



SECURING OUR REGION'S FUTURE

WAIMEA WATER LTD | ANNUAL REPORT 2022



Waimea
Water

Our Commitment

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

Contents

Overview	4
About Waimea Water	4
The Waimea Community Dam	4
Key Facts	5
Features of the Waimea Community Dam	6
2022 Performance Highlights	8
Timeline	10
Report from Board Chair	13
Report from Chief Executive Officer	15
Management Team	16
Areas of Activity	18
Project Performance	18
Design	22
Construction	25
Health, Safety and Wellbeing	30
Community Relationships	31
Environmental Protection and Compliance	32
Performance	36
Operating and Financial Overview	36
Performance against Statement of Intent	42
Governance	43
Corporate Governance	43
Corporate Structure	43
Board of Directors	44
Annual Report	46
Independent Auditors' Report	47
Board Attendance	51
Directors' Register of Interests	52
Financial Statements	53
Notes to Financial Statements	56
Company Directory	69

OVERVIEW

About Waimea Water

Waimea Water Ltd (WWL) is a Council-Controlled Organisation established in November 2018 to manage the construction, operation and maintenance of the Waimea Community Dam. The dam is a significant infrastructure project that will secure the water supply for Nelson Tasman for the next 100+ years. Approval to proceed with the dam was reached by the Tasman District Council (TDC) on 30 November 2018, with financial closure on 21 December 2018. As a joint venture project between TDC and Waimea Irrigators Ltd (WIL), the dam realises the vision, and many years of work by groups and individuals, to provide greater water security for the Waimea Plains and wider community (also see the Timeline on pages 10 and 11). WWL is focused on ensuring that it has the people, systems and positive relationships it needs to efficiently deliver a reliable dam for Nelson Tasman.

The Waimea Community Dam

The four-year construction project began in March 2019, with site works commencing in August 2019. The concrete face rockfill dam is 53 metres high, 220 metres long, and six metres wide at the crest. The Waimea Community Dam is designed to the latest and highest international design standards under New Zealand and international Dam Safety Guidelines. Compliance with these standards is regularly peer reviewed by technical dam experts as the build progresses. The dam is being constructed for WWL through a joint venture between experienced local companies Fulton Hogan Ltd and Taylors Contracting Ltd (Contractor). Damwatch Engineering Ltd independently reviews the construction and provides design guidance. GHD Engineering peer reviews design changes and designs temporary works.

A number of key elements were completed this year, including the rockfilled embankment, concrete face, spillway flip bucket, the plinths, and the precast parapet wall units for placement on the embankment's crest. Significant progress was also made on the spillway this year. See page 25 for all construction achievements.

Once the dam is in place, the reservoir will fill up naturally over several months while the mechanical and electrical works are constructed, with the final commissioning expected in early 2024.

When finished, the reservoir created by the dam will contain approximately 13 billion litres of water. The benefits of the dam for the region are:

- Providing the community with water security and supporting a growing population.
- Healthy Lee and Waimea rivers for swimming, fishing and other recreational activities.
- Healthier rivers for aquatic life to thrive.
- A robust and more resilient economy strengthened by the success of horticulture and farming industries and the subsequent growth of associated secondary and tertiary industries.
- Enabling residential, commercial and industrial investment and development, which brings jobs and associated economic activity now and for future generations.

Key Facts

Concrete face rock filled dam – approximately

53m HIGH

220m LONG

Constructed from approximately

490,000m³ OF ROCK

Estimated economic benefit in the first 2 years

\$55m*

and between

\$600 - \$900m

over 25 years

Reservoir created by the dam will contain approximately

13 billion litres OF WATER

UP TO

2.2 m³/s flow

into the Lee and Waimea River systems during drought

Filling of reservoir

MID **2023**

Features of the Waimea Community Dam

Surplus river flows down the **SPILLWAY**. Designed for a maximum of ~3 X 1:100 year flood (1,094 m³/s), passing ~85% of river flow.

An impermeable **APRON** has been added to the approach channel to stop water seeping through rock shear zones beneath the spillway.

The **FLIP BUCKET** at the bottom of the spillway dissipates the water's energy created from dropping 50m, by 'ejecting' it into the plunge pool.

The **PLUNGE POOL** further absorbs energy from the water dissipating down the spillway and is enhanced to mitigate erosion.

The dam sits against the **ABUTMENT** - or side of the valley. Its foundations have been cleaned, mapped and defects treated with concrete and flow preventing material.

The downstream **REINFORCED FACE**, provides temporary flood protection from a 1:1000 year flood during construction.

The **EMBANKMENT** is the dam itself and built from ~80% indigenously mined rock and engineered for 1:10,000 year earthquake loads.

FLOW PREVENTING and DRAINAGE ZONES using imported rock behind upstream concrete face.

PLINTHS found and seal the upstream edge of the dam and are tied to the concrete face. A **GROUT CURTAIN** through the plinth and up to 40m deep is made by pumping grout through more than 750 bores into the sub-strata.

Upstream **CONCRETE FACE**, which sits on top of stacked concrete kerbing.

INTAKE SCREENS filter the reservoir water before it passes through the pipework to meet water quality objectives.

The **CULVERT** runs through the dam at river level. It diverts the river during the build, then post construction it is closed and used for pipework to release water.

2022 Performance Highlights

Rockfilled embankment

completed

Project spend against forecast

74%

Spillway flip bucket

completed

NIL

Significant injuries

Rough Island native plantings

completed

Lower spillway

completed

360°

virtual video tour
of site created

Concrete face of dam

completed

River health during construction

Excellent

Timeline

Several decades of work were invested into this significant regional project, with the final Council vote to proceed passing in 2018.

September / October A revised budget is proposed.

November TDC voted to proceed with construction.

December WWL is incorporated and takes ownership of dam construction and management.



2018

▼ LINE INDICATES THE START OF CONSTRUCTION

2019



March Site dawn blessing. Project starts.

August Ground-breaking ceremony ahead of excavation and rock mining.



2020

January / February Geological issues identified, requiring adaption of design and increased budget.

April Construction recommences after the COVID-19 Level 4 suspension of construction.

August Blessing and ceremony for completed culvert, river diverted.

December Starter dam completed.

2021



February Further geological issues and COVID-19 impacts require budget increase.

June Completed downstream reinforced rockfilled portion of dam (29m high).

August COVID-19 Level 4 restrictions.

December Dam embankment completed.

Complete dam structures and dam face equipment.



2022



Divert river, close dam and commence filling reservoir. Complete and commission mechanical and electrical systems.

2023



Report from Board Chair

Welcome to the 2022 Annual Report for Waimea Water Ltd.

It is now four years since we began this important but challenging project, and while there is another year before we expect to largely complete the dam, it is gratifying that we are now in the position of saying we are three quarters along our way.

The scale of what we are achieving with the construction of the dam is significant and it is fair to say, like any big undertaking, the journey has not been as easy or as straightforward as originally planned.

Last financial year we reported on the impact to the project of the encountered geology, global inflationary environment and COVID-19. This financial year, these have again been influential factors on the project, impacting both the cost and project programme. Disrupted supply chains and a high inflationary construction sector have been exacerbated by the international environment.

This year we have again seen challenges with the geology, particularly upstream and downstream of the spillway which, thanks to the expert team involved, are being resolved.

On their own, each problem would have been significant. Unfortunately, when they are combined they have pushed the cost of the project higher than forecast.

We share the frustration of others involved in construction and infrastructure projects around the country who have been similarly impacted and unable to deliver on schedule.

At the same time, we are proud that we have kept our workforce safe, met the challenges and continued making progress toward completion.

I thank our management team, our Contractor and our dam engineers Damwatch Engineering Ltd for their commitment and effort to achieve what has been achieved given the challenging 12-months.

I am grateful for the guidance provided by our board, who bring to the project strong governance, infrastructure, dam engineering, construction, finance and engagement skills. The board is ensuring that the strategy to construct a safe, reliable and efficient dam is achieved, holding our management team to account on executing the complex project and adapting to encountered conditions.

As outlined on page 43, the board oversees management of risk through committees that work with management to understand and mitigate issues and risks. I thank the board members and our management team for their considerable effort and time in making these committees work effectively. Through both the work of our audit and risk committee and auditor, I am confident that the company is meeting its fiscal, governance and fiduciary responsibilities.

I believe the project is already proving to be a good example of strategic vision and long-term commitment to our community by our shareholders.

We are building an asset that will provide our region with water security, stability, certainty and prosperity for

the next 100 years, much needed as we face the impacts of climate change.

Even in the short time since construction began, the threat posed by climate change has become more and more apparent. Overseas, blisteringly high summer temperatures, wildfires and dropping dam reservoir levels are rightly causing concern.

At home in New Zealand, we have seen record rains, high temperatures, damaging storms and droughts. The Waimea Community Dam will undoubtedly be a significantly positive factor in our region's planning as we adapt to climate change. We are fortunate that we started this project when we did.

On behalf of my board, Waimea Water Ltd, our hardworking staff, Contractor and consultants, I thank you all for your continued support as we head towards the successful conclusion of this momentous undertaking.

Ngā mihi

David Wright



Report from Chief Executive Officer

Construction of the Waimea Community Dam is now entering its final stages and plans are being finalised for its commissioning and operation.

I appreciate that the dam has been a big, difficult and challenging infrastructure project for a small region to fund and undertake, but this legacy asset will soon support and underpin our region for many generations to come.

Over the financial year, among other construction milestones, the Contractor completed the 108 kerbs and the 480,000 m³ rockfilled embankment, the 12,000 m² upstream embankment concrete face and nearly completed the 156m long spillway. By the end of this financial year, 26,000 m³ of concrete and more than 2,000 tonnes of reinforcing steel had been used in construction.

I am proud of the engineering that our team has undertaken to solve geological challenges. With the encountered geology being different to what was presumed, the re-engineered embankment allowed us to still use indigenously mined rock in 80% of the embankment.

Similarly, solutions have been engineered for the shear zones bisecting the top of the spillway and plunge pool. On pages 22-24, we outline the challenges experienced with the geology that have required engineering solutions this year.

While last year we had expected to complete and close the dam in mid-2022, to fill the reservoir during spring, the Contractor advised us in early

2022 that closure would be further delayed until early 2023, seven months later than expected and 16 months later than the original plan.

Unfortunately, this means that despite being built, the dam will not be ready to support the region this coming summer, for the second summer in a row.

The subsequent mechanical and commissioning work is also further delayed until early February 2024, two years behind the original plan.

These delays and the associated costs are disappointing and longer than expected. We continue to work with the Contractor to mitigate these delays, although the current economic climate means it is a challenging time to source more project resources.

These delays are the main cause of the increase in the project cost estimate to be \$195M, as well as additional mechanical and river diversion costs. This is \$10M more than anticipated when costs were estimated in February 2022, due predominantly to the four 'curveballs' impacting the project. These are the encountered geology being different to that presumed, COVID-19 costs, construction delays, and escalating mechanical costs.

As outlined in the Operating and Financial Overview in this report, the current cost forecast excludes some residual risks, such as any future extreme weather events and contractual disputes.

Despite the contract issues, delays and challenging weather and COVID-19 conditions, the Contractor continues to deliver the project with impressively

high and industry-leading safety and environmental performances for which I am very grateful. In July 2021 we experienced a one-in-five year flood that effectively half-filled the reservoir to 20 metres. The Contractor's flood management plans worked well. During early 2022, the Contractor lost over 7,000 hours of people's time to COVID-19. And, the constrained supply chain has meant we had to airfreight winches and valves from Europe.

Despite the project challenges and setbacks, we remain focused on our task to deliver a safe, reliable and efficient dam. We are committed to ensuring that one of the most significant infrastructure projects the upper South Island has seen in a long time, and the first large publicly-funded dam built since the Clyde dam in 1991, is completed to the appropriate high international standards.

Within a year, after we close the dam and start filling the reservoir, we will have water security to support our growing population, improve river health, sustain and grow our primary sector, business and industry to allow our communities to prosper and thrive.

I thank our staff, engineering consultants and our contractors for their contributions in getting us to where we are now as we head towards completing the project.

I thank you for your ongoing support.

Ngā mihi

Mike Scott

Management Team



Mike Scott
Chief Executive Officer
Master of Engineering (Civil)

Mike has a Master of Engineering with Distinction in Civil Engineering from the University of Canterbury, specialising in environmental engineering and has completed executive international management training at the Thunderbird School of Global Management in Arizona.

Mike has 30 years' postgraduate experience in business and project development, strategy, planning, operations and engineering in predominantly the energy sector in Australia, Scotland, the United States and New Zealand. Before joining WWL, Mike was the Vice President North West Shelf Venture at Woodside Energy Limited. He also held the position of Chief Executive Officer at the North West Shelf LNG Joint Venture Project. Mike previously held the position of Vice President for Strategic Business Development and Growth at Woodside Energy Limited.



Alasdair Mawdsley
Environment and Sustainability Manager
Bachelor of Science (Geography and Environmental Management)

Alasdair has ten years' environmental management experience and a Bachelor of Science, majoring in geography and environmental science from Auckland University.

Prior to joining WWL, he managed consenting, environmental, sustainability and heritage issues for Downers and McConnell Dowell Constructors Ltd on the Auckland City Rail Link, a project that involved underground tunnelling in a high-risk, dense urban environment.

Alasdair's former experience also includes work on the Te Mihi Geothermal Power Project, Waterview tunnels and a range of smaller tunnelling projects. He also brings eight years' experience from an earlier career in the freight industry.



Ken Smales
Project Director (From 1 July 2022)

Ken has nearly 50 years of engineering experience in all aspects of dam building, including design, consents, construction, operation, safety, hydropower generation and irrigation. He was involved in the Central Plains Irrigation Project in Canterbury worth \$450M for five years and for 10 years was the Deputy Chairman of Damwatch, and a Director of Southern Generation Australia, a subsidiary of Meridian Energy New Zealand.



