

# Waimea Water Ltd Quarterly Report

September 2022



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## 1. Introduction

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

The purpose of this document is to provide shareholders with an unaudited report containing the following information relating to the Waimea Community Dam (WCD) project for the three-month period ending 30 September 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: The concrete face and parapet wall on the crest were completed this period. September 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.

Staff absences due to COVID-19 have continued, with WWL and the Contractor implementing COVID-19 practices.

During the period, the Contractor developed and implemented systems and procedures for working in the flood prone confined space of the culvert. The systems are now operating with work in the culvert commencing in October 2022.

Key metrics for this reporting period include:

- No lost time injuries.
- A rolling annual average of 6.1 injuries per million man-hours.
- No high-potential incidents.

Opportunities for improvement and incidents are monitored and reviewed (see figure 2 below).

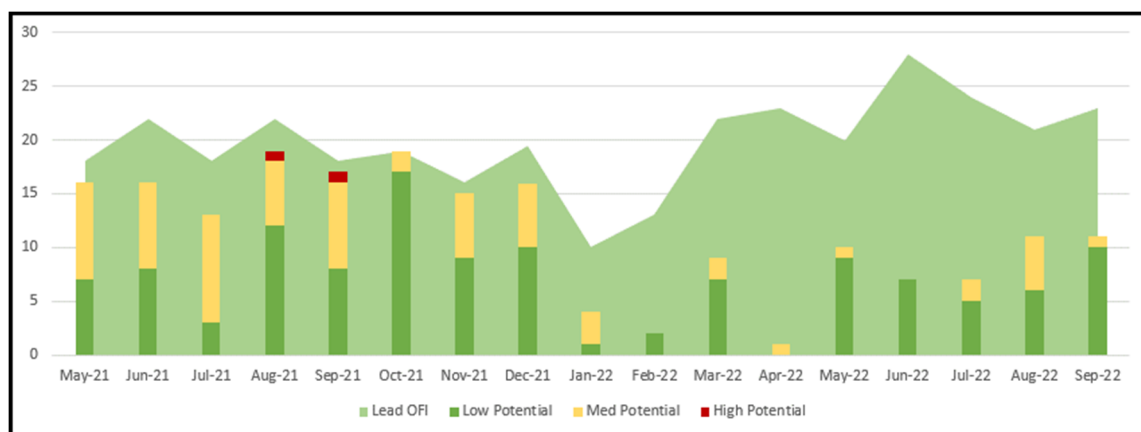


Figure 2: Opportunities for Improvement (OFI) to September 2022.



### 3. Design

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

In preparation for filling the reservoir, the sequencing plan for the river diversion and the installation of the culvert pipework was completed. WWL finalised the Reservoir Filling Management Plan, the Emergency Action Plan and the Commissioning Management Plan.

The design continues to be adjusted for the encountered geology with, for example, a concrete wall designed to replace inadequate rock on the true right of the spillway approach channel.

Procurement of mechanical and electrical equipment and works has progressed well this quarter, with many of the major components now fabricated and delivered, such as screens, pipes, valves, debris boom, generators, fuel tank and electrical components. Work on the Scada and control systems is progressing well and to plan. The micro-hydro power generation system has been ordered.

The design team continues to seek and implement opportunities to gain time in the programme, including recently modifying the design of the culvert end wall to facilitate quicker installation and commissioning of the mechanical works.



*Figure 3: Screens and GRP pipework delivered and installed during the period. September 2022*

## 4. Construction

During this period, the concrete face and concrete parapet wall on top of the crest were completed, which were significant milestones. With the concrete face complete, the mechanical elements on the face, including the intake screens, rails and winch platform were then installed. The winches and screen movement were subsequently commissioned in early October 2022.

The spillway chute and flip-bucket were completed in August 2022. The ogee weir, that sets the operating level of the dam (RL197.2 metres) and optimum hydraulic flow, was progressed during the period and subsequently completed in October 2022.

Construction of the nine-metre-high concrete cut off wall between the spillway flip-bucket and plunge pool, that protects the spillway from erosion and is nine metres below river level, was hampered by flood events during the period. Construction of the toe berm, drainage weirs and spillway bridge abutment on the downstream side of the embankment also continued during the period and all are expected to be completed by the end of 2022.

Upstream of the spillway in the approach channel, work has commenced on constructing the structures to support the geosynthetic liner, which mitigates the threat of erosion through the shear zones that were discovered during 2021. The geosynthetic liner is due to be installed during the first calendar quarter (March) of 2023.

During the period, flood events delayed the project. There was a flood on the 12<sup>th</sup> of July that resulted in minor delays.

Additionally, the large flood event that damaged much of the Nelson Tasman region on the 19<sup>th</sup> and 20<sup>th</sup> of August delayed the project by six days with flooding and clean up. This 1:50 year event saw over 30M m3 of water flow through the dam site, enough to fill the reservoir two and a half times in four days. The site suffered no significant damage and the flood controls and plans worked well, which is a testament to the Contractor planning and managing for such event well. See page 10 for site photos during the August rain event.

