

# Waimea Water Ltd Quarterly Report

March 2022



## Contents

1. Introduction .....	3
2. Health, Safety and Wellbeing .....	4
3. Design .....	5
a. Dam Safety.....	5
b. Dam Design.....	5
c. Mechanical and Electrical .....	5
d. Commissioning and Operational Readiness .....	5
4. Construction .....	6
5. Environment .....	9
6. Engagement.....	12
7. Programme .....	13
8. Cost and Risk.....	14
Unaudited financial information .....	17

## 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 unaudited report containing the following information relating to the Waimea Community Dam (WCD) project for the three-month period ending 31 March 2022. 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: Concrete face progress, with spillway and plunge pool in background. March 2022.*

## 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.

The project has a high safety performance, with no lost time due to injuries to date.

WWL and the Contractor both implemented their COVID-19 practices under the COVID-19 Protection Framework to minimise the impact to the business. COVID-19 impacted the Contractor's organisation with high levels of absenteeism impacting productivity. On-site Rapid Antigen Testing is available to all site staff daily.

WWL advanced safety planning for the reservoir filling phase, including collaboration with NZ Police and Civil Defence, to finalise the draft Emergency Action Plan for emergency response requirements.

Key metrics for this reporting period include:

- No lost time injuries.
- A rolling annual average of 3.3 injuries per million man-hours.
- No high-potential incidents.

Opportunities for Improvement and incidents are monitored and reviewed (see figure 2). A major change in this reporting period was the demobilisation of most of the earthworks department from the dam site following completion of the embankment in December 2021, leading to lower reporting this quarter.

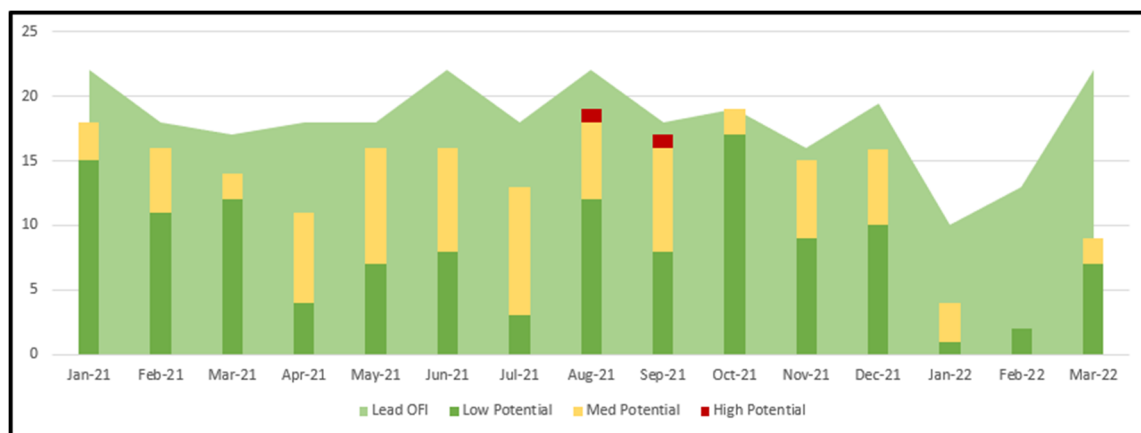


Figure 2: Opportunities for Improvement (OFI) to March 2022.

### 3. Design

The focus of design is now primarily on dam commissioning and operational readiness.

#### a. Dam Safety

Preparation of the dam safety management system continues.

#### b. Dam Design

Various design elements were progressed, peer-reviewed and workshopped during the period, including the upper spillway shear zone and apron. The design team continues to seek and implement programme opportunities.

#### c. Mechanical and Electrical

Procurement of mechanical and electrical equipment and works continued with many parts being ordered and fabricated. Micro-hydro power generation was ordered. Butterfly valve testing was delayed, with air-freight delivery now expected in May 2022.

#### d. Commissioning and Operational Readiness

In preparation for filling the reservoir, WWL is finalising the Reservoir Filling Management Plan, the Draft Emergency Action Plan and the Commissioning Management Plan.



*Figure 3: Construction sketch overlaying the site.*

## 4. Construction

During this period, construction focused primarily on the concrete face, spillway and toe berm, as depicted in figure 4.

Heavy rain in early February peaked at 85 m<sup>3</sup>/s at the dam, but did not affect construction. With the exception of an unusually wet two-week period, the weather this quarter has been favourable for construction.

As anticipated, COVID-19 impacted construction, with personnel absences increasing toward the end of the period and some areas of work subsequently delayed.

During this third quarter period:

- **Concrete Face:** Eight of the 10 starter slabs and six of the 12 facing slabs were completed, including the thicker slab that supports the intake pipework and screens. Completion of this slab is a key milestone and enables work to start on the installation of the pipework and railing. Progress on the concrete face has remained slower than planned.
- **Spillway:** Large shear/crush zones in the upper spillway were treated. Construction continued on the right-hand wall at the top of the spillway. In the lower spillway, four wall base slabs were slipformed and two wall sections were constructed. Progress on the spillway has remained slower than planned.
- **Spillway Cut-off Wall and Plunge Pool:** Excavation and shotcreting work commenced.
- **Toe berm:** The lower nib wall and initial fill for the seepage control bund was completed. The weir boxes and top nib commenced, and the polyethylene liner will be installed in May.
- **Parapet Wall:** Pre-casting of the units continued with 80 percent completed.
- **Grouting:** Work resumed on the right-hand side plinth upper sections. By the end of March, approximately 8,600m of drilling was completed with almost 1,000m drilled during the period.
- **Mechanical & Electrical Works:** Off-site fabrication work has continued. Fabrication of the intake screens and rails was completed. Fabrication of the switchboards (temporary and permanent) progressed with delivery expected in the next reporting period. Other key items to be delivered include the GRP pipework and stainless steel outlet pipework.

