

STATEMENT OF INTENT

1 July 2023 – 30 June 2024

VERSION: FINAL 30 June 2023



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Figure 1: Downstream face of dam and spillway, February 2023

1. Summary

Waimea Water Ltd (WWL) expects the Waimea Community Dam (the dam) to be completed and transitioned to operations within the period of this Statement of Intent (SOI).

Project delivery and costs are summarised below in figure 1. Key points include:

- The reservoir was closed on 26 May 2023 and is expected to commence filling in July 2023. Full service is available to shareholders from this point, through temporary facilities until the permanent mechanical works are completed. As the reservoir is now filling and river flow modified and controlled, WWL suggests to the regulator, Tasman District Council (TDC), that the “*with dam*” provisions of the Tasman Resource Management Plan (TRMP) now apply during the entire period of this SOI.
- WWL expects project completion in December 2023.
- WWL expects the project to now cost \$198M.
- WWL is budgeting on operating costs during the period of this SOI of \$2.3M.
- WWL forecasts operating costs of \$3.5M to \$3.6M per annum (2023 real terms) for the two years subsequent to this SOI period. The increase in operating cost vs last year’s SOI is driven largely by the increase in expected insurance premiums (+110%).

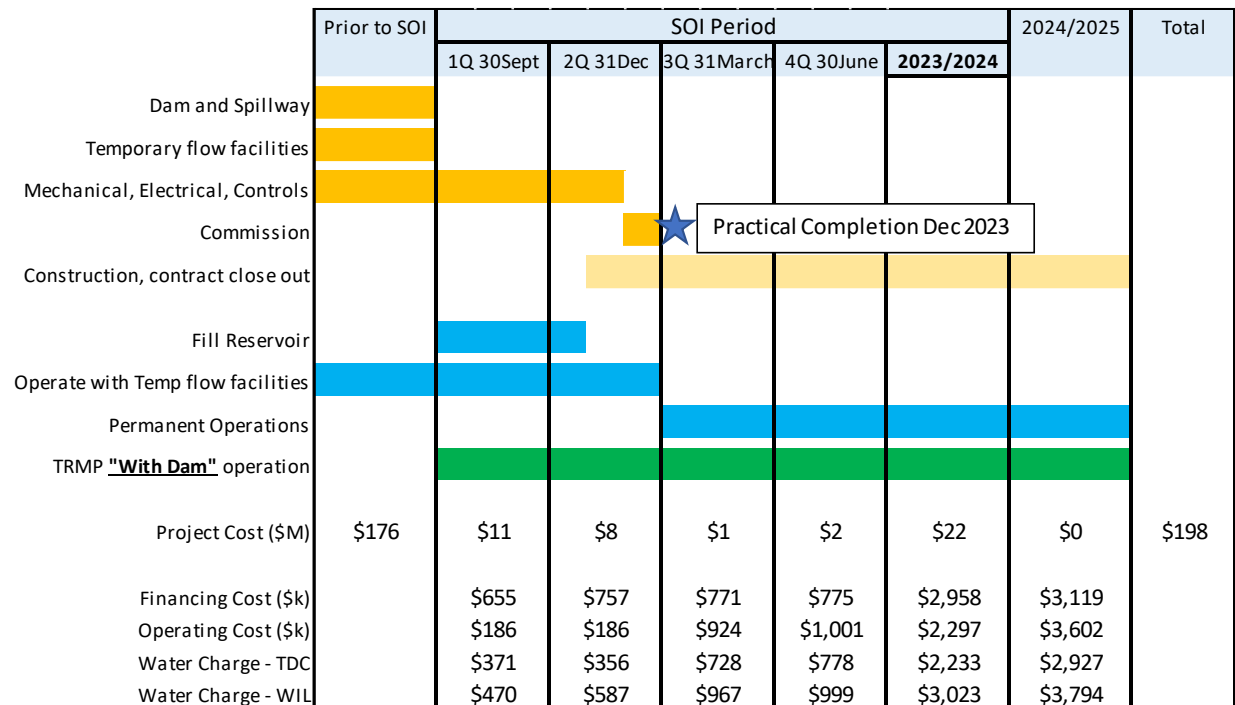


Figure 2: Project Delivery and Costs.

2. Introduction

This Statement of Intent (SOI) Version: Final 30 June 2023 is presented by the Directors of Waimea Water Limited, in accordance with Section 64 of the Local Government Act 2002 (LGA), for consultation with its shareholders.

The purpose of this document is to provide the scope, objectives, intentions and activities of WWL for the period 1 July 2023 to 30 June 2024, with forecast capital and operating cost cashflows for three years from 1 July 2023.

This SOI covers the completion of construction and transition to operations.

Following consultation with shareholders, this SOI will be revised, finalised, adopted by WWL and submitted to shareholders before 30 June 2023. A copy of this SOI will then be made available in the public domain via the WWL website (www.waimeawater.nz).

3. Purpose Statement

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

WWL's vision is to build and operate the Waimea Community Dam to the appropriate high standards to ensure reliable, sustainable and efficient water security and service to its shareholders and the region for the 2023/2024 season and thereafter for the expected dam life of 100 years.

WWL is focused on ensuring that it has the people, systems and positive relationships it needs to effectively deliver and operate the dam.



Figure 3: Completed upstream face, parapet wall and dam face pipework: February 2023.

4. Background

4.1. Waimea Water Ltd and the Waimea Community Dam

Waimea Water Ltd (WWL) is a joint venture incorporated company between the Tasman District Council (TDC) and Waimea Irrigators Ltd (WIL). Established in November 2018, WWL is a Council-Controlled Organisation (CCO) under Section 6 of the Local Government Act (LGA) and manages the construction, operation and maintenance of the Waimea Community Dam.

The dam is a significant infrastructure project for the region, which will secure the water supply for the Tasman region for the next 100 or more years. Approval to proceed with the dam was reached by its shareholders at financial close on 21 December 2018.

The construction project began in March 2019, with site works commencing in August 2019. The concrete-face rockfill dam was completed in early 2023 and is 53 metres high, 220 metres long, and six metres wide at the crest. The spillway was also completed in early 2023 and is 165 metres long, 40 metres wide at the top, 20 metres wide at the bottom, and descends 50 vertical metres.

The dam is designed to the latest appropriate high 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 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.

4.2. Benefits to the region

When completed, 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 shareholders, being the community and Waimea irrigators, with water security and supporting a growing population, particularly in the face of climate change. The dam is designed and expected to provide coverage for a drought greater than a 1-in-50 year event.
- Healthy Lee and Waimea rivers for swimming, fishing and other recreational activities.
- Healthier rivers for aquatic life to thrive by maintaining minimum river flows.
- 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 (housing), commercial and industrial investment and development, which brings jobs, more housing and associated economic activity.
- Greater potential to develop, maintain and grow businesses for future generations.

4.3. Statement of Expectation

WWL received a Statement of Expectation from its shareholders on 16 December 2022 that conveys the shareholders' strategic direction and performance expectations. This SOI addresses those expectations, specifically including :

#	Expectation	Section / page
1.2	Summary prospective financial statements	14, page 38
1.4	New schedule 8 of the LGA: (22 October 2019)	7 (2) a: Objectives 7 (2) b: Governance 7 (2) c: Nature, scope of activities 7 (2) d: Non-financial KPIs 8 (3) b: Performance target 10 b: Accounting policies
		5, page 10 6, page 11 9, page 17 10, page 26 10, page 26 13, page 34
1.6	Compliance with Health & Safety legislation	9, page 18
1.8	Estimated cost and time to complete the dam	7, page 14 11, page 27
1.14	Risk management, including natural hazards and climate change	8, page 15
1.15	Support transition to net zero carbon by 2050	8, page 15
1.17	Board performance evaluation every 18 months	6, page 12
1.20	Land and access matters have been addressed	9, page 23
1.21	Performance reporting	6, page 12
1.23	Staff retention risk during project completion and transition	11, page 31
1.24	Operating budget and model	12, page 32
1.25	Estimated water charges (operational and funding components)	12, page 32

Figure 4: Specific Expectations in Statement of Expectation



Figure 5: Completed intake screens and dam face pipework

4.4. Water Services Entities Act 2022

WWL acknowledges its obligations under the Water Services Entities Act 2022. Specifically this includes, amongst other obligations, WWL consulting and seeking approval from the Department of Internal Affairs (DIA) on significant transactions. WWL will ensure it has the resources to understand its obligations under the Water Services Entities Act 2022 and to liaise with the DIA.

