SECURING OUR REGION'S FUTURE

WAIMEA WATER LTD | ANNUAL REPORT 2023

Waimea Water

Our Commitment

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

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OVERVIEW

About Waimea Water

Waimea Water Ltd (WWL) is a Council-Controlled Organisation established in November 2018 to manage the construction, operation and maintenance of the Waimea Community Dam (dam).

The dam is a significant infrastructure project that will secure water supply for the Nelson Tasman region for the next 100+ years.

Approval to proceed with the dam was reached by the Tasman District Council (TDC) on 30 November 2018, with financial closure on 21 December 2018. As a joint venture project between TDC and Waimea Irrigators Ltd (WIL), the dam realises the vision, and many years of work by groups and individuals, to provide greater water security for the Waimea Plains and wider community (also see the Timeline on pages 10 and 11).

The Dam

The five-year construction project began in March 2019, with site works commencing in August 2019. The concrete face rockfill dam is 53 metres high, 220 metres long, and six metres wide at the crest.

The dam's peer reviewed design is to the appropiate, high international design standards under New Zealand and international Dam Safety Guidelines.

The dam has been constructed for WWL through a joint venture between experienced local companies Fulton Hogan Ltd and Taylors Contracting Ltd (Contractor).

Damwatch Engineering Ltd provides dam engineering and independently reviews the construction. GHD Engineering peer reviews design changes and designed the temporary works.

The key milestone this year was the completion of the dam's main features and the closure of the culvert so the reservoir could start to fill naturally over the winter months. Mechanical and electrical works started in June 2023, with completion expected at the end of the 2023 calendar year and commissioning in early 2024.

The benefits of the dam for the region are:

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

Key Facts

Concrete face rock filled dam

53m HIGH

220m LONG

Construction cost

$198.2M

Estimated economic benefit in the first two years

$55M

and between

$600-$900M

over 25 years

Filling of reservoir from **AUGUST**

2023

Water supply from Summer

2023 /2024

Completion early

2024

Reservoir created by the dam will contain approximately

13 billion litres

OF WATER

Features of the Dam

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

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

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

The ELECTRICAL AND CONTROL BUILDINGS house the controls for dam operation.

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

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

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

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

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

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

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

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

The CULVERT runs through the dam at river level. Reservoir water travels through its internal pipework into the Lee River on the downstream side of the dam.

2023 Performance Highlights

Dam construction completed

Spend and schedule progress

90%

NO

Significant injuries

Temporary pipework and controls installed and commissioned

River diversion culvert closed

Spillway and approach apron completed

Full environmental compliance

Timeline

Several decades of work were invested into this significant regional project, with WIL's first share offer occurring in early 2018 followed by the final TDC vote to proceed passing later the same year.

LINE INDICATES THE START OF CONSTRUCTION

2018

April WIL closes water shares offer (opened in March 2018).

Sept / October Revised budget.

November TDC votes to proceed with construction.

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

2019

March Site dawn blessing. Project starts.

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

2020

Jan / Feb Geological issues identified, requiring adaption of design and increased budget.

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

August Blessing and ceremony for completed culvert, river diverted.

December Starter dam completed.

2021

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

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

August COVID-19 Level 4 restrictions.

December Dam embankment completed.

2022

September Dam face, parapet wall and dam face equipment completed.

September Spillway completed.

October Partial closure of culvert.

2023

January-March Temporary pipework installed and commissioned.

May River diversion and reservoir closed.

June Ngāti Koata reservoir blessing.

August Commence filling reservoir.

December Complete mechanical and electrical works.

Report from Board Chair

Welcome to the 2023 Annual Report for Waimea Water Ltd.

After a challenging journey over the last four-and-a-half years, it is pleasing that we have completed the dam and spillway, closed the reservoir, are about to complete and commission the mechanical facilities, and therefore the project. We expect to be able to provide our shareholders and community with water security this upcoming summer, subject to adequate rainfall, given the dry and windy forecast due to the anticipated El Niño weather pattern.

Damaging storms and floods, high temperatures, and droughts in the region, nation and around the world illustrate the impacts we can expect with a changing climate. In the face of these impacts, the Waimea Community Dam will provide resilience against water shortages. Security of water supply improves river health. It also supports our growing community and provides our primary sector with confidence to invest and produce. We have arguably constructed the dam just in time.

The challenging weather extremes have also impacted construction throughout the project. We have faced floods and icy temperatures during construction, and now abnormally dry weather when the reservoir is scheduled to be filled. Along with the inconvenient weather, the journey has not been straightforward with the encountered geology, the COVID-19 environment, an inflationary economy, resource shortages and contract difficulties.

Despite these challenges, I am proud of the high-quality engineering and construction that is providing shareholders and the community with a contemporary, high-standard dam. We are very well-positioned to meet the new engineering standards and regulatory requirements, namely the Building (Dam Safety) Regulations 2022.

The new regulations require a demanding dam safety management system for operations. We had anticipated this and planned accordingly with contemporary real-time instrumentation throughout the dam and spillway, as well as a robust surveillance system. We commenced operating these systems when we closed the reservoir in May 2023 and will complete commissioning and a transition to an operating mode in early 2024.

The two-year delay, cost increases and contractual disputes are disappointing. We share the frustration of others involved in construction and infrastructure projects around the country who have been similarly impacted and unable to deliver on schedule.

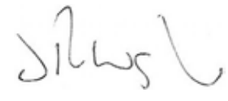
I thank our management team, our Contractor, Fulton Hogan Taylors Joint Venture, and our dam engineers, Damwatch Engineering Ltd, for their commitment and effort in constructing the Waimea Community Dam. I am particularly grateful and pleased with everyone's vigilance and dedication to keeping our workforce safe and protecting the environment, particularly in the face of all the challenges we have had.

As we look forward, the board's focus will be to support our organisation with both the transition to operations and dispute resolution with the Contractor.

I am grateful for the guidance provided by our board, who bring to the project strong governance, infrastructure, dam engineering, construction, finance, law, dispute and engagement skills. The board is ensuring the strategy to construct a safe, reliable and efficient dam is achieved, while diligently protecting shareholder interests. We hold our management team to account on executing the complex project, adapting to encountered conditions and managing difficult contractual matters. Through both the work of our audit and risk committee and auditor, I am confident the company is meeting its fiscal, governance and fiduciary responsibilities.

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

Ngā mihi



David Wright

Report from Chief Executive Officer

Construction of the Waimea Community Dam is now concluding and plans are being finalised for its commissioning and transition to full operation in early 2024.

During the financial year, the Contractor completed the spillway, dam, intake pipes and temporary river diversion pipe. Most recently, we completed treatment of the rather inconvenient shear zones both upstream and downstream of the spillway with a new approach apron and cut-off wall, respectively. We commissioned the temporary facilities, controls and dam safety instrumentation, enabling the diversion culvert and reservoir to then be closed on 26 May 2023. This important milestone now enables the reservoir to fill while mechanical works are completed. Completion is imminent.

I appreciate the dam has been a big, difficult and challenging infrastructure project for a small region to fund and undertake, but this legacy asset will soon support and underpin our region for many generations to come. Particularly so in the face of the impacts of climate change.

A warming climate and more moisture in the atmosphere means both greater storm intensities and greater periods of less precipitation with consequently drier soils. Catching the storms and releasing the water during the dry periods, such as the expected upcoming windy and dry El Niño summer, provides our shareholders with resilience and confidence of water supply to underpin our growing community and businesses.

Over the last year, we have seen these dramatic weather extremes hamper both the construction and now the filling of the reservoir. Last August, the Nelson Tasman region was hit by an atmospheric river of water that unfortunately caused a lot of damage within our region. The Contractor's flood protection measures worked very well and there was no damage to the dam. During this storm, we could have filled the dam two and half times in four days. The region received 233mm of rain in July and 187mm of rain in August 2022, three to four times the historic average. Now, as we start to fill the reservoir, we received just 34mm in July 2023, half the historic average. If the dry weather forecast for this winter is realised, then we could struggle to fill the reservoir by this summer.

Between the geology, COVID-19 and weather, we have certainly had our fair share of challenges. I appreciate the efforts of all those involved with the project in adapting to these challenges.

We expect to complete the pipework in December 2023 and commission the facility in early 2024, two years later than originally planned. Subject to weather, average historical rainfalls should see the reservoir filled by December 2023, just in time to provide service to our shareholders this summer through temporary facilities until the permanent mechanical works are completed.

In February 2023, we forecast a $3M cost increase to $198.2M due predominantly to increased construction costs, prolongation and river diversion costs. We currently maintain this cost forecast, noting little residual physical risk on site and most risk now pertaining to contractual dispute proceedings with the Contractor.

Despite the contract difficulties, delays and challenging weather, the Contractor continues to deliver the project with impressively high and industry-leading safety and environmental performances for which I am very grateful.

As we look forward to the imminent completion and commissioning of the dam, I reflect and am proud of the engineering our team has undertaken to solve the numerous geological challenges. I am also proud of how we completed a mechanical design during construction and then procured equipment and expertise from around the world during an incredibly difficult COVID-19 and inflationary period.

The shareholders and community should be assured we have put an extraordinary effort into providing the community with a dam constructed under difficult circumstances, to appropriate and contemporary standards, as efficiently and cost-effectively as possible. We have been vigilant in protecting shareholder interests. As noted on page 42, WWL is progressing well against its Statement of Intent objectives, and we now turn our attention to operational readiness, commissioning and a transition to dam operations.

Despite the challenges and delays with the project, our team of experts has remained and stayed committed and focussed on successful project delivery, for which I am very grateful. I thank our staff, our engineering consultants and our contractors for their contributions in getting us to where we are now as we head towards completing the project. I also thank shareholders for their ongoing support.

Ngā mihi

Mike Scott

Management Team

Mike Scott
Chief Executive Officer
Master of Engineering (Civil)

Mike ensures WWL delivers on its strategic objectives and manages the WWL team. He has a Master of Engineering with Distinction in Civil Engineering from the University of Canterbury, specialising in environmental engineering and has completed executive international management training at the Thunderbird School of Global Management in Arizona.

Mike has 32 years' postgraduate experience in business and project development, strategy, planning, operations and engineering in predominantly the energy sector in Australia, Scotland, the United States and New Zealand. Before joining WWL in April 2019, Mike was the Vice President North West Shelf Venture at Woodside Energy Limited. He also held the position of Chief Executive Officer at the North West Shelf LNG Joint Venture Project. Mike previously held the position of Vice President for Strategic Business Development and Growth at Woodside Energy Limited.

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

Alasdair was appointed Operations Manager during this financial year to prepare the organisation for dam operations. He was previously Environment and Sustainability Manager from May 2019 to September 2022.

Alasdair has ten years' environmental management experience and a Bachelor of Science from Auckland University.

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

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

Ken Smales
Project Director

Ken leads dam design, construction and commissioning activities, while managing commercial and contractual issues with the contractors.

He provides the project with nearly 50 years of engineering experience in all aspects of dam building, including design, consents, construction, operation, safety, hydropower generation and irrigation. He was involved in the Central Plains Irrigation Project in Canterbury worth $450M for five years and for 10 years was the Deputy Chairman of Damwatch, and a Director of Southern Generation Australia, a subsidiary of Meridian Energy New Zealand. From November 2018 to July 2022 Ken was a director of WWL.

Dave Ashcroft
Chief Financial Officer
Chartered Accountant

Dave manages the company's accounts and financial obligations and ensures WWL meets the accounting and financial requirements and expectations of the legislation, shareholders, financer and auditor.

