



C/- Selwyn District Council  
PO Box 90  
Rolleston  
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30 November 2020

Julian Tan  
Appointed Auditor  
Audit New Zealand  
PO Box 2  
Christchurch 8140

Dear Julian

### **Representation letter for the year ended 30 June 2020**

This representation letter is provided in connection with the audit, carried out on behalf of the Auditor-General, of the financial statements and the performance information of Central Plains Water Trust (the Trust) for the year ended 30 June 2020 for the purpose of expressing an independent opinion about whether:

- The financial statements:
  - present fairly, in all material respects:
    - the financial position as at 30 June 2020; and
    - the financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) Standard.
- The performance information:
  - 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 2020.

We understand that your audit was carried out in accordance with the Auditing Standards issued by the Auditor-General, which incorporate the International Standards on Auditing (New Zealand).

We understand that because you will be issuing a non-standard audit report, the Auditor-General has the responsibility to refer to that audit report in a report to Parliament in accordance with section 20 of the Public Audit Act 2001.

### **General representations**

To the best of our knowledge and belief:

- the resources and activities under our control have been operating effectively and efficiently;
- we have complied with our statutory obligations including laws, regulations, and contractual requirements;
- we have carried out our decisions and actions with due regard to minimising waste;
- we have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector (that is, we have carried out our decisions and actions with due regard to probity); and
- any decisions or actions have been taken with due regard to financial prudence.

We also acknowledge that we have responsibility for designing, implementing, and maintaining internal control (to the extent that is reasonably practical given the size of the Trust) to prevent and detect fraud.

### **Representations on the financial statements and the performance information**

We confirm that all transactions have been recorded in the accounting records and are reflected in the financial statements and the performance information, and that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have fulfilled our responsibilities for preparing and presenting the financial statements and the performance information as required by the Local Government Act 2002 and, in particular, that:
  - the financial statements:
    - present fairly, in all material respects:
      - the financial position as at 30 June 2020; and
      - the financial performance and cash flows for the year then ended;  
and
    - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) Standard; and

- the performance information:
  - 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 2020; and
- we believe the significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable;
- we have appropriately accounted for and disclosed the related party relationships and transactions in the financial statements;
- we have adjusted or disclosed all events subsequent to the date of the financial statements and the performance information that require adjustment or disclosure;
- we are aware that you have not identified any misstatements to the financial statements and the performance information during the course of your audit that have not been adjusted; and
- we have disclosed all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements, and where applicable such litigation and claims have been accounted for and disclosed in accordance with the Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) Standard.

### **Representations about the provision of information**

We confirm that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- We have provided you with:
  - all information, such as records and documentation, and other matters that are relevant to preparing and presenting the financial statements and the performance information; and
  - unrestricted access to persons within the Trust from whom you determined it necessary to obtain audit evidence.
- We have disclosed to you the results of our assessment of the risk that the financial statements and the performance information may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Trust and involves:
  - management;
  - employees who have significant roles in internal control; or



- others where the fraud could have a material effect on the financial statements and the performance information.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the Trust's financial statements and the performance information communicated by employees, former employees, analysts, regulators, or others.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements and the performance information.
- We have provided you with all the other documents ("other information") which will accompany the financial statements and the performance information which are consistent with one another, and the other information does not contain any material misstatements.
- We have disclosed the identity of the related parties, all of their relationships, and all of their transactions of which we are aware.

#### **Going concern basis of accounting**

We confirm that, to the best of our knowledge and belief, the Trust has adequate resources to continue operations at its current level for the foreseeable future. For this reason, the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements and the performance information for the year ended 30 June 2020. We have reached this conclusion after making enquiries and having regard to circumstances that we consider likely to affect the Trust during the period of one year from the date of signing the financial statements and performance information, and to circumstances that we know will occur after that date which could affect the validity of the going concern basis of accounting.

