and commissioning, so that it can start supporting the region's economy in 2023.

I thank you for your ongoing support.

3. Performance highlights

The performance highlights for this reporting period include:

- ✓ No lost time injuries.
- ✓ Completed the reinforced rockfill and embankment.
- ✓ Completed the plinths.
- ✓ Completed the concrete face kerbing.
- ✓ Completed the flip-bucket and lower spillway.
- ✓ Engineered solutions to the encountered geology, including the design and procurement of a new 4,000m² apron to the spillway approach channel.
- ✓ 100% compliance with the resource consent.
- ✓ Full compliance with the biodiversity management plan, including planting 15,000 natives on Rough Island and commencing environmental restoration work downstream of the dam.



Figure 1: Overview of completed embankment and progressing the upper spillway (foreground), December 2021

4. Introduction

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

This document provides shareholders with an unaudited report containing the following information relating to the six-month financial period ending 31 December 2021:

- Statement of Comprehensive Revenue and Expense disclosing actual and comparative figures.
- Statement of Financial Position at the end of the period.
- Statement of Cash Flows.
- A commentary on the results for the period.
- Health & Safety performance.
- Compliance and audit status.
- Risk updates.
- Progress against Statement of Intent (SOI) objectives.
- An outlook for the second half-year.



Figure 2: Downstream completed rockfill and embankment. Spillway and plunge pool in progress, December 2021

5. Background

WWL was established to manage the construction, operation and maintenance of the Waimea Community Dam. A joint venture between the Tasman District Council (TDC) and Waimea Irrigators Ltd (WIL), the dam will secure the Nelson Tasman region's water supply for the next 100+ years.



Figure 3: Completed kerbing and fill to upstream face. Constructing concrete face. December 2021

WWL is committed to building and operating a safe, reliable, sustainable and efficient dam for the benefit of the region. WWL's vision is to build and operate the Waimea Community Dam to the appropriate high standards.

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

WWL is focused on having the people, policies and positive relationships that it needs to deliver a world-class water infrastructure project to support the Nelson Tasman region and its growth.

The dam will be a significant infrastructure asset for the region, supporting the community and economy to thrive.

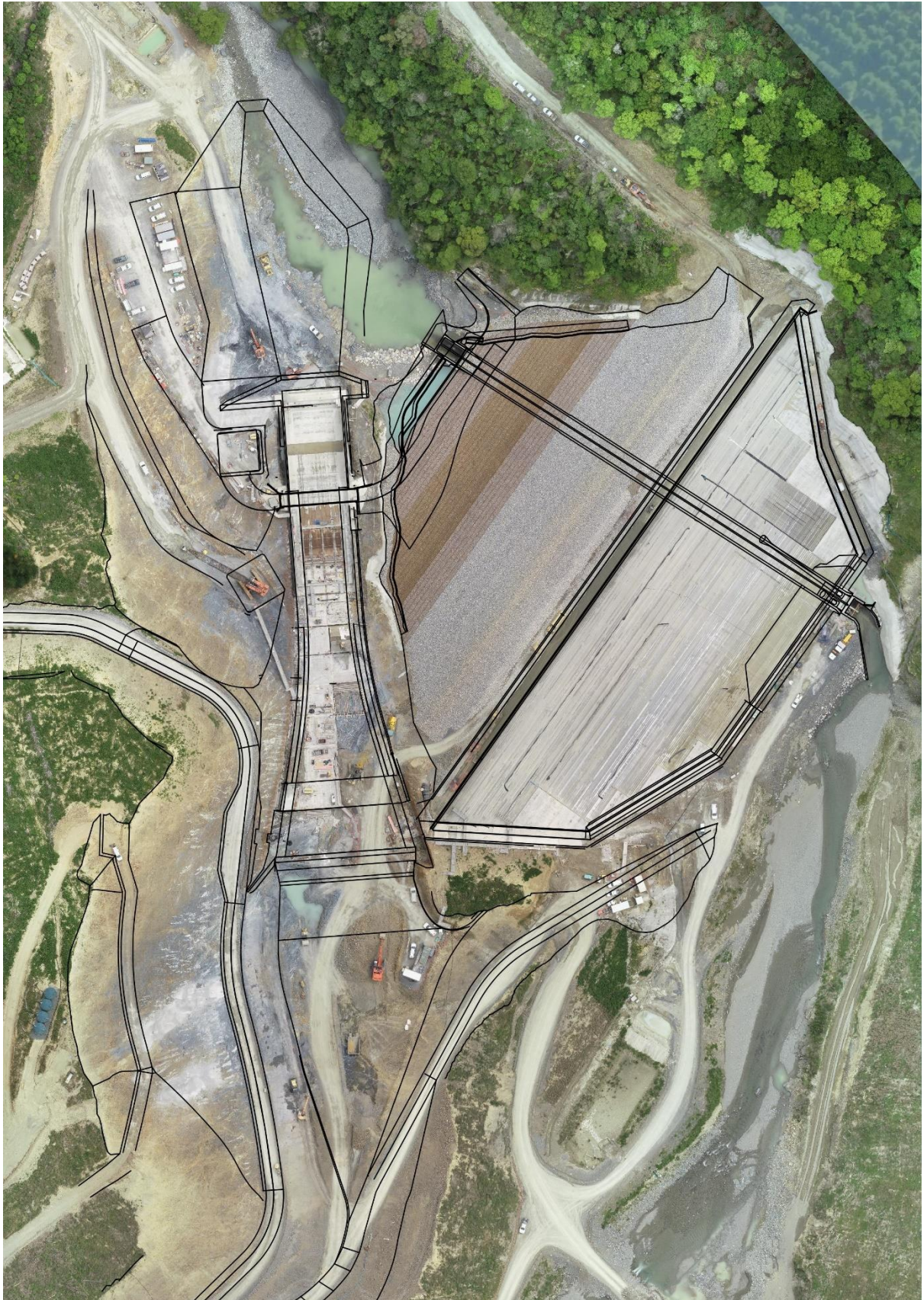


Figure 4: Schematic of the Waimea Community Dam

6. Areas of activity

This section outlines progress over the reporting period, any emerging issues and opportunities, and the outlook for the second half of the year for each of the key areas of operational activity:

1. Health, Safety and Wellbeing.
2. Design.
3. Construction.
4. Environment.
5. Biodiversity Management Plan.

6.1 Health, Safety and Wellbeing

Progress

WWL has statutory requirements (under the Health and Safety at Work Act 2015) and duty of care for people we influence or direct while delivering the Waimea Community Dam project. WWL's Health, Safety and Wellbeing obligations are discharged across its own Health and Safety (H & S) Management System, ongoing due diligence of the Contractor's Construction H & S Management for the dam site and any activity-specific due diligence for minor contractors.

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.

Continuous improvement activities this reporting period included tabletop emergency drills, a continued focus on vehicle safety, confined space entry and first aid training, and finalising an annual update of the H & S Management System.

Also during the period, WWL and its consultant, IMPAC, reviewed and worked with the Contractor on its 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 3.3 injuries per million man-hours.
- Two high-potential incidents.
- The main Contractor logged just over 100 'lead indicators' for the period. These are proactive reports or audits made with a view to prevention and improvement.

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

In December 2021, New Zealand moved into the COVID Protection Framework (the 'traffic light system'). As part of COVID-19 preparations, the Contractor participated in a Ministry of Health trial of Rapid Antigen Testing. No positive results were obtained during the trial during November and December for both surveillance and pre-entry purposes.

Emerging issues and opportunities

The Contractor has continued to implement thorough reviews and investigations of accidents and near-miss incidents to maintain continual improvement in Health, Safety and Wellbeing practices.

With no lost time injuries or significant harm to date on the project, WWL thanks the Contractor for its safety performance, focus and continuous improvement.



Figure 5: Members of the Damwatch and WWL site engineering team

6.2 Design

Progress

WWL's team of engineers and geologists continue to monitor encountered geological conditions and adapt the design to suit.

6.2.1 Dam safety

Preparation of dam safety management systems continues for operational readiness.

As part of safety planning this period, a physical inspection of historic and possible landslides within the reservoir was completed. Compared to the original mapping, the updated inspection found fewer potential landslides, with the remaining areas being smaller than anticipated. It also found that any landslides would not cause overtopping or damage to the dam.

6.2.2 Dam design

Various design elements were progressed, peer reviewed and workshopped during the period including the Stage 4 diversion design, shear zone treatment, resolving detailing issues at the toe berm and the design of the valve chamber cover.

During this period, WWL and its designers progressed technical solutions to encountered geological conditions, as outlined in section 8.1. This included designing an anchored 4,000m² geo-synthetic apron to the spillway approach channel to protect seepage beneath the spillway through the encountered shear zones.

6.2.3 Mechanical and electrical

Procurement of mechanical and electrical equipment and works continued during this period.

Material specifications and design details are being adjusted to suit availability and lead times for key components.

