

# Waimea Water Ltd Quarterly Report

31 March 2023



## Contents

1. Introduction .....	3
2. Health, Safety and Wellbeing .....	4
3. Construction .....	5
4. Operational readiness .....	8
5. Environment .....	9
6. Biodiversity Management Plan.....	12
7. Public Affairs .....	13
8. Programme .....	14
9. Cost and Risk.....	15
10. Progress .....	16
11. Unaudited financial information .....	18



## 1. Introduction

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

The purpose of this document is to provide shareholders with an unaudited report containing the following information relating to the Waimea Community Dam project for the three-month period ending 31 March 2023. It includes:

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



*Figure 1: Downstream view, February 2023.*

## 2. Health, Safety and Wellbeing

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

WWL's Health, Safety and Wellbeing risks and obligations are managed through its Health, Safety and Wellbeing Management System and ongoing due diligence of the Contractor's construction health and safety management and performance for the dam site.

The project continues to have a high level of safety performance, including:

- No lost time injuries.
- A rolling annual average of 6.4 injuries per million man-hours.
- No high-potential incidents.

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

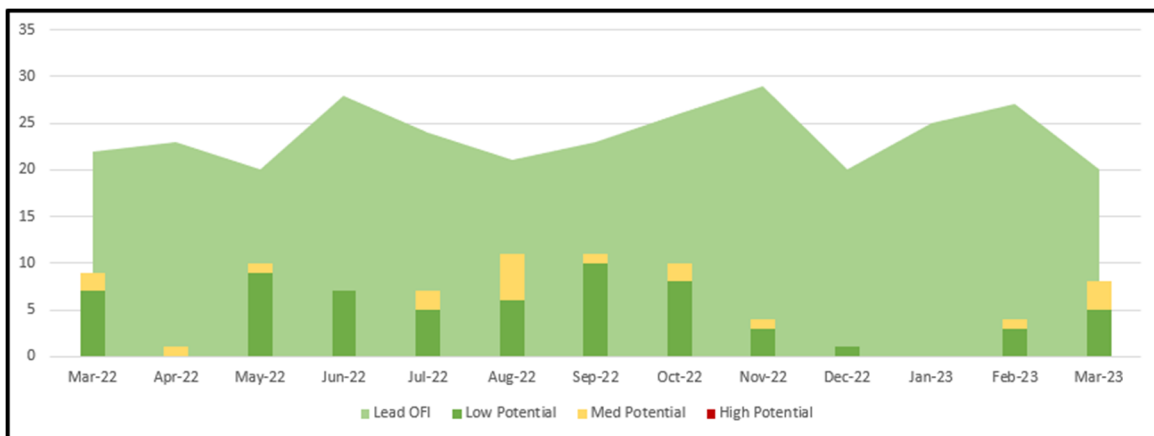


Figure 2: Opportunities for Improvement to 31 March 2023.

With project completion and operations imminent, WWL is preparing for dam operations by:

- Adjusting and updating its Health, Safety and Wellbeing Management System for operational risks.
- Finalising and implementing the Emergency Action Plan (EAP).

### 3. Construction

At the end of the quarterly reporting period, the construction of the dam is 86% complete.

The dam is now sufficiently complete to allow closure and filling of the reservoir. Once the quality assurance documentation is completed and regulatory approval subsequently gained, the temporary river diversion pipework will be commissioned to enable the diversion culvert to be closed and the reservoir to be filled. The temporary river diversion pipe, shown below in figures 3 and 4, allows the river to bypass the dam and plunge pool while the reservoir is filled and mechanical works installed. This pipe also provides control of the reservoir during filling.

Construction highlights from the period include:

- The nine-metre-high cut-off wall between the spillway flip-bucket and plunge pool, that protects the spillway from erosion, was completed.
- The temporary electrical and control building, SCADA<sup>1</sup>, communications and power were completed in preparation for reservoir closure and control.
- The temporary river diversion pipe was installed in the left-hand-side culvert (Figure 3).
- Operational readiness checks and associated mitigations have been occurring.
- The primary isolation valve and the temporary steel and the High Density Polyethylene (HDPE) pipe was installed in the left-hand culvert during this quarter, ready for closure of the diversion culvert and reservoir filling (Figure 4).

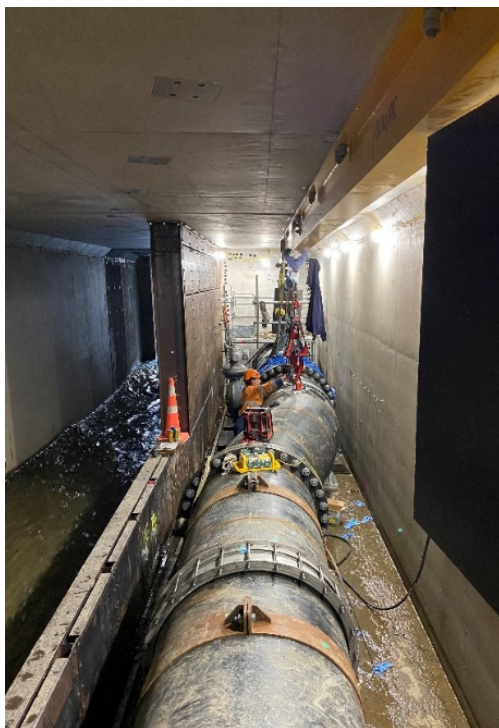


Figure 3: Culvert: Temporary pipework.



Figure 4: Installing temporary HDPE pipe.

<sup>1</sup> Supervisory control and data acquisition system gathering of data in real time from remote locations in order to control equipment and conditions.



Other notable construction activity during this period included:

- Spillway approach channel continued. The beams and overlaying geosynthetic liner to the approach channel were significantly progressed during the reporting period and were subsequently completed after the period in April 2023. (Figure 5).
- Grouting of the Ogee Weir continued and was subsequently substantially completed after the period in April 2023.
- Permanent electrical building continued.

Overall construction progress is shown in Figure 6.



Figure 5: Spillway approach channel: Preparing for apron, April 2023.