Subsequent to the period, on the 18<sup>th</sup> of October, the project reached the milestone of closing the first of two culverts to commence the temporary river diversion works. This signifies that the dam is now sufficiently complete to function and accommodate floods. The temporary river diversion works will be completed over the summer, to then allow the reservoir to be closed and commence filling immediately after the seasonal summer demands for water.



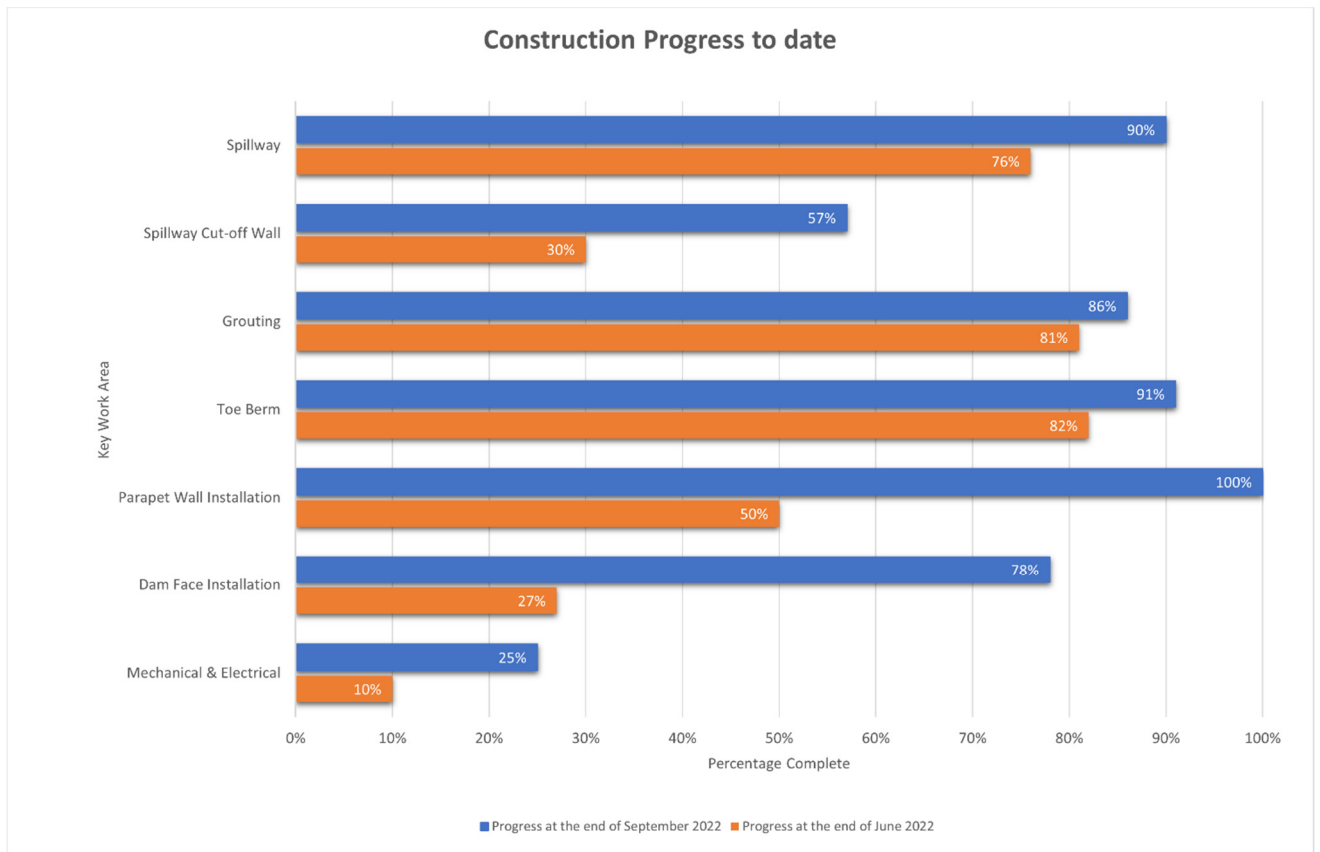


Figure 4: Construction progress on elements not yet completed



Figure 5: Downstream face, toe berm and spillway. September 2022





*Figure 6: Downstream face and spillway, September 2022*



*Figure 7: View of completed concrete face and parapet wall from the future reservoir, September 2022*





*Figure 8: Upper Spillway and downstream face. September 2022*



*Figure 9: Spillway. September 2022*





*Figure 10: Upstream view of site at 3.40pm on Wednesday 17 August.*



*Figure 11: Downstream view of site at 3.40pm on Wednesday 17 August.*



## 5. Environment

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

The period's heavy rain events did not impact water quality, with excellent water quality metrics being maintained.