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

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

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

Richard has a Bachelor of Laws and Bachelor of Commerce (Finance) from University of Otago. Richard worked in various capital market roles in Sydney and then London before returning to New Zealand. He has consulted on irrigation projects in Central Otago prior to becoming the Chief Executive Officer at Hunter Downs Development Company in Timaru.

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

Daniel transitioned from Construction Manager to Projects Manager in September 2022. He is a Chartered Professional Civil Engineer, an International Professional Engineer and member of the NZ Society on Large Dams (NZSOLD).

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

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

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

Richard oversees construction and manages the Contractor's and other separate contractors' work and technical issues.

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

Richard has worked on some of New Zealand's largest infrastructure projects. His international experience includes geothermal exploration infrastructure in Indonesia. Prior to working with WWL, Richard worked for Stantec on the design and contract management of pipework, river and dam upgrades around New Zealand. He is a member of NZSOLD.

Iain Lonie
Engineering and Project Manager
(Until May 2023)
Bachelor of Engineering (Civil), Master of Engineering Science (Geotechnical)

Iain's primary role with WWL was to work with the project engineers and designers to complete dam design and dam safety management systems.

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

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

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

Andrew manages the design, procurement and construction of the mechanical, electrical and control elements of the dam.

He brings to WWL 18 years' experience in the power and water industries, working in the project planning, pre-construction and construction phases for engineering consultancies, project owners and developers, and a major international hydropower contractor.

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

AREAS OF ACTIVITY

Project Performance

WWL manages the construction and operation of the dam and is committed to ensuring this important piece of regional infrastructure is completed to the appropriate, high standards, and then operated safely, reliably and sustainably.

WWL is focused on finishing the project as efficiently and cost effectively as possible. There has also been significant work this year on preparing the organisation for dam operations (see page 35).

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

The project is approximately 90% complete, running almost two years behind the original plan due to 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, and delays in completing Quality Assurance documentation (for dam-safety sign-off / PS-4) and TDC Code of Compliance.

The reservoir (SP1) closed on 26 May 2023, 19 months later than originally planned. The delay to closing the reservoir will reduce the reservoir filling time, but WWL expects the reservoir to provide service to shareholders and the community through temporary pipework for the 2023 / 2024 summer season, subject to weather and sufficient rainfall. Completion is now scheduled for January 2024, two years behind the original plan.

The construction cost forecast of $198.2M, estimated in June 2022, remains.

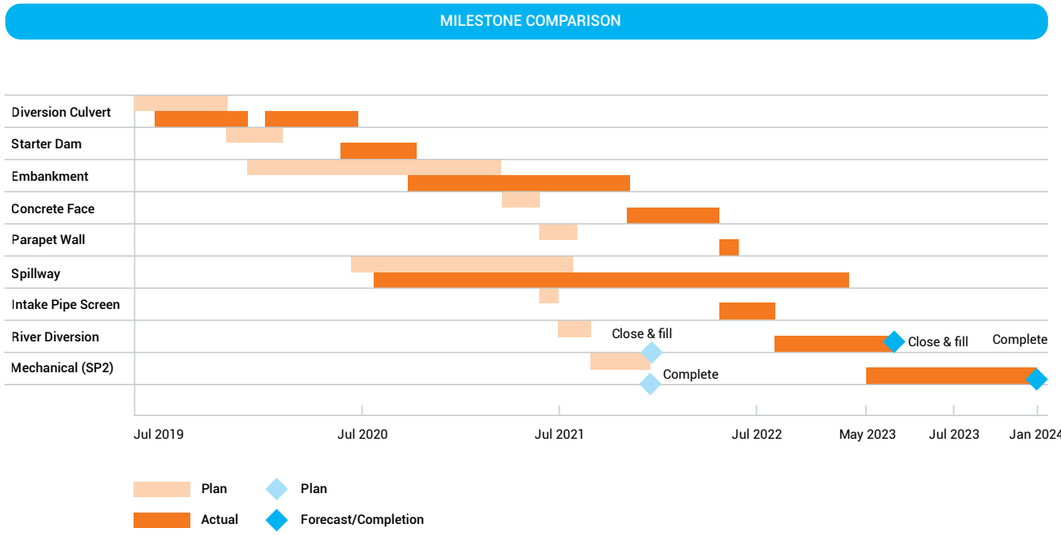


Figure 1: Milestone comparisons from start of construction

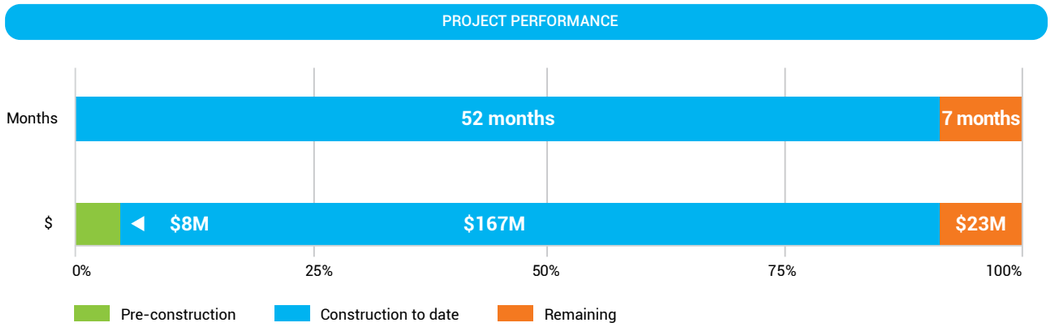


Figure 2: Project budget against time

The second of two stop logs being installed to close the dam's culvert on 26 May 2023

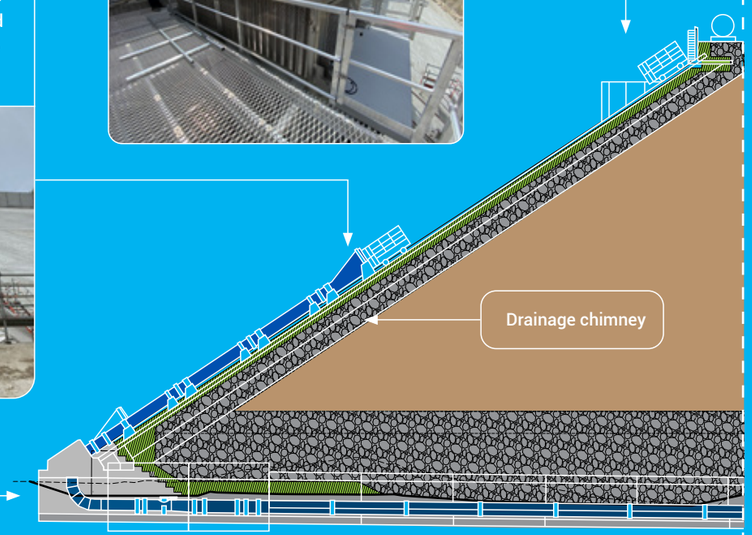
How the Dam's Mechanics and Electrics Work

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

◀ UPSTREAM CONSTRUCTION

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

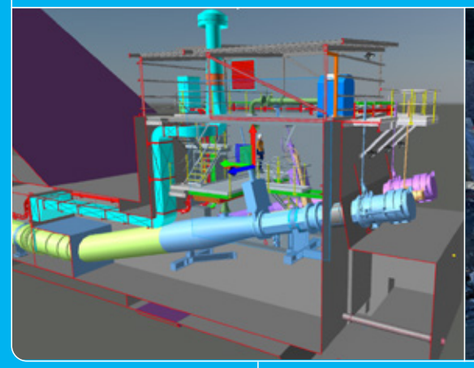
Reservoir water is filtered through the upper and lower INTAKE SCREENS, to meet water quality objectives. The 20mm screen openings prevent harm to fish and eels and prevent debris from entering the pipes and valves.

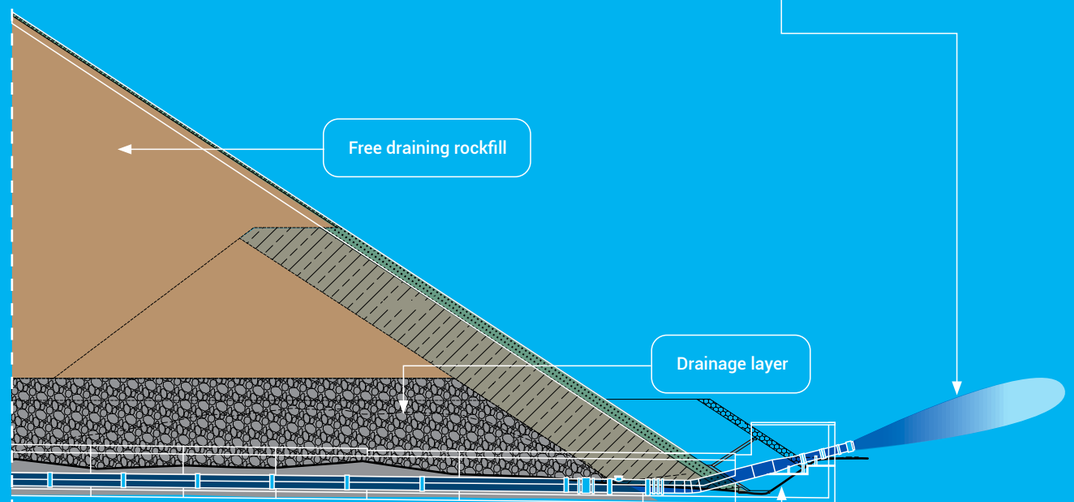


The two intake pipes enter the UPSTREAM VALVE CHAMBER, where water quality is achieved by mixing the flows from the two pipes using butterfly valves.

▶ DOWNSTREAM CONSTRUCTION

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





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

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

Design and Construction

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

- Design life of 100 years.
- Robust to a 1:150-year Operating Basis Earthquake* with superficial damage only and continued dam operations.
- Robust to a 1:10,00-year Seismic Evaluation Earthquake* with no uncontrolled release of the reservoir and continuous functioning of all dam safety components.
- Manage and pass a Probable Maximum Flood* of 1058 m3/s, equivalent to approximately three times the 1:100-year flood.

During the period, WWL completed and peer reviewed its final (stage-5) design report, adapted for the encountered conditions. This was submitted to the regulator (TDC) with producer statements (PS-1 and PS-2), thereby concluding design work.

Construction of the dam is now 90% complete with highlights being:

✓ Completed the dam face, parapet wall and dam face intake pipes and winches.

✓ Completed the spillway and ogee weir.

✓ Completed the new spillway approach apron by installing the geosynthetic liner and extending grouting of the sub-surface to mitigate the bisecting shear zones.

✓ Completed of the nine-metre-high cut-off wall between the spillway flip-bucket and plunge pool, that protects the spillway from erosion.

✓ Completed the electrical building.

✓ Closed and plugged the left culvert, installed the pipework and primary isolating valve.

✓ Installed the temporary High-Density Polyethylene (HDPE) river diversion pipe in the left-hand-side culvert.

✓ Completed the temporary electrical and control building, Supervisory Control and Data Acquisition (SCADA) software, communications and power and control systems to operate the temporary pipework.

✓ Completed dam safety quality assurance work and received independent engineering sign-off (PS-4). Having satisfied all financing and resource consent conditions, WWL received approval from financier and regulator to proceed with closure and filling.

✓ Closed the right-hand-side culvert and reservoir on 26 May 2023.

✓ Commenced installing the permanent pipework, electrical and controls systems.

✓ Commenced excavating the plunge pool and treating the bisecting shear zones.

Prior to commissioning the permanent facilities in early 2024, modified river flow, reservoir filling and dam service will be provided through the temporary pipework and facilities.