4.5. Dam operations defined

WWL will provide dam operations for its shareholders, consistent with the Tasman Resource Management Plan (TRMP), for the entire and subsequent periods of this SOI.

The regulator, The Tasman District Council (TDC), has advised that:

- The scheme of the TRMP contemplates operating with and without a dam, with a transition while the dam is constructed.
- TRMP section 30.1.30 (*Principal Reasons and Explanation*) highlights that for the purposes of implementing the plan framework, the transitional framework cannot be used once the dam begins to modify flows in the Waimea River system. The transitional framework cannot be used as it relies on unmodified flow at the Wairoa River monitoring site to determine rationing in order to maintain the two separate security of supply standards between the affiliated and unaffiliated permits. This section further highlights that the provisions are intended to “*avoid creating any opportunity for permits not affiliated to the dam gaining advantage from augmented flow as a result of the Waimea Community Dam*”. This is reiterated in section 31.1.20. The framework reflects the investment made by affiliated water users in augmenting their water supply.
- Given the dam is designed to catch and store water when there is plenty, and release it during the dry summer months, “operation” means when dam construction has been sufficiently completed to the point that it is able to perform these functions. This also represents the point of switching from the transitional administration of the TRMP, to effective “*with dam*” operation. This implies, therefore, applying the different regimes for affiliated and unaffiliated permit holders under the “*with dam*” provisions of the TRMP.

The TDC advised that when WWL is able to confirm that water is stored and is capable of release in accordance with the resource consents, then the dam will have achieved operational status, even if it has not completed and commissioned the permanent mechanical works. Service is provided through the temporary facilities.

Accordingly, as the reservoir was closed and filling will commence after the second Primary Isolation Valve (PIV) is installed and closed, early in the financial period (July 2023), the dam is considered operational from the start of this SOI period. This means:

1. Water will be released on demand, consistent with the resource consent, albeit through temporary facilities until the permanent pipework is completed.
2. Full operating costs will be charged to shareholders.
3. WWL will notify the TDC that the dam is operational for the purpose of ending the transitional provision and moving to the ‘*with dam*’ arrangements under the TRMP.

4.6. Dam Safety Regulations

WWL will construct and operate the dam consistent with the requirements of the new Dam Safety Regulations and the New Zealand Dam Safety Guidelines (NZSOLD, 2015) from the New Zealand Society on Large Dams.

The new Dam Safety Regulations, developed by the Ministry for Business, Innovation and Employment (MBIE) under the Building Act (2004), were approved on 9 May 2022. The new regulations commence on 13 May 2024 and will provide a consistent nationwide framework for all post-construction regulatory requirements for New Zealand dams.

This regulation introduces the requirement for a Dam Safety Assurance Programme (DSAP), which comprises requirements for:

- Procedures for dam and reservoir operation and maintenance.
- Procedures for surveillance of the dam.
- Procedures for inspection and maintenance of appurtenant structures and inspection, maintenance, and testing of gate and valve systems with dam safety functions.
- Intermediate Dam Safety Reviews.
- Comprehensive Dam Safety Reviews.
- Emergency Planning and Response.
- Identifying and managing dam safety issues.

WWL's Dam Safety Management System (DSMS) is written to and satisfies the requirements of the incoming regulations.

The new regulations state that the dam's classification (high) and the dam's Dam Safety Assurance Programme (DSAP) must be audited and certified by a Recognised Engineer every 12-month anniversary of the DSAP's approval date. Under the regulations, WWL is required to submit an annual dam safety certificate to the regulator, The TDC.



Figure 6: Inspecting the dam face, February 2023

5. WWL Objectives

WWL will design, construct, commission and operate the dam based on the following objectives.

5.1. Safety

Personnel safety

WWL will continue to use an appropriate and robust risk-based Health, Safety and Wellbeing Management System to mitigate the risk of serious injuries to staff, contractors and the public during the construction and operation of the dam.

Dam safety

WWL will construct, commission and operate the dam to the appropriate high standards described in the NZSOLD guidelines¹ and new Dam Safety Regulations (2022).

5.2. Reliability

WWL will design, construct, commission, operate and maintain the dam in a manner that allows it to reliably operate over its planned 100-year life to:

- Meet the requirements of the resource consent.
- Maintain asset integrity to meet the requirements of NZSOLD guidelines.

WWL will use independent and qualified technical experts to verify integrity. Asset integrity will be demonstrated through competent in-house engineering and verified by external and independent Producer Statements (PS)² from qualified experts.

WWL has developed plans, consistent with the resource consent, to provide water from the dam efficiently and reliably.

5.3. Sustainability

WWL will ascribe to a sustainability-based management regime that considers and balances:

- Economic sustainability by providing shareholders with a safe, reliable and efficient asset.
- Environmental sustainability by understanding consumption and waste, emissions and implementing its environmental and biodiversity management plans.
- Transition to net zero carbon emissions by 2050.
- Social sustainability by engaging and nurturing positive relationships with the community it works within, contributing to its community and its prosperity, and being a good employer.

5.4. Efficiency

WWL will construct, commission and operate the dam within the approved budget and schedule, as adjusted for conditions encountered and significant uncontrolled events, while always bearing in mind the priority objectives to provide a safe, reliable and sustainable asset. WWL will efficiently and proactively manage construction, commissioning and operating risks.

¹ https://nzsold.org.nz/wp-content/uploads/2017/08/nzsold_dam_safety_guidelines-may-2015.pdf

² A producer statement is a professional opinion based on sound judgement and specialist expertise. There are currently four types of producer statement, all with generally widespread Council acceptance. They are known as: PS 1 – Design, PS 2 – Design review, PS 3 – Construction (often used by the installers of proprietary systems), PS 4 – Construction review.

6. Governance and Reporting

6.1. 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 decision-making responsibilities in accordance with legislation, and directors comply with their obligations under the Companies Act 1993, the LGA and other relevant legislation.

6.2. Board Composition

The WWL Board currently has seven highly experienced directors, appointed for a period of up to four years. The TDC may appoint four directors, WIL appoints two directors and Ngāti Koata appoints one director.

The TDC appointed a new Director, Graeme Christie, in December 2022 to replace Ken Smales who joined the management team. Both shareholders and Ngāti Koata reappointed the remaining directors to a further four-year term in November 2022.

6.3. Board Structure

The WWL Board is supported by an audit and risk committee. The Board and the committee review their effectiveness every year. Management governance and assurance is prescribed in WWL's Management System, which is reviewed and updated annually by the Board.



Figure 7: Governance Structure

6.4. Reporting

WWL will provide shareholders with a SOI, annual and mid-year reports in accordance with the LGA. In addition, WWL will provide quarterly and other financial statements and reports in accordance with shareholder expectations.

Statement of Intent

No later than 1 March each year, WWL will deliver to the shareholders a draft SOI that fulfils the requirements of Section 64 of the LGA. Following shareholders review, a final SOI shall be published before 1 July each year.

Quarterly Reports

No later than two months after the end of the March and September quarters, WWL shall deliver to the shareholders a brief unaudited report containing information and commentary on results for that quarter.