We consider that the financial statements and the performance information adequately disclose the circumstances, and any uncertainties, surrounding the adoption of the going concern basis of accounting by the Trust.

Throughout the year, the Trust has complied with the requirements of its banking arrangements, debenture trust deeds, or negative pledge agreements, including those relating to its net tangible assets ratios.

The representations in this letter are made at your request, and to supplement information obtained by you from the records of the Trust and to confirm information given to you orally.

Yours sincerely

A handwritten signature in black ink, appearing to read "Denis O'Rourke", written over a horizontal line.

Denis O'Rourke  
Chair

A handwritten signature in blue ink, written over a horizontal line.

[name]  
Trustee

# **Central Plains Water Trust**

## **Annual Report**

**for the year ended  
30 June 2020**

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## **Directory**

### **Trustees**

Denis O'Rourke (Chairperson)  
Elle Archer *(from January 2020)*  
Les Wanhalla *(from January 2020)*  
Mark Christensen *(from January 2020)*  
Olive Webb  
Pat McEvedy *(from January 2020)*  
Rob Lawrence *(from January 2020)*  
Viv Smart  
Dick Davison *(till September 2019)*  
Doug Catherwood *(till September 2019)*

### **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

### Annual Sustainability Report

The 2018-2019 Annual Sustainability Report covered the first full year's operations for the entire scheme. This included the 2018-19 irrigation season for Stage 1 and the Sheffield Scheme, running from 1 September 2018 to 29 April 2019, whereas Stage 2 commenced operations on 2 October 2018, becoming fully operational from the 15 October 2018. The full report can be viewed on the Trust's website [www.cpwt.co.uk](#). The Trust's half yearly report to 31 December 2019 provided a summary of it.

Work on the 2019-2020 Annual Sustainability Report will commence soon and will be available by 31 December 2020.

### Education proposal

The trustees have reviewed the Trust's role in public education on water issues and have resolved that its focus should be on primary pupils, given that older students can use the Trust's website for information for their projects. A programme is to be developed for use in primary schools in the Region. Subject to funding, it is proposed to contract a suitable person to deliver it. The Trust will apply for funding from the Environmental Management Fund as the criteria appear to be wide enough; and other funding sources are also available for these purposes. A board committee was established as from 8 June 2020 to develop the programme, to establish that primary schools will want to use it, and to formulate a business plan including funding sources, for approval by the Board at its next meeting.

### Refinancing of Scheme

This has been completed and has been the highlight of CPWL's year resulting in interest rate savings and enhanced financial security for the shareholders. The Trust agreed to make the resource consents available as a security to the new lenders as was previously done for the previous lenders.

### Scheme Update Summary:

The 2019-20 irrigation season has finished with 162c/metres of water delivered (of which 12 c/metres was from the Sheffield Scheme), compared with the previous season when about 100 c/metres of water was delivered to users. The result has been an outstanding year for arable farmers especially.

There was a flooding event in the Rakaia River early in the season which damaged the intake, preventing operation for 6 days during peak demand. This has now been fully repaired.

The Scheme infrastructure is being monitored so that the construction contractor can carry out repairs to any defects during the maintenance period – so far losses from leaks are very small.

Concerning consenting issues, the Targeted Scheme Augmentation project to deliver surplus water to the Selwyn River has been commissioned and is ready for use by Ecan (which holds the consents for this itself). The Trust's Steele's Road consents are now to be activated – the Trust has signed a letter of consent to this.

Farm Environment Plans – work has been delayed by Covid19 restrictions but 83 have been completed of which there were only 5 category C ratings and 1 category D rating – these concern nutrient budget and effluent pond issues which are being attended to.

Recently Ecan announced new nutrient budgets of 190t for dairy. It is likely that 70% of CPW water users do not comply at present. CPWL is doing training to assist them as well as scaling up its riparian planting. Future actions are likely to include greater use of compost as an alternative to chemical fertilisers as one option, but some de-stocking will be needed (possibly 10%).

