

Central Plains Water Trust

Annual Report

**for the year ended
30 June 2022**

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Directory

Trustees

Pat McEvedy (*Chairman*)
Elle Archer
Les Wanhalla
Olive Webb
Rob Lawrence
Viv Smart

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

CHAIRMAN'S REPORT

CPWT Annual Report 2022

Overview

The Trust, like many organizations, has been frustrated by Covid within our community and this has hampered our ability to achieve some of our goals to the extent we would have liked.

Scheme

The Scheme is now in its sixth year of operation and as it is often said no 2 years are the same. The 2021-22 season saw a wetter than average season with a La Nina weather pattern, this meant less rain in the alps and therefore lower river flows. Because of this there was less irrigation applied (56%) of the previous year but 50% of that was stored water. Farmers know that timing is important so the ability to have irrigation available was still extremely valuable in a damper year. With the scheme maturing and its shareholders developing confidence in what the scheme can deliver, the retiring of groundwater takes is happening which helps realize one of the long-term benefits of the irrigation scheme. There are changes also happening in the senior leadership of CPWL with Mark Pizey retiring as CEO. His replacement Susan Goodfellow is no stranger to CPWL having been part of the development of the scheme. Mark has been extremely good to work with from a Trust perspective and we thank Mark for all of his efforts and the open communication that he fostered with the Central Plains Water Trust.

Environmental Management Fund

The EMF has in the 2022 year received applications totalling \$273,477.43 and has allocated \$94,792.00 which was the total funding available to 15 applicants from throughout the Selwyn District.

Sustainability Report

The Trust has given instructions to Brydon Hughes of Liquid Earth to develop the sustainability report for the 2021-22 season and this was completed in December 2022.

Governance

The Board met with the representatives of the Settlor councils on several occasions to present them with information regarding the scheme, the educational program and environmental updates. The Board acknowledges that in the Audit NZ Report that there were several areas where they had not followed the trust deed. The Board after discussion came to the conclusion that the Trust Deed needed to be reviewed and has provided some suggested amendments to the Settlers to consider in relation to this review. The Board notes that due to the local government elections that their membership will be reviewed by the Settlers in early 2023.

Community Education Update

Water is essential to Life – Education, Engagement, and Awareness are critical for successful life choices, as well as cultivating community resilience and common understanding.

With the mechanics of the scheme established, CPWL now focuses its efforts on fine tuning, not only ensuring operational efficiency and the exploration of opportunity, but also looking to the larger ecosystem to engage, co-create, and develop the next part of its story. The latter is an area where CPWT can assist, working 'in' with the wider ecosystem and the company.

CPWT in collaboration with CPWL can aid in 'telling the story' - as the narrative and a good positive metaphor needs to be developed and disseminated.

There is still a significant disconnection between the rural and urban communities over water issues. A wider awareness of the project, activation of strategic links, and solidification of a formal working relationship with CPWL, are critical next steps.

Education of the benefits and overall value proposition of reliable water to the Plains should be the focus of a multimedia intergenerational education and engagement portfolio.

Benefits of the Scheme

- Mahinga Kai
- Biodiversity and environmental
- Groundwater recharge
- Ground water conservation
- Economic: agricultural pastoral arable production and stability
- Energy opportunities
- Rural Well-being

Covid related challenges over the past 2-3 years have impacted this project in a number of ways – and have also provided the opportunity to explore creative and unique solutions to establish a learning portfolio.

Progress to date

- Defining key focus and target audience
- Setting the components and strategy to develop the ‘Story of Water’ • Establishing critical relationships with key agencies and the wider ecosystem. Mana Whenua, CPWL, SDC, CCC, ECAN, MPI, CDEM, DIA, MBIE, Cant Tech, Energy Academy, RST, Fed Farmers, CNZ, Irrigation NZ, Water NZ etc
- VR prototype to highlight digital techniques and technology in story telling • Video preparation
- Bus Tour of system to define key features, scale, and to connect other parts of the ecosystem with the scheme
- Established shared purpose with CWPL