Mid-Year Report

No later than 28 February, WWL shall deliver to the shareholders an unaudited report containing the following information relating to the six-month financial period ending 31 December:

- Statement of Comprehensive Revenue and Expense, disclosing actual and comparative figures.
- Statement of Financial Position at the end of the period.
- Statement of Cash Flows.
- A commentary on the results for the period, including progress against SOI objectives.

Annual Report

No later than the date required by the LGA, currently 30 November, WWL shall deliver to shareholders an annual report that fulfils the statutory requirements of Section 67 of the LGA, including audited financial statements that comply with the appropriate reporting standards and contain at least the following information:

- A report including a summary of the financial results, a review of operations and comparison of performance in relation to objectives in the Statement of Intent.
- Statement of Comprehensive Revenue and Expenses disclosing actual expenditure and comparative figures from previous annual reports.
- Statement of Financial position at the end of the year.
- Statement of Cash Flows.
- Auditor's report.

The Annual Report is to be available for public inspection (on the WWL website waimeawater.nz).

6.5. Functions and Operations

WWL's activities are directed by the requirements of a governance and accountability framework including the company constitution, statutory compliance obligations, company policies and procedures, a performance and accountability framework and project control disciplines.

6.6. Management

The Chief Executive Officer is accountable to the Board and has responsibility for the management, operation and administration of WWL.

WWL management works to a Board-approved Management System for:

- Management of change.
- Dam and personnel safety.
- Risk management.
- Authorities and financial controls.
- Budget controls.
- Organisation preservation.
- Regulatory compliance.

Audit NZ completes the annual external audit for the Board.

7. Project Performance

7.1. Project Cost

Construction of the dam is now expected to cost \$198M as outlined in section 11.

7.2. Schedule

The diversion culvert and reservoir were closed (Separable Portion SP1) on 26 May 2023. River flow and reservoir control commenced from this milestone through the temporary river diversion pipework facilities (HDPE pipe).

Figure 9 below shows that project completion is expected in September 2023.

	Original Plan	Expected
Diversion culvert and reservoir closure (SP1)	27 Oct 2021	26 May 2023 Actual
Completion (SP2)	23 Jan 2022	December 2023 Forecast

Figure 8: Completion dates

The Independent Engineer extended the contract period by seven months in the first period (SP1) and a further three months in the second period (SP2) for COVID-19, floods, design changes and prolongation of mechanical and diversion works. The balance of the delay mainly resulted from the dam structures taking longer to construct than anticipated.

WWL will commence filling the reservoir and modifying river flow after the second primary isolating valve is installed in July 2023. Full service is available to shareholders from this point, albeit through temporary facilities until the permanent mechanical works are completed.

As the reservoir is now filling and river flow modified and controlled, WWL suggests to the regulator that the “with dam” provisions of the TRMP now apply during the entire period of this SOI (see 4.3).

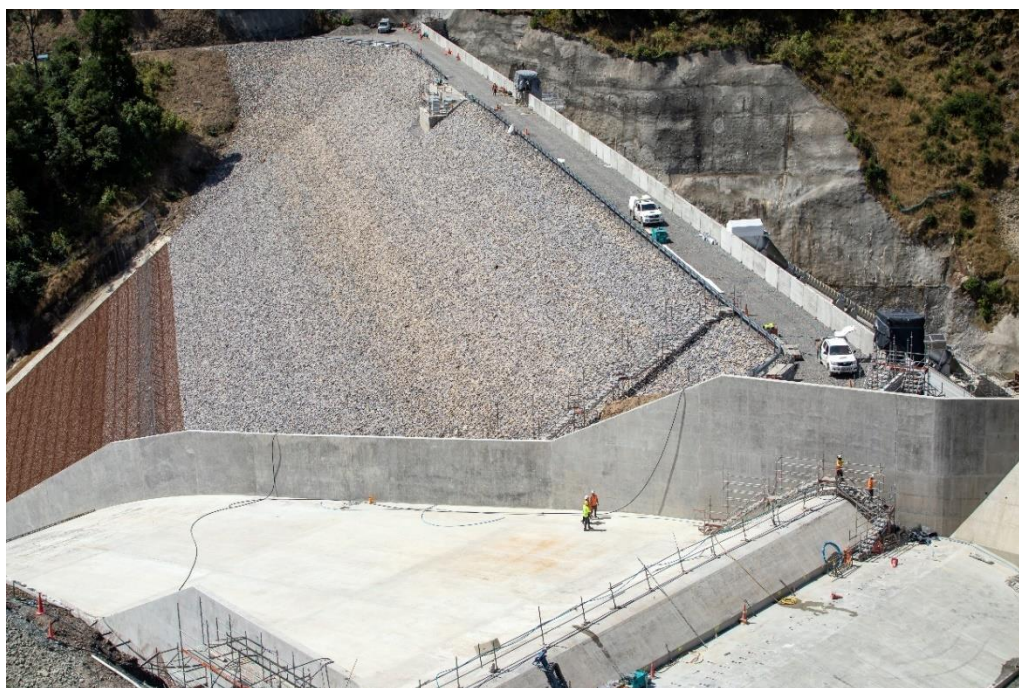


Figure 9: Upper spillway and ogee-weir (foreground). Dam crest (background), February 2023

8.Climate change impacts and transition to net zero

The shareholders requested in their Letter of Expectation (16 December 2022) that WWL consider:

1. How WWL will manage the risks and impacts from climate change (sections 1.14 and 1.15.1)
2. How WWL will transition the company to net zero carbon emissions by 2050 (section 1.15.2)

8.1. Impacts from climate change

The University of Melbourne reports (Australian National Committee on Large Dams (ANCOLD) conference 28 October 2022) that under all but the SP1 – 2.6c climate change scenarios, the persisting dewpoint is expected to increase by nearly 1.5c from 2022 to 2050. The least climate change trajectory of SP1 – 2.6c is still expected to increase the dewpoint by 1c during this period. This leads to:

- Drier soils and transit losses requiring higher water demand.
- Increased peak rainfall intensity, but less antecedent precipitation (wetness).

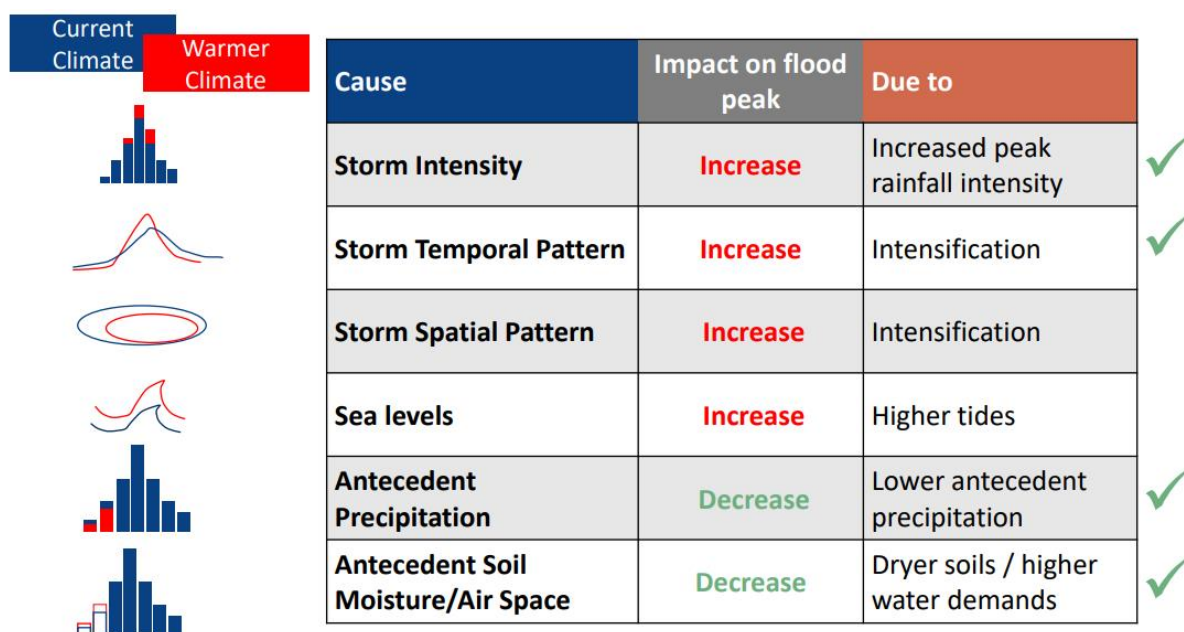


Figure 10: Climate change impacts to WWL: Source University of Melbourne (ANCOLD 28 October 2022)

Directionally, climate change is going to require WWL has more water storage to sustain a set level of reliability.