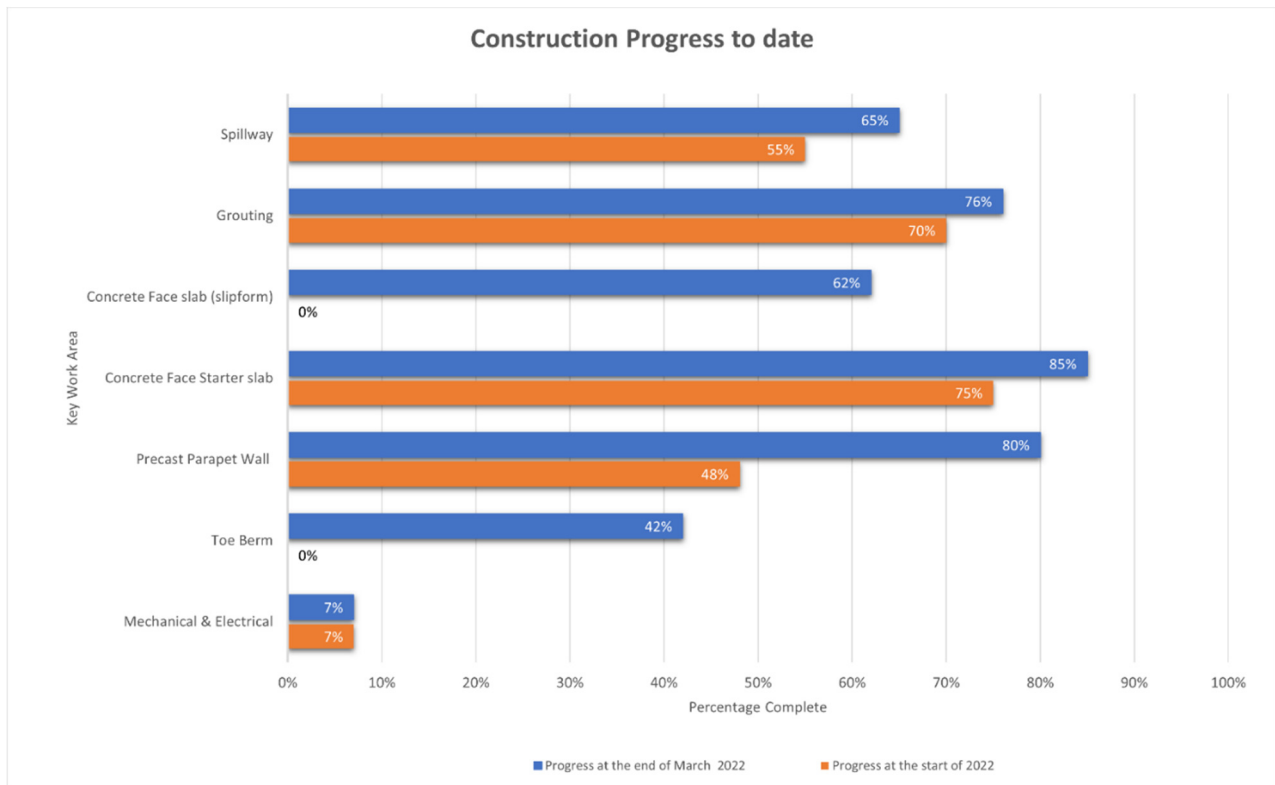


Figure 4: Construction progress on elements not yet completed



Figure 5: The toe berm at the base of the reinforced rock wall commenced this quarter. March 2022



Figure 6: Progress on the concrete face. March 2022



Figure 7: Slipforming on the concrete face. March 2022

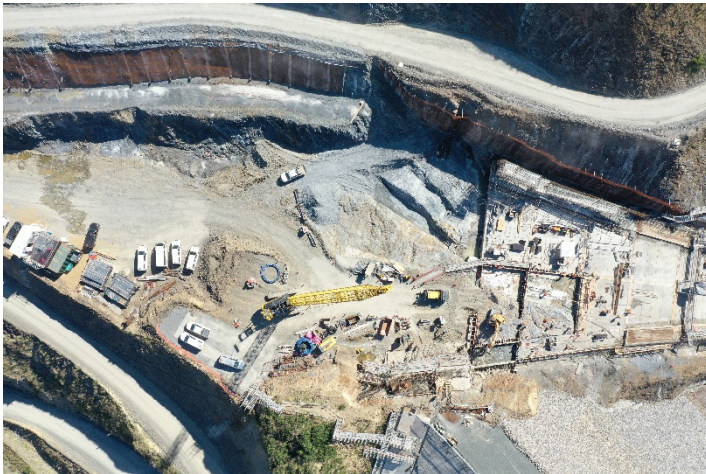


Figure 8: Working on the upper spillway. March 2022



Figure 9: Installing pipe in the upper spillway shear zone. Feb 2022



Figure 10: Spillway progress. March 2022



Figure 11: Lower spillway, toe berm and plunge pool. Feb 2022

## 5. Environment

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

Freshwater Environmental Ltd conducted independent monitoring of river water quality during the period. They conducted macroinvertebrate sampling in mid-March, and the resulting QMCI scores of 7.40 demonstrated excellent water quality is being maintained. This is despite 164mm of rainfall for five days in early February, with river flows peaking at 85m<sup>3</sup>/s at the dam.

