

# **Central Plains Water Trust**

## **Annual Report**

**for the year ended  
30 June 2021**

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## **Directory**

### **Trustees**

Pat McEvedy (*Chairman*)

Elle Archer

Les Wanhalla

Mark Christensen

Olive Webb

Rob Lawrence

Viv Smart

Denis O'Rourke (*till December 2020*)

### **Trust settlors**

Christchurch City Council

Selwyn District Council

### **Auditors**

Julian Tan

Audit New Zealand

On behalf of the Auditor-General

PO Box 2

Christchurch

### **Solicitors**

Lane Neave

PO Box 13149

Christchurch

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## CHAIRMAN'S REPORT

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### *CPWT Annual Report 2021*

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#### **Governance**

I was appointed Chairman of the Central Plains Water Trust in January 2021 after Denis O'Rourke stepped down from the role after serving on the Trust for 20 years. There has been another change also with Mark Christensen resigning from the trust in July 2021. The Trust has endeavoured to build ongoing strong relationships with CPWL and the settlor councils to ensure the Trust achieves the objects of the trust deed and to ensure that the CPW scheme continues to operate in a sustainable way well into the future.

Audit New Zealand have not undertaken the 20-21 audit at this stage because of covid related issues, I believe this will occur in March 2022.

#### **Annual Sustainability Report and Scheme update**

In the past the Chairman has provided his report at the end of November, however with the Sustainability Report coming out in December I have decided to report in January 2022 for the 2020-21 year.

During the 2020-21 irrigation season the CPW Scheme delivered 192.7 million cubic meters of water to 259 Shareholder properties. 130.0 million cubic meters directly from the Rakaia and Waimakariri Rivers and the balance of 62.7 million cubic meters from storage in Lake Coleridge. Rainfall recorded over the irrigation season was the lowest recorded since the scheme commenced operations in 2015 and irrigation demand was the highest since the full scheme came online.

One of the key benefits of the scheme was the reduction in the use of groundwater utilised for irrigation across the scheme area, the report shows that this has occurred and currently sits close to the ZIP Addendum targets. Farm Environment Plan audits were carried out with 95% having an A or B pass, there were 2 D's both of which failed because the current nutrient budget being higher than their baseline nitrogen discharge. Both properties have had plans developed to improve their NDA and their grading when reaudited the next season. The results show an increasing number of A grades this year reaching 65% as farmers understand their farming systems better.

The water quality monitoring results showed exceedances of trigger levels established for the scheme at number of monitoring sites located across stage 1 & 2 areas. Although the exceedances are consistent with the historical range and background trends observed prior to the commencement of CPW operations. There were no obvious effects on groundwater quality, groundwater levels or surface water flows attributable to operation of the scheme during the 2020-21 year.

The Targeted Stream Augmentation project was commissioned between late April and May 29<sup>th</sup>, 2021, the extended operation of the near river recharge during future seasons is expected to provide significant cultural and recreational benefits in waterways of the Hororata River and the lower tributaries of the Waikirikiri/Selwyn River.

The full report will be available to the public on the CPWT Website.

#### **Community, Learning, and Development Programme (CLD)**

CPWT CLD has continued to develop the education proposal with the establishment of the Community, Learning, and Development Sub Committee – with Elle Archer (Chair), Rob Lawrence, Olive Webb, and Mark Christensen (resigned) doing the heavy lifting.

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The learning and engagement portfolio has 3 primary projects attributed:

1. Te Mana o Te Wai educational programme
  - Research has been compiled regarding an online platform and/or mixed reality initiatives vs CPW modules/micro-credentials that can be utilised with other Wai education programmes. It was determined in the last quarter of 2021, due to funding, that the Videos and Community Engagement mini projects will be finalised first.
2. Video Feature
  - The video feature narrative will centre around the benefits of the scheme to shareholders and the wider community, if the opportunity arrives a second video communicating the narrative around the story of water to complement the first video and education platform is planned. CLD is currently awaiting approval from Mana Whenua regarding the second video's script, which tells the story from the perspective of Water.
3. Community Engagement – e.g., Ongoing engagement via connect labs, hui, bus tour
  - Community engagement is critical. Over the past 14 months the committee has been engaging with various groups within the CPWT ecosystem around Water and Biodiversity learning aspects.
  - The next mini project in this space is the CPWT Bus Tour, which will bring together the primary CPW ecosystem stakeholders and agencies in a narrated hikoi of the CPW Irrigation scheme. The purpose is to engage and cultivate a unified understanding of the irrigation scheme within the district, developing collective knowledge of the value of their meaning to the wider ecosystem.