Waimea dam facilities

- a) Flood intensity: The flood capacity of the dam is based on a Probable Maximum Flood (PMF) of 1059 m³/s passing down the spillway. WWL completed computational fluid dynamic (CFD) modelling in 2020 that showed that the spillway can pass 1200 m³/s at the same freeboard, 13% more than designed for. As described in the Stage-4 Design report (Jan 2019) by Tonkin & Taylor, climate change is expected to increase the 1:10,000 year return period peak inflow from 616 m³/s (current) to 741 m³/s (with climate change), a 20% increase. The dam is considered, therefore, to contemplate the impact of increased flood intensity resulting from climate change, particularly given the greater capacity than assumed in the design.

Service reliability

- b) The storage drawdown frequency analysis completed by Tonkin & Taylor in their report of December 2009 suggests that the 12M m3 reservoir ullage can support a 1:70 year drought. A 20% increase in demand, through reduced antecedent precipitation (dryness), transit losses or demand growth, would halve this coverage to a 1:35 year drought which is less than the 2001 drought.

WWL expects at some point that it will need to increase reservoir ullage to maintain service reliability in the face of reduced antecedent precipitation (dryness), transit losses or demand growth. Storage capacity can be increased cost effectively by temporarily (>100 years) using the flood ullage of the reservoir through the common practice of installing gates on the spillway. As outlined to shareholders on 21 February 2021, fuse or permanent (such as TOPS) gates can be installed for a cost of \$3M to \$10M, subject to consenting requirements.



Figure 11: Examples of spillway gates (fuse and permanent gates)

Gates could support increased service, power generation and provide flood attenuation to the Waimea River. WWL will work with stakeholders to agree an approach on investigating gates.

8.2. Transition to net zero carbon emissions by 2050

WWL has installed its own micro-hydro power generation with a lithium battery bank to provide renewable hydropower to power controls (valves), amenities and instrumentation.

Infrequent large loads, such as powering the winches to move the screens to the crest, will rely on a diesel generator. Back-up generation also requires diesel. Other sources of carbon include vehicles and boats. Emission reduction plans are shown in figure 13 below:

Source	Plan	Date
Diesel generators	Replace with mains power. ~\$2M (with / without out hydro-generation) Replace with bio-diesel when available	2030
Vehicles / boat	Replace with electric, hydrogen or bio-diesel concurrent with industry / NZ development	2035
Credit: Generate power	Install hydro-turbine (1.5 – 3 MW) to utilise unused energy from reservoir head	2030
Credit: Planting offset	Expand planting plans -Rough Island, Lee Valley	2030

Figure 12: Climate change plan

WWL will work with stakeholders to agree an approach on investigating the feasibility of power generation and transmission.

9. Nature and Scope of Activities

The scope of WWL's activities for the 2023-24 year include:

1. Health, safety and wellbeing
2. Environmental management
3. Design
4. Construction
5. Operational readiness and transition to operations
6. Sustainability and community relationships
7. Governance and financial management.

See the following pages for more detail about these activities.



Figure 13: Installing the permanent pipework and concrete plug (left), Nov 2022, and temporary pipework (right), February 2023, to the left hand side culvert.

9.1. Health, Safety and Wellbeing

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

WWL's Health and Safety obligations are discharged across two areas of responsibility:

1. Operating a Health, Safety and Wellbeing Management System for the safety and wellbeing of WWL's employees and contractors.
2. Ongoing due diligence of the Contractor's Health and Safety management systems for the construction of the dam.

With construction of the dam expected to be completed at or around the end of the first quarter of the SOI period, WWL will need to adjust its Health, Safety and Wellbeing Management Systems for dam operations and managing safety on site.

WWL will use specialised independent safety advisors to assist modifying its systems and implementing risk mitigation procedures.

During the period of this SOI, WWL will:

- Meet requirements of health and safety legislation.
- Use and review its own and the Contractor's Health and Safety systems.
- Revise its Health and Safety system to prepare for operating the dam.
- Verify compliance with those systems and monitor statistics.



Figure 14: Downstream face of embankment and spillway, February 2023

9.2. Environmental Management

WWL is committed to minimising its impact on the environment by using practices that protect the environment during both the build and long-term operation of the dam. WWL uses skilled and experienced independent specialists and robust systems for environmental training, auditing and monitoring. WWL monitors compliance, deals with change and ensures construction partners work in a manner that protects our environment.



Figure 15: Monitoring river health and quality.

The project currently has 22 permits containing 184 resource consent conditions. These conditions include, but are not limited to:

- Salvaging and propagating rare plants from the reservoir footprint.
- Offsetting vegetation loss through a range of biodiversity enhancements.
- Preparing to prevent and respond to spills during construction.
- Constructing sediment ponds to protect water quality during construction.
- Measuring and tracking river water quality.
- Remediating the land within the project footprint on completion of the dam.

During the period of this SOI, WWL will:

- Comply with all resource consent conditions, including ensuring Supplementary Construction Environmental Management Plans (SCEMPs) are approved by the Regulator, The TDC, and WWL verifies performance and compliance with the SCEMPs.
- Continue to monitor river water quality in accordance with the resource consent and take steps to improve river water quality as required.
- Continue to implement the Biodiversity Management Plan, including the propagation and restoration planting of native plant species at Rough Island, Waimea Bermlands and weed control downstream of the dam.
- Meet obligations for carbon associated with deforestation prescribed by the Climate Change Response Act 2002.

9.3. Design

The Waimea Community Dam is designed in accordance with appropriate high requirements of international and NZSOLD guidelines, which include flood and earthquake considerations in accordance with New Zealand building regulations.

As a responsible dam owner, WWL has a primary obligation to avoid exposing the community to risks or hazards associated with the build and operation of the dam.

All critical dam safety elements of the design have been assessed by Damwatch Engineering Ltd. Where warranted, these designs are reviewed by an independent panel of engineers from GHD Engineering.

Significant design work of the dam is now completed. The final as-built design report (stage-5) was completed and submitted to the regulator with an accompanying PS1 and design review PS2 in early 2023.

WWL stays abreast of regulatory and engineering changes. There have been two recent developments that WWL will seek to understand during the period of this SOI:

1. New Zealand National Seismic Hazard Model (NSHM) 2022: The NSHM is the first revision (by GNS) to the national seismic model since 2010 and first major revision since 2002. The update incorporates new data collected over the last two decades.

Amongst the many updates to the model, the most critical for infrastructure, and WWL, are the general increases to predicted ground accelerations throughout the country.

WWL will consider any implications to the dam following the expected industry and governmental (MBIE) guidance.

2. The United States Bureau of Reclamation (USBR) 2022: The USBR, a common industry authority, revised its emergency drawdown guidelines for various dam hazards in 2022. The final as-built design report (stage-5) includes an assessment against this revision and any recommendations will be assessed during the SOI period.

During the period of this SOI, WWL will:

- Consider any implications of NSHM (2022) and USBR (2022).
- Work with stakeholders to agree an approach to feasibility of fitting gates to increase storage (refer 8.1).
- Work with stakeholders to agree an approach to feasibility of retrofitting power generation and transmission (refer 8.2).
- Continue to modify and optimise design for encountered conditions.