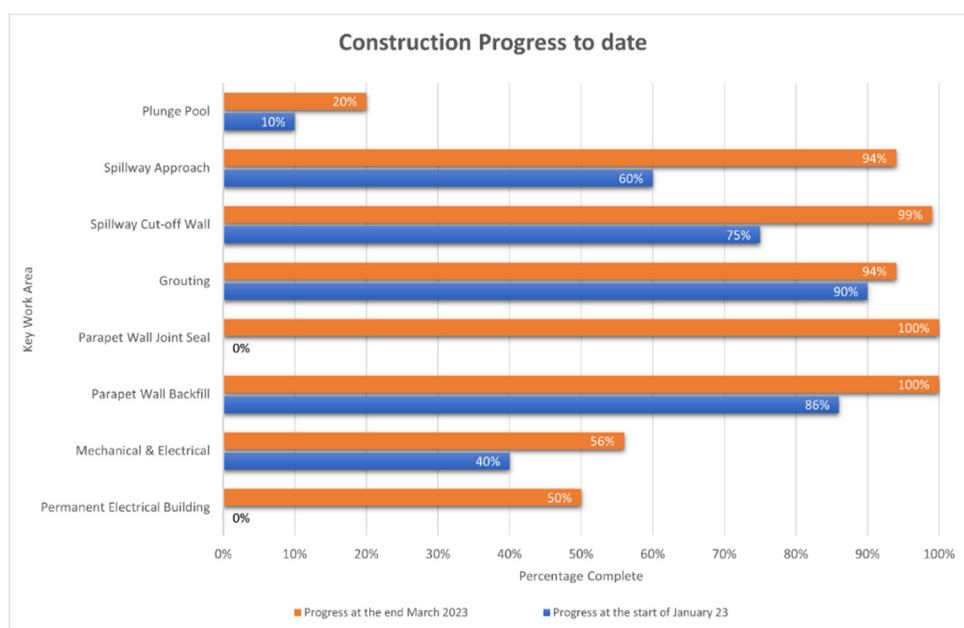


Figure 6: Construction progress at the period ended 31 March 2023.



Subsequent to this reporting period, the dam and reservoir were closed at 4pm on Friday 26 May 2023. This signifies practical completion of the dam and spillway (SP1) and allows the reservoir to now be filled concurrently with completing the mechanical, electrical and control works over the balance of 2023 (SP2).



*Figure 7: Closure of diversion culvert and reservoir at 1600 26 May 2023*



## 4. Operational readiness

With dam design completed and the final design report and producer statements (PS1 and PS2) completed, focus has turned to dam closure, commissioning and operational readiness. During the period, key work programmes included:

- Completing and commissioning the SCADA, controls, dam surveillance, communications and temporary facilities for the temporary river diversion facilities.
- Completing and implementing the Reservoir Filling Management Plan, consistent with the requirements of contemporary engineering standards.
- Completing and implementing inspection, test and commissioning plans and operating procedures for operating the temporary river diversion facilities.
- Completing resource consent and funding requirements and conditions, other than for the construction assurance and Regulator approval (PS3 and PS4) that is dependent and awaiting completion of the Contractor's Quality Assurance and As-built documentation.



*Figure 8: Downstream face of dam. Temporary facilities ready on toe-berm, April 2023.*



## 5. Environment

Progress on the environmental aspects of the project remain on track.

Water quality continues to be high (Figures 11 and 12). This is especially pleasing given the high rainfall during the first months of the year. The QMCI<sup>2</sup> score continues to indicate excellent river health – a significant achievement over the four years of project construction.

Fish monitoring and bypass initiatives remain active with no reports of aquatic impact from construction. Over the summer transfer season, 252 Kōaro and 239 elvers were captured below the construction works and released upstream in Waterfall Creek (Figure 9). The distribution of capture rates is presented in Figure 10.



*Figure 9: Ecologist trapping and transferring fish upstream of the dam.*

---

<sup>2</sup> Quantitative Macroinvertebrate Community Index is an index used to measure the water quality of fresh water streams. The presence or lack of macroinvertebrates such as insects, worms and snails in a river or stream can give a biological indicator on the health of that waterway.

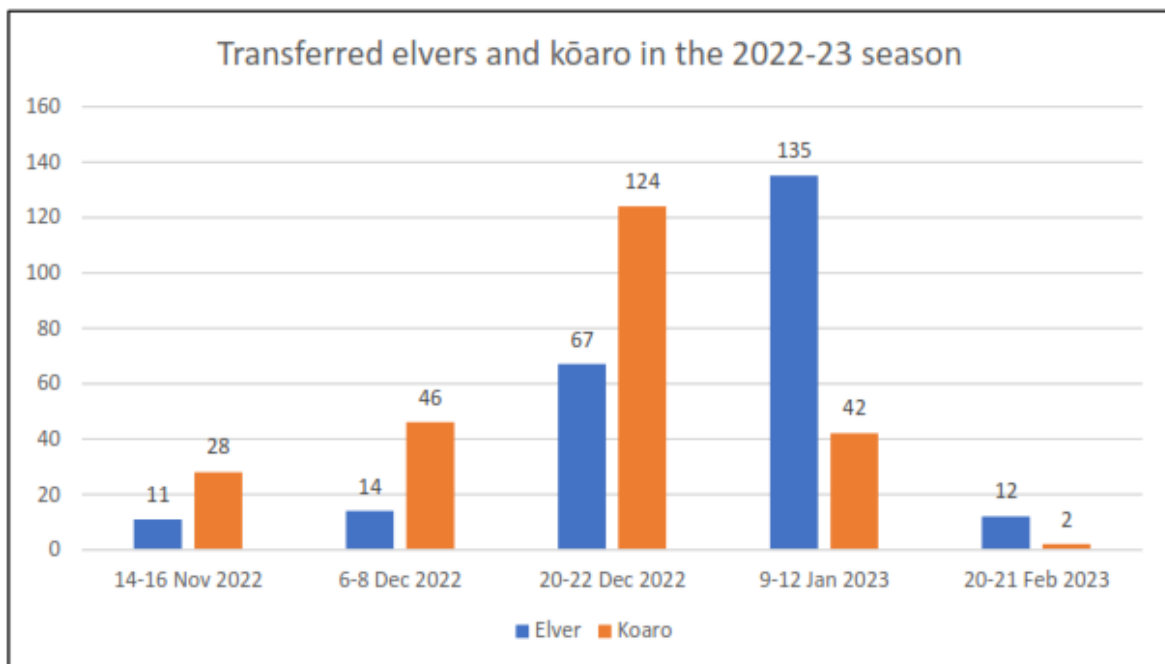


Figure 10: The number of kōaro and elvers transferred to Waterfall Creek for five trap and transfer periods.