6.2.4 Ancillaries

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

6.2.5 Closure sequencing

The design of the Stage 4 temporary diversion works has been completed, as well as the detailed plan for changeover from diversion to reservoir impoundment. Procurement of the temporary works items comprising valves, pipe, power and control systems is ongoing.

Emerging issues and opportunities

Supply chain issues and encountered ground conditions continue to be a risk.

6.3 Construction

Progress

The construction of the Waimea Community Dam at 31 December 2021 was 70% complete.

Significant milestones were achieved this period (see photos below), despite the challenges of freezing winter conditions and storms, and COVID-19 restrictions in August impacting construction and productivity.

Construction progress this period included:

Completion of the rock embankment to 50 metres above river level.

Progress on the embankment was rapid this period, with the placement and completion of all flow-preventing and chimney drainage zones.

Figure 6: Downstream view of the embankment, with culvert at its base. January 2022.



Commencement of the parapet wall. The parapet wall is being precast and delivered to site for placement on top of the embankment in early 2022.

Figure 7: the parapet wall sections are precast offsite, to reduce construction time and resources. January 2022.



Completion of the spillway flip-bucket.

Figure 8: The 8-metre walls were completed following 3-to-5-day continuous concrete pours. The curved floor was then slip-formed. December 2021.



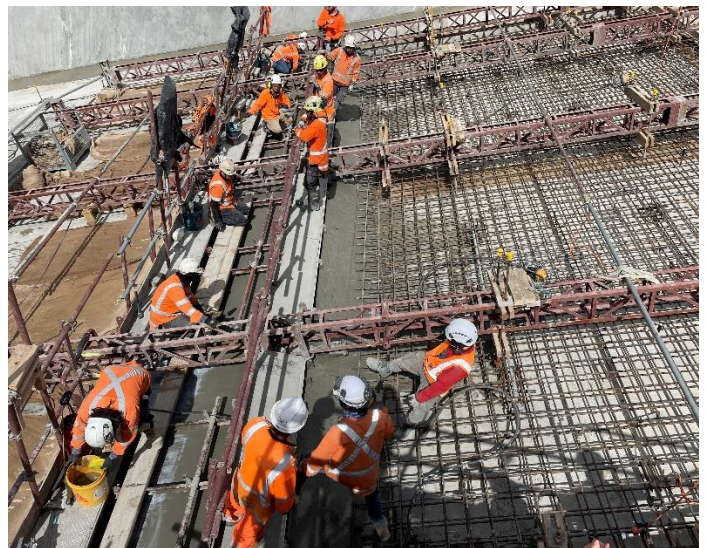
The lower spillway work is complete and the upper spillway progressed.

Figure 9: Lower spillway progress, looking upstream. December 2021.



80% of the spillway foundation was exposed, cleaned, mapped, treated, and covered with site concrete.

Figure 10: Concrete slip forming the spillway. November 2021.



Completion of the right-hand side and left-hand side (LHS) plinths.

Figure 11: Pouring the last section of the left-hand plinth. November 2021.



Completion of the concrete face kerbing on the upstream face, reaching layer 108.

Figure 12: View across the kerbing. January 2022.



80% of the concrete face starter slabs around the perimeter of the embankment and beside the plinth were completed. Preparatory work commenced on the slip-formed concrete face slab.

Figure 13: View of right-hand side concrete starter slabs. December 2021.



70% of grouting completed. Grouting of the right-hand side plinth continues and additional grouting in front of the spillway is needed.

Figure 14: Grouting progress on lower part of right-hand plinth. September 2021.



All other construction activities progressed as scheduled. The graph below shows the status of activities at the beginning of the period (orange), and progress during this period (blue).

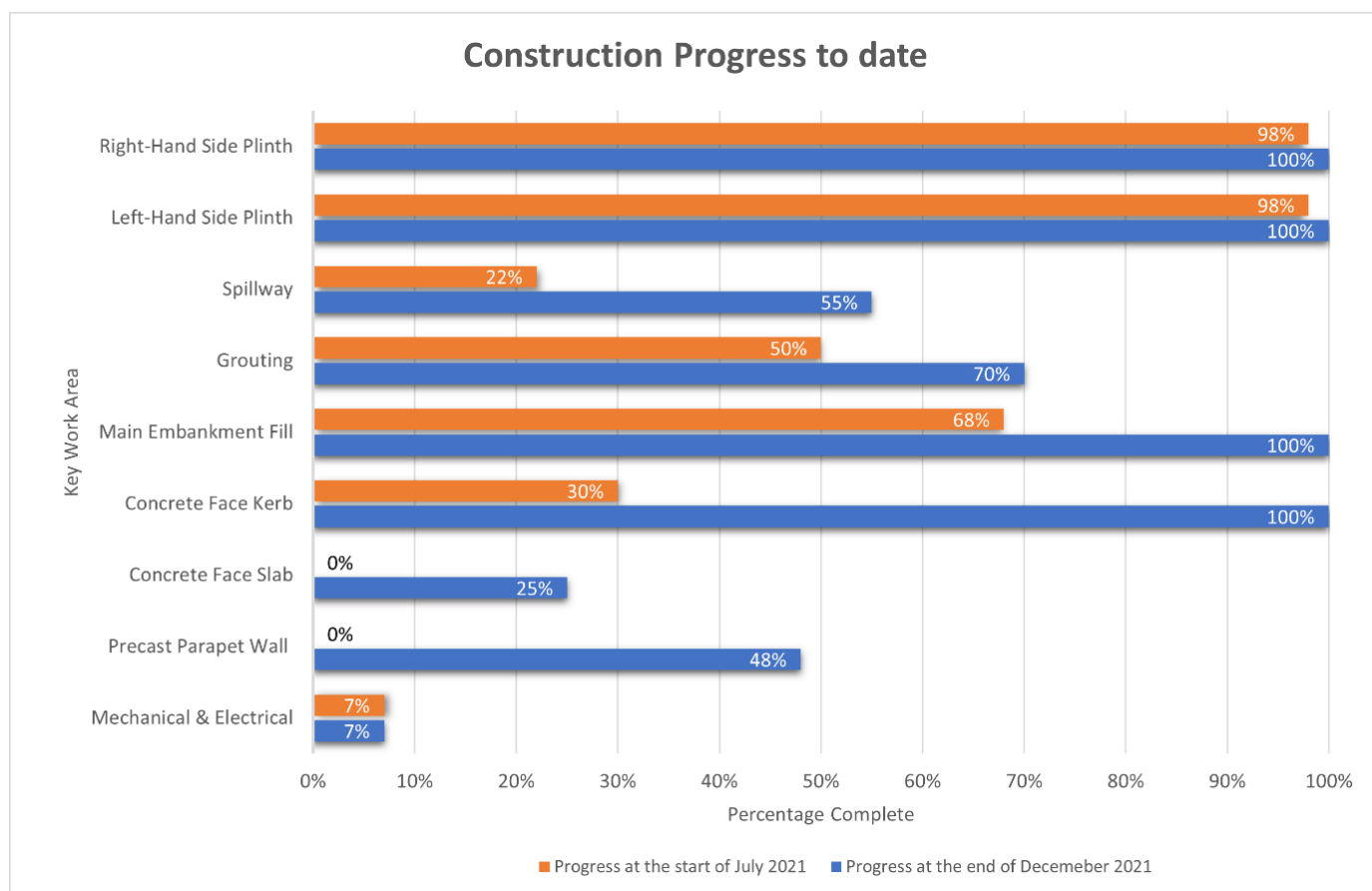


Figure 15: Construction progress as at 31 December 2021

The following works are expected for the remainder of the 2021 / 2022 financial year.

- Installation of the TUFFBOOM® debris boom across the reservoir.
- Completion of the concrete face.
- Installation of the parapet wall.
- Completion of the grouting.
- Near completion of the spillway.
- Preparation of pre-closure mechanical and electrical works.



Figure 16: View down the spillway to the flip-bucket. Reinforced rockfill to the right. January 2022.

Emerging issues and opportunities

Risk associated with the shear zones at the spillway entrance is reducing as stabilisation work progresses and the concrete apron is put in place.

At the end of the period, excavation of the plunge pool identified similarly poor geology that was at the base of the embankment, with significant remedial work required.

Potential 2022 winter weather events pose a risk to construction delays.

In a challenging environment, the Contractor is facing productivity and resourcing risks and challenges in 2022 that may further delay the project.

6.4 Environment

Progress

WWL continued to work in compliance with its resource consents and the underlying Construction Environmental Management Plan. All environmental management plans required for the works have been reviewed and certified by the TDC as compliant with the resource consent conditions.

Plans completed and certified in this reporting period for dam operations:

- River Water Quality Management Programme.
- Reservoir Water Quality Management Programme.
- Landowner Access Report.

Plans under development or going through certification at the end of the reporting period for dam operations:

- Reservoir Release Water Management Plan.
- Flushing Flow Release Plan.

The Annual Water Quality Report was completed and submitted to the regulator, showing full compliance.