9.4. Construction

At the start of the SOI period, construction of the dam is estimated to be approximately 90% complete. The following works were completed in 2022 and 2023, prior to this SOI:

- Dam embankment, concrete face and parapet wall.
- Dam face intake screens, pipes and winches.
- Sub-surface grouting around the perimeter of the embankment and spillway.
- Spillway, upstream approach channel and downstream cut-off wall and plunge pool.
- Temporary river diversion pipework and controls.

The river diversion culvert was closed on 26 May 2023 and reservoir will be filled from July 2023.

The residual work to complete construction of the dam during the first quarter of this SOI period includes:

1. Mechanical and electrical facilities.
2. Controls and SCADA.
3. Culvert-end wall.
4. Amenities.

Prior to commissioning the permanent facilities in or around November 2023, modified river flow, reservoir filling and dam service is provided through the temporary pipework and facilities.

After completing the project in or around December 2023, WWL will spend the balance of the SOI period managing residual works with the Contractor and closing out the construction contract. As the Contractor initiated arbitration in early 2022, dispute preparation and resolution will continue through the SOI period.

WWL will continue to regularly report against the schedule to keep both shareholders and financiers informed of progress.

During the period of this SOI, WWL will:

- Complete installation of the dam mechanical and electrical facilities (September 2023).
- Complete commissioning of dam equipment.
- Continue filling the reservoir.
- Continue to implement the approved Emergency Action Plan (EAP).
- Complete dam surveillance (piezometers, seismometers, survey) during filling to determine dam performance.
- Complete any residual construction and documentation works.
- Close out the construction contract.
- Continue to prepare for and progress any possible dispute resolution with the Contractor.



Figure 16: Constructing cut-off wall beneath spillway to protect against erosion (Dec 2022).



Figure 17: Backfilling on dam crest behind parapet wall (flowing preventing on left, drainage chimney on right)

9.5. Commissioning and Operational Readiness

Once construction is complete WWL will operate and maintain the dam in accordance with NZSOLD guidelines, new dam safety regulations (2022), the resource consent, and business plans and budgets.

The dam will transition to operations and WWL's responsibility following practical completion (SP2) in December 2023.

During the period of this SOI, WWL will:

- Commission dam equipment.
- Commission dam safety instrumentation and systems.
- Complete operations and maintenance systems.
- Deploy an operations organisation and engage operations / maintenance contractors.
- Hand-over dam from Contractor to WWL (Practical Completion SP2). Transition to Full operations.
- Manage land access matters and implement approved Operational Management Plan (OMP) that pertains to access and coordination with neighbours.
- Refine the operating model and operating budgets for shareholders.



Figure 18: Intake screens installed and winches commissioned. Screens move up and down dam face

9.6. Sustainability and Community Relationships

WWL recognises the interdependence between social, environmental and economic outcomes.

WWL is committed to ensuring that the public is well-informed and has easy access to information. WWL will continue to showcase the dam project to the public at the Richmond Mall and Richmond Library, subject to receiving such opportunity.

WWL will continue to update the public on progress and key issues on its website, on social media and through the press.

During the period of this SOI, WWL will:

- Work closely with mana whenua, landowners, local communities, and those who have a focus on the development and sustainability of the region.
- 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.
- Engage with the public in the community.
- Create video, photo and written content for online channels, such as WWL and TDC's websites, social media and YouTube channels.
- Publish a newsletter twice a year, promoted via stuff.co.nz.
- Host media onsite to report on milestones.
- Complete a Sustainability Plan, that will describe how the dam will be sustained in the long term (economically, environmentally and socially).



Figure 19: Waimea dam display at the Richmond Mall (March / April 2022)

9.7. Governance and Financial Management

During the early part of this SOI period WWL expects to complete the dam, in advance of transitioning to operations in or about December 2023.

Dam Construction

When WWL was incorporated in December 2018 a capital budget was approved with shareholders and financiers. Managing costs and funding is done in accordance with the Company Constitution, best practice, and Generally Accepted Accounting Principles. WWL provides regular reporting against budget to keep both shareholders and financiers informed of progress.

WWL is funded by its shareholders, the TDC and WIL, and from Crown Irrigation Investments Ltd (CIIL).

WWL has a tight focus on financial management and is doing all it can to minimise costs without compromising safety, reliability and sustainability. Finance activities are centred on producing accurate and timely financial information for decision makers, with a focus on quarterly reporting to shareholders and financiers, and ensuring all systems and processes support an unqualified audit opinion from Audit NZ on behalf of the Auditor General.

Dam Operations

Insurance costs represent the single largest operating cost component (37% of the operating budget). Expected insurance premiums have increase by 107% to circa \$1.3m pa since last advised to shareholders. WWL will complete an insurance and risk strategy to balance risk with insurance cost before competitively bidding insurance requirements.

The period of this SOI will see the continuation of water charges to those who benefit from the dam.

Water charges recover four key cost categories: ongoing interest costs for loans taken during construction, repayment of those loans, ongoing operating costs of WWL, and any other costs.

Water charges are invoiced to shareholders by WWL quarterly in advance.

During the period of this SOI, WWL will:

- Continue to manage project costs, as adjusted for encountered conditions and uncontrolled events and risks.
- Meet agreed quarterly reporting deadlines.
- Comply with financier expectations.
- Obtain unqualified audit opinions on annual financial statements.
- Invoice shareholders for water charges.
- Complete an insurance and risk strategy. Bid insurance needs.

10. Performance Targets (KPIs)

The following table provides the objectives and key performance indicators for the period 1 July 2023 to 30 June 2024 (FY24), and the year following.

All objectives relate to the seven key activity areas outlined in the previous sections, with each objective reflecting the guiding principles of safe, reliable, sustainable and efficient.

1. Health, Safety and Wellbeing		
Objective	KPI to 30 June 2024	KPI to 30 June 2025
To meet the requirements of health and safety in workplace legislation	Migrate from construction system to operations system. Peer reviewed by industry qualified expert	WWL system peer reviewed by industry qualified expert
Review and verify contractors’ Health, Safety & Wellbeing systems	Contractor system peer reviewed by industry qualified expert	n/a [Contractor no longer in place]
No fatalities or serious injuries	0	
Total recordable injury rate	≤5 injuries per 1m hours	
2. Environmental management		
Objective	KPI to 30 June 2024	KPI to 30 June 2025
To meet resource consents conditions	100% compliance	100%
Approve and validate SCEMPs	100% compliance	n/a [SCEMPs already complete]
Implement the Biodiversity Management Plan	100% compliance	100%
3. Design		
Objective	KPI to 30 June 2024	KPI to 30 June 2025
Consider any implications to NSHM (2022) and USBR (2022)	Advise shareholders	n/a [task complete FY24]
Work with stakeholders on consideration into fitting gates	Agree approach	To be determined in due course
Work with stakeholders on consideration into retrofitting power generation and transmission	Agree approach	To be determined in due course
4. Construction		
Objective	KPI to 30 June 2024	KPI to 30 June 2025
Construct dam in accordance with specification	PS-3 and PS4 Regulator Code of Compliance (#88b)	n/a [task complete FY24]
Deliver project to schedule, as adjusted for encountered conditions and uncontrolled events	Complete and commission dam (SP2) and move to operations in Dec-23 Track variance to schedule	n/a [task complete FY24]

5. Commissioning and Operational readiness		
Objective	KPI to 30 June 2024	KPI to 30 June 2025
Commission dam equipment	Completed	n/a [task complete FY24]
Complete operations and maintenance systems	Completed	n/a [task complete FY24]
Deploy an operations organisation	Staff employed	n/a [task complete FY24]
Contract operations / maintenance contractors	Contracted	n/a [task complete FY24]
Refine operating model and budgets for shareholders consideration	Completed and approved	n/a [task complete FY24]
Operations reliability (% release demanded)	100%	100%
6. Sustainability and Community Relationships		
Objective	KPI to 30 June 2024	KPI to 30 June 2025
Transparent engagement with stakeholders and community	Bi-annual public newsletter, annual Richmond Mall 'pop-up' (if possible)	To be determined in due course
Consultation with Ngāti Koata	Annual hui	
Recognise key cultural and project milestones	Ceremony and blessing for completion	To be determined in due course
Develop Sustainability Plan	Plan approved	Plan complied with
7. Governance and Financial Management		
Objective	KPI to 30 June 2024	KPI to 30 June 2025
Manage Costs to Complete	Update in Mid-Year and Annual Reports	Update in Mid-Year and Annual Reports
Agreed quarterly reporting deadlines met	100% compliance	
Compliance with financier expectations	100% of expectations met	
Insurance strategy and competitive tendering of insurance needs	100% complete	
An unqualified audit opinion on annual financial statements	Unqualified opinion on FY23 financial statements	Unqualified opinion on FY24 financial statements

11. Project Costs and Risks

11.1. Construction Cost Forecast

Further to the project cost forecast in June 2022 of \$195M, WWL revised its project cost forecast in February 2023 with a further cost increase of \$3M to \$198M. This increase is predominantly a result of increasing dispute, prolongation and river diversion costs. WWL currently maintains this cost forecast.

Since financial close and the original budget of \$104M in December 2018, that included a contingency of \$4.6M, the project cost has increased by \$98M to \$198M, as shown in figure 22. This cost increase is driven by:

a) Encountered Geology: +\$43M

As described in the Annual Report, accommodating the encountered geology resulted in a \$43M cost increase, and included:

- Poor quality indigenous rock-fill, and the need to import drainage material and sand
- Shear zones bisecting both the top and bottom of the spillway, requiring an impermeable apron on the approach channel and enlarged cut-off wall beneath the spillway.
- Greater stabilisation on the left abutment.
- Increased foundation treatment to the embankment and spillway
- Greater sub-surface grout curtain, requiring ~17,000m of drilling rather than originally planned 5,000m of drilling.

b) Mechanical and Electrical Costs: +\$22M

The mechanical and electrical systems were not designed or procured at project funding, and the budget included, therefore, a provisional sum. Their design was completed during FY2021, and procured during FY2022. WWL has encountered both higher costs as design and procurement were realised and significant inflation as a result of the economic environment.

Mechanical costs also increased by a further \$2M (of the \$22M cost increase described above), due to:

- Greater costs than expected to install some mechanical components and the temporary river diversion works.
- Greater time-related costs to the Contractor for the prolongation of mechanical and diversion works.

Noting the cost reimbursable nature of the works, mechanical costs and time have increased from the original estimate and plan provided by the Contractor at funding in 2018 as shown in the table below.

Mechanical / diversion works	2018 original budget	2023 current
Cost (\$M)	\$6.3M	\$23M
Time related costs (\$M)	\$0.0M	\$5M
Time (calendar days)	143	347

Figure 20: Mechanical cost escalation

This increase has been incurred despite WWL taking steps to rationalise the works. This rationalisation includes a single, rather than dual, permanent pipe (30% less steel, welding and valves) and 67% less pipe supports.

c) Other Project Costs: +\$33M

Other costs were either underbudgeted or not contemplated at project funding, and were expected to cost \$32M more than originally funded, as outlined below.

- Dam engineering and construction supervision costs are tracking at 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 defending disputes.
- Office costs to support design and construction activities.
- Project delays.
- COVID-19 costs, including payments to the Contractor for two lockdowns and illness absenteeism.
- New additional public holidays.