Work continued on developing WWL's draft Fish Trap and Transfer Plan for operating the dam.



*Figure 12: Water quality remains high*

## Lee River deposited fine sediments

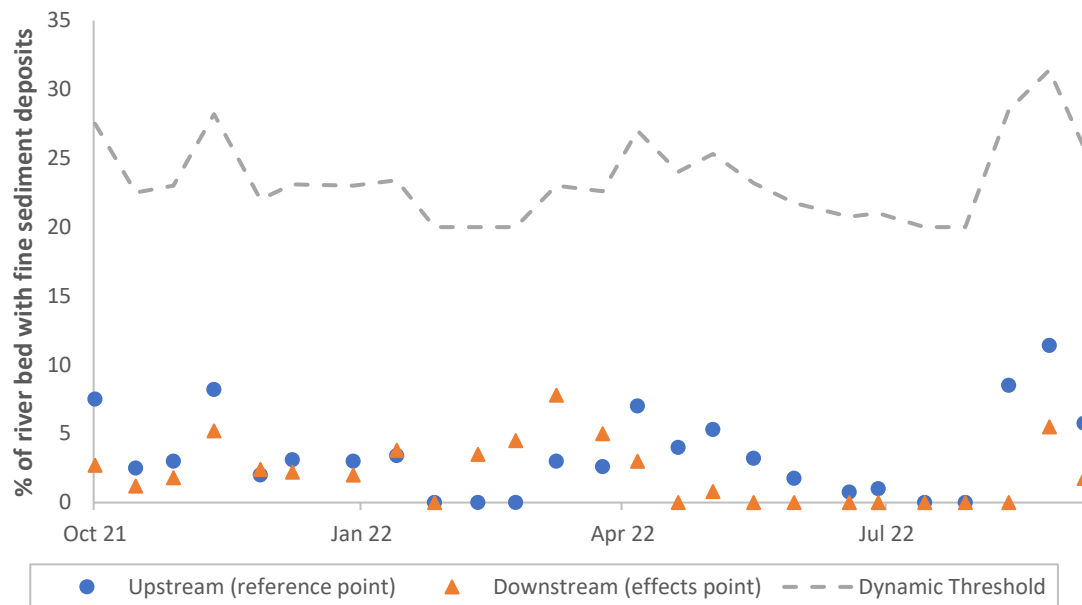


Figure 13: Lee River deposited fine sediments

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

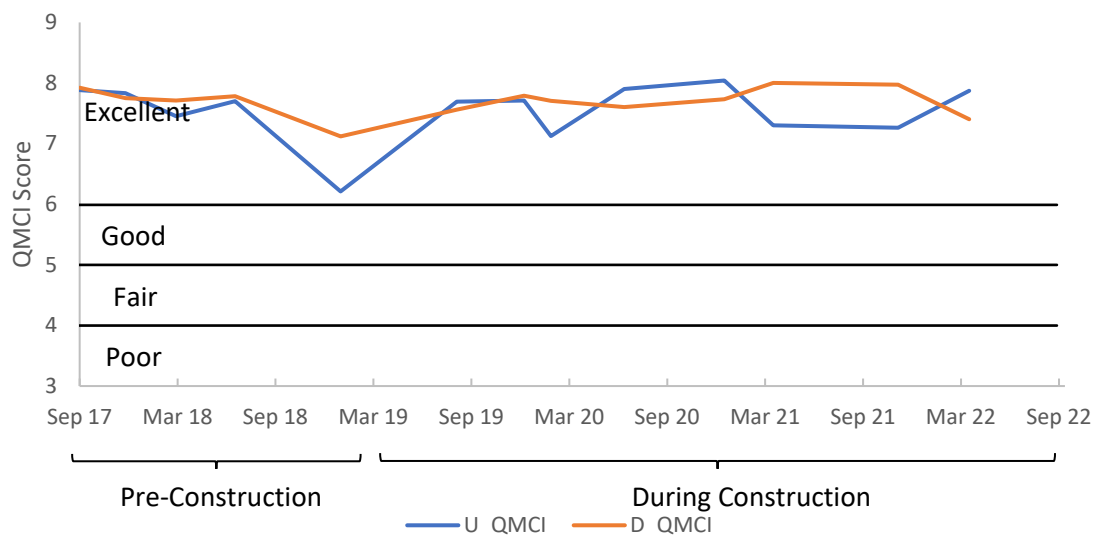


Figure 14: Lee River QMCI, recorded six-monthly



### **Biodiversity Management Plan**

WWL commenced a programme to target and eradicate the invasive plant pests in the Lee River below the dam (particularly Old Man's Beard) to enable residual pockets of native plants to thrive.

Weed control in the Rough Island wetland and from the dam to Lucy Creek continued this period, with some disruption due to aforementioned weather events. Meanwhile, after the storms, the trees planted on Rough Island were looked at and evaluated as being able to survive, despite the wetland being at very high water levels (see photo below).