WWL's draft Fish Trap and Transfer Plan is 50 percent complete, with the draft plan expected for review at the end of April.

WWL used GIS to develop an updated long-term site lay-out. This enabled RMA Ecology to prepare a native replanting plan for the dam site. Below the dam site, WWL will expand its rare species planting programme with additional New Zealand Shovel Mint plots. Additional planting of rock coprosma has been postponed by one year, enabling monitoring to identify the most successful existing planting techniques.



*Figure 12: Water quality remains high*

## Lee River deposited fine sediments

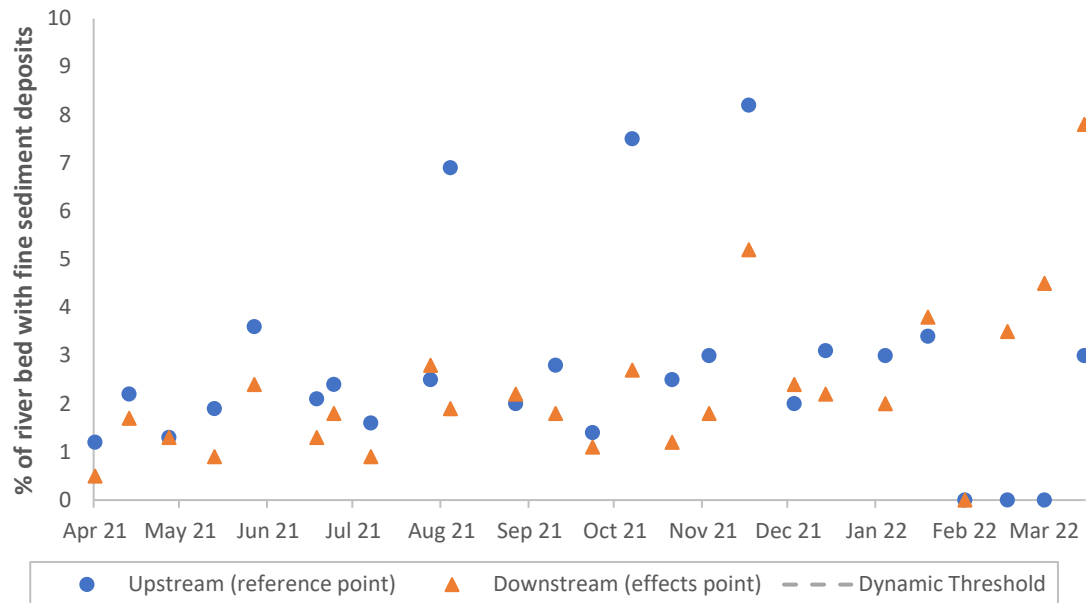


Figure 13: Lee River deposited fine sediments

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

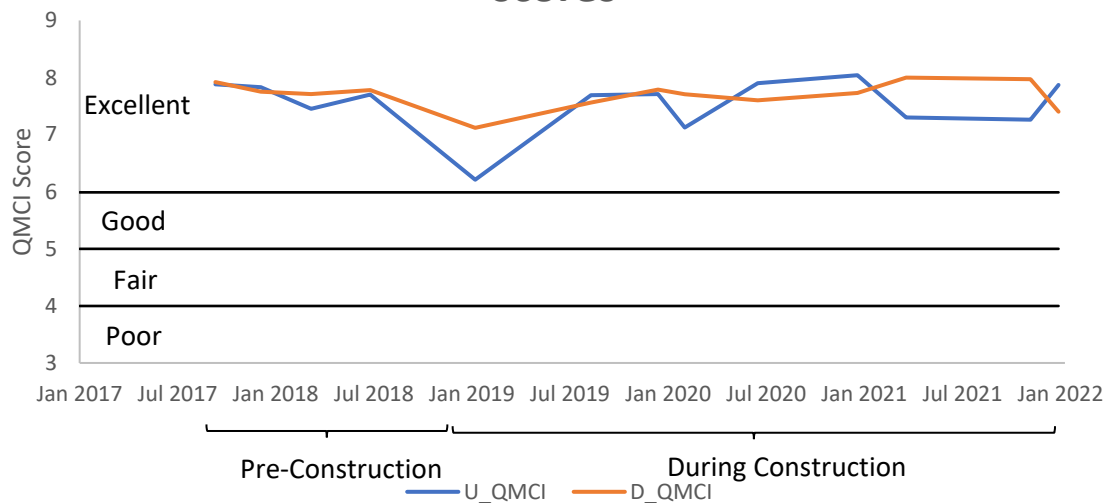


Figure 14: Lee River QMCI, recorded six-monthly

### **Biodiversity Management Plan**

In February, Kaitiaki O Ngahere began weed control in the Rough Island wetland and from the dam to Lucy Creek. During the period they submitted a report on the invasive weed, old man's beard, and carried out control of convolvulus on Rough Island.

The focus of planting on Rough Island is on the 15 percent balance of the initial planting plan, and infill planting to address plant mortality from previous years.



*Figure 15: Plantings on Rough Island*

## 6. Engagement

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

With the 2022 mid-year report published in February, media coverage during the period focussed on the project's challenges resulting in a cost re-forecast, with stories published by Stuff.co.nz, Radio New Zealand, Golden Bay Weekly and the Nelson and Waimea Weeklies.