Dave Ashcroft
Chief Financial Officer
Chartered Accountant

Dave has significant commercial experience spanning three decades, specialising in organisations undergoing significant change in a variety of industry sectors in New Zealand, Australia, the United States and Europe. Previously he had senior executive team roles at the Cawthron Institute and at a Sealord aquaculture joint venture in Tasmania.

Dave is passionate about the success of the region and supports a small number of local businesses and organisations in both a commercial and volunteer context. He is a Chartered Accountant and a member of the NZ Institute of Directors and of the Australian Institute of Company Directors.



Richard Timpany
Commercial Manager and Company Secretary
Bachelor of Laws, Bachelor of Commerce (Finance)

Richard has a Bachelor of Laws and Bachelor of Commerce (Finance) from University of Otago.

Richard worked in various capital market roles in Sydney and then London before returning to New Zealand. He has consulted on irrigation projects in Central Otago prior to becoming the Chief Executive Officer at Hunter Downs Development Company in Timaru.



Daniel Murtagh
Construction Manager
Bachelor of Engineering with Hons (Mechanical)

Daniel is a Chartered Professional Civil Engineer, an International Professional Engineer and member of the NZ Society on Large Dams (NZSOLD).

Daniel has extensive knowledge in the development of challenging large-scale capital projects around New Zealand. Daniel successfully managed the ground up development of the \$45M Sheffield Water Scheme in mid-Canterbury. This project involved the design, consenting, capital raising and construction of a cooperative irrigation scheme including a High PIC earth ring embankment dam.

Daniel has significant experience in infrastructure project management, administration of New Zealand construction contracts, water reticulation design, quality control and plant commissioning.



Richard Greatrex
Construction Engineer
Bachelor of Engineering with Hons (Civil), Chartered Professional Engineer International Professional Engineer

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

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



Iain Lonie
Engineering and Project Manager
Bachelor of Engineering (Civil), Master of Engineering Science (Geotechnical)

Iain is a Chartered Professional Engineer (Aus) and a Registered Professional Engineer of Queensland. He holds a Bachelor of Engineering (Civil) from the University of Auckland and a Master of Engineering Science (Geotechnical) from the University of New South Wales.

Iain has a background in dams, tailings and geotechnical engineering in a variety of locations, including New Zealand, Australia and South East Asia. His experience includes the feasibility, preliminary and detailed design of greenfield dam projects and the assessment, design and construction of dam upgrades. He gained his expertise working in design and construction roles at GHD Engineering and as Dams Team Leader for the Snowy Mountains Engineering Corporation in Queensland.



Andrew Busfield
Mechanical and Commissioning Engineer
Bachelor of Engineering (Mechanical)

Andrew has 16 years' experience in the power and water industries, working in the project planning, pre-construction and construction phases for engineering consultancies, project owners and developers, and a major international hydropower contractor.

Andrew's years in site-based roles during project construction have given him a strong understanding of elements such as planning, equipment specification and layouts, constructability and logistics considerations, construction and installation methodologies, and contractual relationships.

AREAS OF ACTIVITY

Project Performance

WWL oversees the Waimea Community Dam construction project and is committed to ensuring this important piece of regional infrastructure is completed to the appropriate highest standards, and then operated safely, reliably and sustainably.

WWL is focused on finishing the project as efficiently and cost effectively as possible.

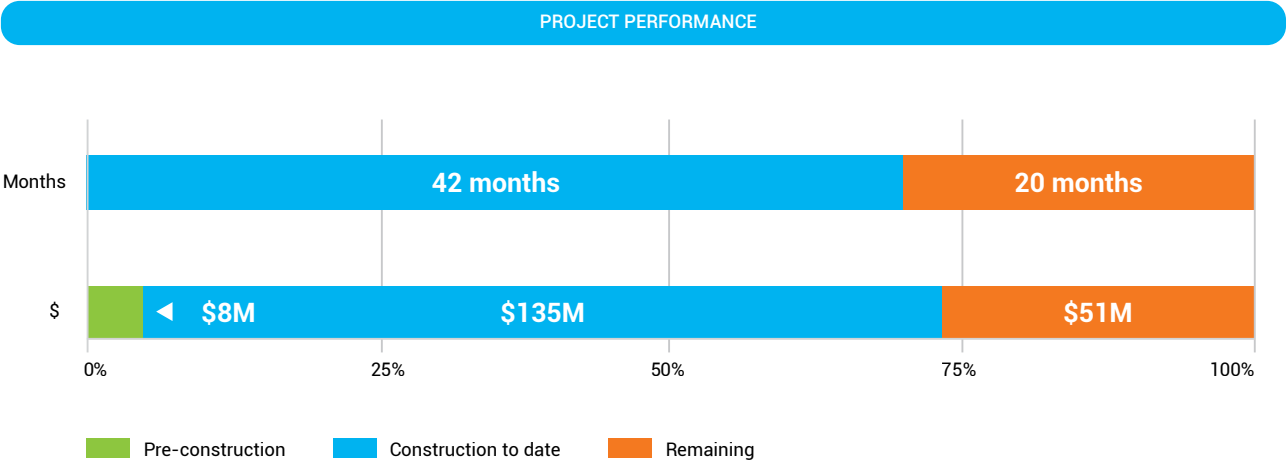
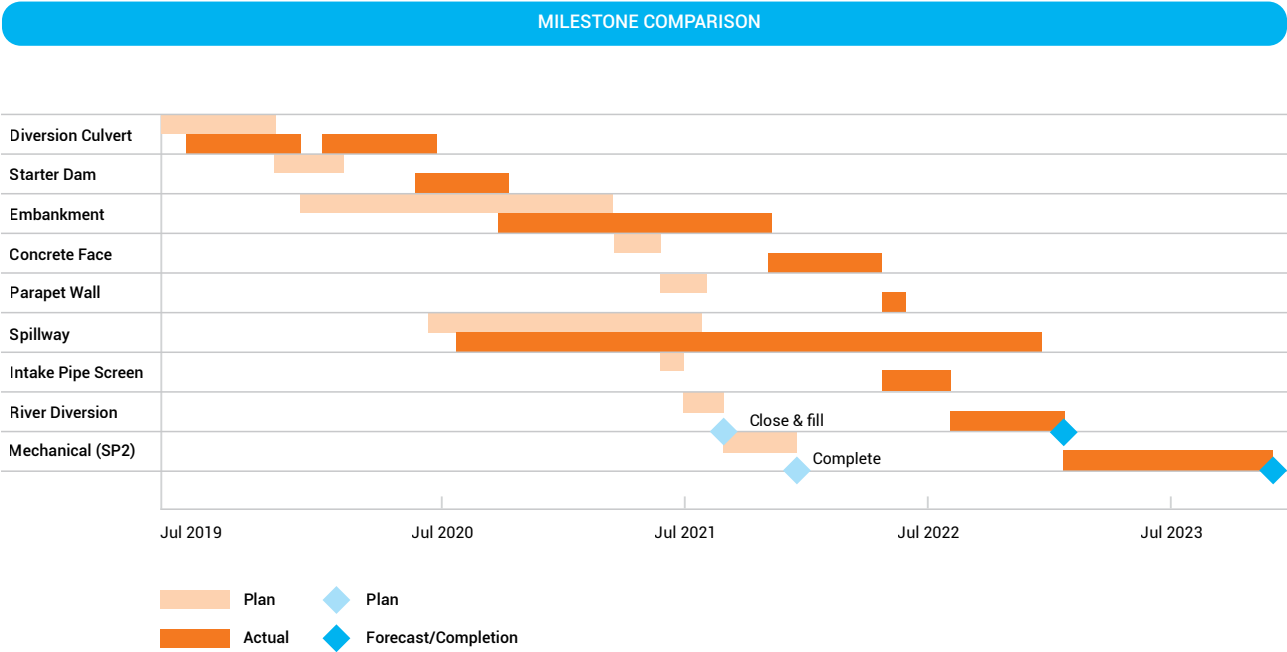
To achieve this, WWL is involved with overseeing construction and project management. Project information is then shared transparently and regularly with our stakeholders, including the public, shareholders and financiers

Progress

As detailed in the Construction section, the dam is now approximately 74% complete.

Delays have pushed back the dam's expected closure date until February 2023. This delay in turn means the subsequent mechanical and commissioning work for closure is now scheduled to finish a year later than originally scheduled, to early February 2024. WWL is actively working to recover time in the programme.

Project delays and disruptions, such as COVID-19 and weather events, have also affected the cost of building the dam. It is now estimated that the project will cost \$195M, a \$37M increase on the revised cost forecast in February 2021, and \$10M more than was estimated in February 2022.



Progress as at July 2022. Artist's impression of full reservoir.

How the dam's mechanics and electrics work

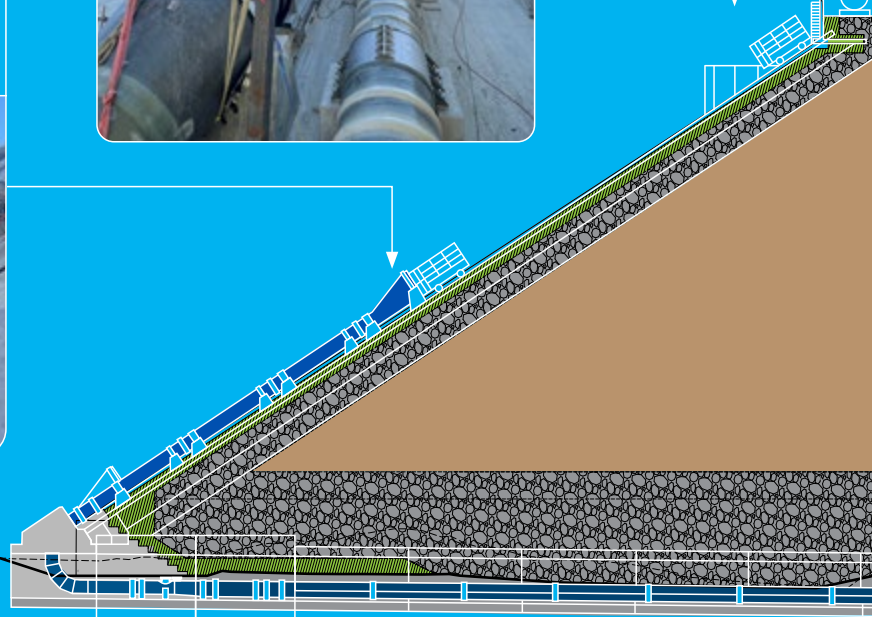
Water from the upstream reservoir flows into either or both of the lower and upper intake screens. The screens work as a filter to exclude fish and debris from the outlet works. The water then flows through the screens into the upstream valve chamber, where the water from the two intakes is mixed to maintain water quality targets. After flowing through approximately 160 metres of pipework, the length of the dam, the water reaches the downstream valve chamber where cone valves control the release of the water to the river.

▲ UPSTREAM CONSTRUCTION

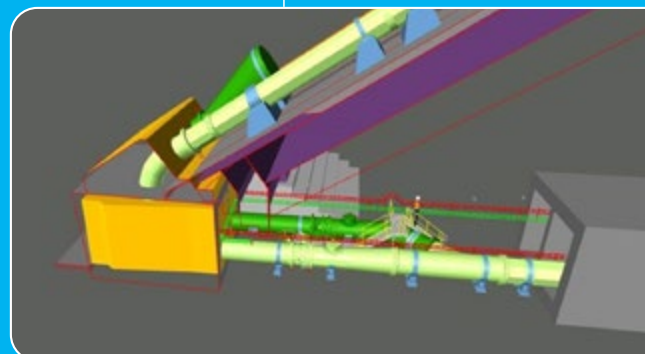
The INTAKE SCREENS can be winched to the dam crest for ease of cleaning and maintenance, with a platform to make it safe for personnel.



Reservoir water is filtered through the upper and lower INTAKE SCREENS, to meet water quality objectives. The 20mm screen openings prevent harm to fish and eels and prevent debris from entering the pipes and valves.

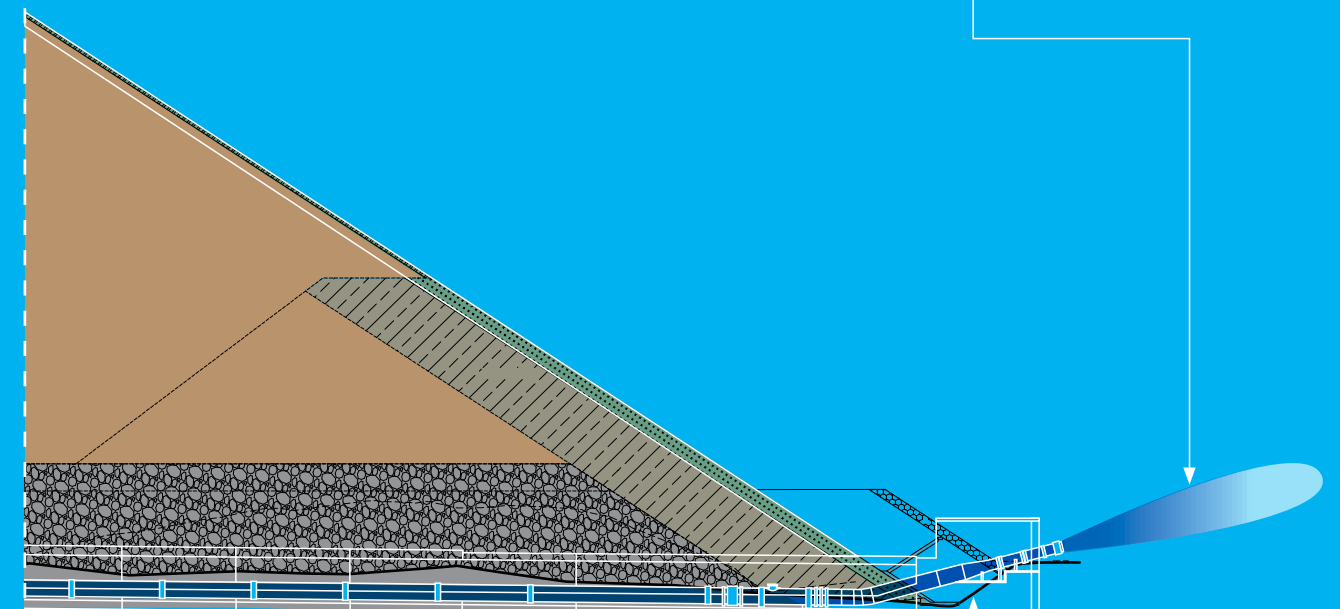
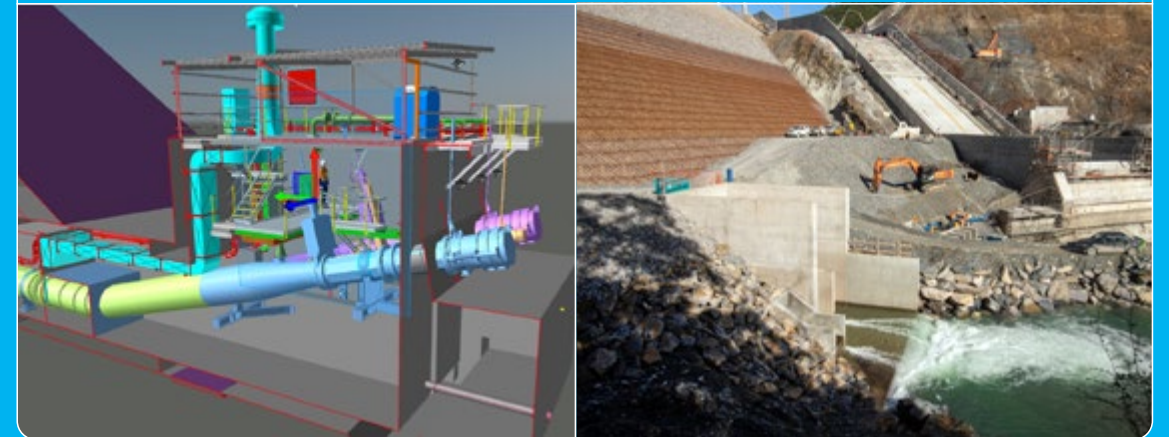


