

# Management Report for the Board of Opuha Water Limited

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July 2013



**OPUHA WATER LTD**  
Enabling | Sustainable | Growth

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## Section Four

### FOLD OUT

Meeting Agenda

# Notice of Meeting

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**Directors are advised that the next board meeting has been scheduled for Wednesday 31<sup>st</sup> July 2013 at 8.30am.**

**The meeting will be held in the boardroom of Opuha Water, 875 Arowhenua Road, Pleasant Point.**

For your information, a copy of the Minutes from the meeting held on 26<sup>th</sup> June 2013 have been enclosed. A number of action points arose from this meeting and are summarised below:

- Diesel Unit - Mr Pemberton Mr McCormick
- Over 80% Water Use - Methodology for 2013/2014 Season Mr McCormick
- DSW Modifications - Arowhenua Involvement Mr McCormick
- Board Visit to Dam & Power Station Mr McCormick
- Proposal for Storage Options in Levels Mr McCormick
- Water Harvesting Above Dam - Follow up with ECan Mr McCormick
- Restructuring of OWL
  - Presentation to Shareholders/Boards at Scheme Level Mr McCormick
  - Review of Current Finance Mr McCormick
  - Investigate Financial Systems Mrs Bennett
- Debtors Management Policy Mr McCormick
- Professional Expenses Policy - Board & Director Training Mr McCormick
- Electricity Retailing Proposal Mr McCormick



**MINUTES OF MEETING OF THE BOARD OF  
OPUHA WATER LIMITED  
HELD 8.30AM, WEDNESDAY 26<sup>th</sup> JUNE 2013  
AT THE BOARDROOM OF OPUHA HOUSE, PLEASANT POINT**

**PRESENT:** Messrs T Lambie (Chair), T McCormick (CEO), T Howey, N Gormack, R Wells, A Reid, D O'Sullivan and J Boys. Mesdames N Hyslop and A Bennett (minutes).

**APOLOGIES:** Nil.

**AGENDA:** The agenda was distributed before the meeting as part of the June 2013 Management Report. The Chairman gave a special welcome to Mr Jeremy Boys who was approached by Mr Gormack following the prior Board meeting to consider filling the vacant role of Independent Director. Mr Boys was invited to be part of the Board meeting and attend the strategic planning session that was being held in the afternoon. Mr Nigel Davenport from Quantum Advantage Ltd was facilitating the strategic session.

**PREVIOUS MINUTES:** Correction to the Previous Minutes  
On page 6 of the minutes under Draft 2013/14 Budget (page 8 of the management report), Mr Wells asked that the sentence be updated to read 'a sub-committee be appointed for recommending and presenting the proposed budget to the Board in future years'.  
It was **Resolved** that the Minutes of Meeting of the Board on 29<sup>th</sup> May 2013 be confirmed as a correct record of that meeting. This was moved by Mr Wells and seconded by Mrs Hyslop. The motion was carried.

**CONFLICTS OF INTEREST:** Mr O'Sullivan advised that his role of Director of Hunter Downs Irrigation Limited be added to the register effective from 26<sup>th</sup> June 2013.

**MATTERS ARISING (from previous minutes):** Diesel Unit - Mr Pemberton  
Mr McCormick advised that he is intending to meet with Mr Pemberton however Mr Pemberton hasn't been available on previous suggested dates. Mr Pemberton is away for two weeks and will follow up on this matter on his return and hopefully have it resolved prior to the next meeting.

**Action Point: Mr McCormick**

Over 80% Water Use

Mr McCormick advised that he received a letter from LPIC requesting that all irrigators be advised at the start of the irrigation season of the conditions that apply to over 80% use and that they also receive regular updates of their season water use to date. Mr McCormick has responded. LPIC and SCFIS have previously used different approaches in the calculation of over-use charges and would like to see this changed so the basis of charging is the same across all schemes. It was noted that it is intended to target over-use on an individual water user basis rather than at a scheme level.

**Action Point: Mr McCormick**

Downstream Weir Modifications

Mrs Hyslop requested that an action point be added to the previous board meeting minutes. Mr Howey had commented that he would like to see Arowhenua involved in consultation on DSW modifications.

Mr McCormick responded advising that he is struggling to engage with Arowhenua and would like to meet with them on two agenda items - DSW modifications and flow regimes. Mr McCormick advised that all correspondence relating to these subjects is sent to Gwen Bower at Arowhenua and copied to Mandy Home.

**Action Point: Mr McCormick**

**CEO REPORT:** The CEO report was circulated to Directors before the meeting. General discussions were held on matters arising and the following points were noted:

### **Financials**

The financial reports based on the period of May 2013 were presented. The current operating position is \$1,017 better than budget and the year-end forecast position suggests a taxable profit of around \$790k. The later scheduling of the power station outage will see reduced income impacting in June. Expenditure to date remains below budget with \$300k underspent. The variance is likely to reduce in June due to planned maintenance and the power station outage.

Income for the month of May was \$104k above budget and resulted from significantly higher generation volume. The average price was 29% lower than budget. Expenditure for May was 1% under budget and main areas for under expenditure related to the deferred maintenance activities which will now be reported in the June accounts.

\$100k was paid off the floating term debt leaving total long term debt of \$26m showing in the balance sheet. The available funds in the call account will be utilised to pay the annual insurance premium of \$420k in June.

As requested by Mr Wells at the previous board meeting, a graph was now included in the CEO report to show the historical cash flow position.

### **Operations**

#### Irrigation

The only water currently being provided is within LPIC - Fulton Hogan quarry and the Pleasant Point Golf Club to maintain their pond level.

#### Generation

Generation in May was above average as a result from high inflows and recent rain events. The intention is to maintain the lake level at 385m.

Total generation in May was 3,469MWh (last month 2,151MWh) and the station ran for 570 hours - 76% (last month 390 hours - 54%). The average release from the downstream weir was 12.2 cumecs (last month 7.8 cumecs).

#### Lake Levels and Storage

Rainfall in the lake catchment on 5<sup>th</sup> May resulted in high inflows and increased the lake level 1400mm in less than 48 hours. The power station was run almost continuously to reduce the lake and maintain it near 385m. The most recent rain on 17<sup>th</sup> June resulted in flooding in our own lower catchment and high but peaky inflows into the dam.

Mr O'Sullivan commented that there is a lot of 'wet' snow in the Fairlie region and Mr McCormick responded that Mrs Gardner has been recording the skifield conditions and he hasn't noticed a huge impact from the last couple of days thaw.

### **Asset Maintenance and Management**

#### Scheme Maintenance

Winter maintenance activities have started and have focused mainly on LPIC. There appears to be little damage associated with recent floods. However, access to inspect the Sutherlands pipe crossing on the Te Ngawai is yet to be gained.

#### Power Station and Dam Maintenance

The planned outage at the power station was successfully managed by TrustPower between 4<sup>th</sup> and 14<sup>th</sup> June. Some significant maintenance inspections were able to be completed with generally good results on key items of plant that have not been inspected for some time. Mr McCormick highlighted the key points from the outage within the management report.

Divers were reasonably comfortable entering the lake at 390m and it was a good idea scheduling an initial dive - on the second dive there was less visibility due to recent rain stirring up the lake. Mr McCormick advised that he intends to arrange for some exclusion signs to be fitted to the tower structure on the lake advising the public of 'no boating or recreational divers'. Mr McCormick mentioned he is very pleased with the performance of TrustPower and the

organisation of the planned outage and in the coming weeks they will be finishing off some minor maintenance tasks.

The new diesel generator had operated twice in the last week running off its 70 litre tank which enabled it to run for at least 36 hours. It has proved its worth during interruptions to the power station electrical supply. Mr McCormick advised he is not keen to store a lot of diesel up at the power station due to diesel freezing and it's a target for thieves and people hanging around the power station itself. Usually bad weather warnings are known in advance so it is possible to have enough diesel supply taken up to the dam prior.

The new toilet facility at the dam hasn't arrived yet and hopes it will be here in the next couple of weeks. A portaloos was hired for the period of the inspections.

Mrs Hyslop commented that it would be a good idea for the board to have another trip, as a refresher, to the Dam and Power Station to understand some of these things. A possible date of 28<sup>th</sup> August was suggested, making it a full day board meeting. Date/s to be circulated.

**Action Point: Mr McCormick**

## **Major Maintenance & Capital Works**

### Downstream Weir Modifications

Project progress has slowed with key Tonkin & Taylor resources involved in the maintenance work at the power station. Design and consenting is in progress.

### Storage Shed - Opuha House

Mr McCormick advised that a new storage shed for the Opuha House site has been ordered and Broadhead construction (Specialised Structures) will begin construction in July/August.

### Dam Safety Management

Mr McCormick prepared a board paper in response to the questions raised at the May board meeting regarding dam safety and in particular whether there is sufficient review or critique of Tonkin & Taylor's work as Dam Safety Advisor, given their previous involvement as designers. Mr Gormack asked if Mr McCormick was happy with the integrity. Mr McCormick replied he was.

A copy of the Annual Dam Safety Report was provided to Directors as part of the distribution of the management report.

## **Management Reporting**

### Health & Safety

No safety incidents were reported.

### Operations Staff

Mr McCormick advised that we are actively searching for a second raceman for next season.

### Training & Development

No specific activities were undertaken during the month.

### Energy Contract

May was the commencement on the spot price period of the contract. The spot prices have fallen with the heavy rain across the island and the power station has been shut down if prices have fallen below \$20/MWh which has occurred overnight. The average spot price for May was \$79.06/MWh compared with the budget of \$110/MWh.

### Operations & Maintenance Contract

Plans to hold a quarterly review meeting during the outage were postponed due to TrustPower's maintenance manager becoming ill and cancelling his trip.

## **Strategic Water Projects**

### Strategic Storage Options for OWL

Aqualinc have provided a report on storage options and opportunities. Mr McCormick advised that the report drifted somewhat from the original brief but does provide some useful information and a good steer where strategic storage is best targeted.

The assessment focused almost entirely on the utilisation of surplus water, harnessing surplus water which was narrower than the original brief, and the report identifies that seeking a revision to the operating consent/rules regarding daily/24 hour flow targets at Saleyards Bridge will provide the best value for OWL, essentially eliminating surplus water.

Mr Gormack asked Mr McCormick if he is going to go back to Aqualinc to inform them that they drifted off the original brief and to go back and look at what had been asked. Mr McCormick replied that he hadn't thought about it and the invoice will show whether they charge the quoted price based on the brief. Mrs Hyslop asked what Aqualinc haven't provided and whether it is still important. Mr McCormick responded that the report was based on surplus water rather than looking at all options such as including utilisation of AN consents.

A discussion was held on consent change and storage, especially around LPIC where the Aqualinc report had displayed that the top end of Levels is the best place suited for storage. Mr Gormack mentioned that he would like to see a proposal on this. **Action Point: Mr McCormick**

GHD have spent a day on site as part of their studies on system control and communication options and also storage within LPIC.

#### Tekapo Water Project (New Water)

Mr McCormick advised that there hasn't been much development on this topic. Assistance was provided to Mr Brett Painter of ECan for the OOP Zone water modelling activity he is coordinating.

#### SCFIS - Special General Meeting

The scheduled Special General Meeting of South Canterbury Farmers Irrigation Society Ltd (SCFIS) for 18th June was postponed at short notice when a prospective new Director raised some issues relating to historical records and processes in relation to the Rules of SCFIS.

After meeting with the nominee and discussing the situation with Mr Andrew Leete, it was decided that the prudent option was to postpone the meeting, investigate and resolve any issues that had been raised to ensure the new SGM was correctly convened.

#### Insurance Renewal

With the change of broker the insurance placement involved a full re-marketing rather than what would typically be just a renewal. The new insurances were successfully placed on 1<sup>st</sup> June.

The overall cost of insurance was only slightly less than last year and the cost savings are well below expectations based on previous indications during the review of brokering services. Mr McCormick provided the Board with an email memorandum received from Willis.

It is intended to pay the insurance premiums upfront this year instead of using a funding facility as we have done previously. The payment will be made around the end of June.

#### Review of Current Finance

Mr McCormick advised that all three banks that were approached regarding potential refinancing have responded indicating a genuine interest in being Opuha's future banker and suggested that they can offer some improvements to our current portfolio. The degree of response varied across the three and at this stage the responses cannot be used for any level of evaluation or ranking.

ANZ provided a comprehensive proposal and Mr McCormick met with them to review some key aspects of their submission. A copy of the responses and banking proposal from ANZ was provided to Directors as part of the management report.

Mr McCormick advised that it is in his view that we need to sort out the restructure plan before committing the banks to a formal submission/tender process, assuming that we are prepared to move away from ANZ. **Action Point: Mr McCormick**

Mr Wells asked that it be documented that he is not in support of considering buying out of swaps. Mr Wells added that he would like to see Westpac included in the banks approached. Mr Gormack commented that he does not believe Westpac have an irrigation specialist or infrastructure manager to support the company.

#### Audited Self-Management (ASM)

Ten shareholder landowners have agreed to participate in a pilot ASM programme and an introductory briefing was held on 25<sup>th</sup> June followed by a workshop scheduled for 1<sup>st</sup> July.

Mrs Claire Mulcock and Mr Ian Brown are assisting directly with the sessions as well as Mrs Judith Earl-Goulet and Mr Ian Lyttle from ECan.

Storage Ponds and Water Harvesting Above Dam

Mr McCormick provided an explanatory board paper regarding the construction of a storage pond on Fox Peak Station. The arrangement does comply with the Opihi River Regional Plan through the provision of a BN consent. The operation of this new facility does impact directly on OWL and it is something of an oversight in the provisions of the Plan.

Mr McCormick advised that he feels OWL should be recognised as an interested party by ECan when considering these consent applications and will be following up this matter with ECan.

**Action Point: Mr McCormick**

Relationships

OWL was again nominated to enter the South Canterbury Business Excellence Awards. It is now too late to complete the entry and expects we can rely on Mr Tom Henderson to nominate us again next year.

Mr Ray Brokenshire of the Opihi Catchment Environmental Protection Society (OCEPS) has made contact to arrange a meeting in the near future.

**BOARD PAPERS:**

**Restructure of OWL**

The Chairman welcomed Mr Andrew Leete and Mr David Stock to the meeting at 9.30am.

Mr McCormick advised that he met with Mr Leete, Mr Stock and Mrs Olive Wallis (KPMG) in mid-May to review the proposed structure process and to work through the steps to confirm that there were no flaws, legal or tax issues.

Mr Leete presented the restructure steps, key elements of the new structure and timeline to the Board. A paper copy of the restructuring report dated 24<sup>th</sup> June 2013 which was prepared by KPMG was handed to Directors. The KPMG report set out the steps and key implications.

They key elements of the new structure were:

- One entity holds all assets
- Each irrigator is a shareholder in Opuha Water
- Each irrigator will enter into a water user agreement with Opuha Water
- There will be different classes of shares and different water charges to reflect different parts of the scheme
- The new Opuha Water entity may be registered as a co-operative company.

In summary the steps involved are:

- 1) Convert SCFIS to a company
- 2) Amalgamate SCFIS and SCFIS Holdings
- 3) SCFIS converts debt in OWL to equity
- 4) Amalgamate LPIC and LPIC Holdings (and LPIC and LIL)
- 5) OWL sells its assets to LPIC for shares in LPIC
- 6) Totara Valley sells its assets to LPIC in exchange for shares
- 7) Kakahu sells its assets to LPIC in exchange for shares
- 8) Totara Valley and Kakahu are deregistered
- 9) SCFIS is deregistered and distributes OWL shares
- 10) OWL struck off as a solvent company and distributes LPIC shares

Mr Leete advised that steps 2-10 all happen after one another, they have a technical sequence requirement and will all transact on the same day. Mr Leete added that there is some time involved in working through the details but the restructure is proposed to be implemented and take effect by the end of November 2013.

In regards to the issue of a prospectus that was possibly going to be required in previous restructure proposals, Mr Leete advised that this current proposed restructure has eliminated this requirement as it is transferring and amalgamating shares rather than issuing new shares.

LPIC, TVI, KIL and OWL will all require valuations of assets including resource consents. Mr Stock commented that without resource consents the assets are no use - it is the consents that hold the real value. Mr Boys asked if the approach will be consistent through all the schemes. Mr Stock

replied yes. Mrs Hyslop asked whether the same valuer will be used. Mr Stock replied that the valuations will require a specialist valuer and recommended either Mr Peter Seed or Mr Greg Anderson and to approach them for an indicative proposal.

A discussion was held on the way forward including presenting to others in the Opuha Group.

The following notes were recorded:

- Engagement with other entities and irrigators
- Clearly articulate reasons for, and benefits of the new structure
- Engage with bank (noting KIL debt in particular)
- Valuations
- Consider process for getting all irrigators to enter into new water agreements

The process shouldn't jeopardise the issue of new consents or change of consents and if anything should be favourable. Early indication and presentation is necessary before going forward with any steps to ensure all shareholders are on board. It needs to be flagged that each water user will be required to sign a water agreement, to protect their own investment in the company.

Mr Stock recommended that the Board consider registering Opuha Water as a co-operative company which will allow the entity to cancel water agreements and forfeit shares for unpaid water charges.

It was noted that all easements will need transferred to the new entity and also other agreements, such as Mackenzie District Council and TDC would need transferred.

It is proposed that 'operating committees' be formed within each irrigation group rather than Boards once the restructure takes place.

Earlier in the year it was agreed that Mr Lambie step down as Chairman of OWL due to commitments and Mrs Hyslop take the chair for the 2013/2014 financial year. With the restructure set to take place in coming months, it was agreed that Mrs Hyslop is best to remain as LPIC chairman post restructure to assist in leading her team. Mr O'Sullivan, currently Vice-Chairman of SCFIS hopefully will be appointed Chair as Mr Henderson steps down.

It was **Resolved** as a Board that the draft restructure be approved and Mr McCormick, Mr Leete and Mr Stock move ahead with the intent of presenting to shareholders and boards at a scheme level. This was moved by Mr Howey and seconded by Mrs Hyslop.

**Action Point: Mr McCormick**

*Mr Leete and Mr Stock left the meeting at 11.30am.*

**FINANCIALS:**

May 2013 Financial Statements

It was **Resolved** that the Financial Statements for the month ended 31<sup>st</sup> May 2013 be Received. This was moved by Mr Howey and seconded by Mr Reid. The motion was carried.

After discussions surrounding the restructure it was noted that a financial system that is supportive to cost centres be investigated. The current financial system Xero is not capable of reporting in each sub scheme to identify scheme costs for budgeting and maintenance plans.

**Action Point: Mrs Bennett**

Debtors Management Policy

The policy has been drafted by Mrs Bennett and is yet to be reviewed. Presentation of the policy to the Board was carried forward to the next meeting.

**Action Point: Mr McCormick**

Professional Expenses Policy

The Professional Expenses Policy to be prepared for Board and Director training courses, seminars and development was still in progress and would be presented once completed.

**Action Point: Mr McCormick**

**GENERAL BUSINESS:**

Electricity Retailing Proposal

Mr McCormick advised that Mr Stephen Peterson has approached him to revisit electricity retailing. The contract with TrustPower expires in October 2014 and Mr Peterson has proposed to run a pilot programme on internal farmers, looking to have around 10-12 irrigators involved.

Mr McCormick commented that OWL would receive no income from the pilot programme and there may be an overhead fixed charge involved of around \$50k for Mr Peterson's time and to cover running costs of the system. The exercise will provide some evidence whether there is potential to move forward and carry on with retailing electricity. Mrs Hyslop asked why we are doing a pilot programme and are there alternatives to explore. It was agreed that Mr McCormick look into this further and come back to the board with a proposal.

**Action Point: Mr McCormick**

The next Board meeting was scheduled for Wednesday 31<sup>st</sup> July 2013 @ 8.30am.

The Chairman reminded of his absence from the July board meeting due to being away in the UK. Mr O'Sullivan was appointed as Chair for the July meeting.

There being no further business, the meeting closed at 12.28pm.

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Date

### Summary

A conflict of interest exists in any situation when a person has a financial interest, a private or personal interest, or a business interest sufficient to influence, or appear to influence, the impartial exercise of their official duties of professional judgements. The aim of this policy is to ensure that real or perceived conflicts of interest do not hamper efficient and effective management of Opuha Water Limited. It is impossible to eliminate all situations that may lead to a conflict of interest but such situations can be managed to avoid the adverse effects that could result.

### Options for Managing Conflicts of Interest

Strategy	Possible Action	When Most Suitable
<b>Register</b> To formally record details of a conflict of interest	<ul style="list-style-type: none"> <li>- decide there is no conflict of interest or very low risk from the conflict</li> </ul>	<ul style="list-style-type: none"> <li>- for low-risk conflicts of interest</li> <li>- where the act of transparency through disclosing the conflict of interest is sufficient</li> </ul>
<b>Relinquish</b> To give up the private interest	<ul style="list-style-type: none"> <li>- the member agrees to divest or withdraw support from the interest that is creating the conflict</li> <li>- the member agrees to leave an employment position or an organisation which gives rise to the conflict</li> </ul>	<ul style="list-style-type: none"> <li>- when the person's commitment to their Board duties outweighs their attachment to the private or other interest</li> </ul>
<b>Restrict</b> To put restrictions on the member's involvement	<ul style="list-style-type: none"> <li>- limit the member's involvement by requiring the member to:             <ul style="list-style-type: none"> <li>• withdraw from the discussion and/or</li> <li>• abstain from voting and/or</li> <li>• leave the relevant part of the meeting and/or</li> </ul> </li> <li>- ensuring the member does not receive relevant/confidential information</li> </ul>	<ul style="list-style-type: none"> <li>- the member can be effectively separated from parts of the activity or process giving rise to the conflict</li> <li>- the conflict of interest is not likely to arise frequently</li> </ul>
<b>Recruit</b> To use a third party to oversee part or all of the process	<ul style="list-style-type: none"> <li>- engage an independent third party to oversee or review the integrity of the process</li> <li>- increase the number of people on decision making committees to balance the influence of the person with the conflict</li> <li>- seek the views of those likely to be concerned and ask whether they object to the person being involved</li> </ul>	<ul style="list-style-type: none"> <li>- it is not feasible or desirable to remove the member from the decision-making process</li> <li>- in small or isolated communities where the member's expertise is necessary and not easily replaced</li> </ul>
<b>Remove</b> To remove the member from the matter	<ul style="list-style-type: none"> <li>- remove the member from any involvement in the matter</li> </ul>	<ul style="list-style-type: none"> <li>- for ongoing serious conflicts of interest, where restrictions or recruitment of others is not appropriate</li> </ul>
<b>Resign</b> To leave Board	<ul style="list-style-type: none"> <li>- resign from the Board of Opuha Water Ltd</li> </ul>	<ul style="list-style-type: none"> <li>- where serious conflicts of interest exist and no other options are workable</li> </ul>

The methods of managing a conflict of interest may be used singularly or in combination, depending on the nature and extent of the conflict of interest that is being considered.

**For further information, please refer to the Conflicts of Interest Policy dated 1<sup>st</sup> October 2011.**

The conflicts of interest register records perceived, actual or potential conflicts of interests for all Board members involved in Opuha Water Ltd.

Name of Member	Position on Board	Interest	Conflict of Interest Strategy	Effective Start Date	Effective Finish Date	Proposal to Manage the Conflict of Interest
<b>Tom Lambie</b>	Chairman	Farm Ownership - Meadowvale Ltd (Director)	Register	01/10/2011		Formally record low-risk conflict of interest
		Environment Canterbury - Commissioner	Register	01/10/2011		Formally record low-risk conflict of interest
		Zone Committee Member	Register	01/12/2011		Formally record low-risk conflict of interest
		SCFIS - South Canterbury Farmers Irrigation Society Ltd (Director)	Register	01/12/2011		Formally record low-risk conflict of interest
		Totara Valley Irrigation Ltd (Director)	Register	01/12/2011		Formally record low-risk conflict of interest
		Lincoln University - Chancellor	Register	27/02/2013		Formally record low-risk conflict of interest
<b>Dermott O'Sullivan</b>	Farmer Director / Vice Chairman	Farm Ownership - Glenire Farm Ltd (Director/Owner)	Register	01/10/2011		Formally record low-risk conflict of interest
		SCFIS - South Canterbury Farmers Irrigation Society Ltd (Director)	Register	01/10/2011		Formally record low-risk conflict of interest
		Zone Committee Member	Register	01/10/2011		Formally record low-risk conflict of interest
		Hunter Downs Irrigation Trust (Trustee)	Register	27/02/2013		Formally record low-risk conflict of interest
		Hunter Downs Irrigation Limited (Director)	Register	26/06/2013		Formally record low-risk conflict of interest

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for all Board members involved in Opuha Water Ltd.

Name of Member	Position on Board	Interest	Conflict of Interest Strategy	Effective Start Date	Effective Finish Date	Proposal to Manage the Conflict of Interest
<b>Nigel Gormack</b>	Independent Director	Chartered Accountant - Quantum Advantage Ltd (Director)	Register	01/02/2012		Formally record low-risk conflict of interest
		Primeport Timaru (Director)	Register	29/06/2012		Formally record low-risk conflict of interest
		Rangitata South Irrigation Ltd (Secretary)	Register	29/08/2012		Formally record low-risk conflict of interest
		Hunter Downs Irrigation Trust (Secretary)	Register	30/01/2013		Formally record low-risk conflict of interest
<b>Tony Howey</b>	Farmer Director	Farm Ownership - Alpine Fresh Ltd (Director/Owner)	Register	01/10/2011		Formally record low-risk conflict of interest
		Levels Plain Irrigation Ltd (Director)	Register	01/10/2011		Formally record low-risk conflict of interest
		Zone Committee Member	Register	01/10/2011		Formally record low-risk conflict of interest
		AN Water Supply - Levels Plain Irrigation	Restrict	29/08/2012		To put restrictions on the member's involvement
<b>Ross Wells</b>	Farmer Director	Farm Ownership - Mayshiel Farm Ltd (Director/Owner)	Register	01/10/2011		Formally record low-risk conflict of interest
		Levels Plain Irrigation Ltd (Director)	Register	01/10/2011		Formally record low-risk conflict of interest
		AN Water Supply - Levels Plain Irrigation	Restrict	29/08/2012		To put restrictions on the member's involvement

The conflicts of interest register records perceived, actual or potential conflicts of interests  
for all Board members involved in Opuha Water Ltd.

Name of Member	Position on Board	Interest	Conflict of Interest Strategy	Effective Start Date	Effective Finish Date	Proposal to Manage the Conflict of Interest
<b>Alvin Reid</b>	Farmer Director	Farm Ownership - Riverholme Pastures Ltd Skipton Farm Ltd Accord Dairies Ltd (Director/Owner)	Register	01/10/2011		Formally record low-risk conflict of interest
		Kakahu Irrigation Ltd (Director)	Register	01/10/2011		Formally record low-risk conflict of interest
		Totara Valley Irrigation Ltd (Director)	Register	01/10/2011		Formally record low-risk conflict of interest
		SCFIS - South Canterbury Farmers Irrigation Society Ltd (Director)	Register	01/10/2011		Formally record low-risk conflict of interest
		Farm Electric Ltd (Director)	Register	24/10/2012		Formally record low-risk conflict of interest
		WA Systems Ltd (Director)	Register	27/02/2013		Formally record low-risk conflict of interest
		Glenire Farm Ltd (Director)	Register	29/05/2013		Formally record low-risk conflict of interest
<b>Nicky Hyslop</b>	Farmer Director	Farm Ownership - Levels Estate Co Ltd (Director/Owner)	Register	01/10/2011		Formally record low-risk conflict of interest
		Levels Plain Irrigation Ltd (Chairman)	Register	01/10/2011		Formally record low-risk conflict of interest
		Irrigation NZ (Director)	Register	01/12/2011		Formally record low-risk conflict of interest
		AN Water Supply - Levels Plain Irrigation	Restrict	29/08/2012		To put restrictions on the member's involvement

# Glossary

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ASM.....	Audited Self Management
CWMS .....	The Canterbury Water Management Strategy
DSW .....	Downstream Weir. The water retaining structure/embankment downstream of the main dam that forms the Regulating Pond. The DSW weir includes a radial gate to regulate the outflow into the Opuha River, a fixed concrete spillway and an overflow embankment that is designed to ‘fuse’ and wash out at very high flows to protect the remaining embankment. This fusible section has operated twice since the dam was completed.
ECan .....	Environment Canterbury (Canterbury Regional Council)
HVDC (Link).....	High Voltage Direct Current, the dedicated transmission link between the South Island (from Benmore) to the North Island (Haywards near Wellington). Includes the ‘Cook Strait Cable’
INZ.....	Irrigation NZ – a industry body established to promote and represent the interests of the irrigation industry across NZ. CEO is Andrew Curtis. OWL is a member of INZ which confers membership status to all OWL’s irrigator shareholders. Annual subscription \$19.2k
MDC .....	Mackenzie District Council. The Opuha Dam is within the MDC District.
MW .....	a measure of electrical power. The Opuha Power Station is rated at 7MW.
MWh.....	Megawatt Hour, a measure of electrical energy, 1000 kWh
OCEPS.....	Opihi Catchment Environmental Protection Society. Chairman Ray Brokenshire
OEM .....	Original Equipment Manufacturer.
OOP Zone Committee .....	the Orari, Opihi, Pareora Zone Committee established under the Canterbury Water Management Strategy (CWMS) to oversee the implementation of the CWMS in the local region
ORRP .....	The Opihi River Regional Plan (2000)
The Plan .....	The ORRP (see above)
Spot Price.....	The wholesale price paid for electricity from the Wholesale Electricity Market. Prices are established for every half hour period and are determined through an offer process from the generators with the price being set by the last generator required to operate to meet the demand for that half hour.
TDC .....	Timaru District Council. TDC is a ‘customer’ of OWL and pays a monthly charge to be able to take reliable water from the Opihi for district/town supply. The water supply agreements (original and supplementary agreements are in place) stand outside the normal supply agreements for irrigators. TDC do not hold shares for this water supply. They do happen to hold some water shares as a result of landholdings they have within the catchment (eg the airport) and they have leased all these shares to other irrigators.

