STATEMENT OF INTENT

1 July 2026 – 30 June 2027

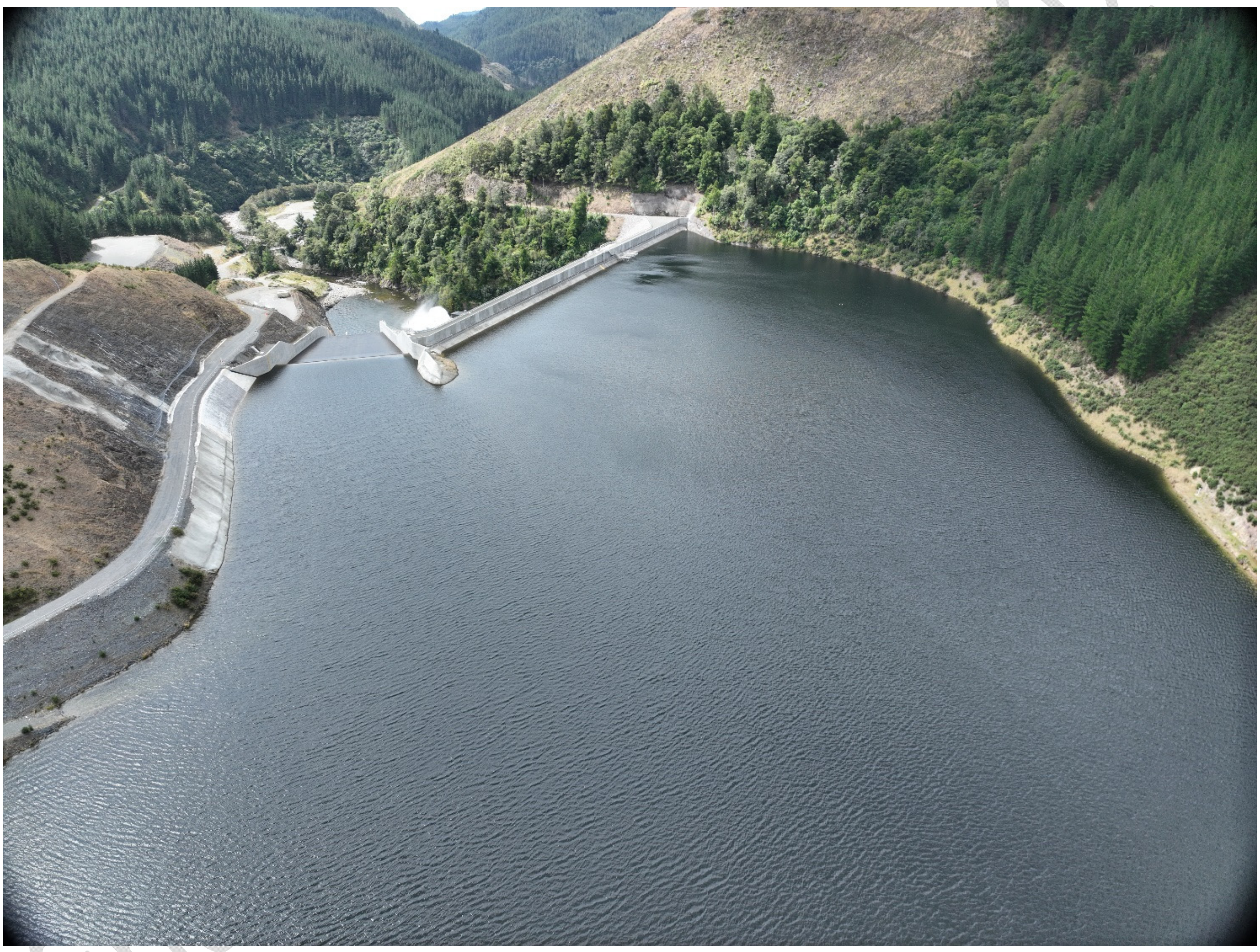


Figure 1 The downstream end of the reservoir, Te Kurawai o Pūhanga, looking to the Waimea Community Dam.

Contents

1.Summary

This Statement of Intent (SOI) is presented by the Directors of Waimea Water Limited (WWL, the Company) in accordance with Section 64 of the Local Government Act 2002 (LGA), for adoption by shareholders Tasman District Council (TDC) and Waimea Irrigators Limited (WIL).

This SOI provides a clear and succinct understanding of the Company's purpose, the services it delivers, and what success looks like (Part 1 – The performance story).

It also addresses general and specific shareholder expectations (Part 2 – General expectations, Part 3 – Specific expectations).

Compliance matters are captured in Part 4 – Compliance requirements.

The core objectives for this SoI relate to delivering and optimising baseline operations, focussed on achieving service levels to shareholders.

Water charges to shareholders are expected to be ~$7.44m during the period of this SoI, comprising ~$3.86m OpEx and ~$3.58m finance costs.

1. 61% of total costs remain predominantly outside WWL's discretion / control, for finance costs, insurance and rates.
2. Ongoing costs for environmental compliance and dam safety compliance are higher than earlier anticipated. The core strategic objectives described above includes a focus on aligning these costs with achievement of service levels.
3. Ongoing costs for routine operations and maintenance are consistent with prior estimates.

Part 1 – The performance story

This section tells WWL's 'performance story', providing a clear and succinct understanding of the Company's purpose, the goods and services it delivers and what success looks like. The 'performance story' links together; strategic context, an outcomes framework, and the main objectives, outcomes, targets and measures.

2. Purpose

WWL is committed to operating a safe, reliable, sustainable and efficient dam for the benefit of the Tasman region. WWL's vision is to operate the Waimea Community Dam (WCD) to appropriate high standards to ensure reliable, sustainable and efficient water security and service to shareholders for the expected dam life of 100 years.

3. Services

WWL will provide dam operations for its shareholders consistent with its resource consent. In principle, WWL will capture and store water when there is plenty and release it during dry summer months.

4. Success

Shareholders receive certainty of supply, achieved through safe, reliable, environmentally compliant dam operations.

5. Strategic context

The key strategic context for this SoI is WWL fully operational.

5.1. Delivering baseline operations

With construction complete and operations underway, attention continues to turn towards long-term asset management planning, efficient and compliant operations, and pursuing opportunities for collaboration – all to achieve service levels to shareholders. Key outcomes include:

- A robust long-term Asset Management Plan.
- An effective and fully transparent Health, Safety and Wellbeing Management System (HSWMS).
- Efficient, compliant, and fit for purpose baseline operations.

6. Outcomes framework

This section summarises WWL's 'outcomes framework' for this SoI.

WWL will continue to work to an outcomes framework with the following key features;

- Objectives will be clearly articulated to a strategic context (i.e. 'why').
- WWL will commit to achieving key outcomes (i.e. 'what').
- WWL will measure and review progress towards objectives / outcomes (i.e. 'how' and 'when').

7. Baseline operations

WWL's current strategic context identifies that with construction complete and operations underway, attention continues to turn towards long-term asset management planning, efficient and compliant operations, and pursuing opportunities for collaboration – all to achieve service levels to shareholders. This section describes objectives, and the outcomes, targets and measures for each.

7.1. Develop a robust long-term Asset Management Plan

Robust asset management planning requires a clear understanding of assets and their life cycles and results in well-defined maintenance and renewal schedules.

Objective

Implement a formal Asset Management Plan.

Outcomes - WWL will;

7.1.1. Embed management processes that ensure continuous improvement and review of asset management requirements.
7.1.2. Improve current forward planning for asset maintenance and renewals.

Targets and measures

7.1.3. Formally adopt an Asset Management Plan by end of FY2027.
7.1.4. Ensure budgets for FY28 and beyond are informed by newly adopted AMP tools.

7.2. HSWMS

Health, safety and wellbeing in the workplace is fundamental to WWL operations and remains a critical risk to our business.

Objective

To maintain a HSWMS that protects our staff, contractors and visitors to the site from harm during operations, and instils a culture of transparency that will achieve continuous improvement.

Outcomes - WWL will;

7.2.1. Continually review and validate the HSWMS.
7.2.2. Encourage a 'just culture' of open reporting of workplace hazards, near misses, incidents and injuries.
7.2.3. Promote a culture of transparency to ensure all health, safety and wellbeing matters are reported and communicated to the Board.
7.2.4. Invest in physical controls to mitigate hazards.

Targets and measures;

7.2.5. Complete HSWMS reviews.
7.2.6. Regular updates of the HSWMS risk register from reporting of workplace hazards, near misses, incidents and injuries.
7.2.7. Regular reporting and communication to the Board of health, safety and wellbeing matters.
7.2.8. Track progress of implementing physical controls identified in the budget

7.3. Efficiency and compliance

Many operations requirements were contemplated during the construction phase of the project and others continue to evolve. All operations need to be efficient, compliant with relevant legislation or regulation, and fit for purpose.

Objective

Ensure WWL operates efficiently with established systems and management plans, complies with legislation and regulation, and operations are fit for purpose.

Outcomes - WWL will;

7.3.1. Actively review methods of delivering operations, including investigating opportunities to improve efficiency.

7.3.2. Continue to protect against impacts downstream by operating a best practice Dam Safety Management System (DSMS), certified for the Building Act and Dam Safety Regulations.

7.3.3. Maintain compliance with resource consents held by WWL, including an environmental focus on reservoir water quality, fish passage, downstream river water quality, and biodiversity management.

Targets and measures

7.3.4. Recurring review of operations methods and budget.

7.3.5. Intermediate Dam Safety Review (IDSR) finalised.

7.3.6. Annual Dam Compliance Certificate (ADCC) accepted by Regulator.

7.3.7. Compliance with RWQMP.

7.3.8. Fish passage statistics monitored and outcomes documented.

7.3.9. Annual Monitoring Report finalised.

7.3.10. Annual BTAG review completed.

8. Performance targets

This section summarises the targets described above, as Key Performance Indicators (KPI).

Objective / measure	KPI to June 2027	Expectation to June 2028
Long-term Asset Management Plan		
Formally adopt AMP by end of FY2027	Completed	AMP improved
Ensure AMP informs budgets for FY28	In draft FY28 reports	Used in FY28 reporting
HSWMS		
System reviews complete	Completed	Completed
Register regularly updated	Completed	Completed
Full disclosure to Board	Completed	Completed
Efficiency and compliance		
Review operations methods and budget	Completed	Further reviews completed
IDSR finalised	Completed	Completed
ADCC accepted	Completed	Completed
Compliance with RWQMP	No material non conformances	No material non conformances
Fish transfers monitored / documented	Completed	Completed
Annual Monitoring Report	Completed	Completed
Annual BTAG review	Completed	Completed

8.1. Additional targets

Additional shareholder expectations are captured in sections 19 and 20 below.

Specific expectations	KPI to June 2027	Expectation to June 2028
Provide budget / business plan to shareholders	Document provided	Document provided
Request records from WIL	Records requested	Records requested

Part 2 – General expectations

This section lists general expectations set by TDC for all Council Controlled Organisations.

9. Include financial statements and measures

Summaries of profit and loss, cash flow, and balance sheet forecasts are shown below.

9.1. Profit and Loss Overview

Profit and loss ($000s)	Jun 2027	Jun 2028	Jun 2029	Jun 2030	Jun 2031
Income					
Int + OpEx	7,123	7,429	7,879	7,785	8,039
CIIL loan repayments	313	307	322	364	370
Total income	**7,436**	**7,736**	**8,201**	**8,327**	**9,119**
Expenses					
Interest expense	3,262	3,461	3,753	3,752	3,855
Loan capital expense	-	-	-	178	710
Insurance	705	775	837	858	880
Staff	763	787	814	836	861
Environmental	628	561	631	452	517
Dam Operations	474	486	498	511	523
Dam Safety	243	249	255	262	268
Ops subtotal	1,345	1,296	1,384	1,225	1,308
Rates	348	357	366	375	384
Maintenance / CDSR reserve	246	252	258	265	272
Directors	206	206	207	207	207
Professional fees	100	143	105	108	110
Facilities / Admin etc	99	101	104	106	109
Vehicles	40	41	42	43	44
Land costs	24	25	25	26	26
Interest income	(15)	(15)	(16)	(16)	(17)
Depreciation	3,398	3,383	3,374	3,367	3,362
Total expenses	**10,521**	**10,812**	**11,253**	**11,330**	**12,111**
Profit (Loss)	**(3,085)**	**(3,076)**	**(3,052)**	**(3,003)**	**(2,992)**

Analysis of water charges	Jun 2027	Jun 2028	Jun 2029	Jun 2030	Jun 2031
WIL share	4,309	4,555	4,943	5,116	5,774
TDC share	3,127	3,181	3,258	3,211	3,345
Total	**7,436**	**7,736**	**8,201**	**8,327**	**9,119**

9.2. Cash Flow Overview

Cash flows ($000s)	Jun 2027	Jun 2028	Jun 2029	Jun 2030	Jun 2031
Opening cash balance	1,653	2,004	2,243	2,304	2,533
Received for water charges	7,436	7,736	8,201	8,149	8,409
Deferred to WIL	(1,670)	(1,460)	-	178	710
Interest payments	(3,205)	(3,397)	(3,715)	(3,752)	(3,812)
Paid to suppliers/employees	(3,566)	(3,792)	(4,103)	(3,804)	(3,948)
Operating in (out) flows	**(1,005)**	**(913)**	**383**	**770**	**1,359**
SAA Facility C movements	1,670	1,460	-	(177)	(710)
CIIL payments	(313)	(307)	(322)	(364)	(370)
Cash balance	**2,004**	**2,243**	**2,304**	**2,533**	**2,813**

Modelling assumes growth in cash balances to meet future capital or cyclical renewal requirements.

9.3. Balance Sheet Overview

Balance Sheet ($000s)	Jun 2027	Jun 2028	Jun 2029	Jun 2030	Jun 2031
Cash balance	2,004	2,243	2,304	2,533	2,813
DSR	450	450	450	450	450
Reserve provisions	(271)	(499)	(533)	(775)	(1,024)
Income in advance	(705)	(705)	(705)	(705)	(705)
Prepayments / Receivables	489	545	561	577	593
Non-current assets	3,540	5,000	5,000	4,823	4,113
Current liabilities	(1,109)	(1,177)	(1,219)	(1,222)	(1,269)
Fixed assets	193,097	189,713	186,340	182,973	179,611
FV accounting CIIL	2,527	2,527	2,527	2,527	2,527
Non-current liabilities DSR	(350)	(350)	(350)	(350)	(350)
Non-current liabilities	(24,074)	(23,766)	(23,445)	(23,081)	(22,711)
Total net assets	**175,598**	**173,982**	**170,930**	**167,750**	**164,048**
Shareholder equity	102,763	102,763	102,763	102,763	102,763
Shareholder advances	81,542	81,542	81,542	81,542	81,542
FV accounting shareholders	1,857	1,857	1,857	1,857	1,857
SAA Facility C	3,540	5,000	5,000	4,823	4,113
Retained (a/c'ing) losses	(14,104)	(17,180)	(20,232)	(23,235)	(26,227)
Net equity	**175,598**	**173,982**	**170,930**	**167,750**	**164,048**

9.4. Forecast assumptions

9.4.1. Projected borrowing rates range between 2.6% and 5.0% across various maturity dates.
9.4.2. The projected inflation rate is 2.5%.
9.4.3. 4.1 FTE staff are included for the duration of this SoI.
9.4.4. Five Directors are budgeted for the duration of forecasts.
9.4.5. Ongoing "fair value" accounting adjustments are not reflected in these forecasts, to help preserve the reader's interpretation of loan nominal values.

10. Consistency with Shareholder Agreement

Clause 10 of the Shareholders' Agreement refers to preparation of a business plan and 5-year budget, quarterly budget reviews, use of cash reserves, preparation of a Statement of Intent, and maintenance of accounting records.

WWL will ensure all those matters are complied with.

11. Dividend policy

WWL is operated on a cost recovery basis only and no dividend is payable.

12. Capital expenditure and asset management

This section summarises capital expenditure and asset management intentions.

WWL will maintain a tight focus on financial management with respect to any ongoing CapEx and will maintain the dam and other assets within budget constraints and without compromising safety, reliability, sustainability, and efficiency. Refer also to section 19.

13. Reporting

This section summarises how WWL uses the same information for both managing the business and reporting through to Shareholders, and for setting targets and reporting against them.

WWL will provide shareholders with reports in accordance with the LGA and shareholder expectations.

Statement of Intent

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

Quarterly financial statements

No later than two months after the end of the March and September quarters WWL will deliver to shareholders unaudited financial statements as required by the Shareholders' Agreement.

Mid-Year Report

No later than 28 February each year WWL will deliver to shareholders an unaudited report containing information for the six-month period ending the preceding 31 December:

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

Annual Report

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

- Commentary on operations and results for the year including progress against SoI objectives.
- Statement of Comprehensive Revenue and Expenses disclosing actual and comparative figures, Statement of Financial position at the end of the year, and Statement of Cash Flows.

- Auditor's report.

The Annual Report will be made publicly available on the WWL website www.waimeawater.nz .

14. Risk management and Climate Change

This section summarises how the Board is managing risks, including natural hazards and climate change.

WWL will manage risk under three frameworks; the HSWMS concerned with personal health safety, and wellbeing, the DSMS concerned with dam safety, and a Corporate Risk Management System (CRMS) concerned with 'corporate' functions and processes.

All frameworks use a consistent best practice methodology to clearly define risks, identify likelihood, consequence and adequacy of controls, determine target ratings, describe controls to be implemented, and manage / monitor the residual risk.

Natural hazards / climate change issues with a risk consequence to employees, contractors, and visitors in day-to-day operations are managed under the HSWMS. Natural hazards / climate change issues with a risk consequence from dam failure, including to life downstream, are managed under the DSMS. Long range sustainability impacts from climate change are described in the following section 15.

Personal health and safety

The comprehensive HSWMS process is described in section 23.

Dam safety

The DSMS has four core components aimed at avoiding an uncontrolled release of reservoir contents; the Dam Safety Management Plan, the Surveillance and Monitoring Plan, the Emergency Action Plan, and the Operations and Maintenance Manual. All documents describes risks and controls.

Corporate risk

The CRMS outlines the system and processes for managing the risk WWL does not have appropriate 'corporate' practices and protocols in place, that could result in; breaking the law, not meeting shareholder requirements, not meeting financer requirements, or a failure to manage other 'corporate' functions.

For each of those risk themes the CRMS outlines expectations and risks and controls.

15. Sustainability

This section describes measures and targets in place to address environmental and climate change concerns, including measures to; support the transition of WWL to net zero carbon emissions by 2050, prepare for impacts of climate change - including assessing key organisational climate change risks, and minimise waste and support the shift to a circular economy.

Net zero carbon

WWL has its own micro-hydro power and solar generation with batteries to provide renewable power to power controls (valves), amenities, the site office, and instrumentation at the dam site.

WWL can work with stakeholders to investigate the feasibility of further hydro power generation and transmission, to help mitigate other activities that require diesel or other sources of carbon. These include powering winches to raise/lower intake screens between reservoir and crest, and emergency back-up power. Utilising unused energy from reservoir head to generate power via hydro-turbine could generate 1.5 – 3 MW. Subject to shareholder direction, solutions will be investigated by 2035.

Without additional hydro generation, diesel generators could be replaced with mains power or fuelled with biodiesel when available. Subject to shareholder direction, solutions will be confirmed by 2035.

Vehicles and boats powered from carbon sources will be replaced with electric, hydrogen or bio-diesel power concurrent with industry / NZ development. Subject to shareholder direction, solutions will be confirmed by 2030.

Climate change impacts

The entire ethos of the WCD is to secure the region's water supply for the next 100+ years and improve water quality to provide a better environment for people, plants, fish, and animals.

In particular, climate changes studies[1] show expected increases in water demand (increases in the persisting dewpoint that will lead to drier soils and transit losses), and an increased frequency of extraordinary rainfall events (increased peak rainfall intensity but less antecedent precipitation / wetness). These impacts are specifically contemplated in dam design.

- The ~12m m^3 reservoir capacity is expected to support a 1:70 year drought. A 20% increase in demand would halve the frequency to a 1:35 year drought, and capacity would still be appropriate.
- The current estimated 1:10,000 year peak inflow is 616 m3/s. A 20% increase though climate change would increase this to 741 m3/s. Spillway capacity based on computational fluid dynamic modelling is 1200 m3/s.

Shift to circular economy

The circular economy is based on principles driven by design, to; eliminate waste and pollution, circulate products and materials at their highest value, and regenerate nature.

As noted above, the entire ethos of the WCD is to secure the region's water supply for the next 100+ years and improve water quality to provide a better environment for people, plants, fish, and animals. The theme to store water that would otherwise 'go to waste' during wet periods so it can instead be used productively during dry periods directly supports a core circular economy principle. In addition, the theme to be able

[1] Including University of Melbourne reports to the Australian National Committee on Large Dams (ANCOLD) conference 28 October 2022.

manage / maintain river flows year-round through wet and dry periods directly supports the core principle to regenerate nature.

16. Governance Performance

This section summarises WWL's governance performance themes

The Board undertakes regular evaluations of its own performance at least once every eighteen months, to aid shareholders when making decisions on Director remuneration and appointments.

The Chair of the Board references evaluations when making recommendations to TDC on the re-appointment or recruitment of TDC appointed Board Directors, to ensure skills, knowledge and experience required of directors is identified, including knowledge of tikanga Māori.

Evaluations are also available to WIL and Ngāti Koata, who also have rights to appoint Directors, using their own processes.

17. Other matters

This section summarises WWL's approach to other shareholder expectations

WWL ensures effective performance reporting by the inclusion of quantifiable measures and SMART targets, including enhanced measures on Health and Safety.

WWL, before making a decision that may significantly affect land or a body of water, considers the relationship of Māori and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna and other taonga.

WWL ensures there is 'no surprises' communication with the Shareholders on matters which are in the shareholders' or public interest and are not highly commercially sensitive.

Part 3 – Specific expectations

This section describes how WWL plans to address specific expectations advised in the Shareholders' Statement of Expectation.

18. Future estimated water charges

Refer section 9.1.

19. Five year budget and business plan

WWL is expected to provide shareholders with the required five year budget and business plan by the due date with key assumptions including refinancing for any borrowings detailed.

WWL will provide shareholders with the required five year budget and business plan by the due date with key assumptions including refinancing for any borrowings detailed.

20. Reporting and records from WIL

WWL is expected to write to WIL annually (July) requesting reporting and records set out in Clause 11 of the WWL/WIL WWAA agreement (Reporting and records). This should support WWL's appropriate oversight that all these matters are in order prior to the start of the irrigation season, important to TDC.

WWL will write to WIL annually (July) requesting reporting and records set out in Clause 11 of the WWL/WIL WWA Agreement.

Part 4 – Compliance requirements

The section describes how key pieces of legislation will be complied with.

21. Compliance with Schedule 8 of the LGA

21.1. Objectives

WWL will operate the dam safely, reliably, sustainably, and efficiently.

Personnel safety

21.1.1. WWL will continue to use an appropriate and robust risk based HSWMS to mitigate the risk of serious injuries to staff, contractors and the public during operation of the dam.

Dam safety

21.1.2. WWL will operate the dam to the appropriate high standards described in New Zealand Society on Large Dams (NZSOLD) guidelines[2] and Dam Safety Regulations (2022).

Reliability

21.1.3. WWL will operate and maintain the dam in a manner that allows it to reliably operate over its planned 100-year life to meet the requirements of the resource consent and maintain asset integrity to meet requirements of NZSOLD guidelines.

Sustainability

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

21.1.4.1. Economic sustainability by providing shareholders with a safe, reliable and efficient asset.

21.1.4.2. Environmental sustainability by understanding consumption and waste, emissions and implementing its environmental and biodiversity management plans.

21.1.4.3. Transition to net zero carbon emissions by 2050.

21.1.4.4. Social sustainability by engaging and nurturing positive relationships with the community it works within, contributing to its community and its prosperity, and being a good employer.

Efficiency

21.1.5. WWL will operate the dam within approved budgets while always bearing in mind the priority objectives to provide a safe, reliable and sustainable asset. WWL will efficiently and proactively manage operating risks.

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

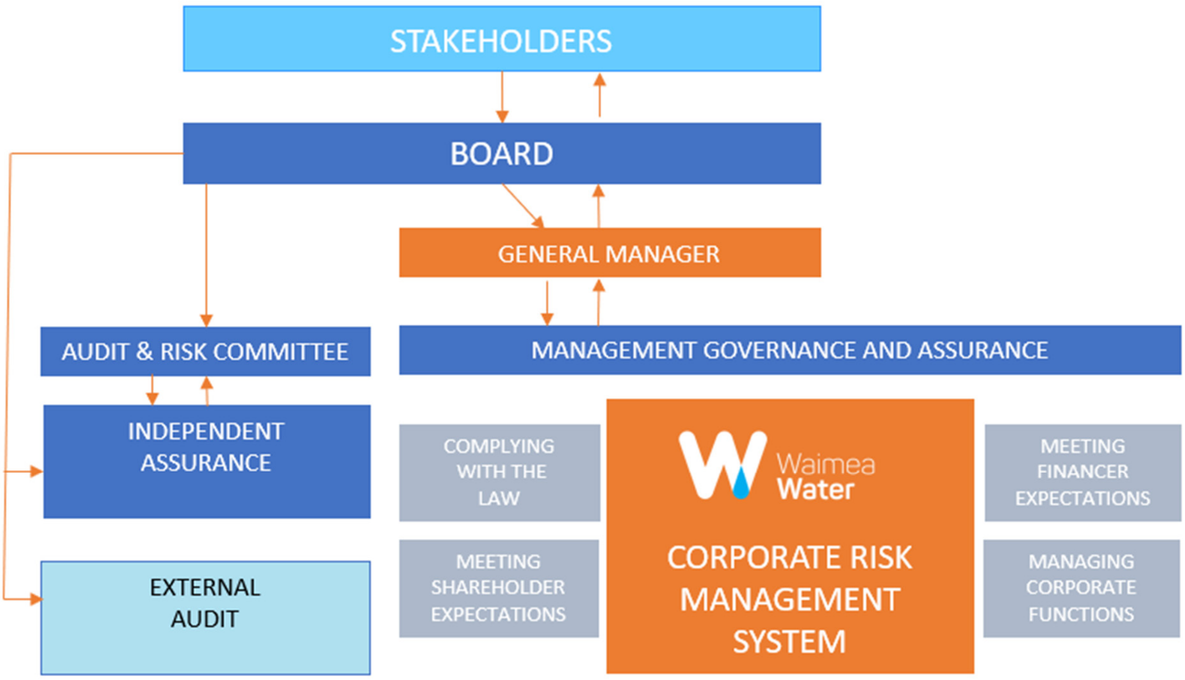
21.2. Approach to Governance

The WWL Board is committed to a high standard of corporate governance and regulatory compliance in guiding and monitoring WWL's activities.

The Board carries out its decision-making responsibilities in accordance with legislation, and directors comply with their obligations under the Companies Act 1993, the LGA and other relevant legislation.

WWL currently has budget for five highly experienced directors.

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



21.3. Accounting policies

This section captures WWL's accounting policies, included in audited financial statements

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 was established to manage the construction, operation and maintenance of the Waimea Community Dam.

Basis of preparation

(a) Statement of compliance

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

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Comparatives

Comparative financial periods are the same period in the prior financial year or the last financial year end. Comparatives may have been reclassified from that reported in earlier financial statements where appropriate to ensure consistency with the expanded presentation of the current year's position and performance.

(e) Changes in accounting policies

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

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 areas of judgement in financial statements for the period are described in sections (i) and (m) 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.

(g) Trade and Other Receivables

Trade and other receivables are recorded at the amount due, less any allowance for impairment measured using the simplified expected credit losses method.

(h) Trade and Other Payables

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

(i) Property, plant and equipment

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

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

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

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.
Depreciation of dam project components is provided on a straight line basis to write off the cost (or valuation) to estimated residual values, over their useful lives.
Depreciation of other assets is provided on a diminishing value basis to write off the cost (or valuation) to estimated residual values, over their useful lives.

<u>Dam project components</u>	
Land	not depreciated
Buildings (including fit out)	2-100 years (SL)
Bridges	100 years (SL)
Culverts, structures and fill (concrete, rock)	80-120 years (SL)
Earthworks and river stop banks	not depreciated
Rock and slope protection	80-120 years (SL)
Water pipes/valves/meters (manual)	15-80 years (SL)
Water pipes/valves/meters (automatic)	15-80 years (SL)
Access control solutions	2% - 7% (SL)
Capital WiP	not applicable
<u>Other assets</u>	
Leasehold improvements	10% (DV)
Furniture and equipment	16% - 67% (DV)
Vehicles	20% - 30% (DV)

(j) 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.

(k) Other Financial Assets
Term investments and interest bearing loans receivable 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.

(l) 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.

(m) 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. Fair value is measured using a market equivalent rate taking into account the terms of the relevant drawdowns.
Borrowing costs directly attributable to the acquisition or construction of an asset that takes 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.

(n) 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 taken, and annual leave earned but not yet taken up to balance date.

(o) 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.
Income includes the recovery of both financing and operating costs. Water charges income is recognised on an accrual basis in proportion that costs expensed to date bear to the estimated total costs of the transaction.
Interest income is recognised on an accrual basis using the effective interest method.

(p) 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.
Insurance
Insurance costs paid in advance for services to be received in the future are initially recorded as assets and their value is expensed over time onto the Statement of Comprehensive Revenue and Expense.

(q) 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.

(r) 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.

22. Compliance with Public Records Act 2005

WWL ensures management, retention, and disposal of records in line with the requirements of this Act and its related mandatory Information and Records Management Standard - July 2016

23. Compliance with Health and Safety legislation

This section summarises WWL's HSWMS framework, structured using the following sections.

23.1. Legal requirements

Businesses operating within New Zealand are required to meet certain legislative requirements to support and improve work health and safety, primarily the Health and Safety at Work Act 2015, Health and Safety Regulations, and the Accident Compensation Act 2001.

23.2. Leadership, culture and reporting

Fundamental to the success of WWL's HSWMS is leadership and ensuring a safety focussed culture within the organisation.

23.3. Hazard and risk management

The purpose of hazard and risk management is to proactively identify and manage hazards / risks across the business to reduce risk and actual or potential harm to people, equipment and the environment.

23.4. Incident reporting, management and investigation

The purpose of Incident reporting, management and investigation is to accurately report, record and investigate incidents to prevent future harm and identify continuous improvement opportunities.

23.5. Training and competency

The purpose of training and ensuring competency is to ensure processes are established to provide the requisite training, competency and awareness to effectively manage HSW risks.

23.6. Emergency preparedness

The purpose of emergency preparedness is to ensure that the appropriate resources and incident response plans are prepared, practiced, and available.

23.7. Injury management

The purpose of injury management is to support and encourage a safe and early return to work.

23.8. Health and wellbeing

The purpose of monitoring and supporting health and wellbeing is to ensure employees and contractors are both fit for work and not adversely affected by hazards exposed during their employment.

23.9. Contractor management

The purpose of ensuring a contractor’s HSW system meets WWL’s requirements is to ensure HSW risks associated with procured materials, equipment, services, and labour are effectively managed and effective communication processes are in place.

23.10. Audit and verification

The application and effectiveness of the HSWMS shall be tested and verified.

24. Glossary

This section summarises abbreviations used in this document.

Abbreviation	Definition
ADCC	Annual Dam Compliance Certificate
BMP	Biodiversity Management Plan
CRMS	Corporate Risk Management System
DSMS	Dam Safety Management System
DWTF	Dry Weather Task Force
HSWMS	Health, Safety and Wellbeing Management System
KPI	Key Performance Indicator
LGA	Local Government Act 2002
NZSOLD	New Society of Large Dams
SOI	Statement of Intent
TDC	Tasman District Council
WCD	Waimea Community Dam
WIL	Waimea Irrigators Limited
WWL	Waimea Water Ltd