The two intake pipes enter the UPSTREAM VALVE CHAMBER, where water quality is achieved by mixing the flows from the two pipes using butterfly valves.



▼ DOWNSTREAM CONSTRUCTION

A VALVE CHAMBER DOWNSTREAM houses fixed cone valves to allow safe discharges to the river. Also inside the valve chamber is the micro hydropower turbine, which provides power for the dam and a ventilation system so it is safe for personnel to access the conduit.



A DOWNSTREAM VALVE CHAMBER houses fixed cone valves to safely discharge water into the river by dissipating energy. The micro-power turbine is also inside the valve chamber to power the dam.

During dry periods, the Waimea Community Dam's stored water is released to maintain even flows in the Lee and lower Waimea rivers. The flowing rivers top up the Waimea aquifers to maintain water levels for extraction, reduce the risk of saltwater intrusion from the coast and maintain a healthy river habitat for plants and animals. The flow from the dam will support both horticulture and the domestic water wells near Appleby that supply water to the combined Richmond / Nelson water network. Māpua, Ruby Bay, Brightwater and Wakefield also use bores in the Waimea Plains, benefitting from the recharged aquifers. The Waimea Community Dam catchment covers approximately 26% of the full Waimea River catchment. In an average year the dam is expected to be full 83% of the time. The size of the reservoir mitigates the impact of a drought greater than a 1:50 year event.

Design

The Waimea Community Dam is designed to the appropriate highest requirements of international and NZSOLD engineering standards to ensure that our community is not exposed to risks or hazards from the new dam during its construction and operation. This includes:

- Design life of 100 years.
- Robust to a 1:150 year Operating Basis Earthquake with superficial damage only and continued dam operations.
- Robust to a 1:10,000 year Seismic Evaluation Earthquake with no uncontrolled release of the reservoir and continuous functioning of all dam safety components.
- Manage and pass a Probable Maximum Flood of 1058 m3/s, equivalent to approximately three times the 1:100 year flood.

Consistent with good engineering practice, the design is continuously adjusted to adapt to the encountered geologic conditions. This includes, by way of example, managing shear zones above and below the spillway and adjusting the zoning of the embankment for the properties of the encountered indigenous rock.

All aspects of the dam's safety are independently assessed and reviewed by Damwatch Engineering Ltd and, when necessary, designs are reviewed by an independent panel of engineers from GHD.

Progress

The design has been modified as work has progressed to accommodate challenging geological features identified during excavation of the dam site. This year, much of this design work was completed, with a key focus on the spillway approach channel and the cut-off wall beneath the flip bucket, both due to encountered poor geology and the location of shear zones. The impact of the unexpected costs of this extra work is explained in more detail in the Operating and Financial Overview section of this report.

With most of the mechanical and electrical design completed in prior years, design work over the financial year has turned to river diversion and dam closure, controls, SCADA and dam safety surveillance systems.

Procurement of mechanical and electrical equipment and works progressed, with many of the major components now fabricated and delivered.

Next steps

The design focus is now turning to the commissioning of the dam and preparing for dam operation. This work includes completing and implementing the Dam Safety Management System (DSMS) including the Emergency Action Plan (EAP) in accordance with the NZSOLD guidelines.

Spillway Approach Channel

Issue	During excavation, extensive sheared and crushed zones containing thick erodible clay seams were identified as bisecting the approach channel to the spillway and the spillway itself.
Risk	If left untreated, these defects are potential seepage flow paths beneath the spillway, which threaten the integrity of the overlying spillway.
Engineering	Seepage analysis through the shear zones and beneath the spillway was completed to understand uplift pressures and hydraulic gradients beneath the structure.
Design	Extensive optioneering was undertaken to develop a cost-effective solution. Three-dimensional imagery, survey and design allowed the design of drainage and an impermeable apron to be custom fitted to the encountered geology. The design features: <ul style="list-style-type: none">• Geomembrane lining of the approach channel to prevent ingress of seepage into the shear zones and lengthen the seepage path.• Drainage zones to remove any seepage which bypasses the liner.• Increased grouting across the spillway alignment including additional grouting through shear zones.• An increased network of piezometers to monitor seepage within the approach channel and shear zones.
Construction	The geomembrane has been sourced and delivered from Carpi Tech in Europe. The drainage and anchoring beams are being constructed.



Engineering solutions being applied to the shear zones on the left hand side of the upper spillway.



Upper spillway shear zones marked in red, Dec 2021.

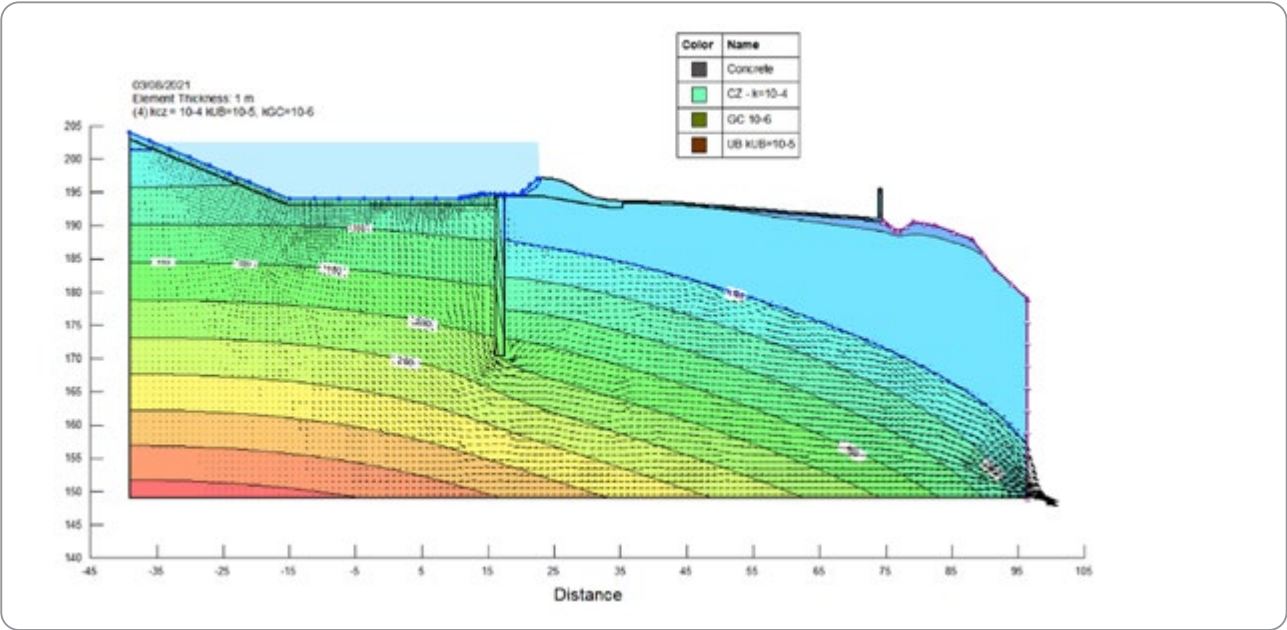


Figure 5 Seepage analysis (Credit: Damwatch Engineering)

Spillway Cut-off Wall and Plunge Pool

Issue	Upon excavation of the plunge pool and cut-off wall at the downstream end of the spillway, poor rock conditions including a network of shear zones were encountered. This raised concerns about the depth of potential scour within the plunge pool and the stability of the cut-off wall.
Risk	Undercutting of the flip bucket foundation could occur if the depth of scour in the plunge pool is greater than expected or deep scour of the shear zones occurs. If untreated, this could lead to major damage or loss of the cut-off wall and flip bucket.
Engineering	Significant effort was put into assessing and understanding both the geological conditions at the cut-off wall and the hydraulic performance of the flip bucket and plunge pool.
Design	<div>An engineering solution was developed to mitigate the risks from the poor ground conditions at the cut-off wall:<ul style="list-style-type: none">The plunge pool was deepened to be ~6 metres below river level and the cut-off wall was deepened to a further three metres below the plunge pool.Treatment of the shear zones immediately in front of the cut-off wall will be undertaken, comprising either shotcrete reinforcement or excavation and concrete backfill.</div>
Construction	Constructability issues due to the depth of excavation and staging of shear zone treatments were identified and resolved with the Contractor. Works are now in progress.



Plunge pool and cut-off wall at base of flip bucket.

Construction

As the Waimea Community Dam enters its fourth year of construction, focus will shift from completing the civil structures of the dam to diverting the river and installing the mechanical and electrical works.

Progress

A highlight for the year was the completion of the concrete face on the upstream side of the embankment, which was finished in May 2022. This enabled the precast concrete parapet walls to be installed on top of the embankment, and the start of installation of GRP pipework, intake screens and rails, and the crest platform on the face. The spillway was completed soon after the end of the financial year. Other milestones in the 2021-22 financial year include:

Complete

- The rock embankment to approximately 50 metres above river level, and all flow-preventing and chimney drainage zones up to the bottom of the parapet wall.

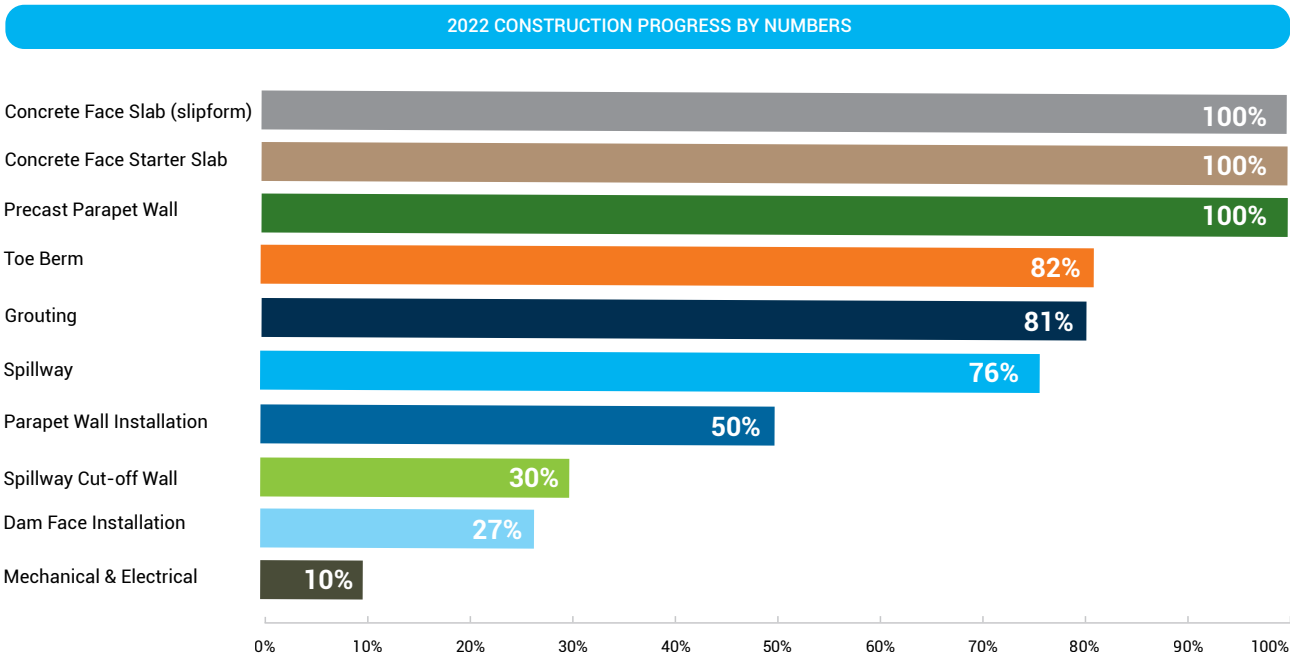
- The spillway flip bucket, which required a three-day continuous concrete pour to finish the eight-metre-high walls. Once this was done, the curved floor was then slip formed.
- The mid-section of the spillway with all the incline floors slipformed and all the vertical walls completed.
- Spillway cut-off wall excavation to the toe area and final anchors installed. Works were impacted, however, by weather events during early winter 2022.
- The right-hand side and left-hand side plinths.
- The precast parapet wall units, with most installed along the embankment crest by the end of June 2022.
- Fabrication of the intake screens and rails.
- Fabrication of both permanent and temporary switchboards, along with delivery of other key items, including GRP pipework and stainless steel outlet pipework.