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

Fortnightly water quality monitoring has continued throughout the period, with Water Quality Results and the Quantitative Macroinvertebrate Community Index (QMCI) score continuing to demonstrate excellent ecological health in the river, including after flood events (see overleaf). There were no significant environmental near-misses or incidents during the period.

Fish migration

Fish passage maintenance and improvement as part of road upgrades and river crossings are well-established. Each culvert has been reviewed by an ecologist to ensure fish passage is satisfactory.

Trap and transfer works for the 2021 / 2022 summer fish migration season are underway at the end of this reporting period. Results will be included in the June 2022 report.

Emissions trading scheme

During the reporting period, WWL reached agreement with MPI regarding Emissions Trading Scheme obligations during the 2020 calendar year.

Emerging issues and opportunities

WWL and the Contractor will update the Supplementary Construction Environmental Management Plans to identify and describe mitigations for the environmental risks associated with the construction of the plunge pool and the temporary works to enable closure of the dam.

Environmental compliance inspections will continue to be conducted.

Lee River deposited fine sediments

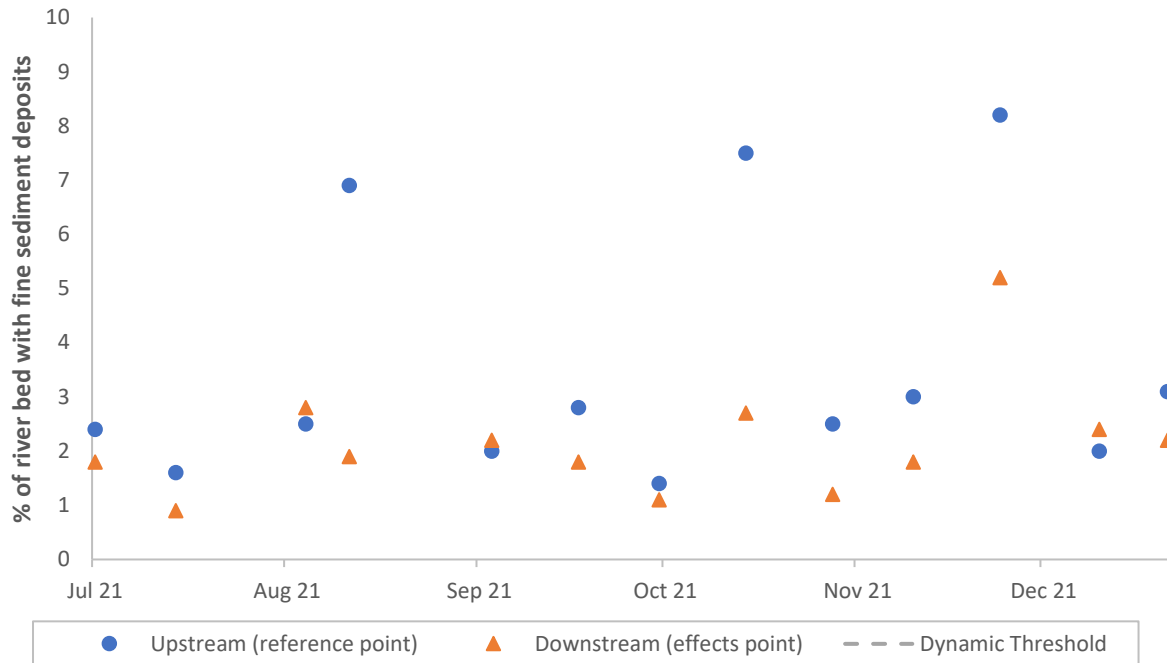


Figure 17: Lee River sediment

Lab Results: Lee River Quantitative Macroinvertebrate Community Index (QMCI) scores

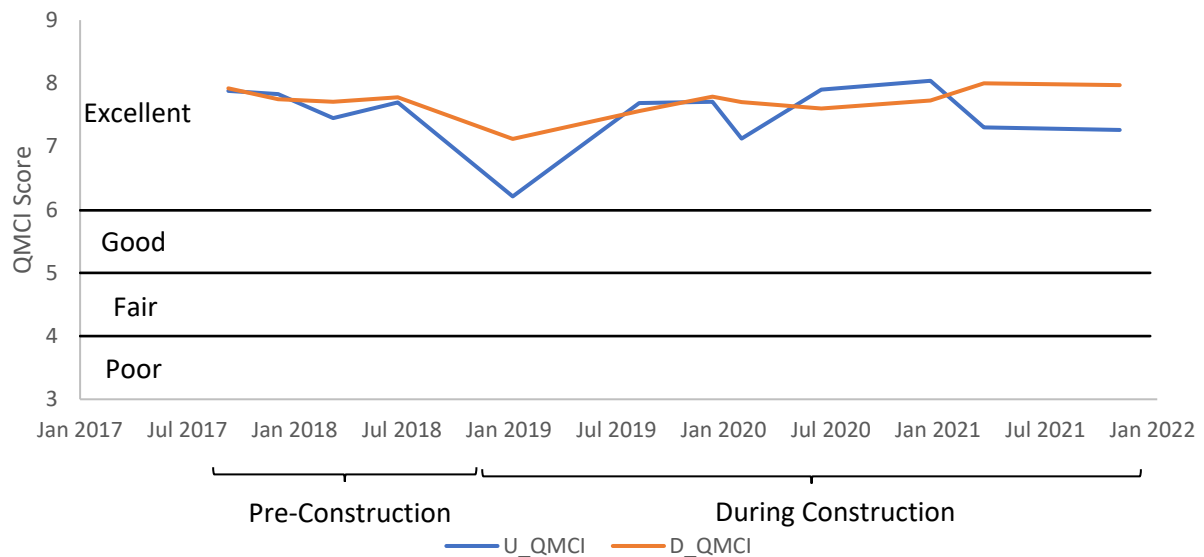


Figure 18: QMCI scores

Site inspections

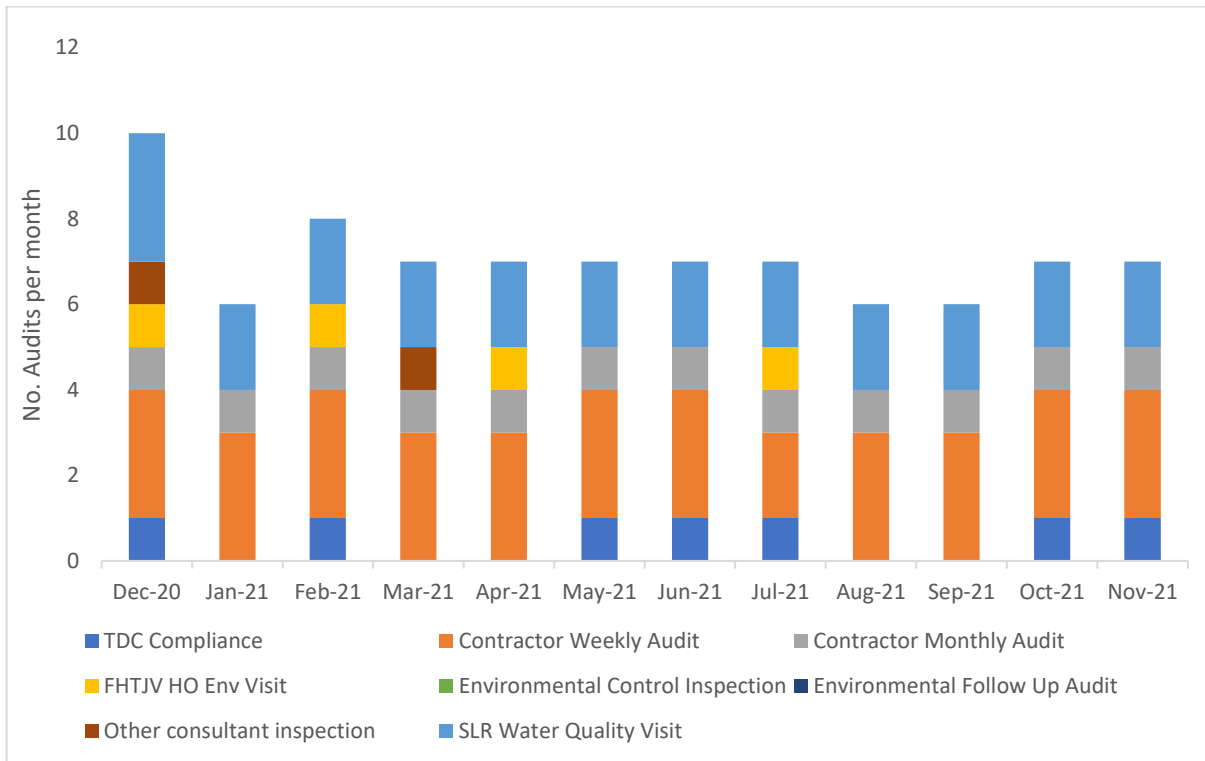


Figure 19: Inspections completed



Figure 20: Fyke net installed in the pool downstream of the diversion culvert.