#### **Outcomes**

- Fostering a deeper connection to stakeholders and the wider ecosystem
  - Facilitation of Legacy
  - Intergenerational engagement and community learning
  - Cross-sector networking to aid in collective navigation
  - Identification and development of future opportunities
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- A date has been booked in May, with Elle co-ordinating efforts between CPW and CPWT.

Pat McEvedy Chairman CPWT

**Financial statements**

**for the year ended  
30 June 2021**

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**Entity information**

*for the year ended 30 June 2021*

**Legal Name**

Central Plains Water Trust (the Trust).

**Type of entity and legal basis**

The Trust was formed by declaration of trust dated 15 April 2003, which was restated on 9 October 2012 to facilitate the implementation of the Central Plains Water Enhancement Scheme and to hold the Resource Consents for it.

Under clause 14.5 of the Trust Deed the trustees are required to provide the settlor Councils with the Trust' Annual Report and under clauses 14.7 to 14.9 must make copies of the Report public. Accordingly copies of the Report will be sent to the Selwyn District Council and the Christchurch City Council along with an invitation to meet with representatives of the Councils to discuss the Report. The obligation to make the Report public will be met by publishing it on the Trust's website.

**The Trust's purpose or mission**

Pursuant to clause 4.2 of the Trust Deed, the objects of the Water Trust are to promote the development of agriculture in the Central Canterbury Plains area of New Zealand for the benefit of all of the inhabitants of the Canterbury Region by:

*(a) encouraging, supporting and facilitating:*

*(i) sustainable development of water resources in the Region;*

*(ii) agricultural and horticultural diversity in the Central Canterbury Plains area; and*

*(iii) an appropriate balance of the benefits of agricultural development with the enhancement of ecological, social and recreational values in the Central Plains area;*

*(b) providing and facilitating education to the inhabitants of the Region in relation to water issues and sustainable agricultural development.*

The Trust has been established as, and will continue to operate as, a charitable trust for the benefit of the present and future inhabitants of the Region (however the Trust is not registered as a charitable Trust under the Charitable Trusts Act 1957) and to pursue the particular charitable objects set out in the Trust Deed.

**Structure of the Trust's operations, including governance arrangements**

The Trust comprises a Board of Trustees who oversee the governance of the Trust, of whom a Chairperson is responsible for the day-to-day operations. Trustees may be appointed as follows:

(a) by notice of appointment by the Settlers (Selwyn District Council and Christchurch City Council acting together),

(b) by resolution of the Trustees by co-option

(c) by notice of appointment by Runanga O Ngai Tahu

**Main sources of the Trust's cash and resources**

The Trust has contracted with Central Plains Water Limited for the provision of all of the funding required for the operation of the Trust.

**Statement of financial performance***for the year ended 30 June 2021*

	2021	2020
<b>Revenue</b>		
Management and Administration Fee	104,663	95,629
<b>Total Revenue</b>	<b>104,663</b>	<b>95,629</b>
<b>Expenditure</b>		
Audit Fees	8,134	7,915
Bank Fees	50	50
Consulting & Accounting	18,300	15,600
Insurance	3,275	3,275
Legal expenses	-	17,580
Office Expenses	250	-
Subscriptions	116	-
Trustee Expenses	3,620	1,269
Trustee Honorarium	50,400	40,950
Trustee Meeting Fees	20,518	8,990
<b>Total Expenditure</b>	<b>104,663</b>	<b>95,629</b>
<b>Surplus / (deficit) after tax</b>	<b>-</b>	<b>-</b>

*The accompanying notes form an integrated part of these financial statements.*



**Statement of financial position***as at 30 June 2021*

	2021	2020
<b>Assets</b>		
<b>Current Assets</b>		
Bank accounts and cash	30,651	42,379
Central Plains Water Limited	51,813	126,877
Christchurch City & Selwyn District Councils' Capital	1	1
GST	2,750	125
<b>Total Current Assets</b>	<b>85,216</b>	<b>169,382</b>
<b>Total Assets</b>	<b>85,216</b>	<b>169,382</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Selwyn District Council Current Account	58,228	146,041
Accrued Expenses	9,691	9,775
Honorary Payable	8,515	4,785
<b>Total Current Liabilities</b>	<b>76,435</b>	<b>160,601</b>
<b>Total Liabilities</b>	<b>76,435</b>	<b>160,601</b>
<b>Net Assets</b>	<b>8,781</b>	<b>8,781</b>
<b>Equity</b>		
Contributed Capital	1	1
Retained Earnings	8,780	8,780
<b>Total Equity</b>	<b>8,781</b>	<b>8,781</b>