WWL established a display space in the Richmond Mall from 21 March until 29 April for public engagement. Posters and video were prepared and the displays received good levels of interest from the public.



*Figure 16: Public display space in Richmond Mall, March 2022*

A timelapse video of the build from its beginning, and then CAD video to its completion, was also shared on WWL and TDC's social media platforms.

Media visits were scheduled with the Waimea Weekly visiting on 25 March, and TV1's Q&A reporter booked to visit the site and interview Mike Scott and Tasman Mayor Tim King on 8 April. Additionally, Three-Waters Reform Programme management, Mayor Tim King and TDC CEO Leonie Rae visited the site with WWL on 28 March.

Ngāti Koata has requested a naming/blessing ceremony be held once the closure works are completed and the reservoir is starting to fill, with all Te Taihū iwi to be represented.

## 7. Programme

Although WWL expected at the end of the period that the dam would be completed and ready for filling and mechanical fitout by September 2022, the Contractor advised, subsequent to the period in May 2022, that they expect to complete the works in January 2023, 11 months later than the due date for completion. WWL is exploring options to mitigate this delay to continue to target providing service for the summer of 2022/23.

Completion and commissioning of the mechanical and electrical works is expected to be in mid to late-2023.



*Figure 17: Slipforming FS10 (thicker slab) on the concrete face, which intake pipework, screens and railing will be mounted. March 2022*

## 8. Cost and Risk

In February 2022, WWL revised the cost to construct the dam to \$185M, excluding any unallocated contingency and further unquantified unforeseeable risk. This cost increase requires additional funding of \$20M over the 2021 estimate of \$164M.

The cost increase was driven predominantly by the encountered geology, the high inflationary environment and global supply chain issues impacting mechanical costs, the elements of which are summarised below:

- The highly-fractured left-hand side with shear zones bisecting both the top and bottom of the spillway (see photos overleaf of shearzones at top of spillway).
- The need to import sand and rock for the embankment's safety-critical material.
- The geology of the plunge pool and top of the spillway.
- Global inflation of the cost of mechanical materials and components.
- The slow and unreliable international supply chain.
- COVID-19 site shutdowns and restrictions in 2020 and 2021.

The revised estimate excludes some residual risks that will be evaluated before the end of the financial year on 30 June 2022. These include, but are not limited to:

- The geology of the plunge pool and top of the spillway.
- COVID-19 impacts on site works and the supply chain.
- Further delays in the delivery of internationally-sourced components.

During the period, the Contractor initiated adjudication proceedings between the Contractor and WWL under the Construction Contracts Act 2002. At the time of writing, the adjudicator's judgement was pending.

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

WWL will transition from construction to operations later this year.

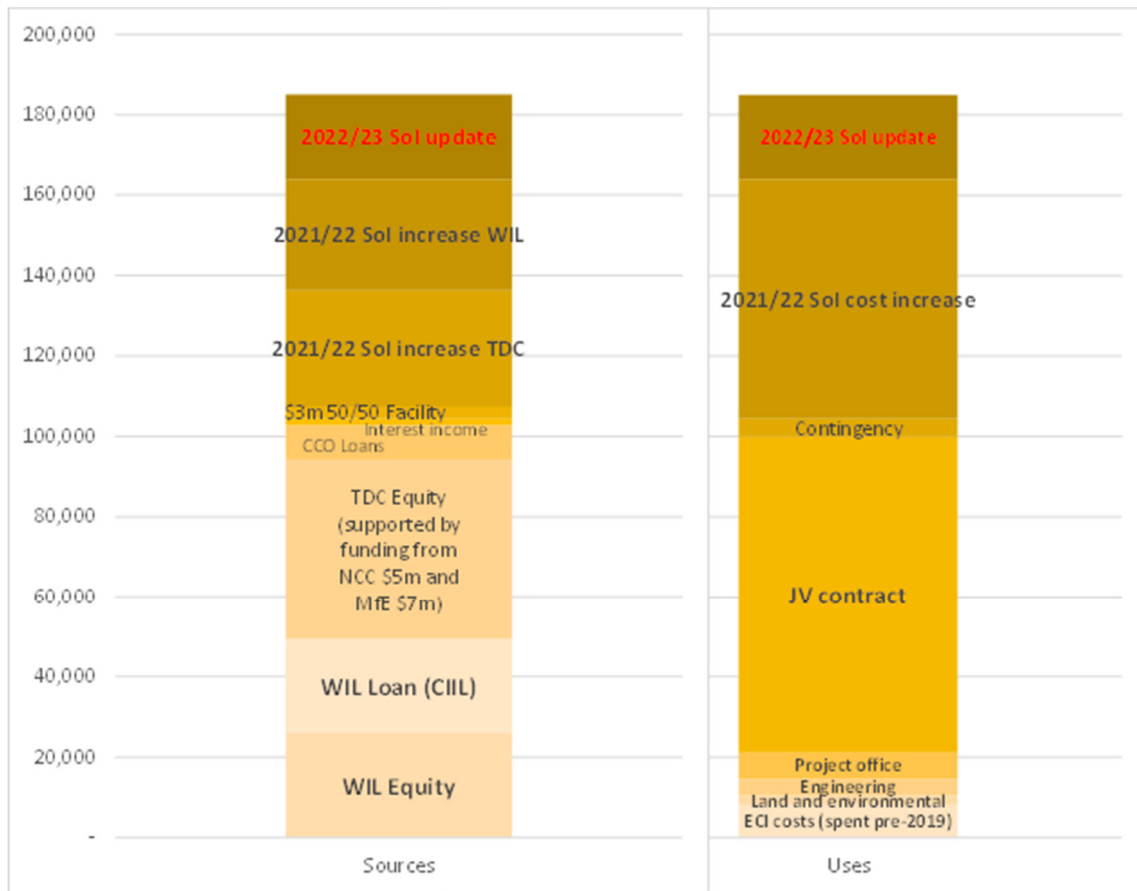


Figure 18: Sources of funding and cost increases (\$k)