6.5 Biodiversity management plan

Progress

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, while some areas have a high number surviving, but not thriving. These will be monitored and replaced in 2022 if necessary. 15,000 native plants were planted at Rough Island during winter 2021. Eighty five percent of total pioneer planting is complete, with the focus in 2022 being the remaining 15% and infill planting. The plants for 2022 have been ordered.

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. Pig Flat's 2023 replanting plan has been approved.

Emerging issues and opportunities

WWL will continue to monitor the success of restoration planting at Rough Island. WWL will continue to implement the Biodiversity Management Plan.



Figure 21: Rough Island volunteer work. November 2021

7. Project performance

7.1 Programme schedule

As at 31 December 2021, the programme has the dam's completion scheduled to be between July and September 2022, approximately eight to ten months behind schedule. This delay is due in part to delays associated with COVID-19 site restrictions, the loss of recovery time and flooding. The reservoir is currently scheduled to be filled during spring 2022, concurrent with fitting out the dam with mechanical and electrical components, to provide service over the 2022 / 2023 season.

There is significant risk of further delay to the project schedule arising from:

- Weather events in 2022, particularly around dam closure in the middle of winter.
- COVID-19 impacting the workforce and constraining the site.
- The Contractor facing productivity and resourcing challenges in a challenging environment.
- Material, component and resource hold ups resulting from a very slow, unreliable and constrained international supply chain due to global demand. WWL intends to air freight mechanical components from around the world to help mitigate delays and this cost is included in the budget reforecast in section 8.2.

Key dates

	Plan at funding	Current expectation as at 31 December 2021
Complete dam (SP1)	28 October 2021	July to September 2022
Reservoir filled dam commissioned	23 January 2022	Early 2023

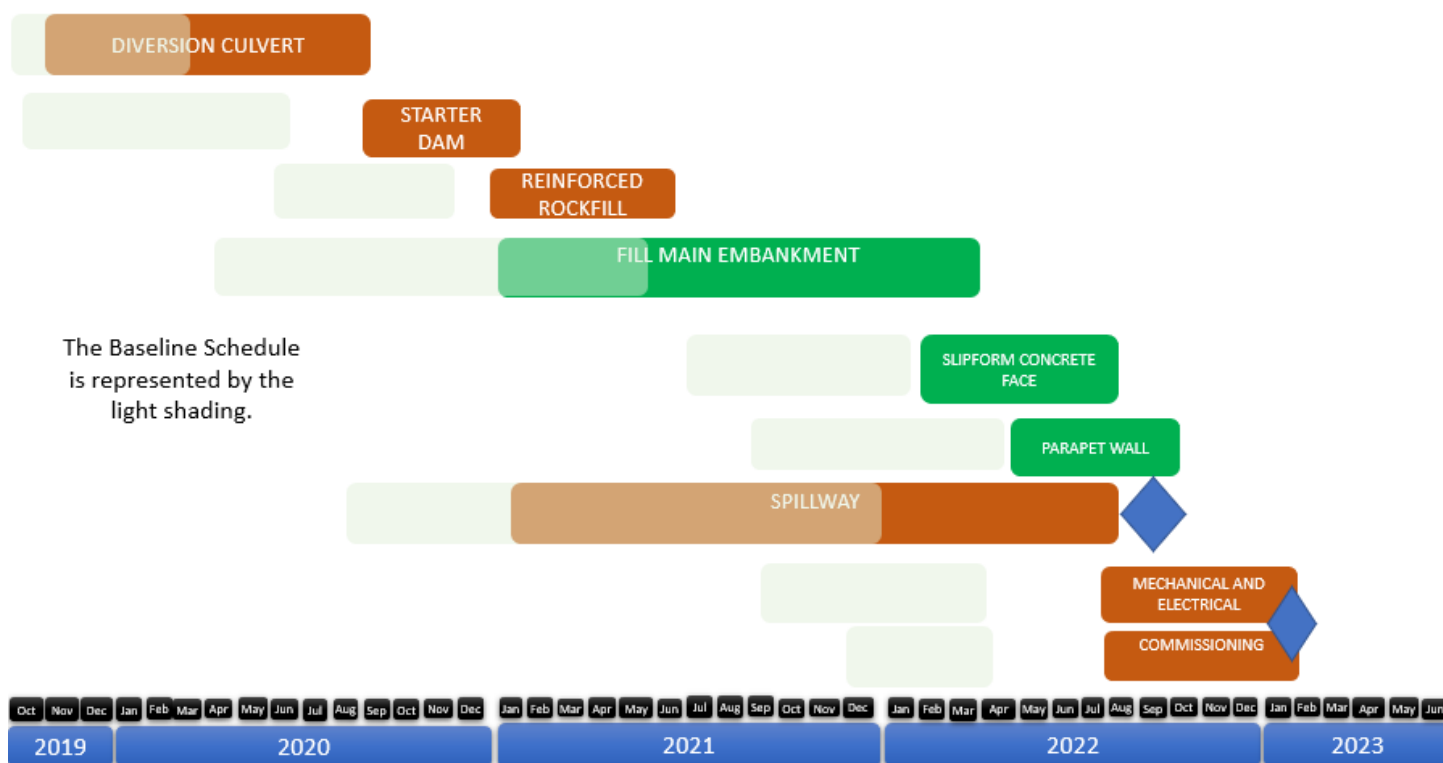


Figure 22: Progress GANTT chart.

8. Project costs

In February 2021, and as construction of the embankment commenced, WWL revised the budget to complete the project within a risk range of \$148M and \$164M. This range was based on prevailing conditions at the time, and a prudent assessment of expected remedies, risk and an unallocated contingency for geology and the effects of COVID-19 on site construction (unknown at the time). This estimate also included work and materials that had been previously underbudgeted or unbudgeted.

In the 2020/2021 Annual Report, published in October 2021, WWL advised that project costs were likely to stress the upper range of the cost estimate of \$164M due to encountered and emerging issues associated with the left-hand side geology above the spillway and in the plunge pool, additional defect treatment to the abutments and escalating global mechanical and electrical costs.

Section 8.1 below provides more detail about the geology issues and solutions, and the mechanical and electrical procurement, which are the main areas impacting the project cost. Section 8.2 outlines the revised estimated cost to finish the project, based on information known at 31 December 2021.

8.1 Current and emerging issues

8.1.1 Encountered geology

Prior to this financial year

As outlined in the 2020 / 2021 Annual Report, forecasts developed to the end of that financial year included solutions to geological issues, expected to cost an additional \$32M to the original 2018 budget. These issues and associated remedies include:

- **Unsuitable indigenous rockfill:** The design of the embankment was adjusted to accommodate the encountered dirty, broken mined rock onsite that was unsuitable for drainage. 110,000 m³ of drainage rock was imported to enable the remaining 77% of the embankment to be constructed from the lower-cost indigenous rock.
- **Additional overburden and embankment size:** ~60,000 m³ more rockfill has been required for the embankment, which is now ~490,000 m³ in size, 13% larger than originally planned and costed, to replace additional overburden.
- **Stabilisation of colluvium:** Colluvial material encountered above the right-hand side plinth in 2019 required additional stabilisation.
- **Voids and foundation treatment:** More than 1,000 m³ of concrete was poured in 2019 and 2020 to treat voids found beneath the culvert and left-hand side plinth. In 2021, voids and foundation defects beneath the embankment and spillway also required treatment.
- **Right-hand side plinth stabilisation:** A concrete beam has replaced the missing rock, and a concrete 'staircase' mitigates differential settlement of the rockfill against the plinth. Additionally, voids beneath the plinth have required remediation.
- **Solifluction deposit:** A 45,000 m³ solifluction deposit (highly weathered soil) beneath the proposed spillway access and reservoir roads has been removed and replaced, and a high-capacity sub-soil drainage system installed.
- **Grout:** An additional 11,000 m of drilling has been required to achieve closure of the subsurface to strengthen the waterproofing and prevent seepage beneath the dam.

- **Fractured founding rock of spillway:** The spillway walls have been redesigned to be freestanding cantilevered walls, and additional drainage and foundation treatment has been required.
- **Unsuitable founding rock for flip-bucket:** Unsuitable material was removed and replaced with more than 2,000 m³ of mass concrete that included treatment of a shear zone beneath the lower spillway and flip-bucket.
- **Unsuitable founding rock for plunge pool:** Unsuitable rock for the plunge pool was uncovered. A more permanent and safer concept involving a larger plunge pool and more resilient apron has mitigated the operating risk of erosion beneath the embankment, spillway and surrounding roads, and avoids the need to periodically replace the apron slab.

2022 forecast: New and emerging issues during 2021

Since the last cost forecast in early 2021, four further key unforeseen geological issues have emerged that require treatment to ensure dam safety. These include:

- **Fractured left-hand side abutment:** 50% more flow-preventing material has been needed to treat defects to the abutment (foundation), now applying 40,000 m³ (8% of the embankment). More than 30,000 tonnes of sand and chip was imported during the year from the Tasman, Marlborough and West Coast regions to create the material to treat the foundation defects.