Next steps

Complete the mechanical and electrical facilities, controls and SCADA, the culvert-end wall and amenities. Switch over from the temporary pipework and system to the new permanent system.

Commission the facilities. Hand-over the completed dam to operations.

Close out the construction contract and address any (if any) defects and repairs.

*As defined by NZSOLD and engineering guidelines.

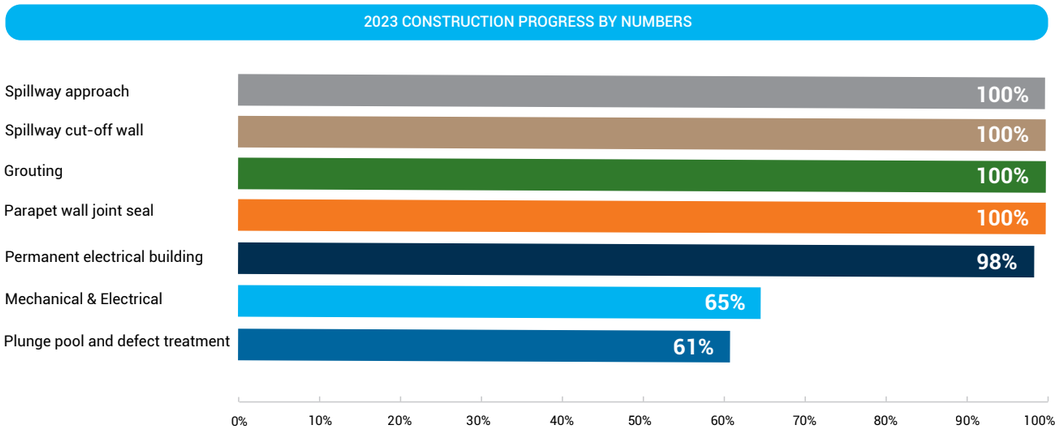


Figure 3: Progress of construction activity during 2023

Waterproof grouting being installed in the spillway's ogee weir, December 2022

DAM OVERVIEW, FEBRUARY 2023

Dam Resilience

The dam has been designed for resilience, from the reinforced concrete face to an erosion-resistant and flexible rockfill, drainage chimney and blanket, flow-limiting filter layer under the upstream face to reduce leaks and movement over time, and a grout curtain, which is a barrier that helps protect the foundation of a dam from seepage.

As the dam becomes operational, resilience is managed through the implementation of a Dam Safety Management System, which meets the requirements of the new Dam Safety Regulations 2022 and international standards. There will be regular surveillance and inspection of the dam, and regular engineering reviews of the dam.

Early detection of issues

Surveillance instrumentation and processes will ensure issues are detected early, so they can be monitored closely and rectified as appropriate.

For example, there is:

1. Real-time monitoring of reservoir and spillway levels and outflows.
2. Real-time monitoring of seepage and flows through the drainage layer and from beneath the spillway into the Monitoring Weirs.
3. Real-time monitoring of water levels and flow through the dam and beneath the spillway using piezometers.
4. Real-time leak detection at the plinth (the leading upstream edge) using thermistors.
5. Observation wells from the dam crest through the embankment to measure seepage levels and monitor rockfill performance.
6. Seismographs to measure earthquake loads.
7. Regular surveying of dam for deformation, and surveying of reservoir for slope stability.
8. Onsite cameras for remote monitoring.
9. Regular comprehensive inspections.

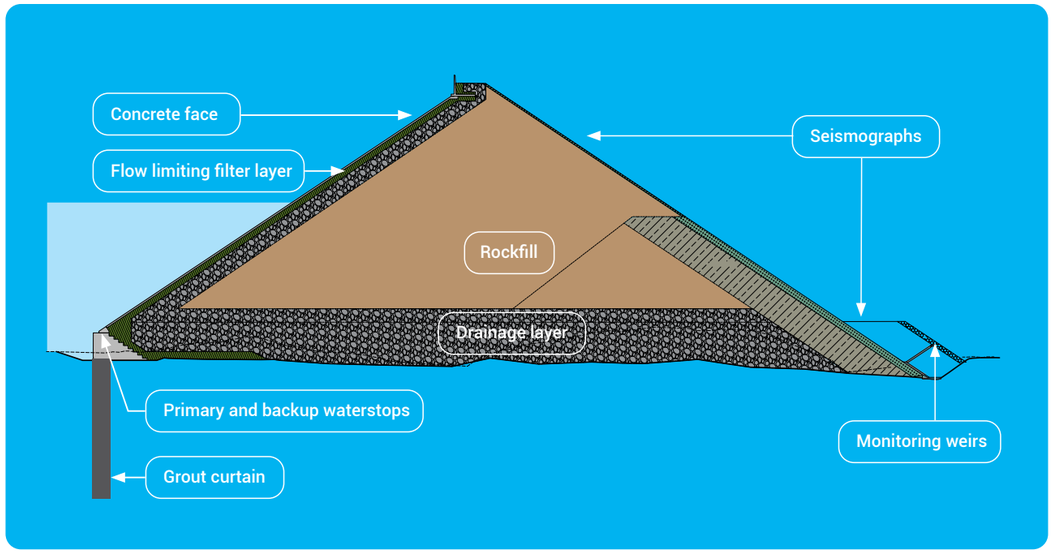


Figure 4: Cross section of dam design

Operational Readiness

With dam design completed and the final design report and producer statements (PS-1 and PS-2) submitted, WWL's focus this year turned to dam closure, commissioning and operational readiness.

The dam is designed to catch and store water when there is plenty, and release it during the dry summer months. Following completion of the dam structure and spillway on 26 May 2023, the dam is now effectively operating, with river flow and reservoir filling being operated and controlled through the temporary facilities and controls.

In summary:

- The reservoir will be filled from August 2023 in stages with four hold points during filling to assess dam performance in accordance with the reservoir filling, surveillance and instrumentation plans. This is an engineering and NZSOLD requirement. WWL and its dam engineers, Damwatch, will:
  - Assess dam and spillway performance to design using the instrumentation embedded in the dam and spillway.
  - Verify and monitor performance through a tight regular surveillance regime.
- Following the last hold point, the dam structure will be considered commissioned.
- With average rainfall, WWL expects the reservoir to be filled and the spillway flowing by December 2023. This then satisfies the requirement of the transitional Tasman Resource Management Plan and WWL will notify the TDC that the dam is operational pursuant to the terms of its resource consents with water users.

WWL is preparing for dam operations in early 2024, following replacement of the temporary facilities and commissioning of the permanent facilities. To this end:

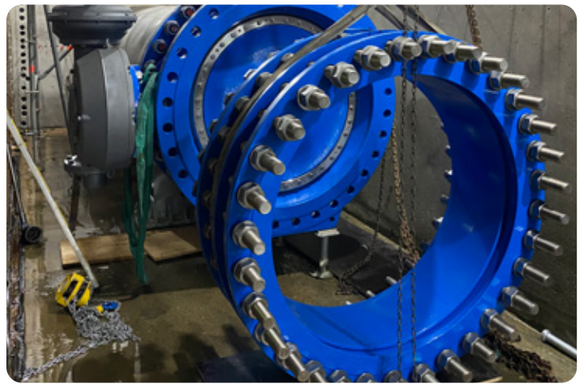
- ✓ The management and financial systems are completed and operating. WWL has commenced invoicing shareholders for operating costs and meeting financing commitments.
- ✓ The Health Safety and Wellness system for personal and occupational health is complete and being implemented.
- ✓ The Dam Safety Management System is complete, implemented and meets the requirements of the new Building (Dam Safety) Regulations 2022.
- ✓ The Operations Management Plan is complete and has been certified by the regulator.
- ✓ The Reservoir Filling Management Plan is complete and being implemented, consistent with the requirements of contemporary engineering standards.
- ✓ The plans for environmental and water operations, as prescribed in the resource consent, are completed and being implemented.
- ✓ Implementation of the biodiversity plan continues.
- ✓ The operating organisation is being deployed.
- ✓ The Emergency Action Plan is complete and was approved after consultation with emergency services.
- ✓ The SCADA control, communication and surveillance systems are being implemented.
- ✓ The operating, maintenance and asset management systems are being prepared.
- ✓ WWL is preparing to procure contractors to support ongoing dam operations.

CULVERT AND MECHANICS

Installing the temporary HDPE pipe in the culvert, March 2023

Temporary HDPE pipe in place, March 2023

The rignt-hand-side of the culvert, July 2023

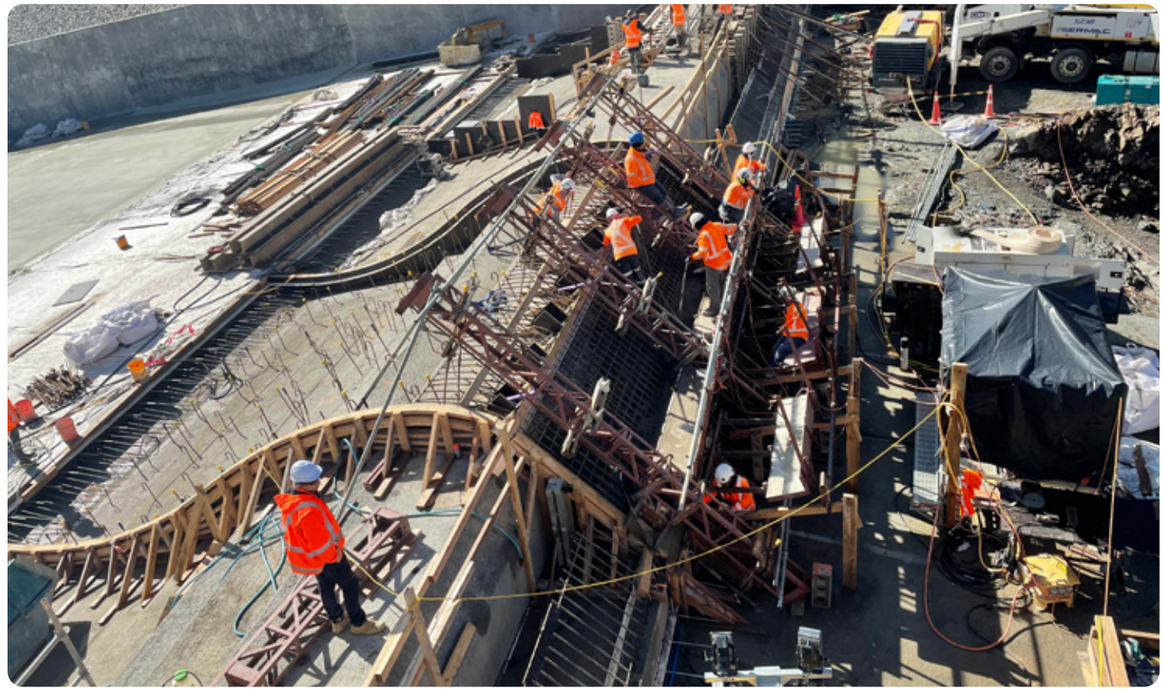


Upstream primary isolation valve and dismantling joint

Reinforced pipework, July 2023

Closure of right-hand-side of culvert, May 2023

UPPER SPILLWAY AND OGEE WEIR



Spillway ogee weir concrete slipforming, August 2022

Top of spillway and ogee weir concrete complete, February 2023

Preparing spillway entrance for Carpi waterproofing, March 2023

Carpi waterproof liner being placed on spillway entrance, April 2023

Spillway entrance, ogee weir and top of spillway complete, June 2023

SPILLWAY

Preparing for concreting on upper spillway, August 2022

Downstream view of spillway, May 2023

Lower spillway bridge deck concrete pour, November 2022

Preparing for concreting on upper spillway, August 2022

Completed spillway, September 2023

PLUNGE POOL

Completed cut-off wall. Steel fixing the right-hand-side corner and installing v-notch weirs, February 2023

Slipforming the plunge pool cut-off wall to the flip-bucket, January 2023

Last section of cut-off wall slipformed, March 2023

Plunge pool, September 2023

Compliance

Health, Safety and Wellbeing

WWL is committed to the welfare of all workers involved in building the dam and is proud of the safety record established over the duration of what has been a time-pressured project in difficult steep topography. The Health and Safety at Work Act 2015 provides the statutory requirement to provide a safe workplace and WWL believes strongly in its moral obligation to everyone involved in the project. This commitment covers WWL's own staff, contractors' employees and all visitors to the dam site.