Next Steps

- Solidify meeting with new CPW CE, to ensure formal alignment of intent and strategic actions.
- Post-Production - Video
- Meeting with ECAN to merge multimedia projects
- Integration of Te Mana o te Wai projects
- Meeting with NZQA and CPWL to look into micro-credentials (Fiona and Elle) • Engage with the 2 schools on ‘Farm Field Trips’
- Review and Rejig Delivery Plan – must be adaptable, tangible, and sustainable

Pat McEvedy Chairman CPWT

Financial statements
for the year ended
30 June 2022

Entity information

for the year ended 30 June 2022

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 2022*

	2022	2021
Revenue		
Management and Administration Fee	82,464	104,663
Environmental Management Fund	5,000	-
Total Revenue	87,464	104,663
Expenditure		
Audit Fees	8,397	8,134
Bank Fees	25	50
Consulting & Accounting	17,216	18,300
Insurance	3,042	3,275
Office Expenses	117	250
Subscriptions	434	116
Trustee Expenses	2,478	3,620
Trustee Honorarium	39,895	50,400
Trustee Meeting Fees	15,860	20,518
Total Expenditure	87,464	104,663
Surplus / (deficit) after tax	-	-

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

Statement of financial position

as at 30 June 2022

	2022	2021
Assets		
Current Assets		
Bank accounts and cash	18,758	30,651
Prepayments	16,420	-
Central Plains Water Limited	37,723	51,813
Christchurch City & Selwyn District Councils' Capital	1	1
GST	1,210	2,750
Total Current Assets	74,111	85,216
Total Assets	74,111	85,216
Liabilities		
Current Liabilities		
Selwyn District Council Current Account	37,100	58,228
Accrued Expenses	17,326	9,691
Honorarium Payable	10,904	8,515
Total Current Liabilities	65,330	76,435
Total Liabilities	65,330	76,435
Net Assets	8,781	8,781
Equity		
Contributed Capital	1	1
Retained Earnings	8,780	8,780
Total Equity	8,781	8,781

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

Statement of cash flows*for the year ended 30 June 2022*

	2022	2021
Operating Activities		
Receipts from customers	196,982	365,503
Payments to suppliers and employees	(85,246)	(147,237)
Agency payments on behalf of Central Plains Water Limited	(116,513)	(208,259)
Net GST	(7,116)	(21,734)
Net Cash Flows from Operating Activities	(11,893)	(11,728)
Investing Activities		
Net Cash Flows from Financing Activities	-	-
Financing Activities		
Net Cash Flows from Financing Activities	-	-
Net Cash Flows	(11,893)	(11,728)

Bank accounts and cash

Bank accounts and cash at beginning of period	30,651	42,379
Net change in cash for period		
Westpac - Central Plains Water Trust	(11,893)	(11,728)
Total Net change in cash for period	(11,893)	(11,728)
Cash and cash equivalents at end of period	18,758	30,651

Reconciliation of surplus / (deficit) to net cash flow from operating activities


Surplus / (deficit)	-	-
Movement in working capital items:		
Trade and other receivables	(789)	73,494
Trade and other payables	(11,104) -	85,221
Net cash flow from operating activities	(11,893)	(11,728)

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

Authorised for issue on behalf of the Trust 11 December 2023 by:



Pat McEvedy
Chairman



Mary Ellen Elle Archer
Trustee

Statement of accounting policies

for the year ended 30 June 2022

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 2022 and the comparative information presented for the year ended 30 June 2021.

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.

Environmental leadership*Environmental Management Fund (EMF)*

The EMF has in the 2022 year received applications totalling \$273,477 and has allocated \$94,792 which was the total funding available to 15 applicants throughout the Selwyn District.

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 Policies

There have been no changes in accounting policies during the financial year (2021: Nil).

Tier 2 PBE Accounting Standards applied

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

Notes to the financial statements*for the year ended 30 June 2022***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 \$82,464 (2021: \$104,663). At year end the company owed the Trust \$37,723 (excluding GST) (2021: \$51,813) 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 \$171,532 for the reporting period (2021: \$275,303).

At year end the Trust owed the Council \$37,100 (2021: \$58,228).

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 \$nil to Elle Archer for undertaking a Water Education Project during the period (2021: \$3,010).

Note 2: Statement of commitments

The Trust has no capital or lease commitments as at 30 June 2022 (2021: \$nil).