Well progressed

- The upper spillway was largely completed during the year, allowing the ogee weir to be constructed early in the next financial year.
- The toe berm was significantly progressed during the latter part of the financial year, including seepage collection and control.
- The excavation and concrete reinforcement to shear zones within the plunge pool progressed.

Next steps

In the next financial year, the civil structures to the dam will be completed and much of the mechanical and electrical works and components installed. WWL expects the dam structures to be finished to start river diversion during the mid-part of the next financial year.



CONSTRUCTION OF THE SPILLWAY SIGNIFICANTLY PROGRESSED DURING THE FINANCIAL YEAR



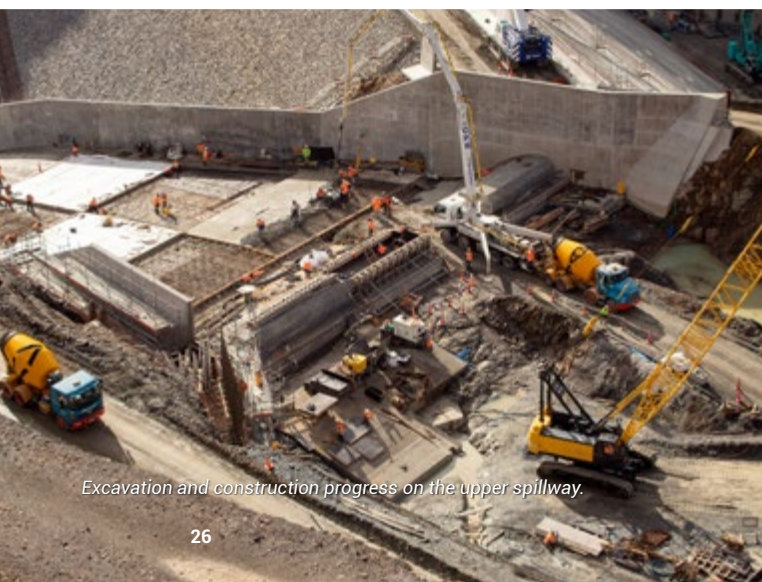
DAM CONSTRUCTION IS 74% COMPLETED



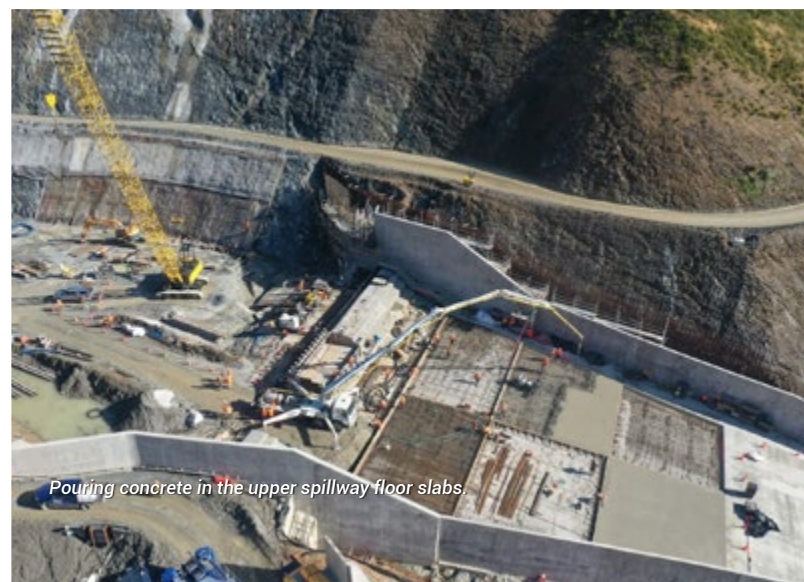
Completed flip bucket



Looking down the spillway.



Excavation and construction progress on the upper spillway.



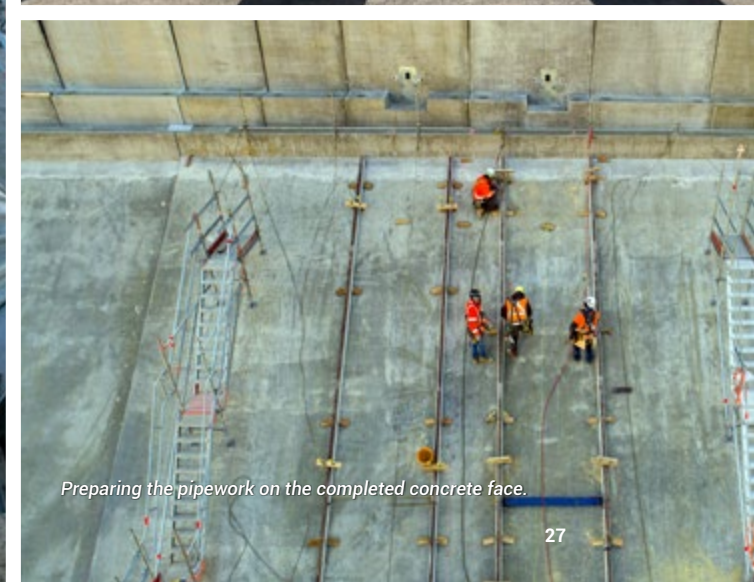
Pouring concrete in the upper spillway floor slabs



Pipework being installed on the concrete face.



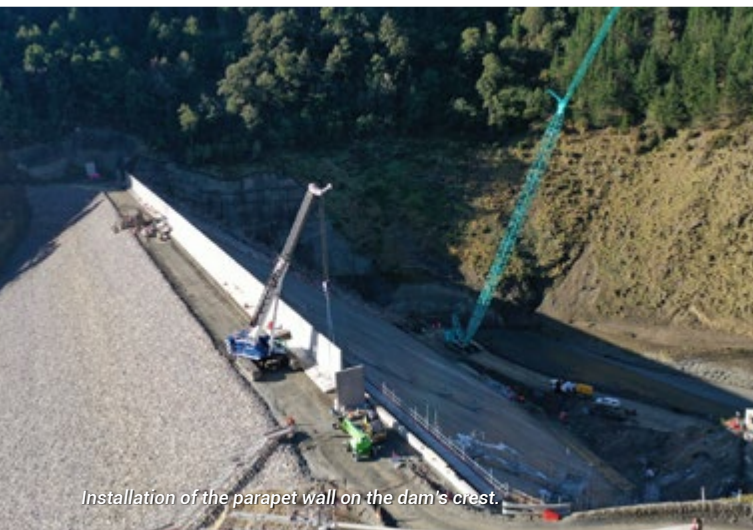
Precast parapet walls before placement on the embankment.



Preparing the pipework on the completed concrete face.



Intake screen before installation.



Installation of the parapet wall on the dam's crest.



Culvert, toe berm, spillway.



Continuous concrete pours created the 12,000m2 concrete face.



Downstream view of flip bucket and plunge pool progress.



Parapet walls on top of the embankment, adding height to the dam.

Health, Safety and Wellbeing

WWL is committed to the welfare of all workers involved in building the Waimea Community Dam and is proud of the safety record established over the duration of the project. While the Health and Safety at Work Act 2015 provides the statutory requirement to provide a safe workplace, WWL also believes strongly in its moral obligation to everyone involved in the project. This commitment is backed by WWL management and governance and covers WWL's own staff and contractors' employees.

Progress

During the course of this project, the Contractor has managed health, safety and wellbeing impressively, to record a near industry leading rate of 3.2 injuries for every million person-hours worked, and there have been no lost time injuries on the project to date. To ensure the health, safety and wellbeing of all involved with the project, threats and risks are continually assessed, and policies appraised for being fit for purpose. Independent consultants also examine and support the project's health, safety and wellbeing systems.

As a result, the construction site has a good health, safety and wellbeing record with a strong and open culture of engagement and focus, reinforced by a continual process of improvement. Over and above the inherent physical risks associated with a busy worksite on a complex and tight construction project involving heavy machinery, has been the continuing threat posed by the ongoing COVID-19 pandemic. Like all New Zealand workplaces, the virus has affected the project's workforce. WWL was given approval from MBIE to continue work on the dam during the COVID-19 Level 4 restrictions in August 2021. The Contractor and WWL successfully implemented controls at the time to ensure compliance with the government's requirements.

Next steps

WWL will continue its focus on health, safety and wellbeing over the coming year. WWL will also adjust and develop its systems in preparation for dam operations.



People-first health and safety practices have resulted in no lost time injuries on site.

Community Relationships

The community's importance to the construction project is reflected in the name – the Waimea Community Dam. The dam will ensure our region can prosper, underscoring WWL's core belief that a prosperous community is able to support good social, economic and environmental outcomes. As work on the dam progresses and the completion date draws nearer, WWL is committed to keeping the public informed about what is happening, and ensuring everyone has easy access to information. Public engagement has, however, continued to be difficult because of COVID-19 restrictions. Connecting with the public has therefore focused on media stories at key milestones, online and social media engagement, including WWL's own YouTube channel, and advertised newsletters. WWL also ran a well-attended display in the Richmond Mall, featuring posters and videos, for six weeks from 21 March 2022, and had frequent displays in the Richmond Library.

As the construction site is closed to the public, an important engagement project this year was the development of a 360-degree virtual tour video, so people can 'walk' around the site, get close to construction activities and watch information videos of our team talking about construction elements of the dam and how it will work when finished. This virtual tour was visited more than 1,000 times in the month after it was made live. There will be a continued focus on creating online videos, photos and written material content for use on WWL and TDC's websites, social media and YouTube channels, as well as a bi-annual newsletter promoted by the national media organisation Stuff. In the coming year, WWL will work with tangata whenua, landowners, local communities and others with an interest in the region's development and sustainability. It will also continue to work closely with Ngāti Koata to protect and nurture native taonga in the area and to integrate Māori cultural values in caring for the environment.



Public information display in Richmond Mall.

Environmental Protection and Compliance

The environment is precious and WWL is committed to ensuring the Waimea Community Dam is built and operated to the highest affordable sustainability standards.

To achieve this, WWL is working closely with our construction contractors and TDC. TDC has issued the dam project with 22 permits containing 178 resource consent conditions.

To meet these consent conditions, WWL has six Management Plans and nine Supplementary Environmental Management Plans for the construction phase alone. WWL is developing and seeking approval for operational stage management plans at present.

Progress

All environmental management plans required for the works to date have been reviewed and certified by TDC as compliant with the resource consent conditions.

Environmental compliance inspections continue to be conducted.

Water Quality

The Lee River is a sensitive environment and is highly valued by the community for the opportunities it provides for recreation, relaxation and gathering of kai.

Throughout the construction of the Waimea Community Dam, in accordance with its resource consent conditions, WWL has been careful to make sure that the Waimea and Lee rivers and surrounding environment are not adversely affected by what is a large-scale and complex construction.

To achieve this goal, WWL has engaged experienced independent specialists and robust systems to continually audit and monitor river health.

One well-regarded measure of any river's health is the Macroinvertebrate Community Index (MCI). Macroinvertebrates are the wide range of small insect species that live in waterways and are an essential part of the food chain.

The MCI measures how many of these small water insects are living in the river.

Before construction began, the MCI for the Lee River was classed as 'excellent'. WWL is pleased that repeated checks have shown that the Lee's MCI has stayed 'excellent' during the course of construction.

The Annual Water Quality Report has been completed and shows full compliance.

In addition, WWL has gathered and collated data to support TDC's carbon emissions monitoring requirements.

Fish passage maintenance and improvement as part of road upgrades and river crossings are well established and each culvert has been reviewed by an ecologist to ensure fish can move through these areas satisfactorily.

The ability of fish to move up and down the Waimea and Lee rivers and their tributaries is also being taken into account and the first draft of the up and downstream fish trap and transfer plan has been prepared. It is undergoing review by our Biodiversity Technical Advisory Group.

Resource Consent Compliance

Significant environmental incidents

Approved Construction Environment Plans

Approved Supplementary Construction Environment Plans

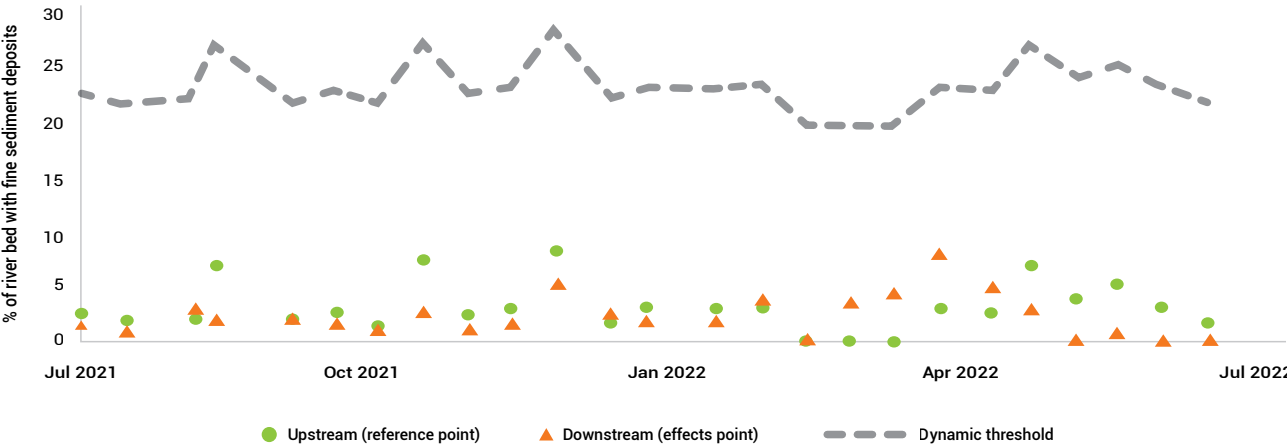
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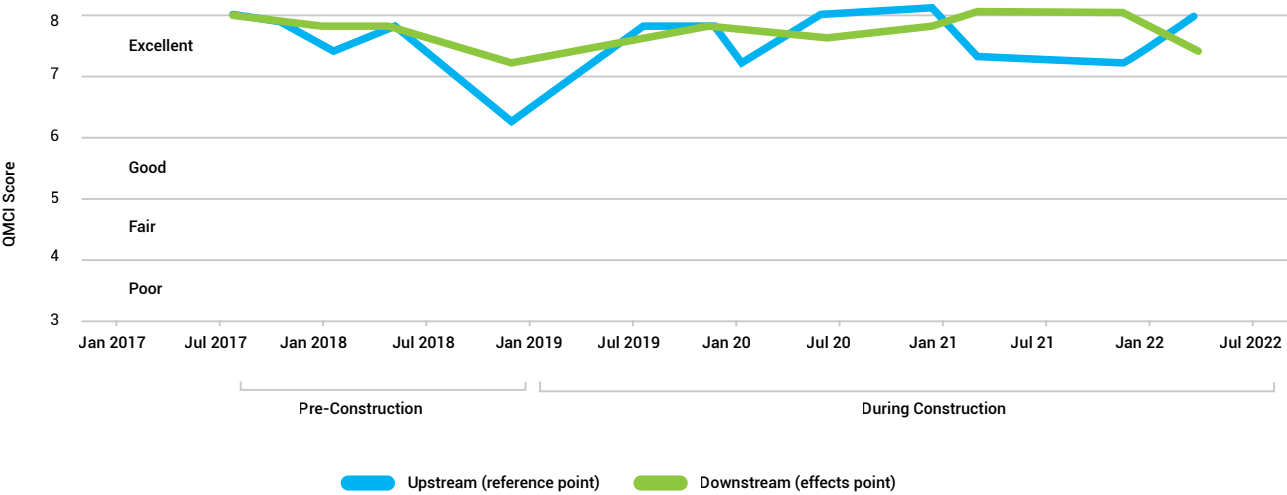
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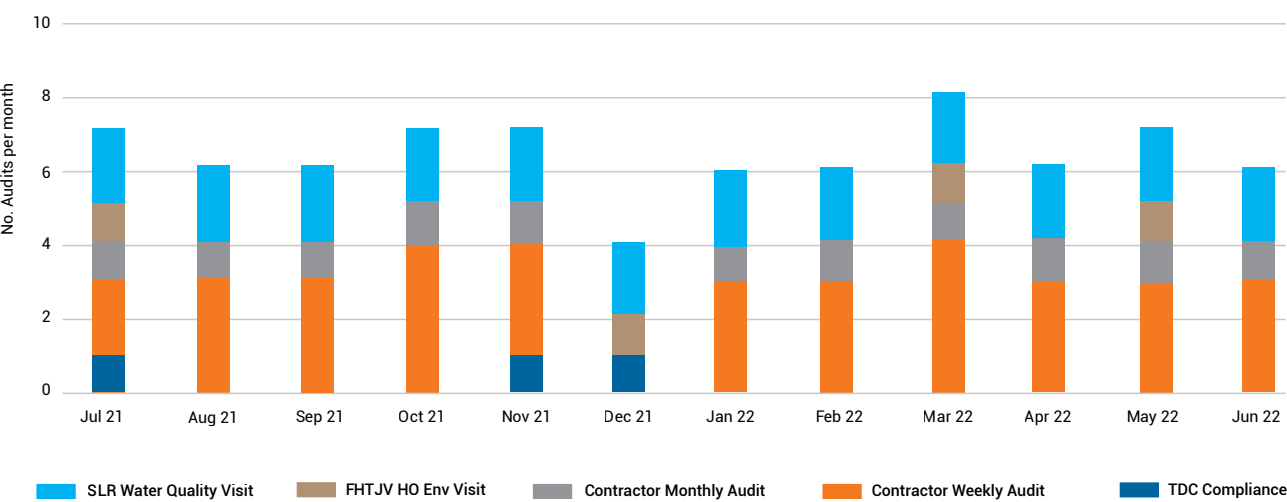
LEE RIVER DEPOSITED FINE SEDIMENT



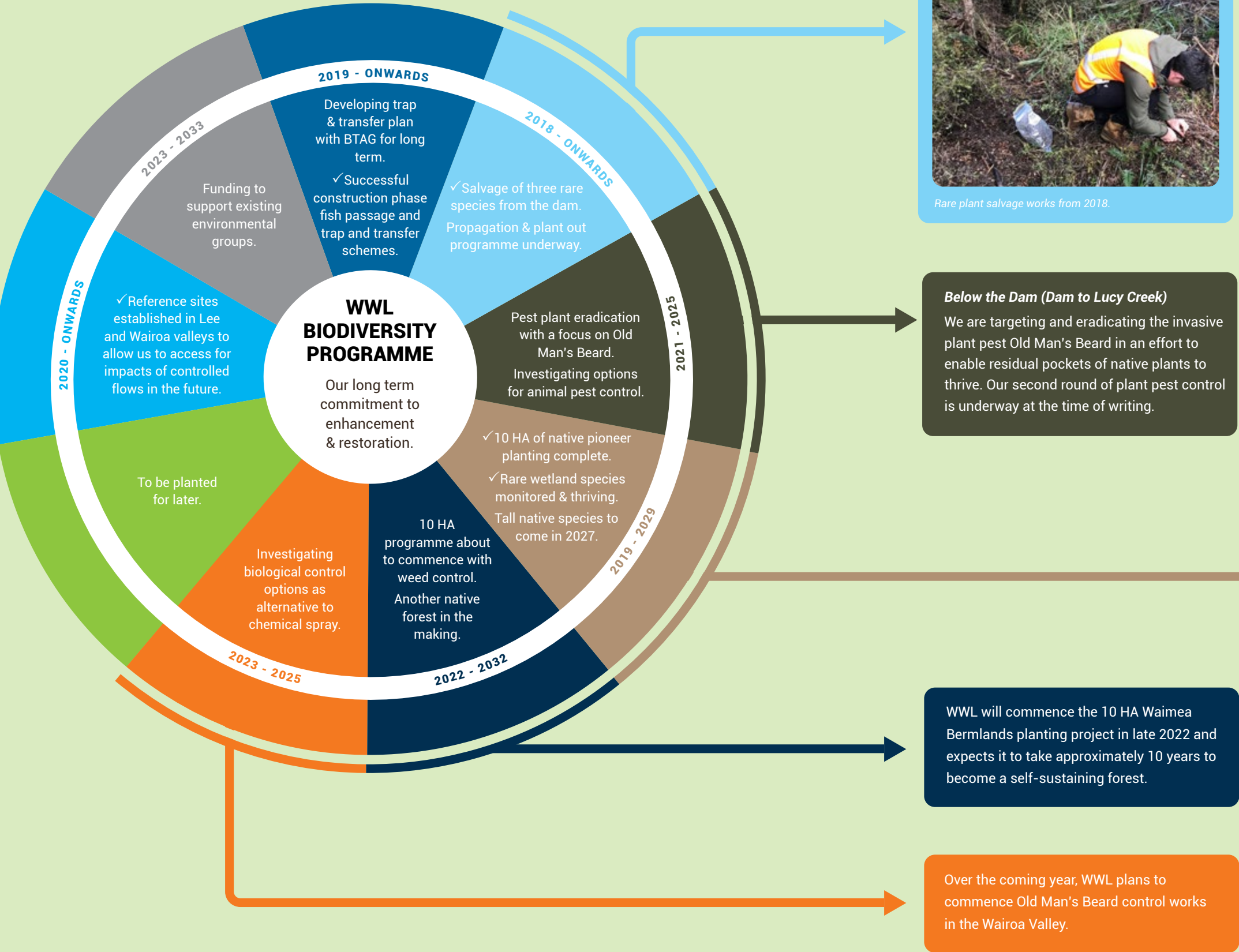
LEE RIVER QMCI SCORE



ENVIRONMENTAL & COMPLIANCE INSPECTIONS HISTORY



Biodiversity



Biodiversity Management Plan Progress Highlights

Rough Island

One of the remedial environmental projects being undertaken is the planting of native species over more than ten hectares on Rough Island.

We began the reporting year with 85% of the pioneer planting completed, and the effort to complete the remaining 10%, along with infill planting, has gone well.

Weed control around these plantings has been done by Future Ecology.

Plants in some areas are growing well, while those in others have a high number surviving, but not thriving. These will continue to be monitored and, if necessary, replaced.

PERFORMANCE

Operating and Financial Overview

Project Cost Forecast

In June 2022, WWL provided shareholders and the public with a revised project cost of \$195M. This represents a \$31M increase over the estimate forecast in February 2021. This cost increase resulted from the following predominant causes:

1. 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.

- Upper spillway shear zones* were unexpectedly encountered, as outlined in the Design section. The two shear zones of dispersive material transverse the approach channel and bisect the spillway, which would pose a hydraulic uplift threat to the integrity of the spillway if left untreated. The engineered mitigation includes a supported geosynthetic membrane to the approach channel, additional grouting, drainage, stabilisation and instrumentation.
- Plunge pool rock quality* was encountered to be very poor, with two shear zones traversing the plunge pool (see Design section). If left untreated,

erosion of the poor rock would threaten to undermine and compromise the integrity of the lower part of the spillway. The engineered solution includes both an enlarged cut-off wall below the spillway, to a depth of nine metres below the river level, and an enlarged plunge pool.

- Embankment fill* required greater flow preventing material than previously expected to treat the extensive defects in the abutments that were gradually exposed during 2021. To manage both the encountered indigenous foliated argillite rockfill and the large amount of foundation defects, 110,000 m³ of drainage rock and 25,000 tonnes of sand were imported to site during 2021 at a cost of \$14M.
- Stabilisation* was required to the left-hand side above the spillway, shear zones and plunge pool.
- Grout curtain* has increased to ensure the sub-strata is adequately sealed to prevent flow beneath the dam. While the original and funded plan was to drill 5,000 metres of grout curtain, WWL now expects to drill more than 17,000 metres.
- Foundation treatment* to the spillway increased to accommodate the nature of the founding rock.



Shear-zones bisecting the spillway.



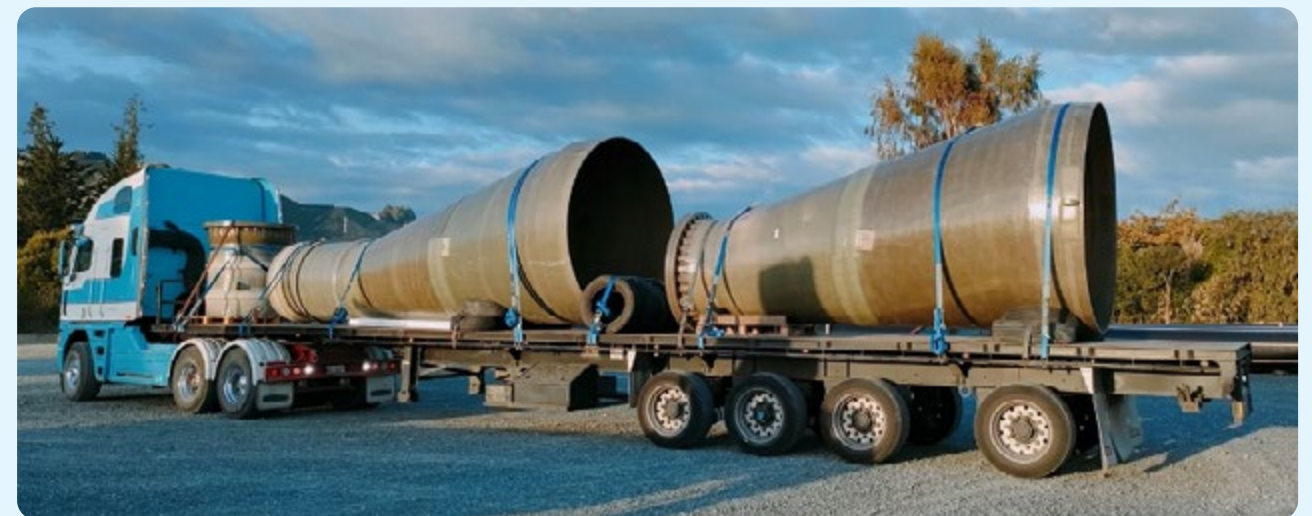
Fractured left-hand side of the spillway.

2. 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. During this period, WWL 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.

- Greater cost and time of the permanent mechanical and electrical works.
- Greater river diversion capacity in the temporary works to meet contemporary engineering standards.