A 10 HA Waimea Bermlands planting project has commenced this quarter. It is expected to take approximately 10 years to become a self-sustaining forest.



*Figure 15: Flooded Rough Island planting. August 2022.*

## 6. Programme

The dam is expected to be completed and ready for filling (SP-1) in February 2023, almost one and a half years later than the original plan of October 2021. This means that a second summer will be missed.

Once completed, the river will be diverted and service will be provided through a temporary pipe while the reservoir fills and mechanical works are completed.

Mechanical and commissioning works are then expected to be completed (SP-2) in September 2023, one year and eight months later than the original plan.

These delays have resulted from:

- a) The dam structures taking longer than planned to complete.
- b) Impacts from COVID-19.
- c) The period of time to complete the river diversion and mechanical works being expected to take over twice the time originally planned.

WWL continually investigates options to mitigate delays and sees potential to recover some time during commissioning.

## 7. Cost and Risk

The current cost forecast remains consistent with that provided by WWL in June 2022 to shareholders and the public of \$195M. This represents a \$31M increase over the estimate forecast in February 2021. This cost increase resulted from the following predominant causes.

### **Encountered Geology**

Accommodating the encountered geology has cost \$19M more than previously forecast in February 2021 and \$43M more than originally funded in December 2018. This represents approximately 50% of the total project cost increase.

The areas requiring the most remediation include the upper spillway and associated shear zones, stabilising the left-hand side above the spillway, the spillway foundation, the plunge pool and the embankment. Additionally, the grout curtain has increased significantly to ensure the substrata is adequately sealed to prevent flow beneath the dam.

### **Mechanical and Electrical Costs**

The mechanical and electrical systems were not designed or procured at project funding. Their design was completed during FY2021 and procured during FY2022. WWL has encountered significant inflation as a result of worldwide demand and supply challenges.

The actual realised cost of the mechanical and electrical works was forecast in June 2022 to cost \$12M more than previously forecast in February 2021 and \$20M more than originally funded in December 2018. This represents approximately 20% of the total project cost increase.



### **Other Project Costs**

Other costs were either underbudgeted or not contemplated at project funding, and were forecast in June 2022 to cost \$14M more than previously forecast in February 2021 and \$32M more than originally funded in December 2018. This represents approximately 30% of the total project cost increase, as outlined below.

- Dam engineering is tracking at approximately 10% of project costs, rather than the assumed 4%, to address the encountered geological conditions, complete the mechanical and electrical design, and to support the Contractor and delayed construction activities.
- Project services and legal support to assist contractual management and disputes.
- Office costs to support design and construction activities.
- Project delays based on the Contractor's updated programme that forecasts further delays.
- COVID-19 costs, including payments to the Contractor for two lockdowns and illness absenteeism. WWL was instructed to pay Contractor salaries, wages, hire and depreciation costs that exceeded the government wage subsidy.

### **Residual Risks**

With the project now 80% complete, the dam structures nearing completion and much of the mechanical and electrical works now procured, project risk is dissipating.

Significant residual risk remains in:

- a) Weather events delaying the sensitive operation of river diversion and dam closure during late 2022 and early 2023.
- b) Further escalation of mechanical and river diversion costs.
- c) Contractor claims and dispute proceedings. The Contractor has instigated arbitration.

## 8. Progress

The project is now approximately 80% complete, with 11 months and \$40M of spend remaining.

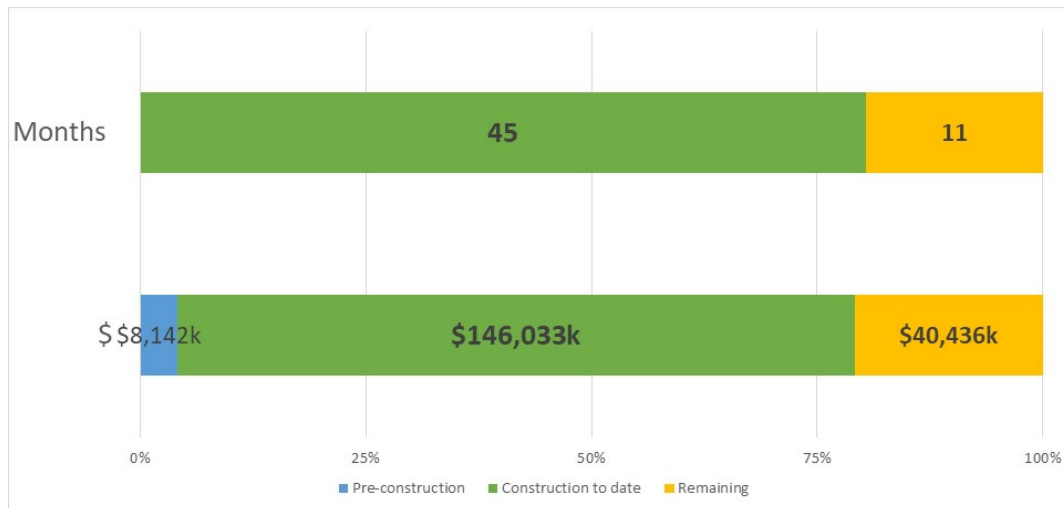


Figure 16: Progress by cost and schedule

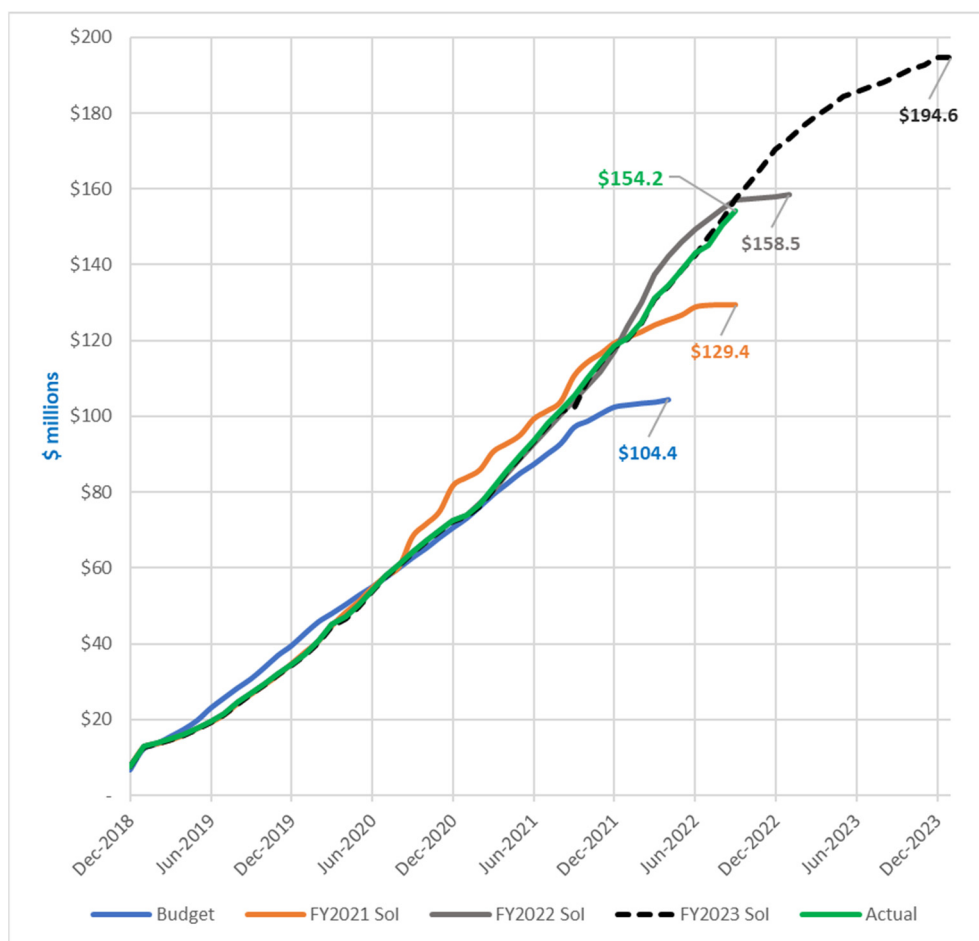


Figure 17: Project spend and cost forecast





Figure 18: Funding sources and uses

## 9. Unaudited Financial Information

### **Waimea Water Limited**

Financial Statements  
For the period ended 30 September 2022



Draft unaudited 2022 11 05

# Waimea Water Limited

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# Statement of Comprehensive Revenue and Expense

For the period ended 30 September 2022

	Note	3 months Sep 2022 \$000	3 months Sep 2021 \$000
Water charges income	1	650	-
<i>Operating expenses</i>			
Project costs	2	-	-
Employee costs		107	147
Depreciation and impairment	3	2	3
Other administrative expenses	4	107	45
Operating expenses		216	195
Finance income	5	64	2
Finance costs	5	(58)	-
<b>Surplus / (Deficit) for the year</b>		<b>440</b>	<b>(193)</b>

# Statement of Changes in Net Assets

For the period ended 30 September 2022

	Note	3 months Sep 2022 \$000	3 months Sep 2021 \$000
Opening retained earnings		(4,098)	(2,585)
Total surplus (deficit) for the year		440	(193)
Retained earnings as at year end		(3,658)	(2,778)
Opening share capital		81,016	70,517
Movement for the year		8,135	1,500
Share capital at year end	6	89,151	72,017
Closing equity at year end		85,493	69,239

# Statement of Financial Position

As at 30 September 2022

		3 months Sep 2022 \$000	3 months Sep 2021 \$000
Note			
<b>Assets</b>			
<i>Current</i>			
Cash And Cash Equivalents	7	14,080	6,673
Receivables From Exchange Transactions	8	546	-
Receivables From Non-Exchange Transactions	9	546	629
Other Current Financial Assets	10	-	-
Total Current Assets		15,172	7,302
<i>Non-Current</i>			
Property, Plant And Equipment	11	148,367	101,164
Deferred Tax Asset	12	-	-
Other Non-Current Financial Assets	10	-	-
Total Non-Current Assets		148,367	101,164
<b>Total Assets</b>		<b>163,539</b>	<b>108,466</b>
<b>Liabilities</b>			
<i>Current</i>			
Payables Under Exchange Transactions	13	4,358	4,842
Employee Entitlements	14	104	94
Total Current Liabilities		4,462	4,936
<i>Non-Current</i>			
Loans And Borrowings	15	73,584	34,291
Total Non-Current Liabilities		73,584	34,291
<b>Total Liabilities</b>		<b>78,046</b>	<b>39,227</b>
<b>Net Assets</b>		<b>85,493</b>	<b>69,239</b>
<b>Equity</b>			
Equity Contributions	6	89,151	72,017
Accumulated Funds		(3,658)	(2,778)
<b>Total Equity</b>		<b>85,493</b>	<b>69,239</b>

# Statement of Cash Flows

For the period ended 30 September 2022

	3 months Sep 2022	3 months Sep 2021
Note	\$000	\$000

## *Cash flow from operating activities*

Payments to suppliers	(118)	(63)
Payments to employees	(95)	(137)
Net water charges	-	-
Net water charges income	269	-
Net cash from/(used in) operating activities	56	(200)

## *Cash flow from investing activities*

Purchase of property, plant and equipment	(12,754)	(11,165)
Purchase of financial assets	-	-
Net cash from/(used in) investing activities	(12,754)	(11,165)

## *Cash flow from financing activities*

Proceeds from equity	8,135	1,500
Proceeds from sale of financial assets	-	-
Proceeds from borrowings	9,300	7,179
Interest received	64	2
Interest paid on borrowings	(58)	-
Net cash from/(used in) financing activities	17,441	8,681

Net increase/(decrease) in cash and cash equivalents	4,743	(2,684)
Cash and cash equivalents, beginning of the year	9,337	9,357
<b>Cash and cash equivalents at end of the year</b>	<b>14,080</b>	<b>6,673</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 21 November 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 or the last financial year end.

Comparatives may have been reclassified from that reported in earlier 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 Water charges income

		3 months Sep 2022 \$000	3 months Sep 2021 \$000
Water charges income - TDC		256	-
Water charges income - WIL		394	-
<b>Total</b>	<b>21</b>	<b>650</b>	<b>-</b>

Water charges recover finance costs of loans (refer Note 15) and operating costs. Finance costs to CIIL are recovered from WIL only. Other finance costs and all operating costs are shared between TDC and WIL.

# 2 Project construction costs

		3 months Sep 2022 \$000	3 months Sep 2021 \$000
<i>The following amounts attributable to the build were passed through operational accounts:</i>			
Dam construction costs		8,442	9,259
Project services		1,514	1,843
Borrowing costs capitalised		63	100
WWL operations		804	574
Transfer costs attributable to build to Capital WIP		(10,823)	(11,776)
<b>Total</b>		<b>-</b>	<b>-</b>

# 3 Depreciation, amortisation and impairment expenses

		3 months Sep 2022 \$000	3 months Sep 2021 \$000
Depreciation of property, plant and equipment	11	2	3
<b>Total</b>		<b>2</b>	<b>3</b>

## 4 Other overhead and administrative expenses

	3 months Sep 2022 \$000	3 months Sep 2021 \$000
Professional fees	66	21
Legal fees	19	1
Office costs	19	20
Accounting fees	3	3
Insurance	-	-
Auditor remuneration	-	-
<b>Total</b>	<b>107</b>	<b>45</b>

## 5 Finance income and costs

	3 months Sep 2022 \$000	3 months Sep 2021 \$000
<i>Finance income</i>		
Interest income on bank deposits	64	2
<i>Finance costs</i>		
Interest expense	(58)	-
Bank fees	-	-
<b>Total Finance costs</b>	<b>(58)</b>	<b>2</b>



## 6 Share Capital

3 months Sep 2022	3 months Sep 2021
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9,999 shares were authorised and issued on 21 Dec 2018.

2,137 shares have been issued since.

Ordinary shares - TDC	7,075	5,110
Ordinary shares - WIL	2,978	2,978
Non-voting shares - TDC	172	172
Non-voting shares - WIL	1,911	1,911
<b>Shares at the end of the year</b>	<b>12,136</b>	<b>10,171</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*	\$61,684k	\$44,550k
TDC contribution per ordinary share.	\$8,718.67	\$8,718.20

TDC ordinary shares issued and fully paid	7,075	5,110
TDC ordinary shares issued and not fully paid	-	-

TDC non-voting shares have a par value of \$8719.91.	\$1,500k	\$1,500k
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WIL ordinary shares have a par value of \$8,719.51.