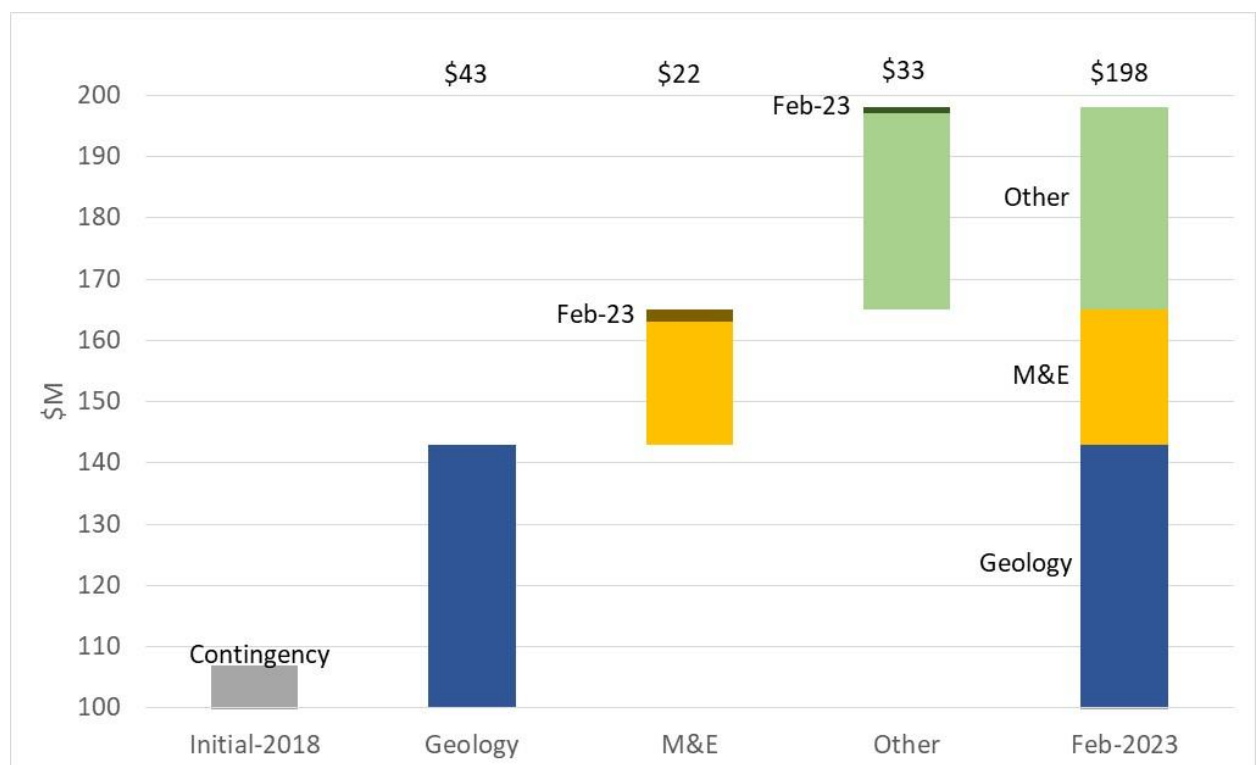


Figure 21: Budget movements

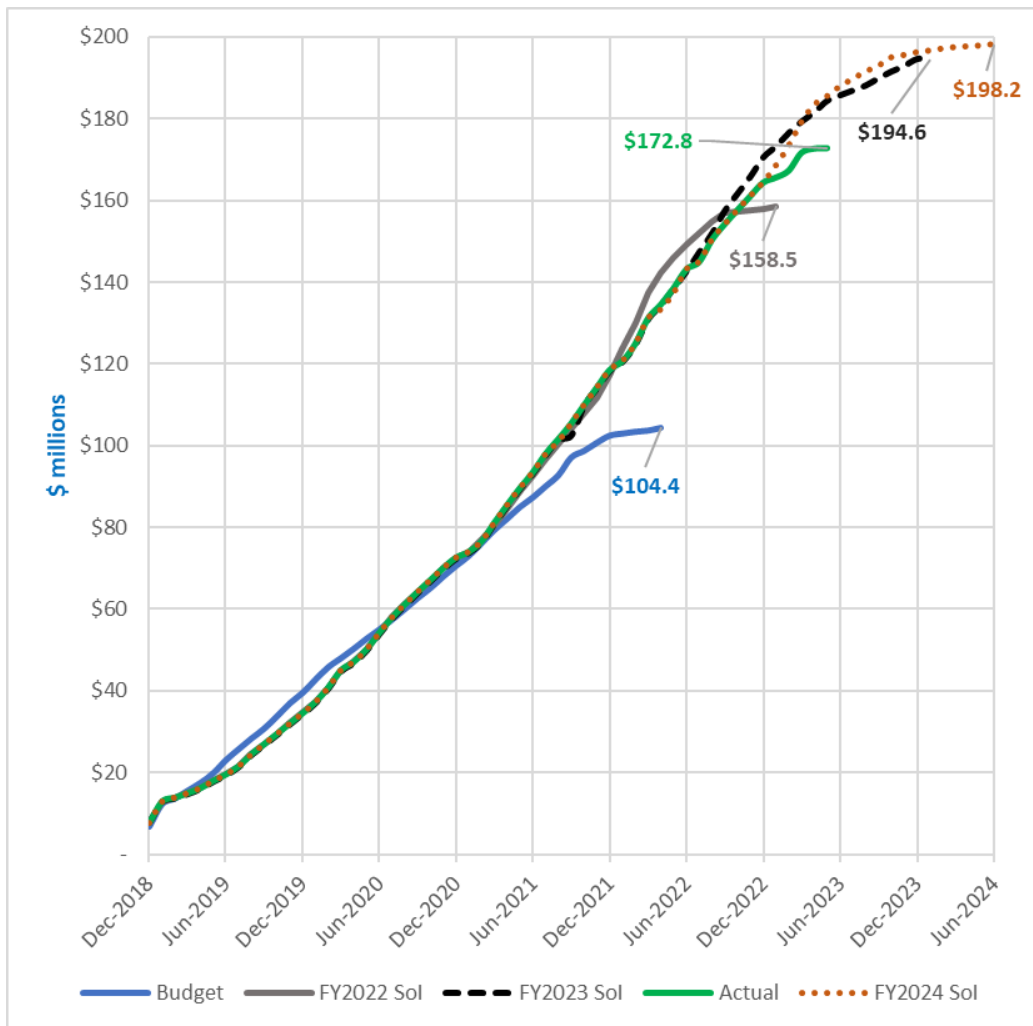


Figure 22: Cost forecast.



Figure 23: Entering the LHS culvert.

11.2. Construction Cash Flows

At the start of the 2023/24 financial year WWL estimates \$176.0M of the \$198.2M project cost will have been incurred, with a further \$22.2M to be incurred during the period of this SOI.

11.3. Funding

Project funding is shown in the following graph.

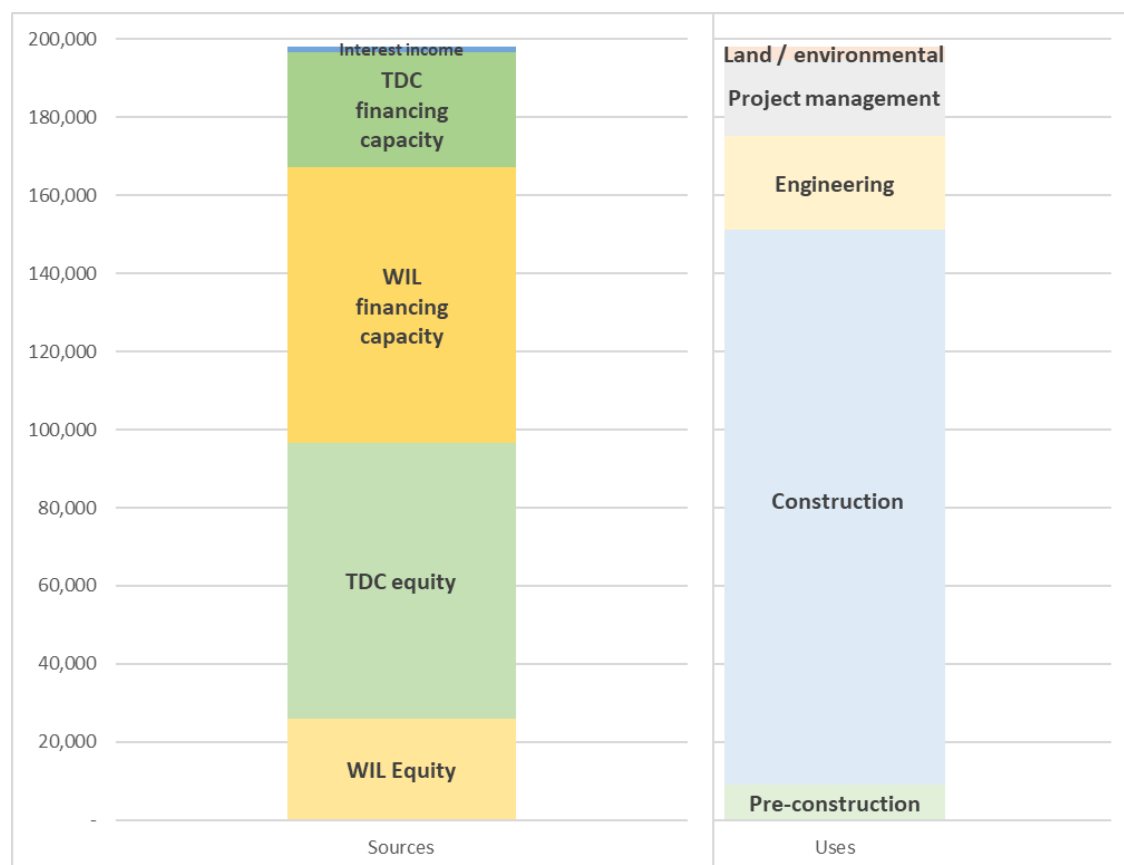


Figure 24: Project funding

11.4. Risk Management

WWL is committed to constructing and operating the dam as efficiently as possible with respect to cost and schedule, recognising the overarching principles that the dam shall be safe, reliable, sustainable and efficient.

WWL will continue to operate a robust risk management system, with the risk register continuously updated as risks are identified and closed.

11.5. Key Residual Risks

Project risks, particularly those related to geology and weather, largely dissipated with closure of the diversion culvert and reservoir in May 2023. Mechanical and electrical costs are also now largely known with procurement completed.

Key significant residual risks, not valued, are shown in the table below. Plans to mitigate these risks are also shown in the table.

Risk	Planned mitigation activities
Further mechanical installation cost escalation.	<ul style="list-style-type: none"> Determine remaining mechanical costs
Greater embankment settlement than expected could put dam face mechanical systems out of alignment. Risk exacerbated by nature of rockfill.	<ul style="list-style-type: none"> Contingency plan to lower reservoir after 2023/2024 season to re-install rails.
Unexpected outcome from arbitration that has been initiated by Contractor. Outcome contrary to Engineer and Adjudication decisions.	<ul style="list-style-type: none"> Continue preparing with independent experts.
Staff not retained during project completion, contract close and disputes, and transition to operations.	<ul style="list-style-type: none"> Contract staff for operations. Contract key staff past completion. Retention risk remains given buoyant engineering and dam sectors in Australia.
Design release flows not sufficient due to increased losses and demand (climate change impacts)	<ul style="list-style-type: none"> Feasibility study into gates.

Figure 25: Key residual risks

12. Operating Costs and Risks

12.1. Operating Cash Flows

In general, project costs are the cost of the dam (\$198.2m financed by debt, advances and equity), and operating costs (loan repayments due to CIIL, interest due to both CIIL and the LGFA via TDC, and WWL overheads) incurred either before or after PCD are recovered via water charges. Those operating costs are charged to water users quarterly in advance, a process that commenced for the 2022/23 financial year. i.e. For loan repayments due to CIIL, interest due to both CIIL and the LGFA via TDC, and a portion of WWL overheads.