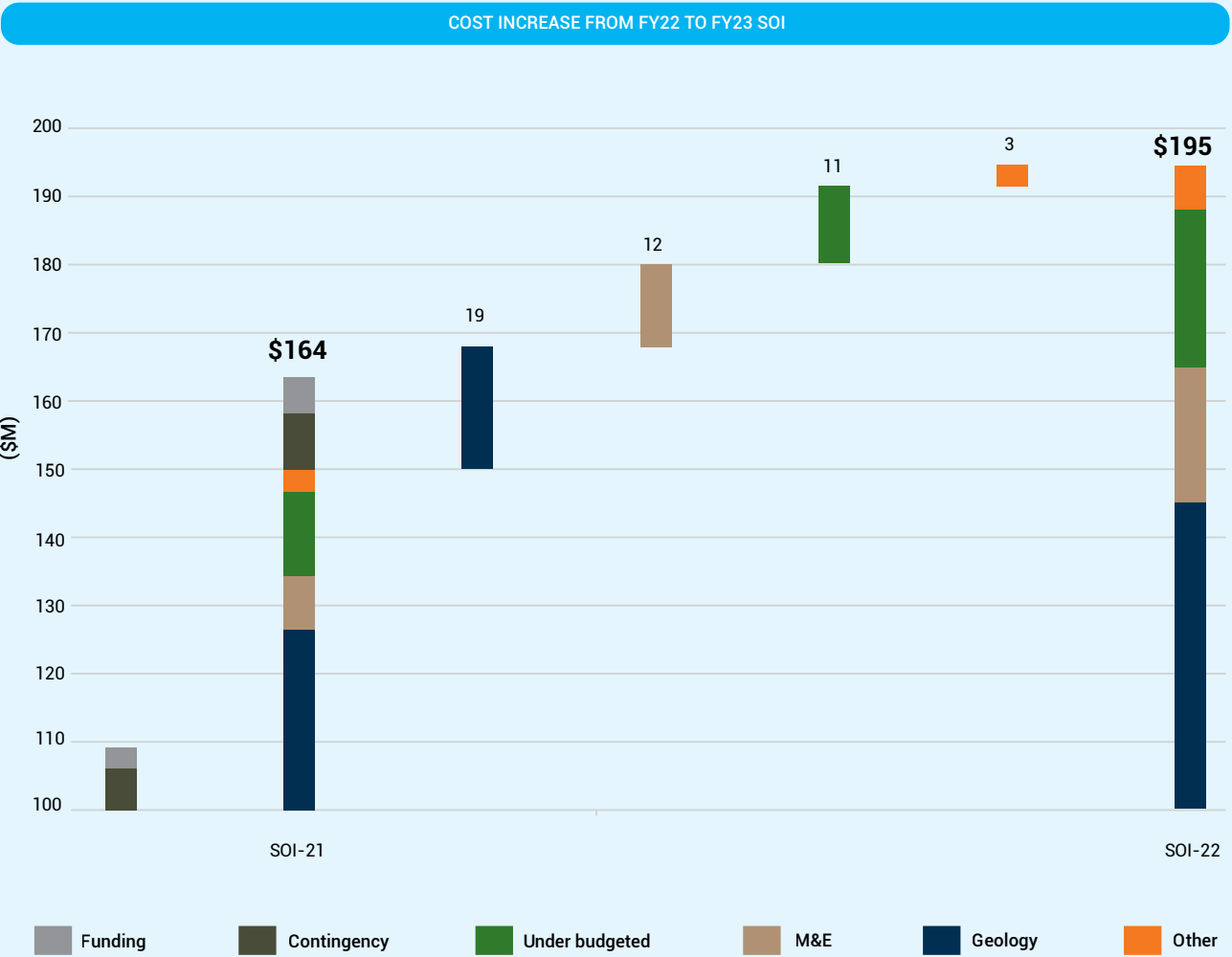
3. Other Project Costs

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.

- 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 recent 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.

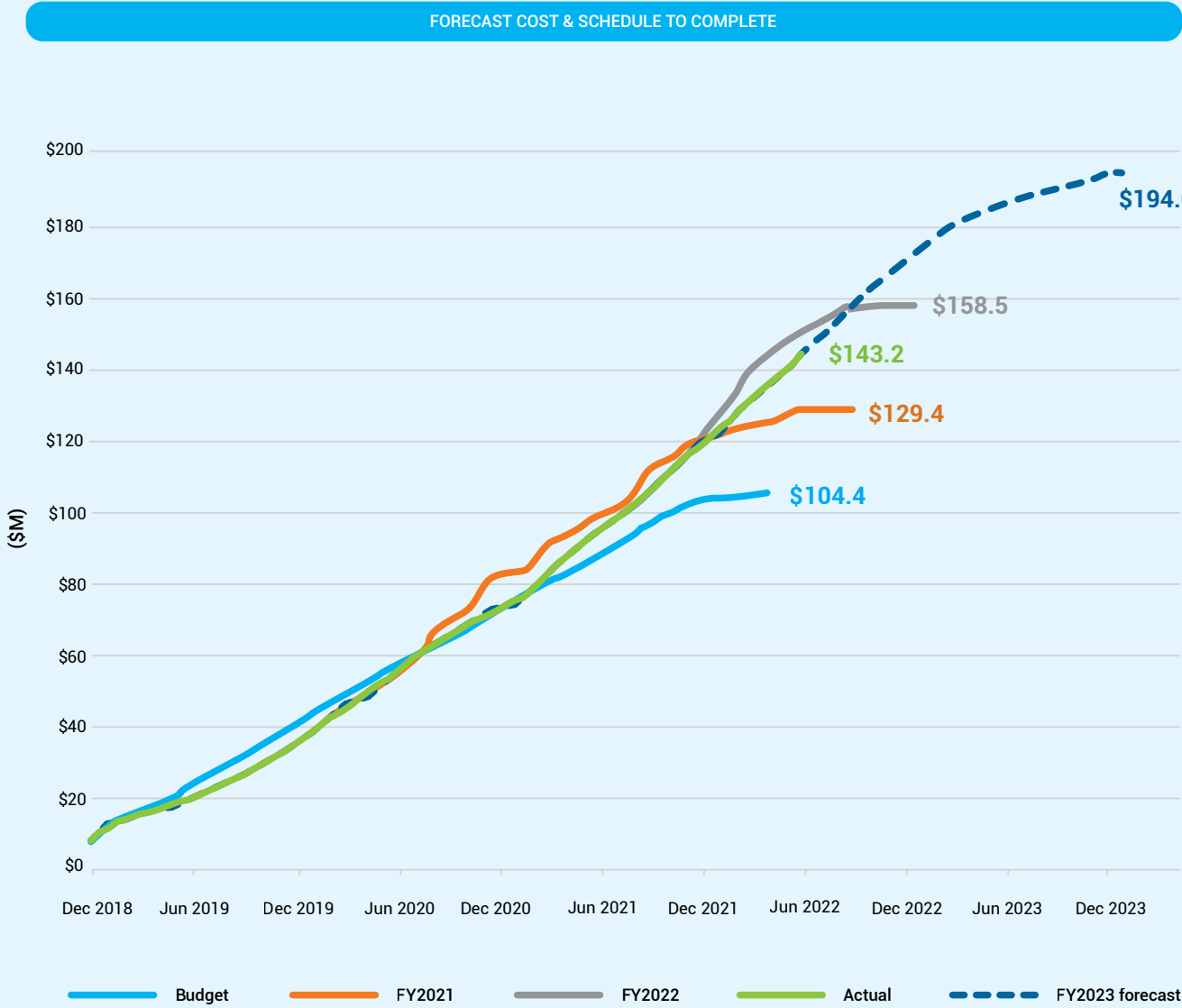
The project costs are shown in the graph and table below.



Cost Forecast \$M	Funded at 2018	February 2021	June 2022
Budget	\$100	\$100	\$100
Contingency and facility	\$7	\$14	\$0
Encountered geology		\$24	\$43
Mechanical and electrical		\$8	\$20
Under budgeted		\$16	\$27
Other		\$2	\$5
TOTAL	\$107	\$164	\$195

Project Spend Against Forecast

Project spend at the end of the financial year on 30 June 2022 was \$143.2M, as shown in the graph against cost forecast below.



Project Schedule Forecast

During early to mid-2022, the Contractor advised of delays to the project, such that:

- a) The dam is now expected to be completed and ready for filling (SP-1) in February 2023, almost 1.5 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.
- b) Mechanical works will be completed and commissioned (SP-2) in January 2024, two years 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) A threefold and fourfold prolongation of time to complete the river diversion and mechanical works respectively, over the original plan.

The Contractor’s forecast dates for completion are shown in the table below. WWL is investigating options to mitigate delays and sees potential to recover some time during commissioning.

	Plan at funding	Expected Dec 2021	Forecast June 2022
Complete dam (SP1)	28 October 2021	July to Sept 2022	Feb 2023
Commission dam (SP2)	23 January 2022	1Q 2023	Jan 2024

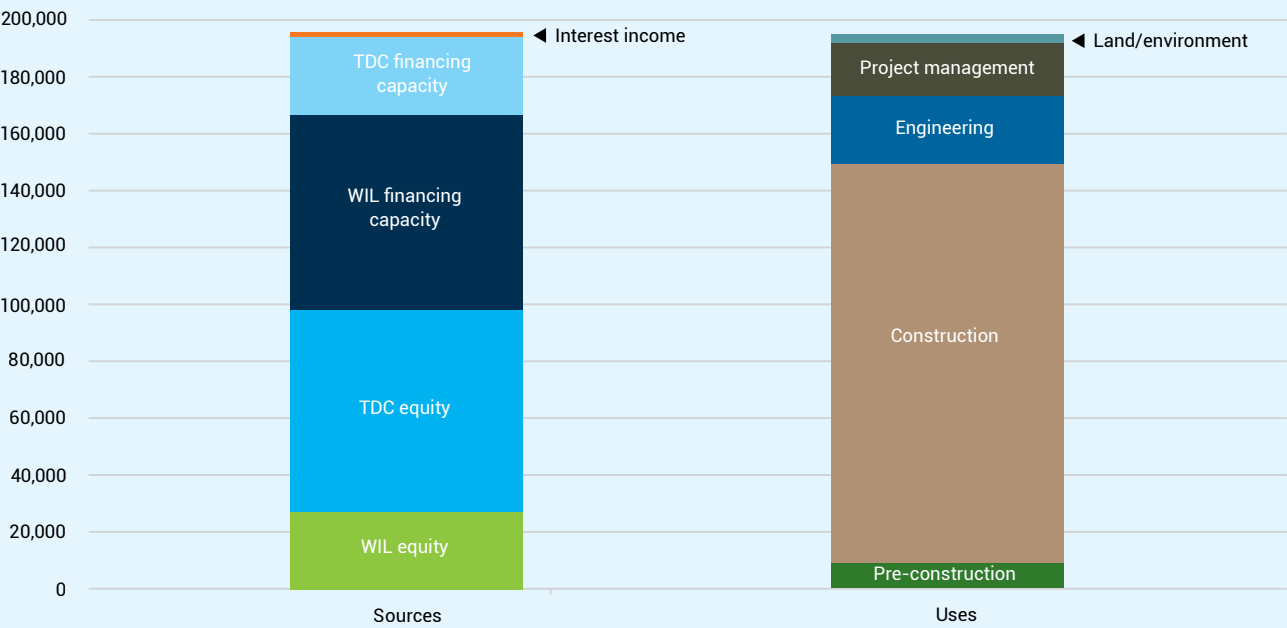
Project Funding and Financing

WWL is fully funded by its shareholders, TDC and WIL, to the expected project cost of \$195M.

Funding is sourced from irrigator equity contributions, loans from Crown Irrigation Investments Ltd (CIIL), TDC reserves, grants from the Ministry for the Environment

and Nelson City Council (NCC), and loans from the Local Government Funding Agency (LGFA). Interest has also been earned by WWL from term deposits.

Financing costs are shared between shareholders via water charges. The revised project cost forecast described above will result in increases in future water charges.



Project Risks

WWL operates a risk management system based on NZTA's Z/44 system and guidelines. Mitigation plans are developed and monitored. WWL uses an independent quantity surveyor, Rawlinsons, to independently value and verify major variations.

With the project approximately 74% complete, the dam structures very close to being complete and much of the mechanical and electrical works procured, project risk is dissipating with:

- a) Geological risks now largely known and addressed.
- b) Mechanical and electrical works procured. Components now largely delivered.
- c) Under and non-budgeted items as forecast.

Significant risks do, however, remain in the project. These include:

- a) Weather events, exceeding expectations, delaying the sensitive operation of river diversion during late 2022 and early 2023.
- b) Escalation of mechanical and river diversion costs.
- c) Contractor claims and dispute costs. The Contractor brought a claim against WWL through adjudication under the Construction Contracts Act (2002). The outcome did not result in any further cost or delay to WWL although the Contractor is now disputing the adjudication outcome by way of arbitration. The Contractor has also instigated arbitration on a number of other disputed matters. WWL will defend these claims. Arbitration is expected to continue beyond the completion of the project, so the final cost of the project will not be known until that arbitration is complete.



Geology risks now largely known.



Severe weather events like the July 2021 flooding remain a risk..

Performance against Statement of Intent

Health, safety and wellbeing (H, S, & W)

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

- Meet requirements of health and safety in the workplace legislation.
✓ *WWL's system peer reviewed by independent industry qualified expert IMPAC.*
- Review and verify Contractor's H, S & W systems.
✓ *Contractor's system peer reviewed by independent industry qualified expert IMPAC.*
- No fatalities or serious injuries.
✓ *There have been no fatalities, serious injuries, or lost time injuries.*
- Total recordable injury rate <5 per m.
✓ *3.2 TFIFR at 30 June 2022.*

Environmental management

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

- Meet resource consent conditions.
✓ *All conditions due to be met have been met.*
- Approve and validate SCEMPs.
✓ *100% of SCEMPs approved and validated during the year.*
- Implement Biodiversity Management Plan.
✓ *100% compliance. Completed planting programme at Rough Island; all rare plant monitoring current; commencing Waimea Bermlands early; Gorge Turf monitoring current; Dam Lucy Creek continues.*

Design

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

- Modify and optimise design for all encountered conditions to meet NZSOLD guidelines.
✓ *On track for PS-1 and PS-2.*
✓ *Spillway and plunge pool design adapted for conditions.*
- Revise dam break analysis and prepare Emergency Action Plan (EAP).
✓ *Dam break analysis complete.*
✓ *EAP developed.*
- Complete surveillance strategy and Dam Safety Management Plan (DSMP).
❖ *Strategy and DSMP in development.*

Construction

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

- Construct dam in accordance with specification.
✓ *On track for PS-3 and PS-4.*
✓ *On track for regulator approval.*
- Deliver project to schedule, as adjusted for encountered conditions and uncontrolled events.
❖ *Filling of reservoir / SP-1 delayed to February 2023.*

- Report COVID-19 impacts.
✓ *15 working days granted to the Contractor for COVID-19.*
- Utilise appropriate risk-based management system.
✓ *The Risk Register process follows NZTA Z/44 guidelines.*

Sustainability and community relationships

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

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

Financial management

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

- Manage Costs to Complete.
❖ *A cost of \$195M was reported in the 2022/23 Sol.*
- Agreed quarterly reporting deadlines met.
✓ *100% compliance with deadlines.*
- Compliance with financier expectations.
✓ *100% compliance with expectations.*
- Report COVID-19 impacts.
✓ *Costs to Contractor for lockdown suspensions determined.*
✓ *Advised shareholders of additional costs and delays.*
- An unqualified audit opinion on annual financial statements.
✓ *Achieved.*

Operational readiness

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

- Complete land owner consultation and Land Access Report.
✓ *On track for completion.*
- Complete Operational Management Plan.
✓ *On track for completion.*
- Complete Reservoir Release Water Management Plan. (RRWMP)
✓ *RRWMP developed and peer reviewed.*
- Complete River Quality Monitoring Programme and Reservoir Quality Monitoring Programme.
✓ *Completed and approved by regulator.*
- Complete operating model and budgets for shareholders' consideration.
✓ *Completed.*

GOVERNANCE

Corporate Governance

The WWL Board is committed to a high standard of corporate governance and regulatory compliance in guiding and monitoring WWL's activities. The Board carries out its accounting, reporting, risk management and decision-making responsibilities in accordance with legislation and the Directors comply with their obligations under the Companies Act 1993, the Local Government Act 2002 and other relevant legislation. Board performance is evaluated on an annual basis. Directors are appointed for a period of up to four years.

The Board is made up of seven highly experienced Directors appointed by shareholders and iwi, as follows: TDC - 4, WIL - 2 and Ngāti Koata - 1.

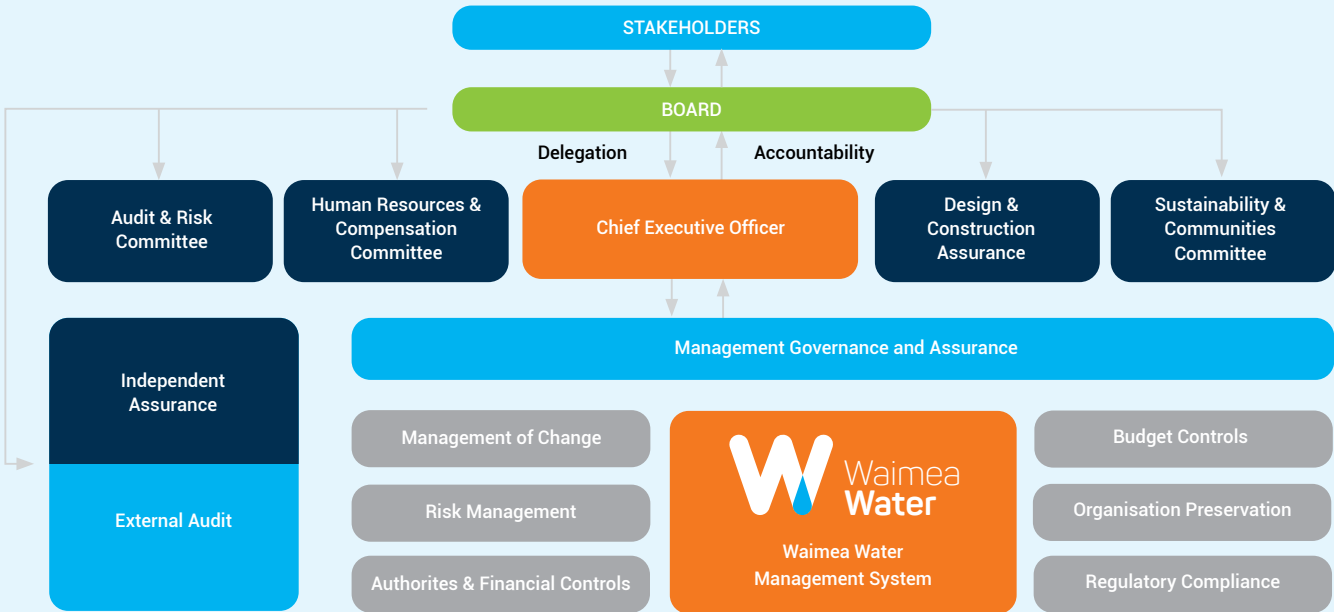
At the end of the year, director Ken Smales joined the management team as Project Director to support the project during the challenging completion period.

Corporate Structure

The WWL Board is supported by four committees that consist of subgroups of directors and staff.

The committees provide governance and assurance across audit and risk, human resources, engineering and construction, and sustainability and communities.

The management of WWL works to a management system approved by the Board that provides systems for management of change, risk management, authorities and financial controls, budget controls, organisation preservation and regulatory compliance. An external audit is completed annually for the Board by Audit NZ.



Board of Directors



David Wright
Chair
TDC

David is a Company Chair, Management Consultant and former Chief Executive. His current directorships include Chair of Central Air Ambulance Rescue Limited, Search and Rescue Services Limited, Waikato District Council's Waters Governance Board, Solomon Islands Airport Corporation Limited.



Bruno Simpson
Deputy Chair
WIL and Chair Audit and Risk Committee

Bruno is CEO and Managing Director of Waimea Group and Chairman of the International New Varieties Network LLC. He has been actively involved in Waimea Irrigators Ltd (WIL) and is also a director of Century Water Ltd, the other major funder of WIL.



Andrew Spittal
Director
Ngāti Koata

Andrew is a Director and Shareholder in several local companies. He has a vast range of commercial experience in the civil construction industry with more than 25 years in the field, including transforming a residential drainage business into one of Nelson's largest drainage and water reticulation specialists. Andrew represents the interests of Ngāti Koata as their nominated Board Director.



Ken Smales
Director (Until 30 June 2022)
TDC

Ken has nearly 50 years of engineering experience in all aspects of dam building, including design, consents, construction, operation, safety, hydropower generation and irrigation. He was involved in the Central Plains Irrigation Project in Canterbury worth \$450 million for five years and for 10 years was the Deputy Chairman of Damwatch, and a Director of Southern Generation Australia, a subsidiary of Meridian Energy New Zealand.



Julian Raine
Director
WIL and Chair Sustainability and Communities Committee

Julian's career background is in agriculture and horticulture and he is actively involved in a wide range of export focused businesses. He is a former Director on the Cawthron Institute Board. Julian is Executive Chairman of Boysenberry New Zealand Ltd, a director of Wai-West Horticulture and a shareholder of Waimea Irrigators Ltd.



Doug Hattersley
Director
TDC and Chair Design and Construction Committee

Doug has over 45 years engineering and project management experience on large international infrastructure projects. He is a Graduate Member of the Australian Institute of Company Directors and has a Bachelor of Engineering (Hons) (Civil) degree from the University of Canterbury. Doug is currently a consultant for renewable energy and infrastructure companies.



Margaret Devlin
Director
TDC and Chair Human Resources and Compensation Committee

Margaret is a professional director working primarily in the infrastructure sector. She has served as a director for a range of entities with a particular focus on audit and risk. She is currently chair of Watercare, Lyttelton Port Company Limited, Infrastructure New Zealand, and Hospice Waikato. She is a director of Waikato Regional Airport Group Ltd, IT Partners Group and Aurora Energy. She is also Deputy Chair of WINTEC and a Member of the Institute of Directors' Waikato Branch Committee.

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2022

Independent Auditor's Report

To the readers of Waimea Water Limited's financial statements and performance information for the year ended 30 June 2022

The Auditor-General is the auditor of Waimea Water Limited (the Company). The Auditor-General has appointed me, John Mackey, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the Company on his behalf.

Opinion

We have audited:

- the financial statements of the Company on pages 53 to 68, that comprise the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in net assets and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the Performance against Statement of Intent of the Company on page 42.

In our opinion:

- the financial statements of the Company on pages 53 to 68:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2022; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards Reduced Disclosure Regime; and
- the Performance against Statement of Intent of the Company on page 42 presents fairly, in all material respects, the Company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Company's objectives for the year ended 30 June 2022.

Our audit was completed on 21 November 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the Company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the Company.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the Company for assessing the Company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the Company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 4 to 41, 43 to 46, 51, 52, and 69, but does not include the financial statements and the performance information, and our auditor’s report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Company in accordance with the independence requirements of the Auditor-General’s Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Company.



John Mackey
Audit New Zealand
On behalf of the Auditor General
Christchurch, New Zealand

Annual Report

FOR YEAR ENDED 30 JUNE 2022

The Directors have pleasure in presenting to the shareholders this Annual Report and audited financial statements of WWL for the year ended 30 June 2022.

Nature of Business

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

Our Commitment

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

Board attendance

Board attendance levels during the year were as follows;

Director	Position	Tenure during year	Meetings Attended	Of a possible	Directors Fees	FY2021
D Wright	Chair	Full year	11	11	\$63.0k	\$63.0k
B Simpson	Deputy Chair	Full year	10	11	\$31.5k	\$31.5k
D Hattersley	Director	Full year	10	11	\$31.5k	\$31.5k
J Raine	Director	Full year	11	11	\$31.5k	\$31.5k
K Smales	Director	Full year	11	11	\$31.5k	\$31.5k
A Spittal	Director	Full year	10	11	\$31.5k	\$31.5k
M Devlin	Director	Full year	11	11	\$31.5k	\$31.5k
					\$252.0k	\$252.0k


Amount paid to the Auditor

Audit New Zealand was paid \$36,962 during the current period audit for the prior year audit, and \$38,050 is expected to be paid for the current year audit.

Donations

The value of donations for the year ended 30 June 2022 was \$0 (2021 \$0).

For and on behalf of the Board



D Wright
Chair



B Simpson
Deputy Chair

Directors' Register of Interests during the financial year:

David Wright

David Wright Limited (Director)
Tervuren Trust (Trustee)
Waikato District Council Waters Governance Board (Chair)
Central Air Ambulance Rescue Limited (Chair)
Search and Rescue Services Limited (Chair)
Solomon Islands Airport Corporation Limited (Chair)
Red Meat Profit Partnership (Chief Executive - to Oct 2021)
MFAT Energy Services Panel (Panel Member)
Tokelau Renewables Energy Steering Committee (Chair)
Central Economic Development Agency (Interim CEO - to Jan 23)
Hāpi Brewing Success (Independent Chair)
Unrealised Potential (Independent Chair)
Horowhenua District Council (Interim CEO - to May 2022)

Ken Smales

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

Doug Hattersley

Stanley Douglas Hattersley (Consultant)
Hattersley Family Trust (Trustee)

Julian Raine

Raine Group Ltd (Managing Director)
Raine Farms Ltd (Director)
Raine Estate "Oaklands" Ltd (Director)
NZ Boysenberry Council Ltd (Director)
Boysenberry New Zealand Ltd (Executive Chairman)
Oaklands Milk Limited (Director)
Wai West Horticulture Ltd (including subsidiary companies Wai West Investment Ltd and Wai West Farms Ltd (Director)
Saxton Fruit Ltd (Director)
Jarar Holdings Ltd (Director)
New Zealand Dairy Desserts Company Ltd (Chairman)
Waimea Community Dam Ltd (Director)
Aunt Jeans Ltd (Director)
Motupiko Dairy Farm Ltd (Director)
Cold Storage Nelson Ltd (Director)
Waimea Irrigators Ltd (Director and Shareholder)
Massey Lincoln Agricultural Industry Trust (Trustee)
Heatham Trust (Trustee)
Wairua Hop Garden GP Limited (Director)
Oaklands Milk Marlborough Limited (Director and Shareholder)
Food Factory Trust (Trustee)
Fresh Fruit Company of Nelson Limited (Director)

Bruno Simpson

Waimea Group Ltd (CEO and Managing Director)
Waimea Group Properties Ltd (Executive Director)
Waimea Nurseries Consulting Limited (Executive Director and Shareholder)
Waimea Nurseries Ltd (Executive Director)
Waimea Variety Management Ltd (Executive Director)
Waimea Plant Propagation Ltd (Executive Director)
WNW Ltd (Executive Director)
Century Water Ltd (Director)
International New Varieties Network LLC (Chairman)
Canis Lupus Ltd (Director and Shareholder)
Harley Trustee Company No.33 Ltd (Director and Shareholder)
B S Family Trust (Trustee)
Waimea Plant Laboratories Limited (Executive Director)

Andrew Spittal

Ching Contracting Ltd (Director and Shareholder)
Spittal Properties Ltd (Director and Shareholder)
Spittal Holdings Limited (Director and Shareholder)
Spittal Family Trust (Trustee)
Andrew and Deborah Spittal Family Trust (Trustee)
Richmond West Development Company Ltd (Director)
Squally Cove Forestry No. 14 Ltd (Director and Shareholder)
Exeter Street Ltd (Director)
Project Tasman Ltd (Director)
Spittal Developments Limited (Director and Shareholder)
TMBC Limited (Director and Shareholder)
Coman Developments Ltd (Director)
Maitai Development Co General Partner Limited (Chair)
CCLP Limited (Director)
SBAS Properties Ltd (Director and Shareholder)
Bag Development Company Ltd (Director and Shareholder)
Coman Developments McShane Road Limited (Director and Shareholder)
Mapua Dev Co General Partner Limited (Director)

Margaret Devlin

Watercare (Chair)
Waikato Regional Airport Group (Director)
Lyttelton Port (Chair)
Aurora Energy (Director - to Jun 2022)
IT Partners (London Green Limited) (Director)
Wintec (Deputy Chair - to May 2022)
Hospice Waikato (Chair)
Infrastructure NZ (Chair)
Waikato University (Council Member - to Sep 2021)
Women in Infrastructure (Chair - to Apr 2022)
Dairy NZ (Board Member)
OAG Review Panel (Panel Member)

Statement of Comprehensive Revenue and Expense

FOR THE YEAR ENDED 30 JUNE 2022

		FY2022	FY2021
	Note	\$000	\$000
Water charges income	1	160	-
Operating expenses			
Project costs	2	-	-
Employee costs		554	625
Depreciation and impairment	3	610	1,352
Other administrative expenses	4	382	341
Operating expenses		1,546	2,318
Finance income	5	34	462
Finance costs	5	(161)	(1)
Surplus/(Deficit) for the year		(1,513)	(1,857)