There have been no lost time injuries or high-potential incidents on site over the financial year. The rolling annual average was 3.5 recordable injuries per million man-hours at the end of the financial year.

Environmental Protection

Construction of the dam is in a sensitive environment and WWL is committed to ensuring the dam is built and operated in accordance with both the stringent conditions of the resource consent and to the appropriate standards.

All environmental management plans have been reviewed and certified by the regulator as compliant with the resource consent conditions. The Annual Water Quality Report shows full compliance.

Fish monitoring showed no reports of aquatic impact from construction. Over the 2022 / 2023 summer transfer season, 252 Kōaro and 239 elvers were captured below the construction site and released upstream in Waterfall Creek.

COMPLIANCE ACHIEVEMENTS

Resource Consent Compliance	100%
Significant environmental incidents	0
Approved Construction Environment Plans	6/6
Approved Supplementary Construction Environment Plans	9/9
Lost time injuries	0
High-potential incidents	0

Next steps

Implementation of the Health, Safety and Wellbeing Management System for dam operations. Finalising and implementing the Emergency Action Plan (EAP).

LEE RIVER DEPOSITED FINE SEDIMENT

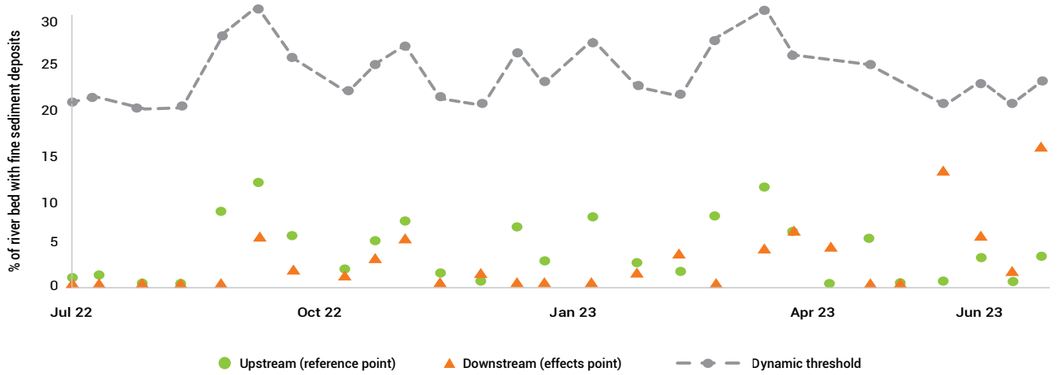


Figure 5: Sediment recorded during 2023

LEE RIVER QMCI SCORE

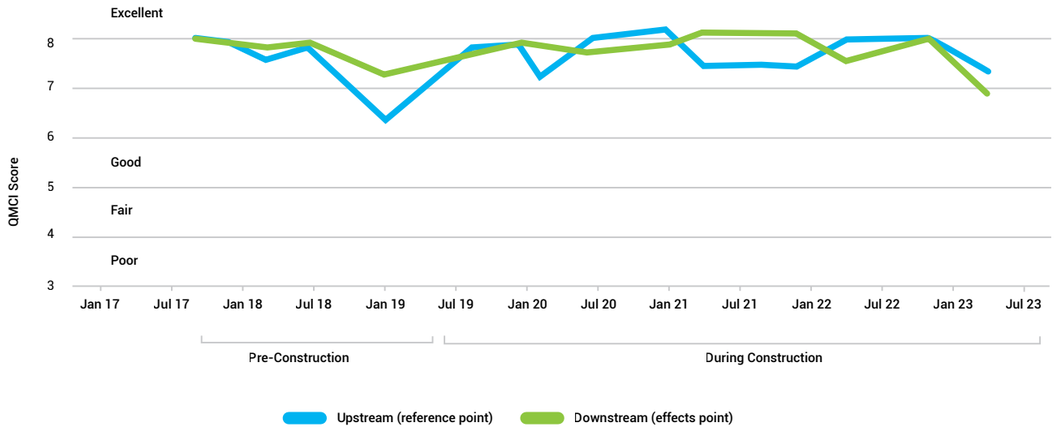


Figure 6: QMCI scores since project started

ENVIRONMENTAL & COMPLIANCE INSPECTIONS HISTORY

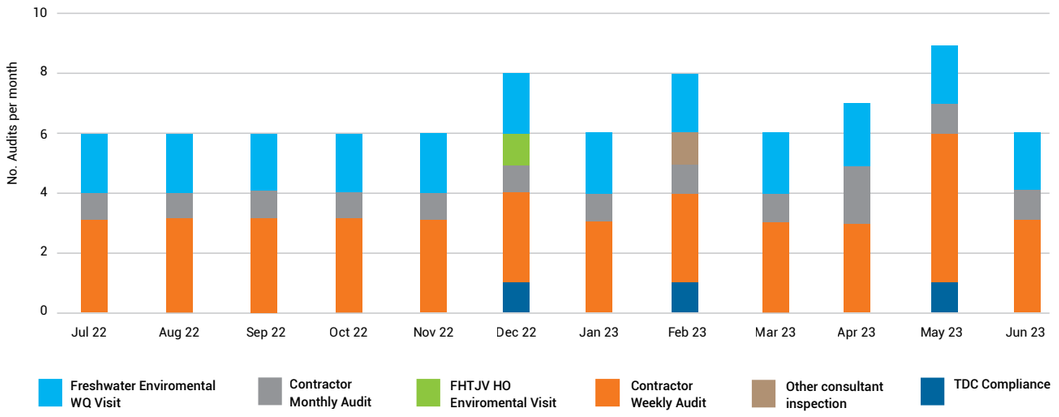
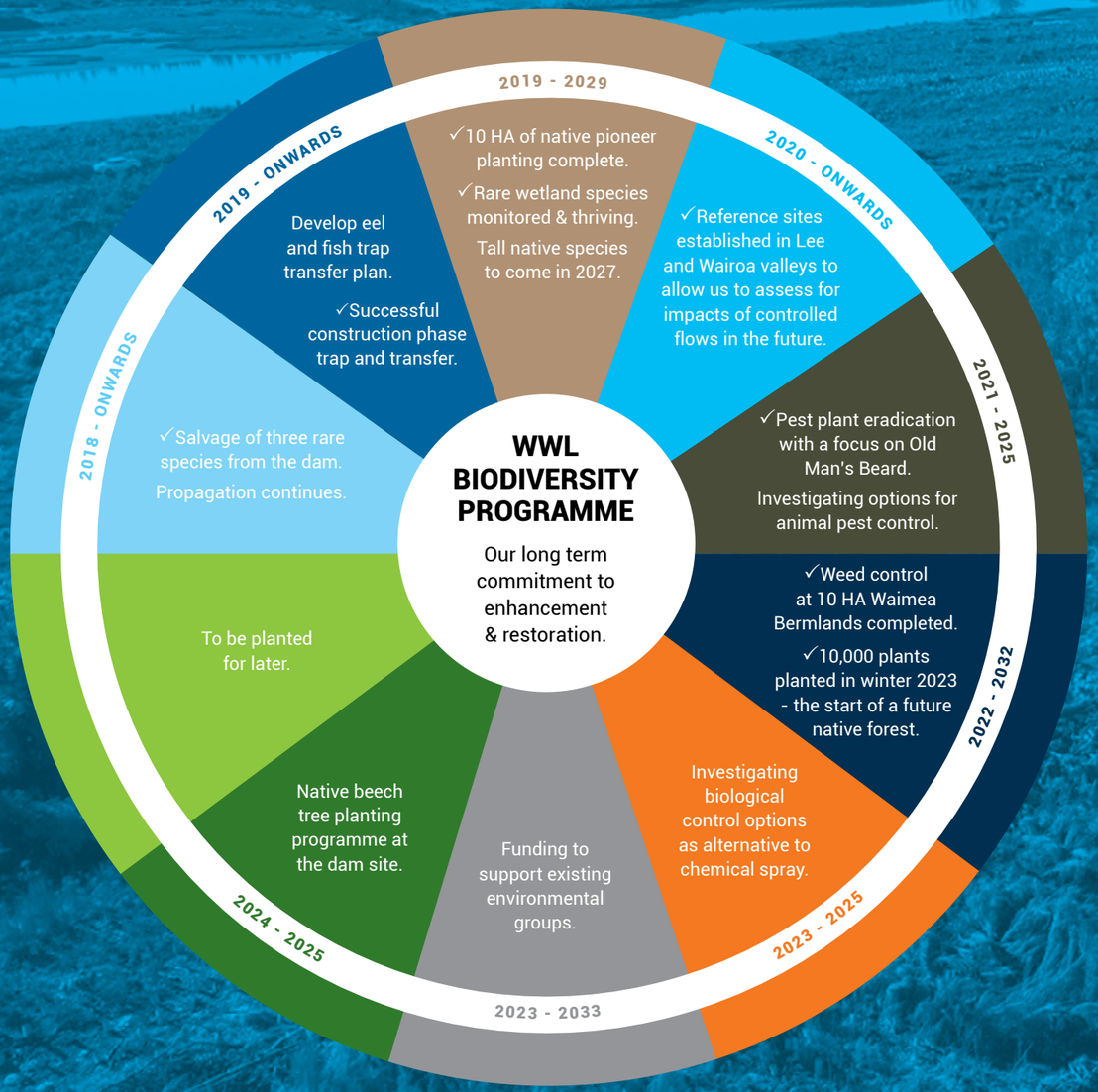


Figure 7: Inspections during 2023

Biodiversity



For more detail about the progress of each segment of biodiversity work this year, please see the coloured boxes to the right.

A mature scented broom in seed as part of the rare plant salvage programme.

A fish trap and transfer programme was undertaken this year, taking into account learnings from previous years of the programme.

On Rough Island, WWL monitored growth of the 45,000 natives planted and undertook weed management.

One of 45,000 natives planted on Rough Island.

WWL monitored gorge turf communities downstream to prepare for analysis after dam closure.

Below the Dam (Dam to Lucy Creek)

Two rounds of plant pest control of Old Man's Beard were completed to assist residual pockets of native plants to thrive. The efficacy of the programme is to be reviewed prior to the next round.

On the 10 hectare Waimea Bermlands, large weeds were mulched and spraying was completed ahead of planting in winter 2023. The remainder of the 10 hectares will be treated to kill weeds but retain grass, to avoid erosion or dust issues ahead of planting in 2024 and 2025.

Planting at Waimea Bermlands.

Over the coming year, WWL plans to commence Old Man's Beard control works in the Wairoa Valley.

3.8 - 5.0 hectares of native beech forest planting was completed at the dam site.

Beech tree planting at the dam site.

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. Throughout the year WWL hosted government representatives, shareholders, iwi and media, and engaged with the Tasman community.

In November 2022, WWL hosted central and local government representatives on site. WWL also hosted the Chief Executive Officers of the South Island Local Authority Councils.