# Chief Executive Board Report

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July 2013

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# Chief Executive Board Report

## July 2013

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### Summary

#### Board Report Summary

- Good (provisional) year-end financial result
- High lake inflows from snow melt have required high generation to maintain lake level
- Low Spot Prices due to high national hydro storage levels

#### Board Papers

Electricity Retail Pilot	for approval
Insurance Renewal Report	for information
Report on Australian Study Tour	for information

#### Financials

This report is based on the financial reports for June 2013 and provisional year-end results.

#### Overall Position

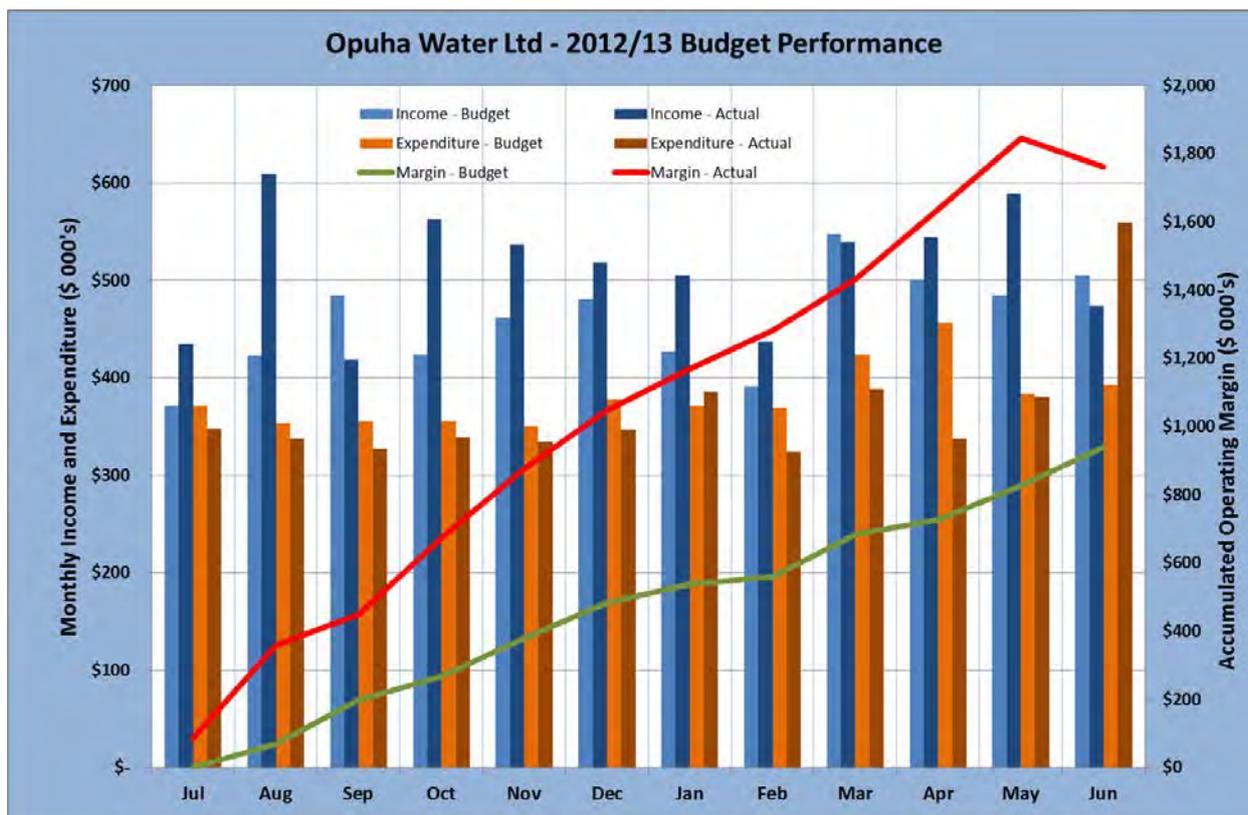
The provisional year-end position of \$815k taxable profit is \$820k better than budget with generation revenue the main driver of that (+\$739k). As anticipated, the later scheduling of the major power station outage to June has seen a net loss for the final month of the financial year due to higher costs and lower generation revenue than originally budgeted. Overall expenditure for the year was \$133k under budget.

#### Month - June

	Actual	Budget	Variance
Income	\$474k	\$505k	(\$31k)
Expenditure	\$559k	\$393k	(\$166k)
Operating Profit (Loss)	<b>(\$85k)</b>	<b>\$112k</b>	<b>(\$196k)</b>
Depreciation	\$79k	\$85k	\$6k
Overall Profit (Loss)	<b>(\$165k)</b>	<b>\$26k</b>	<b>(\$191k)</b>

#### Year to Date - June

	Actual	Budget	Variance	Annual Budget
Income	\$6,186k	\$5,501k	\$686k	\$5,501k
Expenditure	\$4,432k	\$4,565k	\$133k	\$4,565k
Operating Profit (Loss)	<b>\$1,755k</b>	<b>\$936k</b>	<b>\$819k</b>	<b>\$912k</b>
Depreciation	\$941k	\$941k	\$1	\$941k
Overall Profit (Loss)	<b>\$815k</b>	<b>(\$5k)</b>	<b>\$820k</b>	<b>(\$5k)</b>



### Income

Income for the period was \$31k below budget despite higher (+51%) generation volume because of the low Spot Prices through the month. The average price was 44% lower than budgeted.

#### Electricity Sales Revenue

		Actual	Budget	Variance
<b>June</b>	<b>Revenue</b>	\$159k	\$185k	(\$26k)
	<b>MWh</b>	2,552	1,682	(870)
	<b>Average Price</b>	\$62	\$110	(\$48)
	<b>Avg Spot Price</b>	\$59.78	(\$64.09 for Opuha)	

### Expenditure

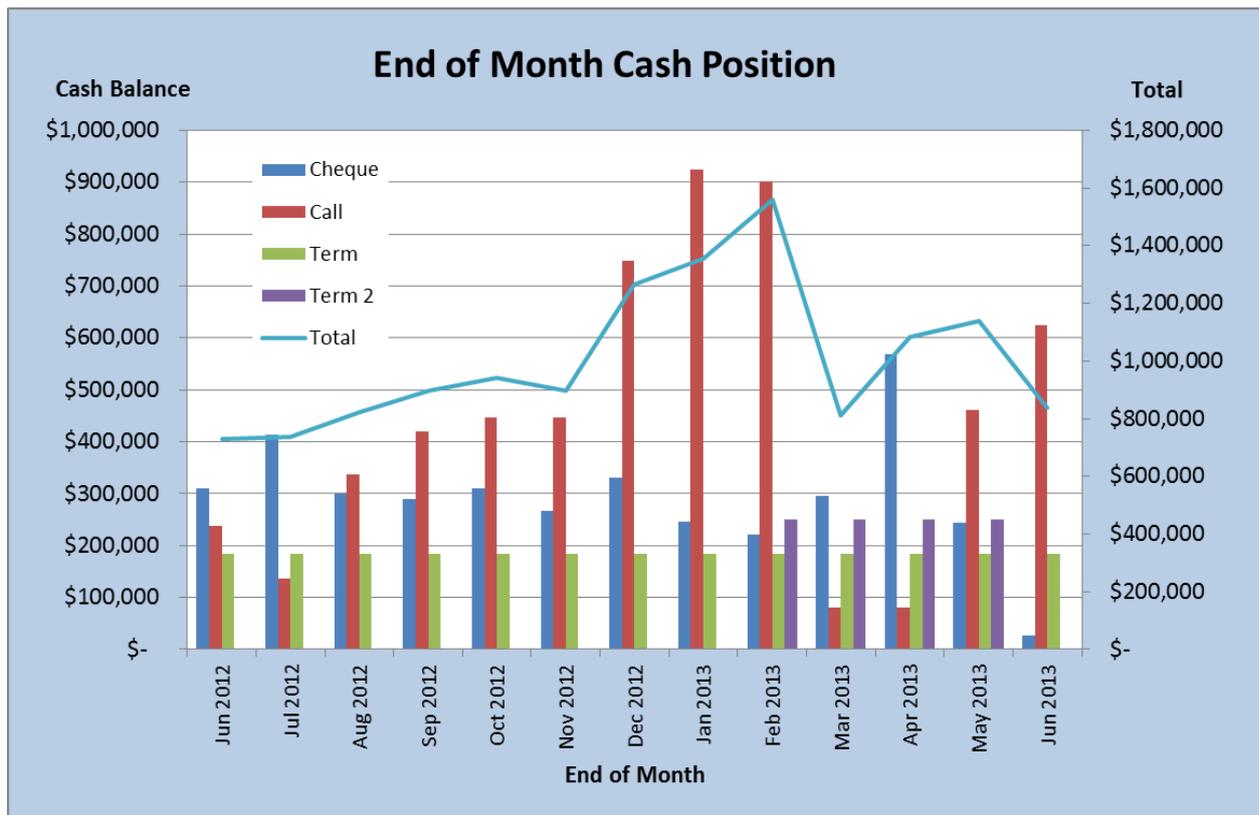
Expenditure for June was \$166k over budget primarily due to the power station outage that had originally been budgeted for April and May periods.

### Cash Holdings

Our end of year cash position was with \$27k in our cheque account and \$626k in our On Call account. We still also retain \$185k on deposit as required by our Bank Covenants. We were able to pay our 2013/14 insurance premium from cash holdings in June and will carry this forward as a diminishing pre-payment.

Our net cashflow for July will be positive so we remain in a good overall position.

The following graph indicates our cashflow position for the financial year just completed.



## Operations

### Irrigation

The only water supplies currently being provided are within LPIC - the quarry and the golf course to maintain their pond level.

Winter maintenance activities have continued on all schemes.

### Generation

Despite the ten day power station maintenance outage, generation in June was above average and above our budget target as a result of the high inflows from the rain events early and mid-month. The heavy snow on the 20<sup>th</sup> June caused outages on Alpine Energy's network and the power station was unable to generate for 37 hours.

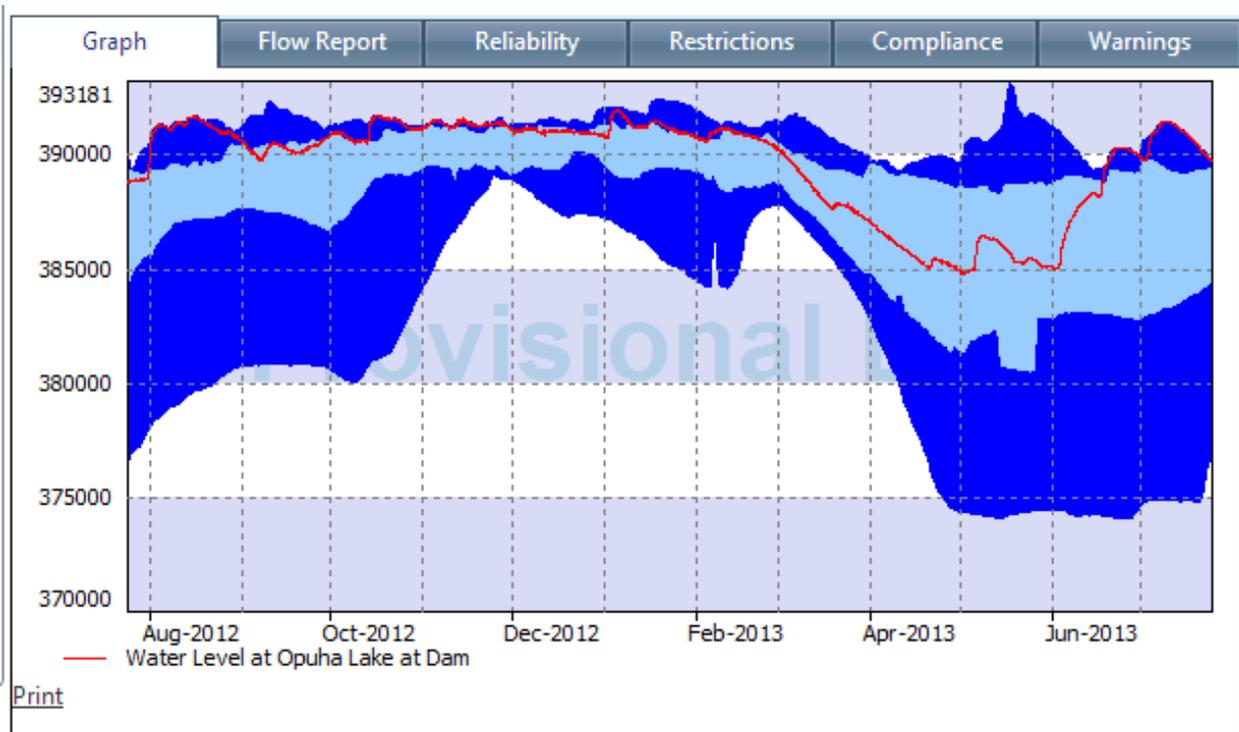
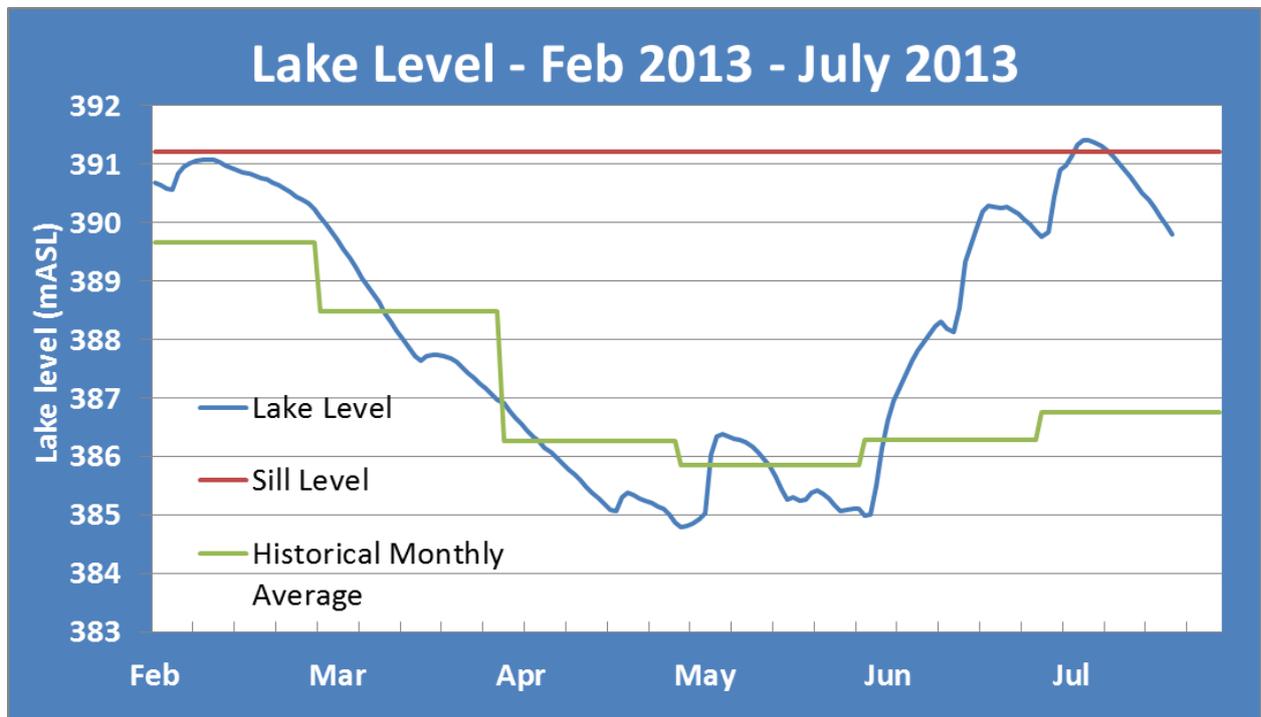
Total generation in June was 2,552MWh and the station ran for 393 hours (55%) and had 8 starts. Average release from the downstream weir was 10.0 cumecs.

The generation in July has been very high, driven mainly by the high snow melt early in the month from the strong nor' westerly system that prevailed for nearly a week. The generation in the month to date (24<sup>th</sup>) has already exceeded any previous July total generation. Unfortunately the Spot Price has been poor with month to date average of \$54/MWh. Our budget price was \$90/MWh. Overall our generation revenue will be ahead of budget.

### Lake Levels and Storage

The lake level has been well above average for this time of the year since early June and we have been generating nearly continuously since mid-June in order to bring the level down to around 388.5m. The heavy snow melt that occurred at the end of June into July has

significantly reduced the snow pack above the lake so we are now planning to ease off generation towards the end of July with a target lake level around 389.0m.



## Asset Maintenance and Management

### Safety

No incidents.

### Scheme Maintenance

Planned winter maintenance continued over the period on all schemes.

The river gauging site at Saleyards Bridge was damaged in the high flows in early June and has only been accessible for repair in late July. ECan's site at SH1 bridge has also been affected by the June floods and then subsequently by the river works that have been necessary for repairs to the railway bridge to be carried out through July. Despite any accurate downstream river flow measurement, we are confident that we have maintained flows to meet our consent requirements over this period.

### Power Station and Dam Maintenance

I have received reports from the turbine inspection and I am still awaiting final reports relating to the penstock inspection.

The recommendations from the turbine manufacturer include removal of the runner for precautionary/proactive repairs and also replacement of two of the seals within the next five year period. In the interim, biennial inspections would be prudent to monitor these two areas. These internal inspections should be able to be carried out without the need to isolate the penstock at the entrance below the lake – we should be able to rely on the turbine inlet valve for isolation.

An interesting outcome from the internal inspections is the chemical analysis of the material that we found coating the whole inside of the turbine. No-one was able to provide an explanation of what it was and that might be causing it but the lab results have confirmed my own suspicions. The chemical analysis showed that the dominant compound in the deposits was manganese (~52%). Manganese does not exist in those sorts of concentrations naturally but is one of the elements that results from the anoxic conditions that can occur at the bottom of deep lakes. It is a known phenomena at Opuha and is one of the main reasons that lake aeration system was installed and our consent conditions changed following the initial lake fill in 1999. I have exchanged correspondence with Adrian Meredith (ECan water scientist) on this issue which will undoubtedly be the subject of on-going discussions. The turbine manufacturer has advised that we should consider removing the deposits from within the turbine because of the potential impact it may have on turbine efficiency.

The DSW embankment is still to be repaired to arrest the seepage at high pond levels. We are currently finalising the repair method to be used in which we are intending to utilise a geotextile layer to provide a more durable fix.

A power cable fault has developed in the supply to the Obermeyer hut which has disabled the compressor. We have installed a smaller, temporary compressor to maintain the air pressure on the flap gates while we establish the extent of repair required on the power cable. Specialist cable testing has been unable to identify the location of the fault precisely so it is likely we will need to replace a major section of the cable.

We are reviewing the DSW gate control system after a problem emerged following the snowfall where power supply was lost to the DSW. The battery back-up only lasts approximately 24 hours and when the system returned to service (after 37 hours), there was an offset error in the flow measurement/control. As part of the investigation we are also addressing the cycling flow rates that were evident this season when we were trying to maintain a steady flow release.

## **Major Maintenance**

Refer previous section.

## **Capital Works**

Downstream Weir modifications – There has been further interaction with prospective turbine suppliers to optimize the civil works design. Design and consenting workstreams are still underway.

A new storage shed for the Opuha House site has been ordered with construction now planned for August.

During the snow 'outage' in June, the stand-by diesel generator operated successfully to maintain power supply at the power station. The experience did however highlight some additional work that is required to provide adequate alarms and indication of the status of the plant (eg we have no alarm to indicate loss of incoming 33kV supply from Alpine) and also we need to consider the fuel supply arrangement for the diesel generator.

We have let a contract for a new security fence at the power station but we need to complete some testing on the station earthing arrangement before the installation work can proceed.

## **Dam Safety Management**

No significant dam safety management issues have arisen over the period which has seen a sharp rise in lake level and the snow event.

With the lake level relatively low, we carried out some site pump testing to try and locate the source the drain flows around the auxiliary spillways that are evident only at higher lake levels. These tests were unfortunately inconclusive.

T&T have reviewed the results from the biennial deformation survey completed in May. There has been no change in the settlement/displacement trends from previous years although they have noted that they would have expected some settlement rates to have diminished more after 15 years post construction. T&T are investigating this issue further.

## **Management Reporting**

### **Staff**

#### **Health & Safety**

No safety incidents.

We have completed further work on our Safety Management System with external assistance on specific areas including contractor management, some internal policies and induction processes (staff and contractors).

We have selected a consultant to carry out a public safety audit of the dam and power station site.

#### **Operations Staff**

We are actively searching for a second raceman for next season and currently have a candidate short listed.

#### **Training and Development**

All the OWL staff completed NZQA accredited courses in 4WD training and also fire extinguisher use.

## **Dam and Power Station Management and Energy Contracts**

### **Energy Contracts**

New Zealand hydro storage levels have been at or above average since early June which has depressed Spot Prices.

Average Spot Price for June \$59.68/MWh compared with our budget of \$90/MWh and month to date for July is currently just over \$50/MWh.

The outlook for the remainder of the calendar year is for prices to remain around \$50/MWh which is almost certain to result in our generation revenue falling below budget.

### **Operations and Maintenance Contract**

No issues to report.

## **Strategic Water Projects**

### **Strategic Storage options for OWL**

GHD have provided first draft reports on their investigation into storage options within Levels and also on a communications/SCADA system upgrade. I am currently reviewing both reports.

I have received a response from GTR on the legal position of our consent regarding instantaneous flow rate at Saleyards Bridge. I had asked them to consider whether the existing consents and Plan were specific about an instantaneous flow rate applying or whether there was room for interpretation for a daily (average) rate to apply. I had discussed this earlier with ECan who were supportive of our initiative and interested in the legal opinion we received. Unfortunately the opinion is that the consents and Plan can only be interpreted to mean an instantaneous rate and that we would need to seek a change to our consent and/or the Plan to be able to move to a daily flow rate. I have discussed this outcome with ECan and they have indicated their continuing support for this initiative despite the legal position. The next step for us is to engage with Fish & Game on this issue and in particular to identify if there are any specific assessment of effects studies that may be required to support a consent/Plan change. I will also seek advice from GTR on whether a consent or Plan change is preferable.

### **Tekapo Water Project (New Water)**

I have met with Toni Morrison (MDC Planner) to discuss planning issues associated with the Tekapo Water concept and in particular her concerns regarding the Waitaki Allocation Plan and the potential for the 2015 plan review to 'lock up' the water as part of the hydro allocation. As an outcome of this, I have approached Waitaki Irrigators Collective (WIC) to discuss OWL aligning or joining WIC to respond to this issue.

Claire Barton (Mayor, MDC) has requested a meeting on 1<sup>st</sup> August to discuss the status of the Tekapo option.

## **Restructuring of OWL**

Subsequent to the Board presentation in June, I have met with Andrew Leete and David Stock to plan in more detail the process for the restructure. It is intended that the AGMs of each of the entities would be held in November, most likely on or around the same day with the meetings conducting the formal AGM business and concluding with approval of the various resolutions required for the amalgamation.

In the meantime there is considerable work to be done around financial reports, valuations, legal document drafting and preparation of new Water Supply Agreements.

I have scheduled an initial meeting of the 'Restructuring Steering Group' for Wednesday 31<sup>st</sup> where I will present an overview of the process, including the reasons for the whole restructure, and then seek their input into the communications process. I also expect to plan a subsequent workshop with the group to work through some key decisions that need to be made regarding some key aspects of the new structure (Board composition for instance).

## **Insurance Renewal**

I have included a summary report from Willis on the insurance remarketing as a separate paper. Included in the paper is a summary of the insurance policies now in place and the premiums that apply. Willis did not have all the information on previous premiums so the comparison table is missing some figures. The true comparison is that there has been very little change (a small saving of less than \$10k) in our insurance costs compared with last year. While this outcome may be considered quite good given the volatility of insurance costs in recent years, I did have an expectation that we would see more of a reduction in our overall costs.

## **Financial Review**

### Review of Current Finance

All three banks that we approached in May regarding potential refinancing have maintained contact over the recent period. ANZ have proposed a meeting and presentation with directors from across all entities as part of the restructure process but I have indicated to Chris Broughton that I need to understand better his thinking behind this proposal.

## **ASM**

We have made very good progress in the ASM pilot with the successful completion of an initial briefing and then a one day workshop in which the participants all prepared their draft Farm Plans. This is now being followed up with individual visits to each participant on their farm to go over the draft plans. We are aiming to complete this process mid – August. Claire Mulcock and Ian Brown have been excellent in their role in this process and we have had good support from ECan through Judith Earl-Goulet and Ian Lyttle. This process was the first rollout of the documentation produced as part of the IrrigationNZ project to establish a system that can be applied across all irrigation schemes. The first workshop was valuable in testing this documentation and some improvements have already been made as a result.

## **Electricity Retailing Pilot**

I have included a paper that outlines a proposal I have been working on with Simply Energy Ltd to pilot an electricity retailing arrangement within Opuha. The proposal builds on the work we did with Simply Energy in 2010/11 and is intended to enable us to develop and trial the systems that would be required to move into a full scale electricity retailing arrangement. Because we are still under contract with TrustPower, the pilot does not actually involve selling our own electricity but is based on a commercial arrangement with Pioneer to hedge prices over the trial period. The opportunity to establish a relationship with Pioneer is a valuable aspect of the trial as we will need partners to be able to roll out a full retailing option.

## **OWL Systems Update**

We have a number of initiatives underway to replace or upgrade our internal systems.

Financial Management – we are clearly of the view that Xero will not be sufficient for our main financial system when we amalgamate into a single entity. It has been a very good bridge as we have brought the financial management process in-house but we now require a system that will efficiently manage separate cost centres and enable good reporting against

these. We are also looking for better invoicing functionality that we have at present. Aimee is leading this process of assessing options for new systems.

Geographic Information System (GIS) – we have now established a GIS programme that will enable us to maintain key information on all our irrigation infrastructure and all our shareholders and irrigators on a system that is based on accurate topographical maps. We expect this system to become a key tool in both our asset management and also our overall business of water management involving land use, shareholder/irrigator overview, consent management and compliance and our Audited Self Management system. Stephen has been working with AquaLinc on this project for several months now.

Communications systems – we have been considering for some time what options we have for improving our telecommunications set up. Part of this is driven from a health and safety aspect and addressing the fact that we regularly have individual staff working alone in remote areas. At present we are reliant on mobile phones for field communications and there are significant areas of poor coverage in our operational area. We have installed a special phone system at the dam to provide site coverage when personnel are there. Our initial enquiries into mobile radio systems indicate that existing networks will not provide complete coverage and we are investigating options for a dedicated radio network. A dedicated radio network option could provide opportunities to incorporate operational systems such as the power station remote control and especially the CCTV cameras into a system based back at Opuha House. The challenge with this investigation is constraining the options/opportunities so that we do at least achieve our fundamental requirement of improved personnel communications.

### **Australian Study Tour**

I was fortunate to be able to attend the 8 day study tour to Australia that was organised by IrrigationNZ and ran from 8<sup>th</sup> to 15<sup>th</sup> July. I have included as a separate paper a report on the tour. The outstanding impression relates to the differences that exist in the irrigation 'business' between our two countries – right from the political framework, the economy, scale, climate, topography, soils and even culture.

The tour was very well organised and offered the group of 27 the opportunity to get a very good look at a wide range of aspects of the Australian irrigation landscape. It also provided a great opportunity for building relationships within the group.

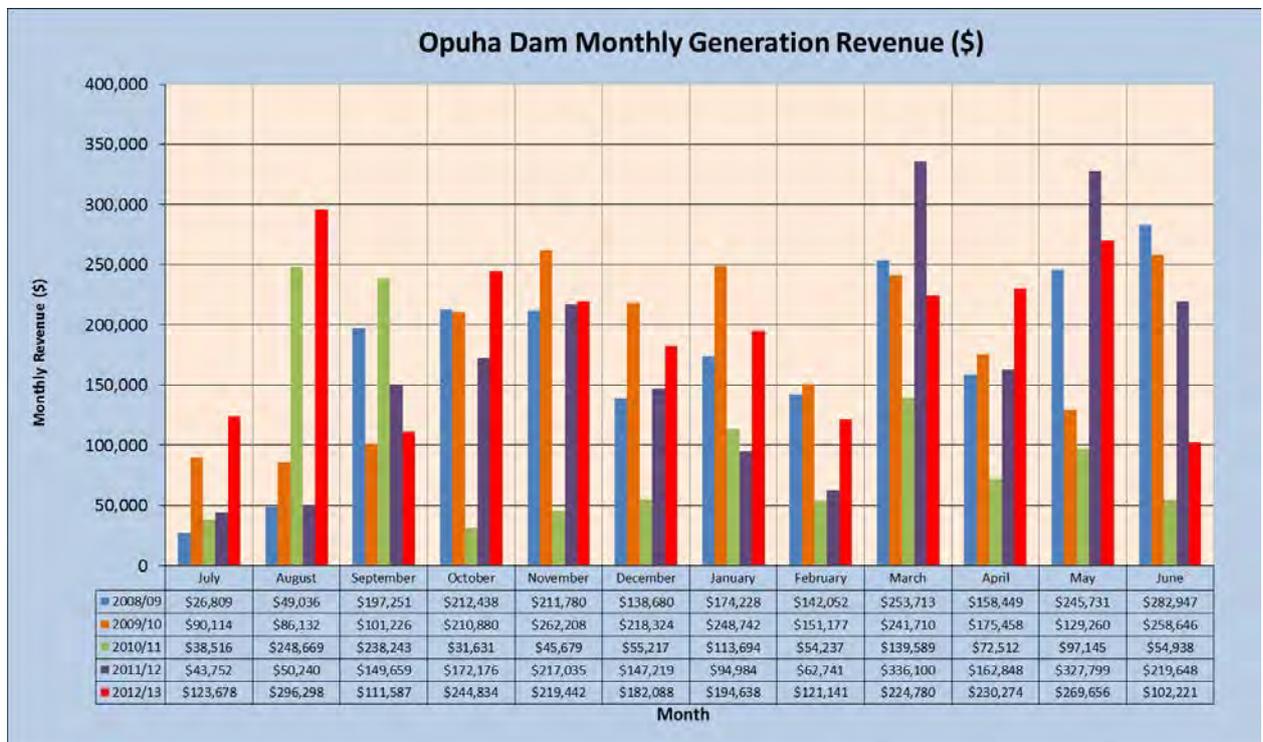
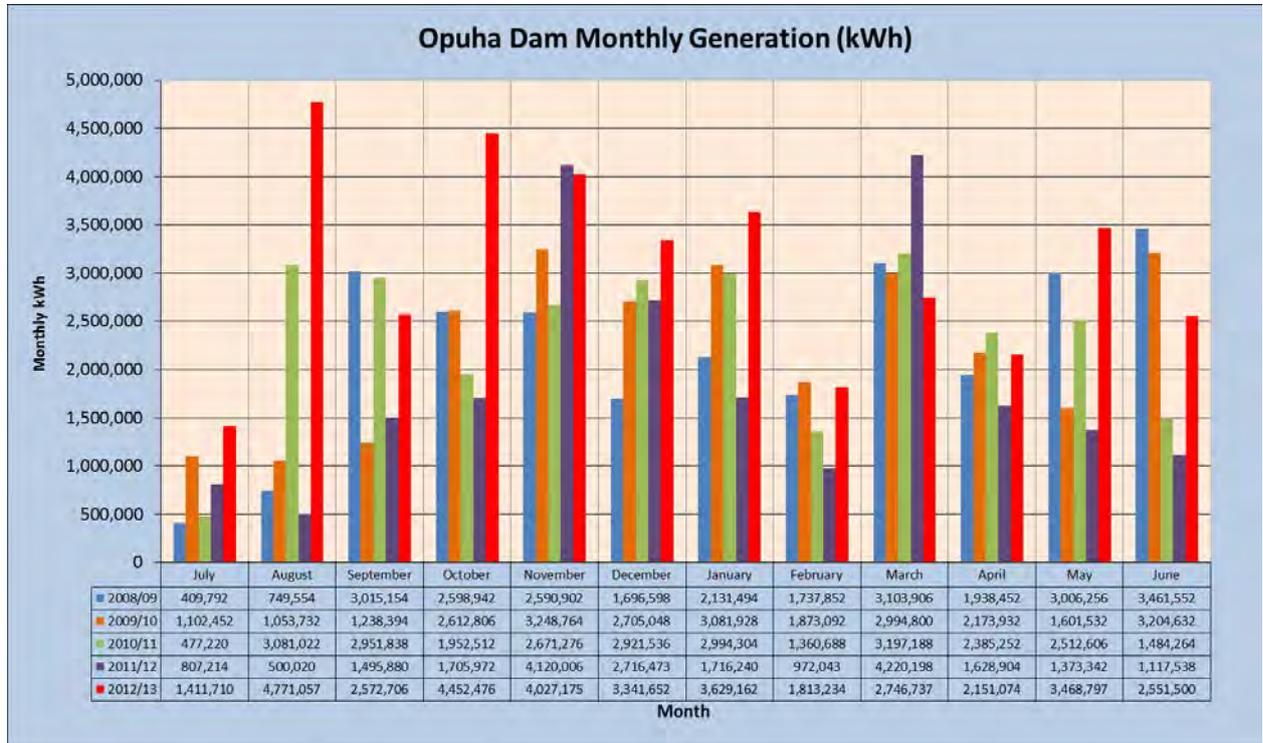


Tony McCormick  
25<sup>th</sup> July 2013

Attached:  
Generation Summary

## Attachments:

### Generation Summary



MINUTES OF MEETING OF THE BOARD OF  
OPUHA WATER LIMITED  
HELD 8.30AM, WEDNESDAY 26<sup>th</sup> JUNE 2013  
AT THE BOARDROOM OF OPUHA HOUSE, PLEASANT POINT

**PREVIOUS  
MINUTES:**

It was **Resolved** that the Minutes of the Board Meeting on 29<sup>th</sup> May 2013 relating to the Collett Property be confirmed as a correct record of that meeting. This was moved by Mr Wells and seconded by Mrs Hyslop. The motion was carried.

Colletts Property

A supplementary document in regards to water for Colletts Block was provided in the Management Report. This included a paper which was presented by Mr McCormick to LPIC outlining the proposed arrangement. OWL has entered into a water supply agreement with Mr Peter Scott based on surplus water. To give effect to this, a proposal based on a swap of water from LPIC has been put forward that would include a commercial arrangement between OWL and LPIC. The concept for the proposed water supply arrangement is that water will be supplied to Colletts via a swap arrangement whereby the actual surplus water is taken at the Levels intake at Butlers Road.

To enable the water supply agreement to be put into effect it requires LPIC to be in agreement for the consent to be transferred. It is proposed that the agreement be on a commercial basis with 25% of the net revenue being paid to LPIC and based on the current terms of the agreement with Mr Scott this is estimated to provide LPIC with between \$15k and \$22k per annum depending on the final quantity of water agreed to be supplied. Mr McCormick advised that following his presentation of the paper to the LPIC Board, he has their approval with the following provisos:

- A satisfactory formal agreement between OWL and LPIC being prepared and signed
- That the Two Penny Farm consent is transferred to OWL rather than LPIC

Mr Howey asked whether we could hold off on the agreement until the restructure has taken place as that may allow OWL to issue shares and possibly re-trigger being able to fulfil the original agreement. Mrs Hyslop asked whether OWL wants to enter into an alternate arrangement and commented that she feels conflicted with this matter. The Chairman responded that Mrs Hyslop be a part of discussions but not vote when the Board is seeking a resolution.

After receiving agreement in principle between OWL and LPIC, the next steps to implement the proposed arrangement are:

- 1) Transfer of the new Two Penny Farms to either LPIC or OWL
- 2) Finalise agreement with Mr Scott to reflect the new operating arrangement

Mr McCormick informed that he has had initial discussions with ECan on the feasibility of transferring the consent, which in this case involves essentially just a name change, and then varying the condition regarding requirement for affiliation shares. ECan have advised that this process should be straight forward and Mr McCormick will be providing them with an outline paper on the proposal for them to review prior to a formal application.

It was agreed that a sub group be formed to assist Mr McCormick and represent the Board. The group will consist of Mr Reid, Mr O'Sullivan and Mrs Hyslop, and as legal representation, Mr Andrew Leete to come together and offer a workable proposal to Mr Scott and come back to the Board to present the outcome.

**Action Point: Mr McCormick**

LEGALLY PRIVILEGED

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Chairman

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Date

## Supplementary Report

### Legally Privileged

#### Water for Colletts Block

During the month I circulated a paper outlining the proposed approach to settle the water supply arrangement for the Collett Block and seeking approval to proceed with the next steps that included meeting with ECan.

I received responses from five Directors approving the recommendation.

I have subsequently met with Zella Smith of ECan (D O'Sullivan and N Hyslop in attendance). At the meeting we sought acknowledgement that OWL can legitimately access 'surplus water' and then outlined the proposal to transfer the Two Penny Farm consent to OWL with the intention that OWL can operate this consent with needing to hold shares.

Zella acknowledged that OWL was able to access 'surplus water' and that the transfer of the consent was better handled as simply a name change (rather than a transfer in planning terms) and that the best approach to dealing with the need for shares would be to either seek a variation to the consent or a declaration from ECan that the consent condition requiring shares did not apply in this case. Zella recommended that we should present a legal case for the change to the affiliation requirements for this consent and that what we are proposing does not contravene ('offend') the Plan. I have subsequently briefed Andrew Leete on this and he was confident that such a case could be prepared. I expect to have this by the end of the week 2<sup>nd</sup> August. I provided an update to Peter Scott following the meeting with ECan.

I have met with Peter Scott during the month (Wed 17<sup>th</sup>) and he has indicated he has the Collett Block on the market and wishes to conclude the water supply arrangement as soon as possible for this reason. He has expressed his frustration at the lack of progress and requested a further meeting following the meeting with ECan. I have spoken to him instead as I did not believe there was much to be achieved until we had achieved the next steps with ECan. Mr Scott has suggested that the existing LPIC consent could be utilised and I have discussed this with him and agreed that our current track is still the preferred option.

We will be sitting down to re-negotiate/finalise an actual agreement with Mr Scott and we will therefore need to consider our position with regards the ten hectare block of land that is currently part of the proposed arrangement. I don't believe that land has the same potential value to OWL (for water storage) as was envisaged at the time the proposal was initially negotiated and that we do not necessarily require it to be included as part of a final agreement. It has however been an intrinsic part of the 'value' of the proposed agreement so we would need to assess any changes to the proposed land holding based on the value that is assigned to the land in the pending negotiations.

# Board Paper

## July 2013

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### LEGALLY PRIVILEGED

**Title: Proposed Approach for Water Supply to PJ Scott**

This paper seeks Board approval for the proposed approach to supply water to PJ Scott for the Colletts Block.

#### Background

The attached paper provides background for this paper and covers the series of developments since OWL entered into a water supply agreement with Mr PJ Scott in February 2011.

Mr Scott has clearly signaled to OWL that he does not believe the current status, where the new consent he has from ECan for the water take on the Collett Block specifically requires him to hold shares (for 'affiliation' under the Opihi River Regional Plan), is the outcome expected or intended when he entered the original agreement was formulated in 2011 and has engaged legal firm Russell McVeigh to assist in seeking an alternative outcome. OWL has engaged Andrew Leete of GTR to assist and we have met with Mr Scott and his advisors (December 2012).

Subsequent to that meeting, I have met with Mr Scott to look at options and these have been reported to the OWL Board previously.

Of the options identified, my preference was to seek to have the new consent that Mr Scott has acquired transferred to either LPIC or OWL and therefore overcome the need for the consent holder to own shares. Initial discussions have been held with ECan on this matter and they have indicated that the proposed approach should be acceptable but have suggested that we put a case to them ahead of a formal application to transfer the new consent.

In considering the 'mechanics' of operating the water supply arrangement which is based on the concept of utilizing surplus water in the Opihi River, I have concluded that the best way is to effectively 'swap' the take from Colletts to LPIC's intake at Butlers Rd. I have prepared the attached paper for LPIC, seeking their agreement to this concept and have received their agreement but with the requirement that OWL takes on the new consent (rather than LPIC) and that an acceptable formal agreement is established between LPIC and OWL for this arrangement.

It is now intended to engage with ECan to discuss the transfer of the consent. It is intended that these discussions initially cover the general concept of utilising surplus water and seek acknowledgement from ECan that this is understood and acceptable to them. While there have been previous discussions with ECan on this subject and the ECan personnel have indicated their agreement, it is felt that a more robust acknowledgement is required before we move ahead on any specific arrangement with a third party. This is very important for OWL beyond just the current agreement and proposal at hand.

It is also intended to revisit the February 2011 agreement with Mr Scott to reflect the circumstances that have changed for both parties. The agreement provided for OWL

to acquire a block of land of approximately ten hectares for potential water storage and it is not clear that this is now required by OWL. There are specifics regarding the operation of the water supply that need to be clarified and, if OWL is to hold the consent, then there are new requirements that will need to be incorporated into the agreement that specify the operational conditions that we require relating to surplus water. The original agreement is silent on any reference to surplus water (we had initially included this but Mr Scott requested this be taken out to strengthen the agreement for his submission to the bank).

## **Discussion**

Mr Scott has signaled through his legal advisors, Russell McVeagh, that they believe Opuha Water has some outstanding obligations and potential liability with regards the water supply agreement. This is on the basis that he has had to assign shares to enable him to take the waters and this has resulted in him incurring significant additional costs. OWL have sought legal advice on this and that advice has concluded that the agreement from Feb 2012 is considered to be legally binding, cannot be unilaterally terminated by OWL, and there is some uncertainty that Mr Scott has robust grounds to seek any recourse from OWL.

With the Board's approval, it is now intended to present a case to ECan for the transfer of the consent to OWL and the subsequent removal of the requirement for the consent holder to have shares. This will then enable OWL to supply water to Mr Scott under terms consistent with the original agreement.

The original agreement provided for the issue of shares to Mr Scott, at OWL's discretion, after a period of three years. The price for these shares was set by the agreement at \$500,000. For normal 'OWL shares' for the amount of water required (295 shares) at a current typical price of \$4,500 per share, the value is around \$1.3m. Under the agreement, OWL was to acquire 10 hectares.

When the restructure of OWL is completed, it is intended that OWL will have provision to issue new water shares that may have different entitlements than the standard shares to cover the concepts of incremental and surplus water with lower reliability guarantees than normal shares. These alternate shares could be applied to the Colletts supply if necessary.

I believe that the robustness of the concept of surplus water as a long term opportunity for OWL, which is what gave rise to the approach to OWL by Mr Scott in the first place, may be significantly diminished if we are to pursue the proposal to change our minimum flow requirements at Saleyards Bridge from instantaneous flow to a rolling average. If we are successful with this proposed change then the need for the in scheme storage proposed for the parcel of land at Colletts is also diminished. If we were able to move to a rolling average flow, this should effectively provide for some additional water to remain in storage within Opuha Dam and that could be contracted. It is therefore proposed that, in negotiating a new agreement that reflects the new conditions (OWL holds the consent and linking the supply to surplus water) that OWL seeks to exclude the provision of a parcel of land. The current provisions within the agreement for the issue of shares should allow for a new class of share under a reconstituted OWL to be applied.

## **Recommendations**

It is recommended to the Board that we engage with ECan and seek the transfer of the Two Penny Farm consent to OWL and that the requirement to hold shares is revoked.

It is further recommended that the Feb 2011 agreement be renegotiated to attempt to remove the acquisition of a parcel of land by OWL and that the requirement for provision of shares will allow for new shares as will be available under a reconstituted OWL to be applied.

The endorsement of the OWL Board is also sought for the proposal accepted by LPIC, as outlined in the attached paper, for the use of the Butlers Rd intake to effectively swap the surplus water take point, on the basis of a 25% revenue share.



Tony McCormick  
Chief Executive  
12<sup>th</sup> July 2013

**Attachments:**

Proposal to LPIC 16<sup>th</sup> June 2013

Legally Privileged

# Proposal for Agreement between LPIC and OWL for Supply of Water to P J Scott

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## Purpose

The purpose of this paper is to describe the proposed arrangement and operation for the supply of surplus water to P J Scott.

Agreement in principle is sought from the LPIC Board to the arrangement presented in this paper which will include a commercial agreement between LPIC and OWL.

## Background

In February 2012, OWL entered into an agreement to supply water to P J Scott on a property on Opihi Rd (referred to as the Collett Block). The agreement had several facets including provision of a parcel of land to OWL (potentially for a water storage facility) and supply by OWL of water on a basis that did not require shares. The water supply agreement was based on the concept that there was nearly always 'surplus water' in the adjacent Opihi River and in particular at OWL's main consent monitoring point at Saleyards Bridge- approximately 3km downstream of the Collett Block. 'Surplus water' was water flowing in the river above the minimum flow required for consent compliance. It was typically in the river as a result of the operational constraints in managing the river flow by way of releases from the Opuha Dam located approximately 36km upstream and the requirement to maintain a buffer to ensure short term perturbations did not result in the flow dropping below the minimum. The amount of surplus water very rarely drops below 300 litres/sec.

The agreement does not specifically mention surplus water but does identify that the water supply does not have the same reliability as 'shared water' which is the normal supply arrangement under the Opuha scheme. The discussions initiating and leading up to the final agreement were based on the concept of surplus water. The agreement required that Mr Scott was responsible for any consenting requirements.

In the course of applying for the new water consent required for the take of water on the Collett Block (the water is abstracted from bores/galleries on the property), ECan have ruled that shares in OWL are required to be held by the consent holder. This ruling is reflected in a specific condition of the consent (which has been issued to Mr Scott's new entity Two Penny Farms) and is based on ECan's current interpretation of the Opihi River Regional Plan for determining 'affiliation' to the Opuha Dam scheme. This interpretation by ECan, and the subsequent condition that has been placed on the new water consent granted to Mr Scott, is problematic for both OWL and Mr Scott with regards the water agreement entered into and also for OWL as far as the concept of utilising surplus or other incremental water in any other situation or opportunity that may arise.

In order to address this situation, it is proposed to now transfer the new consent from Mr Scott to either OWL or LPIC. If it transferred to OWL it would be on the basis and agreement of ECan that OWL does not need to own shares (in itself) to be deemed to be affiliated under the ORRP. If it is transferred to LPIC it would be on the basis that LPIC does hold shares in OWL (the 183 'ownership' shares in this case) and that these are sufficient to satisfy the requirements for 'affiliation'. This would also require that a representative portion of LPIC's consented take at Butler's Rd (2.2 cumecs) is transferred/allocated up to the Collett Block – a situation that is already in effect with the existing, smaller consent LPIC have on the Collett Block (in fact this existing consent is to be surrendered before the new consent is exercised).

To manage the operational requirements of the agreement with Mr Scott with regards water abstraction, it is proposed that an arrangement be entered into between OWL and LPIC to utilise the LPIC intake at Butlers Rd to effect a 'swap' of surplus water between Levels and Colletts. This is considered necessary because of the location of the Collett block above Saleyards Bridge and the fact that it is not a direct take from the river.

The next section outlines the proposed arrangement.

## **Proposed Arrangement for Supply**

Ideally, to be able to utilise surplus water requires the ability to reasonably quickly respond to actual flows in the river and increase or reduce the amount of water taken depending on the amount of surplus water in the river at any instant.

Conceptually it is possible to operate a system for abstracting surplus water with the water take either above or below the single measurement point in the river. There are practical issues associated with either option.

The control concept of a system where the take is above the measurement point in the primary flow is quite straightforward and applied in many flow control situations but is practically quite difficult in the application being considered here. One of the main features of this 'feed back' control arrangement, in concept, is that the actual flow indicated at the downstream measurement point remains as the real time indication and evidence of compliance (or non-compliance if the actual measured flow is below the target which would suggest too much water is being taken off upstream). The practical difficulty with this concept in the case of the Collett Block is that the take is not directly from the river so the effect of any variation in abstraction rate from the wells on the property will take some time to be reflected in measured river flow downstream – the 'response time' in the system would be very sluggish. The fact that we are also controlling the primary flow via the releases from the downstream weir means that, to work properly, there would need to be a coordinated control loop that interactively manages both the DSW release and the abstraction flow.

With the abstraction point below the Saleyards Bridge measurement point, we have what is effectively a 'feed forward' arrangement, where the amount of surplus water available is 'fed forward' (downstream) to a location where the surplus water can subsequently be taken out of the main flow. The feature of this arrangement is that, to measure or demonstrate compliance, requires measurement of two flows – the upstream flow that indicates the amount of surplus water available and the abstraction flow to indicate that no more than the surplus flow is being removed and that

sufficient remains in the river to meet the minimum flow target. This is effectively the case at present where the target for Saleyards bridge flow comprises the environmental flow as well as a provision for what is ordered for abstraction downstream (mainly the LPIC abstraction). So to demonstrate compliance under the present arrangement actually requires a reconciliation of the measured flow at Saleyards Bridge and the actual flow abstracted downstream. This strict compliance check is not formally carried out on either a continuous or review basis, however it is regularly monitored by OWL operations staff during the irrigation season.

To realise the intended benefits of utilising surplus water, it is important that the new operational regime does not result in any additional storage water being released from the lake than would otherwise occur. It is proposed therefore that the amount of water actually 'ordered' for Levels (for the intake at Butlers Rd) is reduced by the amount of water that is required at Colletts on any given day (the consent is for a maximum take of 120 litres/sec). This will effectively reduce the 'target' flow at Saleyards Bridge by the amount intended to be taken at Colletts. Under normal operational conditions (i.e. the same measurement and control systems that are currently in place) there will continue to be a buffer at Saleyards Bridge and this will most likely continue to be at least 300 litres/sec. The actual amount of water taken in at Levels will be adjusted to be slightly higher than what has been 'ordered' and in most cases the extra amount will reflect the water taken at Colletts and will therefore be using some of the surplus water that exists on the day at Saleyards Bridge.

In the event that the actual buffer in the river, i.e. the amount of surplus water at Saleyards Bridge, reduces below the amount of water being abstracted at Colletts, then the Colletts block operator will be required to immediately reduce the water use on the site. The effect of the reduced water take at Colletts is likely to take some time to become apparent in the river - this time period and level of 'attenuation' is currently unknown.

The water supply agreement for Colletts will include provisions reflecting these operational requirements – water will need to be ordered on a daily basis (so OWL operators know how much is being used at Colletts and can adjust the water ordered and taken at Levels accordingly) and the water use at Colletts must be able to be reduced at short notice if river flows drop below target.

At present the LPIC system has limited ability to quickly vary the amount of water taken in response to changes in river flow. However if some buffering capability is developed in conjunction with more responsive controls, then this would provide the ideal ability to make short term responses to river minimum flow requirements and enable further utilisation of surplus flows. Some investigations have been initiated to look at the opportunities and implications of developing some buffering capacity within the LPIC scheme however we do not want these potential upgrades to be a pre-requisite for the supply to the Collett Block. For the relatively small take at Colletts, when compared with normal river flows, amounts of surplus water and the total take at LPIC, it is considered that the likely variations that need to be managed can be accommodated within the normal operation without any impact on the reliability of supply to existing LPIC irrigators.

So the overall concept for the proposed supply arrangement will be that water will be supplied to Colletts via a swap arrangement whereby the actual surplus water is taken at the Levels intake at Butlers Rd.

## Arrangements between OWL and LPIC

To enable the water supply agreement to be put into effect will require LPIC to agree to the proposed arrangement for the consent to be transferred (one of the options is that it is transferred to LPIC with a commensurate volume of LPIC's existing consent to be transferred to Colletts) and also for the surplus water to be swapped via the existing Levels intake at Butlers Rd.

It is proposed that this agreement be on a commercial basis with 25% of the net revenue from the water supply agreement being paid to LPIC. Based on the current terms of the agreement between Mr Scott and OWL, this is estimated to provide LPIC with between \$15,000 and \$22,000 per annum depending on the final quantity of water agreed to be supplied.

## Next Steps

To implement the proposed arrangement, the following steps are required:

- i. Agreement in principle between LPIC and OWL
- ii. Transfer of the new Two Penny Farms to either LPIC or OWL
- iii. Finalise agreement with Mr Scott to reflect the new operating arrangement

Agreement of LPIC is sought for this concept presented in this paper and the indicative commercial terms (25% of the net revenue).

Initial discussions have been had with ECan on the feasibility of transferring the consent, which in this case involves essentially just a name change, and then varying the condition regarding requirement for shares for affiliation. ECan have advised that this process should be straightforward and have recommended we provide them with an outline paper on the proposal for them to review prior to a formal application. Currently we are proposing to use this opportunity to get a more robust acknowledgement from ECan regarding the concept of OWL's rights and ability to utilise surplus water with the Collett proposal being just one specific example of this. To this end, it is anticipated that there will be some interaction with ECan on this overarching issue ahead of dealing with the Two Penny Farm consent specifically and that the outcome of these discussions will include a clearer understanding of whether it is preferable that LPIC or OWL are the party to transfer the Two Penny Farm consent to.

The agreement with Mr Scott will need to be revisited in light of the change in conditions that have arisen through the consenting process. It is anticipated this will be a negotiation process between Mr Scott and OWL that takes into consideration the changes that have been necessary since the initial agreement was made.

## Summary and Conclusion

While the concept of utilising surplus water from OWL's operation of the Opuha scheme is conceptually simple, actually implementing a system is less straightforward because of the hydrological constraints and potential infrastructure requirements.

OWL has entered into a water supply agreement with Mr Scott based on surplus water. To give effect to this, a proposal based on a swap of water from LPIC has been put forward that would include a commercial agreement between LPIC and OWL.

Agreement of LPIC to this proposal is now sought by OWL.

Legally Privileged

# Board Paper

## July 2013

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**Title: Electricity Retail Pilot**

### **Purpose**

This paper presents a proposal to undertake a pilot programme for electricity retailing to our shareholders and seeks Board approval to move ahead with the pilot. The main objective is to establish the systems necessary to be able to retail electricity and to gain experience via the pilot before committing to a full scale roll out. The low volume pilot programme will incur a net cost (estimated at \$53k) because it involves establishment and setup costs that are not covered by the revenue from the modest electricity volumes. The setup costs are potentially an investment in the full rollout.

### **Background**

We have recently been working with Simply Energy Limited (SEL) on a potential opportunity of developing a self-retailing electricity model which utilises the generation from the hydro generator to supply to our shareholder base. In 2011, we looked a similar opportunity in partnership with MainPower, which did not proceed due to MainPower having a change in strategic priorities.

The in-depth analysis completed in 2011 showed a total estimated load for our shareholder base of 24GWh per annum and a generation volume from Opuha Power Station of 17-30GWh. The estimated gross margin from this analysis showed upwards of 5c/kWh margin from a self-retail strategy, or \$1.2m of gross margin across the 24GWh of shareholder load.

Currently, there is an off-take agreement in place with Trustpower for all electricity generated from the power station and a separate operations and maintenance contract, both of which end in September 2014. There is a clear expectation of both parties that the O&M Contract will be renewed/extended however this is not the same for the off-take contract where the possibility of OWL self-retailing has been clearly flagged.

SEL is a service provider in the NZ Electricity Market and holds registrations as a generator, retailer and reconciliation participant. These registrations enable them to provide solutions for selling generation into the market, as they did for us during 2011, retailing electricity to retail customers as well as market compliance and reconciliation services, which is the most complicated part of the process. They allow their customers to leverage off their existing agreements and relationships to provide low cost retail opportunities. In addition, they have access to market participants who may have complimentary strategic objectives.

### **Proposal**

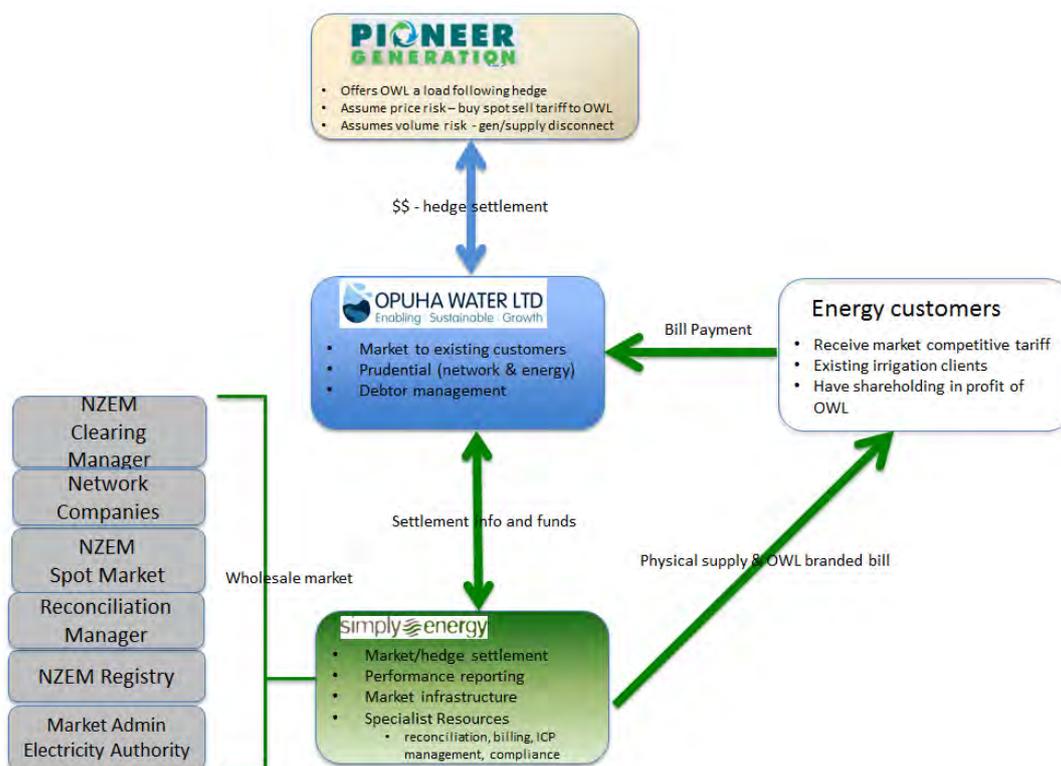
SEL have proposed a low-risk retail pilot is undertaken by Opuha Water to allow us to further understand the value proposition. This pilot would involve a sample of typical customers from our shareholder base who would switch supply from their

existing electricity provider to Simply Energy who would be the retailer on behalf of Opuha Water.

Pioneer Generation Limited (PGL), who are a trust owned generation company with a portfolio of generation assets and retail customers mainly in the South Island, have expressed a willingness in principle to provide a Load Following hedge contract to Opuha Water. These types of contracts mean they effectively guarantee the supply of electricity to our customers at a fixed cost, and they assume price/market risk.

Opuha Water would be required to manage the prudential requirements for retail supply and manage the debtors for the electricity and network charges to our customers. SEL would provide all other services for the pilot including customer billing on a Opuha branded invoice, wholesale purchasing/settlement, reconciliation/market compliance, reporting and the ability to leverage off existing contracts for third party services.

### Summary of proposed structure:



The proposed structure supports a low risk opportunity for OWL to enter the retail market, on a trial basis, utilising our existing client base with limited operational requirements initially. It is intended that this trial would run for a 12 month period to coincide with the expiry of our existing off-take agreement with Trustpower.

## Discussion

### Market price risk

The major risk of a retail electricity strategy is the market price risk resulting from the wholesale market price being so dependent on the hydrology during the year. In the current proposal this has been managed through the load following hedge from PGL. If the pilot was expanded into a wider retail strategy when the Trustpower agreement expires, this risk could be managed using a combination of Opuha's own generation capacity and market hedges where appropriate.

### Operational requirements

OWL's operational requirements for the initial pilot would be low. SEL offer a fully managed solution with our only requirements being providing debtor management and some capital for the prudential requirements of the market. The SEL service provides performance reporting and management reporting to ensuring the pilot performance will be easily evaluated.

### Market rationale

Over the last few years there has been a general downward trend in the wholesale market prices. This is due to an excess supply of new generation without seeing an increase in the demand across the country. This has been further impacted by the risk of the aluminum smelter removing its demand from the system. Our business is exposed to this weak outlook of wholesale electricity prices and the self-retailing path does provide the opportunity to increase the value of our power generation business in a risk managed way.

### Economic evaluation

#### Value proposition:

Based on the total shareholder load estimate of 24GWh and a net margin estimate of 1.5c/kWh the following table shows the potential margin from a wider retail strategy:

Projected additional margin (c/kWh)	Volume supplied (MWh)	Value – net margin after SEL fees (\$)
1.5 c/kWh	6,000 (25% uptake)	\$90,000
1.5 c/kWh	12,000 (50% uptake)	\$180,000
1.5 c/kWh	18,000 (75% uptake)	\$270,000

In the 2011 analysis we showed a potential gross margin in the region of 5c/kWh, however for the pilot we have estimated that we will achieve a gross margin of 2c/kWh reflecting a hedge premium paid to PGL, no value from the generation offtake currently under contract with Trustpower and a conservative approach to the pilot. After retail costs the net margin is estimated to be 1.5c/kWh.

It is important to note when considering the value proposition above that the current proposal is different to the 2011 analysis because it is a lower risk structure with PGL assuming the market risk. Whilst this does provide more certainty in the margin for Opuha it also reduces the potential upside.

### Pilot costs:

Assuming 20 connections points participate in the initial pilot, the proposed fee structure would see a net cost estimate of the pilot of \$53k for the 12 month period. If the margin from retailing is higher than the 1.5c/kWh modeled or there were more connection points included this cost would decrease. This net cost includes all SEL fees and related costs but does not include a provision for internal OWL costs, which we have assumed to be minimal during the pilot.

The breakdown of this cost is:

Cost Component	\$
Fixed costs - Simply Energy	\$49,250
Variable costs - Simply Energy	\$14,369
Less pilot gross profit from sales (assuming 1.5c margin)	(\$10,176)
<b>TOTAL COST</b>	<b>\$53,443</b>

Fixed costs include the setup fee, monthly retainer, hedge settlement fees and some provision for visits by SEL during the setup phase.

Variable costs include daily account and variable fees from SEL and a provision for product development.

### Additional value

SEL have identified other opportunities that, if we were to adopt a wider retail strategy, may capture additional value for Opuha. These include:

- Advanced metering solution – there is potential to capture profit from optimisation of the way line network charges are calculated – particularly in the Alpine Energy Network
- Irrigation control product – there is potential to look at offering the farmers the ability to modify their irrigation activity, and related energy cost, based on the market power price
- Strategic relationship with PGL – by developing a strategic partnership with a market participant it could provide a more competitive process for negotiating an off-take agreement as the pilot will quantify the value of the relationship to PGL.

## Conclusion and Recommendation

The analysis from 2011 and the current proposal do indicate that there is value for Opuha Water in investing in a self-retail electricity model. The SEL structure is of particular appeal because it is a fully managed solution and allows us to undertake an initial pilot, with minimal investment, to further evaluate the ongoing opportunity. The load following hedge provides protection from any market risk, which is a key component of any retail market strategy, and basically allow us to make a fixed margin on our supplied volumes. An initial commitment of 12 months for the pilot period also provides Opuha with exit strategies should they decide not to proceed with a wider strategy.

From a financial perspective the gross profit numbers can start becoming quite material if we had 50% of our shareholders on board with 3c/kWh margin. In addition, our target customers are people we have an existing credit relationship with so there is not a material increase in our credit risk.

In terms of the market, this opportunity could provide us with an ongoing strategic partner, at worst it will provide some useful intelligence into the industry which can only have a positive impact in the future.

On the basis that this proposal is to proceed, approval for a budget of \$60k is sought from the Board to move to the implementation phase of this project with SEL. The commercial terms and some requirements still need to be agreed with SEL prior to final commitment on the budget.

It is recommended that the Board approve the initiation of a pilot electricity retailing programme with Simply Energy Ltd with a budget commitment of up to \$60k.



Tony McCormick  
Chief Executive  
25<sup>th</sup> July 2013



# Board Paper

## July 2013

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**Title: Insurance Renewal for 2013/14**

### **Purpose**

This paper is provided for information of Directors.

Attached is a summary of the new insurance programme that was placed for OWL for the 12 month period beginning 1<sup>st</sup> June 2013.

### **Background**

In April 2013, after completing a Request for Proposals process, OWL appointed Willis NZ as risk management advisors and insurance brokers. They replaced Marsh who had been with the Opuha scheme since construction. This RFP process and the recommendation are covered in previous papers to the Board.

As a result of the change of brokers, the annual insurance renewal involved a re-marketing exercise by Willis, rather than a renewal/re-placement process that Marsh would have been able to conduct.

As part of this remarketing, Willis spent some time reviewing OWL's operation and the existing insurance portfolio and made some recommendations for adjustments to the overall structure as well as within the individual policies. Some of these recommended changes had been flagged by Willis in their RFP response as well as an indication that they believed there were potential cost savings that would be achieved compared with previous placements.

All insurances were successfully placed by 1<sup>st</sup> June 2013. These included the insurances for our 'non-generation' assets that had previously been handled under a separate arrangement with a local broker.

The review and adjustments made to the portfolio have provided better cover for our business – as much through addressing unforeseen shortcomings in our previous portfolio as through providing anything radically new.

Key improvements with the new portfolio include:

- Overall levels of cover have been increased – combined sums increased from \$62.6m to \$69.1m
- Machinery Breakdown is now included and clearly identified
- The Business Interruption sum insured has been agreed and is now clearer to understand
- Deductibles have changed and are more advantageous to OWL
- Cover for the Sutherlands scheme is now split across the main policy and the 'non-generation' policy providing a more appropriate insurance cover for this asset
- We have reviewed the values for plant and equipment and the motor fleet and the renewal date of all policies have been aligned.

The anticipated cost savings for the main policy have not been realised and the overall cost of the insurance portfolio are similar to last year. It is, of course, difficult

to compare costs over successive years given the extreme volatility in the insurance market, in New Zealand and Canterbury in particular, over recent years.

## **Discussion**

While the lack of cost savings is disappointing, it is difficult to compare successive years cost in a volatile market.

Overall, I believe we have achieved an improvement in our insurance cover through a tidy up of the overall portfolio arrangement as well as addressing identified shortcomings or confusions within the policies.

I feel Willis have performed well – especially given the tight timeframes they were required to operate in in their first year. I expect that we will be able to build on the work done around risk management and marketing that they have done this year as we renew next year.

## **Conclusion and Recommendation**

The attached summary report from Willis is provided for the information of Directors.



Tony McCormick  
Chief Executive  
25<sup>th</sup> July 2013

## Email Memorandum

Telephone: +64 3 345 6875  
Mobile: +64 21 947 790  
Email: [sugruess@willis.com](mailto:sugruess@willis.com)  
Website: [www.willis.com](http://www.willis.com)

To: **Tony McCormick.**  
**Opuha Water Ltd**

Date: **25<sup>th</sup> June 2013**

SUBJECT: **Review of 2013 Renewal.**

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Dear Tony,

We refer to our recent discussions regarding the renewal.

I have taken the following summary from our Renewal Report which hopefully is appropriate for your Board meeting and apologies for not having all the documentation available.

Also attached is the comparison showing the current policy sums insured, deductibles and premium. We don't have all details of last year's policies so the comparison is not complete but still gives a good indication between the two programmes.

### Background.

Willis was appointed to Opuha Water Ltd (OWL) effective from 22<sup>nd</sup> April. The key points highlighted in our response to your RFP were Willis would commit to the following:

- Understand your risks.
- Reposition OWL in the insurance markets
- Achieve premium savings
- Assist OWL in managing its risks
- Enhance your insurance programme
- Bring an experienced team to service your programme
- Be transparent with our remuneration.

We believe a credible start has been made on these points as these are mainly medium to long term objectives which will evolve and develop in the coming years.

A good start was made with the site visit to the Dam on 2<sup>nd</sup> May with Willis Risk Consulting (WRC) and QBE engineers both have a wealth of Hydro insurance experience. This was the first step in Understanding Your risks and essential to Assist OWL in Managing its Risks. From this visit and numerous exchanges of emails since, WRS have produced a significant Report which has formed the basis of our dealings with insurers. As well as describing the physical risks and how these are managed, other purposes of the Report is to portray OWL in the best possible light for insurers to want to be involved in your insurance programme. The feedback we have from our London colleagues is they were oversubscribed with London markets wanting to participate on the MD/BI policy and though we did not approach other NZ markets (other than QBE) we believe other markets will be interested once the risk profile is further enhanced. The Liability remarket also showed there is good interest in your programme and it was pleasing to see strong competition within the markets we approached.

Please contact the sender if you do not receive the number of pages stated or have difficulty with legibility. Please be aware that this email is confidential. If you are not the intended recipient, please notify us immediately. You should not copy it or use it for any purpose, nor disclose its contents to any other person.

**Willis New Zealand Limited**  
Level 1  
47 Mandeville Street  
PO Box 2220  
Christchurch 8140, NEW ZEALAND

## Email Memorandum continued

To enhance an insurance programme does take time and involves keeping insurers informed of the work you do in managing your facilities and risks. We record what you do and update our Reports at least annually and over a period of time the Reports develop a theme describing the work and upgrades you do which adds confidence to insurers risk perception and from this we are able to create a more competitive market.

We have achieved savings in most areas notably the Liability programme in terms of percentage saved. The MD/BI savings are less than anticipated mainly due to local market (QBE) not being as competitive as the London markets. There are good savings in the overall costs when policy deductibles are brought in to the comparison and claims scenarios are posed for different especially partial losses. The policy wording has been significantly improved and a copy of this will follow. The Business Interruption policy has also been improved and a basis for calculating the sum insured has been agreed with insurers and we believe is now easier to understand and review.

The service team we have put forward have now all met Tony McCormick and are involved in different aspects of serving your programme. We have team members with decades of Electricity / Insurance sector experience plus very energetic and capable other team members. There is constant incremental knowledge being gained of your business which will also assist in enhancing your insurance programme.

Our remuneration has been discussed in earlier meetings and we detail the range of services we provide in our full Renewal Report. To re-iterate the key points, the insurance programme Willis NZ has placed is on a net basis and brokerage and commission is rebated back to OWL in the form of premium reduction. Willis London retain 10% brokerage on the placement they make on your MD/BI placement which is the traditional means wholesale London brokers receive their income. Willis as a company does not take over-riders as incentive for placing business with them.

## Material Damage and Business Interruption (Generation Assets)

The strategy we agreed for the renewal was to utilise the existing London markets but also to increase local participation. QBE as an existing co-insurer were offered the opportunity to increase their participation from 20% and this has since been increased to 40%. The London insurers participating on the Marsh programme have been replaced by new London markets at more competitive premium rates and deductible levels. The co-insurers are made up as follows:

Swiss National Insurance Company Ltd:	40%
Partner Re Ireland Insurance Ltd	: 10%
Lloyds Underwriters Chaucer Syndicate:	10%
QBE Insurance International Ltd:	40%

The 3 London markets form a panel making up 60% of the placement and QBE make up the balance with a local placement. The significance of this is the London placement has more advantageous deductibles and rates than the local placement. In the event of a claim both policy deductibles are applied to their respective amounts (60/40) which have the net effect of improved deductibles over the former (Marsh) policy. Likewise, the premium is 60% London and 40% QBE. Regrettably we could not get QBE's agreement to reduce their rate to match London but their rate is marginally lower than the rates they required last year.

Email Memorandum continued

## Key Factors:

Sums insured on both Material Damage and Business Interruption have both been reviewed and the combined sums insured have increased from \$62,603,178 to \$ 69,100,000. Included within these sums are the Machinery Breakdown and resultant Business Interruption sums.

Deductibles have changed from last year and are more advantageous for OWL.

Willis London requires the standard deductible to be \$100,000 but have more advantageous earthquake levels especially for partial loss. It is based on 2% of the loss subject to a minimum of \$250,000. QBE is based on 2.5% of MD site value subject to minimum of \$500,000. Last year was based on 2.5% of combined MD/BI values with a minimum of \$500,000.

The rate per cent has reduced this year from 0.5694% gross (inclusive of brokerage) to 0.4377% net (excluding brokerage). We do not know the level of brokerage Marsh earned and it is therefore difficult to draw accurate comparisons.

The Policy wording has been agreed with both markets and is now available. Several matters were ambiguous with the former policy and these have now been resolved. The Business Interruption sum insured has also been agreed and is now clearer to understand.

## Material Damage – Non Generation Assets.

This policy was insured via Reid Manson brokers and insured the non-Generational assets being Office Buildings, Contents and General Plant and Equipment. This policy had a different expiry date from the above policy (26/6) and this will be amended to fall into line with other key policies. The values have been reviewed and adjusted to amendments have been made to total values insured. Also a review was carried out of the Sutherlands scheme property and this policy now includes the scheme Building, Plant and Equipment but does not include the Civil structures and earthworks which remain under the Generation assets policy.

The insurer is QBE International Ltd.

### Key Factors:

The sum insured (excluding Sutherlands) has increased from \$391,693 to \$431693.

Sutherlands sum insured is \$829,300.

Business Interruption sum insured is \$70,000. **Note we recommend this is reviewed as it appears light given the Sutherlands Plant and limited options available should a long duration loss occur.**

Policy deductibles are \$1000 increasing to \$25000 for theft and landslip. Earthquake are standard deductibles of 5% site sum insured MD/BI combined.

Premiums/ rates have been bench marked and we believe are competitive – especially Sutherlands.

The policy wording applying is Willis / QBE agreed wording.

## Liability Programme

We agreed to remarket all Liability policies to test the market with selected insurers with strong Liability expertise. These included the incumbent Vero Liability Ltd, QBE, AIG and ACE. All were very keen to participate though AIG and ACE could not quote on all lines which were disappointing but also a salutary indicator that insurers still have reservations about providing cover to Hydro companies where absolute/strict liability principles exist.

AIG became extremely uncompetitive on the General Liability premium and decided to withdraw.

ACE had similar difficulties and required sign off from their parent and gradually lost competitiveness.

## **Email Memorandum continued**

QBE set a very competitive price from the outset and their cover at least equals that of Vero Liability. Vero Liability had internal problems in meeting the timelines given and only provided their terms on the expiry date. Willis and Tony McCormick had detailed discussion over the merits of change and it was eventually felt the savings available were too great to ignore and the decision was taken to change insurer to QBE on all policies.

### **Key Factors**

Proposal forms were completed and also supplementary information was provided as required from various insurer requests.

Limits of Indemnity remain as expiring.

The Directors and Officers policy Limit is \$5m inclusive of Defense costs. Vero Liability had a \$4.5m / \$500,000 split.

Deductible levels remain as expiring on all policies.

Policy wordings will be forwarded as soon as they are received and checked for accuracy.

### **Motor Policy.**

This policy has been with Vero for some time and also has been handled by Reid Manson and is due for renewal 26th June. We have taken over the handling of the cover and carried out a policy review. OWL has had the fleet reviewed and values adjusted.

Quotations were obtained from Vero, QBE and benchmarked against other markets.

Vero continue to be the most competitive and we are satisfied the policy is satisfactory. Tony has since instructed Willis to renew with Vero.

### **Key Factors**

The fleet value has been reviewed and adjusted by OWL.

The policy deductible remains at \$400 and standard underage and license restrictions apply.

The basis of settlement is market value.

The Third party limit is \$10m.

**Please let us know if you have any queries with the above.**

Kind regards,

Steve Sugrue  
**Client Advocate.**

**OPUHA WATER LIMITED - PREMIUM SUMMARY**

Description of Item	Sums Insured 2012/2013	Sums Insured 2013/2014
<b>1. MD&amp;BI Hydro Assets</b>		
<b>All Works Associated with Opuha Dam</b>		
Hydro Dam& All Civil Works	\$37,596,686	\$48,000,000
All Plant, Machinery & Contents	\$10,403,314	\$8,000,000
<b>Sutherlands Irrigation Scheme</b>	\$1,600,000	\$2,000,000
<b>TOTAL MATERIAL DAMAGE</b>	<b>\$49,600,000</b>	<b>\$58,000,000</b>
<b>Machinery Breakdown.</b>	<b>\$8,500,000</b>	<b>\$8,000,000</b>
<b>Business Interruption - All Perils</b>		
Loss of Earnings/Additional Expenditure	\$12,753,178	\$11,000,000
Claim Preparatin Costs	\$250,000	\$100,000
<b>Total Business Interruption</b>	<b>\$13,003,178</b>	<b>\$11,100,000</b>
<b>Total Material Damage/Business Interruption Sum Insured</b>	<b>\$62,603,178</b>	<b>\$69,100,000</b>
Indemnity Period - Material Damage	24 Months	24 Months
Indemnity Period - Machinery Breakdown	12 months	12 months
<b>Excess Levels</b>		
Material Damage	\$50,000 all claims except \$500,000 losses arising from failure of Seepage Control Zone, Natural Disaster 2.5% of MD/BI site value	***Split Deductibles based on coinsurance %. See detail below.
Business Interruption	30 Day Time Excess	30 Day Time Excess
<b>Annual Premiums</b>	<b>\$347,326.73</b>	<b>\$293,300.00</b>
<b>FSL</b>	<b>\$9,122.52</b>	<b>\$9,122.52</b>
<b>TOTAL</b>	<b>\$356,449.25</b>	<b>\$302,422.52</b>
<b>2. MD&amp;BI Office Assets</b>		
<b>Corner Arowhenua Road / Pleasant Point Highway</b>		
Building	\$291,693	\$291,693
Office Equipment & Contents	\$32,000	\$80,000
General Tools & Equipment . AINZ	\$5,000	\$60,000
Monitoring Equipment / Switchboards & Lockable Housing	\$63,000	\$0
All Other Property		\$0
<b>Sub - total</b>	<b>\$391,693</b>	<b>\$431,693</b>
<b>Sutherlands Scheme ( non Gen)</b>	<b>Insured elsewhere</b>	
Power Supply, Switchgear, Controls		189,300
Telemetry Equipment		10,000
Pumps & Equipment		515,000
Buildings & Structures - Pumphouse		65,000
Misc incl professional fees allowance		50,000
<b>Total Sutherlands</b>		<b>\$829,300</b>
<b>Total Material Damage</b>	<b>\$391,693</b>	<b>\$1,260,993</b>
<b>Business Interruption - All Perils</b>		
Loss of Earnings/Additional Expenditure	\$0	\$50,000
Claims Preparation Costs	\$0	\$20,000
<b>Business Interruption Total</b>	<b>\$0</b>	<b>\$70,000</b>
<b>Total Material Damage/Business Interruption Sum Insured</b>	<b>\$391,693.00</b>	<b>\$1,330,993.00</b>
Indemnity Period		12 Months
<b>Excess Levels</b>		
Material Damage	\$1,000 all claims, except Theft \$2,500, Landslip/Subsidence \$5,000, Earthquake 5% of site sum insured with a minimum of \$5,000 applies to combined Material Damage & Business Interruption loss	\$1,000 all claims, except Theft \$2,500, Landslip/Subsidence \$5,000, Earthquake 5% of site sum insured with a minimum of \$5,000 applies to combined Material Damage & Business Interruption loss
Business Interruption	Nil	Nil
<b>Annual Premiums</b>	<b>\$0.00</b>	<b>\$6,006.29</b>
<b>FSL</b>	<b>\$0.00</b>	<b>\$1,008.74</b>
<b>TOTAL</b>	<b>\$0.00</b>	<b>\$7,015.03</b>
<b>Motor Vehicle</b>		
Total Sum Insured	\$153,949	\$142,000
Excess Levels	1% of the vehicle value subject to a min \$400 plus u/age.	1% of the vehicle value subject to a min \$400 plus u/age.
<b>Annual Premiums</b>	<b>\$0.00</b>	<b>\$3,125.24</b>
<b>FSL</b>	<b>\$0.00</b>	<b>\$42.56</b>
<b>TOTAL</b>	<b>\$0.00</b>	<b>\$3,167.80</b>

Description of Item	Sums Insured 2012/2013	Sums Insured 2013/2014
<b>Liability Programme</b>		
<b>1. Public Liability</b>		
Limit of Indemnity	\$10,000,000	\$10,000,000
Excess - general	\$5,000	\$5,000
<b>Annual Premiums</b>	<b>\$13,478.00</b>	<b>\$12,000.00</b>
<b>2. Directors and Officers Liability</b>		
Limit of Indemnity (any one claim and in the aggregate)	\$4,500,000	\$5,000,000
Defence Costs	\$500,000	Included
Excess	Nil except Company Reimbursement \$10,000	Nil except Company Reimbursement \$10,000
<b>Annual Premiums</b>	<b>\$10,825.00</b>	<b>\$11,250.00</b>
<b>3. Statutory Liability</b>		
Limit of Indemnity	\$1,000,000	\$1,000,000
Excess	\$5,000	\$5,000
<b>Annual Premiums</b>	<b>\$19,448.00</b>	<b>\$1,500.00</b>
<b>4. Employer's Liability</b>		
Limit of Indemnity	\$1,000,000	\$1,000,000
Excess	\$5,000	\$5,000
<b>Annual Premiums</b>		<b>\$250.00</b>
<b>Total Liability Premium</b>	<b>\$43,751.00</b>	<b>\$25,000.00</b>
<b>WILLIS' FEE</b>	N/A	<b>\$50,000.00</b>
<b>Total Insurance Premiums Including Fee/FSL (excluding GST)</b>	<b>\$400,200.25</b>	<b>\$387,605.35</b>
***MD & BI Hydro Assets Deductibles as more fully detailed	\$50,000 all claims except \$500,000 losses arising from failure of Seepage Control Zone, Natural Disaster 2.5% of MD/BI site value	<b>London:</b> <u>MD/MBProperty Damage</u> \$100,000. Earthquake 2% of the Loss subject to a minimum of \$250,000 but \$100,000 each and every other claim <u>Business Interruption</u> 30 Days each and every other claim <b>QBE</b> <u>Property Damage:</u> Earthquake & Flood 2.5% of Section 1 Site* sum insured subject to a minimum of \$500,000 arising out of any one loss or series of losses arising from one Event, applies to the combined Material Damage & Business Interruption Loss but \$50,000 each and every other claim <u>Business Interruption</u> All losses (except as above for Earthquake & Flood): 30 days

# Board Paper

## July 2013

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**Title: Report on Australian Irrigation Study Tour July 2013**

### **Purpose**

This paper presents a report on the Australian Irrigation Study Tour attended by the OWL Chief Executive, Tony McCormick in July 2013.

The purpose of the paper is to explain the key learnings from the Tour and is presented for the information of the Directors.

I have not attempted to give a detailed, blow-by-blow account of the tour but at the same time there is a lot that I am sure would be of interest than I have included in this overview report.

### **Tour Overview**

The 8 day tour was organized by Irrigation NZ with sponsorship support from BNZ and GHD. The tour began with two days in Canberra followed by a bus trip through to Adelaide with one or two stops each day at irrigation companies or associated entities for a look at their respective activities. The tour included the states of ACT, NSW, VIC and SA.

There were 27 participants on the tour, predominantly from Canterbury/Otago. A list of participants is attached.

An overview of the tour itinerary is as follows:

- Mon 8<sup>th</sup> pm Visit to Dept of Sustainability, Environment, Water, Population and Communities. Presentation from Mary Harwood on the Sustainable Rural Water Use & Infrastructure Programme (SRWUIP) a \$A5.8bn infrastructure upgrade funding programme
- Tue 9<sup>th</sup> New South Wales Irrigators Council (NSWIC) conference in Canberra. A series of four sessions with key note speakers followed by panel discussion.
- Wed 10<sup>th</sup> Colleambally Irrigation, NSW. Farmer owned cooperative irrigating ~ 79,000 ha through 500km of open channel. All fully automated via Rubicon Total Channel Control System. (The “Rolls Royce” of open channel distribution) Predominantly surface irrigation under gravity.
- Thu 11<sup>th</sup> am Murray Irrigation Ltd, NSW. Largest private irrigation company in NSW with 750,000 ha supplied via 2,900km of channels. Undertaking scheme upgrades under SRWUIP
- pm Rubicon production facility in Shepparton, VIC. Irrigation focused company with global distribution. Products and services cover software admin and control and all water distribution and control devices. Market leaders in applied technology in irrigation distribution systems.

Fri 12 <sup>th</sup>	Goulburn Murray Water (GMW) and NVIRP (Northern Victoria Irrigation Renewal Project - \$A2bn). After presentations from project executives we visited two dairy farms who had upgraded utilising Rubicon hardware.
Sat 13 <sup>th</sup>	Lower Murray Water, VIC. Visit to new high pressure pumping station providing water to 15,000ha. Followed up with on farm visit to table grape grower (drip irrigation)
Sun 14 <sup>th</sup>	Central Irrigation Trust, SA. A central operating company managing 12 grower owned trust schemes. Mainly pumped schemes – both high and low pressure delivery. Many parallels with OWL but have consciously decided to retain the independence of the 12 entities within the organisation.
Mon 15 <sup>th</sup>	Return from Adelaide

## Discussion

The overarching feature of the Australian irrigation ‘business’ is how it is so different from New Zealand in nearly every aspect!

Politically	significant involvement at all levels of government with state ‘coalition’ entities such as the Murray Darling Basin Authority also heavily in the mix. The central government programme (SRWUIP) is allocating \$A5.8bn for irrigation infrastructure improvements with the objective of winning back water (distribution efficiencies) for the environment in order to meet objectives of the Basin Plan. In Victoria, the major irrigation distribution entity is still government owned (GMW). In NSW and SA the state governments have generally backed out of ownership through privatization programmes.
Climate	extremely long climatic cycles and very large storages within the Murray Darling scheme. Water availability can be reliably predicted at least a year in advance. Storages can provide years of supply. In SA we were looking at the dirty condition of the river and were told “the high colloidal content was from the heavy rains and floods that occurred up in the Darling three years ago”. Dry spells (sequences) can last years (2002 – 2010 drought sequence)
Topography	it’s all very flat! Predominance of large slow moving rivers and water channels. No opportunities for capturing gravity head via piping. Floods tend to slowly inundate large areas rather than result in raging torrents.
Soils	predominance of heavier, tighter soils with low infiltration rates. Leaching is not a significant issue. Soil salinity issues lead to drainage systems complimentary to the irrigation supply networks to remove excess surface water and reduce seepage that can raise groundwater levels.
Scale	land is relatively cheap, things are on a bigger scale.
Land use	dairying is far from dominant and nowhere is there the scale of dairy production and processing that is prevalent in NZ. Crops such as cotton and rice seem novel to us and somewhat paradoxical because of their high water demand. However these annual crops have proven to be very appropriate (compared with permanent/perennial pasture or horticulture) as the grower can determine before sowing whether there

is going to be enough water available and decide whether or not to sow. Many accounts of growers doing better to not sow their crop and trade their water for the season. High prevalence of intensive land use in grapes and citrus, avocados and almonds. Significant shift of water away from dairy in VIC to intensive horticulture in SA.

**Water Entitlements** they are permanent! Licences were previously tied to land titles but the Water Act separated these and allowed water licences to be traded. They do not require renewal or review (cf NZ resource consents). They are essentially a property right.

**Water Trading** a comprehensive, integrated trading system is managed across the whole Murray Darling system that enables licence holders to trade water short and long term, permanent and temporary. The same system appears to track water use on a seasonal basis. We didn't get a close look at this system but it came up time and again during discussions. Water trading is a \$2.5bn per annum business.

**Environmental** – the issues seem quite different. There are few active aquifers to be contaminated by excessive leaching. The predominant environmental issues were soil salination and the need for flood inundation to maintain life cycles of native vegetation species (as well as 'rinsing' top layers of soil of accumulated mineral deposits including salt) Salination is managed by suppressing groundwater levels through surface and subsurface drainage systems and requirement for landowners to maintain deep rooting trees that draw down groundwater. So water 'taken back for the environment' is generally used to supplement flows to encourage floods and inundation. These environmental flows may have frequency periods of 8 – 9 years!

**Culture** there was an obvious concern about the social consequences of reducing the water available for irrigation and the potential for it to threaten or destabilise rural communities. I truly got the feeling that people matter more than frogs (my interpretation of which way the decision would go if it came down to environment vs social consequences). This attitude was evident at a political level, right through to the farming communities. Refer "You take the water, You stuff my business!" sign on local motor mechanics shop window.

**On-farm irrigation systems** – a prevalence of surface (flood) irrigation and drip systems. There were some spray systems incorporating pivots but energy costs are a real deterrent and often make mechanical/spray systems marginal. Even examples of irrigators decommissioning their pivots and reverting to surface irrigation. Significant investment in 'precision surface irrigation' was presented to us by Rubicon in particular. It works on the low infiltration soils but we thought it would be unlikely to be able to be applied in NZ gravels.

## Key Learnings

So if it is all so different, what can we learn?

The value of storage – even though we would never emulate the multi-year storage regimes they have, the value arising from being able to at least look a season ahead and adjust your seasonal activity to match is interesting.

Water trading – although the value within their water trading system is linked directly to the unique large storage/long timeframe nature of the Australian environment, an

efficient trading system results in a realistic value being assigned to water and water use occurring where its economic benefit is greatest.

Technologies – there are definitely some technologies (and Rubicon in particular) that would be wonderful to have within our scheme. There does need to be a business case however as their equipment and products are not cheap. Mayfield Hinds and BCI are probably the largest users within NZ of Rubicon technologies. The investment in both engineering (eg large civil works to reline water races to reduce leakage) and advanced technologies for water control and resultant efficiencies are directly applicable to NZ and OWL.

The vital role of irrigation water in driving economic prosperity – there seems to be a stronger recognition and acceptance of this within Australia although the political enthusiasm ebbs and flows with political tides. The most impressive example we had of this aspect was a presentation at the Canberra Conference by Mike Wade from the California Farm Water Collective. Mike presented on their response to increasing pressure on agricultural water use from urban and environmental lobby groups and politicians. Their massive public relations and communication programme was aimed at winning the hearts and minds of Californians to accept that they must support water for agricultural use. ***'Food grows where water flows'***. Very topical for NZ and especially for INZ (Chris Coughlan) who have been struggling to get support for a national media campaign along similar, but more modest, lines.

Internal networking – as with most forums such as this, the interaction opportunities through 'bus-time' (~1500kms?) meals and evening times strengthens understanding and relationships with fellow irrigators and related organisations within our own region. Very valuable (and enjoyable)

Organisational structures – the predominance of cooperative structures was reassuring although many of the schemes and organisations still seemed to carry significant staff and overheads. The CIT in SA was impressive in how it was managing the business of twelve entities but I'm still comfortable that consolidation is more relevant for OWL.

## Conclusion

Participation on the study tour was both enjoyable and stimulating. It provides the opportunity to compare and reflect on our own circumstances and operation. While the significant differences between the Australian and NZ water and irrigation 'environments' mean that many things just could not be copied or adopted here, there are always things to learn from observing and understanding how water is managed.

I believe the aspects and learnings of direct relevance include the flow control technologies and importance of having the economic benefit of responsible agricultural water use recognised and accepted. On this latter point, the Californian example was extremely insightful how the agricultural sector can be effective via a well organised, offensive media strategy in turning the tide of public, urban and political pressure.

Finally, I would like to personally thank the Board for their support in my participation on this tour.

Tony McCormick  
Chief Executive  
25<sup>th</sup> July 2013



# Course Participants

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Andrew Curtis	Irrigation NZ
Chris Coughlan	Irrigation NZ
Paul Reese	Irrigation NZ
Hamish Tait	Mayfield Hinds
Sam Anderson	Mayfield Hinds
Neill Stevens	Rangitata Diversion Race Ltd
John Wright	Barrhill Chertsey Irrigation/North Otago Irrigation
Rab McDowell	Barrhill Chertsey Irrigation
Leigh Hamilton	North Otago Irrigation
Dave Finlay	North Otago Irrigation
Richard Plunket	Lower Waitaki Irrigation
Chris Dennison	Lower Waitaki Irrigation
Adre Verbakel	Lower Waitaki Irrigation
Murray Turner	Upper Waitaki Irrigation
Elizabeth Soal	Waitaki Irrigators Collective
Tony McCormick	Opuha Water Ltd
Gavin Reid	Waimakariri Irrigation Ltd
Andrew Barton	Amuri Irrigation
Barry Shepherd	Benmore Irrigation
Lionel Hume	Irrigation NZ/Fed Farmers
Dennis Jamieson	ECan
Loretta Dobbs	MPI
Ben Scott	Beca
Guy Ensor	BNZ
Murray Smith	GHD (Aust)
Brendon Silcock	GHD (NZ)
Paul Morgan	Rileys





# Financial Statements

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June 2013



**Profit & Loss**  
**Opuha Water Limited**  
For the month ended 30 June 2013

	Actual	Budget	Var NZD	Var %	YTD Actual	YTD Budget	Var NZD	Var %
<b>Income</b>								
<b>Generation Sales</b>								
Electricity Contracts & Hedges	\$0	\$0	\$0		\$7,262	\$0	\$7,262	
Electricity Generation Sales	\$159,450	\$185,020	-\$25,570	-14%	\$2,377,700	\$1,645,582	\$732,118	44%
<b>Total Generation Sales</b>	<b>\$159,450</b>	<b>\$185,020</b>	<b>-\$25,570</b>	<b>-14%</b>	<b>\$2,384,962</b>	<b>\$1,645,582</b>	<b>\$739,380</b>	<b>45%</b>
<b>Scheme Management Fees</b>								
Management Fees - Kakahu Irrigation Ltd	\$2,500	\$2,500	\$0	0%	\$30,000	\$30,000	\$0	0%
Management Fees - Levels Plain Irrigation Ltd	\$4,583	\$4,584	-\$1	0%	\$55,000	\$55,000	-\$0	0%
Management Fees - Totara Valley Irrigation Ltd	\$1,000	\$1,000	\$0	0%	\$12,000	\$12,000	\$0	0%
<b>Total Scheme Management Fees</b>	<b>\$8,083</b>	<b>\$8,084</b>	<b>-\$1</b>	<b>0%</b>	<b>\$97,000</b>	<b>\$97,000</b>	<b>-\$0</b>	<b>0%</b>
<b>Totara Valley &amp; Sutherlands</b>								
Incremental Water Income - P J Scott	\$0	\$7,250	-\$7,250	-100%	\$0	\$58,000	-\$58,000	-100%
Scheme Charges - Totara Valley Irrigation Ltd	\$3,430	\$3,430	-\$0	0%	\$41,154	\$41,160	-\$6	0%
Sutherlands Water Supply & Capacity Charges	\$17,831	\$18,209	-\$378	-2%	\$213,969	\$218,508	-\$4,539	-2%
<b>Total Totara Valley &amp; Sutherlands</b>	<b>\$21,260</b>	<b>\$28,889</b>	<b>-\$7,629</b>	<b>-26%</b>	<b>\$255,123</b>	<b>\$317,668</b>	<b>-\$62,545</b>	<b>-20%</b>
<b>Water &amp; Operation Revenue</b>								
Less - Direct Debit Discount	-\$8,103	-\$7,261	-\$842	-12%	-\$96,392	-\$87,132	-\$9,260	-11%
Operation Levy Received	\$185,600	\$185,503	\$97	0%	\$2,227,200	\$2,226,036	\$1,164	0%
Water Supply Revenue	\$77,120	\$77,164	-\$44	0%	\$925,440	\$925,968	-\$528	0%
<b>Total Water &amp; Operation Revenue</b>	<b>\$254,617</b>	<b>\$255,406</b>	<b>-\$789</b>	<b>0%</b>	<b>\$3,056,248</b>	<b>\$3,064,872</b>	<b>-\$8,624</b>	<b>0%</b>
<b>Water Abstraction Charges</b>								
TDC Additional Water Charges	\$7,547	\$7,592	-\$46	-1%	\$90,558	\$91,104	-\$546	-1%
TDC Water Abstraction Charges	\$18,997	\$19,110	-\$113	-1%	\$227,962	\$229,320	-\$1,358	-1%
<b>Total Water Abstraction Charges</b>	<b>\$26,543</b>	<b>\$26,702</b>	<b>-\$159</b>	<b>-1%</b>	<b>\$318,520</b>	<b>\$320,424</b>	<b>-\$1,904</b>	<b>-1%</b>
<b>Total Operating Income</b>	<b>\$469,954</b>	<b>\$504,101</b>	<b>-\$34,147</b>	<b>-7%</b>	<b>\$6,111,853</b>	<b>\$5,445,546</b>	<b>\$666,307</b>	<b>12%</b>
<b>Plus Other Income</b>								
Electricity Levy Rebates Received	\$0	\$0	\$0		\$495	\$0	\$495	
Rebate - CRT Society Limited	\$0	\$0	\$0		\$1,340	\$0	\$1,340	
Sale of Opuha Book	\$0	\$0	\$0		\$183	\$0	\$183	
Share Transfer Charges	\$0	\$0	\$0		\$675	\$0	\$675	
Sundry Income	\$0	\$500	-\$500	-100%	\$18,957	\$6,000	\$12,957	216%
<b>Dividends Received</b>								
Dividends Received - CRT Society Ltd (Non-Taxable)	\$0	\$0	\$0		\$18	\$0	\$18	
Dividends Received - CRT Society Ltd (Taxable)	\$0	\$0	\$0		\$475	\$0	\$475	
Dividends Received - LineTrust SC - Alpine	\$0	\$0	\$0		\$24,513	\$49,000	-\$24,487	-50%
Dividends Received - LineTrust SC - Contact	\$0	\$0	\$0		\$387	\$500	-\$113	-23%
Dividends Received - LineTrust SC - Meridian	\$0	\$0	\$0		\$361	\$0	\$361	
<b>Total Dividends Received</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$25,754</b>	<b>\$49,500</b>	<b>-\$23,746</b>	<b>-48%</b>
<b>Interest Received</b>								
Interest Received - ANZ Bank	\$3,543	\$0	\$3,543		\$21,765	\$0	\$21,765	
Interest Received - Debtor Late Payments	\$382	\$0	\$382		\$5,275	\$0	\$5,275	
Interest Received - Totara Valley Irrigation Ltd	\$0	\$0	\$0		\$606	\$0	\$606	
<b>Total Interest Received</b>	<b>\$3,925</b>	<b>\$0</b>	<b>\$3,925</b>		<b>\$27,646</b>	<b>\$0</b>	<b>\$27,646</b>	
<b>Total Other Income</b>	<b>\$3,925</b>	<b>\$500</b>	<b>\$3,425</b>	<b>685%</b>	<b>\$75,051</b>	<b>\$55,500</b>	<b>\$19,551</b>	<b>35%</b>
<b>TOTAL INCOME</b>	<b>\$473,878</b>	<b>\$504,601</b>	<b>-\$30,723</b>	<b>-6%</b>	<b>\$6,186,903</b>	<b>\$5,501,046</b>	<b>\$685,857</b>	<b>12%</b>
<b>Less Operating Expenses</b>								
<b>Administration Expenses</b>								
Accountancy & Secretarial Services	\$41	\$6,500	-\$6,459	-99%	\$43,462	\$79,400	-\$35,938	-45%
Advertising & Sponsorship	\$0	\$0	\$0		\$685	\$500	\$185	37%
Audit Fees	\$0	\$0	\$0		\$11,550	\$11,000	\$550	5%
Bad Debts Unrecoverable	\$0	\$0	\$0		\$0	\$1,500	-\$1,500	-100%
Commission	\$4,167	\$0	\$4,167		\$4,167	\$0	\$4,167	
Computer Services & IT Support	\$540	\$350	\$190	54%	\$4,551	\$4,200	\$351	8%
Conferences, Seminars & Training	\$2,589	\$550	\$2,039	371%	\$11,791	\$11,650	\$141	1%
Consultancy Fees	\$15,205	\$4,580	\$10,625	232%	\$81,914	\$54,960	\$26,954	49%
Directors Fees	\$6,583	\$8,333	-\$1,750	-21%	\$83,583	\$99,996	-\$16,413	-16%
Entertainment - Deductible	\$0	\$85	-\$85	-100%	\$397	\$1,020	-\$624	-61%
General Expenses	\$261	\$100	\$161	161%	\$3,272	\$1,200	\$2,072	173%
Hydrology & Water Use Studies (ASM)	\$13,684	\$9,333	\$4,351	47%	\$13,684	\$111,996	-\$98,312	-88%
Internet & Website Charges	\$22	\$420	-\$398	-95%	\$301	\$5,000	-\$4,699	-94%

**Profit & Loss**  
**Opuha Water Limited**  
For the month ended 30 June 2013

	Actual	Budget	Var NZD	Var %	YTD Actual	YTD Budget	Var NZD	Var %
Legal Fees - Deductible	\$9,040	\$1,800	\$7,240	402%	\$69,145	\$21,600	\$47,545	220%
Management and Strategic Projects	\$4,750	\$3,333	\$1,417	43%	\$9,444	\$39,996	-\$30,552	-76%
Meeting Expenses	\$245	\$175	\$70	40%	\$2,053	\$2,100	-\$47	-2%
Opuha Book Production	\$0	\$0	\$0		\$8,797	\$0	\$8,797	
Photocopier Rental	\$120	\$0	\$120		\$1,440	\$0	\$1,440	
Postages	\$61	\$0	\$61		\$2,871	\$0	\$2,871	
Project Contribution Costs	\$6,000	\$0	\$6,000		\$6,000	\$0	\$6,000	
Recruitment Fees	\$0	\$0	\$0		\$2,970	\$800	\$2,170	271%
Rent - Christchurch Office	\$325	\$340	-\$15	-4%	\$3,900	\$4,080	-\$180	-4%
Rent - Lodge Accomodation	\$433	\$435	-\$2	0%	\$5,200	\$5,220	-\$20	0%
Security	\$118	\$45	\$73	163%	\$530	\$540	-\$10	-2%
Software & Licensing Fees	\$4,048	\$200	\$3,848	1924%	\$5,165	\$2,400	\$2,765	115%
Stationery and Printing	\$625	\$800	-\$175	-22%	\$6,878	\$9,600	-\$2,722	-28%
Subscriptions - Irrigation NZ	\$0	\$0	\$0		\$19,200	\$19,200	\$0	0%
Subscriptions - Other	\$46	\$0	\$46		\$329	\$800	-\$471	-59%
Telephone and Tolls	\$1,162	\$1,200	-\$38	-3%	\$13,669	\$14,400	-\$731	-5%
Travel and Accomodation - International	\$1,019	\$0	\$1,019		\$1,019	\$0	\$1,019	
Travel and Accomodation - National	\$0	\$250	-\$250	-100%	\$2,125	\$3,000	-\$875	-29%
Valuation Fees	\$0	\$0	\$0		\$0	\$9,000	-\$9,000	-100%
<b>Total Administration Expenses</b>	<b>\$71,085</b>	<b>\$38,829</b>	<b>\$32,256</b>	<b>83%</b>	<b>\$420,092</b>	<b>\$515,158</b>	<b>-\$95,066</b>	<b>-18%</b>
<b>Direct Operating Expenses</b>								
Accident Compensation Levies	\$0	\$600	-\$600	-100%	\$7,029	\$7,200	-\$171	-2%
Alpine - Avoided Cost of Transmission Rebates	-\$12,990	-\$6,478	-\$6,512	-101%	-\$103,487	-\$77,736	-\$25,751	-33%
Alpine Distribution - Electricity Use of System Costs	\$13,398	\$13,525	-\$127	-1%	\$162,001	\$160,500	\$1,501	1%
Electricity, Light & Heat	\$1,405	\$1,350	\$55	4%	\$17,891	\$16,200	\$1,691	10%
Freight and Cartage	\$0	\$100	-\$100	-100%	\$0	\$600	-\$600	-100%
Health & Safety	\$0	\$0	\$0		\$3,197	\$0	\$3,197	
Inspection & Survey Costs	\$168,663	\$15,000	\$153,663	1024%	\$194,086	\$139,800	\$54,286	39%
Insurance - Dam, BI & Assets	\$27,830	\$34,377	-\$6,547	-19%	\$395,024	\$412,524	-\$17,500	-4%
Laundry and Cleaning	\$75	\$120	-\$45	-38%	\$965	\$1,440	-\$475	-33%
Ministry of Economic Development Levies	\$858	\$900	-\$42	-5%	\$3,878	\$3,000	\$878	29%
Monitoring Charges	\$1,845	\$2,510	-\$665	-26%	\$23,860	\$30,120	-\$6,260	-21%
Plant and Equipment Hire	\$206	\$120	\$86	72%	\$206	\$6,720	-\$6,514	-97%
Power Station Operations Management Fee	\$23,062	\$23,421	-\$359	-2%	\$276,055	\$279,339	-\$3,284	-1%
Protective Clothing	\$0	\$0	\$0		\$1,254	\$1,500	-\$246	-16%
Rates - Mackenzie District Council	\$7,837	\$8,070	-\$233	-3%	\$31,349	\$30,690	\$659	2%
Rates - Timaru District Council	\$308	\$210	\$98	47%	\$1,333	\$895	\$438	49%
Resource Consent Monitoring & Compliance	\$450	\$500	-\$50	-10%	\$5,244	\$6,000	-\$756	-13%
Site Inspection Costs	\$2,522	\$3,000	-\$478	-16%	\$31,022	\$36,000	-\$4,978	-14%
Sutherland's Electricity Charges	\$524	\$320	\$204	64%	\$4,710	\$3,840	\$870	23%
Trees, Planting & Landscaping	\$0	\$0	\$0		\$0	\$1,000	-\$1,000	-100%
Water Measurement & Telemetry Management	\$5,587	\$5,550	\$37	1%	\$66,574	\$67,150	-\$576	-1%
Water Measurement, Consent & Compliance R&M	\$0	\$2,083	-\$2,083	-100%	\$10,035	\$24,996	-\$14,961	-60%
Weed and Pest Control	\$0	\$350	-\$350	-100%	\$2,329	\$4,200	-\$1,871	-45%
<b>Motor Vehicle Expenses</b>								
Motor Vehicle Expenses - Fuel and Oil	\$2,133	\$2,200	-\$67	-3%	\$30,489	\$28,800	\$1,689	6%
Motor Vehicle Expenses - Insurance	\$246	\$0	\$246		\$752	\$0	\$752	
Motor Vehicle Expenses - Registration, Licenses & KM's	\$839	\$900	-\$61	-7%	\$9,127	\$9,200	-\$73	-1%
Motor Vehicle Expenses - Repairs and Maintenance	\$3,887	\$1,000	\$2,887	289%	\$17,853	\$12,000	\$5,853	49%
<b>Total Motor Vehicle Expenses</b>	<b>\$7,105</b>	<b>\$4,100</b>	<b>\$3,005</b>	<b>73%</b>	<b>\$58,221</b>	<b>\$50,000</b>	<b>\$8,221</b>	<b>16%</b>
<b>Repairs and Maintenance</b>								
Low Value Assets (under \$500)	\$130	\$250	-\$120	-48%	\$1,716	\$3,000	-\$1,284	-43%
Property Costs - Opuha House	\$0	\$250	-\$250	-100%	\$1,392	\$3,000	-\$1,608	-54%
Repairs & Maintenance - Anchor Block Remediation	\$0	\$0	\$0		\$2,053	\$0	\$2,053	
Repairs & Maintenance - Dam & Power Station	\$18,311	\$7,500	\$10,811	144%	\$70,885	\$136,000	-\$65,115	-48%
Repairs & Maintenance - Diesel Unit	\$0	\$0	\$0		\$1,197	\$0	\$1,197	
Repairs & Maintenance - Downstream Weir	\$0	\$0	\$0		\$40,333	\$4,000	\$36,333	908%
Repairs & Maintenance - Plant & Equipment	\$1,197	\$0	\$1,197		\$14,432	\$0	\$14,432	
Repairs & Maintenance - TV Pond/Sutherland's	\$356	\$200	\$156	78%	\$13,769	\$3,100	\$10,669	344%
<b>Total Repairs and Maintenance</b>	<b>\$19,993</b>	<b>\$8,200</b>	<b>\$11,793</b>	<b>144%</b>	<b>\$145,778</b>	<b>\$149,100</b>	<b>-\$3,322</b>	<b>-2%</b>
<b>Wages, Salaries &amp; Allowances</b>								
Accrued Employee Leave Entitlements	\$11,085	\$0	\$11,085		\$11,085	\$0	\$11,085	
Employer Superannuation Contribution Tax	\$213	\$0	\$213		\$2,086	\$0	\$2,086	
KiwiSaver Employer Contributions	\$580	\$0	\$580		\$5,108	\$0	\$5,108	
Wages, Salaries & Allowances - Casual Employees	\$0	\$0	\$0		\$9,905	\$7,800	\$2,105	27%
Wages, Salaries & Allowances - CEO Management	\$16,229	\$16,554	-\$325	-2%	\$207,250	\$211,148	-\$3,898	-2%
Wages, Salaries & Allowances - Operations & Admin	\$17,219	\$16,032	\$1,187	7%	\$235,845	\$213,739	\$22,106	10%
<b>Total Wages, Salaries &amp; Allowances</b>	<b>\$45,326</b>	<b>\$32,586</b>	<b>\$12,740</b>	<b>39%</b>	<b>\$471,279</b>	<b>\$432,687</b>	<b>\$38,592</b>	<b>9%</b>

**Profit & Loss**  
**Opuha Water Limited**  
For the month ended 30 June 2013

	Actual	Budget	Var NZD	Var %	YTD Actual	YTD Budget	Var NZD	Var %
<b>Total Direct Operating Expenses</b>	<b>\$314,004</b>	<b>\$150,514</b>	<b>\$163,490</b>	<b>109%</b>	<b>\$1,809,836</b>	<b>\$1,787,765</b>	<b>\$22,071</b>	<b>1%</b>
<b>Finance Expenses</b>								
Bank Fees and Charges	\$65	\$80	-\$15	-19%	\$957	\$960	-\$3	0%
Interest - ANZ Bank - \$27m Term Loan	\$171,872	\$190,488	-\$18,616	-10%	\$2,181,817	\$2,198,106	-\$16,289	-1%
Interest - ANZ Bank - \$2m Flexi Facility	\$0	\$11,217	-\$11,217	-100%	\$1,849	\$45,122	-\$43,273	-96%
Interest - Hunter Premium Funding	\$0	\$1,802	-\$1,802	-100%	\$10,782	\$16,812	-\$6,030	-36%
Line of Credit Fee - \$2m Flexi Facility	\$1,008	\$0	\$1,008		\$6,016	\$0	\$6,016	
<b>Total Finance Expenses</b>	<b>\$172,946</b>	<b>\$203,587</b>	<b>-\$30,641</b>	<b>-15%</b>	<b>\$2,201,421</b>	<b>\$2,261,000</b>	<b>-\$59,579</b>	<b>-3%</b>
<b>Scheme Recharges</b>								
Scheme Recharges - Levels Plain Irrigation Ltd	-\$0	\$0	-\$0		-\$0	\$0	-\$0	
<b>Total Scheme Recharges</b>	<b>-\$0</b>	<b>\$0</b>	<b>-\$0</b>		<b>-\$0</b>	<b>\$0</b>	<b>-\$0</b>	
<b>Total Operating Expenses</b>	<b>\$558,034</b>	<b>\$392,930</b>	<b>\$165,104</b>	<b>42%</b>	<b>\$4,431,349</b>	<b>\$4,563,923</b>	<b>-\$132,574</b>	<b>-3%</b>
<b>Non-Operating Expenses</b>								
Donations	\$0	\$0	\$0		\$560	\$500	\$60	12%
Loss (Gain) on Disposal of Fixed Assets	\$938	\$0	\$938		-\$751	\$0	-\$751	
<b>Non-Deductible Expenses</b>								
Entertainment - Non Deductible	\$0	\$45	-\$45	-100%	\$357	\$540	-\$183	-34%
<b>Total Non-Deductible Expenses</b>	<b>\$0</b>	<b>\$45</b>	<b>-\$45</b>	<b>-100%</b>	<b>\$357</b>	<b>\$540</b>	<b>-\$183</b>	<b>-34%</b>
<b>Total Non-Operating Expenses</b>	<b>\$938</b>	<b>\$45</b>	<b>\$893</b>	<b>1984%</b>	<b>\$166</b>	<b>\$1,040</b>	<b>-\$874</b>	<b>-84%</b>
<b>TOTAL EXPENSES</b>	<b>\$558,972</b>	<b>\$392,975</b>	<b>\$165,997</b>	<b>42%</b>	<b>\$4,431,515</b>	<b>\$4,564,963</b>	<b>-\$133,448</b>	<b>-3%</b>
<b>Operating Profit</b>	<b>-\$85,093</b>	<b>\$111,626</b>	<b>-\$196,719</b>	<b>-176%</b>	<b>\$1,755,388</b>	<b>\$936,083</b>	<b>\$819,305</b>	<b>88%</b>
<b>Depreciation</b>								
Depreciation - Buildings	\$179	\$376	-\$197	-52%	\$1,804	\$4,703	-\$2,899	-62%
Depreciation - Dam and Power Station	\$65,607	\$62,350	\$3,257	5%	\$782,355	\$764,871	\$17,484	2%
Depreciation - Motor Vehicles	\$2,774	\$1,465	\$1,309	89%	\$30,530	\$20,592	\$9,938	48%
Depreciation - Office Equipment	\$1,071	\$360	\$711	197%	\$9,002	\$5,247	\$3,755	72%
Depreciation - Plant and Equipment	\$442	\$335	\$107	32%	\$4,924	\$4,364	\$560	13%
Depreciation - Provision on New Assets	\$0	\$11,671	-\$11,671	-100%	\$0	\$34,267	-\$34,267	-100%
Depreciation - Sutherlands Pipeline	\$7,044	\$6,467	\$577	9%	\$84,524	\$81,131	\$3,393	4%
Depreciation - Totara Valley Storage Pond	\$2,293	\$2,113	\$180	8%	\$27,483	\$26,039	\$1,444	6%
<b>Total Depreciation</b>	<b>\$79,409</b>	<b>\$85,137</b>	<b>-\$5,728</b>	<b>-7%</b>	<b>\$940,622</b>	<b>\$941,214</b>	<b>-\$592</b>	<b>0%</b>
<b>Net Profit after Depreciation</b>	<b>-\$164,503</b>	<b>\$26,489</b>	<b>-\$190,992</b>	<b>-721%</b>	<b>\$814,767</b>	<b>-\$5,131</b>	<b>\$819,898</b>	<b>15979%</b>



**Profit & Loss**  
**Opuha Water Limited**  
For the year ended 30 June 2013

Income	Jul-12 Actual	Aug-12 Actual	Sep-12 Actual	Oct-12 Actual	Nov-12 Actual	Dec-12 Actual	Jan-13 Actual	Feb-13 Actual	Mar-13 Actual	Apr-13 Actual	May-13 Actual	Jun-13 Actual	Total
<b>Generation Sales</b>													
Electricity Contracts & Hedges	\$0	\$1,660	\$5,602	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,262
Electricity Generation Sales	\$123,678	\$296,130	\$111,587	\$244,834	\$219,443	\$182,088	\$194,638	\$121,141	\$224,780	\$230,274	\$269,656	\$159,450	\$2,377,700
<b>Total Generation Sales</b>	<b>\$123,678</b>	<b>\$297,790</b>	<b>\$117,190</b>	<b>\$244,834</b>	<b>\$219,443</b>	<b>\$182,088</b>	<b>\$194,638</b>	<b>\$121,141</b>	<b>\$224,780</b>	<b>\$230,274</b>	<b>\$269,656</b>	<b>\$159,450</b>	<b>\$2,384,962</b>
<b>Scheme Management Fees</b>													
Management Fees - Kakahu Irrigation Ltd	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$30,000
Management Fees - Levels Plain Irrigation Ltd	\$4,583	\$4,583	\$4,583	\$4,583	\$4,583	\$4,583	\$4,583	\$4,583	\$4,583	\$4,583	\$4,583	\$4,583	\$55,000
Management Fees - Totara Valley Irrigation Ltd	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$12,000
<b>Total Scheme Management Fees</b>	<b>\$8,083</b>	<b>\$97,000</b>											
<b>Totara Valley &amp; Sutherlands</b>													
Incremental Water Income - P J Scott	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Scheme Charges - Totara Valley Irrigation Ltd	\$3,430	\$3,430	\$3,430	\$3,430	\$3,430	\$3,430	\$3,430	\$3,430	\$3,430	\$3,430	\$3,430	\$3,430	\$41,155
Sutherlands Water Supply & Capacity Charges	\$17,831	\$17,831	\$17,831	\$17,831	\$17,831	\$17,831	\$17,831	\$17,831	\$17,831	\$17,831	\$17,831	\$17,831	\$213,969
<b>Total Totara Valley &amp; Sutherlands</b>	<b>\$21,260</b>	<b>\$21,261</b>	<b>\$255,124</b>										
<b>Water &amp; Operation Revenue</b>													
Less - Direct Debit Discount	-\$7,860	-\$7,850	-\$7,855	-\$7,965	-\$8,101	-\$8,098	-\$8,120	-\$8,120	-\$8,150	-\$8,069	-\$8,101	-\$8,104	-\$96,393
Operation Levy Received	\$185,601	\$185,600	\$185,600	\$185,600	\$185,600	\$185,600	\$185,600	\$185,600	\$185,600	\$185,600	\$185,600	\$185,600	\$2,227,200
Water Supply Revenue	\$77,120	\$77,120	\$77,120	\$77,120	\$77,120	\$77,120	\$77,120	\$77,120	\$77,120	\$77,120	\$77,120	\$77,120	\$925,440
<b>Total Water &amp; Operation Revenue</b>	<b>\$254,861</b>	<b>\$254,869</b>	<b>\$254,865</b>	<b>\$254,755</b>	<b>\$254,619</b>	<b>\$254,622</b>	<b>\$254,600</b>	<b>\$254,600</b>	<b>\$254,570</b>	<b>\$254,651</b>	<b>\$254,619</b>	<b>\$254,616</b>	<b>\$3,056,247</b>
<b>Water Abstraction Charges</b>													
TDC Additional Water Charges	\$7,547	\$7,547	\$7,547	\$7,547	\$7,547	\$7,547	\$7,547	\$7,547	\$7,547	\$7,547	\$7,547	\$7,547	\$90,559
TDC Water Abstraction Charges	\$18,997	\$18,997	\$18,997	\$18,997	\$18,997	\$18,997	\$18,997	\$18,997	\$18,997	\$18,997	\$18,997	\$18,997	\$227,962
<b>Total Water Abstraction Charges</b>	<b>\$26,543</b>	<b>\$26,544</b>	<b>\$318,521</b>										
<b>Total Operating Income</b>	<b>\$434,426</b>	<b>\$608,546</b>	<b>\$427,941</b>	<b>\$555,477</b>	<b>\$529,948</b>	<b>\$492,597</b>	<b>\$505,125</b>	<b>\$431,629</b>	<b>\$535,237</b>	<b>\$540,812</b>	<b>\$580,161</b>	<b>\$469,954</b>	<b>\$6,111,853</b>
<b>Plus Other Income</b>													
Electricity Levy Rebates Received	\$0	\$0	\$0	\$0	\$495	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$495
Rebate - CRT Society Limited	\$0	\$448	\$448	\$0	\$0	\$0	\$0	\$444	\$0	\$0	\$0	\$0	\$1,340
Sale of Opuha Book	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$78	\$0	\$0	\$104	\$0	\$183
Share Transfer Charges	\$225	\$0	\$0	\$450	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$675
Sundry Income	\$0	\$0	\$0	\$5,000	\$5,000	\$0	\$2,200	\$2,200	\$2,200	\$2,357	\$0	\$0	\$18,957
<b>Dividends Received</b>													
Dividends Received - CRT Society Ltd (Non-Taxable)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$18	\$0	\$0	\$0	\$0	\$18
Dividends Received - CRT Society Ltd (Taxable)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$475	\$0	\$0	\$0	\$0	\$475
Dividends Received - LineTrust SC - Alpine	\$0	\$0	\$0	\$0	\$0	\$24,513	\$0	\$0	\$0	\$0	\$0	\$0	\$24,513
Dividends Received - LineTrust SC - Contact	\$0	\$0	\$0	\$0	\$0	\$0	\$387	\$0	\$0	\$0	\$0	\$0	\$387
Dividends Received - LineTrust SC - Meridian	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$361	\$0	\$0	\$0	\$0	\$361
<b>Total Dividends Received</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$24,513</b>	<b>\$387</b>	<b>\$854</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$25,754</b>

**Profit & Loss**  
**Opuha Water Limited**  
For the year ended 30 June 2013

	Jul-12 Actual	Aug-12 Actual	Sep-12 Actual	Oct-12 Actual	Nov-12 Actual	Dec-12 Actual	Jan-13 Actual	Feb-13 Actual	Mar-13 Actual	Apr-13 Actual	May-13 Actual	Jun-13 Actual	Total
<b>Interest Received</b>													
Interest Received - ANZ Bank	\$444	\$463	\$453	\$1,107	\$855	\$1,591	\$2,043	\$1,753	\$361	\$476	\$8,677	\$3,542	\$21,765
Interest Received - Debtor Late Payments	\$260	\$321	\$409	\$558	\$799	\$365	\$585	\$329	\$783	\$432	\$54	\$382	\$5,275
Interest Received - Totara Valley Irrigation Ltd	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$606	\$0	\$0	\$0	\$606
<b>Total Interest Received</b>	<b>\$704</b>	<b>\$784</b>	<b>\$862</b>	<b>\$1,664</b>	<b>\$1,654</b>	<b>\$1,956</b>	<b>\$2,627</b>	<b>\$2,081</b>	<b>\$1,750</b>	<b>\$908</b>	<b>\$8,731</b>	<b>\$3,924</b>	<b>\$27,645</b>
<b>Total Other Income</b>	<b>\$929</b>	<b>\$1,232</b>	<b>\$1,310</b>	<b>\$7,114</b>	<b>\$7,149</b>	<b>\$26,470</b>	<b>\$5,214</b>	<b>\$5,658</b>	<b>\$3,950</b>	<b>\$3,265</b>	<b>\$8,835</b>	<b>\$3,924</b>	<b>\$75,050</b>
<b>TOTAL INCOME</b>	<b>\$435,356</b>	<b>\$609,778</b>	<b>\$429,251</b>	<b>\$562,591</b>	<b>\$537,097</b>	<b>\$519,066</b>	<b>\$510,339</b>	<b>\$437,287</b>	<b>\$539,187</b>	<b>\$544,077</b>	<b>\$588,996</b>	<b>\$473,878</b>	<b>\$6,186,903</b>
<b>Less Operating Expenses</b>													
<b>Administration Expenses</b>													
Accountancy & Secretarial Services	\$5,881	\$10,100	\$9,423	\$8,768	\$4,263	\$694	\$41	\$82	\$828	\$0	\$3,343	\$41	\$43,462
Advertising & Sponsorship	\$0	\$0	\$0	\$337	\$348	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$685
Audit Fees	\$0	\$0	\$3,500	\$4,050	\$2,000	\$2,000	\$0	\$0	\$0	\$0	\$0	\$0	\$11,550
Commission	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,167	\$4,167
Computer Services & IT Support	\$110	\$256	\$87	\$0	\$77	\$183	\$268	\$0	\$383	\$1,181	\$1,467	\$540	\$4,551
Conferences, Seminars & Training	\$1,000	\$460	\$0	\$87	\$435	\$2,534	\$0	\$0	\$4,290	\$396	\$0	\$2,589	\$11,791
Consultancy Fees	\$0	\$0	\$0	\$2,880	\$0	\$0	\$0	\$2,109	\$39,682	\$6,234	\$15,804	\$15,205	\$81,913
Directors Fees	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667	\$5,833	\$5,833	\$12,250	\$6,583	\$6,583	\$6,583	\$6,583	\$83,583
Entertainment - Deductible	\$0	\$0	\$0	\$0	\$0	\$311	\$0	\$0	\$0	\$0	\$86	\$0	\$397
General Expenses	\$131	\$125	\$674	\$61	\$127	\$1,124	\$67	\$125	\$57	\$161	\$360	\$261	\$3,273
Hydrology & Water Use Studies (ASM)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$13,684	\$13,684
Internet & Website Charges	\$22	\$22	\$61	\$22	\$22	\$22	\$22	\$22	\$22	\$22	\$22	\$22	\$301
Legal Fees - Deductible	\$8,600	\$8,220	\$5,039	\$5,430	\$773	\$0	\$6,180	\$7,792	\$4,089	\$0	\$13,979	\$9,040	\$69,144
Management and Strategic Projects	\$4,169	\$0	\$0	\$0	\$0	\$525	\$0	\$0	\$0	\$0	\$0	\$4,750	\$9,444
Meeting Expenses	\$47	\$607	\$178	\$288	\$462	\$21	\$0	\$54	\$58	\$76	\$16	\$245	\$2,053
Opuha Book Production	\$0	\$0	\$0	\$90	\$0	\$0	\$0	\$8,707	\$0	\$0	\$0	\$0	\$8,797
Photocopier Rental	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$1,440
Postages	\$0	\$137	\$674	\$5	\$960	\$0	\$0	\$7	\$804	\$0	\$221	\$61	\$2,871
Project Contribution Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,000	\$6,000
Recruitment Fees	\$0	\$104	\$207	\$2,659	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,970
Rent - Christchurch Office	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$3,900
Rent - Lodge Accommodation	\$433	\$433	\$433	\$433	\$433	\$433	\$433	\$433	\$433	\$433	\$433	\$433	\$5,200
Security	\$37	\$37	\$37	\$37	\$37	\$37	\$37	\$37	\$37	\$37	\$45	\$118	\$530
Software & Licensing Fees	\$29	\$29	\$29	\$70	\$78	\$78	\$78	\$486	\$78	\$78	\$88	\$4,048	\$5,165
Stationery and Printing	\$173	\$273	\$355	\$1,542	\$869	\$376	\$108	\$447	\$455	\$734	\$922	\$625	\$6,877
Subscriptions - Irrigation NZ	\$4,800	\$0	\$0	\$4,800	\$0	\$0	\$4,800	\$0	\$0	\$4,800	\$0	\$0	\$19,200
Subscriptions - Other	\$50	\$23	\$23	\$0	\$23	\$23	\$52	\$23	\$23	\$22	\$23	\$46	\$330
Telephone and Tolls	\$1,063	\$1,552	\$1,193	\$916	\$1,235	\$1,128	\$1,107	\$1,105	\$1,097	\$1,103	\$1,008	\$1,162	\$13,669
Travel and Accommodation - International	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,020	\$1,020
Travel and Accommodation - National	\$780	\$819	\$0	\$0	\$0	\$0	\$0	\$111	\$415	\$0	\$0	\$0	\$2,125
<b>Total Administration Expenses</b>	<b>\$34,437</b>	<b>\$30,308</b>	<b>\$29,025</b>	<b>\$39,586</b>	<b>\$19,252</b>	<b>\$15,766</b>	<b>\$19,471</b>	<b>\$34,234</b>	<b>\$59,778</b>	<b>\$22,304</b>	<b>\$44,845</b>	<b>\$71,085</b>	<b>\$420,092</b>

**Profit & Loss**  
**Opuha Water Limited**  
For the year ended 30 June 2013

	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Total
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	
<b>Direct Operating Expenses</b>													
Accident Compensation Levies	\$0	\$7,029	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,029
Alpine - Avoided Cost of Transmission Rebates	-\$7,140	-\$7,140	-\$7,140	-\$7,257	-\$7,023	-\$7,257	-\$7,277	-\$6,573	-\$4,460	-\$9,859	-\$19,370	-\$12,990	-\$103,487
Alpine Distribution - Electricity Use of System Costs	\$13,544	\$13,544	\$13,107	\$13,806	\$13,361	\$13,806	\$13,844	\$12,504	\$13,844	\$13,398	\$13,844	\$13,398	\$162,001
Electricity, Light & Heat	\$1,394	\$575	\$1,439	\$1,348	-\$427	\$845	\$2,248	\$4,749	\$1,445	\$1,532	\$1,339	\$1,405	\$17,891
Freight and Cartage	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Health & Safety	\$0	\$0	\$0	\$2,553	\$139	\$0	\$41	\$0	\$375	\$0	\$89	\$0	\$3,197
Inspection & Survey Costs	\$141	\$0	\$65	\$0	\$0	\$0	\$0	\$0	\$0	\$14,557	\$10,660	\$168,663	\$194,086
Insurance - Dam, BI & Assets	\$33,350	\$33,350	\$33,350	\$33,694	\$33,350	\$33,350	\$33,350	\$33,350	\$33,350	\$33,350	\$33,350	\$27,830	\$395,024
Laundry and Cleaning	\$140	\$69	\$72	\$72	\$90	\$72	\$88	\$72	\$72	\$72	\$72	\$75	\$965
Ministry of Economic Development Levies	\$0	\$0	\$919	\$0	\$0	\$1,241	\$0	\$0	\$860	\$0	\$0	\$858	\$3,878
Monitoring Charges	\$45	\$2,035	\$1,845	\$3,845	\$2,385	\$2,445	\$1,845	\$1,845	\$1,845	\$2,035	\$1,845	\$1,845	\$23,860
Plant and Equipment Hire	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$206	\$206
Power Station Operations Management Fee	\$22,833	\$22,833	\$22,833	\$23,062	\$23,062	\$23,062	\$23,062	\$23,062	\$23,062	\$23,062	\$23,062	\$23,062	\$276,055
Protective Clothing	\$103	\$0	\$0	\$299	\$201	\$0	\$140	\$0	\$26	\$0	\$485	\$0	\$1,254
Rates - Mackenzie District Council	\$0	\$0	\$8,132	\$0	\$0	\$7,543	\$0	\$0	\$7,837	\$0	\$0	\$7,837	\$31,349
Rates - Timaru District Council	\$0	\$0	\$358	\$0	\$0	\$308	\$0	\$0	\$358	\$0	\$0	\$308	\$1,333
Resource Consent Monitoring & Compliance	\$0	\$149	-\$200	\$1,100	\$338	\$0	\$2,339	\$0	\$225	\$450	\$394	\$450	\$5,244
Site Inspection Costs	\$2,700	\$2,700	\$2,400	\$2,700	\$2,700	\$2,700	\$2,400	\$2,400	\$2,400	\$2,700	\$2,700	\$2,522	\$31,022
Sutherlands Electricity Charges	\$265	\$212	\$1,737	-\$1,232	-\$327	\$5,817	\$6,171	-\$10,187	\$11,640	-\$9,999	\$90	\$524	\$4,710
Trees, Planting & Landscaping	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Water Measurement & Telemetry Management	\$5,547	\$5,532	\$5,532	\$5,577	\$5,532	\$5,562	\$5,532	\$5,562	\$5,526	\$5,542	\$5,542	\$5,587	\$66,574
Water Measurement, Consent & Compliance R&M	\$0	\$1,168	\$900	\$2,274	\$0	\$0	\$0	\$0	\$0	\$1,225	\$4,469	\$0	\$10,035
Weed and Pest Control	\$0	\$0	\$0	\$0	\$1,270	\$0	\$586	\$59	\$210	\$203	\$0	\$0	\$2,329
<b>Motor Vehicle Expenses</b>													
Motor Vehicle Expenses - Fuel and Oil	\$1,722	\$1,919	\$2,176	\$2,233	\$2,637	\$3,717	\$3,187	\$3,475	\$2,892	\$2,158	\$2,240	\$2,133	\$30,489
Motor Vehicle Expenses - Insurance	\$0	\$0	\$0	\$506	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$246	\$752
Motor Vehicle Expenses - Registration, Licenses & KM's	\$519	\$0	\$519	\$1,683	\$0	\$0	\$2,949	\$873	\$360	\$0	\$1,386	\$839	\$9,127
Motor Vehicle Expenses - Repairs and Maintenance	\$2,344	\$635	\$184	\$1,594	\$218	\$2,053	\$2,162	\$1,315	\$1,982	\$1,111	\$369	\$3,887	\$17,853
<b>Total Motor Vehicle Expenses</b>	<b>\$4,585</b>	<b>\$2,554</b>	<b>\$2,879</b>	<b>\$6,016</b>	<b>\$2,854</b>	<b>\$5,770</b>	<b>\$8,298</b>	<b>\$5,663</b>	<b>\$5,235</b>	<b>\$3,269</b>	<b>\$3,995</b>	<b>\$7,105</b>	<b>\$58,221</b>
<b>Repairs and Maintenance</b>													
Low Value Assets (under \$500)	\$0	\$0	\$0	\$0	\$219	\$0	\$375	\$597	-\$300	\$397	\$298	\$130	\$1,717
Property Costs - Opuha House	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$68	\$1,325	\$0	\$1,392
Repairs & Maintenance - Anchor Block Remediation	\$0	\$0	\$0	\$0	\$2,053	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,053
Repairs & Maintenance - Dam & Power Station	\$26	\$2,542	\$9,017	\$0	\$11,131	\$3,570	\$6,064	\$438	\$2,872	\$14,422	\$2,494	\$18,311	\$70,886
Repairs & Maintenance - Diesel Unit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,197	\$0	\$0	\$0	\$1,197
Repairs & Maintenance - Downstream Weir	\$2,261	-\$2,261	\$0	\$0	\$0	\$1,413	\$23,358	\$0	\$8,748	\$5,564	\$1,251	\$0	\$40,333
Repairs & Maintenance - Plant & Equipment	\$378	\$1,254	\$371	\$415	\$853	\$220	\$2,645	\$1,090	\$1,772	\$2,417	\$1,822	\$1,196	\$14,432
Repairs & Maintenance - TV Pond/Sutherlands	\$0	\$0	\$1,850	\$0	\$0	\$0	\$250	\$930	\$1,524	\$8,859	\$0	\$356	\$13,769
<b>Total Repairs and Maintenance</b>	<b>\$2,665</b>	<b>\$1,535</b>	<b>\$11,238</b>	<b>\$415</b>	<b>\$14,256</b>	<b>\$5,202</b>	<b>\$32,692</b>	<b>\$3,055</b>	<b>\$15,812</b>	<b>\$31,726</b>	<b>\$7,190</b>	<b>\$19,993</b>	<b>\$145,779</b>
<b>Wages, Salaries &amp; Allowances</b>													
Accrued Employee Leave Entitlements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,085	\$11,085

**Profit & Loss**  
**Opuha Water Limited**  
For the year ended 30 June 2013

	Jul-12 Actual	Aug-12 Actual	Sep-12 Actual	Oct-12 Actual	Nov-12 Actual	Dec-12 Actual	Jan-13 Actual	Feb-13 Actual	Mar-13 Actual	Apr-13 Actual	May-13 Actual	Jun-13 Actual	Total
Employer Superannuation Contribution Tax	\$150	\$161	\$150	\$150	\$161	\$150	\$166	\$161	\$171	\$215	\$238	\$213	\$2,086
KiwiSaver Employer Contributions	\$324	\$405	\$324	\$324	\$351	\$324	\$381	\$379	\$425	\$589	\$701	\$580	\$5,108
Wages, Salaries & Allowances - Casual Employees	\$0	\$0	\$0	\$0	\$356	\$4,668	\$1,925	\$718	\$0	\$0	\$2,238	\$0	\$9,905
Wages, Salaries & Allowances - CEO Management	\$28,729	\$16,229	\$16,229	\$16,229	\$16,229	\$16,229	\$16,229	\$16,229	\$16,229	\$16,229	\$16,229	\$16,229	\$207,250
Wages, Salaries & Allowances - Operations & Admin	\$14,470	\$16,366	\$14,493	\$16,043	\$24,564	\$20,625	\$22,055	\$21,262	\$23,929	\$20,740	\$24,081	\$17,219	\$235,845
<b>Total Wages, Salaries &amp; Allowances</b>	<b>\$43,673</b>	<b>\$33,161</b>	<b>\$31,196</b>	<b>\$32,746</b>	<b>\$41,661</b>	<b>\$41,996</b>	<b>\$40,756</b>	<b>\$38,748</b>	<b>\$40,755</b>	<b>\$37,774</b>	<b>\$43,488</b>	<b>\$45,326</b>	<b>\$471,279</b>
<b>Total Direct Operating Expenses</b>	<b>\$123,846</b>	<b>\$119,305</b>	<b>\$130,662</b>	<b>\$121,017</b>	<b>\$133,422</b>	<b>\$142,461</b>	<b>\$166,114</b>	<b>\$114,309</b>	<b>\$160,417</b>	<b>\$151,036</b>	<b>\$133,243</b>	<b>\$314,004</b>	<b>\$1,809,836</b>
<b>Finance Expenses</b>													
Bank Fees and Charges	\$86	\$126	\$60	\$96	\$67	\$68	\$67	\$67	\$63	\$126	\$67	\$65	\$957
Interest - ANZ Bank - \$27m Term Loan	\$176,095	\$181,711	\$164,718	\$176,087	\$176,087	\$193,965	\$200,248	\$175,217	\$178,356	\$184,505	\$202,955	\$171,872	\$2,181,817
Interest - ANZ Bank - \$2m Flexi Facility	\$770	\$482	\$596	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,849
Interest - Hunter Premium Funding	\$1,501	\$1,501	\$1,501	\$1,501	\$4,777	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,782
Line of Credit Fee - \$2m Flexi Facility	\$0	\$0	\$3,025	\$0	\$0	\$997	\$0	\$0	\$986	\$0	\$0	\$1,008	\$6,016
<b>Total Finance Expenses</b>	<b>\$178,453</b>	<b>\$183,820</b>	<b>\$169,900</b>	<b>\$177,684</b>	<b>\$180,930</b>	<b>\$195,030</b>	<b>\$200,315</b>	<b>\$175,284</b>	<b>\$179,406</b>	<b>\$184,631</b>	<b>\$203,022</b>	<b>\$172,945</b>	<b>\$2,201,420</b>
<b>Total Operating Expenses</b>	<b>\$336,736</b>	<b>\$333,434</b>	<b>\$329,588</b>	<b>\$338,287</b>	<b>\$333,604</b>	<b>\$353,257</b>	<b>\$385,901</b>	<b>\$323,827</b>	<b>\$399,600</b>	<b>\$357,971</b>	<b>\$381,109</b>	<b>\$558,034</b>	<b>\$4,431,349</b>
<b>Non-Operating Expenses</b>													
Donations	\$0	\$0	\$0	\$500	\$0	\$0	\$0	\$0	\$0	\$0	\$60	\$0	\$560
Loss (Gain) on Disposal of Fixed Assets	\$0	\$0	\$0	\$0	\$0	-\$1,711	\$0	\$0	\$0	\$22	\$0	\$938	-\$751
<b>Non-Deductible Expenses</b>													
Entertainment - Non Deductible	\$0	\$0	\$0	\$0	\$0	\$357	\$0	\$0	\$0	\$0	\$0	\$0	\$357
<b>Total Non-Deductible Expenses</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$357</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$357</b>
<b>Total Non-Operating Expenses</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$500</b>	<b>\$0</b>	<b>-\$1,354</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$22</b>	<b>\$60</b>	<b>\$938</b>	<b>\$166</b>
<b>TOTAL EXPENSES</b>	<b>\$336,736</b>	<b>\$333,434</b>	<b>\$329,588</b>	<b>\$338,787</b>	<b>\$333,604</b>	<b>\$351,904</b>	<b>\$385,901</b>	<b>\$323,827</b>	<b>\$399,600</b>	<b>\$357,993</b>	<b>\$381,169</b>	<b>\$558,972</b>	<b>\$4,431,515</b>
<b>Operating Profit</b>	<b>\$98,620</b>	<b>\$276,344</b>	<b>\$99,663</b>	<b>\$223,803</b>	<b>\$203,493</b>	<b>\$167,163</b>	<b>\$124,439</b>	<b>\$113,460</b>	<b>\$139,587</b>	<b>\$186,084</b>	<b>\$207,827</b>	<b>-\$85,094</b>	<b>\$1,755,388</b>
<b>Depreciation</b>													
Depreciation - Buildings	\$145	\$145	\$145	\$145	\$145	\$145	\$145	\$145	\$145	\$145	\$179	\$178	\$1,803
Depreciation - Dam and Power Station	\$65,063	\$65,075	\$65,075	\$65,075	\$65,075	\$65,075	\$65,075	\$65,075	\$65,309	\$65,360	\$65,493	\$65,607	\$782,355
Depreciation - Motor Vehicles	\$1,854	\$1,854	\$1,854	\$2,774	\$2,774	\$2,774	\$2,774	\$2,774	\$2,774	\$2,774	\$2,774	\$2,774	\$30,530
Depreciation - Office Equipment	\$529	\$529	\$529	\$594	\$603	\$603	\$603	\$603	\$757	\$1,199	\$1,385	\$1,071	\$9,002
Depreciation - Plant and Equipment	\$388	\$388	\$388	\$388	\$415	\$415	\$415	\$415	\$415	\$429	\$429	\$442	\$4,924
Depreciation - Provision on New Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation - Sutherlands Pipeline	\$7,044	\$7,044	\$7,044	\$7,044	\$7,044	\$7,044	\$7,044	\$7,044	\$7,044	\$7,044	\$7,044	\$7,044	\$84,524
Depreciation - Totara Valley Storage Pond	\$2,285	\$2,285	\$2,285	\$2,287	\$2,292	\$2,292	\$2,293	\$2,293	\$2,293	\$2,293	\$2,293	\$2,293	\$27,484
<b>Total Depreciation</b>	<b>\$77,306</b>	<b>\$77,318</b>	<b>\$77,319</b>	<b>\$78,306</b>	<b>\$78,347</b>	<b>\$78,347</b>	<b>\$78,347</b>	<b>\$78,347</b>	<b>\$78,735</b>	<b>\$79,243</b>	<b>\$79,597</b>	<b>\$79,409</b>	<b>\$940,621</b>
<b>Net Profit after Depreciation</b>	<b>\$21,313</b>	<b>\$199,026</b>	<b>\$22,345</b>	<b>\$145,497</b>	<b>\$125,146</b>	<b>\$88,816</b>	<b>\$46,091</b>	<b>\$35,113</b>	<b>\$60,852</b>	<b>\$106,841</b>	<b>\$128,230</b>	<b>-\$164,503</b>	<b>\$814,767</b>

**Balance Sheet**  
**Opuha Water Limited**  
**As at 30 June 2013**

	30 Jun 2013	30 Jun 2012
<b>ASSETS</b>		
<b>Current Assets</b>		
Accounts Receivable	\$723,585	\$774,194
Accrued Revenue	\$0	\$21,420
Petty Cash - Opuha House	\$99	\$100
<b>Other Current Assets</b>		
Preliminary DSW Enhancement Costs	\$123,227	\$20,400
Prepaid Insurance	\$354,666	\$366,850
Term Deposit - ANZ Bank (Maturity 02/05/2013 - 4.60% p.a.)	\$185,000	\$185,000
<b>Total Other Current Assets</b>	<b>\$662,892</b>	<b>\$572,250</b>
<b>Taxation</b>		
Dividend Withholding Tax (DWT)	\$20	\$0
Imputation Credits on Dividends	\$136	\$0
Income Tax Refunds Received	-\$9,896	\$0
Resident Withholding Tax (RWT)	\$5,464	\$2,647
Taxation Opening Balance	\$9,896	\$7,248
<b>Total Taxation</b>	<b>\$5,621</b>	<b>\$9,896</b>
<b>Total Current Assets</b>	<b>\$1,392,197</b>	<b>\$1,377,860</b>
<b>Bank</b>		
ANZ Bank - Call Account	\$0	\$236,928
ANZ Bank - Cheque Account	\$27,567	\$309,359
ANZ Bank - Premium Call Account	\$625,250	\$0
<b>Total Bank</b>	<b>\$652,818</b>	<b>\$546,287</b>
<b>Fixed Assets</b>		
<b>Dam Mechanical</b>		
Accumulated Depreciation - Dam Mechanical	-\$118,877	-\$101,882
Dam Mechanical - at Cost	\$513,487	\$510,658
Revaluation of Dam Mechanical - Tonkin & Taylor (Apr 2007)	\$293,996	\$293,996
Revaluation of Dam Mechanical - Tonkin & Taylor (Jun 2010)	\$78,280	\$78,280
<b>Total Dam Mechanical</b>	<b>\$766,886</b>	<b>\$781,052</b>
<b>Dam Non Mechanical</b>		
Accumulated Depreciation - Dam Non Mechanical	-\$2,811,265	-\$2,312,862
Dam Non Mechanical - at Cost	\$20,689,577	\$20,670,365
Revaluation of Dam Non Mechanical - Tonkin & Taylor (Apr 2007)	\$12,340,982	\$12,340,982
Revaluation of Dam Non Mechanical - Tonkin & Taylor (Jun 2010)	\$3,285,928	\$3,285,928
<b>Total Dam Non Mechanical</b>	<b>\$33,505,223</b>	<b>\$33,984,413</b>
<b>Development &amp; Storage Ponds</b>		
Accumulated Depreciation - Sutherlands Pipeline	-\$168,839	-\$84,315
Accumulated Depreciation - Totara Valley Pond	-\$54,207	-\$26,724
Sutherlands Pipeline - at Cost	\$1,139,309	\$1,139,309
Totara Valley Storage Pond - at Cost	\$856,301	\$854,139
<b>Total Development &amp; Storage Ponds</b>	<b>\$1,772,564</b>	<b>\$1,882,409</b>

**Balance Sheet**  
**Opuha Water Limited**  
**As at 30 June 2013**

<b>ASSETS (continued)</b>	<b>30 Jun 2013</b>	<b>30 Jun 2012</b>
<b>Land and Buildings</b>		
Accumulated Depreciation - Buildings	-\$38,076	-\$36,272
Land and Buildings - at Cost	\$210,113	\$204,565
Revaluation of Land & Buildings to Government Valuation (Jun 2010)	-\$25,455	-\$25,455
Revaluation of Land & Buildings to Government Valuation (Jun 2012)	\$20,587	\$20,587
<b>Total Land and Buildings</b>	<b>\$167,170</b>	<b>\$163,425</b>
<b>Motor Vehicles</b>		
Accumulated Depreciation - Motor Vehicles	-\$116,448	-\$89,851
Motor Vehicles - at Cost	\$190,596	\$159,984
<b>Total Motor Vehicles</b>	<b>\$74,148</b>	<b>\$70,133</b>
<b>Office Equipment &amp; Furniture</b>		
Accumulated Depreciation - Office Equipment	-\$30,846	-\$29,646
Office Equipment - at Cost	\$67,267	\$54,344
<b>Total Office Equipment &amp; Furniture</b>	<b>\$36,421</b>	<b>\$24,698</b>
<b>Plant and Equipment</b>		
Accumulated Depreciation - Plant and Equipment	-\$24,885	-\$19,961
Plant and Equipment - at Cost	\$56,319	\$52,449
<b>Total Plant and Equipment</b>	<b>\$31,434</b>	<b>\$32,488</b>
<b>Power Station Mechanical</b>		
Accumulated Depreciation - Power Station Mechanical	-\$1,034,053	-\$885,386
Power Station Mechanical - at Cost	\$4,334,732	\$4,301,396
Revaluation of Power Station Mechanical - Tonkin & Taylor (Apr 2007)	\$2,476,155	\$2,476,155
Revaluation of Power Station Mechanical - Tonkin & Taylor (Jun 2010)	\$659,305	\$659,305
<b>Total Power Station Mechanical</b>	<b>\$6,436,139</b>	<b>\$6,551,470</b>
<b>Power Station Non Mechanical</b>		
Accumulated Depreciation - Power Station Non Mechanical	-\$818,299	-\$700,009
Power Station Non Mechanical - at Cost	\$3,641,088	\$3,634,548
Revaluation of Power Station Non Mechanical - Tonkin & Taylor (Apr 2007)	\$2,094,260	\$2,094,260
Revaluation of Power Station Non Mechanical - Tonkin & Taylor (Jun 2010)	\$557,621	\$557,621
<b>Total Power Station Non Mechanical</b>	<b>\$5,474,670</b>	<b>\$5,586,420</b>
<b>Year End IFRS Adjustments</b>		
IFRS - Accumulated Depreciation on Revaluation of Dam & Power Station	\$0	-\$1,742,922
<b>Total Year End IFRS Adjustments</b>	<b>\$0</b>	<b>-\$1,742,922</b>
<b>Total Fixed Assets</b>	<b>\$48,264,654</b>	<b>\$47,333,586</b>
<b>Non-Current Assets</b>		
Shares - CRT (Farmlands Co-operative Society Ltd)	\$1,880	\$830
<b>Total Non-Current Assets</b>	<b>\$1,880</b>	<b>\$830</b>
<b>Total Assets</b>	<b>\$50,311,549</b>	<b>\$49,258,563</b>

**Balance Sheet**  
**Opuha Water Limited**  
**As at 30 June 2013**

	<b>30 Jun 2013</b>	<b>30 Jun 2012</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$231,784	\$312,022
Accrued Expenditure	\$188,656	\$11,000
Goods and Services Tax	\$16,805	\$19,392
IFRS - Derivatives	\$0	\$5,244,858
Interest Payable on Term Loan	\$171,872	\$153,285
Water Charges Received in Advance	\$114	\$0
<b>Employer Liabilities</b>		
Employee Leave Outstanding	\$31,379	\$20,295
<b>Total Employer Liabilities</b>	<b>\$31,379</b>	<b>\$20,295</b>
<b>Other Current Liabilities</b>		
Loan - Hunter Premium Funding	\$0	\$391,978
Unexpired Interest - Hunter Premium Funding	\$0	-\$13,511
<b>Total Other Current Liabilities</b>	<b>\$0</b>	<b>\$378,467</b>
<b>Related Parties</b>		
Current Account - Kakahu Irrigation Ltd	\$72,906	\$65,770
Current Account - Levels Plain Irrigation Ltd	\$13,537	\$12,116
<b>Total Related Parties</b>	<b>\$86,443</b>	<b>\$77,886</b>
<b>Short Term Bank Loans</b>		
ANZ Bank - Flexi Credit Facility (240-15)	\$0	\$256,850
<b>Total Short Term Bank Loans</b>	<b>\$0</b>	<b>\$256,850</b>
<b>Total Current Liabilities</b>	<b>\$727,054</b>	<b>\$6,474,055</b>
<b>Non-Current Liabilities</b>		
IFRS - Deferred Tax Liability	\$0	\$4,891,993
<b>Shareholder Current Accounts</b>		
Shareholder Current Account - Levels Plain Holdings Ltd	\$4,276,087	\$3,469,317
Shareholder Current Account - SCFIS Holdings Ltd	\$18,539,191	\$15,034,243
<b>Total Shareholder Current Accounts</b>	<b>\$22,815,278</b>	<b>\$18,503,561</b>
<b>Term Bank Loans</b>		
ANZ Bank (240-91) - \$1,000,000 - 4.36% p.a.	\$0	\$1,000,000
ANZ Bank (240-91) - \$10,800,000 - 6.96% p.a. (Exp: 03/12/2012)	\$0	\$10,800,000
ANZ Bank (240-91) - \$10,800,000 - 8.80% p.a. (Exp: 07/01/2019)	\$10,800,000	\$10,800,000
ANZ Bank (240-91) - \$10,800,000 - 8.91% p.a. (Exp: 02/04/2019)	\$10,800,000	\$0
ANZ Bank (240-91) - \$4,400,000 - 7.45% p.a. (Exp: 02/11/2016)	\$4,400,000	\$4,400,000
<b>Total Term Bank Loans</b>	<b>\$26,000,000</b>	<b>\$27,000,000</b>
<b>Total Non-Current Liabilities</b>	<b>\$48,815,278</b>	<b>\$50,395,554</b>
<b>Total Liabilities</b>	<b>\$49,542,332</b>	<b>\$56,869,609</b>
<b>Net Assets</b>	<b>\$769,217</b>	<b>-\$7,611,046</b>

**Balance Sheet**  
**Opuha Water Limited**  
**As at 30 June 2013**

	<b>30 Jun 2013</b>	<b>30 Jun 2012</b>
<b>EQUITY</b>		
1,000 Ordinary Shares	\$1,000	\$1,000
Current Year Earnings	\$814,767	-\$2,269,502
<b>Retained Earnings</b>		
IFRS - Recognition of Fair Value Swaps Prior Year	-\$2,187,683	-\$2,187,683
Retained Earnings	-\$5,424,364	-\$3,154,861
Reversal of IFRS Year End Movement	\$7,565,496	\$0
<b>Total Retained Earnings</b>	<b>-\$46,550</b>	<b>-\$5,342,544</b>
<hr/>		
<b>Total Equity</b>	<b>\$769,217</b>	<b>-\$7,611,046</b>
<hr/>		

**Depreciation Schedule**  
**Opuha Water Limited**  
**1 July 2012 to 30 June 2013**

Name	Number	Type	Cost	Rate	Purchased	Disposed	1-Jul-12	Purchases	Depreciation	Disposals	Accum Dep	30-Jun-13
<b>Dam Mechanical - at Cost</b>												
Design, Building, Consents, etc	FA-0099	Dam Mechanical	\$10,690	4.0%	DV	1/06/2010	\$8,629	\$0	\$345	\$0	\$2,406	\$8,283
Preliminary & General	FA-0100	Dam Mechanical	\$105,364	4.0%	DV	1/06/2010	\$85,053	\$0	\$3,402	\$0	\$23,713	\$81,651
Dam Instrumentation	FA-0101	Dam Mechanical	\$221,857	4.0%	DV	1/06/2010	\$179,093	\$0	\$7,164	\$0	\$49,928	\$171,929
Preliminary Expenses	FA-0102	Dam Mechanical	\$27,156	4.0%	DV	1/06/2010	\$21,923	\$0	\$877	\$0	\$6,110	\$21,046
Insurances	FA-0103	Dam Mechanical	\$6,603	4.0%	DV	1/06/2010	\$5,331	\$0	\$213	\$0	\$1,485	\$5,118
Pneumatic Readout Instruments	FA-0104	Dam Mechanical	\$3,408	4.0%	DV	1/06/2010	\$2,751	\$0	\$110	\$0	\$767	\$2,641
Gate Position Indicator Weir	FA-0105	Dam Mechanical	\$3,844	4.0%	DV	1/06/2010	\$3,104	\$0	\$124	\$0	\$864	\$2,980
Pump Shed	FA-0106	Dam Mechanical	\$1,465	10.0%	DV	1/06/2010	\$843	\$0	\$84	\$0	\$706	\$759
Monitoring Program	FA-0107	Dam Mechanical	\$41,329	4.0%	DV	1/06/2010	\$33,363	\$0	\$1,335	\$0	\$9,301	\$32,028
Submersible Pump	FA-0108	Dam Mechanical	\$3,666	20.0%	DV	1/06/2010	\$1,141	\$0	\$228	\$0	\$2,753	\$913
Lake Aeration	FA-0109	Dam Mechanical	\$76,933	4.0%	DV	1/06/2010	\$62,103	\$0	\$2,484	\$0	\$17,314	\$59,619
Transformer	FA-0110	Dam Mechanical	\$6,731	8.0%	DV	1/06/2010	\$4,348	\$0	\$348	\$0	\$2,731	\$4,000
DSW Turbidity Meter & Sensor	FA-0111	Dam Mechanical	\$1,615	14.0%	DV	1/06/2010	\$1,097	\$0	\$154	\$0	\$672	\$943
Grundfos AP12-50-11 3Phase Pump for Elver Pass (ex Washington Pumps Ltd)	FA-0195	Dam Mechanical	\$1,401	20.0%	DV	5/04/2013	\$0	\$1,401	\$70	\$0	\$70	\$1,331
EKKE Drop Stop for Crane on Tower at Dam - Set of 4 (ex Trimate Industries)	FA-0189	Dam Mechanical	\$1,428	16.0%	DV	19/04/2013	\$0	\$1,428	\$57	\$0	\$57	\$1,370
<b>Total Dam Mechanical - at Cost</b>			<b>\$513,490</b>				<b>\$408,779</b>	<b>\$2,829</b>	<b>\$16,995</b>	<b>\$0</b>	<b>\$118,877</b>	<b>\$394,610</b>
<b>Dam Non Mechanical - at Cost</b>												
Sargent Property	FA-0063	Dam Non Mechanical	\$373,439	0.0%	DV	1/06/2010	\$373,439	\$0	\$0	\$0	\$0	\$373,439
Dick Property	FA-0064	Dam Non Mechanical	\$205,674	0.0%	DV	1/06/2010	\$205,674	\$0	\$0	\$0	\$0	\$205,674
Te Puni Property	FA-0065	Dam Non Mechanical	\$26,664	0.0%	DV	1/06/2010	\$26,664	\$0	\$0	\$0	\$0	\$26,664
Rowley Property	FA-0066	Dam Non Mechanical	\$2,824,092	0.0%	DV	1/06/2010	\$2,824,092	\$0	\$0	\$0	\$0	\$2,824,092
Harvey Property	FA-0067	Dam Non Mechanical	\$53,516	0.0%	DV	1/06/2010	\$53,516	\$0	\$0	\$0	\$0	\$53,516
Crampton Property	FA-0068	Dam Non Mechanical	\$30,702	0.0%	DV	1/06/2010	\$30,702	\$0	\$0	\$0	\$0	\$30,702
Bennett Property	FA-0069	Dam Non Mechanical	\$173,524	0.0%	DV	1/06/2010	\$173,524	\$0	\$0	\$0	\$0	\$173,524
Hay Property	FA-0070	Dam Non Mechanical	\$844,004	0.0%	DV	1/06/2010	\$844,004	\$0	\$0	\$0	\$0	\$844,004
Williams Property	FA-0071	Dam Non Mechanical	\$325,736	0.0%	DV	1/06/2010	\$325,736	\$0	\$0	\$0	\$0	\$325,736
Other Re Properties	FA-0072	Dam Non Mechanical	\$372,811	0.0%	DV	1/06/2010	\$372,811	\$0	\$0	\$0	\$0	\$372,811
Deposit on Properties	FA-0073	Dam Non Mechanical	\$52,493	0.0%	DV	1/06/2010	\$52,493	\$0	\$0	\$0	\$0	\$52,493
Consents Etc	FA-0074	Dam Non Mechanical	\$342,417	4.0%	DV	1/06/2010	\$276,413	\$0	\$11,057	\$0	\$77,061	\$265,356
Preliminary & General	FA-0075	Dam Non Mechanical	\$1,772,461	4.0%	DV	1/06/2010	\$1,430,804	\$0	\$57,232	\$0	\$398,889	\$1,373,572
Embankment Dam	FA-0076	Dam Non Mechanical	\$4,363,009	4.0%	DV	1/06/2010	\$3,522,000	\$0	\$140,880	\$0	\$981,889	\$3,381,120
Spillway	FA-0077	Dam Non Mechanical	\$2,287,187	4.0%	DV	1/06/2010	\$1,846,312	\$0	\$73,852	\$0	\$514,727	\$1,772,460
Tailrace & Plunge Pool	FA-0078	Dam Non Mechanical	\$719,137	4.0%	DV	1/06/2010	\$580,517	\$0	\$23,221	\$0	\$161,841	\$557,296
Tree Cleaning	FA-0079	Dam Non Mechanical	\$262,237	4.0%	DV	1/06/2010	\$211,689	\$0	\$8,468	\$0	\$59,016	\$203,221
Auxiliary Spillway	FA-0080	Dam Non Mechanical	\$514,187	4.0%	DV	1/06/2010	\$415,073	\$0	\$16,603	\$0	\$115,717	\$398,470
Downstream Regulating Weir	FA-0081	Dam Non Mechanical	\$813,938	4.0%	DV	1/06/2010	\$657,043	\$0	\$26,282	\$0	\$183,177	\$630,761
Intake Tower	FA-0082	Dam Non Mechanical	\$504,651	4.0%	DV	1/06/2010	\$407,375	\$0	\$16,295	\$0	\$113,571	\$391,080
Roading	FA-0083	Dam Non Mechanical	\$652,051	4.0%	DV	1/06/2010	\$526,362	\$0	\$21,054	\$0	\$146,743	\$505,308
Insurances	FA-0084	Dam Non Mechanical	\$689,048	4.0%	DV	1/06/2010	\$556,227	\$0	\$22,249	\$0	\$155,070	\$533,978
Allandale Water Supply	FA-0085	Dam Non Mechanical	\$296,765	4.0%	DV	1/06/2010	\$239,560	\$0	\$9,582	\$0	\$66,787	\$229,978
Landscape Expenses	FA-0086	Dam Non Mechanical	\$162,902	0.0%	DV	1/06/2010	\$162,902	\$0	\$0	\$0	\$0	\$162,902
Boat Ramp	FA-0087	Dam Non Mechanical	\$47,086	4.0%	DV	1/06/2010	\$38,009	\$0	\$1,520	\$0	\$10,597	\$36,489
Preliminary Expenses	FA-0088	Dam Non Mechanical	\$1,601,918	4.0%	DV	1/06/2010	\$1,293,134	\$0	\$51,725	\$0	\$360,509	\$1,241,409

**Depreciation Schedule**  
**Opuha Water Limited**  
**1 July 2012 to 30 June 2013**

Name	Number	Type	Cost	Rate	Purchased	Disposed	1-Jul-12	Purchases	Depreciation	Disposals	Accum Dep	30-Jun-13
Opihi/Opuha Canal	FA-0089	Dam Non Mechanical	\$231,304	4.0%	DV	1/06/2010	\$186,718	\$0	\$7,469	\$0	\$52,055	\$179,249
Fencing Hay Property	FA-0090	Dam Non Mechanical	\$20,190	10.0%	DV	1/06/2010	\$11,624	\$0	\$1,162	\$0	\$9,728	\$10,462
Weatherstation	FA-0091	Dam Non Mechanical	\$3,776	4.0%	DV	1/06/2010	\$3,047	\$0	\$122	\$0	\$851	\$2,925
Set out Ashwick Flat	FA-0092	Dam Non Mechanical	\$1,416	4.0%	DV	1/06/2010	\$1,142	\$0	\$46	\$0	\$320	\$1,096
Fencing	FA-0093	Dam Non Mechanical	\$13,277	10.0%	DV	1/06/2010	\$7,644	\$0	\$764	\$0	\$6,397	\$6,880
Toilets	FA-0094	Dam Non Mechanical	\$65,416	10.0%	DV	1/06/2010	\$37,664	\$0	\$3,766	\$0	\$31,518	\$33,898
Remote DVM & CCTV Cameras (ex Honeywell Ltd)	FA-0095	Dam Non Mechanical	\$20,381	40.0%	DV	1/04/2011	\$11,827	\$0	\$4,731	\$0	\$13,285	\$7,096
Cable Trenching & Pole Installation for CCTV Cameras	FA-0096	Dam Non Mechanical	\$2,957	4.0%	DV	1/08/2011	\$2,849	\$0	\$114	\$0	\$222	\$2,735
Ladders at Downstream Weir (Supply & Installation ex Andar Holdings)	FA-0185	Dam Non Mechanical	\$5,573	4.0%	DV	26/03/2013	\$0	\$5,573	\$74	\$0	\$74	\$5,499
Fabrication of Fish Protection Screen for new pump at Dam (ex Andar Holdings)	FA-0186	Dam Non Mechanical	\$814	13.0%	DV	22/04/2013	\$0	\$814	\$26	\$0	\$26	\$788
Security Fencing at Dam - 86m High Security Fencing & 3 Gates (ex Tim Shewan Fencing Solutions)	FA-0198	Dam Non Mechanical	\$12,825	10.0%	DV	20/06/2013	\$0	\$12,825	\$107	\$0	\$107	\$12,718
<b>Total Dam Non Mechanical - at Cost</b>			<b>\$20,689,579</b>				<b>\$17,708,590</b>	<b>\$19,213</b>	<b>\$498,403</b>	<b>\$0</b>	<b>\$3,460,179</b>	<b>\$17,229,400</b>
<b>Land and Buildings - at Cost</b>												
Land - 875 Arowhenua Road	FA-0001	Land and Buildings	\$49,979	0.0%	DV	1/06/2010	\$49,979	\$0	\$0	\$0	\$0	\$49,979
Building - 875 Arowhenua Road	FA-0002	Land and Buildings	\$60,000	0.0%	DV	1/06/2010	\$52,720	\$0	\$0	\$0	\$7,280	\$52,720
Building Renovations	FA-0003	Land and Buildings	\$62,590	0.0%	DV	1/06/2010	\$55,145	\$0	\$0	\$0	\$7,445	\$55,145
Alarm System	FA-0004	Land and Buildings	\$1,160	12.0%	DV	1/06/2010	\$606	\$0	\$73	\$0	\$627	\$533
Carpet	FA-0005	Land and Buildings	\$6,997	48.0%	DV	1/06/2010	\$255	\$0	\$122	\$0	\$6,864	\$133
Windowware/Blinds	FA-0006	Land and Buildings	\$4,345	30.0%	DV	1/06/2010	\$718	\$0	\$215	\$0	\$3,842	\$503
Heat Pump Systems	FA-0007	Land and Buildings	\$10,530	24.0%	DV	1/06/2010	\$2,617	\$0	\$628	\$0	\$8,541	\$1,989
Dishdraw	FA-0008	Land and Buildings	\$978	24.0%	DV	1/06/2010	\$243	\$0	\$58	\$0	\$793	\$185
Office Shelving	FA-0009	Land and Buildings	\$1,910	12.0%	DV	1/06/2010	\$1,237	\$0	\$148	\$0	\$821	\$1,089
Water Supply	FA-0010	Land and Buildings	\$2,715	9.6%	DV	1/06/2010	\$2,024	\$0	\$194	\$0	\$885	\$1,830
Steel Gates	FA-0011	Land and Buildings	\$2,174	6.0%	DV	1/06/2010	\$1,816	\$0	\$109	\$0	\$467	\$1,707
Fujitsu Inverter AOTRO9LCC Heat Pump (Cottage)	FA-0012	Land and Buildings	\$1,188	20.0%	DV	1/06/2011	\$933	\$0	\$187	\$0	\$442	\$746
Supply & Installation of Three Robusta & One Mediterranean Awnings with Pelmet and Powdercoating ex The Shade House (30% deposit)	FA-0188	Land and Buildings	\$2,053	20.0%	DV	6/05/2013	\$0	\$2,053	\$68	\$0	\$68	\$1,984
3 Bay Shed - Broadhead Construction (10% Deposit)	FA-0196	Land and Buildings	\$3,496	0.0%	DV	5/06/2013	\$0	\$3,496	\$0	\$0	\$0	\$3,496
<b>Total Land and Buildings - at Cost</b>			<b>\$210,114</b>				<b>\$168,293</b>	<b>\$5,548</b>	<b>\$1,804</b>	<b>\$0</b>	<b>\$38,077</b>	<b>\$172,038</b>
<b>Motor Vehicles - at Cost</b>												
Tandem Trailer	FA-0035	Motor Vehicles	\$1,500	25.0%	DV	1/06/2010	\$334	\$0	\$84	\$0	\$1,250	\$251
JRUSSE 555 1360L Trailer Tank	FA-0036	Motor Vehicles	\$7,517	36.0%	DV	1/06/2010	\$1,679	\$0	\$604	\$0	\$6,442	\$1,075
2009 Nissan Navara S/Cab 4x4 (EZP701)	FA-0037	Motor Vehicles	\$32,500	36.0%	DV	1/06/2010	\$8,268	\$0	\$2,976	\$0	\$27,208	\$5,292
2007 Suzuki LTA500 Motorbike	FA-0038	Motor Vehicles	\$6,222	30.0%	DV	1/06/2010	\$2,289	\$0	\$0	\$2,289	\$0	\$0
System 9 Bluetooth Car Kits (x3)	FA-0039	Motor Vehicles	\$660	60.0%	DV	1/06/2010	\$53	\$0	\$32	\$0	\$639	\$21
1992 Ford Courier Utility (RM9508)	FA-0040	Motor Vehicles	\$3,556	26.0%	DV	1/06/2010	\$1,653	\$0	\$430	\$0	\$2,333	\$1,223
2010 Nissan Navara D/Cab 4x4 (FKW395)	FA-0041	Motor Vehicles	\$55,319	36.0%	DV	1/07/2010	\$22,659	\$0	\$8,157	\$0	\$40,817	\$14,502
2011 Hyundai Sante Fe (FTK18)	FA-0042	Motor Vehicles	\$52,710	30.0%	DV	1/03/2011	\$33,198	\$0	\$9,959	\$0	\$29,471	\$23,239
2012 Mitsubishi Triton 2.5 4WD Std Club Cab (GNE805)	FA-0176	Motor Vehicles	\$36,835	30.0%	DV	8/10/2012	\$0	\$36,835	\$8,288	\$0	\$8,288	\$28,547
<b>Total Motor Vehicles - at Cost</b>			<b>\$196,819</b>				<b>\$70,133</b>	<b>\$36,835</b>	<b>\$30,530</b>	<b>\$2,289</b>	<b>\$116,448</b>	<b>\$74,148</b>

**Depreciation Schedule**  
**Opuha Water Limited**  
**1 July 2012 to 30 June 2013**

Name	Number	Type	Cost	Rate	Purchased	Disposed	1-Jul-12	Purchases	Depreciation	Disposals	Accum Dep	30-Jun-13
<b>Office Equipment - at Cost</b>												
Office & Boardroom Chairs	FA-0043	Office Equipment	\$8,670	19.2%	DV	1/06/2010	\$2,890	\$0	\$555	\$0	\$6,335	\$2,335
Projector & Screen	FA-0044	Office Equipment	\$1,427	30.0%	DV	1/06/2010	\$234	\$0	\$70	\$0	\$1,263	\$164
Irrigation Database	FA-0045	Office Equipment	\$2,155	48.0%	DV	1/06/2010	\$72	\$0	\$35	\$0	\$2,118	\$37
Website	FA-0046	Office Equipment	\$4,224	48.0%	DV	1/06/2010	\$142	\$0	\$68	\$0	\$4,150	\$74
Boardroom Table	FA-0047	Office Equipment	\$1,644	15.6%	DV	1/06/2010	\$695	\$0	\$108	\$0	\$1,057	\$587
Brother Laser Printer	FA-0048	Office Equipment	\$852	60.0%	DV	1/06/2010	\$22	\$0	\$0	\$22	\$0	\$0
Mobile Phone Upgrade	FA-0049	Office Equipment	\$4,224	80.4%	DV	1/06/2010	\$65	\$0	\$0	\$65	\$0	\$0
Intel DC 250GB XP Pro Computer	FA-0050	Office Equipment	\$1,227	60.0%	DV	1/06/2010	\$118	\$0	\$0	\$118	\$0	\$0
Panasonic SDR-H80GN Camcorder	FA-0051	Office Equipment	\$891	39.6%	DV	1/06/2010	\$262	\$0	\$0	\$262	\$0	\$0
Mobile Phone (ex Digital Mobile)	FA-0052	Office Equipment	\$978	80.4%	DV	1/06/2010	\$35	\$0	\$0	\$35	\$0	\$0
Artwork (Opuha Dam Images)	FA-0053	Office Equipment	\$5,339	0.0%	DV	1/06/2010	\$5,339	\$0	\$0	\$0	\$0	\$5,339
Eko 1500 Desk, Drawer, File & Tag Chair	FA-0054	Office Equipment	\$590	13.0%	DV	1/09/2010	\$458	\$0	\$0	\$458	\$0	\$0
HP Probook 6540B 320GB Laptop (incl Microsoft Software)	FA-0055	Office Equipment	\$5,450	50.0%	DV	1/03/2011	\$2,269	\$0	\$1,135	\$0	\$4,316	\$1,135
3x 22" Monitors, 2x Docking Stations, 3x External Hard Drives & Refurbished Computer	FA-0056	Office Equipment	\$3,050	50.0%	DV	1/05/2011	\$1,396	\$0	\$698	\$0	\$2,352	\$698
Office Furniture - Christchurch (ex Oliver & Smith Ltd)	FA-0057	Office Equipment	\$2,194	16.0%	DV	1/05/2011	\$1,793	\$0	\$287	\$0	\$688	\$1,506
Computer Hardware - HP Laptop	FA-0058	Office Equipment	\$3,417	50.0%	DV	1/10/2011	\$2,174	\$0	\$1,087	\$0	\$2,330	\$1,087
Computer Software - Microsoft Office 2010	FA-0059	Office Equipment	\$2,315	50.0%	DV	1/10/2011	\$1,448	\$0	\$724	\$0	\$1,591	\$724
5 Office Chairs & Guillotine	FA-0060	Office Equipment	\$506	16.0%	DV	1/12/2011	\$459	\$0	\$73	\$0	\$120	\$386
4x Work Stations, 5x Mobile File Drawers, 1x Cupboard and 1x Table 100x600 (ex Oliver & Smith Ltd)	FA-0061	Office Equipment	\$3,895	16.0%	DV	1/02/2012	\$3,638	\$0	\$582	\$0	\$839	\$3,056
Windows 7 Multi User System & Office Pro 2010 Software	FA-0062	Office Equipment	\$1,297	50.0%	DV	1/05/2012	\$1,189	\$0	\$595	\$0	\$703	\$595
HP Laptop 6570B i5-3320M, 4GB, 500GB, 15.6" incl. software	FA-0177	Office Equipment	\$1,563	50.0%	DV	18/10/2012	\$0	\$1,563	\$586	\$0	\$586	\$977
Desk Extension for Tony	FA-0180	Office Equipment	\$655	16.0%	DV	20/11/2012	\$0	\$655	\$70	\$0	\$70	\$585
Server IBM Hero X3300 M4 8GB 2x300GB RAID SBS2011 (ex CFS Technology)	FA-0184	Office Equipment	\$3,696	50.0%	DV	28/03/2013	\$0	\$3,696	\$616	\$0	\$616	\$3,080
April Support by LKB - Configure MS Exchange on new server, setup users in AD and exchange prior to installation. Onsite new server cutover.	FA-0190	Office Equipment	\$1,650	50.0%	DV	30/04/2013	\$0	\$1,650	\$206	\$0	\$206	\$1,444
April Support by MRB - On site for system install, server intergration, ADSL firewall & router config, mail config and shadow protect setup. Completion of system setup.	FA-0191	Office Equipment	\$1,654	50.0%	DV	30/04/2013	\$0	\$1,654	\$207	\$0	\$207	\$1,447
Hardware supplied - Lenovo ThinkCentre M72e Tiny PC, Cisco 887 ADSL Router/Firewall, IBM 4 Gig RAM Upgrade, IBM RDX Caddy, RDX Cartridge, Viewsonic VX2370 Monitor, D-Link 24 Port Switch, Pico Station M2 Wireless AP	FA-0192	Office Equipment	\$7,575	50.0%	DV	30/04/2013	\$0	\$7,575	\$947	\$0	\$947	\$6,628
Viewsonic PJD6683w Short Throw Projector (ex Audio Dynamite)	FA-0193	Office Equipment	\$1,303	25.0%	DV	14/05/2013	\$0	\$1,303	\$54	\$0	\$54	\$1,249
Polycom Sound Station 2W Expandable 1.9 GHz DECT Wireless with 2 EX mics (ex Nice Technology)	FA-0199	Office Equipment	\$1,018	50.0%	DV	28/05/2013	\$0	\$1,018	\$85	\$0	\$85	\$933
Shadow Protect, NOD32 Anti Virus, IBM 300GB SAS HD. IBM 4GB RAM upgrade (WA Systems)	FA-0197	Office Equipment	\$2,570	50.0%	DV	31/05/2013	\$0	\$2,570	\$214	\$0	\$214	\$2,356
<b>Total Office Equipment - at Cost</b>			<b>\$76,029</b>				<b>\$24,698</b>	<b>\$21,684</b>	<b>\$9,002</b>	<b>\$960</b>	<b>\$30,847</b>	<b>\$36,421</b>
<b>Plant and Equipment - at Cost</b>												
Concrete Mixer	FA-0014	Plant and Equipment	\$500	16.0%	DV	1/06/2010	\$201	\$0	\$32	\$0	\$331	\$169

**Depreciation Schedule**  
**Opuha Water Limited**  
**1 July 2012 to 30 June 2013**

Name	Number	Type	Cost	Rate		Purchased	Disposed	1-Jul-12	Purchases	Depreciation	Disposals	Accum Dep	30-Jun-13
Petrol Sprayer	FA-0015	Plant and Equipment	\$1,200	16.0%	DV	1/06/2010		\$482	\$0	\$77	\$0	\$795	\$405
Electric Sprayer	FA-0016	Plant and Equipment	\$600	16.0%	DV	1/06/2010		\$241	\$0	\$39	\$0	\$398	\$202
Generator	FA-0017	Plant and Equipment	\$1,200	20.0%	DV	1/06/2010		\$374	\$0	\$75	\$0	\$901	\$299
Sundry Tools & Plant	FA-0018	Plant and Equipment	\$2,300	16.0%	DV	1/06/2010		\$924	\$0	\$148	\$0	\$1,524	\$776
Container	FA-0019	Plant and Equipment	\$2,620	10.0%	DV	1/06/2010		\$1,508	\$0	\$151	\$0	\$1,263	\$1,357
Phone System	FA-0020	Plant and Equipment	\$3,070	36.0%	DV	1/06/2010		\$361	\$0	\$130	\$0	\$2,839	\$231
20ft Container (ex Coolpak Coolstores)	FA-0021	Plant and Equipment	\$2,626	10.0%	DV	1/06/2010		\$1,820	\$0	\$182	\$0	\$988	\$1,638
John Deere L110 Mower	FA-0022	Plant and Equipment	\$2,489	40.0%	DV	1/06/2010		\$484	\$0	\$194	\$0	\$2,199	\$290
Dewalt 18V Hammer Drill	FA-0023	Plant and Equipment	\$707	24.0%	DV	1/06/2010		\$292	\$0	\$70	\$0	\$485	\$222
Compressor 3hp Belt Drive	FA-0024	Plant and Equipment	\$710	24.0%	DV	1/06/2010		\$320	\$0	\$77	\$0	\$467	\$243
Mono CP11 Pump (DSW for Water Turbidity Monitoring)	FA-0025	Plant and Equipment	\$622	14.0%	DV	1/06/2010		\$413	\$0	\$58	\$0	\$267	\$355
Chainsaw	FA-0026	Plant and Equipment	\$1,551	60.0%	DV	1/06/2010		\$174	\$0	\$104	\$0	\$1,481	\$70
1.8 x 1.8 Dangerous Goods Concrete Shed	FA-0027	Plant and Equipment	\$2,512	4.0%	DV	1/06/2010		\$2,277	\$0	\$91	\$0	\$326	\$2,186
Compressor 8 Bar 17 CFM	FA-0028	Plant and Equipment	\$2,989	24.0%	DV	1/06/2010		\$1,588	\$0	\$381	\$0	\$1,782	\$1,207
20ft Container (ex UCL) incl Power Supply	FA-0029	Plant and Equipment	\$5,595	10.0%	DV	1/06/2010		\$4,511	\$0	\$451	\$0	\$1,535	\$4,060
Opuha House Copper Sign	FA-0030	Plant and Equipment	\$2,364	12.0%	DV	1/06/2010		\$1,830	\$0	\$220	\$0	\$754	\$1,610
4x Flood and 2x Spray Signs	FA-0031	Plant and Equipment	\$900	30.0%	DV	1/09/2010		\$473	\$0	\$142	\$0	\$569	\$331
Rotary Screen 1200 x 2000 (Levels Plain)	FA-0032	Plant and Equipment	\$7,500	14.0%	DV	1/10/2010		\$5,775	\$0	\$809	\$0	\$2,534	\$4,967
Sprayer (Cookson Engineering)	FA-0033	Plant and Equipment	\$2,744	16.0%	DV	1/12/2010		\$2,091	\$0	\$335	\$0	\$988	\$1,756
DAA Radar Sensor ex ECS (South Opuha River)	FA-0034	Plant and Equipment	\$7,650	14.0%	DV	1/04/2011		\$6,349	\$0	\$889	\$0	\$2,190	\$5,460
Condor #C10.1693 Diaphragm Spray Pump	FA-0181	Plant and Equipment	\$2,024	16.0%	DV	30/11/2012		\$0	\$2,024	\$216	\$0	\$216	\$1,808
Polyethylene RX5250LMG 500L Water Tank (ex Mico 24/04/2013)	FA-0194	Plant and Equipment	\$1,050	16.0%	DV	24/04/2013		\$0	\$1,050	\$42	\$0	\$42	\$1,008
Honda WB20 50mm Portable Pump & Suction Hose (ex Washington Pumps)	FA-0200	Plant and Equipment	\$796	20.0%	DV	30/06/2013		\$0	\$796	\$13	\$0	\$13	\$782
<b>Total Plant and Equipment - at Cost</b>			<b>\$56,319</b>					<b>\$32,488</b>	<b>\$3,870</b>	<b>\$4,924</b>	<b>\$0</b>	<b>\$24,885</b>	<b>\$31,434</b>
<b>Power Station Mechanical - at Cost</b>													
Design, Building, Consents, etc	FA-0126	Power Station Mechanical	\$72,781	4.0%	DV	1/06/2010		\$58,752	\$0	\$2,350	\$0	\$16,379	\$56,402
Preliminary & General	FA-0127	Power Station Mechanical	\$351,884	4.0%	DV	1/06/2010		\$284,055	\$0	\$11,362	\$0	\$79,191	\$272,693
Insurances	FA-0128	Power Station Mechanical	\$58,433	4.0%	DV	1/06/2010		\$47,170	\$0	\$1,887	\$0	\$13,150	\$45,283
Electricity & Mechanical	FA-0129	Power Station Mechanical	\$3,361,179	4.0%	DV	1/06/2010		\$2,713,283	\$0	\$108,531	\$0	\$756,427	\$2,604,752
Preliminary Expenses	FA-0130	Power Station Mechanical	\$310,534	4.0%	DV	1/06/2010		\$250,676	\$0	\$10,027	\$0	\$69,885	\$240,649
Vibration Monitoring Equipment	FA-0131	Power Station Mechanical	\$10,884	4.0%	DV	1/06/2010		\$8,786	\$0	\$351	\$0	\$2,449	\$8,435
Compressor	FA-0132	Power Station Mechanical	\$166	16.0%	DV	1/06/2010		\$67	\$0	\$11	\$0	\$110	\$56
Turbidity Sensor & Pump	FA-0133	Power Station Mechanical	\$36,240	20.0%	DV	1/06/2010		\$14,478	\$0	\$2,896	\$0	\$24,658	\$11,582
Tower Floating Data Monitoring Buoy & Sensors	FA-0134	Power Station Mechanical	\$20,527	4.0%	DV	1/06/2010		\$18,665	\$0	\$747	\$0	\$2,609	\$17,918
Control System Software & PC	FA-0135	Power Station Mechanical	\$74,601	48.0%	DV	1/06/2010		\$19,042	\$0	\$9,140	\$0	\$64,699	\$9,902
Backup Server	FA-0136	Power Station Mechanical	\$4,167	48.0%	DV	1/06/2010		\$1,036	\$0	\$497	\$0	\$3,628	\$539
Supply, installation & commissioning of Onis Visa Perkins Stamford Generator Model P60GX genset #8814 (ex Quality Power Ltd) - 90% of quoted price)	FA-0183	Power Station Mechanical	\$32,274	8.0%	DV	31/03/2013		\$0	\$32,274	\$861	\$0	\$861	\$31,413
Supply, installation & commissioning of Onis Visa Perkins Stamford Generator Model P60GX genset #8814 (balance owing after the adjustment for the concrete pad)	FA-0201	Power Station Mechanical	\$1,062	8.0%	DV	30/06/2013		\$0	\$1,062	\$7	\$0	\$7	\$1,055
<b>Total Power Station Mechanical - at Cost</b>			<b>\$4,334,732</b>					<b>\$3,416,010</b>	<b>\$33,336</b>	<b>\$148,667</b>	<b>\$0</b>	<b>\$1,034,053</b>	<b>\$3,300,679</b>

**Depreciation Schedule**  
**Opuha Water Limited**  
**1 July 2012 to 30 June 2013**

Name	Number	Type	Cost	Rate	Purchased	Disposed	1-Jul-12	Purchases	Depreciation	Disposals	Accum Dep	30-Jun-13
<b>Power Station Non Mechanical - at Cost</b>												
Design, Building, Consents, etc	FA-0114	Power Station Non Mechanical	\$67,622	4.0%	DV	1/06/2010	\$54,588	\$0	\$2,184	\$0	\$15,218	\$52,404
Preliminary & General	FA-0115	Power Station Non Mechanical	\$375,309	4.0%	DV	1/06/2010	\$302,964	\$0	\$12,119	\$0	\$84,464	\$290,845
Diversion Conduit	FA-0116	Power Station Non Mechanical	\$1,882,904	4.0%	DV	1/06/2010	\$1,519,959	\$0	\$60,798	\$0	\$423,743	\$1,459,161
Power Station	FA-0117	Power Station Non Mechanical	\$984,315	4.0%	DV	1/06/2010	\$794,580	\$0	\$31,783	\$0	\$221,518	\$762,797
Insurances	FA-0118	Power Station Non Mechanical	\$41,049	4.0%	DV	1/06/2010	\$33,136	\$0	\$1,325	\$0	\$9,238	\$31,811
Miscellaneous Items	FA-0119	Power Station Non Mechanical	\$1,755	4.0%	DV	1/06/2010	\$1,417	\$0	\$57	\$0	\$395	\$1,360
Preliminary Expenses	FA-0120	Power Station Non Mechanical	\$273,314	4.0%	DV	1/06/2010	\$220,629	\$0	\$8,825	\$0	\$61,510	\$211,804
Downstream Weir Control	FA-0121	Power Station Non Mechanical	\$1,606	4.0%	DV	1/06/2010	\$1,296	\$0	\$52	\$0	\$362	\$1,244
Additional Lighting in Lower Power House	FA-0122	Power Station Non Mechanical	\$2,362	12.0%	DV	1/07/2010	\$1,830	\$0	\$220	\$0	\$752	\$1,610
Walkway - Steps & Handrails	FA-0123	Power Station Non Mechanical	\$4,312	4.0%	DV	1/06/2011	\$4,140	\$0	\$166	\$0	\$338	\$3,974
Engenius Duraфон with External Antenna at Dam Site - Phone for Power House (Part Payment)	FA-0172	Power Station Non Mechanical	\$1,808	20.0%	DV	31/07/2012	\$0	\$1,808	\$362	\$0	\$362	\$1,446
Engenius Duraфон Handset for Dam Site - Phone for Power House (Final Payment)	FA-0174	Power Station Non Mechanical	\$732	20.0%	DV	31/08/2012	\$0	\$732	\$134	\$0	\$134	\$598
Enviro Portaloo Standard Model ex Environmental Waste Ltd (50% deposit)	FA-0187	Power Station Non Mechanical	\$4,000	40.0%	DV	3/05/2013	\$0	\$4,000	\$267	\$0	\$267	\$3,733
<b>Total Power Station Non Mechanical - at Cost</b>			<b>\$3,641,088</b>				<b>\$2,934,539</b>	<b>\$6,540</b>	<b>\$118,290</b>	<b>\$0</b>	<b>\$818,299</b>	<b>\$2,822,789</b>
<b>Sutherlands Pipeline - at Cost</b>												
Advisory & Consultancy Fees	FA-0154	Sutherlands Pipeline	\$24,243	4.0%	DV	1/08/2010	\$23,355	\$0	\$934	\$0	\$1,822	\$22,421
Legal Fees	FA-0155	Sutherlands Pipeline	\$1,186	4.0%	DV	1/12/2010	\$1,143	\$0	\$46	\$0	\$89	\$1,097
Pump Shed (12m x 6m 600 Series Kitset) incl. Installation & Flooring	FA-0156	Sutherlands Pipeline	\$32,593	6.0%	DV	1/01/2011	\$30,803	\$0	\$1,848	\$0	\$3,638	\$28,955
PGG Main Shed	FA-0162	Sutherlands Pipeline	\$193,902	6.0%	DV	1/01/2011	\$183,810	\$0	\$11,029	\$0	\$21,121	\$172,781
Main Pumping Station Electrical	FA-0157	Sutherlands Pipeline	\$60,738	10.0%	DV	1/06/2011	\$55,179	\$0	\$5,518	\$0	\$11,077	\$49,661
PVC Pipe	FA-0158	Sutherlands Pipeline	\$455,275	6.0%	DV	1/06/2011	\$430,255	\$0	\$25,815	\$0	\$50,835	\$404,440
Surveying	FA-0159	Sutherlands Pipeline	\$952	4.0%	DV	1/08/2011	\$917	\$0	\$37	\$0	\$72	\$880
Mainline Fittings	FA-0160	Sutherlands Pipeline	\$16,580	6.0%	DV	1/08/2011	\$15,673	\$0	\$940	\$0	\$1,847	\$14,733
Earthworks & Labour Costs	FA-0161	Sutherlands Pipeline	\$39,000	4.0%	DV	1/08/2011	\$37,572	\$0	\$1,503	\$0	\$2,931	\$36,069
Power Connection	FA-0163	Sutherlands Pipeline	\$26,977	10.0%	DV	1/08/2011	\$24,508	\$0	\$2,451	\$0	\$4,920	\$22,057
Hydrometers	FA-0164	Sutherlands Pipeline	\$51,971	13.0%	DV	1/08/2011	\$45,787	\$0	\$5,952	\$0	\$12,136	\$39,835
Nairn Electrical	FA-0165	Sutherlands Pipeline	\$85,267	10.0%	DV	1/08/2011	\$77,591	\$0	\$7,759	\$0	\$15,435	\$69,832
Diesel Pump Generator	FA-0166	Sutherlands Pipeline	\$51,065	16.0%	DV	1/08/2011	\$43,587	\$0	\$6,974	\$0	\$14,452	\$36,613
PGW Pump Installation	FA-0167	Sutherlands Pipeline	\$95,050	16.0%	DV	1/08/2011	\$81,130	\$0	\$12,981	\$0	\$26,901	\$68,149
Diesel Supply Plant Hire	FA-0168	Sutherlands Pipeline	\$4,510	20.0%	DV	1/08/2011	\$3,684	\$0	\$737	\$0	\$1,563	\$2,947
<b>Total Sutherlands Pipeline - at Cost</b>			<b>\$1,139,309</b>				<b>\$1,054,994</b>	<b>\$0</b>	<b>\$84,524</b>	<b>\$0</b>	<b>\$168,839</b>	<b>\$970,470</b>
<b>Totara Valley Storage Pond - at Cost</b>												
Resource Consent Fees	FA-0139	Totara Valley Storage Pond	\$8,307	4.0%	DV	1/07/2010	\$7,975	\$0	\$319	\$0	\$651	\$7,656
Blakemore Valuation Fees	FA-0140	Totara Valley Storage Pond	\$6,983	4.0%	DV	1/07/2010	\$6,704	\$0	\$268	\$0	\$547	\$6,436
Earthmoving & Excavation	FA-0141	Totara Valley Storage Pond	\$2,613	4.0%	DV	1/07/2010	\$2,508	\$0	\$100	\$0	\$205	\$2,408
Legal Costs (Blakemore & Rooney Contract) to 30/06/2012	FA-0142	Totara Valley Storage Pond	\$28,062	4.0%	DV	1/07/2010	\$27,083	\$0	\$1,083	\$0	\$2,062	\$26,000
Advisory & Consultancy Fees	FA-0143	Totara Valley Storage Pond	\$6,870	4.0%	DV	1/09/2010	\$6,595	\$0	\$264	\$0	\$539	\$6,331
Design, Preliminary Plans & Surveys	FA-0144	Totara Valley Storage Pond	\$23,941	4.0%	DV	1/09/2010	\$23,254	\$0	\$930	\$0	\$1,617	\$22,324
Land Purchase (Blakemore)	FA-0145	Totara Valley Storage Pond	\$259,180	0.0%	DV	1/11/2010	\$259,180	\$0	\$0	\$0	\$0	\$259,180
Rooney Contract (incl. Extras to Quote)	FA-0146	Totara Valley Storage Pond	\$371,192	4.0%	DV	1/02/2011	\$356,344	\$0	\$14,254	\$0	\$29,102	\$342,090

**Depreciation Schedule**  
**Opuha Water Limited**  
**1 July 2012 to 30 June 2013**

Name	Number	Type	Cost	Rate	Purchased	Disposed	1-Jul-12	Purchases	Depreciation	Disposals	Accum Dep	30-Jun-13
Alpine Energy - Power Supply Mazes Road	FA-0147	Totara Valley Storage Pond	\$65,340	10.0%	DV	1/05/2011	\$59,432	\$0	\$5,943	\$0	\$11,851	\$53,489
Staff Gauges & Telemetry	FA-0148	Totara Valley Storage Pond	\$1,889	13.0%	DV	1/07/2011	\$1,655	\$0	\$215	\$0	\$449	\$1,440
Pressure Sensor & 3G Neon System at Pump Shed	FA-0149	Totara Valley Storage Pond	\$805	13.0%	DV	1/08/2011	\$709	\$0	\$92	\$0	\$188	\$617
Fencing Pond Perimeter	FA-0150	Totara Valley Storage Pond	\$15,871	4.0%	DV	1/08/2011	\$15,290	\$0	\$612	\$0	\$1,193	\$14,678
Shed (ex Johnson Building)	FA-0151	Totara Valley Storage Pond	\$7,678	6.0%	DV	1/08/2011	\$7,258	\$0	\$435	\$0	\$855	\$6,823
Neon System Components	FA-0152	Totara Valley Storage Pond	\$9,606	13.0%	DV	1/09/2011	\$8,569	\$0	\$1,114	\$0	\$2,151	\$7,455
Buffer Pond Supply Race Repair	FA-0153	Totara Valley Storage Pond	\$41,141	4.0%	DV	1/12/2011	\$40,198	\$0	\$1,608	\$0	\$2,551	\$38,590
Legal Costs - Property Purchase from Blakemore	FA-0170	Totara Valley Storage Pond	\$3,047	4.0%	DV	30/06/2012	\$3,047	\$0	\$122	\$0	\$122	\$2,925
Legal Costs on behalf on Blakemore - Purchase of Land	FA-0171	Totara Valley Storage Pond	\$1,616	4.0%	DV	30/06/2012	\$1,616	\$0	\$65	\$0	\$65	\$1,551
TDC deposit application fee for a right of way over lan Blakemore's property, Howell Road, Totara Valley	FA-0178	Totara Valley Storage Pond	\$565	4.0%	DV	11/10/2012	\$0	\$565	\$17	\$0	\$17	\$548
Proposed Right of Way - LT 442841 - OWL & lan Blakemore, Howell Road, Totara Valley - Easement, Council Approval & Plan Lodging Fees	FA-0179	Totara Valley Storage Pond	\$1,463	4.0%	DV	29/11/2012	\$0	\$1,463	\$39	\$0	\$39	\$1,424
Right of Way, No 109.2012.912. IR Blakemore - difference between lodgement fee already paid and actual cost	FA-0182	Totara Valley Storage Pond	\$134	4.0%	DV	31/01/2013	\$0	\$134	\$3	\$0	\$3	\$131
<b>Total Totara Valley Storage Pond - at Cost</b>			<b>\$856,303</b>				<b>\$827,417</b>	<b>\$2,162</b>	<b>\$27,483</b>	<b>\$0</b>	<b>\$54,207</b>	<b>\$802,094</b>
<b>Total</b>			<b>\$31,713,782</b>				<b>\$26,645,941</b>	<b>\$132,017</b>	<b>\$940,622</b>	<b>\$3,249</b>	<b>\$5,864,711</b>	<b>\$25,834,083</b>

**Reconciliation of Fixed Assets & Depreciation**

Fixed Assets per Depreciation Schedule	\$25,834,083
Fixed Assets per Balance Sheet	\$48,264,654
<b>Difference</b>	<b>\$22,430,571</b>

**Made up of:**

Revaluation of Dam & Power Station (Apr 2007)	\$17,205,392
Revaluation of Dam & Power Station (Jun 2010)	\$4,581,133
Revaluation of Land & Buildings (Jun 2010)	-\$25,455
Revaluation of Land & Buildings (Jun 2012)	\$20,587
Dam Non-Mechanical - Tax vs Accounting Depreciation	\$648,914
<b>Total</b>	<b>\$22,430,571</b>

**Aged Receivables**  
**Opuha Water Limited**  
**June 2013**

<b>Receivables</b>	<b>Current</b>	<b>May</b>	<b>April</b>	<b>March</b>	<b>Older</b>	<b>Total</b>
Allison Family Trust	\$1	\$1	\$1	\$1	\$91	\$95
Attwill, Mr W	\$0	\$140	\$0	\$0	\$0	\$140
Chapman, Mr J L	\$5,564	\$5,504	\$5,438	\$5,503	\$0	\$22,009
Clarke, W G & G C	\$80	\$81	\$33	\$35	\$2,905	\$3,133
Dawson, E W & J H	\$44	\$44	\$0	\$0	\$0	\$89
Dirragh Farming Company	\$4,393	\$4,346	\$4,393	\$4,398	\$4,384	\$21,914
Doubleday, Stella J	\$117	\$116	\$115	\$115	\$113	\$576
Giddings, Mr D S	\$1,459	\$1,560	\$1,539	\$540	\$0	\$5,098
Kakahu Irrigation Limited	\$2,875	\$5,428	\$0	\$0	\$0	\$8,303
Levels Plain Irrigation Co Ltd	\$12,631	\$5,271	\$0	\$0	\$2,719	\$20,621
Lobb, B S & J R	\$93	\$92	\$91	\$91	\$0	\$368
Malthus, Mr R J K	\$89	\$89	\$87	\$88	\$1,025	\$1,378
Nana K 2011 Ltd	\$46	\$46	\$0	\$0	\$0	\$91
Pemberton, Mr Gerald L B	\$0	\$0	\$0	\$0	\$11,500	\$11,500
Ryan Farms Ltd	\$1,834	\$1,813	\$1,813	\$0	\$0	\$5,459
White, Mr Lionel	\$114	\$114	\$0	\$0	\$0	\$228
Wilson, Mrs S	\$73	\$72	\$71	\$71	\$225	\$512
<b>Total Receivables</b>	<b>\$29,413</b>	<b>\$24,717</b>	<b>\$13,581</b>	<b>\$10,841</b>	<b>\$22,962</b>	<b>\$101,515</b>
	29%	24%	13%	11%	23%	

**Notes:**

**Allison Family Trust** - no payment received, letters have been sent - still a shareholder but shares leased out

**Mr W Attwill** - relates to 1/2 share of tree topping at Opuha House (State Highway 8) - still awaiting payment

**Mr J L Chapman** - no payment received to date - phoned in early July to say that money would be paid end of July

**WG & GC Clarke** - no payment received, numerous letters sent, property for sale - have informed that share transfer would not be approved until account has been settled

**EW & JH Dawson** - account since paid, relates to issues with direct debit & change of account at debtor's bank

**Dirragh Farming Company** - \$8,500 part payment made 12/07/2013, still outstanding \$13,414

**Stella J Doubleday** - overdue letters sent, still awaiting payment

**Mr D S Giddings** - overdue letters sent, still awaiting payment

**Kakahu Irrigation Ltd** - relates to management fees & expense recharges, still outstanding at 24/07/2013

**Levels Plain Irrigation Ltd** - relates to management fees & expense recharges - \$17,226 paid in July

**BS & JR Lobb** - account paid on 15/07/2013

**Mr R J K Malthus** - overdue letters sent, still awaiting payment

**Nana K 2011 Ltd** - still awaiting payment at 24/07/2013

**Mr Gerald Pemberton** - still awaiting payment at 24/07/2013 - Tony to provide update

**Ryan Farms Ltd** - payment of \$1,813 received 01/07/2013, still outstanding \$3,646

**Mr Lionel White** - relates to a property purchase from Vercoe, had to await address details, since paid \$228

**Mrs S Wilson** - overdue letters sent, still awaiting payment

**Aged Payables**  
**Opuha Water Limited**  
**June 2013**

<b>Payables</b>	<b>Current</b>	<b>May</b>	<b>April</b>	<b>March</b>	<b>Older</b>	<b>Total</b>
ADT Security Ltd	\$42	\$0	\$0	\$0	\$0	\$42
Allied Locks Limited	\$447	\$0	\$0	\$0	\$0	\$447
Alpine Energy Limited	-\$14,938	-\$6,869	\$0	\$0	\$0	-\$21,807
Alsco NZ - Dunedin	\$86	\$0	\$0	\$0	\$0	\$86
ANZ Business Mastercard	\$3,366	\$0	\$0	\$0	\$0	\$3,366
Aqualinc Research Ltd	\$2,949	\$0	\$0	\$0	\$0	\$2,949
Atlas Scaffolding Timaru Ltd	\$1,455	\$0	\$0	\$0	\$0	\$1,455
Caroline Mitsubishi	\$489	\$0	\$0	\$0	\$0	\$489
Cockram Motor Group	\$641	\$0	\$0	\$0	\$0	\$641
Contact Energy Ltd	\$0	\$0	\$0	\$0	-\$571	-\$571
CRT Society Limited	\$14,932	\$0	\$22,712	\$0	\$0	\$37,645
Dowells - Office Products Depot	\$28	\$0	\$0	\$0	\$0	\$28
Environment Canterbury	\$518	\$0	\$0	\$0	\$0	\$518
Environmental Consultancy Services	\$6,356	\$0	\$0	\$0	\$0	\$6,356
Farm Electric Limited	\$299	\$0	\$0	\$0	\$0	\$299
Gary Oliver Contracting Limited	\$776	\$0	\$0	\$0	\$0	\$776
GHD Limited	\$8,740	\$0	\$0	\$0	\$0	\$8,740
Gibson Bros Limited	\$111	\$0	\$0	\$0	\$0	\$111
Goodman Tavendale Reid Law	\$10,397	\$0	\$0	\$0	\$0	\$10,397
Grafton Irrigation (2005) Ltd	\$495	\$0	\$0	\$0	\$0	\$495
Heartland Technology	\$491	\$0	\$0	\$0	\$0	\$491
Hyundai Ideal Electric Company	\$12,517	\$0	\$0	\$0	\$0	\$12,517
IRD - Employer Deductions	\$10,889	\$0	\$0	\$0	\$0	\$10,889
Irrigation New Zealand Inc	\$9,878	\$0	\$0	\$0	\$0	\$9,878
Kakahu Irrigation Limited	\$88,176	\$0	\$0	\$0	\$0	\$88,176
KPMG Auditors	\$12,292	\$0	\$0	\$0	\$0	\$12,292
Levels Plain Irrigation Co Ltd	\$12,333	\$0	\$0	\$0	\$0	\$12,333
Met Service	\$52	\$0	\$0	\$0	\$0	\$52
Ministry of Business, Innovation & Employment	\$987	\$0	\$0	\$0	\$0	\$987
Mulgor Consulting Ltd	\$9,099	\$0	\$0	\$0	\$0	\$9,099
NIWA - National Institute of Water and Atmospheric Research	\$69	\$0	\$0	\$0	\$0	\$69
OPUS International Consultants Limited	\$4,600	\$0	\$0	\$0	\$0	\$4,600
Pleasant Point Engineering	\$71	\$0	\$0	\$0	\$0	\$71
Quality Power Ltd	\$1,221	\$0	\$0	\$0	\$0	\$1,221
Quantum Advantage Ltd	\$5,510	\$0	\$0	\$0	\$0	\$5,510
Scarlett Hydraulic Technology	\$856	\$0	\$0	\$0	\$0	\$856
Serenity Motels	\$142	\$0	\$0	\$0	\$0	\$142
Siebers International Ltd	\$2,860	\$0	\$0	\$0	\$0	\$2,860
Tonkin & Taylor Ltd	\$386	\$0	\$0	\$0	\$0	\$386
Vodafone NZ	\$1,031	\$0	\$0	\$0	\$0	\$1,031
W A Systems (2003) Ltd	\$5,187	\$0	\$0	\$0	\$0	\$5,187
Warehouse Stationery Ltd	\$16	\$0	\$0	\$0	\$0	\$16
Whitestone Contracting Ltd	\$664	\$0	\$0	\$0	\$0	\$664
<b>Total Payables</b>	<b>\$216,512</b>	<b>-\$6,869</b>	<b>\$22,712</b>	<b>\$0</b>	<b>-\$571</b>	<b>\$231,784</b>

**Notes:**

**Alpine Energy** - credit relates to Avoided Cost of Transmission Rebates. The credit was paid in cash July 2013.

**Contact Energy** - credit of \$571 needs to be allocated by Contact Energy against other electricity accounts.

**CRT Society** - \$22,712 sitting in April 2013 relates to Sutherlands Electricity charges that were invoiced from Meridian Energy but never appeared on the CRT statement the following month - the charges were invoiced to Sutherlands users.

As at 24/07/2013 we are still waiting for the charge on the CRT account.

**Accrued Expenditure Transactions**  
**Opuha Water Limited**  
From 1 Jun 2013 to 30 Jun 2013

<b>Date</b>	<b>Transaction</b>	<b>Amount</b>
30/06/2013	Audit Fee accrual at year end per terms of engagement \$11k for 2012/2013 year	\$11,000
30/06/2013	Security fees for May 2013 owing to Code9	\$45
30/06/2013	Security fees for Jun 2013 owing to Code9	\$45
30/06/2013	Tonkin & Taylor monthly monitoring charges for May 2013 not invoiced	\$1,800
30/06/2013	Tonkin & Taylor monthly monitoring charges for June 2013 not invoiced	\$1,800
30/06/2013	Tonkin & Taylor survey & inspection estimated costs for June 2013 not yet invoiced	\$6,000
30/06/2013	Trustpower variable fee services for Jun 2013 invoiced 23/07/2013	\$158,989
30/06/2013	Security fencing at Opuha Dam owing to Tim Shewan at 30/06/2013	\$8,978
<b>30/06/2013</b>	<b>Total Accrued Expenditure Transactions</b>	<b>\$188,656</b>

# Meeting Agenda

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## 1 WELCOME

## 2 APOLOGIES

## 3 AGENDA REVIEW & PREVIOUS MINUTES

- Minutes of Board Meeting - 26<sup>th</sup> June 2013
- Review of Conflicts of Interest Register

## 4 MATTERS ARISING FROM THE MINUTES (not covered later on)

- Diesel Unit - Mr Pemberton Mr McCormick

## 5 CEO REPORT

### **Matters arising from the minutes (covered in the CEO report)** **Refer to the Management Report**

- Financials
- Operations
- Management Reporting
- *Supplementary Report & Minutes - Collett's Property*
- *Board Papers - Electricity Retail Pilot*
  - Insurance Renewal Report
  - Report on Australian Study Tour

## 6 FINANCE

- Financial Statements for June 2013
- Debtors Management Policy Mr McCormick
- Professional Expenses Policy Mr McCormick

## 7 GENERAL BUSINESS

## 8 UPCOMING MEETING DATES

- Wednesday 28<sup>th</sup> August 2013 - 8.30am
- Monday 30<sup>th</sup> September 2013 - 8.30am
- Wednesday 30<sup>th</sup> October 8.30am
- Wednesday 27<sup>th</sup> November (AGM)