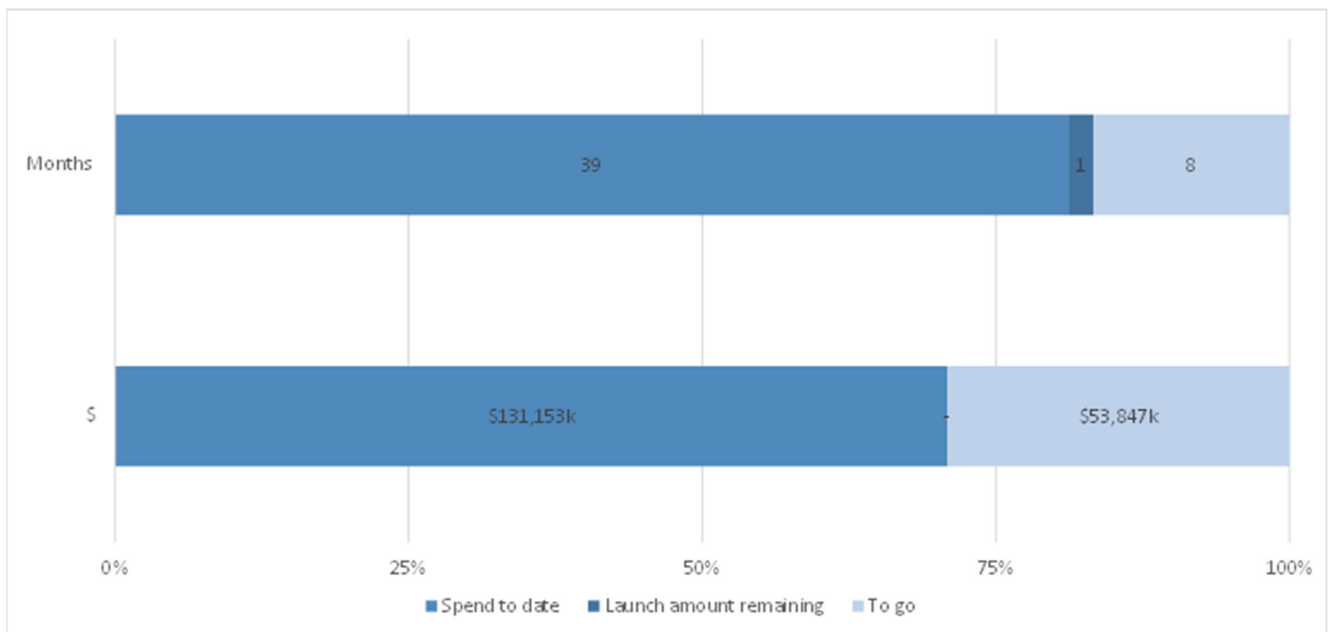


Figure 19: Progress and spend to date

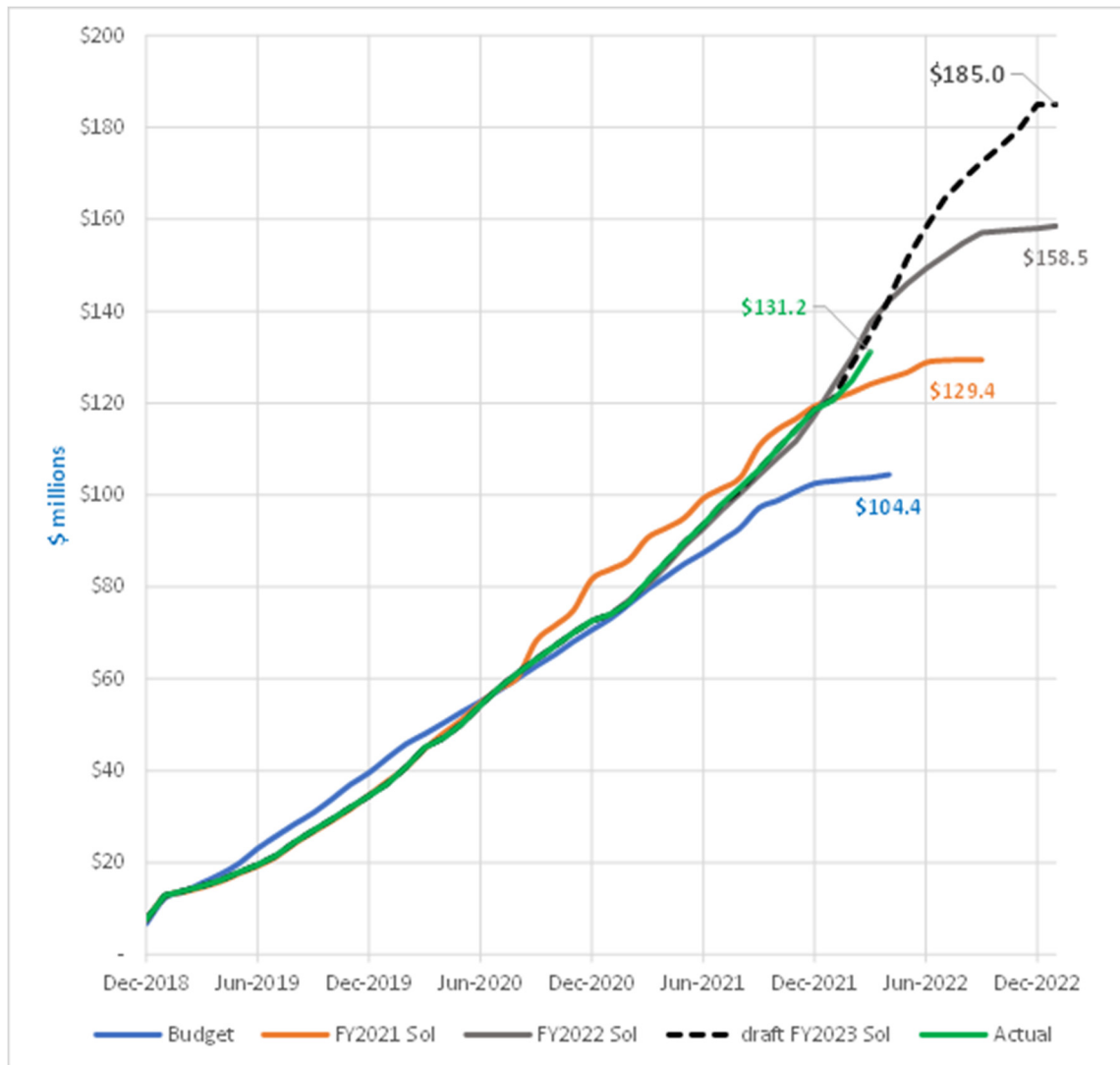


Figure 20: Project spend and cost forecast

## Unaudited financial information

# Waimea Water Limited

Financial Statements  
For the period ended 31 March 2022



draft unaudited 19 May 2022

# Waimea Water Limited

## Contents

	Page
Statement of Comprehensive Revenue and Expense	2
Statement of Changes in Net Assets	2
Statement of Financial Position	3
Statement of Cash Flows	4
Notes to the Financial Statements	5

draft unaudited 19 May 2022

# Statement of Comprehensive Revenue and Expense

For the period ended 31 March 2022

	Note	9 months Mar 2022 \$000	9 months Mar 2021 \$000	12 months Jun 2021 \$000
Project costs	1	-	-	-
Employee costs		440	474	625
Depreciation and impairment	2	11	14	1,352
Other administrative expenses	3	240	356	341
Operating expenses		691	844	2,318
Finance income	4	16	406	462
Finance costs	4	-	-	(1)
<b>Surplus / (Deficit) for the year</b>		<b>(675)</b>	<b>(438)</b>	<b>(1,857)</b>

# Statement of Changes in Net Assets

For the period ended 31 March 2022

	Note	9 months Mar 2022 \$000	9 months Mar 2021 \$000	12 months Jun 2021 \$000
Opening retained earnings		(2,587)	(730)	(730)
Total surplus (deficit) for the year		(675)	(438)	(1,857)
Retained earnings as at year end		(3,262)	(1,168)	(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		77,754	69,349	67,930

# Statement of Financial Position

As at 31 March 2022

	Note	9 months Mar 2022 \$000	9 months Mar 2021 \$000	12 months Jun 2021 \$000
<b>Assets</b>				
<i>Current</i>				
Cash And Cash Equivalents	6	10,155	3,039	9,357
Receivables From Exchange Transactions	7	-	-	286
Receivables From Non-Exchange Transactions	8	978	1,666	546
Other Current Financial Assets	9	-	10,842	-
<b>Total Current Assets</b>		<b>11,133</b>	<b>15,547</b>	<b>10,189</b>
<i>Non-Current</i>				
Property, Plant And Equipment	10	126,347	77,586	89,395
Deferred Tax Asset	11	-	-	-
Other Non-Current Financial Assets	9	-	-	-
<b>Total Non-Current Assets</b>		<b>126,347</b>	<b>77,586</b>	<b>89,395</b>
<b>Total Assets</b>		<b>137,480</b>	<b>93,133</b>	<b>99,584</b>
<b>Liabilities</b>				
<i>Current</i>				
Payables Under Exchange Transactions	12	7,180	5,093	4,553
Employee Entitlements	13	88	85	87
<b>Total Current Liabilities</b>		<b>7,268</b>	<b>5,178</b>	<b>4,640</b>
<i>Non-Current</i>				
Loans And Borrowings	14	52,458	18,606	27,013
<b>Total Non-Current Liabilities</b>		<b>52,458</b>	<b>18,606</b>	<b>27,013</b>
<b>Total Liabilities</b>		<b>59,726</b>	<b>23,784</b>	<b>31,653</b>
<b>Net Assets</b>		<b>77,754</b>	<b>69,349</b>	<b>67,931</b>
<b>Equity</b>				
Equity Contributions	5	81,016	70,517	70,517
Accumulated Funds		(3,262)	(1,168)	(2,586)
<b>Total Equity</b>		<b>77,754</b>	<b>69,349</b>	<b>67,931</b>