WIL ordinary shares contribution*	\$25,967k	\$25,967k
WIL contribution per ordinary share.	\$8,719.51	\$8,719.51

WIL ordinary shares issued and fully paid	2,978	2,978
WIL ordinary shares issued and not fully paid	-	-

WIL non-voting shares have a par value of \$0.01.	-	-
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<b>Total shares contribution</b>	<b>\$89,151k</b>	<b>\$72,017k</b>
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\* Contributions represent the total dollar value of shares paid up. Contribution movements are shown in Note 21. 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 with a par value of \$8,719.91. 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 15.

## 7 Cash and cash equivalents

	3 months Sep 2022 \$000	3 months Sep 2021 \$000
Cash at bank and in hand	14,080	6,673
<b>Total</b>	<b>14,080</b>	<b>6,673</b>

## 8 Receivables from exchange transactions

	Note	3 months Sep 2022 \$000	3 months Sep 2021 \$000
Related party receivables	21	546	-
<b>Total</b>		<b>546</b>	<b>-</b>

## 9 Receivables from non-exchange transactions

	3 months Sep 2022 \$000	3 months Sep 2021 \$000
GST receivable	544	629
Other prepayments / receivables	2	-
<b>Total</b>	<b>546</b>	<b>629</b>

## 10 Other financial assets

	3 months Sep 2022 \$000	3 months Sep 2021 \$000
<i>Held-to-maturity investments</i>		
Term deposits - current	-	-
Term deposits - non-current	-	-

# 11 Property, plant and equipment

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

3 months  
Sep 2022

Gross carrying amount

Opening	137,315	28	87	277	137,707
Additions	10,823	-	5	49	10,877
Impairment	-	-	-	-	-
Gross carrying amount	148,138	28	92	326	148,584

Accumulated depreciation and impairment

Opening	-	(8)	(57)	(145)	(210)
Depreciation - assets attributable to the build	-	-	-	(5)	(5)
Depreciation - administration assets	3	-	(2)	-	(2)
Accumulated depreciation and impairment	-	(8)	(59)	(150)	(217)

**Carrying amount 30 September 2022**

<b>148,138</b>	<b>20</b>	<b>33</b>	<b>176</b>	<b>148,367</b>
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12 months  
Jun 2022

Gross carrying amount

Opening	89,168	28	76	278	89,550
Additions	48,741	-	11	(1)	48,751
Impairment	(594)	-	-	-	(594)
Gross carrying amount	137,315	28	87	277	137,707

Accumulated depreciation and impairment

Opening	-	(6)	(43)	(106)	(155)
Depreciation - assets attributable to the build	-	-	-	(39)	(39)
Depreciation - administration assets	3	(2)	(14)	-	(16)
Accumulated depreciation and impairment	-	(8)	(57)	(145)	(210)

**Carrying amount 12 months Jun 2022**

<b>137,315</b>	<b>20</b>	<b>30</b>	<b>132</b>	<b>137,497</b>
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## 12 Deferred tax

3 months Sep 2022	3 months Sep 2021
\$000	\$000

*Deferred tax assets are only recognised when management consider it probable that future tax profits will be available against which these assets will be utilised.*

**Recognised deferred tax assets:** - -

*Unrecognised deferred tax assets are based on:*

Statement of Comprehensive Revenue and Expense	440	(193)
Temporary differences *	80	7
Temporary differences **	(64)	(100)
Taxable income (deficit)	456	(286)

*Unrecognised deferred tax assets consist of:*

Opening balance	1,026	876
Tax on taxable position above, at 28%	(127)	80
Total unrecognised deferred tax asset	899	956

\* Primarily related to the deductibility of annual leave

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

## 13 Payables under exchange transactions

Note	3 months Sep 2022 \$000	3 months Sep 2021 \$000
Trade creditors	4,109	4,760
Related party payables	68	33
Non trade payables and accrued expenses	181	49
<b>Total</b>	<b>4,358</b>	<b>4,842</b>

## 14 Employee entitlements

	3 months Sep 2022 \$000	3 months Sep 2021 \$000
Annual leave entitlements	104	94
<b>Total</b>	<b>104</b>	<b>94</b>

## 15 Loans and borrowings

	Note	3 months Sep 2022 \$000	3 months Sep 2021 \$000
Non-current - Secured loans - CIIL		25,434	25,455
Non-current - Secured loans - TDC	21	48,150	8,836
<b>Total</b>		<b>73,584</b>	<b>34,291</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 plus interest, 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 with a further \$335,999 interest capitalised. It will be repaid in instalments after project completion, with final maturity no later than 2058.

At Balance Date \$39,064,324 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.