Local and national media toured the site, with subsequent stories published about the project and key personnel. These news stories were supplemented by regular Facebook and YouTube updates, including drone videos and photos.

The 360-degree virtual tour video, enabling people to 'walk' around the site, get close to construction activities and watch information videos, continued to be popular.

In March and April 2023, WWL showcased the project at the Richmond Mall, displaying information, photos and videos of the dam, and giving out more than 400 newsletters. The online newsletter was also accessed by more than 1,200 people.

In the period, WWL team members presented at a Brightwater Community Association meeting and with three schools in Brightwater.

Bridge and reservoir naming

A highlight of the year was the Ngāti Koata blessing of the reservoir and bridges in June. Ngāti Koata named the reservoir and two bridges. The spillway bridge was named after Nick Patterson.

Site visit by Chief Executive Officers of South Island Local Authority Councils

Ngāti Koata blessing of reservoir and bridges

Young visitors to the Richmond Mall display

Te Kurawai o Pūhanga | Reservoir

PUHANGA HEMI TUPAEA

Just as a dam creates a reservoir of water that will be a life force for this area way into the future, Puhanga Hemi Tupaea of Ngāti Koata, Ngāti Kuia, and Ngāti Toa from Te Tauihu (top of the South Island), holds a reservoir of knowledge in traditional Māori arts, crafts, music, and tikanga.

She has spent a lifetime feeding, sharing, instructing, and gifting to those she connects with. Those connections are strong, and they enrich and add beauty to the lives of others. Her creative designs are woven into the panels and paintings around several marae in Aotearoa, but especially in the wharenui, Kākati, at Whakatū Marae, Nelson.

Her tukutuku design, Whakaaro Kotahi, seen in the wharenui is also on the New Zealand $100 note. The Ngāti Koata Trust logo is also her design, which she gifted to a fledgling entity that has grown in strength over the decades. Her songs of tūpuna, experiences, and connections, both past and present, uplift, educate, and inspire.

Te Arawhiti o Renata | Downstream Bridge

RENATA TE KAWHAKI

Renata Te Kawhaki (also known as Renata Te Kauwhata, Renata Te Morehu, Renata Te Kawharu, and Renata Te Pau) was successful in building bridges between two cultures.

Originally from Kāwhia; his father was involved in the main heke or migration south to Te Tauihu. Renata was known as a 'Lover of Peace.'

He was recognised for his service as a pilot for the NZ Company boats at the time of the settlers' migration, in 1840, by "navigating them through the potentially dangerous passageway into the safe Nelson harbour."

Renata was married several times, including to Erama Wauwau, Raiha Mokena and Ngatangi or Peita Renata. He was survived by several whāngai (adopted) children. He was a staunch supporter of establishing a Native School at Whangarae, where he lived for most of his later life. When he passed away in 1901, at the age of 87, he was recognised and honoured by his people with an inscription on his headstone "...the last great chief of the Ngāti Koata tribe." His tangihanga was attended by large numbers from both the Māori and Pākehā communities.

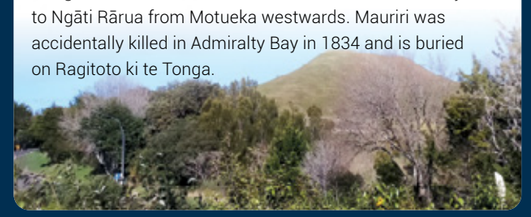
Te Arawhiti o Mauriri | Upstream Bridge

MAURIRI

Mauriri, a great-great-grandson of Koata, was born in Aotea 1770s during a time of extensive conflict. An accomplished warrior and an expert in forest lore, Mauriri was among the Ngāti Koata who left their ancestral homelands c. 1820, initially making their way to Taranaki.

Scouts, considered the 'eyes and ears', advanced before the main party to determine the best route forward. Mauriri is identified as the principal scoutfor Ngāti Koata in their main heke, Te Heke Whirinui, from Taranaki to the Kapiti Coast. He had two wives and at least four children. One of his sons, Matiu Te Mako, was a key figure in the initial taking of Kapiti Island and the establishment of the Ngāti Koata outpost at Waiorua. During the battle of Waiorua c 1824, Tawhi, a Ngāti Koata youth of high rank was seized by Kurahaupō warriors and taken to Te Tauihu. Mauriri commanded one of two waka that pursued them. Tawhi was returned and a tuku or offer of territory was given by Tūtepourangi to Ngāti Koata who became the first of the northern iwi to settle in Te Tauihu. Just as a bridge provides safe passage over obstacles, Mauriri helped facilitate the safe passage of his people to Te Tauihu.

Mauriri settled in Motueka with his second wife who was of Ngāti Rārua descent. He also made a tuku of territory to Ngāti Rārua from Motueka westwards. Mauriri was accidentally killed in Admiralty Bay in 1834 and is buried on Ragitoto ki te Tonga.



Patterson Bridge | Spillway

NICK PATTERSON

Nick (A.O.) moved to Nelson in the 1970s. He quickly established himself as a leader in the horticultural and wider Nelson community. He and his partners established Wai-West Horticulture in the 1980's growing a range of fruit crops on the Waimea Plains.

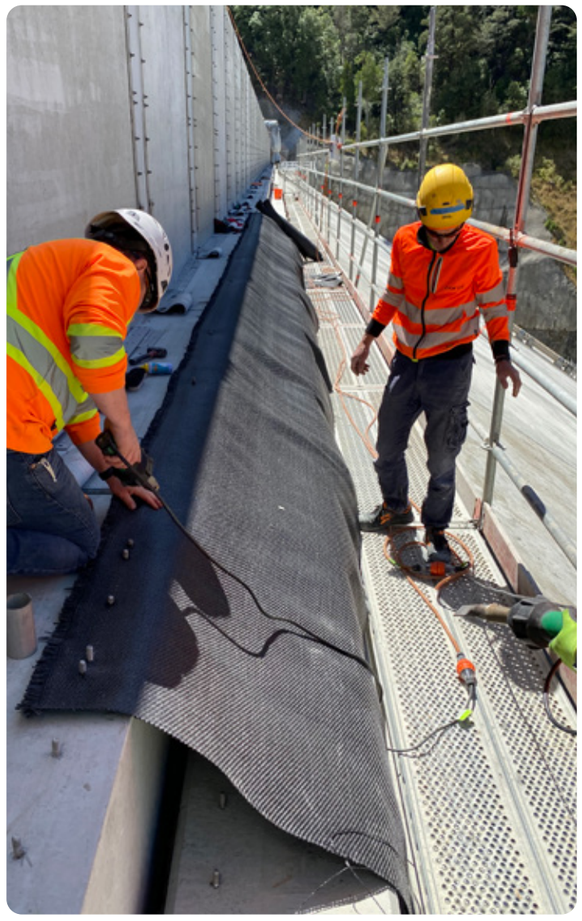
He recognised the certainty of water as a key factor in growing food crops to feed and support the local community, provide jobs, earn export revenue and boost the wider economic, social, and environmental needs. Nick was instrumental in establishing, along with other leading primary producers, Waimea irrigators Ltd (WIL), a group of irrigators profoundly affected by the seasonal shortages of water on the Waimea Plains.

He engaged with the wider irrigating community to find ways of funding its share of the Waimea Dam alongside the Tasman District Council (TDC). He was the symbolic bridge between the 225 irrigation shareholders (WIL) and Tasman District Council (TDC) to successfully establish this 100+ year community project.

THE CREST

Completing the crest and waterproofing the parapet wall, February 2023

Capri waterproofing complete, February 2023



Carpi Tech installing the waterproof membrane along the parapet wall, February 2023

The crest, May 2023

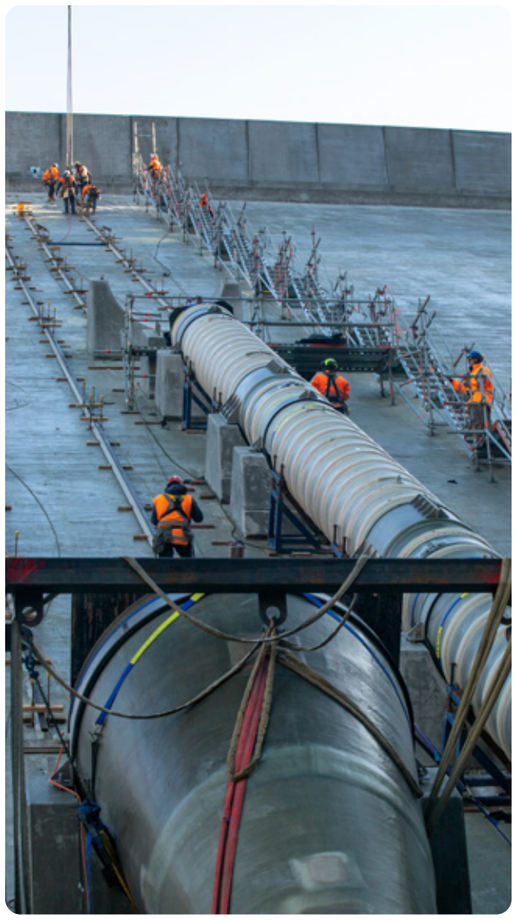
Completed parapet wall along the crest, January 2023

UPSTREAM OF THE DAM

Upstream view of the concrete face, February 2023

Intake screens can be winched up the dam face, October 2022

Completed dam face, February 2023



Intake screens installed, October 2023

PERFORMANCE

Operating and Financial Overview

Project Cost Forecast

The estimated project cost remains $198.2M.

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. This cost increase is driven by:

a) Encountered Geology: +$43M

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 the 2020 / 2021 financial year and procured during the 2021 / 2022 financial year. WWL has encountered higher costs than originally estimated as design and procurement were realised, exacerbated by the inflationary environment.

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 COST ESCALATION

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 8: Cost and time increases since original budget was set

This increase has 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 are expected to cost $33M 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.

COST INCREASE FROM FY23 TO FY24 SOI

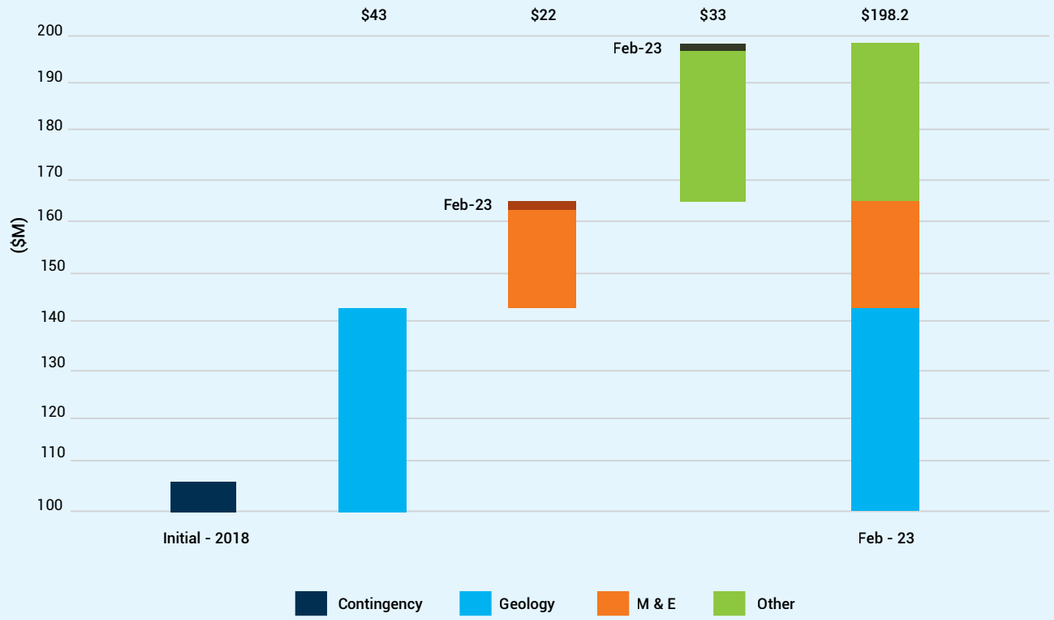


Figure 9: Areas of cost increases

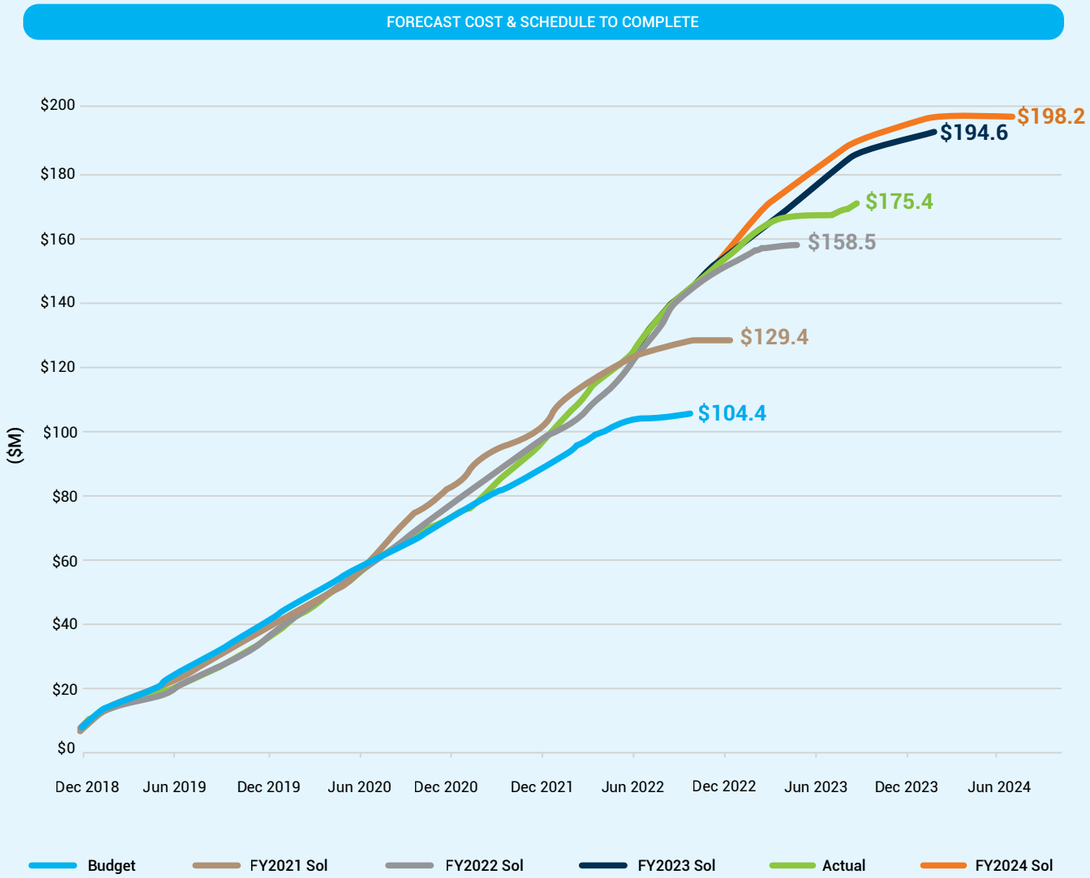


Figure 10: Forecast from commencement to completion

Project Scheduled Forecast

The project is approximately 90% complete with the programme 19-months behind the original plan.

	Original Plan	Expected
Diversion culvert and reservoir closure (SP-1)	27 Oct 2021	26 May 2023 Actual
Full reservoir and service		December 2023 Forecast
Completion (SP-2)	23 Jan 2022	January 2024 Forecast

Figure 11: Programme changes

As previously reported, delays have resulted from:

a) COVID-19, floods and design changes.

b) The dam structures taking longer than planned to complete.

c) An increase in time forecast to complete the river diversion and mechanical works.

d) Delays to quality assurance requirements and subsequent dam safety and regulatory approval.

Weather, and specifically lack of rainfall, is now the predominant risk of further delays.

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, and mitigation plans are shown in the figure below.

Risk	Planned mitigation activities
Greater embankment settlement than expected could put dam face mechanical systems out of alignment. Greater than expected seepage.	Contingency plan to lower reservoir after 2023 / 2024 season to re-install rails and address any issues with seepage.
Unexpected outcome from Contractor-initiated arbitration that is contrary to engineer and adjudication decisions.	Continue preparing with independent experts.
Design release flows not sufficient due to increased losses and demand (climate change impacts).	Feasibility study into gates.

Figure 12: Residual risks and mitigation plans

Project Funding and Financing

WWL is fully funded by its shareholders, TDC and WIL, to the expected project cost of $198.2M.

Funding is sourced from irrigator equity contributions, loans from Crown Irrigation Investments Ltd (CIIL), TDC reserves, grants from the Ministry for the Environment and Nelson City Council (NCC), and loans from the Local Government Funding Agency (LGFA). Interest has also been earned by WWL from term deposits.

Financing costs are shared between shareholders via water charges.

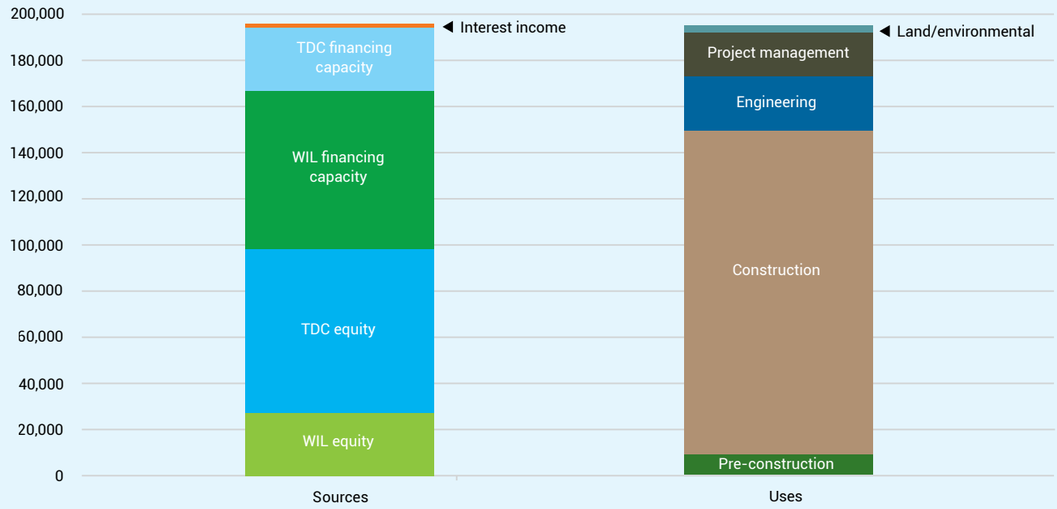


Figure 13: Project funding source and uses

Performance Against Statement of Intent

Health and Safety

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

- Meet requirements of health and safety in the workplace legislation.
  - ✓ *WWL's system peer reviewed and monitored by independent industry qualified expert.*[1]
- Review and verify Contractor's H, S & W systems.
  - ✓ *Contractor's system peer reviewed and monitored by independent industry qualified expert.*[1]
- No fatalities or serious injuries.
  - ✓ *There have been no fatalities, serious injuries*[1]*, or lost time injuries.*
- Total recordable injury rate <5 per m.
  - ✓ *3.5 TFIFR at 30 June 2023. (FY22 6.3)*

Environmental management

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

- Meet resource consent conditions.
  - ✓ *All conditions due to be met have been met.*[1]
- Approve and validate SCEMPs.
  - ✓ *100% of SCEMPs approved and validated during the year.*[1]
- Implement Biodiversity Management Plan.
  - ✓ *100% compliance.*[1] *Highlights include commencing restoration of Waimea Bermlands. Rough Island planting completed.*

Design

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

- Modify and optimise design for all encountered conditions to meet NZSOLD guidelines.
  - ✓ *Final design report, PS-1 and PS-2 submitted to regulator. (FY22 on track)*
  - ✓ *Spillway and plunge pool design adapted for conditions.*[1]
- Complete surveillance strategy and Dam Safety Management Plan (DSMP).
  - ✓ *Completed and implemented. (FY22 commenced)*
- Revise dam break analysis and prepare Emergency Action Plan (EAP).
  - ✓ *Dam break analysis complete.*[1]
  - ✓ *EAP completed and implemented. (FY22 developed)*

Construction

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

- Construct dam in accordance with specification.
  - ✓ *PS-3 and PS-4 for SP1 issued May 2023. (FY22 on track)*
  - ✓ *Regulator approval issued May 2023. (FY22 on track)*
- Deliver project to schedule, as adjusted for encountered conditions and uncontrolled events.
  - ❖ *SP-1 achieved May 2023. Reservoir filling commenced. (FY22 Mar 2023)*
- Report COVID-19 impacts.
  - ✓ *Further 5 working days awarded to the Contractor for COVID-19 impacts. (FY22 38 days)*
- Utilise appropriate risk-based management system.
  - ✓ *The Risk Register process follows NZTA Z/44 guidelines.*[1]

Sustainability and community relationships

WWL recognises that a properous economy can support good social, cultural and environmental outcomes.

- Transparent engagement with stakeholders and community.
  - ✓ *Quarterly and mid-year updates provided to shareholders.*[1]
  - ✓ *Newsletter, shop-front and regular social media updates provided to community.*[1]
- Consultation with Ngāti Koata.
  - ✓ *Ongoing engagement continues.*[1]
- Recognise key cultural milestones.
  - ✓ *Reservoir and bridge naming ceremonies completed. (FY22 on track)*
- Develop Sustainability Plan.
  - ❖ *Plan delayed with project delays. (FY22 same)*

Financial management

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

- Review Board composition.
  - ✓ *On track. New 7th Director appointed. (FY22 n/a)*
- Review Board Committees structure.
  - ✓ *Committee duties now fulfilled by full Board. (FY22 n/a)*
- Manage Costs to Complete.
  - ❖ *A cost of $198.2M continues to be reported. (FY22 $164M)*
- Agreed quarterly reporting deadlines met.
  - ✓ *100% compliance with deadlines.*[1]
- Compliance with financier expectations.
  - ✓ *100% compliance with expectations.*[1]
- An unqualified audit opinion on annual financial statements.
  - ✓ *Achieved.*[1]

Operational readiness

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

- Complete land owner consultation and Land Access Report.
  - ✓ *Complete. (FY22 on track)*
- Complete Operational Management Plan.
  - ✓ *Complete and approved by regulator. (FY22 complete)*
- Complete Reservoir Release Water Management Plan.
  - ✓ *Complete and approved by regulator. (FY22 drafting)*
- Complete River Quality Monitoring Programme and Reservoir Quality Monitoring Programme.
  - ✓ *Complete and approved by regulator. (FY22 submitted)*
- Complete operating model and budgets for shareholders' consideration.
  - ✓ *Complete. (FY22 submitted)*

[1]*Also achieved FY22*

GOVERNANCE

Corporate Governance

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

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

Corporate Structure

The WWL Board is supported by an audit and risk committee consisting of all directors and chaired by the Deputy Chair. 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.

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

Figure 14: The revised corporate structure for operations

Board of Directors

David Wright
Chair
TDC

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

Bruno Simpson
Deputy Chair
WIL and Chair Audit and Risk Committee

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

Andrew Spittal
Director
Ngāti Koata

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

Margaret Devlin
Director
TDC

Margaret is a professional director working primarily in the infrastructure sector. She has served as a director for a range of entities with a particular focus on audit and risk. She is currently chair of Watercare, Hospice Waikato, and the Irish Business Network NZ. She is a director of Waikato Regional Airport Group Ltd and IT Partners Group. She is also a member of the Institute of Directors' Waikato Branch Committee.

Julian Raine
Director
WIL

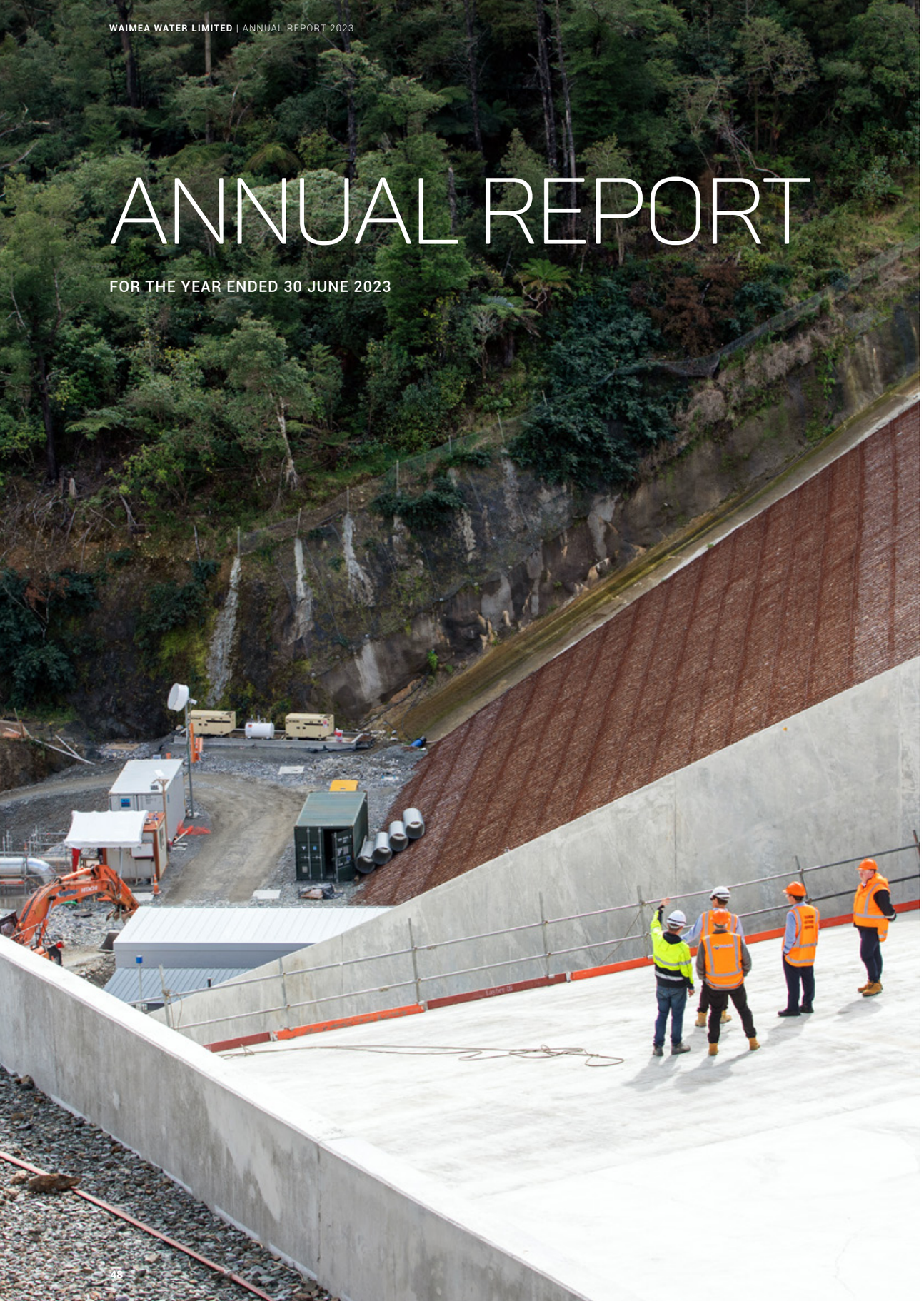
Julian's career background is in agriculture and horticulture and he is actively involved in a wide range of export focused businesses. He is a former Director on the Cawthron Institute Board. Julian is Executive Chairman of Boysenberry New Zealand Ltd, a director of Wai-West Horticulture and a shareholder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

Doug Hattersley
Director
TDC

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

Graeme Christie
Director
TDC

Graeme is an internationally recognised lawyer at Bankside Chambers Limited in Auckland. He has over 30 years of experience in property and construction law, and has been involved in many major construction projects both on and offshore. He regularly appears as an arbitrator in the High Court and Court of Appeals, and has also made appearances overseas on behalf of clients.



ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

Independent Auditor's Report

To the readers of Waimea Water Limited's financial statements and performance information for the year ended 30 June 2023

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

Opinion

We have audited:

- the financial statements of the Company on pages 53 to 69, that comprise the statement of financial position as at 30 June 2023, the statement of comprehensive income, statement of changes in net assets and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the Performance against Statement of Intent of the Company on page 44.

In our opinion:

- the financial statements of the Company on pages 53 to 69:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2023; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards Reduced Disclosure Regime; and
- the Performance against Statement of Intent of the Company on page 44 presents fairly, in all material respects, the Company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Company's objectives for the year ended 30 June 2023.

Our audit was completed on 22 September 2023. This is the date at which our opinion is expressed.

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

Basis for our opinion

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 4 to 43, 45 to 48, 53, 54, and 71, but does not include the financial statements and the performance information, and our auditor's report thereon.

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

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

Independence

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

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

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

Annual Report

FOR THE YEAR ENDED 30 JUNE 2023

The Directors have pleasure in presenting to the shareholders this Annual Report and audited financial statements for the year ended 30 June 2023.

Nature of business

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

Our commitment

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

Board Attendance

Board attendance levels during the year were as follows;

Director	Position	Tenure during year	Meetings attended	Of a possible	Directors fees	FY2022
D Wright	Chair	Full year	9	9	$63.0k	$63.0k
B Simpson	Deputy Chair	Full year	8	9	$31.5k	$31.5k
D Hattersley	Director	Full year	9	9	$31.5k	$31.5k
J Raine	Director	Full year	9	9	$31.5k	$31.5k
K Smales	Director	Resigned Jul	-	-	-	$31.5k
A Spittal	Director	Full year	8	9	$31.5k	$31.5k
M Devlin	Director	Full year	8	9	$31.5k	$31.5k
G Christie	Director	Appointed Dec	4	5	$18.4k	-
					$238.9k	**$252.0k**

Amount paid to the auditor

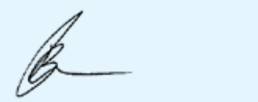
Audit New Zealand was paid $38,050 during the current period audit for the prior year audit, and $52,085 is expected to be paid for the current year audit.

Donations

The value of donations for the year ended 30 June 2023 was $0 (2022 $0).

For and on behalf of the Board

D Wright
Chair



B Simpson
Deputy Chair

Directors' Register of Interests During the Financial Year:

David Wright
David Wright Limited (Director)
Tervuren Trust (Trustee)
Waikato District Council Waters Governance Board (Chair)
Central Air Ambulance Rescue Limited (Chair)
Search and Rescue Services Limited (Chair)
Solomon Islands Airport Corporation Limited (Chair)
Tokelau Renewables Energy Steering Committee (Chair)
Hāpi Brewing Success (Chair)
Unrealised Potential (Independent Chair)

Graeme Christie
Te Kohanga Reo Trust (Trustee)
Piaf Trust (Trustee)
Director Region 3 Dispute Resolution Board Foundation (Director)

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

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

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

Andrew Spittal
Ching Contracting Ltd (Director and Shareholder)
Spittal Properties Ltd (Director and Shareholder)
Spittal Holdings Limited (Director and Shareholder)
Spittal Family Trust (Trustee)
Andrew and Deborah Spittal Family Trust (Trustee)
Richmond West Development Company Ltd (Director)
Squally Cove Forestry No. 14 Ltd (Director and Shareholder)
Exeter Street Ltd (Director)
Project Tasman Ltd (Director)
TMBC Limited (Director and Shareholder)
Coman Developments Ltd (Director)
Māpua Dev Co General Partner Limited (Director)
Maitai Development Co General Partner Limited (Chair)
CCLP Limited (Director)
SBAS Properties Ltd (Director and Shareholder)
Bag Development Company Ltd (Director and Shareholder)
Coman Developments McShane Road Limited (Director)
Civil Contractors NZ Council (CCNZ) (Executive Council Member)
Coman Developments 418 LQS Limited (Director)
RAM Investments 2017 Limited (Director)
Harley Trustee no. 80 Limited (Director and Shareholder)
Harley Trustee no. 81 Limited (Director and Shareholder)
Harley Trustee no. 82 Limited (Director and Shareholder)
Harley Trustee no. 83 Limited (Director and Shareholder)
Harley Trustee no. 84 Limited (Director and Shareholder)

Margaret Devlin
Watercare (Chair)
Waikato Regional Airport Group (Director)
IT Partners (London Green Limited) (Director)
Hospice Waikato (Chair)
Dairy NZ (Director)
Irish Business Network NZ (IBNNZ) (Chair)

Statement of Comprehensive Revenue and Expense

FOR THE YEAR ENDED 30 JUNE 2023

	Note	FY2023 $000	FY2022 $000
Water charges income	1	1,589	160
Operating expenses			
Project costs	2	-	-
Employee costs		490	554
Depreciation and impairment	3	73	610
Other administrative expenses	4	551	382
Operating expenses		1,114	1,546
Finance income	5	494	34
Finance costs	5	(1,709)	(161)
Surplus/(Deficit) for the year		**(740)**	**(1,513)**

Statement of Changes in Net Assets

FOR THE YEAR ENDED 30 JUNE 2023

	Note	FY2023 $000	FY2022 $000
Opening retained earnings		(4,099)	(2,585)
Total surplus (deficit) for the year		(740)	(1,513)
Retained earnings as at year end		(4,839)	(4,098)
Opening share capital		81,016	70,517
Movement for the year		12,234	10,499
Share capital at year end	6	93,250	81,016
Closing equity at year end		**88,411**	**76,918**

Statement of Financial Position

AS AT 30 JUNE 2023

	Note	FY2023 $000	FY2022 $000
Assets			
Current			
Cash And Cash Equivalents	7	10,872	9,337
Receivables From Exchange Transactions	8	623	163
Receivables From Non-Exchange Transactions	9	252	838
Total Current Assets		11,747	10,338
Non-Current			
Property, Plant And Equipment	10	168,719	137,498
Deferred Tax Asset	11	-	-
Total Non-Current Assets		168,719	137,498
Total Assets		**180,466**	**147,836**
Liabilities			
Current			
Payables Under Exchange Transactions	12	3,493	6,600
Employee Entitlements	13	108	98
Total Current Liabilities		3,601	6,698
Non-Current			
Loans And Borrowings	14	88,454	64,220
Total Non-Current Liabilities		88,454	64,220
Total Liabilities		**92,055**	**70,918**
Net Assets		**88,411**	**76,918**
Equity			
Equity Contributions	6	93,250	81,016
Accumulated Funds		(4,839)	(4,098)
Total Equity		**88,411**	**76,918**

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2023

	Note	FY2023 $000	FY2022 $000
Cash flow from operating activities			
Payments to suppliers		(65)	(403)
Payments to employees		(390)	(520)
Water charges costs		(2,117)	(45)
Water charges income		1,897	-
Net cash from/(used in) operating activities		(676)	(968)
Cash flow from investing activities			
Purchase of property, plant and equipment		(34,393)	(46,348)
Purchase of financial assets		-	-
Net cash from/(used in) investing activities		(34,393)	(46,348)
Cash flow from financing activities			
Proceeds from equity		12,234	10,499
Proceeds from sale of financial assets		-	-
Proceeds from borrowings		24,106	36,878
Interest received		495	34
Interest paid on borrowings		(231)	(115)
Net cash from/(used in) financing activities		36,604	47,296
Net increase/(decrease) in cash and cash equivalents		1,535	(20)
Cash and cash equivalents, beginning of the year		9,337	9,357
Cash and cash equivalents at end of the year	7	**10,872**	**9,337**

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 financial statements were authorised for issue by the Board of Directors on 22 September 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 it is not large.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Comparatives

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 recorded at the amount due, less any impairment measured using the simplified expected credit losses method. In the previous year the policy was to measure impairment using the effective interest method only when there was objective evidence WWL would not be able to collect all the amounts due.

(h) Trade and Other Payables

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

(i) Property, plant and equipment

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

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

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

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

Disposals

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

Depreciation

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

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

Notes to the Financial Statements

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

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

(j) Intangible assets

Software Acquisition and Development

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

(k) Impairment of non-current assets

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

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

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

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

(l) Other Financial Assets

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

(m) Share Capital

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

(n) Interest Bearing Borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost using the effective interest method. Borrowing costs directly attributable to the acquisition or construction of an asset that takes a period of greater than one year to get ready for its intended use, but not recoverable as revenue, 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. Revenue includes the recovery of both financing and operating costs.

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

(q) Expenses

Financing Costs

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

Dividends

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

(r) Income Tax

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

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

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

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

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

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

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

(s) Goods and Services Tax (GST)

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

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

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

1 Water charges income

	Note	FY2023 $000	FY2022 $000
Water charges income - TDC		797	45
Water charges income - WIL		792	115
Total	19	**1,589**	**160**

Water charges recover finance costs of loans (refer Note 14) 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

	FY2023 $000	FY2022 $000
The following amounts attributable to the build were passed through operational accounts:		
Dam construction costs	21,513	39,592
Project services	6,197	5,877
Borrowing costs capitalised	128	330
WWL operations	3,305	2,678
Transfer costs attributable to build to Capital WiP	(31,143)	(48,147)
Total	**-**	**-**

3 Depreciation, amortisation and impairment expenses

	Note	FY2023 $000	FY2022 $000
Depreciation of property, plant and equipment	10	17	16
Impairment*		56	594
Total		**73**	**610**

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

4 Other overhead and administrative

	FY2023 $000	FY2022 $000
Professional fees	174	149
Office costs	119	80
Insurance	104	82
Auditor remuneration	52	38
Legal fees	46	18
Dam operations	41	-
Accounting fees	15	15
Total	**551**	**382**

5 Finance income and costs

	FY2023 $000	FY2022 $000
Finance income		
Interest income on bank deposits	494	34
Finance costs		
Interest expense*	(1,709)	(160)
Bank fees	-	(1)
Total Finance costs	**(1,709)**	**(161)**

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

6 Share Capital

	FY2023 $000	FY2022 $000
9,999 shares were authorised and issued on 21 Dec 2018.		
2,607 shares have been issued since.		
Ordinary shares - TDC	7,545	6,142
Ordinary shares - WIL	2,978	2,978
Non-voting shares - TDC	172	172
Non-voting shares - WIL	1,911	1,911
Shares at the end of the year	**12,606**	**11,203**
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**	$65,783k	$53,549k
TDC contribution per ordinary share.	$8,718.75	$8,718.49
TDC ordinary shares issued and fully paid	7,545	6,142
TDC ordinary shares issued and not fully paid	-	-
TDC non-voting shares have a par value of $8,719.91	$1,500k	$1,500k
WIL ordinary shares have a par value of $8,719.51		
*WIL ordinary shares contribution**	$25,967k	$25,967k
WIL contribution per ordinary share.	$8,719.51	$8,719.51
WIL ordinary shares issued and fully paid	2,978	2,978
WIL ordinary shares issued and not fully paid	-	-
WIL non-voting shares have a par value of $0.01	-	-
Total shares contribution	**$93,250k**	**$81,016k**

**Contributions represent the total dollar value of shares paid up. Contribution movements are shown in Note 20. TDC contributions were primarily made to provide working capital to WWL. WIL contributions were made on agreed instalments.*

TDC has committed to fund additional project costs. Shareholders have agreed part of the additional funding will be way of subscription for further shares with a par value of $8,719.91. At Balance Date WWL has authorised the issue of 742 additional ordinary 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 14.

7 Cash and cash equivalents

	FY2023 $000	FY2022 $000
Cash at bank and in hand	10,872	9,337
Total	**10,872**	**9,337**

8 Receivables from exchange transactions

	Note	FY2023 $000	FY2022 $000
Related party receivables	19	623	163
Total		**623**	**163**

9 Receivables from non-exchange transactions

	FY2023 $000	FY2022 $000
GST receivable	252	838
Other prepayments / receivables	-	-
Total	**252**	**838**

10 Property, plant and equipment

	Note	Capital WiP $000	Leasehold Improvements $000	Furniture & office equip $000	Vehicles & site equip $000	Total $000
Movements for each class of property, plant and equipment are as follows:						
FY2023						
Gross carrying amount						
Opening		137,315	28	87	278	137,708
Additions		31,199	-	21	115	31,335
Impairment		(56)	-	-	-	(56)
Gross carrying amount		**168,458**	**28**	**108**	**393**	**168,987**
Accumulated depreciation and impairment						
Opening		-	(8)	(57)	(145)	(210)
Depreciation - assets attributable to the build		-	-	-	(41)	(41)
Depreciation - administration assets	3	-	(2)	(15)	-	(17)
Accumulated depreciation and impairment		**-**	**(10)**	**(72)**	**(186)**	**(268)**
Carrying amount 30 June 2023		**168,458**	**18**	**36**	**207**	**168,719**
FY2022						
Gross carrying amount						
Opening		89,168	28	76	278	89,550
Additions		48,741	-	11	-	48,752
Impairment		(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)
Depreciation - administration assets	3	-	(2)	(14)	-	(16)
Accumulated depreciation and impairment		**-**	**(8)**	**(57)**	**(145)**	**(210)**
Carrying amount 12 months June 2022		**137,315**	**20**	**30**	**133**	**137,498**

11 Deferred tax

	FY2023 $000	FY2022 $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	(740)	(1,513)
Temporary differences *	95	(53)
Temporary differences **	439	1,028
Taxable income (deficit)	**(206)**	**(538)**
Unrecognised deferred tax assets consist of:		
Opening balance	1,026	876
Tax on taxable position above, at 28%	58	150
Total unrecognised deferred tax asset	**1,084**	**1,026**
Taxable loss carried forward	3,872	3,666

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

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

12 Payables under exchange transactions

	Note	FY2023 $000	FY2022 $000
Trade creditors		2,762	6,444
Related party payables***	19	717	34
Non trade payables and accrued expenses		14	122
Total		**3,493**	**6,600**

**** Primarily finance costs on sharholder advances.*

13 Employee entitlements

	FY2023 $000	FY2022 $000
Annual leave entitlements	108	98
Total	**108**	**98**

Employee remuneration

6 employees received remuneration and other benefits of $100,000 or more for the year ended 30 June 2023. (12 months Jun 2022, 8 employees.)

Remuneration	Number of employees	
$120,001 - $130,000	-	2
$130,001 - $140,000	-	1
$150,001 - $160,000	1	1
$170,001 - $180,000	1	1
$180,001 - $190,000	1	-
$190,001 - $200,000	1	-
$200,001 - $210,000	-	1
$250,001 - $260,000	1	-
$260,001 - $270,000	-	1
$330,001 - $340,000	-	1
$360,001 - $370,000	1	-

14 Loans and borrowings

	Note	FY2023 $000	FY2022 $000
Non-current - Secured loans - CIIL		25,240	25,498
Non-current - Secured loans - TDC	19	63,214	38,722
Total		**88,454**	**64,220**

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 $76,052,856 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 facilities. Remaining funds can be drawn quarterly to fund project costs. Facilities are repayable by 2058 or may be converted to equity.

15 Financial instruments

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

	Held-to-maturity investments $000	Loans and receivables $000	Financial liabilities at amortised cost $000	Total $000
FY2023				
Financial assets				
Cash and cash equivalents	-	10,872	-	10,872
Trade debtors and other receivables	-	382	-	382
Other financial assets	-	-	-	-
Total Financial assets	**-**	**11,254**	**-**	**11,254**
Financial liabilities				
Trade creditors and other payables	-	-	2,565	2,565
Loans and borrowings*	-	-	88,454	88,454
Total Financial liabilities	**-**	**-**	**91,019**	**91,019**
FY2022				
Financial assets				
Cash and cash equivalents	-	9,337	-	9,337
Trade debtors and other receivables	-	163	-	163
Other financial assets	-	-	-	-
Total Financial assets	**-**	**9,500**	**-**	**9,500**
Financial liabilities				
Trade creditors and other payables	-	-	6,436	6,436
Loans and borrowings*	-	-	64,220	64,220
Total Financial liabilities	**-**	**-**	**70,656**	**70,656**

** Loans and borrowings*

	FY2023	FY2022
Crown Irrigation Investments Limited	25,240	25,498
Tasman District Council	63,214	38,722
	88,454	**64,220**

16 Commitments

	FY2023 $000	FY2022 $000
Expenditure contracted for at the end of the reporting period but not yet incurred comprises unpaid contract values, and unpaid determined variations or unpaid purchase orders, for the Contractor and/or Damwatch.		
Property, plant and equipment	15,411	14,624
Total	**15,411**	**14,624**

17 Contingent assets and contingent liabilities

The entity has no contingent assets or contingent liabilities.

18 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.

19 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.

	Note	FY2023 $000	FY2022 $000
Purchase / reimbursement of services			
Directors*		-	14
Shareholder services*		20	30
Total purchase		**20**	**44**
Sale / reimbursement of services			
Water charges**	1	1,589	160
Total sale		**1,589**	**160**
Share capital contributions from Joint Operators			
Tasman District Council Share Capital		12,234	10,499
Waimea Irrigators Limited Share Capital		-	-
Total contributions		**12,234**	**10,499**
Loans and borrowings			
TDC has commited to fund additional project costs.			
Non-current - Secured loans - TDC		68,086	38,450
Borrowing costs capitalised		128	272
Total loans	**14**	**63,214**	**38,722**
Period end payable to related parties:			
Directors		28	34
Shareholders		689	-
Total payables	**12**	**717**	**34**
Period end receivable from related parties:			
Shareholders**	8	623	163
Total receivables		**623**	**163**

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

*** In FY2022 Water charges commenced.*

Key management compensation		
Salaries and other short-term employee benefits	627	941
Directors fees	239	252
Total	**866**	**1,193**
Persons recognised as key management personnel	9	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.*

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Email: info@waimeawater.nz

Chief Executive

Mike Scott

Management

Chief Financial Officer: Dave Ashcroft

Operations 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


Waimea
Water
SECURING OUR REGION'S FUTURE