## Lee River deposited fine sediments

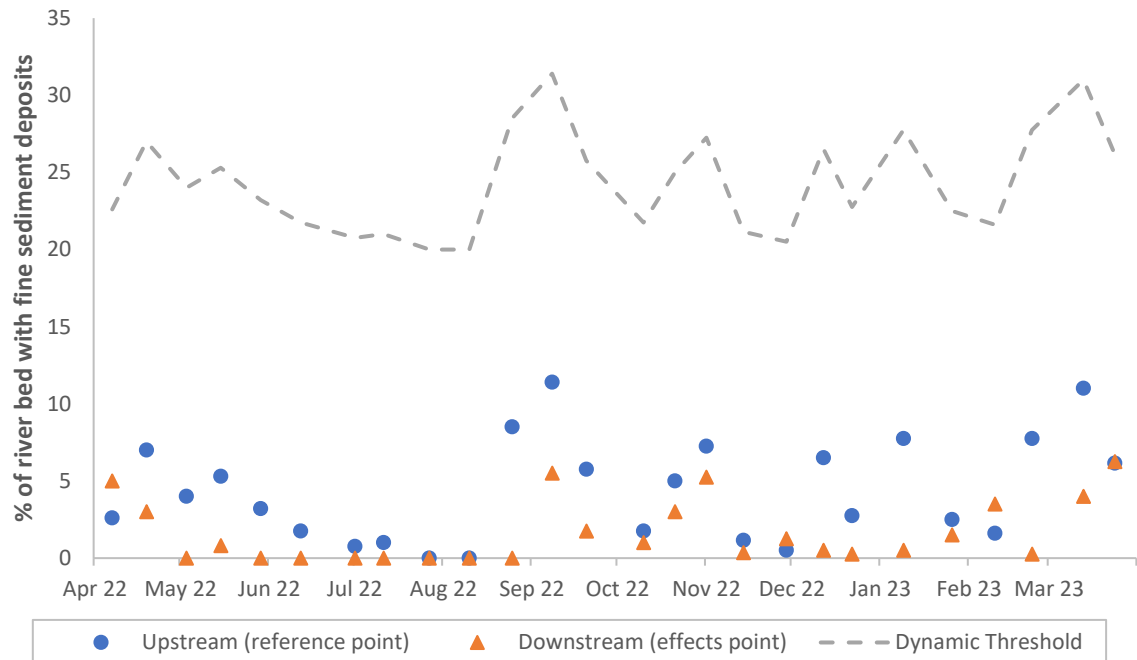


Figure 11: Lee River deposited fine sediments.



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

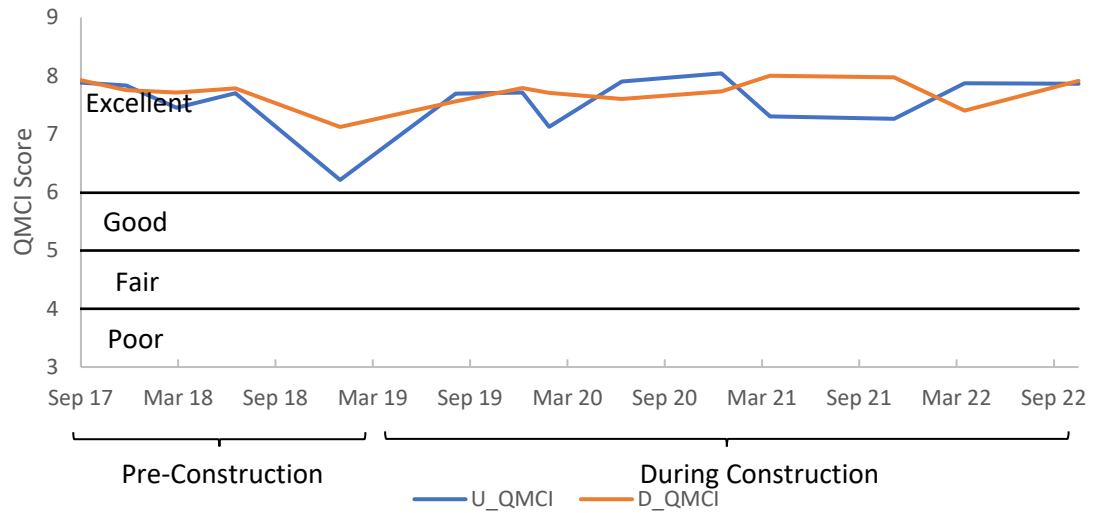


Figure 12: Lee River Quantitative Macro Communities Index (QMCI), recorded six-monthly.

## 6. Biodiversity Management Plan

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

WWL continues to monitor gorge turf communities downstream of the dam in preparation for analysis after dam closure.

After completing pioneer planting in 2022 at Rough Island with 45,000 native plants, WWL will continue to monitor plant growth and undertake weed management.

Weed control in the 10 hectare Waimea Bermlands (Figure 13) commenced with mulching of large weeds in late 2022. Spraying was undertaken in March 2023 ahead of planting in winter, focusing on preparing to plant an initial three hectare area in 2023. The remainder of the 10 hectares will be treated to kill weeds but retain grass so to avoid erosion or dust issues ahead of planting in 2024 and 2025.



*Figure 13: Weed control in the Waimea Bermlands, March 2023.*



## 7. Public Affairs

WWL had a shop space in the Richmond Mall for six weeks during March and April 2023 (Figure 14) that displayed information, current photos and videos of the dam. The space was well attended and received, with visitors taking 400 newsletters to read.

WWL featured in national and local media during March (Figure 15), following WWL's hosting of a media contingent to site. Media focussed on the current cost and delays, as discussed at the 23 March TDC meeting, and insights about the dam's construction and environmental benefits.



Figure 14: Richmond mall display space

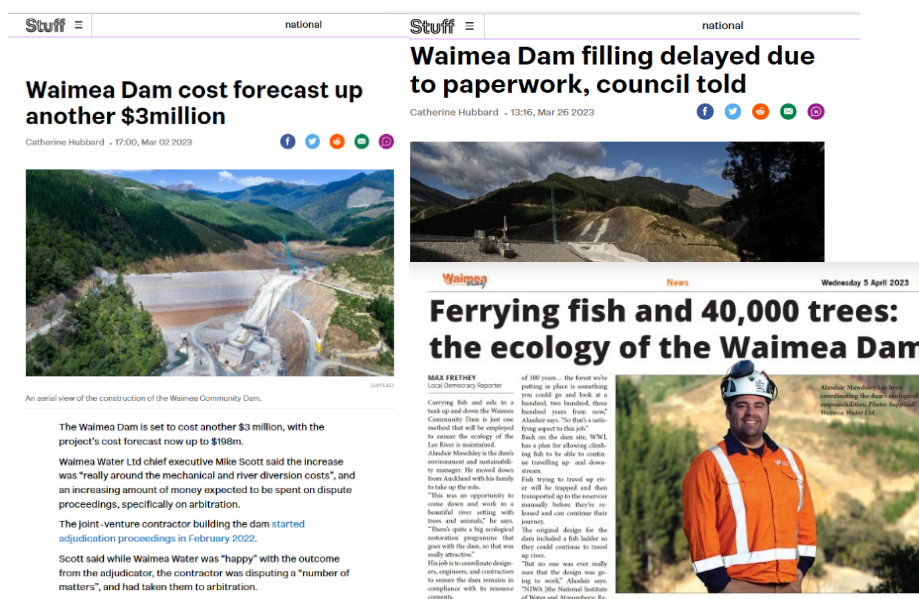
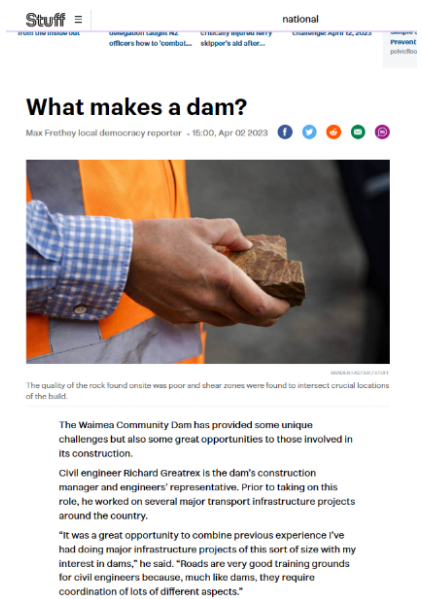