Any cash surplus after the year end is either carried by WWL to reduce the following year's cash needs or used to repay loans. Any cash shortfall is charged to water users after year end.

Recoveries during the period of this Sol will increase as the transition to operations from January 2024 drives all WWL overheads being recovered, and after all project financing is drawn.

Forecast operating costs have increased 60% from those forecast in the previous SOI primarily due to a 110% increase in insurance premium estimates, and inflation. Finance costs have increased with interest rates and with the further cost increase described in section 11.1 financed by shareholder advance. The table below illustrates the budget for this Sol period and indicative estimates for FY25 and FY26, subject to review for future Statements of Intent. No allowance is made for any costs that may be incurred to defend arbitration initiated by the Contractor.

<u>Cost category</u>	<u>\$000s</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>
Interest		\$2,958k	\$3,119k	\$3,243k
Loan repayments		\$-k	\$-k	\$-k
Insurance		\$664k	\$1,329k	\$1,329k
Staff Costs		\$247k	\$471k	\$471k
Consent Compliance		\$617k	\$520k	\$412k
Rates		\$190k	\$381k	\$381k
R&M		\$158k	\$311k	\$309k
Directors Fees/D&O insurance		\$166k	\$225k	\$227k
Dam Safety		\$138k	\$183k	\$148k
Admin, lease, other		\$117k	\$182k	\$181k
Total water charges		\$5,255k	\$6,721k	\$6,701k
Financing		\$2,958k	\$3,119k	\$3,243k
Operating		\$2,297k	\$3,602k	\$3,458k
<u>Cost Recovery</u>				
Water charges TDC		\$2,233k	\$2,927k	\$2,911k
Water charges WIL		\$3,022k	\$3,794k	\$3,790k
Water charges TOTAL		\$5,255k	\$6,721k	\$6,701k

Figure 26: Operating Cash Flows

13. Additional Information

13.1. Entity and Stakeholder Information

WWL is a limited liability company, incorporated under the Companies Act 1993.

WWL is a Council Controlled Organisation subject to the Local Government Act 2002 and represents the shared interests of TDC and WIL. As of December 2022, TDC is the majority shareholder with 61% of the issued shares and WIL holds the remaining 39% of issued shares.

Crown Irrigation Investments Ltd (CIIL) provides a \$25M loan to WWL, and further loans to TDC.

TDC contributions are supported by a Ministry for the Environment (MFE) grant of \$7M.

WWL operates on a cost recovery basis only. Dividends will not be paid.

WWL does not undertake any activities for which the Board seeks compensation from any local authority. This is prohibited by WWL's constitution.

During the period of this SOI, TDC and WIL will continue to commit further equity or shareholder advances to support increased project costs.

13.2. Professional Support Information

Contractor:	Fulton Hogan & Taylors (FHTJV)
Design Engineer:	Damwatch Engineering Ltd
Design Reviewer:	GHD Engineering
Quantity Surveyor:	Rawlinsons
Engineer to Contract:	Stantec
Legal Support:	Anderson Lloyd
Auditor:	Audit New Zealand on behalf of the Auditor-General
Banker:	ANZ Corporation



Figure 27: Overview of dam, February 2023

13.3. Accounting Policies

Reporting entity

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

Basis of preparation

(a) Statement of compliance

Financial statements are prepared in accordance with the LGA, which includes 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 30 June.

Financial statements are 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

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

(c) Functional and presentation currency

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

(d) Comparatives

Statements report comparative figures.

(e) Changes in accounting policies

Accounting policies are adopted consistently.

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. The principal areas of judgement in preparing financial statements are set out below. These will be assessed by management as part of the annual reporting process and included within the final annual accounts.

(f) Cash and cash equivalents

Cash and cash equivalents include 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.

(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) will be 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. 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 the cost incurred added to the carrying amount of an item of Property, Plant and Equipment 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.

Individual assets, 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 asset's 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

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 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 surplus or deficit.

(m) Share capital

Ordinary shares are classified as equity. Direct costs of issuing shares are shown as a deduction from the proceeds of issue.

(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.

(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 the Company 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.

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 are 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.

14. Financial Forecast

At incorporation in December 2018 shareholders anticipated Total Project Costs of \$104.4M. In June 2023 Shareholders and CIIL executed revised funding agreements to support the latest project cost of \$198M.

14.1. Profit and Loss Overview

<u>Profit and loss (\$000s)</u>	<u>Jun 2024</u>	<u>Jun 2025</u>	<u>Jun 2026</u>
Income			
Water charges	5,255	6,721	6,701
Total income	5,255	6,721	6,701
Expenses			
Interest expense	2,958	3,119	3,243
Insurance	664	1,329	1,329
Staff	247	471	471
Environmental	618	520	412
Rates etc	190	381	381
Dam Operations	158	311	309
Directors	166	225	227
Dam Safety	138	183	148
Professional fees	13	53	53
Facilities / Admin etc	53	88	88
Vehicles	18	32	32
Land costs	33	9	9
Depreciation	785	1,884	1,884
Total expenses	6,040	8,605	8,586
Profit (Loss)	(785)	(1,884)	(1,885)

<u>Analysis of water charges</u>	<u>Jun 2024</u>	<u>Jun 2025</u>	<u>Jun 2026</u>
Interest expense	2,958	3,119	3,243
Financing repayments	-	-	-
Operating expenses	2,297	3,602	3,458
Total	5,255	6,721	6,701
WIL share	3,022	3,794	3,790
TDC share	2,233	2,927	2,911
Total	5,255	6,721	6,701

14.2. Cash Flow Overview

<u>Cash flows (\$000s)</u>	<u>Jun 2024</u>	<u>Jun 2025</u>	<u>Jun 2026</u>
Opening cash balance	7,281	750	750
Income from operations	5,255	6,721	6,701
Paid to suppliers/employees	(5,256)	(6,721)	(6,701)
Operating in (out) flows	(1)	0	0
Capital (payments)/receipts	(21,656)	(0)	(0)
Equity contributions (TDC)	4,982	-	-
Shareholder advances	10,408	285	305
Loans	(264)	(285)	(305)
Cash balance	750	750	750

14.3. Balance Sheet Overview

<u>Balance Sheet (\$000s)</u>	<u>Jun 2024</u>	<u>Jun 2025</u>	<u>Jun 2026</u>
Cash balance	750	750	750
Fixed assets	191,425	189,541	187,657
Non-current liabilities	(24,977)	(24,692)	(24,387)
Total net assets	167,198	165,599	164,020
Shareholder equity	98,231	98,231	98,231
Shareholder advances	73,622	73,907	74,212
Retained (accounting) losses	(4,655)	(6,539)	(8,423)
Net equity	167,198	165,599	164,020

15. Glossary

This section summarises some abbreviations used by WWL.

Abbreviation	Definition
CCO	Council Controlled Organisation
CIIL	Crown Irrigation Investments Ltd
DSMP	Dam Safety Management Plan
DWE	Damwatch Engineering
EAP	Emergency Action Plan
FHTJV	Fulton Hogan Taylors Joint Venture
ITE	Independent Technical Expert
KPI	Key Performance Indicator
LGA	Local Government Act 2002
LHS	Left-hand side
SoE	Statement of Expectation
NZSOLD	New Society of Large Dams
NZTA	New Zealand Transport Agency
P & L	Profit and loss
PCD	Project completion date
PMF	Probable Maximum Flood
PS	Producer Statement
SCEMP	Supplementary Construction Environmental Management Plan
SLR	SLR Consulting NZ Limited
SOI	Statement of Intent
TDC	Tasman District Council
WCD	Waimea Community Dam
WIL	Waimea Irrigators Ltd
WWL	Waimea Water Ltd