Figure 23: Left-hand abutment foundation preparation for defect treatment.



Figure 24: Abutment foundation treatment with 2B filter material.

- Fractured left-hand side stabilisation:** The highly fractured nature of the left-hand side and unfavourable orientation of the defects has led to a need to stabilise most of the left-hand side batters above the spillway, approach channel and plunge pool. There were no plans for any stabilisation to the left-hand side in the original budget.



Figure 25: Upper spillway slope stabilisation progress. January 2022.

- Shear zones bisecting spillway:** During 2021, two large shear zones were uncovered and found to transverse the approach channel, bisecting the top of the spillway. While shear zones are common in this geology, this location is unfortunate in that if left untreated the dispersive nature of the ground rock and clay could lead to hydrostatic uplift pressures beneath the spillway. A 4,000m² impermeable apron upstream of the spillway ogee has been designed and procured to mitigate this issue and risk. The apron, further surveillance and additional grouting are required to protect the spillway's integrity.



Figure 26: Shear zones in upper spillway.

- Plunge pool:** During preliminary excavation in late 2021, the foundation of the plunge pool was found to be very weathered and soft, with two large shear zones traversing the plunge pool in a hydraulically sensitive part of the plunge pool. The apron beneath the spillway will include an enhanced cut-off wall beneath the plunge pool floor to protect the spillway from erosion, and the shear zones will be stabilised with anchors and mass concrete.



Figure 27: Spillway cut off wall and plunge pool area. October 2021



Figure 28: Spillway cut off wall and plunge pool area. January 2022

- **Other:** Further cost increases have resulted from treating additional defects in the spillway foundation with mass concrete and from further grouting.

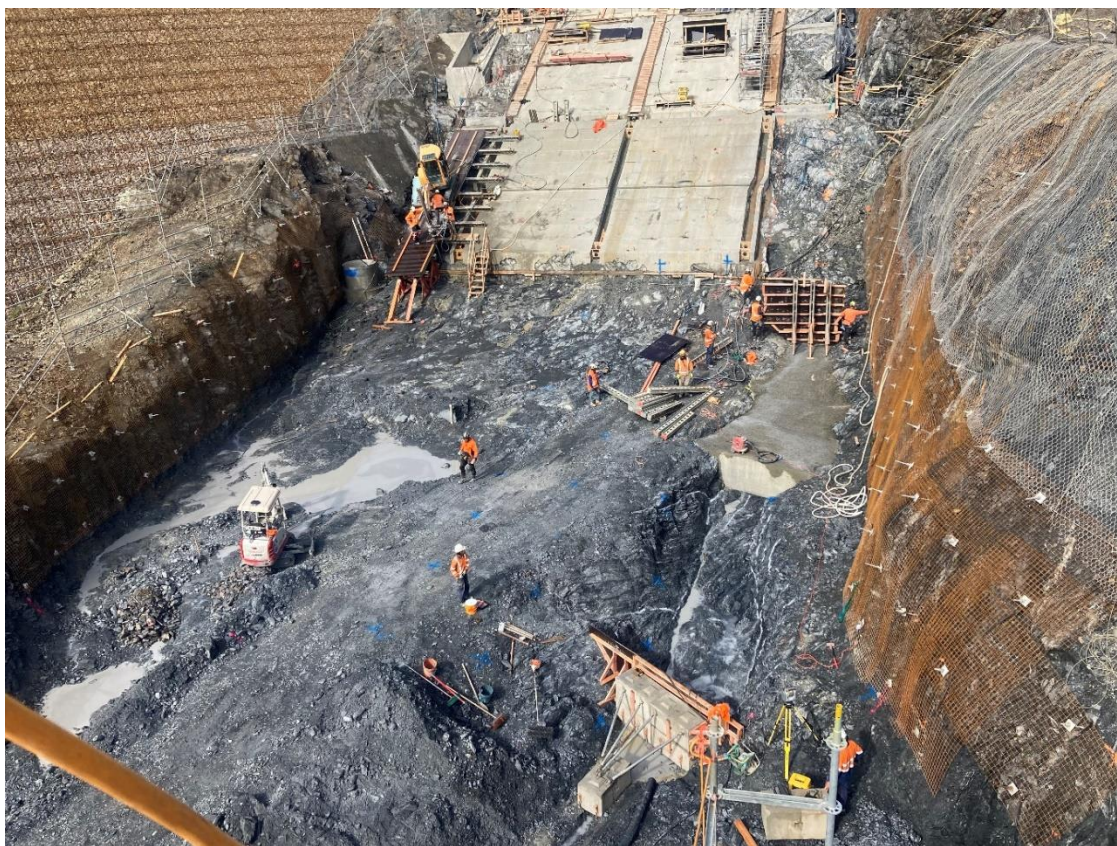


Figure 29: Spillway flip-bucket foundation shear zone treatment with mass concrete.

These developments are expected to predominantly lead to encountered geology to cost an additional \$43M over the original 2018 budget.

8.1.2 Mechanical and electrical works and components

Prior to this financial year

The mechanical and electrical design was completed during 2020 and 2021, and the cost forecast in early 2021 was largely based on estimates and historic-based prices at the time. The design was optimised to include a single 158m x 1.4m diameter stainless steel pipeline, rather than the original concept of two pipelines, to reduce steel, welding, pipe-supports and downstream cone valves by one third.

2022 forecast: New and emerging issues during 2021

The majority of mechanical and electrical works were procured during 2021. Most materials and components are needed to be sourced from the highly priced global market, with that market being difficult and volatile.

The temporary diversion pipe and system, which diverts the river and controls filling of the reservoir while the mechanical and electrical works are simultaneously installed inside the closed culvert, was also designed during 2021. As foreshadowed in the 2020 / 2021 Annual

Report, the temporary diversion system and extraordinary inflation during 2021 has further increased the cost of materials, components and freight, including some allowance to air freight approximately eight tonnes of winches and valves from Europe to mitigate constraints and risks with international sea freight. The mechanical and electrical works is now expected to cost \$19M more than the original 2018 budget.

WWL appreciates and thanks its suppliers, including Brightwater Engineering Ltd, for their support and assistance in navigating the tough environment.



Figure 30: Fabrication of the intake screens by Brightwater Engineering Ltd.

8.1.3 Unbudgeted items

Prior to this financial year

The cost forecast in early 2021 estimated an additional cost of \$7M associated with additional engineering, project management and office costs. This excluded the cost of COVID-19 site restrictions and global escalation of supply chain and procurement costs.

2022 forecast: New and emerging issues during 2021

The escalation of supply chain and procurement costs have since materialised and are reflected in the mechanical and electrical costs.

As forecast in 2021, unbudgeted items are expected to cost an additional \$8M and include:

- Additional dam engineering, WWL project management, contract administration and office costs, exacerbated by the extended duration of the project and dispute costs.
- Delays to construction, particularly during closure and diversion in July 2022, which is sensitive to, and depends upon, weather.
- COVID-19 related construction delays in 2020 and 2021. Further disruption is anticipated in 2022 with crews potentially needing to self-isolate.
- Additional land costs and environmental obligations.

8.1.4 Remaining contingency to be determined

The cost forecast is based on what is currently foreseeable and expected. There are additional risks that are largely outside of WWL's control, particularly pertaining to COVID-19 and the supply chain, which will be evaluated during the balance of the financial year (to 30 June 2022).

8.2 Project costs

Given the developments that emerged during 2021, as described above, WWL now expects the Waimea Community Dam to cost \$185M, including capitalised interest, requiring additional funds of \$20M over the \$164M funded by shareholders in early 2021. This cost of \$185M excludes risks, that are largely outside of WWL's control, that will be assessed during the balance of the financial year (to 30 June 2022).

As described in previous sections, this is made up of the following components shown in figure 31.