Figure 15: Snapshots of media coverage during March 2023.



## 8. Programme

Construction works have progressed well over this quarter and the dam, spillway and river diversion facilities are all now largely complete, as outlined in Section 3.

WWL continues its focus on achieving the programme outlined in the December 2022 Mid-Year Report.

Since WWL last reported on the programme to shareholders, however, there has been a further delay to closing and filling the reservoir due to ongoing delays to completing the Contractor's quality assurance documentation and subsequent regulatory approval.

This further delay means closure of the dam, previously expected to be during this period in March, was delayed until 26 May 2023. This means filling of the reservoir is unlikely to commence before July 2023, reducing and challenging filling time before the next summer.

Subsequent completion and commissioning of the mechanical works and project is correspondingly also further delayed until December 2023.

Despite the delays and subject to weather, WWL still expects the reservoir to be filled over the latter part of the winter, albeit further delays increase the risk of not having a full reservoir before October 2023 (Figure 16). WWL is working on mitigation measures so the dam can still provide service through the temporary pipework in October / November 2023.



*Figure 16: The upstream reservoir to be filled over winter.*



## 9. Cost and Risk

WWL provided shareholders and the public with a revised construction cost forecast of \$198.2M in February 2023. This \$3M cost increase resulted from the Contractor's delays, diversion works and dispute costs. There has been no change since this cost forecast although further significant delays may again stress this estimate.

Shareholders were advised in the draft Statement of Intent that future operating costs are expected to increase due predominantly to higher insurance and financing costs. Water charges are now being invoiced to both shareholders for pre-completion finance costs.

### **Residual Risks**

With the project now 86% complete, the dam structures complete and much of the mechanical and electrical materials procured, project risk is dissipating.

Residual risk remains in:

- a) Contractor further delaying filling of the reservoir due to not completing quality assurance documentation.
- b) Weather events delaying the sensitive operation of river diversion and dam closure in June 2023.
- c) Further escalation of mechanical and river diversion costs.
- d) Contractor dispute.

## 10. Progress

As at the end of the period, 31 March 2023, WWL has spent \$171.7M of the forecast cost of \$198.2M (Figures 17 and 18). Funding sources are indicated in Figure 19.

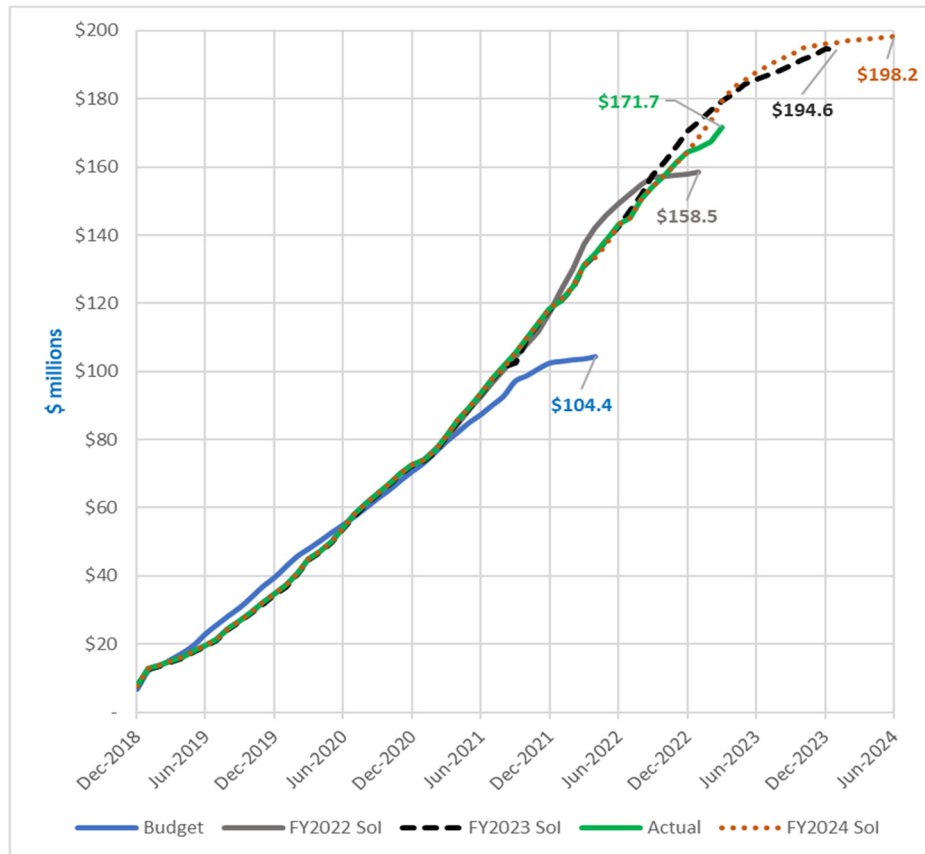


Figure 17: Project spend and cost forecast.

The project is approximately 86% complete, with nine months and \$26.5M of spend remaining.

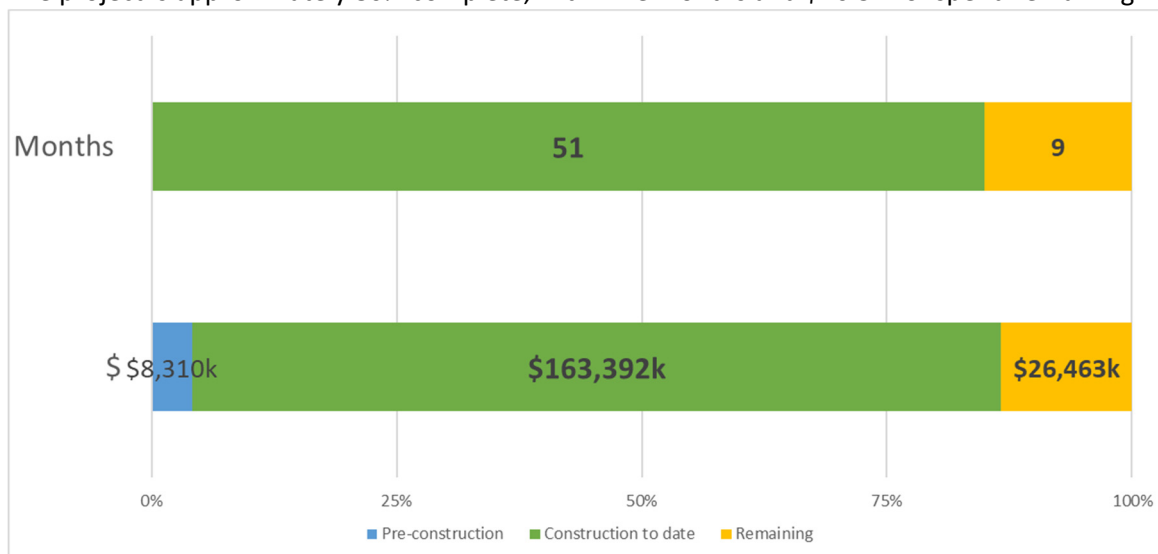


Figure 18: Progress by cost and schedule.





Figure 19: Funding sources and uses.

## 11. Unaudited financial information

### **Waimea Water Limited**

Financial Statements  
For the nine months ended 31 March 2023



draft unaudited 2023 05 26



# Waimea Water Limited

## Contents

	Page
Statement of Comprehensive Revenue and Expense	2
Statement of Changes in Net Assets	2
Statement of Financial Position	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 19
<i>Reporting entity, Basis of preparation, Accounting policies</i>	5
<i>Notes to the accounts</i>	9
<i>Additional notes</i>	16

draft unaudited 2023 05 26

# Statement of Comprehensive Revenue and Expense

For the nine months ended 31 March 2023

		9 months Mar 2023 \$000	9 months Mar 2022 \$000	12 months Jun 2022 \$000
	<b>Note</b>			
Water charges income	1	1,050	-	160
<i>Operating expenses</i>				
Project costs	2	-	-	-
Employee costs		364	441	554
Depreciation and impairment	3	39	11	610
Other administrative expenses	4	431	240	382
Operating expenses		834	692	1,546
Finance income	5	349	16	34
Finance costs	5	(1,652)	-	(161)
<b>Surplus / (Deficit) for the year</b>		<b>(1,087)</b>	<b>(676)</b>	<b>(1,513)</b>

# Statement of Changes in Net Assets

For the nine months ended 31 March 2023

		9 months Mar 2023 \$000	9 months Mar 2022 \$000	12 months Jun 2022 \$000
	<b>Note</b>			
Opening retained earnings		(4,099)	(2,585)	(2,585)
Total surplus (deficit) for the year		(1,087)	(677)	(1,513)
Retained earnings as at year end		(5,186)	(3,262)	(4,098)
Opening share capital		81,016	70,517	70,517
Movement for the year		12,234	10,499	10,499
Share capital at year end	6	93,250	81,016	81,016
Closing equity at year end		88,064	77,754	76,918



# Statement of Financial Position

As at 31 March 2023

		9 months Mar 2023 \$000	9 months Mar 2022 \$000	12 months Jun 2022 \$000
<b>Assets</b>				
<i>Current</i>				
Cash And Cash Equivalents	7	16,441	10,155	9,337
Receivables From Exchange Transactions	8	46	-	163
Receivables From Non-Exchange Transactions	9	75	978	838
Other Current Financial Assets	10	-	-	-
<b>Total Current Assets</b>		<b>16,562</b>	<b>11,133</b>	<b>10,338</b>
<i>Non-Current</i>				
Property, Plant And Equipment	11	165,282	126,347	137,498
Deferred Tax Asset	12	-	-	-
Other Non-Current Financial Assets	10	-	-	-
<b>Total Non-Current Assets</b>		<b>165,282</b>	<b>126,347</b>	<b>137,498</b>
<b>Total Assets</b>		<b>181,844</b>	<b>137,480</b>	<b>147,836</b>
<b>Liabilities</b>				
<i>Current</i>				
Payables Under Exchange Transactions	13	5,159	7,180	6,600
Employee Entitlements	14	102	88	98
<b>Total Current Liabilities</b>		<b>5,261</b>	<b>7,268</b>	<b>6,698</b>
<i>Non-Current</i>				
Loans And Borrowings	15	88,519	52,458	64,220
<b>Total Non-Current Liabilities</b>		<b>88,519</b>	<b>52,458</b>	<b>64,220</b>
<b>Total Liabilities</b>		<b>93,780</b>	<b>59,726</b>	<b>70,918</b>
<b>Net Assets</b>		<b>88,064</b>	<b>77,754</b>	<b>76,918</b>
<b>Equity</b>				
Equity Contributions	6	93,250	81,016	81,016
Accumulated Funds		(5,186)	(3,262)	(4,098)
<b>Total Equity</b>		<b>88,064</b>	<b>77,754</b>	<b>76,918</b>

# Statement of Cash Flows

For the nine months ended 31 March 2023

		9 months Mar 2023 \$000	9 months Mar 2022 \$000	12 months Jun 2022 \$000
<i>Cash flow from operating activities</i>				
Payments to suppliers		(9)	(227)	(403)
Payments to employees		(298)	(418)	(520)
Net water charges		(995)	-	(45)
Net water charges income		1,260	-	-
Net cash from/(used in) operating activities		(42)	(645)	(968)
<i>Cash flow from investing activities</i>				
Purchase of property, plant and equipment		(29,434)	(34,250)	(46,348)
Purchase of financial assets		-	-	-
Net cash from/(used in) investing activities		(29,434)	(34,250)	(46,348)
<i>Cash flow from financing activities</i>				
Proceeds from equity		12,234	10,499	10,499
Proceeds from sale of financial assets		-	-	-
Proceeds from borrowings		24,170	25,178	36,878
Interest received		349	16	34
Interest paid on borrowings		(173)	-	(115)
Net cash from/(used in) financing activities		36,580	35,693	47,296
Net increase/(decrease) in cash and cash equivalents		7,104	798	(20)
Cash and cash equivalents, beginning of the year		9,337	9,357	9,357
<b>Cash and cash equivalents at end of the year</b>	<b>7</b>	<b>16,441</b>	<b>10,155</b>	<b>9,337</b>

# Notes to the financial statements

## A Reporting entity

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

These draft unaudited financial statements were authorised for issue by the Board of Directors on 26 May 2023.

## B Basis of preparation

### (a) Statement of compliance

The financial statements have been prepared in accordance with the requirements of the Local Government Act 2002 which include the requirement to comply with Generally Accepted Accounting Practice in New Zealand as required by the Companies Act 1993. WWL has a balance date of 30th June.

The financial statements have been prepared in recognition of WWL being a public benefit entity, in accordance and to comply with PBE Standards RDR. Disclosure concessions have been applied. WWL is eligible to report in accordance with PBE Standards RDR because it does not have public accountability and is not large.

### (b) Basis of measurement

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

### (c) Functional and presentation currency

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

### (d) Comparatives

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

Comparatives may have been reclassified from that reported in earlier financial statements where appropriate to ensure consistency with the expanded presentation of the current year's position and performance.

### (e) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year. Any impact of new and amended standards and interpretations applied in the year is limited to additional note disclosures.

## C Summary of significant accounting policies

The preparation of financial statements requires WWL to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Future outcomes could differ from those estimates. Areas of judgement in preparing financial statements are set out below. These are assessed by Management as part of the reporting process and included within the accounts. The principal area of judgement in financial statements for the period are described in sections (i) and (k) below.

### (f) Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.



# Notes to the financial statements

## **(g) Trade and Other Receivables**

Trade and other receivables are initially stated at fair value and subsequently stated at their amortised cost using the effective interest method less impairment losses. A provision for impairment of receivables is established when there is objective evidence that WWL will not be able to collect all the amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying value and the present value of the expected future cash flows discounted using the effective interest method.

## **(h) Trade and Other Payables**

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

## **(i) Property, plant and equipment**

Property, Plant & Equipment (PPE) is recognised in accordance with PBE IPSAS 17, at historical cost less accumulated depreciation and any accumulated impairment losses. Historical Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. 'Directly attributable' includes; all costs directly associated with the dam build including professional fees, all staff costs where a majority of the person's time is directly associated with the dam build, and a reasonable allocation of other costs incurred for staff identified above. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Uncompleted capital works are not depreciated until ready for service.

Subsequent expenditure is capitalised and added to the carrying amount of an item of Property, Plant and Equipment when the cost is incurred if it is probable that the future economic benefits embodied in the specific asset will flow to WWL and the cost of the item can be measured reliably. The costs of day-to-day servicing of Property, Plant and Equipment are recognised in the surplus or deficit as incurred.

The cost of an item of Property, Plant and Equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to WWL and the cost of the item can be measured reliably. Individual or groups of assets are capitalised if their cost is greater than \$500. Where an asset is acquired at no or for a nominal cost it is recognised at fair value as at the date of acquisition.

The majority of capital expenditure will remain as work in progress for the duration of the project and is not depreciated until ready for service.

## **Disposals**

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

## **Depreciation**

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

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

# Notes to the financial statements

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

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

## **(j) Intangible assets**

### **Software Acquisition and Development**

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred.

## **(k) Impairment of non-current assets**

The carrying amounts of WWL's assets are reviewed at each annual balance date to determine whether there is any indication of impairment. If any such impairment exists, the asset's recoverable amount is estimated.

If the estimated recoverable value amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount, and an impairment loss is recognised in the surplus or deficit.

The recoverable amount of an asset is the higher of the fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and discounting these to their present value using a pre-tax discount rate that reflects the current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised to the extent that an impairment loss for that asset was previously recognised in the surplus or deficit immediately.

## **(l) Other Financial Assets**

Term investments over 90 days are classified as "other financial assets". They are initially measured at fair value, net of transaction costs. After initial recognition, financial assets in this category are measured at amortised cost using the effective investment method, less impairment. Gains and losses when the asset is impaired are recognised in the profit or loss.

## **(m) Share Capital**

Ordinary shares are classified as equity. Direct costs of issuing shares are shown as a deduction from the proceeds of issue. At balance date some shares may have been issued but not called up.

## **(n) Interest Bearing Borrowings**

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost using the effective interest method. Borrowing costs directly attributable to the acquisition or construction of a qualifying asset which is determined to be an asset that takes a period of greater than one year to get ready for its intended use are capitalised as part of the cost of the asset.

# Notes to the financial statements

## **(o) Employee Entitlements**

A liability for annual leave is accrued and recognised in the Statement of Financial Position. The liability is calculated on an actual entitlements basis at current rates of pay. These include salaries and wages accrued up to balance date, alternate days earned but not yet taken, and annual leave earned but not yet taken up to balance date.

## **(p) Revenue**

Revenue comprises the fair value of the consideration received or receivable in the ordinary course of WWL's activities, net of discounts, rebates and taxes. Revenue is recognised to the extent it is probable that the economic benefits will flow to WWL and the revenue can be reliably measured.

Interest income is recognised on an accrual basis using the effective interest method.

## **(q) Expenses**

### **Financing Costs**

Financing costs comprise interest payable on borrowings calculated using the effective interest rate method. They exclude qualifying costs that are capitalised.

### **Dividends**

WWL operates on a cost recovery basis. Therefore no dividends are payable.

## **(r) Income Tax**

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to the income tax payable in respect to prior years. Current tax is calculated using rates that have been enacted or substantively enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

Current tax and deferred tax is charged or credited to the surplus or deficit, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity and other comprehensive revenue and expenses.

## **(s) Goods and Services Tax (GST)**

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from or payable to Inland Revenue is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to or received from Inland Revenue, including the GST relating to investing and financing activities, is classified within operating cash flow in the Statement of Cash Flows.



# 1 Water charges income

		9 months Mar 2023 \$000	9 months Mar 2022 \$000	12 months Jun 2022 \$000
Water charges income - TDC		498	-	45
Water charges income - WIL		552	-	115
<b>Total</b>	<b>21</b>	<b>1,050</b>	<b>-</b>	<b>160</b>

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

# 2 Project construction costs

		9 months Mar 2023 \$000	9 months Mar 2022 \$000	12 months Jun 2022 \$000
<i>The following amounts attributable to the build were passed through operational accounts:</i>				
Dam construction costs		20,346	30,104	39,366
Project services		4,838	4,766	6,103
Borrowing costs capitalised		128	267	330
WWL operations		2,390	1,845	2,678
Transfer costs attributable to build to Capital WiP		(27,702)	(36,982)	(48,147)
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>

# 3 Depreciation, amortisation and impairment expenses

		9 months Mar 2023 \$000	9 months Mar 2022 \$000	12 months Jun 2022 \$000
Depreciation of property, plant and equipment	11	12	11	16
Impairment *		27	-	594
<b>Total</b>		<b>39</b>	<b>11</b>	<b>610</b>

\* Primarily of pre-incorporation costs and other costs incurred to investigate solutions not later adopted.

## 4 Other overhead and administrative expenses

	9 months Mar 2023 \$000	9 months Mar 2022 \$000	12 months Jun 2022 \$000
Professional fees	145	85	149
Insurance	137	82	82
Office costs	70	59	80
Dam operations	29	-	-
Legal fees	27	4	18
Accounting fees	12	10	15
Office costs - Ops	11	-	-
Auditor remuneration	-	-	38
<b>Total</b>	<b>431</b>	<b>240</b>	<b>382</b>

## 5 Finance income and costs

	9 months Mar 2023 \$000	9 months Mar 2022 \$000	12 months Jun 2022 \$000
<i>Finance income</i>			
Interest income on bank deposits	349	16	34
<i>Finance costs</i>			
Interest expense *	(1,652)	-	(160)
Bank fees	-	-	(1)
<b>Total Finance costs</b>	<b>(1,652)</b>	<b>-</b>	<b>(161)</b>

\* Interest expense on loans, recoverable within water charges.

## 6 Share Capital

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

2,607 shares have been issued since.

Ordinary shares - TDC

Ordinary shares - WIL

Non-voting shares - TDC

Non-voting shares - WIL

**Shares at the end of the year**

9 months Mar 2023	9 months Mar 2022	12 months Jun 2022
7,545	6,142	6,142
2,978	2,978	2,978
172	172	172
1,911	1,911	1,911
<b>12,606</b>	<b>11,203</b>	<b>11,203</b>

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

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

TDC ordinary shares contribution\*

TDC contribution per ordinary share.

\$65,783k	\$53,549k	\$53,549k
\$8,718.75	\$8,718.49	\$8,718.49

TDC ordinary shares issued and fully paid

TDC ordinary shares issued and not fully paid

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

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

WIL ordinary shares contribution\*

WIL contribution per ordinary share.

7,545	6,142	6,142
-	-	-
\$1,500k	\$1,500k	\$1,500k
\$25,967k	\$25,967k	\$25,967k
\$8,719.51	\$8,719.51	\$8,719.51

WIL ordinary shares issued and fully paid

WIL ordinary shares issued and not fully paid

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

**Total shares contribution**

2,978	2,978	2,978
-	-	-
-	-	-
<b>\$93,250k</b>	<b>\$81,016k</b>	<b>\$81,016k</b>

\* Contributions represent the total dollar value of shares paid up. Contribution movements are shown in Note 21. TDC contributions were primarily made to provide working capital to WWL. WIL contributions were made on agreed instalments.

TDC has committed to fund additional project costs. Shareholders have agreed part of the additional funding will be way of subscription for further shares with a par value of \$8,719.91. WWL will not authorise or issue further ordinary shares if it results in WIL holding less than 25% of total ordinary shares. Any additional project costs not funded by capital will be funded by loan, refer Note 15.



## 7 Cash and cash equivalents

Cash at bank and in hand

**Total**

9 months Mar 2023 \$000	9 months Mar 2022 \$000	12 months Jun 2022 \$000
16,441	10,155	9,337
<b>16,441</b>	<b>10,155</b>	<b>9,337</b>

## 8 Receivables from exchange transactions

Related party receivables

**Total**

Note	9 months Mar 2023 \$000	9 months Mar 2022 \$000	12 months Jun 2022 \$000
21	46	-	163
	<b>46</b>	<b>-</b>	<b>163</b>

## 9 Receivables from non-exchange transactions

GST receivable

Other prepayments / receivables

**Total**

9 months Mar 2023 \$000	9 months Mar 2022 \$000	12 months Jun 2022 \$000
75	911	838
-	67	-
<b>75</b>	<b>978</b>	<b>838</b>

## 10 Other financial assets

*Held-to-maturity investments*

Term deposits - current

Term deposits - non-current

9 months Mar 2023 \$000	9 months Mar 2022 \$000	12 months Jun 2022 \$000
-	-	-
-	-	-

# 11 Property, plant and equipment

	Capital WiP	Leasehold improvements	Furniture and office equip	Vehicles and site equip	Total
Note	\$000	\$000	\$000	\$000	\$000

Movements for each class of property, plant and equipment are as follows:

9 months  
Mar 2023

Gross carrying amount

Opening	137,315	28	87	278	137,708
Additions	27,729	-	17	106	27,852
<u>Impairment</u>	(27)				(27)
Gross carrying amount	165,017	28	104	384	165,533

Accumulated depreciation and impairment

Opening	-	(8)	(57)	(145)	(210)
Depreciation - assets attributable to the build	-			(29)	(29)
<u>Depreciation - administration assets</u>	3	(2)	(10)	-	(12)
Accumulated depreciation and impairment	-	(10)	(67)	(174)	(251)

**Carrying amount 31 March 2023**

<b>165,017</b>	<b>18</b>	<b>37</b>	<b>210</b>	<b>165,282</b>
----------------	-----------	-----------	------------	----------------

12 months  
Jun 2022

Gross carrying amount

Opening	89,168	28	76	278	89,550
Additions	48,741		11	-	48,752
<u>Impairment</u>	(594)				(594)
Gross carrying amount	137,315	28	87	278	137,708

Accumulated depreciation and impairment

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 12 months Jun 2022**

<b>137,315</b>	<b>20</b>	<b>30</b>	<b>133</b>	<b>137,498</b>
----------------	-----------	-----------	------------	----------------

## 12 Deferred tax

9 months Mar 2023 \$000	9 months Mar 2022 \$000	12 months Jun 2022 \$000
-------------------------------	-------------------------------	--------------------------------

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

### Recognised deferred tax assets:

-	-	-
---	---	---

*Unrecognised deferred tax assets are based on:*

Statement of Comprehensive Revenue and Expense	(1,087)	(676)	(1,513)
Temporary differences *	(75)	7	21
Temporary differences **	(143)	(100)	1,581
Taxable income (deficit)	(1,305)	(769)	89

*Unrecognised deferred tax assets consist of:*

Opening balance	851	876	876
Tax on taxable position above, at 28%	366	215	(26)
Total unrecognised deferred tax asset	1,217	1,091	850

*\* Primarily related to the deductibility of annual leave*

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

## 13 Payables under exchange transactions

Note	9 months Mar 2023 \$000	9 months Mar 2022 \$000	12 months Jun 2022 \$000
Trade creditors	4,513	7,087	6,556
Related party payables ***	595	33	34
Non trade payables and accrued expenses	51	60	10
<b>Total</b>	<b>5,159</b>	<b>7,180</b>	<b>6,600</b>

*\*\*\* Primarily accrual of finance costs on shareholder advances.*



## 14 Employee entitlements

Annual leave entitlements

**Total**

9 months Mar 2023 \$000	9 months Mar 2022 \$000	12 months Jun 2022 \$000
102	88	98
<b>102</b>	<b>88</b>	<b>98</b>

## 15 Loans and borrowings

Non-current - Secured loans - CIIL

Non-current - Secured loans - TDC

**Total**

Note	9 months Mar 2023 \$000	9 months Mar 2022 \$000	12 months Jun 2022 \$000
	25,305	25,498	25,498
21	63,214	26,960	38,722
	<b>88,519</b>	<b>52,458</b>	<b>64,220</b>

WWL has financing arrangements with Crown Irrigation Investments Limited up to \$25,000,000 plus interest. Facilities were drawn down to fund project costs, and are secured by a general security over present and future assets. Facilities are provided subject to credit support from Tasman District Council ("TDC") plus guarantees from Waimea Irrigators Limited, and are repayable by 2034.