*The accompanying notes form an integrated part of these financial statements.*

**Statement of cash flows***for the year ended 30 June 2021*

	2021	2020
<b>Operating Activities</b>		
Receipts from customers	365,503	107,083
Payments to suppliers and employees	(355,497)	(111,305)
Net GST	(21,734)	2,433
<b>Net Cash Flows from Operating Activities</b>	<b>(11,728)</b>	<b>(1,789)</b>
<b>Investing Activities</b>		
<b>Net Cash Flows from Financing Activities</b>	-	-
<b>Financing Activities</b>		
<b>Net Cash Flows from Financing Activities</b>	-	-
<b>Net Cash Flows</b>	<b>(11,728)</b>	<b>(1,789)</b>
<b>Bank accounts and cash</b>		
Bank accounts and cash at beginning of period	42,379	44,168
<b>Net change in cash for period</b>		
Westpac - Central Plains Water Trust	(11,728)	(1,789)
<b>Total Net change in cash for period</b>	<b>(11,728)</b>	<b>(1,789)</b>
Cash and cash equivalents at end of period	30,651	42,379
<b>Reconciliation of surplus / (deficit) to net cash flow from operating activities</b>		
<b>Surplus / (deficit)</b>	-	-
Movement in working capital items:		
Trade and other receivables	73,494	(82,290)
Trade and other payables	(85,221)	80,501
<b>Net cash flow from operating activities</b>	<b>(11,728)</b>	<b>(1,789)</b>

*The accompanying notes form an integrated part of these financial statements.*

Authorised for issue on behalf of the Trust 19 May 2022 by:

Pat McEvedy  
Chairman

Olive J. Webb  
Trustee

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**Statement of accounting policies**

for the year ended 30 June 2021

**Basis of preparation**

The Board has elected to apply PBE SFR-A (PS) *Public Benefit Entity Simple Format Reporting – Accrual (Public Sector)* on the basis that the Trust does not have public accountability (as defined) and has total annual expenses of less than \$2 million.

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared on the assumption that the Trust will continue to operate in the foreseeable future.

All amounts are presented in New Zealand dollars.

**Goods and services tax (GST)**

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

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of debtors or creditors in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

**Significant accounting policies**

The following significant accounting policies have been applied in preparing the financial statements for the year ended 30 June 2021 and the comparative information presented for the year ended 30 June 2020.

**Going concern**

The financial statements of the Trust have been prepared under the going concern assumption.

The Trust has contracted with Central Plains Water Limited to fully fund its operating expenses as set out in a Memorandum of Agreement.

Central Plains Water Limited operates a water management scheme for the Central Canterbury Plains. The Trust holds in its name the necessary resource consents for the scheme issued by the consenting authorities and the Trust has granted the company an exclusive licence to use the resource consents as part of its Memorandum of Agreement agreed with the company.

The company has completed the construction of the scheme which is now fully operational.

**Revenue**

Revenue is measured at the fair value of consideration received or receivable.

Revenue from a contract to provide services is recognised by reference to stage of completion of the contract at year-end balance date.

Interest revenue is recorded as it is earned during the year.

The management and administration fees are the equivalent to the operational costs of the Trust.

**Bank accounts and cash**

Bank accounts and cash comprise cash on hand, cheque or saving accounts and deposits held at call with banks.

**Debtors**

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.

**Trustee Honorarium, meeting fees and expenses**

Trustee Honorarium, meeting fees and expenses are recorded as an expense as Trustees provide services and become entitled to the Honorarium, meeting fees and expenses.

**Income Tax**

Up to 30 June 2008 the Trust was a Charitable Trust exempt from income tax under sections CW34 and CW35 of the Income Tax Act 2004. The Trust has not registered as a charitable entity under the Charities Act 2005 and its charitable tax exemption lapsed on 1 July 2008.

As the Trust does not trade, and its costs are reimbursed under a Reimbursement Agreement with Central Plains Water Limited, the Trust does not have any tax expense, liabilities or assets.

**Changes in Accounting Polices**

There have been no changes in accounting polices during the financial year (2020: Nil).

**Tier 2 PBE Accounting Standards applied**

The Trust has not applied any Tier 2 Accounting Standards in preparing its financial statements.

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**Notes to the financial statements***for the year ended 30 June 2021***Note 1: Transactions with related parties**

During the reporting period the Trust entered into the following transactions with related parties:

*Central Plains Water Limited*

During the year, the Trust provided management and administration services to the company to the value of \$104,663 (2020: \$95,629). At year end the company owed the Trust \$51,813 (excluding GST) (2020: \$126,877) in respect of these services.

*Selwyn District Council*

Selwyn District Council makes payments to suppliers on behalf of the Trust which then reimburses the Council. These payments totalled \$275,303 for the reporting period (2020: \$185,787).

At year end the Trust owed the Council \$58,228 (2020: \$146,041).

Selwyn District Council provided accounting services to the Trust for which no charge was made.

*Trustees*

Other than the transaction detailed below there were no other transactions directly with the Trustees other than the payment of honorarium, meeting fees and expenses as disclosed in the Statement of Financial Performance.

The Trust paid \$3,010 to Elle Archer for undertaking a Water Education Project during the period (2020: \$nil).

**Note 2: Statement of commitments**

The Trust has no capital or lease commitments as at 30 June 2021 (2020: \$nil).

**Note 3: Statement of contingencies**

The Trust has no contingent assets or liabilities as at 30 June 2021 (2020: \$nil).

**Note 4: CPWL Funding**

The Trust has entered into Loan Agreements and General Security Agreements with Central Plains Water Limited and various lenders to facilitate the raising of loans by Central Plains Water Limited.

Under the loan agreements with various lenders, the lenders are able to make use of resource consents granted to the Trust if Central Plains Water Limited does not meet the terms of its loans.

**Note 5: Events after balance date**

The Trustees are not aware of any significant events between the preparation and authorisation of these financial statements. (2020: \$nil).

**Note 6: The effects of COVID-19 on the Trust**

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak a pandemic and the New Zealand Government declared a National State of Emergency two weeks later. New Zealand was put into Alert Level 4 lockdown from 26 March 2020 to 27 April 2020, and remained in lockdown at Alert Level 3 until 13 May 2020.

There has been no impact on revenue in the current year due to COVID-19 (2020: \$nil).

Overall there hasn't been any financial impact on the Trust in the current year, and this is expected to be the case in the next financial year too.

**Note 7: Statutory deadline**

The Central Plains Water Trust was required under section 67(5) of the Local Government Act 2002 to complete its audited financial statements and services performance information by 30 November 2021. This timeframe was not met because Audit New Zealand was unable to complete the audit within this timeframe due to an auditor shortage and consequential effects of Covid-19, including lockdowns.

**Note 8: Performance information**

*Representatives of the Trust Board will meet with representatives of the Councils bi-annually and on such additional occasions as may be agreed to.*

The Trust has maintained a regular connection with both settlor councils including face to face meetings, phone calls and emails correspondence as necessary to report progress.

*Discuss the Trust's monitoring of the performance of CPWL in operating the Scheme. This will include the Trustees' presentation of its Annual Sustainability Report. The Report is scheduled for completion by the end of December 2020 and the Trust representatives will present it to the representatives of the Councils at the bi-annual meeting planned for February or March 2021.*

Representatives of the Trust Board met in March 2021 with Settlor representatives to discuss the report.

*Discuss and agree upon any key potential areas of additional focus for the Trust. The extent to which the Trust can undertake these activities and achieve meaningful outcomes is limited by its capacity and resources, by the Trust Deed, and potentially by the MoA with CPWL, however in the 2020-2021 year the trustees have agreed to undertake planning and implementation of work in the following areas which will be monitored and discussed between representatives of the trustees and the Councils in their bi-annual meetings:*

- *Consideration of the benefits and risks to the environment, ecology, community and recreational values of the region from CPWL's activities, including but not limited to water quality, with reference to the objectives of the Canterbury Water Management Strategy and the Selwyn-Waihora Zone Committee ZIPA. For this purpose the Trustees will present its Annual Sustainability Report, scheduled for completion by the end of December 2020, to the representatives of the Councils at the bi-annual meeting planned for February or March 2021.*
- *Consideration of the ways in which the CPW Scheme is encouraging, supporting and facilitating an appropriate balance of the benefits of economic development, with the enhancement of ecological, social, cultural and recreational values in the Central Plains area. These matters will also be reported in the Trust's Annual Report to the Councils to be presented to the representatives of the Councils at the bi-annual meeting in February or March 2021.*
- *Consideration of educational opportunities including the Trust's plans for the engagement with schools set out in the Strategic Plan, and also with other stakeholder groups (to be identified) in order to enhance public knowledge of water issues and the benefits of the proper management of water for sustainable economic development.*
- *Consideration of biodiversity enhancement opportunities across the region associated with sustainable development of the water resources of the Region, with particular reference to the CPW Scheme.*

*The Trust focussed on developing an educational program, including but not limited to a bus tour of the scheme in March 2022 in conjunction with CPWL and other stakeholders along with a short video that showcases the story of water to help develop a wider understanding within the community.*

*The Trust also approves the decision making and distribution of the funds from the EMF committee for biodiversity development and enhancement in the scheme area and downstream.*

*The Trust does acknowledge it's limitations of both capacity and funding so is realistic about how much it can achieve, and have attempted to develop stronger relations with both CPWL and the Settlor councils so as to ensure future improvements to all outcomes.*



**Independent Auditor's Report**