# Statement of Cash Flows

For the period ended 31 March 2022

	Note	9 months Mar 2022 \$000	9 months Mar 2021 \$000	12 months Jun 2021 \$000
<i>Cash flow from operating activities</i>				
Payments to suppliers		(227)	(437)	(577)
Payments to employees		(419)	(429)	(567)
Net cash from/(used in) operating activities		(646)	(866)	(1,144)
<i>Cash flow from investing activities</i>				
Purchase of property, plant and equipment		(34,249)	(25,538)	(38,187)
Purchase of financial assets		-	5,536	(13,590)
Net cash from/(used in) investing activities		(34,249)	(20,003)	(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		25,178	3,493	12,243
Interest received		16	374	398
Interest paid on borrowings		-	-	-
Net cash from/(used in) financing activities		35,693	19,640	58,010
Net increase/(decrease) in cash and cash equivalents		798	(1,229)	5,089
Cash and cash equivalents, beginning of the year		9,357	4,268	4,268
<b>Cash and cash equivalents at end of the year</b>	<b>6</b>	<b>10,155</b>	<b>3,039</b>	<b>9,357</b>

# 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 20 May 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

9 months Mar 2022 \$000	9 months Mar 2021 \$000	12 months Jun 2021 \$000
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The following amounts attributable to the build were passed through operational accounts:

Pre-incorporation costs *	-	(2)	(208)
Dam construction costs	30,206	18,801	29,897
Project services	4,664	4,685	6,141
Borrowing costs capitalised	267	113	173
WWL operations	1,845	1,607	2,028
Transfer costs attributable to build to Capital WiP	(36,982)	(25,204)	(38,031)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

## 2 Depreciation, amortisation and impairment expenses

Note	9 months Mar 2022 \$000	9 months Mar 2021 \$000	12 months Jun 2021 \$000
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Depreciation of property, plant and equipment  
Impairment \*\*

10 11 14 19  
- - 1,333

**Total**

**11 14 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

9 months Mar 2022 \$000	9 months Mar 2021 \$000	12 months Jun 2021 \$000
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Office costs	59	79	94
Legal fees	4	9	63
Insurance	82	61	61
PR and other professional fees	85	174	51
Auditor remuneration	-	14	51
Accounting fees	10	19	21
<b>Total</b>	<b>240</b>	<b>356</b>	<b>341</b>

## 4 Finance income and costs

Interest income on bank deposits \*

Bank fees

**Net**

9 months Mar 2022 \$000	9 months Mar 2021 \$000	12 months Jun 2021 \$000
16	406	462
-	-	(1)
<b>16</b>	<b>406</b>	<b>461</b>

\* Term deposits established at Company formation had all matured by June 2021.

## 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**

9 months Mar 2022	9 months Mar 2021	12 months Jun 2021
6,142	5,110	5,110
2,978	2,978	2,978
172	-	-
1,911	1,911	1,911
<b>11,203</b>	<b>9,999</b>	<b>9,999</b>

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.

WIL ordinary shares have a par value of \$8,719.51.

WIL ordinary shares contribution\*.

WIL contribution per ordinary share.

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

**Total shares contribution**

2,978	2,978	2,978
-	-	-
-	-	-
<b>\$81,016k</b>	<b>\$70,517k</b>	<b>\$70,517k</b>

\* 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

	9 months Mar 2022 \$000	9 months Mar 2021 \$000	12 months Jun 2021 \$000
Cash at bank and in hand	10,155	3,039	9,357
<b>Total</b>	<b>10,155</b>	<b>3,039</b>	<b>9,357</b>

## 7 Receivables from exchange transactions

	Note	9 months Mar 2022 \$000	9 months Mar 2021 \$000	12 months Jun 2021 \$000
Related party receivables	20	-	-	286
<b>Total</b>		<b>-</b>	<b>-</b>	<b>286</b>

## 8 Receivables from non-exchange transactions

	9 months Mar 2022 \$000	9 months Mar 2021 \$000	12 months Jun 2021 \$000
GST receivable	911	665	546
Other prepayments / receivables	67	1,001	-
<b>Total</b>	<b>978</b>	<b>1,666</b>	<b>546</b>

## 9 Other financial assets

	9 months Mar 2022 \$000	9 months Mar 2021 \$000	12 months Jun 2021 \$000
<i>Held-to-maturity investments</i>			
Term deposits - current	-	10,842	-
Term deposits - non-current	-	-	-
<b>Total</b>	<b>-</b>	<b>10,842</b>	<b>-</b>

# 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:

9 months  
Mar 2022

Gross carrying amount

Opening	89,168	28	76	278	89,550
Additions	36,982	-	9	-	36,991
Impairment	-	-	-	-	-
Disposals	-	-	-	-	-
Gross carrying amount	126,150	28	85	278	126,541

Accumulated depreciation and impairment

Opening	-	(6)	(43)	(106)	(155)
Depreciation - assets attributable to the build	-	-	-	(28)	(28)
Depreciation - administration assets	2	(1)	(10)	-	(11)
Disposals	-	-	-	-	-
Accumulated depreciation and impairment	-	(7)	(53)	(134)	(194)

**Carrying amount 31 March 2022**

<b>126,150</b>	<b>21</b>	<b>32</b>	<b>144</b>	<b>126,347</b>
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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 12 months Jun 2021**

<b>89,168</b>	<b>22</b>	<b>33</b>	<b>172</b>	<b>89,395</b>
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# 11 Deferred tax

9 months Mar 2022 \$000	9 months Mar 2021 \$000	12 months Jun 2021 \$000
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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:

-	-	-
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Unrecognised deferred tax assets are based on:

Statement of Comprehensive Revenue and Expense	(675)	(438)	(1,857)
Temporary differences *	(63)	85	(651)
Temporary differences **	(267)	(112)	795
Taxable income (deficit)	(1,005)	(465)	(1,713)

Unrecognised deferred tax assets consist of:

Opening balance	883	403	403
Tax on taxable position above, at 28%	282	130	480
Total unrecognised deferred tax asset	1,164	533	883

\* Primarily related to the deductibility of annual leave

\*\* Primarily related to the deductibility of capitalised finance costs

# 12 Payables under exchange transactions

Note	9 months Mar 2022 \$000	9 months Mar 2021 \$000	12 months Jun 2021 \$000
Trade creditors	7,078	5,078	4,467
Related party payables	42	12	38
Non trade payables and accrued expenses	60	3	48
<b>Total</b>	<b>7,180</b>	<b>5,093</b>	<b>4,553</b>

## 13 Employee entitlements

Annual leave entitlements

**Total**

9 months Mar 2022 \$000	9 months Mar 2021 \$000	12 months Jun 2021 \$000
88	85	87
<b>88</b>	<b>85</b>	<b>87</b>

## 14 Loans and borrowings

Non-current - Secured loans - CIIL

Non-current - Secured loans - TDC

**Total**

9 months Mar 2022 \$000	9 months Mar 2021 \$000	12 months Jun 2021 \$000
25,498	18,202	18,239
26,960	404	8,774
<b>52,458</b>	<b>18,606</b>	<b>27,013</b>

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 \$26,750,000 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 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
<b>9 months Mar 2022</b>				
<u>Financial assets</u>				
Cash and cash equivalents	-	10,155	-	10,155
Trade debtors and other receivables	-	-	-	-
Other financial assets *	-	-	-	-
<b>Total Financial assets</b>	<b>-</b>	<b>10,155</b>	<b>-</b>	<b>10,155</b>
<u>Financial liabilities</u>				
Trade creditors and other payables	-	-	7,073	7,073
Loans and borrowings **	-	-	32,942	32,942
<b>Total Financial liabilities</b>	<b>-</b>	<b>-</b>	<b>40,015</b>	<b>40,015</b>
<b>12 months Jun 2021</b>				
<u>Financial assets</u>				
Cash and cash equivalents	-	9,357	-	9,357
Trade debtors and other receivables	-	286	-	286
Other financial assets *	-	-	-	-
<b>Total Financial assets</b>	<b>-</b>	<b>9,643</b>	<b>-</b>	<b>9,643</b>
<u>Financial liabilities</u>				
Trade creditors and other payables	-	-	4,464	4,464
Loans and borrowings **	-	-	27,013	27,013
<b>Total Financial liabilities</b>	<b>-</b>	<b>-</b>	<b>31,477</b>	<b>31,477</b>
<b>* Other financial assets</b>				
	<u>9 months</u>	<u>12 months</u>		
	<u>Mar 2022</u>	<u>Jun 2021</u>		
	-	-		
<b>Total term deposits</b>	<b>-</b>	<b>-</b>		
<b>** Loans and borrowings</b>				
	<u>9 months</u>	<u>12 months</u>		
	<u>Mar 2022</u>	<u>Jun 2021</u>		
Crown Irrigation Investments Limited	23,982	18,239		
Tasman District Council	8,960	8,774		
	<b>32,942</b>	<b>27,013</b>		

## 16 Commitments

	9 months Mar 2022 \$000	9 months Mar 2021 \$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	23,525	37,352	31,986
<b>Total</b>	<b>23,525</b>	<b>37,352</b>	<b>31,986</b>

## 17 Contingent assets and contingent liabilities

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

## 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 \$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 cost \$235,141, currently being claimed by the Contractor. Costs may be treated as 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" - 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.

		9 months Mar 2022 \$000	9 months Mar 2021 \$000	12 months Jun 2021 \$000
<b>Note</b>				
<u>Purchase / reimbursement of services</u>				
Directors *		7	16	16
Pre-incorporation costs		-	-	-
Shareholder services **		28	3	26
<b>Total</b>		<b>35</b>	<b>19</b>	<b>42</b>
* 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
<b>Total</b>		<b>-</b>	<b>-</b>	<b>249</b>
<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
<b>Total Share Capital</b>		<b>10,499</b>	<b>15,370</b>	<b>15,370</b>
<u>Loans and borrowings</u>				
TDC has committed to fund additional project costs.				
Non-current - Secured loans - TDC	14	26,774	404	8,750
Borrowing costs capitalised	14	186	-	24
<u>Year end receivables / payables with related parties</u>				
Payable to (Receivable from) related parties:				
Directors	12	40	11	34
Shareholders	12	2	1	4
Shareholders ***	7	-	-	(286)
Other key management personnel		-	-	-
<b>Total</b>		<b>42</b>	<b>12</b>	<b>(248)</b>
*** 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		745	751	969
Directors fees		189	189	252
<b>Total</b>		<b>934</b>	<b>940</b>	<b>1,221</b>
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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## Chief Executive

Mike Scott

## Management

Chief Financial Officer:

Dave Ashcroft

Engineering and Design Manager:

Iain Lonie

Environmental and Sustainability General Manager:

Alasdair Mawdsley

Construction Manager:

Daniel Murtagh

## Auditor

Audit New Zealand on behalf of the Auditor-General

## Accountant

Findex Ltd

## Banker

ANZ Corporation

## Lawyer

Anderson Lloyd