TDC has committed to fund additional project costs. WWL has financing arrangements with TDC up to \$69,454,000, secured by a second ranking general security over present and future assets. WWL finance costs will be recovered from both shareholders.

At Balance Date \$63,214,447 has been drawn against those facilities. Remaining funds can be drawn quarterly to fund project costs. Facilities are repayable by 2058 or may be converted to equity.

# 16 Financial instruments

The carrying amounts presented in the statement of financial position relate to the following categories of financial assets and liabilities.

	Held-to-maturity investments	Loans and receivables	Financial Liabilities at amortised cost	Total
	\$000	\$000	\$000	\$000
<b>9 months Mar 2023</b>				
<u>Financial assets</u>				
Cash and cash equivalents	-	16,441	-	16,441
Trade debtors and other receivables	-	46	-	46
Other financial assets	-	-	-	-
<b>Total Financial assets</b>	<b>-</b>	<b>16,487</b>	<b>-</b>	<b>16,487</b>
<u>Financial liabilities</u>				
Trade creditors and other payables	-	-	4,507	4,507
Loans and borrowings *	-	-	88,519	88,519
<b>Total Financial liabilities</b>	<b>-</b>	<b>-</b>	<b>93,026</b>	<b>93,026</b>
<b>12 months Jun 2022</b>				
<u>Financial assets</u>				
Cash and cash equivalents	-	9,337	-	9,337
Trade debtors and other receivables	-	163	-	163
Other financial assets	-	-	-	-
<b>Total Financial assets</b>	<b>-</b>	<b>9,500</b>	<b>-</b>	<b>9,500</b>
<u>Financial liabilities</u>				
Trade creditors and other payables	-	-	6,436	6,436
Loans and borrowings *	-	-	64,220	64,220
<b>Total Financial liabilities</b>	<b>-</b>	<b>-</b>	<b>70,656</b>	<b>70,656</b>
<b>* Loans and borrowings</b>				
	<u>9 months</u>		<u>12 months</u>	
	<u>Mar 2023</u>		<u>Jun 2022</u>	
Crown Irrigation Investments Limited	25,305		25,498	
Tasman District Council	63,214		38,722	
	<b>88,519</b>		<b>64,220</b>	

## 17 Commitments

9 months Mar 2023 \$000	9 months Mar 2022 \$000	12 months Jun 2022 \$000
<i>Expenditure contracted for at the end of the reporting period but not yet incurred comprises unpaid contract values, and unpaid determined variations or unpaid purchase orders, for the Contractor and/or Damwatch.</i>		
Property, plant and equipment	11,263	23,525
<b>Total</b>	<b>11,263</b>	<b>13,590</b>

## 18 Contingent assets and contingent liabilities

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

## 19 Covid-19

### Financial performance

*Any costs of government mandated Level 4 lockdowns are included as an impairment expense in Note 3.*

*Any costs awarded to the Contractor for reduced productivity as a result of Covid-19 are included as Dam Construction costs in Note 2.*

### Non-financial performance

*Covid-19 has not affected the ability to report against performance indicators.*

### Future assumptions

*The final schedule may be further affected and future costs higher than contemplated, however, any such costs are unknown.*

## 20 Events after the reporting period

*There were no significant events after the balance date that would require amounts recognised in these financial statements to be adjusted.*

## 21 Related party transactions

WWL is jointly owned by Tasman District Council ("TDC" - 61.2% of issued shares) and Waimea Irrigators Limited ("WIL" - 38.8%). 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.

		9 months Mar 2023 \$000	9 months Mar 2022 \$000	12 months Jun 2022 \$000
<u>Purchase / reimbursement of services</u>				
Shareholder services *		19	5	30
<b>Total purchase</b>		<b>19</b>	<b>5</b>	<b>44</b>
<u>Sale / reimbursement of services</u>				
Water charges **	1	1,050	-	160
<b>Total sale</b>		<b>1,050</b>	<b>-</b>	<b>160</b>
<u>Share Capital contributions from Joint Operators</u>				
Tasman District Council Share Capital		12,234	1,500	10,499
Waimea Irrigators Limited Share Capital		-	-	-
<b>Total contributions</b>		<b>12,234</b>	<b>1,500</b>	<b>10,499</b>
<u>Loans and borrowings</u>				
TDC has committed to fund additional project costs.				
Non-current - Secured loans - TDC		63,086	26,898	38,450
Borrowing costs capitalised		128	62	272
<b>Total loans</b>	15	<b>63,214</b>	<b>26,960</b>	<b>38,722</b>
<u>Period end payable to related parties:</u>				
Directors		50	32	34
Shareholders		545	1	-
<b>Total payables</b>	13	<b>595</b>	<b>33</b>	<b>34</b>
<u>Period end receivable from related parties:</u>				
Shareholders **	8	(46)	-	(163)
<b>Total receivables</b>		<b>(46)</b>	<b>-</b>	<b>(163)</b>
* TDC provides multiple services to WWL in the normal course of operating activities (e.g. resource consent fees).				
** In FY2022 Water charges commenced.				
<u>Key management compensation</u>				
Salaries and other short-term employee benefits		515	745	941
Directors fees		176	189	252
<b>Total</b>		<b>691</b>	<b>934</b>	<b>1,193</b>
Persons recognised as key management personnel		9	11	11



# Company Directory

## Directors

David Wright (Chair)

Bruno Simpson (Deputy Chair)

Doug Hattersley

Julian Raine

Ken Smales \*

Andrew Spittal

Margaret Devlin

Graeme Christie (appointed Dec 2022)

*\* Resigned Jul 2022.*

## Registered Office

20 Oxford Street

Richmond 7020

New Zealand

Telephone: 027 544 0030

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

## Chief Executive

Mike Scott

## Management

Chief Financial Officer:

Dave Ashcroft

Engineering and Design Manager:

Iain Lonie

Environmental and Sustainability General Manager:

Alasdair Mawdsley

## Auditor

Audit New Zealand on behalf of the Auditor-General

## Accountant

Findex Ltd

## Banker

ANZ Corporation

## Lawyers

Anderson Lloyd

Duncan Cotterill

Pitt & Moore