Note 3: Statement of contingencies

The Trust has no contingent assets or liabilities as at 30 June 2022 (2021: \$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. (2021: \$nil).

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

There has been no impact on revenue in the current year due to COVID-19 (2021: \$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 31 December 2022. 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**Strategic Direction**

Reporting to the public on the performance of the Scheme.

CPWT published an Annual Sustainability Report for the Scheme on its website.

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Engagement with Selwyn District Council and Christchurch City Council

Representatives of the Trust Board meet with representatives of the Councils bi-annually and on additional occasions to discuss the Trust's monitoring of the performance of CPWL in operating the Scheme. This includes the Trustees' presentation of its Annual Sustainability Report.

The trustees also discuss and agree with the Settlers on 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.

Key outputs

<ul style="list-style-type: none"> Reporting to the public on the performance of the Scheme 	<ul style="list-style-type: none"> The Trust has given instructions to Brydon Hughes of Liquid Earth to develop the Sustainability report for the 2021-22 season and this should be completed in December 2022.
<ul style="list-style-type: none"> Environmental leadership 	<ul style="list-style-type: none"> Instigated informal talks with water users. Instigated talks with academics especially Lincoln University on water issues with a view to having collaborative projects on selected topics. Became a member of Irrigation NZ and attended conferences.
<ul style="list-style-type: none"> Community engagement and Education 	<ul style="list-style-type: none"> Developed and implemented a primary schools education package about water. Developed a financial plan to support our education initiatives including CPWL funding (based on surplus funds from our operations), use of the EMF, and possible other external sources. Employed on contract a person to develop the primary schools package and to deliver it (probably a Trust Board member) Offer speakers to talk about CPW to Canterbury organisations, using a power-point presentation Improve the website to make it more effective for use by older students and researchers
<ul style="list-style-type: none"> Engagement with Selwyn District Council and Christchurch City Council 	<ul style="list-style-type: none"> Continued six-monthly briefings by CPWT with additional briefings by exception.

Annual and half yearly reporting to councils

The half yearly report and audited annual report has been delayed due to the delay in timeframe in completing the audit of the annual report.

Independent Auditor's Report

To the readers of Central Plains Water Trust's financial statements and performance information for the year ended 30 June 2022

The Auditor-General is the auditor of Central Plains Water Trust (the Trust). The Auditor-General has appointed me, Julian Tan, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of the Trust on his behalf.

Opinion

We have audited:

- the financial statements of the Trust on pages 8 to 13, that comprise the statement of financial position as at 30 June 2022, the statement of financial performance and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- performance information of the Trust on pages 14 and 15.

In our opinion:

- the financial statements of the Trust on pages 8 to 13:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2022; and
 - its financial performance and cash flows for the year then ended.
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Simple Format Reporting Standard-Accrual (Public Sector) Standard; and
- the performance information of the Trust on pages 14 and 15 presents fairly, in all material respects, the Trust's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Trust's objectives for the year ended 30 June 2022.

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

Our audit was completed late

Our audit was completed on 11 December 2023. This is the date at which our opinion is expressed. We acknowledge that our audit was completed later than required by section 67 (5) of the Local Government Act 2002. This was due to an auditor shortage in New Zealand and the consequential effects of Covid-19, including lockdowns.

Other matter - Comparison of forecast financial statements with historical financial statements

Without modifying our opinion, we draw attention to the fact that the Trust did not include forecast financial statements in its 2022 statement of intent, as required by the Local Government Act 2002. As a result, no comparison of the forecast financial statements with the historical financial statements was presented in the annual report.

Basis for our opinion

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

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

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

Responsibilities of the Trustees for the financial statements and the performance information

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

The Trustees are responsible for such internal control as they determine is necessary to enable them to prepare the financial statements and the performance information that are free from material misstatement, whether due to fraud or error.

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

The Trustees' responsibilities arise from the Local Government Act 2002 and the deed of trust of the Trust.

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

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

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

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

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

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

statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Trustees are responsible for the other information. The other information is defined as all information in the annual report other than the financial statements and performance information, and our auditor's report thereon.

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

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

Independence

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

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



Julian Tan
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand