

Waimea Water Limited

Quarterly Report

Period ending

31 March 2021



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1. Introduction

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

The purpose of this document is to provide Shareholders with an un-audited report containing the following information relating to the Waimea Community Dam (WCD) project for the three-month period ending 31 March 2021. It includes:

- Health & Safety performance.
- Update on project design
- Update on construction progress
- Update on expected cost and risk
- Statement of Comprehensive Revenue and Expense disclosing actual and comparative figures.
- Statement of Financial Position at the end of the period.
- Statement of Cash Flows.
- A commentary on the results for the period.



*Figure 1: Reinforced Rockfill embankment viewed from downstream.
Culvert on the left-hand side and spillway on the right of photo.*

2. Safety

WWL has a statutory (Health and Safety at Work Act 2015) and moral duty of care for people we influence or direct while delivering the Waimea Community Dam project. WWL's Health, Safety and Wellbeing obligations are discharged across three responsibility areas:

1. Operating a Health and Safety Management System for the safety and wellbeing of WWL's employees.
2. Ongoing due diligence of the Main Contractor's Health and Safety Management Systems for the main dam site.
3. Activity-specific due diligence for Minor Contractors, to check the appropriateness of and adherence to their own Health and Safety Management Systems.

WWL System: During this reporting period, WWL implemented updates to its H & S Management System including:

- The introduction of lead safety indicators in the areas of ergonomics, vehicle condition checks and wellbeing. Although only in use a short time, trends are static in these indicators.
- Planning monthly focus areas for improvements, exercises and reviews for 2021.

WCD Site (operated by FHTJV): During the period the WCD team celebrated 800 days of no Lost Time Injuries. WWL and its consultant, IMPAC, review and work with the Contractor on its safety performance each month. During the period, the following due diligence activities were undertaken on the main dam site:

- "Back to Work" H & S session in January.
- Health monitoring for site staff.
- 3 x independent monthly reviews of the FHTJV Project Safety Plans and Reports.
- Daily observations of site activity by WWL staff, and action on safety shortfalls.
- Co-operative review of monthly indicators with the Contractor.

Key metrics for this reporting period are:

- There were no recordable injuries or high potential incidents during the period.
- The main Contractor logged opportunities and lower rated observations (see Figure 2) at a similar rate to the previous quarter.
- The main Contractor logged 57 "lead indicators" this quarter. These are pro-active reports or audits carried out with a view to prevention. These lead indicators include actions from WWL audits or feedback.
- Activities by 'Separate Contractors' ramped up on the site, mostly Damwatch Engineering Ltd undertaking installation of instrumentation. WWL assisted this to be achieved safely through provision of vehicles, storage space and co-ordination.

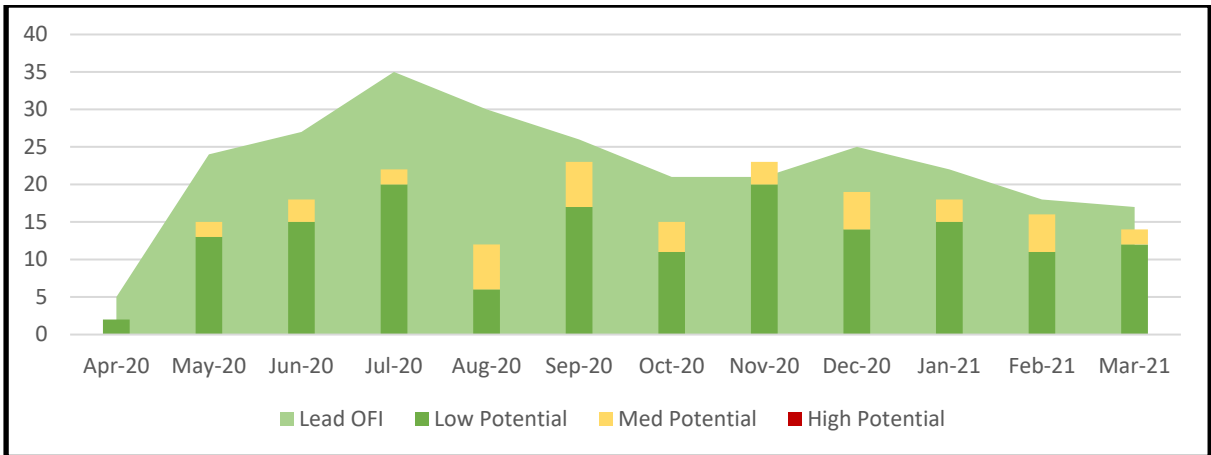


Figure 2: Main dam site rolling safety metrics - Opportunities for Improvement (OFIs) and Incident Reports by potential harm



Figure 3: Back to work Safety Session, January 2021

Other minor contractors

There have been no incidents related to the environmental offset and enhancement work on Rough Island, or the biodiversity survey work in the Lee River Valley below the main dam site.

3. Engagement

As well as scheduled shareholder meetings during the period, WWL has actively engaged with stakeholders and the public about the project.

In January, WWL hosted Government Ministers and the Tasman District Mayor on site. The Nelson Mail and the Golden Bay Weekly were also hosted on site during the period, as were WIN members, the New Zealand Planning Institute, TDC staff, irrigators, Civil Construction NZ Nelson Branch, and Engineering New Zealand. Shareholders and regional MPs are scheduled to visit the site in April.

WWL manned a public information display in the Richmond Mall in February and March, and is installing a display in the Richmond Library for two weeks in late April.

4. Design

The majority of significant design changes are complete with WWL's team of engineers and geologists continuing to monitor geological conditions as they are encountered, adapting the design to suit.

a. Dam Safety

Planning is underway to prepare and update the dam safety management system for operational readiness. This includes documenting surveillance and monitoring procedures, finalisation of emergency action planning and preparation of operational manuals and procedures.

b. Dam Design

Three-dimensional computational fluid dynamics (CFD) modelling of the revised spillway was undertaken following the spillway design (approach channel, flip bucket and plunge pool), that had been amended for the encountered topography and geology. The modelling verified the spillway rating curve and confirmed the freeboard is in accordance with the NZSOLD guidelines.

The lower spillway bridge design has now been completed following additional geotechnical investigations undertaken to inform selection of abutment design.

WWL continues to work with the Contractor to identify opportunities to reduce cost and find programme efficiencies. The latest change under consideration is to adopt a precast parapet wall arrangement to accelerate construction.

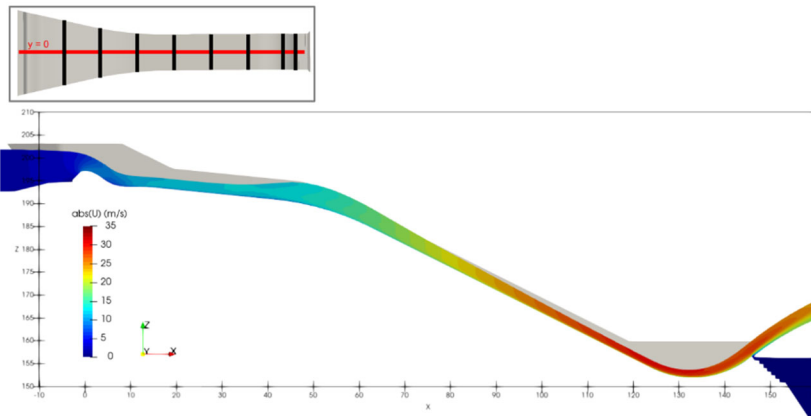


Figure 4: Modelling results of velocity in Spillway

c. Mechanical and Electrical

Pricing and procurement of mechanical and electrical equipment and works continued this period.

Modifications to the electrical, mechanical and structural components of the outlet works were undertaken in response to the change to mini-hydropower generation. This comprised:

- Introduction of a booster pump to feed water to the fish-pass, utilising high pressure water from the outlet pipework
- Platform modifications within the valve chamber for the mini hydropower system and a fish-pass booster pump. Revisions were also made for sump pump penetration
- Design of an expanded control building to house backup batteries and control systems and to ensure compliance with both NZSOLD seismic and Health and Safety at Work Act (2015) requirements.

Detailed design was commenced for the cover at downstream valve chamber. And, the detailed design of the low voltage electrical system was taken on by WWL and has now been completed for tendering by the Contractor.

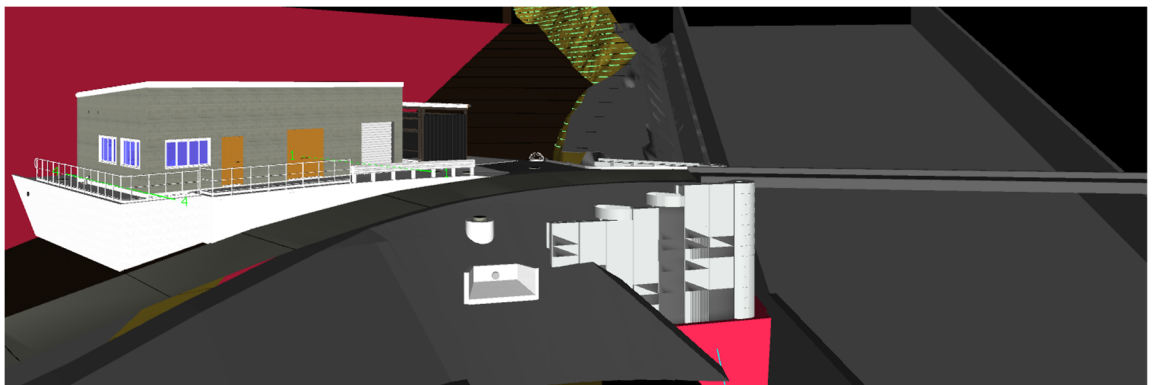


Figure 5: Revised control room and spillway bridge abutment

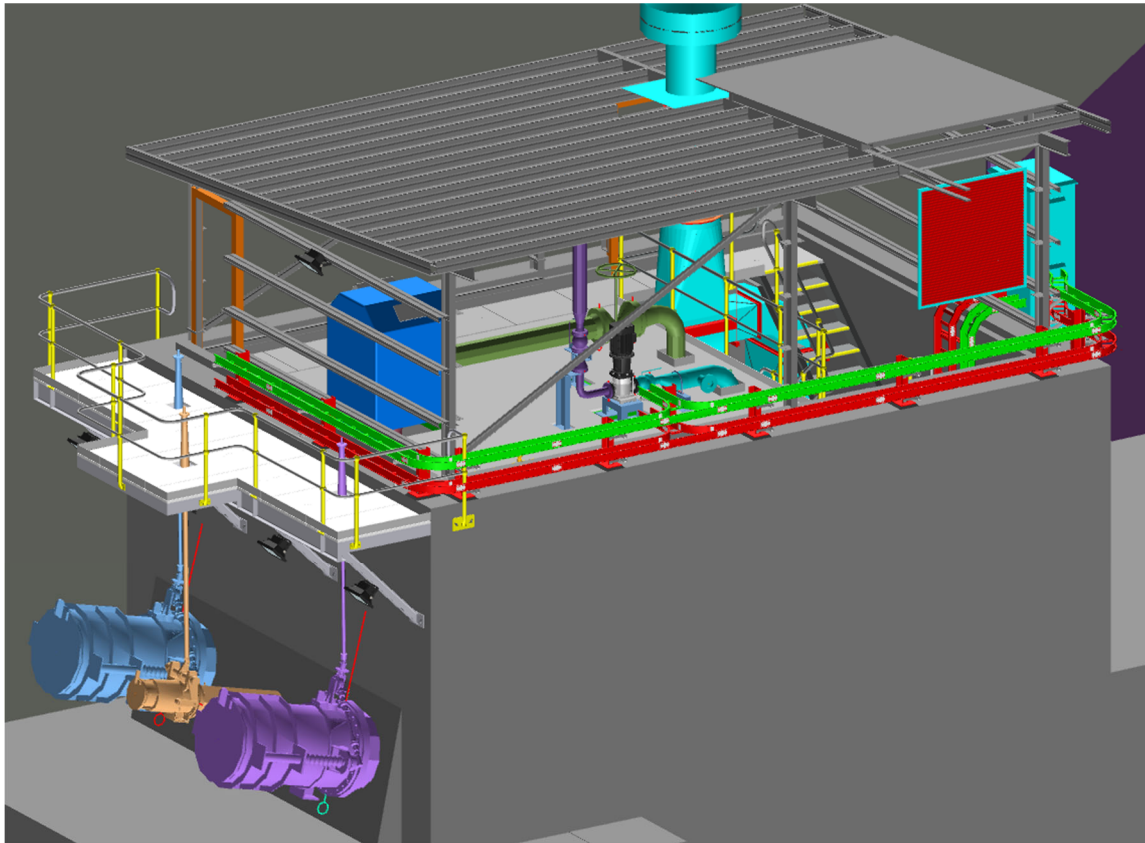


Figure 6: Downstream valve chamber showing mini-hydropower turbine and revised piping

d. Ancillaries

Ancillary elements of the work were progressed by WWL, superseding design and build components of the project. These included updating of the Outlet Functional Description, design of the control systems, winches and winch platform, and of the intake screens.

e. Closure sequencing

A final concept has been developed and the procurement of long lead items is underway.

Work optimising the preferred concept for diversion closure continues.

Preparation of commissioning plans has commenced.

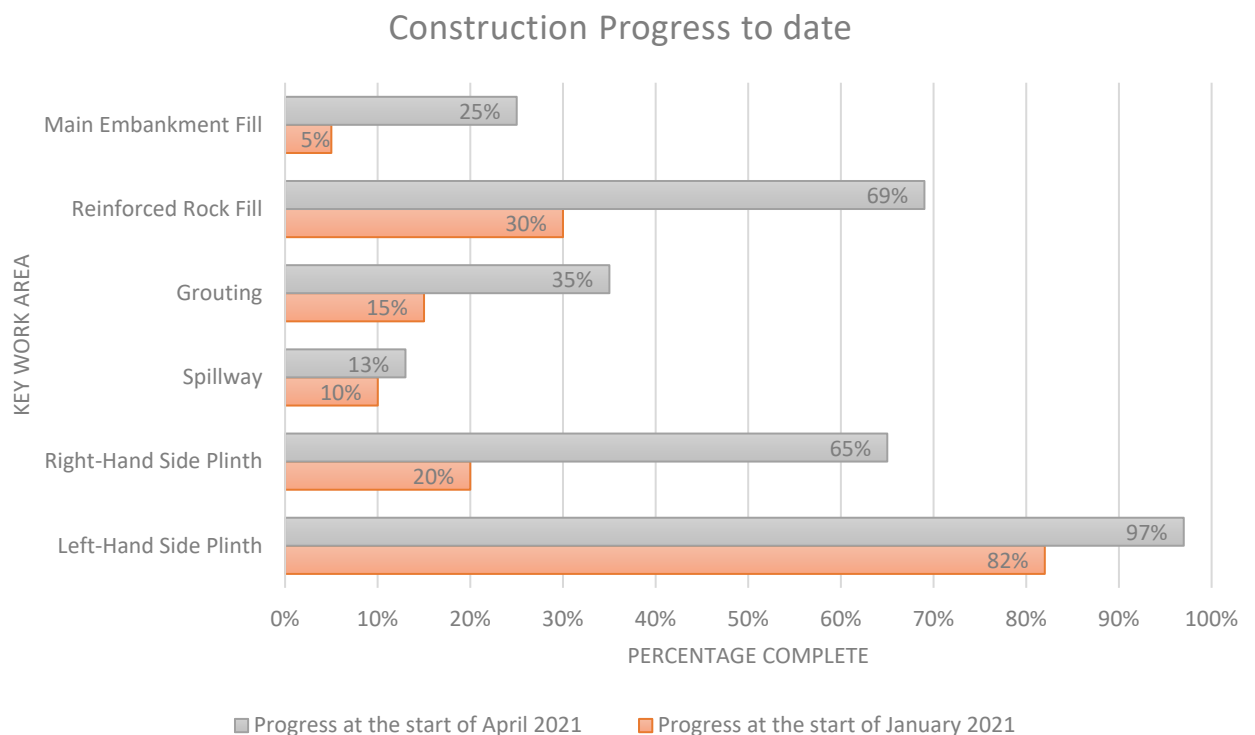
5. Construction

As of 31 March 2021, construction is well progressed with the third stage of river diversion in progress and construction of the reinforced rockfill embankment reaching a height of approximately 20 metres above the riverbed level.

This quarter, the focus has been on exposing the balance of the valley floor foundation, treating defects, placing imported drainage material and commencing the concrete face kerbing. Embankment fill remains the critical path activity, however, the spillway is near critical path. Excavation of the spillway is well progressed and being carried out to balance with demand for embankment fill. The foundation to the bottom half of the spillway has been excavated, cleaned and site concrete poured in preparation for slip-forming of the spillway wall bases to commence late April 2021.

The construction of the 310m long upstream plinth is now largely complete. As the plinth has progressed, drilling and grouting for the blanket and grout curtain has followed. The left-hand side plinth is all but completed and approx 50m is to be completed on the right-hand side.

The graph below shows progress of activities during this period.



At-a-glance construction activities/events of note this quarter:

- Left-hand side plinth approximately 97% completed. One section remaining to connect with the Parapet Wall structure.
- Right-hand side plinth foundation concrete is completed, and plinth structural concrete is approximately 35% completed.
- The two intake bends were installed and encased in concrete to mitigate thrust forces.
- Spillway excavation is well progressed with 30m of spillway foundation exposed and 20m of site concrete placed in this period.
- Grouting of all the tertiary and additional quaternary holes in the flat section of the dam floor is complete. Overall, 35% of grouting works is completed.
- The reinforced rockfill in the embankment progressed to a height of 20m (of 29 m).
- Filling of the main embankment is approximately 25% completed overall - 115,000m³ of a total forecast volume of 480,000m³.
- The drainage blanket (Zone 3P blanket) in the upstream third of embankment has reached the top of starter dam level at approx. 155mRL.
- Concrete face kerbing commenced in March.
- Production of Zone 2B material has continued but proved challenging.
- One flood event occurred during the reporting period
- Orders have been placed for several long lead Mechanical & Electrical items including the flow meter and knife gate guard valves. Awarding the sub-contract for the main Mechanical package is expected to be completed in the next quarter.



Figure 7: Defect treatment of third Embankment foundation

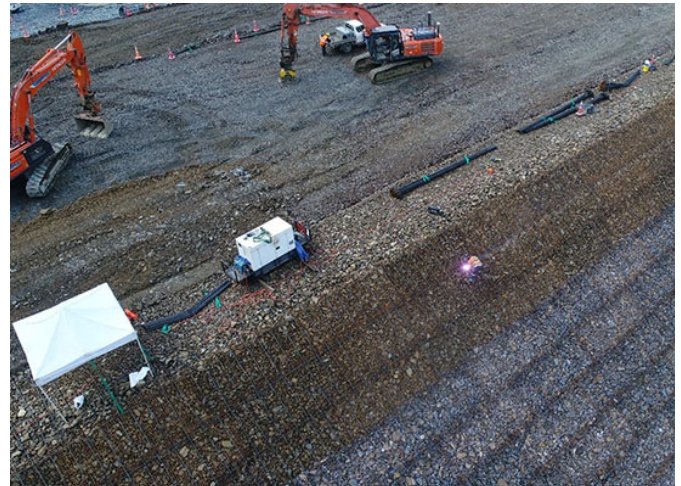


Figure 8: Welding on Reinforced Rockfill face mesh



Figure 9: Overview of the embankment footprint from top of Spillway



Figure 10: Upstream third embankment filling progress



Figure 11: Preparing the last section of LHS downstream anchor slab



Figure 12: Cleaning LH abutment foundation



Figure 13: The first hand-made kerb is being placed



Figure 14: LH abutment foundation treatment & kerb placement



Figure 15: RH plinth concrete complete. Drilling anchor holes at top



Figure 16: Steel fixing progress on RH plinth

6. Environment

During the quarter, WWL worked in compliance with its resource consents. Construction has to date not compromised the Construction Environmental Management Plan. Four Environmental Management Plans are under development or going through certification at the end of the reporting period.

Fortnightly water quality monitoring has been within prescribed parameters throughout the period, with Water Quality Results and the QMCI score continuing to demonstrate excellent ecological health in the river, including after the period's flood event in February.



Figure 17: Clean, clear water flowing from the diversion culvert



Figure 18: SLR water quality monitoring at downstream site

Lee River deposited fine sediments

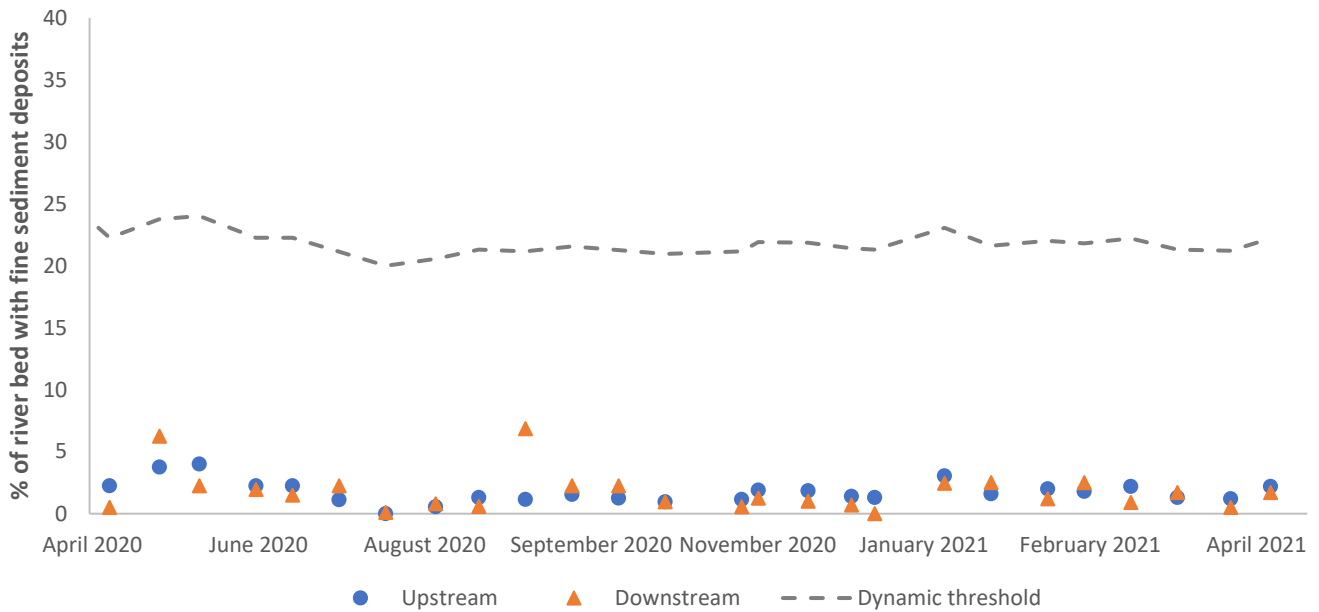


Figure 18: Lee River Deposited fine sediment

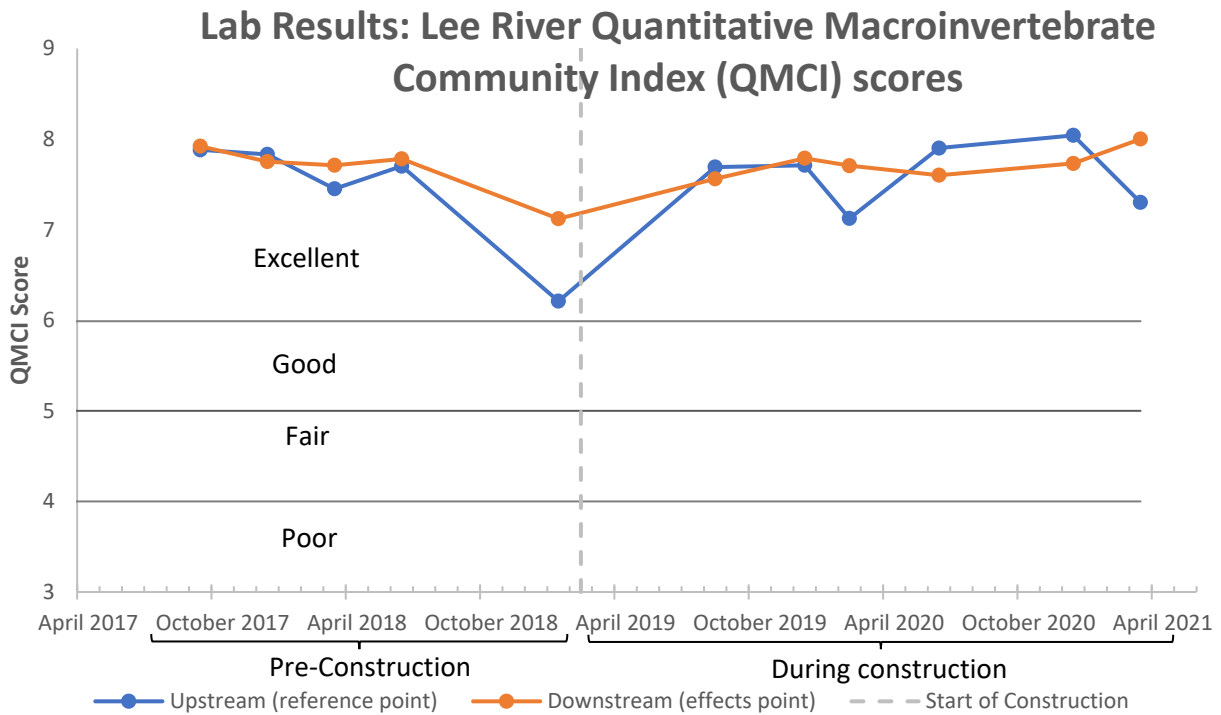


Figure 19: Lee River QMCI (Quantitative Macroinvertebrate Community Index) score

Biodiversity Management Plan

The approximately 10,500 trees planted last year at Rough Island as part of our Biodiversity Management Plan have been added to the national tree counting website, Trees That Count. Our project is currently at the #1 spot for 2021 and 120th of all time. Working with TDC, 15,000 more trees will be planted on Rough Island this year.

Monitoring of two key wetland plant species is completed.

The Gorge Turf monitoring program is underway, monitoring the health of turf plant communities in the Lee before and after the dam modifies the river flow.

ETS calculations for the 2020 calendar year were completed and submitted to Te Uru Rākau ahead of the March 21 deadline. WWL has also provided amendments to the 2019 submission to incorporate changes in design.

Construction phase fish passage

The project provides for fish passage in the Lee River catchment during the construction of the dam. Access roads requiring modifications to culverts, or new culverts installed have been completed under the guidance of a consulting ecologist to ensure modern fish passage standards are met. Temporary culvert crossings on the Lee River are also monitored to ensure fish passage is maintained.

Where water is abstracted from the river for drinking and construction purposes, the sites intake pipe is fitted with a fine mesh screen to exclude fish.

The largest construction phase impediment to fish passage is the diversion culvert at the base of the dam, where the water velocity is thought to be too high for fish to pass through. To mitigate this, RMA Ecology's trap and transfer programme sees fish transported and released above the dam in the Lee River and the Waterfall Creek tributary.

Figure 20 provides a count of fish caught for transfer to date. These are additional to the 468 fish salvaged during the culvert diversion process.

Trap Occasion	Date	Capture Method	Released onsite		Transferred to Waterfall Creek			
			Brown trout	Longfin eel	Kōaro	Elver	Un-ID Bully	Redfin bully
#1	16/12/2020	1, 2	1	15	220			
	17/12/2020	1, 2, 3		6	120		10	2
	18/12/2020	1, 2, 3	3	7	153	2	15	
	Dec total		4	28	493	2	25	2
#2	12/01/2020	1	3	6	14	2		2
	13/01/2020	1, 4	4	3	62	5		11
	Jan total		7	9	76	7	0	13
#3	22/02/2021	1, 4	4		24	2		5
	23/02/2021	1	3		6	1		4
	24/02/2021	1			7	8		6
	Feb total		7	0	37	11	0	15
Total			18	37	606	20	25	30

Figure 20: Summary of trap and transferred aquatic fauna.

Long term fish passage

For the long term, WWL is developing a trap and transfer process to ensure adult, out-migrating eels can complete their life cycle. The dam's design includes a fish passage for upstream migrating fish.

7. Programme

The programme remains delayed as forecast in February this year, with Practical Completion of the dam approximately 6 months late. The dam is likely to be completed in the 2nd quarter of 2022, so that the reservoir is filled over the winter and spring of 2022 and commissioned in time for the summer of 2022/2023.

8. Cost and Risk

The expected cost to complete construction of the Waimea Community Dam is \$158.4M as forecast in the mid-year report of February 2021. This forecast includes \$11.2M of costs resulting from COVID-19 and delays.

Recognising uncertainty in geology, COVID-19 and mechanical works, the range of uncertainty on cost is reasonably expected to be between \$148M and \$164M based on known risks, as reported in February 2021.

During the accounting period, risks evolved and were realised pertaining to embankment fill materials, mechanical items, import prices and weather impacts. The cost of these risks are within the estimated costs.

WWL continues to investigate ways to reduce risk, however, the project continues to face cost pressures.

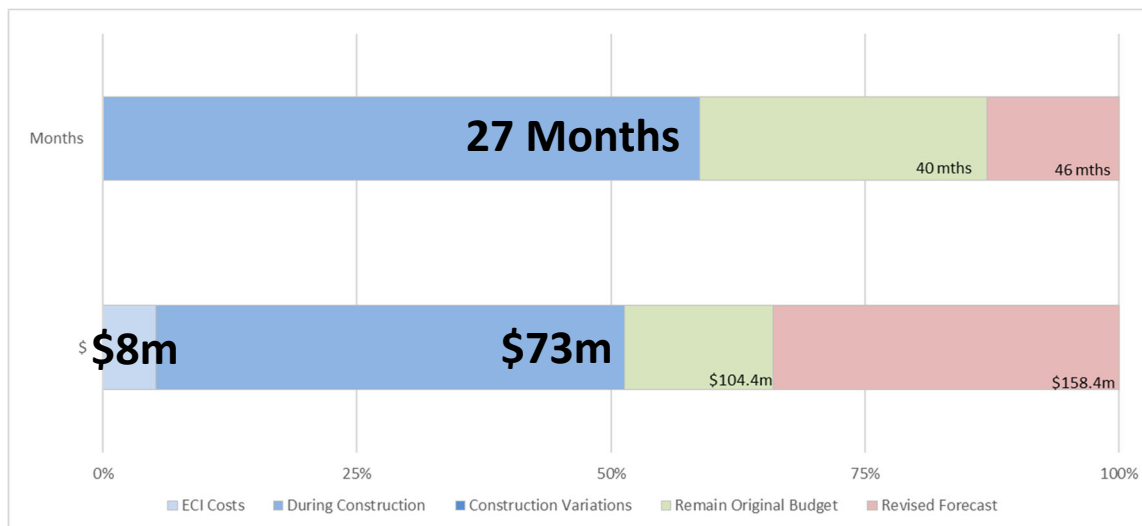


Figure 21: Spend and Time to Date

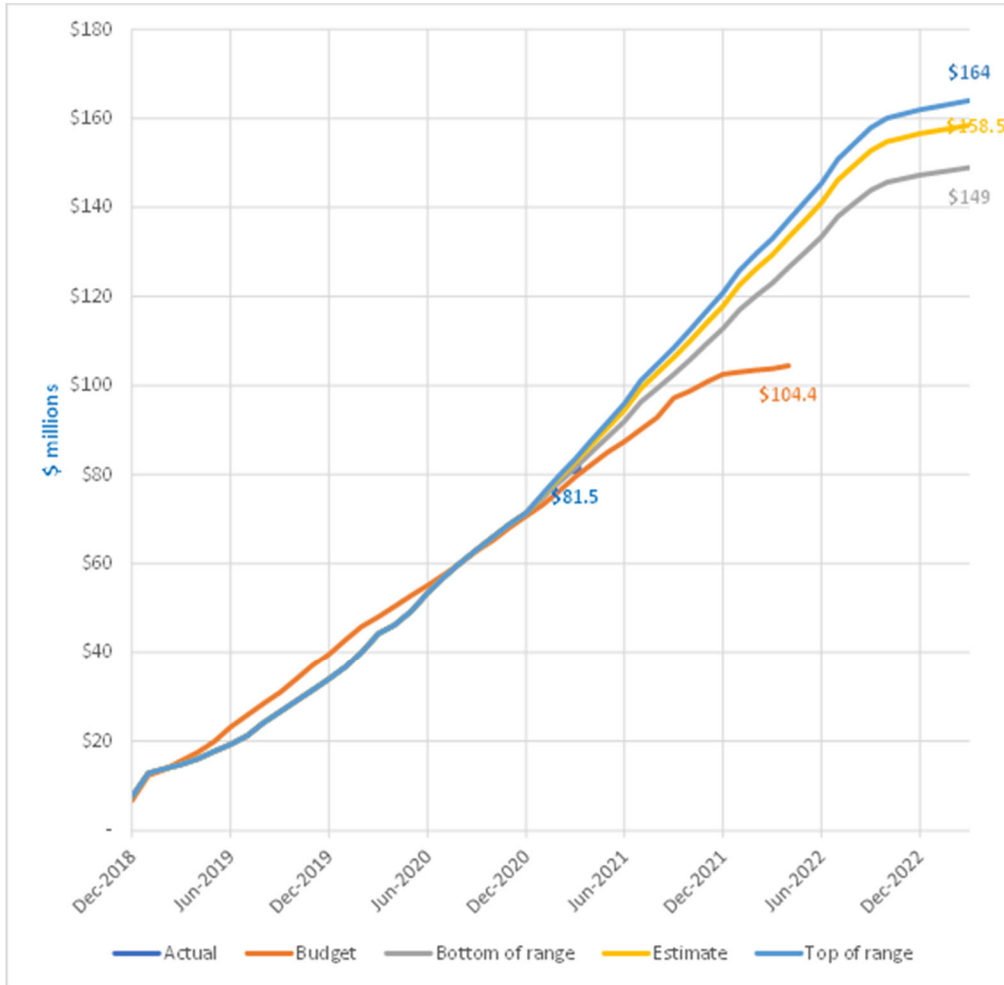


Figure 22: Project S-Curve



Unaudited financial information

Waimea Water Limited

Financial Statements
For the 9 months ended 31 March 2021



Unaudited

Waimea Water Limited

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Unaudited

Statement of Comprehensive Revenue and Expense

For the 9 months ended 31 March 2021

	Note	9 months Mar 2021 \$000	9 months Mar 2020 \$000	Audited FY2020 \$000
Project costs	1	-	-	-
Employee costs		473	483	628
Depreciation and impairment	2	14	17	110
Other administrative expenses	3	239	217	317
Operating expenses		726	717	1,055
Finance income	4	406	491	646
Finance costs	4	-	(1)	(1)
Surplus/ (Deficit) for the year		(320)	(227)	(410)

Statement of Changes in Net Assets

For the 9 months ended 31 March 2021

	Note	9 months Mar 2021 \$000	9 months Mar 2020 \$000	Audited FY2020 \$000
Opening retained earnings		(728)	(318)	(318)
Total surplus (deficit) for the period		(320)	(227)	(410)
Retained earnings as at period end		(1,049)	(545)	(728)
Opening share capital		55,147	35,096	35,096
Movement for the period		15,370	15,965	20,051
Share capital as at period end	19	70,517	51,061	55,147
Closing equity at period end		69,468	50,516	54,419

Statement of Financial Position

As at 31 March 2021

	Note	9 months Mar 2021 \$000	9 months Mar 2020 \$000	Audited FY2020 \$000
Assets				
<i>Current</i>				
Cash And Cash Equivalents	6	3,039	275	4,268
Receivables From Non-Exchange Transactions	7	666	621	1,584
Other Current Financial Assets	8	10,842	-	16,345
Total Current Assets		14,547	896	22,197
<i>Non-Current</i>				
Property, Plant And Equipment	9	78,703	43,597	51,436
Deferred Tax Asset	10	-	-	-
Other Non-Current Financial Assets	8	-	20,743	-
Total Non-Current Assets		78,703	64,340	51,436
Total Assets		93,250	65,236	73,633
Liabilities				
<i>Current</i>				
Payables Under Exchange Transactions	11	5,092	4,718	4,531
Employee Entitlements	12	84	53	86
Total Current Liabilities		5,176	4,771	4,617
<i>Non-Current</i>				
Loans And Borrowings	13	18,606	9,949	14,597
Total Non-Current Liabilities		18,606	9,949	14,597
Total Liabilities		23,782	14,720	19,214
Net Assets		69,468	50,516	54,419
Equity				
Equity Contributions	19	70,517	51,061	55,147
Accumulated Funds		(1,049)	(545)	(728)
Other Equity Reserves		-	-	-
Total Equity		69,468	50,516	54,419

Statement of Cash Flows

For the 9 months ended 31 March 2021

Note	9 months Mar 2021 \$000	9 months Mar 2020 \$000	Audited FY2020 \$000
<i>Cash flow from operating activities</i>			
	(367)	(322)	(445)
	(429)	(458)	(577)
	<u>(796)</u>	<u>(780)</u>	<u>(1,022)</u>
<i>Cash flow from investing activities</i>			
	(25,609)	(22,318)	(31,332)
	5,630	(5,291)	(919)
	<u>(19,979)</u>	<u>(27,609)</u>	<u>(32,251)</u>
<i>Cash flow from financing activities</i>			
	15,774	15,965	20,052
	3,493	7,658	12,266
	279	319	501
	-	-	-
	<u>19,546</u>	<u>23,942</u>	<u>32,819</u>
	(1,229)	(4,447)	(454)
	4,268	4,722	4,722
	<u>3,039</u>	<u>275</u>	<u>4,268</u>

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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.

The unaudited financial statements were authorised for issue by the Board of Directors on 24 May 2021.

B Basis of preparation

(a) Statement of compliance

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

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Comparatives

Comparative financial periods are the matching period of operations of the prior financial year and the last financial year end. Comparatives may have been reclassified from that reported in the 30 June 2020 financial statements where appropriate to ensure consistency with the presentation of the current year's position and performance.

(e) Changes in accounting policies

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

C Summary of significant accounting policies

The preparation of financial statements requires WWL to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Future outcomes could differ from those estimates. The principal 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.

(f) Cash and Cash Equivalents

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

Notes to the financial statements

(g) Trade and Other Receivables

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

(h) Trade and Other Payables

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

(i) Property, plant and equipment

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

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

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

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

Disposals

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

Depreciation

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

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

Notes to the financial statements

(j) Intangible assets

Software Acquisition and Development

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

(k) Impairment of non-current assets

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

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

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

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

(l) Other Financial Assets

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

(m) Share Capital

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

(n) Interest Bearing Borrowings

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

(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.

Notes to the financial statements

(p) Revenue

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

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

(q) Expenses

Financing Costs

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

Dividends

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

(r) Income Tax

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

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

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

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

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

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

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

(s) Goods and Services Tax (GST)

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

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

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

1 Project construction costs

	9 months Mar 2021 \$000	9 months Mar 2020 \$000	Audited FY2020 to \$000	Project to date \$000
<i>The following amounts attributable to the build were passed through operational accounts:</i>				
Pre-incorporation costs	(2)	8	6,253	6,251
Dam construction costs	20,798	19,903	35,748	56,546
Project services	4,805	3,422	5,665	10,470
Borrowing costs capitalised	112	130	456	568
WWL operations	1,606	1,258	3,016	4,622
Transfer costs attributable to build to Capital WiP	(27,319)	(24,721)	(51,138)	(78,457)
Total	-	-	-	-

2 Depreciation, amortisation and impairment expenses

	Note	9 months Mar 2021 \$000	9 months Mar 2020 \$000	Audited FY2020 \$000
Depreciation of property, plant and equipment	9	14	17	24
Impairment loss - Capital WiP *		-	-	86
Total		14	17	110

* Some pre-incorporation costs reimbursed to TDC in FY19 were impaired in FY20.

3 Other overhead and administrative expenses

	9 months Mar 2021 \$000	9 months Mar 2020 \$000	Audited FY2020 \$000
Office costs	79	65	81
Insurance	61	52	58
Other professional fees *	57	98	123
Accounting fees	19	14	17
Auditor remuneration	14	-	33
Legal fees *	9	(12)	5
Total	239	217	317

* Some fees incurred in FY19 were recoded in FY20, moving them between Project services (Note 1) and Legal fees and Other professional fees (Note 3).

4 Finance income and costs

	9 months Mar 2021 \$000	9 months Mar 2020 \$000	Audited FY2020 \$000
Interest income on bank deposits	406	491	646
Bank fees	-	(1)	(1)
Net	406	490	645

5 Share Capital

	9 months Mar 2021	9 months Mar 2020	Audited FY2020
<i>9,999 shares were authorised and issued on 21 Dec 2018.</i>			
Ordinary shares - TDC	5,110	5,110	5,110
Ordinary shares - WIL	2,978	2,978	2,978
Non-voting shares - WIL	1,911	1,911	1,911
Shares at the end of the year	9,999	9,999	9,999

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

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

<i>TDC ordinary shares contribution*.</i>	\$44,550k	\$29,270k	\$33,356k
TDC contribution per ordinary share.	\$8,718.20	\$5,727.98	\$6,527.59

TDC ordinary shares issued and fully paid	5,110	-	-
TDC ordinary shares issued and not fully paid	-	5,110	5,110

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

<i>WIL ordinary shares contribution*.</i>	\$25,967k	\$21,791k	\$21,791k
WIL contribution per ordinary share.	\$8,719.51	\$7,317.33	\$7,317.33

WIL ordinary shares issued and fully paid	2,978	-	-
WIL ordinary shares issued and not fully paid	-	2,978	2,978

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

** Share Capital contributions are also shown in Note 19, and represent the total dollar value of shares paid up. TDC contributions were primarily made to provide working capital to WWL. WIL contributions were made on agreed instalments.*

TDC has committed to fund additional project costs. Shareholders have agreed part of the additional funding will be way of subscription for further shares. At balance date WWL has authorised the issue of up to 2,520 additional ordinary shares with a par value of \$8,719.91. At Balance Date these shares have not been issued and no contributions received for them. WWL will not authorise or issue further ordinary shares if it results in WIL holding less than 25% of total ordinary shares. Any additional project costs not funded by capital will be funded by loan, refer Note 13.

6 Cash and cash equivalents

	9 months Mar 2021 \$000	9 months Mar 2020 \$000	Audited FY2020 \$000
Cash at bank and in hand	3,039	275	4,268
Total	3,039	275	4,268

7 Receivables from non-exchange transactions

	Note	9 months Mar 2021 \$000	9 months Mar 2020 \$000	Audited FY2020 \$000
GST receivable		665	619	583
Other prepayments / receivables	17	1	2	1,001
Total		666	621	1,584

8 Other financial assets

	Note	9 months Mar 2021 \$000	9 months Mar 2020 \$000	Audited FY2020 \$000
<i>Held-to-maturity investments</i>				
Term deposits - current		10,842	-	16,345
Term deposits - non-current		-	20,743	-
Total	15	10,842	20,743	16,345

9 Property, plant and equipment

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

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

9 months Gross carrying amount

Mar 2021	Opening	51,138	28	76	278	51,520
	Additions	27,319	-	-	-	27,319
	Impairment	-	-	-	-	-
	Disposals	-	-	-	-	-
	Gross carrying amount	78,457	28	76	278	78,839
	<u>Accumulated depreciation and impairment</u>					
	Opening	-	(3)	(27)	(54)	(84)
	Depreciation - assets attributable to the build	-	-	-	(39)	(39)
	Depreciation - administration assets	2	(2)	(12)	-	(14)
	Disposals	-	-	-	-	-
	Accumulated depreciation and impairment	-	(5)	(39)	(93)	(137)
	Carrying amount 31 March 2021	78,457	23	37	185	78,702

Audited FY2020	Gross carrying amount	51,138	28	76	278	51,520
	<u>Accumulated depreciation and impairment</u>					
	Opening	-	-	(6)	(12)	(18)
	Depreciation - assets attributable to the build	-	-	-	(35)	(35)
	Depreciation - administration assets	2	(3)	(21)	-	(24)
	Disposals	-	-	-	(7)	(7)
	Carrying amount 31 March 2020	51,138	25	49	224	51,436

10 Deferred tax

	9 months Mar 2021 \$000	9 months Mar 2020 \$000	Audited FY2020 \$000
<i>Deferred tax assets are only recognised when management consider it probable that future tax profits will be available against which these assets will be utilised.</i>			
Recognised deferred tax assets:	-	-	-
<i>Unrecognised deferred tax assets are based on:</i>			
Statement of Comprehensive Revenue and Expense	(320)	(227)	(410)
Temporary differences *	85	-	81
Temporary differences **	(112)	-	(170)
Temporary differences prior year *	-	-	16
<u>Temporary differences prior year **</u>	-	-	(286)
Taxable income (deficit)	(347)	(227)	(769)
<i>Unrecognised deferred tax assets consist of:</i>			
Opening balance	304	89	89
Tax on taxable position above, at 28%	97	64	215
Total unrecognised deferred tax asset	402	153	304
* Primarily related to the deductibility of annual leave			
** Primarily related to the deductibility of capitalised finance costs			

11 Payables under exchange transactions

	Note	9 months Mar 2021 \$000	9 months Mar 2020 \$000	Audited FY2020 \$000
Trade creditors		5,054	4,684	4,446
Related party payables	19	35	25	71
Non trade payables and accrued expenses		3	9	14
Total		5,092	4,718	4,531

12 Employee entitlements

	9 months Mar 2021 \$000	9 months Mar 2020 \$000	Audited FY2020 \$000
Annual leave entitlements	84	53	86
Total	84	53	86

13 Loans and borrowings

	9 months Mar 2021 \$000	9 months Mar 2020 \$000	Audited FY2020 \$000
Non-current - Secured loans - CIIL	18,202	9,949	14,597
Non-current - Secured loans - TDC	404	-	-
Total	18,606	9,949	14,597

WWL has financing arrangements with Crown Irrigation Investments Limited up to \$25,000,000. Facilities can be drawn down monthly 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 plus guarantees from Waimea Irrigators Limited, and are repayable by 2034.

WWL has financing arrangements with Tasman District Council up to \$8,750,000. Facilities can be drawn down monthly to fund project costs, and are secured by a second ranking general security over present and future assets. Facilities will be repaid in instalments after project completion, with final maturity no later than 2058.

TDC has committed to fund additional project costs, part of which will be way of financing arrangements. Terms for such financing are to be agreed between WWL and shareholders. No funds have been drawn at Balance Date.

14 Commitments

	9 months Mar 2021 \$000	9 months Mar 2020 \$000	Audited FY2020 \$000
<i>Expenditure contracted for at the end of the reporting period but not yet incurred is:</i>			
Property, plant and equipment	37,352	62,685	50,414
Total	37,352	62,685	50,414

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	Loans and receivables	Financial Liabilities at amortised cost	Total
\$000	\$000	\$000	\$000

9 months Mar 2021

Financial assets

Cash and cash equivalents	-	3,039	-	3,039
Trade debtors and other receivables	-	1	-	1
Other financial assets *	10,842	-	-	10,842

Total Financial assets

10,842	3,040	-	13,882
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Financial liabilities

Trade creditors and other payables	-	-	5,048	5,048
Loans and borrowings **	-	-	18,606	18,606

Total Financial liabilities

-	-	23,654	23,654
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Audited FY2020

Financial assets

Cash and cash equivalents	-	4,268	-	4,268
Trade debtors and other receivables	-	1,001	-	1,001
Other financial assets *	16,345	-	-	16,345

Total Financial assets

16,345	5,269	-	21,614
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Financial liabilities

Trade creditors and other payables	-	-	4,476	4,476
Loans and borrowings **	-	-	14,597	14,597

Total Financial liabilities

-	-	19,073	19,073
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	9 months Mar 2021	Audited FY2020
* Other financial assets		
ANZ term deposit maturing Aug 2020 at 2.58%	-	511
ANZ term deposit maturing Dec 2020 at 3.55%	-	5,277
ANZ term deposit maturing Apr 2021 at 3.55%	5,419	5,277
ANZ term deposit maturing Jun 2021 at 3.58%	5,423	5,280
Total term deposits	10,842	16,345

** Loans and borrowings

	9 months Mar 2021	Audited FY2020
Crown Irrigation Investments Limited	18,202	14,597
Tasman District Council	404	-
	18,606	14,597

16 Contingent assets and contingent liabilities

The entity has no contingent assets or contingent liabilities.

Last year the Engineer To Contract ("ETC") confirmed a 33 day suspension of works for the government mandated Covid-19 Level 4 lockdown. The obligation was not recognised because the final amount could not be reliably measured. The process to value the suspension was completed in April 2021, refer Note 17.

The Covid-19 lockdown will have future flow-on effects and further costs may be incurred in future periods, refer Note 17.

17 Covid-19

Impacts

On 26 Mar 2020 of last financial year the country entered a government mandated Covid-19 lockdown. WWL staff operations were not significantly impacted. Site works were suspended until 28 Apr 2020 when they resumed under Level 3. During Levels 3 and 2, appropriate restrictions and precautions impeded productivity. At 30 Jun 2020 normal works had resumed. The lockdown will extend the programme past the scheduled completion date in FY22.

Financial performance

The ETC issued a Notice To Contractor confirming a 33 day suspension for lockdown Level 4, valued in April 2021 at \$917,947. At March 2021 the cost is included in commitments in Note 14.

Last year the Contractor was advanced \$1,000,000 against those costs, without prejudice, to support employee retention during Level 4 and facilitate re-mobilisation at Level 3. At that time the advance - since repaid - was treated as a prepayment, refer Note 7.

Non-financial performance

The schedule was delayed for impacts from lockdown Levels 4, 3 and 2. The lockdown did not affect the ability to report against performance indicators.

Future assumptions

The final schedule will be affected and future costs will be higher than earlier contemplated. Costs for the 33 day suspension, resolved in April 2021, and for productivity losses during Levels 3 and 2, will be treated as impaired expenses. Further costs will be incurred in future periods from any flow-on impacts, however, those costs are unknown.

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, or separate disclosure. (WWL continues to receive claims for extension of time from the Contractor that if agreed may result in future costs.)

19 Related party transactions

WWL is jointly owned by Tasman District Council ("TDC" - 51% of issued shares) and Waimea Irrigators Limited ("WIL" - 49%). TDC and WIL are Joint Operators. The entity also has a related party relationship with its Directors and other key management personnel. Key management personnel include the Board of Directors and members of the Executive / Senior Management.

	9 months Mar 2021 \$000	9 months Mar 2020 \$000	Audited FY2020 \$000
<u>Purchase of goods and services</u>			
<i>Purchase / reimbursement of services</i>			
Directors *	16	-	-
Pre-incorporation costs	(3)	-	3
Shareholder services	3	3	123
Total	16	3	126

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

	Note	9 months Mar 2021 \$000	9 months Mar 2020 \$000	Audited FY2020 \$000	Total \$000
<u>Share Capital contributions from Joint Operators</u>					
Tasman District Council Share Capital		11,194	29,270	33,356	44,550
Waimea Irrigators Limited Share Capital		4,176	21,791	21,791	25,967
Total Share Capital	5	15,370	51,061	55,147	70,517

		9 months Mar 2021 \$000	9 months Mar 2020 \$000	Audited FY2020 \$000
<u>Loans and borrowings</u>				
Non-current - Secured loans - TDC		404	-	-
<u>Year end receivable/ payable with related parties</u>				
<i>Payable to related parties:</i>				
Directors		35	25	32
Shareholders		-	-	39
Other key management personnel		-	-	-
Total	11	35	25	71

		9 months Mar 2021 \$000	9 months Mar 2020 \$000	Audited FY2020 \$000
<u>Key management compensation</u>				
<i>Key management personnel compensation includes the following expenses:</i>				
Salaries and other short-term employee benefits		606	554	945
Directors fees		189	126	236
Total		795	680	1,181
Persons recognised as key management personnel		11	11	11

Company Directory

Directors

David Wright (Chair)

Bruno Simpson (Deputy Chair)

Doug Hattersley

Julian Raine

Ken Smales

Andrew Spittal

Margaret Devlin

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Chief Executive

Mike Scott

Management

Chief Financial Officer:

Dave Ashcroft

Commercial Manager and Company Secretary:

Richard Timpany

Engineering and Design Manager:

Iain Lonie

Environmental and Sustainability General Manager:

Alasdair Mawdsley

Construction Manager:

Daniel Murtagh

Auditor

Audit New Zealand on behalf of the Auditor-General

Accountant

Findex Ltd

Banker

ANZ Corporation

Lawyer

Anderson Lloyd