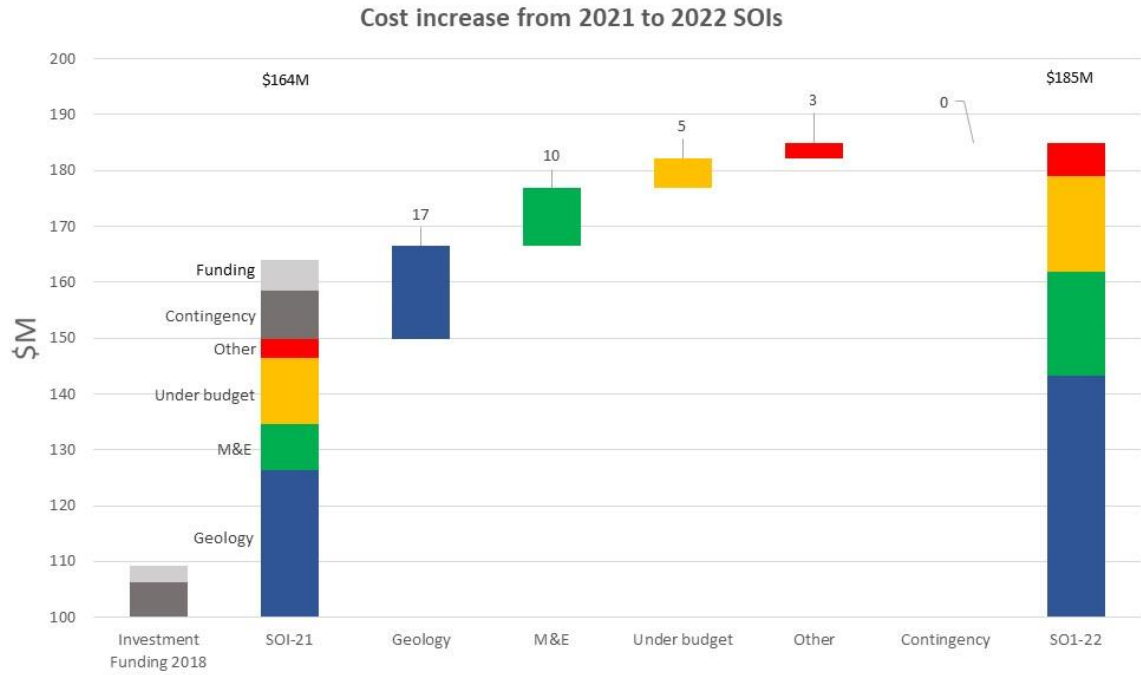


Figure 31: Budget movements

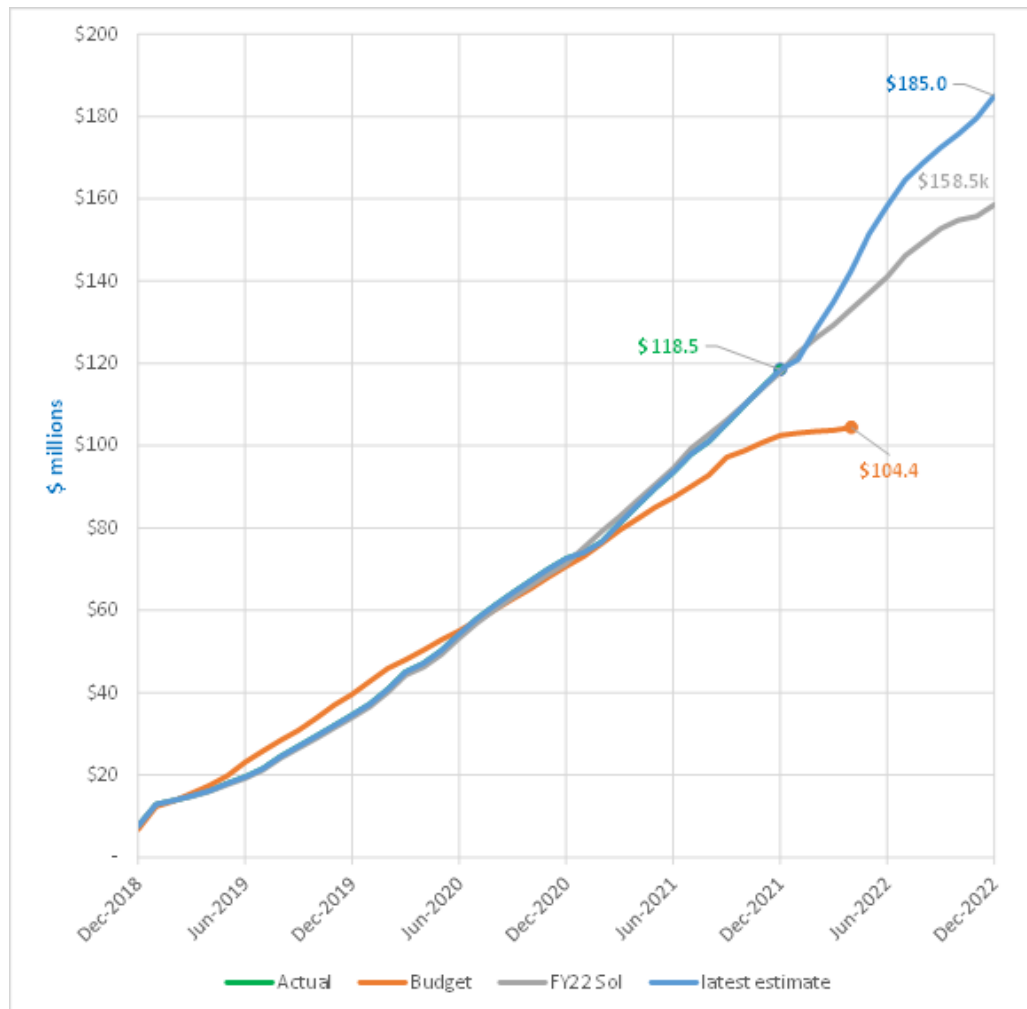


Figure 32: Expected cost curve

8.3 Further risks

Project risk continues to dissipate now that construction is 70% complete, the geology is largely exposed, and construction is out of the ground. As outlined above, residual risk remains with the project that may impact costs over the remaining year of construction, namely:

- Geology: Plunge pool and aprons upstream and below the spillway.
- Flood and abnormal weather risk, particularly delaying planned dam closure during July 2022, which is sensitive and dependent on weather.
- COVID-19: There is further risk of losing staff and productivity on site, depending on the Government's requirement for staff to isolate or temporarily close the site.
- Mechanical and electrical works: The currently constrained global supply and freight environment may further stress costs and cause hold ups, with materials in short supply.
- In a challenging environment, the Contractor faces productivity and resourcing risks and challenges in 2022, as illustrated in the widening gap between spend and time (figure 33).
- Contract disputes: Subsequent to the period and in February 2022, the Contractor initiated Adjudication between the Contractor and WWL under the Construction Contracts Act 2002. The outcome of this may impact the cost forecast.

8.4 Cost and schedule progress

Cost and schedule progress are shown in the following graph.

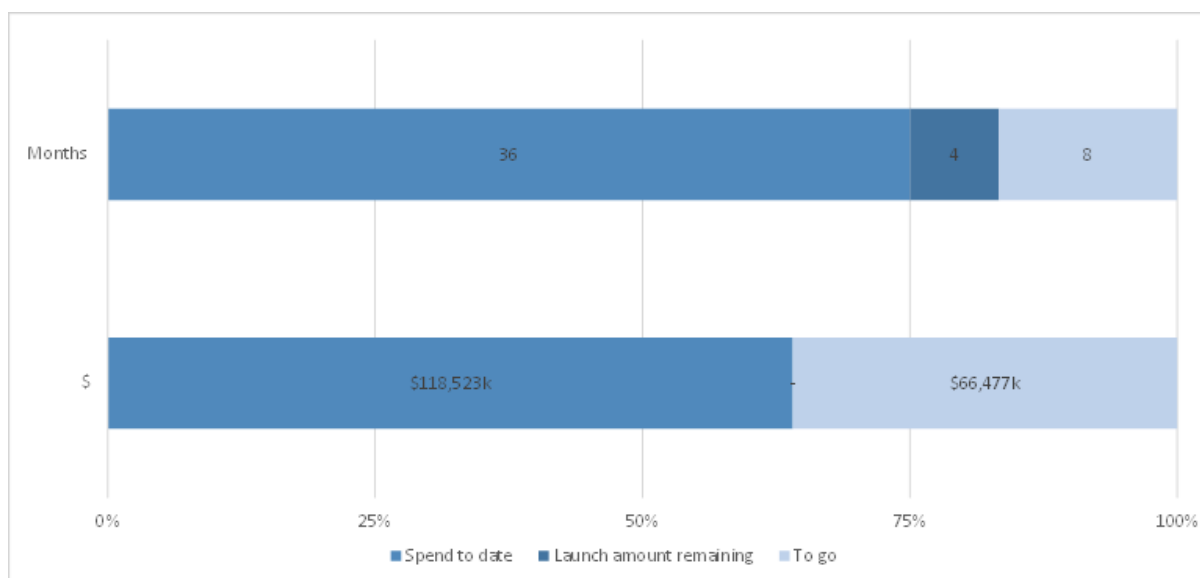


Figure 33: Cost and schedule progress

8.5 Funding

Project funding is shown in the following graph.



Figure 34: Funding

9. Performance against Statement of Intent

Health and Safety

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

- Meet requirements of health and safety in the workplace legislation.
 - ✓ *WWL's system peer reviewed by independent industry qualified expert Impac.*
- Review and verify contractor's H, S & W systems.
 - ✓ *Contractor's system peer reviewed by independent industry qualified expert Impac.*
- No fatalities or serious injuries.
 - ✓ *There have been no fatalities, serious injuries, or LTIs.*
- Total recordable injury rate <5per m.
 - ✓ *3.3 TFIFR at Dec 2021.*

Environmental management

WWL is committed to efficiently minimising impacts on the environment during the build and operation of the dam.