# 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
<b>3 months Sep 2022</b>				
<u>Financial assets</u>				
Cash and cash equivalents	-	14,080	-	14,080
Trade debtors and other receivables	-	546	-	546
Other financial assets	-	-	-	-
<b>Total Financial assets</b>	<b>-</b>	<b>14,626</b>	<b>-</b>	<b>14,626</b>
<u>Financial liabilities</u>				
Trade creditors and other payables	-	-	4,135	4,135
Loans and borrowings *	-	-	73,584	73,584
<b>Total Financial liabilities</b>	<b>-</b>	<b>-</b>	<b>77,719</b>	<b>77,719</b>
<b>12 months Jun 2022</b>				
<u>Financial assets</u>				
Cash and cash equivalents	-	9,337	-	9,337
Trade debtors and other receivables	-	163	-	163
Other financial assets	-	-	-	-
<b>Total Financial assets</b>	<b>-</b>	<b>9,500</b>	<b>-</b>	<b>9,500</b>
<u>Financial liabilities</u>				
Trade creditors and other payables	-	-	6,436	6,436
Loans and borrowings *	-	-	64,220	64,220
<b>Total Financial liabilities</b>	<b>-</b>	<b>-</b>	<b>70,656</b>	<b>70,656</b>
<b>* Loans and borrowings</b>				
	<u>3 months Sep 2022</u>		<u>12 months Jun 2022</u>	
Crown Irrigation Investments Limited	25,434		25,498	
Tasman District Council	48,150		38,722	
	<b>73,584</b>		<b>64,220</b>	



# 17 Commitments

3 months Sep 2022 \$000	3 months Sep 2021 \$000
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*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.*

Property, plant and equipment	11,603	29,261
<b>Total</b>	<b>11,603</b>	<b>29,261</b>

# 18 Contingent assets and contingent

*The entity has no contingent assets or contingent liabilities.*

# 19 Covid-19

## Impacts

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

*Site works were suspended on 18 Aug 2021 (prior 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

*There are no direct Covid financial impacts in these statements. Further costs may be incurred in future periods from any new or flow-on impacts, however, those costs are unknown.*

## Non-financial performance

*The schedule may be further delayed for impacts from any future government mandated lockdowns. Lockdowns do not affect the ability to report against performance indicators.*

## Future assumptions

*The final schedule may be further affected and future costs higher than earlier contemplated.*

# 20 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.*

## 21 Related party transactions

WWL is jointly owned by Tasman District Council ("TDC" - 59.7% of issued shares) and Waimea Irrigators Limited ("WIL" - 40.3%). TDC and WIL are Joint Operators. WWL also has a related party relationship with its Directors and other management personnel. Key management personnel include the Board of Directors and members of Senior Management.

		3 months Sep 2022 \$000	3 months Sep 2021 \$000
<u>Purchase / reimbursement of services</u>			
Shareholder services *		1	5
<b>Total purchase</b>		<b>1</b>	<b>5</b>
<u>Sale / reimbursement of services</u>			
Water charges **	1	650	-
<b>Total sale</b>		<b>650</b>	<b>-</b>
<u>Share Capital contributions from Joint Operators</u>			
Tasman District Council Share Capital		8,136	1,500
Waimea Irrigators Limited Share Capital		-	-
<b>Total contributions</b>		<b>8,136</b>	<b>1,500</b>
<u>Loans and borrowings</u>			
TDC has committed to fund additional project costs.			
Non-current - Secured loans - TDC		48,086	8,774
Borrowing costs capitalised		64	62
<b>Total loans</b>	15	<b>48,150</b>	<b>8,836</b>
<u>Year end payable to related parties:</u>			
Directors		68	32
Shareholders		-	1
<b>Total payables</b>	13	<b>68</b>	<b>33</b>
<u>Year end receivable from related parties:</u>			
Shareholders **	8	(546)	-
<b>Total receivables</b>		<b>(546)</b>	<b>-</b>
* TDC provides multiple services to WWL in the normal course of operating activities (e.g. resource consent fees).			
** In FY2022 Water charges commenced.			
<u>Key management compensation</u>			
Salaries and other short-term employee benefits		148	227
Directors fees		55	63
<b>Total</b>		<b>203</b>	<b>290</b>
Persons recognised as key management personnel		10	11

# Company Directory

## Directors

David Wright (Chair)

Bruno Simpson (Deputy Chair)

Doug Hattersley

Julian Raine

Andrew Spittal

Margaret Devlin

## Registered Office

20 Oxford Street

Richmond 7020

New Zealand

Telephone: 027 544 0030

Email: [info@waimeawater.nz](mailto:info@waimeawater.nz)

## Chief Executive

Mike Scott

## Management

Chief Financial Officer:

Dave Ashcroft

Engineering and Design Manager:

Iain Lonie

Environmental and Sustainability General Manager:

Alasdair Mawdsley

## Auditor

Audit New Zealand on behalf of the Auditor-General

## Accountant

Findex Ltd

## Banker

ANZ Corporation

## Lawyers

Anderson Lloyd

Duncan Cotterill

Pitt & Moore