Statement of Changes in Net Assets

FOR THE YEAR ENDED 30 JUNE 2022

Opening retained earnings		(2,585)	(728)
Total surplus (deficit) for the year		(1,513)	(1,857)
Retained earnings as at year end		(4,098)	(2,585)
Opening share capital		70,517	55,147
Movement for the year		10,499	15,370
Share capital at year end	6	81,016	70,517
Closing equity at year end		76,918	67,932

Statement of Financial Position

AS AT 30 JUNE 2022

	Note	FY2022 \$000	FY2021 \$000
Assets			
<i>Current</i>			
Cash And Cash Equivalents	7	9,337	9,357
Receivables From Exchange Transactions	8	163	286
Receivables From Non-Exchange Transactions	9	838	546
Other Current Financial Assets	10	-	-
Total Current Assets		10,338	10,189
<i>Non-Current</i>			
Property, Plant And Equipment	11	137,497	89,395
Deferred Tax Asset	12	-	-
Other Non-Current Financial Assets	10	-	-
Total Non-Current Assets		137,497	89,395
Total Assets		147,835	99,584
Liabilities			
<i>Current</i>			
Payables Under Exchange Transactions	13	6,599	4,553
Employee Entitlements	14	98	86
Total Current Liabilities		6,697	4,639
<i>Non-Current</i>			
Loans And Borrowings	15	64,220	27,013
Total Non-Current Liabilities		64,220	27,013
Total Liabilities		70,917	31,652
Net Assets		76,918	67,932
Equity			
Equity Contributions	6	81,016	70,517
Accumulated Funds		(4,098)	(2,585)
Total Equity		76,918	67,932

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2022

	Note	FY2022 \$000	FY2021 \$000
<i>Cash flow from operating activities</i>			
Payments to suppliers		(403)	(577)
Payments to employees		(520)	(567)
Net water charges		(45)	-
Net cash from/(used in) operating activities		(968)	(1,144)
<i>Cash flow from investing activities</i>			
Purchase of property, plant and equipment		(46,348)	(38,187)
Purchase of financial assets		-	(13,590)
Net cash from/(used in) investing activities		(46,348)	(51,777)
<i>Cash flow from financing activities</i>			
Proceeds from equity		10,499	15,369
Proceeds from sale of financial assets		-	30,000
Proceeds from borrowings		36,879	12,243
Interest received		33	398
Interest paid on borrowings		(115)	-
Net cash from/(used in) financing activities		47,296	58,010
Net increase/(decrease) in cash and cash equivalents		(20)	5,089
Cash and cash equivalents, beginning of the year		9,357	4,268
Cash and cash equivalents at end of the year	7	9,337	9,357

Notes to the financial statements

A Reporting entity

Waimea Water Limited ("WWL") is a Council Controlled Organisation under Section 6 of the Local Government Act 2002. WWL is registered under the Companies Act 1993. WWL has been established to manage the construction, operation and maintenance of the Waimea Community Dam.

These 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 it is not large.

(b) Basis of measurement

The financial statements are prepared on the basis of historical cost, and on the going concern basis.

(c) Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ("000s"). The functional currency of WWL is New Zealand dollars (NZ\$).

(d) Comparatives

The comparative financial period is the prior financial year. Comparatives may have been reclassified from that reported in the 30 June 2021 financial statements where appropriate to ensure consistency with the 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 cost, or for a nominal cost it is recognised at fair value as at the date of acquisition. The majority of capital expenditure will remain as work in progress for the duration of the project and is not depreciated until ready for service.

Disposals

Gains and losses are determined by comparing the proceeds with the carrying amount and are recognised in the surplus or deficit. Net gains and losses are only recognised when the significant risks and rewards or ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, and there is no continuing involvement.

Depreciation

The depreciable amount of an asset is determined based on its useful life. Rates and methods of depreciation reflect the pattern in which the assets' future economic benefits are expected to be consumed by WWL.

Buildings	not applicable
Leasehold improvements	10%
Furniture and equipment	16% - 50%
Vehicles	20% - 30%
Dam (Capital WiP)	not applicable

Notes to the financial statements

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

	Note	FY2022 \$000	FY2021 \$000
Water charges income - TDC		45	-
Water charges income - WIL		115	-
Total	21	160	-

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

The following amounts attributable to the build were passed through operational accounts:

Pre-incorporation costs*		(330)	(208)
Dam construction costs		39,366	29,902
Project services		6,103	6,137
Borrowing costs capitalised		330	173
WWL operations		2,678	2,026
Transfer costs attributable to build to Capital WiP		(48,147)	(38,030)
Total		-	-

*Some pre-incorporation costs reimbursed to TDC have since been considered impaired. Refer Note 3.

3 Depreciation, amortisation and impairment expenses

Depreciation of property, plant and equipment	11	16	19
Impairment**		594	1,333
Total		610	1,352

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

Costs associated with COVID-19 Level 4 lockdowns are also considered impaired. Refer Note 19.

4 Other overhead and administrative expenses

Professional fees		149	51
Insurance		82	61
Office costs		80	94
Auditor remuneration		38	51
Legal fees		17	63
Accounting fees		15	21
Total		382	341

5 Finance income and costs

	FY2022 \$000	FY2021 \$000
<i>Finance income</i>		
Interest income on bank deposits	34	462
<i>Finance costs</i>		
Interest expense	(160)	-
Bank fees	(1)	(1)
Total Finance Costs	(161)	(1)

6 Share Capital

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

1,204 shares have been issued since.

Ordinary shares - TDC	6,142	5,110
Ordinary shares - WIL	2,978	2,978
Non-voting shares - TDC	172	-
Non-voting shares - WIL	1,911	1,911
Shares at the end of the year	11,203	9,999

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

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

TDC ordinary shares contribution*	\$53,549k	\$44,550k
TDC contribution per ordinary share	\$8,718.49	\$8,718.20
TDC ordinary shares issued and fully paid	6,142	5,110
TDC ordinary shares issued and not fully paid	-	-
TDC non-voting shares have a par value of \$8,719.91	\$1,500k	-
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	-	-
Total shares contribution	\$81,016k	\$70,517k

*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. 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 15.

7 Cash and cash equivalents

	Note	FY2022 \$000	FY2021 \$000
Cash at bank and in hand		9,337	9,357
Total		9,337	9,357

8 Receivables from exchange transactions

Related party receivables	21	163	286
Total		163	286

9 Receivables from non-exchange transactions

GST receivable		838	546
Other prepayments / receivables		-	-
Total		838	546

10 Other financial assets

<i>Held-to-maturity investments</i>			
Term deposits - current		-	-
Term deposits - non-current		-	-
Total		-	-

11 Property, plant and equipment

	Note	Capital WiP \$000	Leasehold Improvements \$000	Furniture & office equip \$000	Vehicles & site equip \$000	Total \$000
<i>Movements for each class of property, plant and equipment are as follows:</i>						
FY2022						
<u>Gross carrying amount</u>						
Opening		89,168	28	76	278	89,550
Additions		48,741	-	11	(1)	48,751
<u>Impairment</u>		(594)	-	-	-	(594)
Gross carrying amount		137,315	28	87	277	137,707
<u>Accumulated depreciation and impairment</u>						
Opening		-	(6)	(43)	(106)	(155)
Depreciation - assets attributable to the build		-	-	-	(39)	(39)
<u>Depreciation - administration assets</u>	3	-	(2)	(14)	-	(16)
Accumulated depreciation and impairment		-	(8)	(57)	(145)	(210)
Carrying amount 30 June 2022		137,315	20	30	132	137,497
FY2021						
<u>Gross carrying amount</u>						
Opening		51,138	28	76	278	51,520
Additions		39,363	-	-	-	39,363
<u>Impairment</u>		(1,333)	-	-	-	(1,333)
Gross carrying amount		89,168	28	76	278	89,550
<u>Accumulated depreciation and impairment</u>						
Opening		-	(3)	(27)	(54)	(84)
Depreciation - assets attributable to the build		-	-	-	(52)	(52)
<u>Depreciation - administration assets</u>	3	-	(3)	(16)	-	(19)
Accumulated depreciation and impairment		-	(6)	(43)	(106)	(155)
Carrying amount 30 June 2021		89,168	22	33	172	89,395

12 Deferred tax

	Note	FY2022 \$000	FY2021 \$000
<i>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.</i>			
Recognised deferred tax assets:		-	-
<i>Unrecognised deferred tax assets are based on:</i>			
Statement of Comprehensive Revenue and Expense		(1,513)	(1,857)
Temporary differences *		(53)	(645)
Permanent differences **		1,028	456
Taxable income (deficit)		(538)	(2,046)
<i>Unrecognised deferred tax assets consist of:</i>			
Opening balance		876	303
Tax on taxable position above, at 28%		150	573
Total unrecognised deferred tax asset		1,026	876

* Primarily related to the deductibility of annual leave.

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

13 Payables under exchange transactions

Trade creditors		6,443	4,467
Related party payables	21	34	38
Non trade payables and accrued expenses		122	48
Total		6,599	4,553

14 Employee entitlements

	Note	FY2022 \$000	FY2021 \$000
Annual leave entitlements		98	86
Total		98	86

Employee remuneration

8 employees received remuneration and other benefits of \$100,000 or more for the year ended 30 June 2022. (FY2021, 7 employees)

Remuneration	Number of employees	
\$100,001 - \$110,000	-	1
\$120,001 - \$130,000	2	-
\$130,001 - \$140,000	1	1
\$150,001 - \$160,000	1	-
\$160,001 - \$170,000	-	1
\$170,001 - \$180,000	1	-
\$190,001 - \$200,000	-	1
\$200,001 - \$210,000	1	1
\$250,001 - \$260,000	-	1
\$260,001 - \$270,000	1	-
\$320,001 - \$330,000	-	1
\$330,001 - \$340,000	1	-

15 Loans and borrowings

Non-current - Secured loans - CIIL		25,498	18,239
Non-current - Secured loans - TDC	21	38,722	8,774
Total		64,220	27,013

WWL has financing arrangements with Crown Irrigation Investments Limited up to \$25,000,000 plus interest. Facilities were drawn down to fund project costs, and are secured by a general security over present and future assets. Facilities are provided subject to credit support from TDC plus guarantees from WIL, 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 \$29,700,000 has been drawn against facilities for \$39,067,000. Remaining funds can be drawn down 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 \$000	Loans and receivables \$000	Financial liabilities at amortised cost \$000	Total \$000
FY2022				
<i>Financial assets</i>				
Cash and cash equivalents	-	9,337	-	9,337
Trade debtors and other receivables	-	163	-	163
Other financial assets	-	-	-	-
Total Financial assets	-	9,500	-	9,500
<i>Financial liabilities</i>				
Trade creditors and other payables	-	-	6,436	6,436
Loans and borrowings*	-	-	64,220	64,220
Total Financial liabilities	-	-	70,656	70,656
FY2021				
<i>Financial assets</i>				
Cash and cash equivalents	-	9,357	-	9,357
Trade debtors and other receivables	-	286	-	286
Other financial assets	-	-	-	-
Total Financial assets	-	9,643	-	9,643
<i>Financial liabilities</i>				
Trade creditors and other payables	-	-	4,464	4,464
Loans and borrowings*	-	-	27,013	27,013
Total Financial liabilities	-	-	31,477	31,477

* Loans and borrowings

Crown Irrigation Investments Limited
Tasman District Council

	FY2022	FY2021
Crown Irrigation Investments Limited	25,498	18,239
Tasman District Council	38,722	8,774
Total	64,220	27,013

17 Commitments

	FY2022 \$000	FY2021 \$000
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	14,624	31,981
Total	14,624	31,981

18 Contingent assets and contingent liabilities

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 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 (in Note 3 comparatives). \$29,260 was added in Dec 2021, included in FY2022 (in Note 3). A 5 day suspension for the Level 3 lockdown in Apr 2020 cost \$100,148 and was included as dam construction costs in FY2021 (Note 2 comparatives). The Level 4 Aug 2021 lockdown cost \$235,141, included as an impairment expense in FY2022 (in Note 3).

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 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 to Statement of Performance against Statement of Intent.

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.

Ken Smales resigned as Director from 1 July 2022 and was subsequently engaged as a member of the management team.

21 Related party transactions

WWL is jointly owned by TDC (56.5% of issued shares) and WIL (43.6%). 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.

	Note	FY2022 \$000	FY2021 \$000
Purchase / reimbursement of services			
Directors*		14	16
Shareholder services**		30	26
Total purchase		44	42
Sale / reimbursement of services			
Water services***	1	160	-
Shareholder services***		-	249
Total sale		160	-
Share Capital Contributions from Joint Operators			
TDC Share Capital		10,499	11,194
WIL Share Capital		-	4,176
Total contributions		10,499	15,370
Loans and borrowings			
TDC has committed to fund additional project costs			
Non-current - Secured loans - TDC		38,450	8,750
Borrowing costs capitalised		272	24
Total loans	15	38,722	8,774
Year end payable to related parties:			
Directors		34	34
Shareholders		-	4
Total payables	13	34	38
Year end receivable from related parties:			
Shareholders***	8	(163)	(286)
Total receivables		(163)	(286)

* Directors with engineering qualifications may perform independent peer review services in a normal supplier relationship on terms and conditions no more or less favourable than those it is reasonable to expect the entity would have adopted in dealing with the party at arm's length in the same circumstances.

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

*** In FY2022 Water charges commenced. In FY2021 WWL recovered from TDC, in the normal course of operating activities, costs for investigating future hydro capability.

Key management compensation

Salaries and other short-term employee benefits	941	948
Directors fees	252	252
Total	1,193	1,200
Persons recognised as key management personnel	11	11

Company Directory

Directors

David Wright (Chair)
Bruno Simpson (Deputy Chair)
Doug Hattersley
Julian Raine
Ken Smales*
Andrew Spittal
Margaret Devlin
**Resigned Jul 2022.*

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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

Auditor

Audit New Zealand on behalf of the Auditor-General

Accountant

Findex Ltd

Banker

ANZ Corporation

Lawyers

Anderson Lloyd
Duncan Cotterill
Pitt & Moore