- Meet resource consent conditions.
 - ✓ *All conditions due to be met have been met.*
- Approve and validate SCEMPs.
 - ✓ *100% of SCEMPs approved and validated during the year.*
- Implement Biodiversity Management Plan.
 - ✓ *100% compliance, highlights include progress of site weed control, rare plant relocation, Rough Island planting.*

Design

Dam design will reflect the highest requirements of the NZSOLD guidelines and be in accordance with New Zealand building regulations.

- Modify and optimise design for all encountered conditions to meet NZSOLD guidelines
 - ✓ *On track for PS-1 and PS2.*
 - ✓ *Spillway and plunge pool design adapted for conditions.*
- Revise dam break analysis and prepare Emergency Action Plan.
 - ✓ *Dam break analysis complete.*
 - ✓ *EAP in development.*
- Complete surveillance strategy and Dam Safety Management Plan.
 - ✓ *Strategy and DSMP in development.*

Construction

WWL will build the dam in a safe, reliable and efficient way.

- Construct dam in accordance with specification.
 - ✓ *On track for PS-3 and PS-4.*
 - ✓ *On track for Regulator Code of Compliance*
- Deliver project to schedule, as adjusted for encountered conditions and uncontrolled events.
 - ❖ *On track for filling of reservoir / SP1 in July 2021.*
- Report COVID-19 impacts.
 - ✓ *10 working days granted to the Contractor for Covid-19 impacts this half year.*
- Utilise appropriate risk-based management system.
 - ✓ *Risk register process follows NZTA Z44 guidelines.*

Sustainability and Community relationships

WWL's vision is to build and operate the dam to the highest affordable sustainability standards.

- Transparent engagement with stakeholders and community.
 - ✓ *Quarterly updates provided to shareholders.*
 - ✓ *Newsletter and regular social media updates provided to community.*
- Consultation with Ngāti Koata.
 - ✓ *Ongoing engagement continues, Māori names provided for bridges.*
- Recognise key cultural milestones.
 - ✓ *On track for closure and reservoir blessings.*
- Develop Sustainability Plan.
 - ✓ *DSP in development.*

Financial management

WWL has a tight focus on financial management and is doing all it can to reduce costs without compromising safety, reliability and sustainability.

- Manage Costs to Complete¹.
 - ❖ *2021 Upper limit will be exceeded by \$20M due to conditions.*
- Agreed quarterly reporting deadlines met.
 - ✓ *100% compliance with deadlines.*
- Compliance with financier expectations.
 - ✓ *100% compliance with expectations.*
- Report COVID-19 impacts.
 - ✓ *Costs to Contractor for lockdown suspensions in valuation process.*
 - ✓ *Advised shareholders additional costs expected from all delays and price impacts.*
- An unqualified audit opinion on annual financial statements.
 - ✓ *Expect to achieve at year end.*

Operational readiness

Once constructed, WWL will operate and maintain the dam in accordance with NZSOLD guidelines, the resource consent, and business plans and budgets.

- Complete Land Owner Consultation and Land Access Report.
 - ✓ *On track for completion.*
- Complete Operational Management Plan.
 - ✓ *On track for completion.*
- Complete Reservoir Management Release Plan.
 - ✓ *RWMP in development, key concepts discussed with Regulator.*
- Complete River Quality Monitoring and Reservoir Quality Monitoring programmes.
 - ✓ *River QMP and Reservoir QMP submitted for Regulator review.*
- Complete operating model and budgets for shareholders consideration.
 - ✓ *On track for completion to deadline.*

¹ An expected project cost up to \$164M was reported in the 2021/22 SOI.

10. Unaudited accounts

Waimea Water Limited

Financial Statements

For the period ended 31 December 2021



draft unaudited 16 Feb 2022

Mid Year Report

For the period ended 31 December 2021

The Directors have pleasure in presenting to the shareholders this Mid Year Report and unaudited financial statements for the period ended 31 December 2021.

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;

<u>Director</u>	<u>Position</u>	<u>Tenure during period</u>	<u>Meetings attended</u>	<u>Of a possible;</u>	<u>Directors Fees</u>	<u>12 months Jun 2021</u>
D Wright	Chair	six months	5	5	\$31.5k	\$63.0k
B Simpson	Deputy Chair	six months	4	5	\$15.8k	\$31.5k
D Hattersley	Director	six months	5	5	\$15.8k	\$31.5k
J Raine	Director	six months	5	5	\$15.8k	\$31.5k
K Smales	Director	six months	5	5	\$15.8k	\$31.5k
A Spittal	Director	six months	5	5	\$15.8k	\$31.5k
M Devlin	Director	six months	5	5	\$15.8k	\$31.5k
					\$126.3k	\$252.0k

Amount paid to the auditor

Audit New Zealand was paid \$36,962 during the current period for the prior year audit, and \$34,244 is expected to be paid for the current year audit.

Donations

The value of donations for the period ended 31 December 2021 was \$0 (2021 \$0).

For and on behalf of the Board

D Wright
Chair

B Simpson
Deputy Chair

Waimea Water Limited

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draft unaudited 16 Feb 2022

Statement of Comprehensive Revenue and Expense

For the period ended 31 December 2021

		6 months Dec 2021 \$000	6 months Dec 2020 \$000	12 months Jun 2021 \$000
	Note			
Project costs	1	-	-	-
Employee costs		321	331	625
Depreciation and impairment	2	36	9	1,352
Other administrative expenses	3	89	189	341
Operating expenses		446	529	2,318
Finance income	4	8	309	462
Finance costs	4	-	-	(1)
Surplus/ (Deficit) for the year		(438)	(220)	(1,857)

Statement of Changes in Net Assets

For the period ended 31 December 2021

		6 months Dec 2021 \$000	6 months Dec 2020 \$000	12 months Jun 2021 \$000
	Note			
Opening retained earnings		(2,587)	(730)	(730)
Total surplus (deficit) for the year		(438)	(220)	(1,857)
Retained earnings as at year end		(3,025)	(950)	(2,587)
Opening share capital		70,517	55,147	55,147
Movement for the year		10,499	15,370	15,370
Share capital at year end	5	81,016	70,517	70,517
Closing equity at year end		77,991	69,567	67,930

Statement of Financial Position

As at 31 December 2021

	Note	6 months Dec 2021 \$000	6 months Dec 2020 \$000	12 months Jun 2021 \$000
Assets				
<i>Current</i>				
Cash And Cash Equivalents	6	10,350	7,577	9,357
Receivables From Exchange Transactions	7	-	-	286
Receivables From Non-Exchange Transactions	8	590	1,339	546
Other Current Financial Assets	9	-	12,750	-
Total Current Assets		10,940	21,666	10,189
<i>Non-Current</i>				
Property, Plant And Equipment	10	113,962	69,275	89,395
Deferred Tax Asset	11	-	-	-
Other Non-Current Financial Assets	9	-	-	-
Total Non-Current Assets		113,962	69,275	89,395
Total Assets		124,902	90,941	99,584
Liabilities				
<i>Current</i>				
Payables Under Exchange Transactions	12	4,650	2,693	4,553
Employee Entitlements	13	94	111	87
Total Current Liabilities		4,744	2,804	4,640
<i>Non-Current</i>				
Loans And Borrowings	14	42,167	18,570	27,013
Total Non-Current Liabilities		42,167	18,570	27,013
Total Liabilities		46,911	21,374	31,653
Net Assets		77,991	69,567	67,931
Equity				
Equity Contributions	5	81,016	70,517	70,517
Accumulated Funds		(3,025)	(950)	(2,586)
Total Equity		77,991	69,567	67,931

Statement of Cash Flows

For the period ended 31 December 2021

	Note	6 months Dec 2021 \$000	6 months Dec 2020 \$000	12 months Jun 2021 \$000
<i>Cash flow from operating activities</i>				
Payments to suppliers		(115)	(192)	(577)
Payments to employees		(301)	(298)	(567)
Net cash from/(used in) operating activities		(416)	(490)	(1,144)
<i>Cash flow from investing activities</i>				
Purchase of property, plant and equipment		(24,047)	(19,373)	(38,187)
Purchase of financial assets		-	3,630	(13,590)
Net cash from/(used in) investing activities		(24,047)	(15,742)	(51,777)
<i>Cash flow from financing activities</i>				
Proceeds from equity		10,499	15,773	15,369
Proceeds from sale of financial assets		-	-	30,000
Proceeds from borrowings		14,949	3,493	12,243
Interest received		8	275	398
Interest paid on borrowings		-	-	-
Net cash from/(used in) financing activities		25,456	19,541	58,010
Net increase/(decrease) in cash and cash equivalents		993	3,309	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	10,350	7,577	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.

These draft unaudited financial statements were authorised for issue by the Board of Directors on 18 February 2022.

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

Comparative financial periods are the same period in the prior financial year and the last financial year end. 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 period 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

	6 months Dec 2021 \$000	6 months Dec 2020 \$000	12 months Jun 2021 \$000
<i>The following amounts attributable to the build were passed through operational accounts:</i>			
Pre-incorporation costs *	-	(2)	(208)
Dam construction costs	19,973	12,690	29,897
Project services	3,192	2,949	6,141
Borrowing costs capitalised	205	76	173
WWL operations	1,215	1,163	2,028
Transfer costs attributable to build to Capital WiP	(24,585)	(16,876)	(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	6 months Dec 2021 \$000	6 months Dec 2020 \$000	12 months Jun 2021 \$000
Depreciation of property, plant and equipment	10	7	9	19
Impairment **		29	-	1,333
Total		36	9	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 18.

3 Other overhead and administrative expenses

	6 months Dec 2021 \$000	6 months Dec 2020 \$000	12 months Jun 2021 \$000
Office costs	37	59	94
Legal fees	5	6	63
Insurance	-	1	61
PR and other professional fees	41	107	51
Auditor remuneration	-	-	51
Accounting fees	6	16	21
Total	89	189	341

4 Finance income and costs

Interest income on bank deposits
Bank fees
Net

6 months Dec 2021 \$000	6 months Dec 2020 \$000	12 months Jun 2021 \$000
8	309	462
-	-	(1)
8	309	461

5 Share Capital

9,999 shares were authorised and issued on 21 Dec 2018.
1,204 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

6 months Dec 2021	6 months Dec 2020	12 months Jun 2021
6,142	5,110	5,110
2,978	2,978	2,978
172	-	-
1,911	1,911	1,911
11,203	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.

\$53,549k	\$44,550k	\$44,550k
\$8,718.50	\$8,718.20	\$8,718.20

TDC ordinary shares issued and fully paid

TDC ordinary shares issued and not fully paid

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

6,142	5,110	5,110
-	-	-
\$1,500k	-	-

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

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

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

Total shares contribution

\$81,016k	\$70,517k	\$70,517k
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* Contributions represent the total dollar value of shares paid up. Contribution movements are shown in Note 20. 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 1,032 shares have been issued and \$8,998,947 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

	6 months Dec 2021 \$000	6 months Dec 2020 \$000	12 months Jun 2021 \$000
Cash at bank and in hand	10,350	7,577	9,357
Total	10,350	7,577	9,357

7 Receivables from exchange transactions

	Note	6 months Dec 2021 \$000	6 months Dec 2020 \$000	12 months Jun 2021 \$000
Related party receivables	20	-	-	286
Total		-	-	286

8 Receivables from non-exchange transactions

	Note	6 months Dec 2021 \$000	6 months Dec 2020 \$000	12 months Jun 2021 \$000
GST receivable		590	338	546
Other prepayments / receivables		-	1,001	-
Total		590	1,339	546

9 Other financial assets

	Note	6 months Dec 2021 \$000	6 months Dec 2020 \$000	12 months Jun 2021 \$000
<i>Held-to-maturity investments</i>				
Term deposits - current		-	12,750	-
Term deposits - non-current		-	-	-
Total		-	12,750	-

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:

6 months
Dec 2021

Gross carrying amount

Opening	89,168	28	76	278	89,550
Additions	24,614	-	8	-	24,622
Impairment	(29)	-	-	-	(29)
Disposals	-	-	-	-	-
Gross carrying amount	113,753	28	84	278	114,143

Accumulated depreciation and impairment

Opening	-	(6)	(43)	(106)	(155)
Depreciation - assets attributable to the build	-	-	-	(19)	(19)
Depreciation - administration assets	2	(1)	(6)	-	(7)
Disposals	-	-	-	-	-
Accumulated depreciation and impairment	-	(7)	(49)	(125)	(181)

Carrying amount 31 December 2021

113,753	21	35	153	113,962
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12 months
Jun 2021

Gross carrying amount

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

Accumulated depreciation and impairment

Opening	-	(3)	(27)	(54)	(84)
Depreciation - assets attributable to the build	-	-	-	(52)	(52)
Depreciation - administration assets	2	(3)	(16)	-	(19)
Disposals	-	-	-	-	-

Carrying amount 31 December 2020

89,168	22	33	172	89,395
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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:

Unrecognised deferred tax assets are based on:

	6 months Dec 2021 \$000	6 months Dec 2020 \$000	12 months Jun 2021 \$000
Statement of Comprehensive Revenue and Expense	(438)	(220)	(1,857)
Temporary differences *	7	99	(645)
Temporary differences **	(205)	(39)	456
Taxable income (deficit)	(636)	(160)	(2,046)

Unrecognised deferred tax assets consist of:

Opening balance	876	303	303
Tax on taxable position above, at 28%	178	45	573
Total unrecognised deferred tax asset	1,054	348	876

* Primarily related to the deductibility of annual leave

** Primarily related to the deductibility of capitalised finance costs

12 Payables under exchange transactions

	Note	6 months Dec 2021 \$000	6 months Dec 2020 \$000	12 months Jun 2021 \$000
Trade creditors		4,572	2,658	4,467
Related party payables	20	34	12	38
Non trade payables and accrued expenses		44	23	48
Total		4,650	2,693	4,553

13 Employee entitlements

	6 months Dec 2021 \$000	6 months Dec 2020 \$000	12 months Jun 2021 \$000
Annual leave entitlements	94	111	87
Total	94	111	87

14 Loans and borrowings

	6 months Dec 2021 \$000	6 months Dec 2020 \$000	12 months Jun 2021 \$000
Non-current - Secured loans - CIIL	25,498	18,166	18,239
Non-current - Secured loans - TDC	16,669	404	8,774
Total	42,167	18,570	27,013

WWL has financing arrangements with Crown Irrigation Investments Limited up to \$25,000,000 plus interest. 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. At Balance Date \$16,521,053 has been drawn against facilities for \$39,067,000. Remaining funds can be drawn quarterly to fund project costs. Facilities are repayable by 2058 or may be converted to equity.

15 Commitments

	6 months Dec 2021 \$000	6 months Dec 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	26,938	-	31,986
Total	26,938	-	31,986

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
6 months Dec 2021				
<u>Financial assets</u>				
Cash and cash equivalents	-	10,350	-	10,350
Trade debtors and other receivables	-	-	-	-
Other financial assets *	-	-	-	-
Total Financial assets	-	10,350	-	10,350
<u>Financial liabilities</u>				
Trade creditors and other payables	-	-	4,499	4,499
Loans and borrowings **	-	-	34,396	34,396
Total Financial liabilities	-	-	38,895	38,895
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
<u>* Other financial assets</u>				
	<u>6 months</u>	<u>12 months</u>		
	<u>Dec 2021</u>	<u>Jun 2021</u>		
	-	-		
Total term deposits	-	-		
<u>** Loans and borrowings</u>				
	<u>6 months</u>	<u>12 months</u>		
	<u>Dec 2021</u>	<u>Jun 2021</u>		
Crown Irrigation Investments Limited	25,498	18,239		
Tasman District Council	8,898	8,774		
	34,396	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, including 'traffic light' settings, 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 \$947,207. \$917,947 was included as an impairment expense in FY2021 - included in Note 2 comparatives. \$29,260 was added in Dec 2021, included in impairment expenses in FY2022. A 5 day suspension for the Level 3 lockdown in Apr 2020 cost \$100,148, included as dam construction costs in FY2021 - included in Note 1 comparatives.

A 10 day suspension for lockdowns in Aug 2021 was issued in Sep 2021. Costs remain unresolved or unknown. 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.

The FHTJV contactor has advised they will be commencing an adjudication under the Construction Contracts Act 2002

20 Related party transactions

WWL is jointly owned by Tasman District Council ("TDC" - 56.4% of issued shares) and Waimea Irrigators Limited ("WIL" - 43.6%). 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.

		6 months Dec 2021 \$000	6 months Dec 2020 \$000	12 months Jun 2021 \$000
<u>Purchase / reimbursement of services</u>				
Directors *		-	16	16
Pre-incorporation costs		-	-	-
Shareholder services **		25	3	26
Total		25	19	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 provides 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		10,499	11,194	11,194
Waimea Irrigators Limited Share Capital		-	4,176	4,176
Total Share Capital		10,499	15,370	15,370
<u>Loans and borrowings</u>				
TDC has committed to fund additional project costs.				
Non-current - Secured loans - TDC	14	16,545	404	8,750
Borrowing costs capitalised	14	124	-	24
<u>Year end receivables / payables with related parties</u>				
Payable to (Receivable from) related parties:				
Directors	12	34	11	34
Shareholders	12	-	1	4
Shareholders ***	7	-	-	(286)
Other key management personnel		-	-	-
Total		34	12	(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.				
<u>Key management compensation</u>				
Key management personnel compensation includes the following expenses:				
Salaries and other short-term employee benefits		544	544	969
Directors fees		126	126	252
Total		670	670	1,221
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

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20 Oxford Street
Richmond 7020
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Telephone: 027 544 0030
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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