Overall the Scheme is operating very well.

**Governance**

The Board has determined and resolved that following the discharge of the securities over its resource consents previously given to the Selwyn District Council in respect of a loan made to Central Plains Water Limited (now repaid), the Trust is no longer legally defined under the Local Government Act as a Council Controlled Organisation, and has accordingly written to the settlor Councils to advise this and expects to discuss and agree a new formal relationship with the settlor Councils in the near future.

The Board has now adopted a Strategic Plan, and believes strongly that as a charitable trust it must pursue this independent and free of direction by either the settlor Councils, CPWL, or any other entity on how to achieve the specific objects in the Plan and those set out in the trust deed.

Finally, the trustees record with great sadness the recent death of former founding trustee Doug Catherwood and note the huge contribution he made to the initiation and development of the Scheme as a CPWT trustee, and as a shareholder, director and chairman of CPWL.

Denis O'Rourke  
Chairman  
30 November 2020

**Financial statements**

**for the year ended  
30 June 2020**

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**Entity information**

*for the year ended 30 June 2020*

**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's 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 Trusts'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 2020*

	Note	30 June 2020 \$	30 June 2019 \$
<b>Revenue</b>			
Management and administration fees	1	95,629	69,865
<b>Total revenue</b>		<b>95,629</b>	<b>69,865</b>
<b>Expenditure</b>			
Trustee honorarium		40,950	37,800
Trustee meeting fees		8,990	6,380
Trustee expenses		1,269	1,585
Administration		15,650	13,579
Audit fee		7,915	7,246
Legal expenses		17,580	-
Insurance		3,275	3,275
<b>Total expenditure</b>		<b>95,629</b>	<b>69,865</b>
<b>Surplus / (deficit) before tax</b>		<b>-</b>	<b>-</b>
Income tax expense		-	-
<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 2020*

	Note	30 June 2020 \$	30 June 2019 \$
<b>Trust equity</b>			
Contributed capital		1	1
Accumulated surpluses		8,780	8,780
<b>TOTAL TRUST EQUITY</b>		<b>8,781</b>	<b>8,781</b>
Represented by:			
<b>Current assets</b>			
Bank accounts and cash		42,379	44,168
GST receivable		125	125
Debtors and prepayments	2	126,878	44,588
<b>Total current assets</b>		<b>169,382</b>	<b>88,881</b>
<b>Current liabilities</b>			
Trustee fees		4,785	2,087
Withholding tax payable		4,932	4,926
GST payable		-	-
Creditors and accrued expenses	3	150,884	73,087
<b>Total current liabilities</b>		<b>160,601</b>	<b>80,100</b>
<b>TOTAL ASSETS LESS TOTAL LIABILITIES</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 2020*


	Note	30 June 2020 \$	30 June 2019 \$
<i>Operating activities</i>			
Receipts from customers		107,083	282,641
Payments to trustees / suppliers		(111,305)	(292,230)
Net GST		2,433	(2,641)
<i>Net cash from operating activities</i>	7	<u>(1,789)</u>	<u>(12,230)</u>
<i>Net cash from investing activities</i>		<u>-</u>	<u>-</u>
<i>Net cash from financing activities</i>		<u>-</u>	<u>-</u>
Net increase / (decrease) in cash for the year		<u>(1,789)</u>	<u>(12,230)</u>
Add opening bank accounts and cash		44,168	56,398
<b>Closing bank accounts and cash</b>		<b><u>42,379</u></b>	<b><u>44,168</u></b>

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

Authorised for issue on behalf of the Trust 30 November 2020 by:



Denis O'Rourke  
Chairperson



Trustee

**Statement of accounting policies**

for the year ended 30 June 2020

**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 2020 and the comparative information presented for the year ended 30 June 2019.

**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.

**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 Policies**

There have been no changes in accounting policies during the financial year (2019: 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 2020***Note 1: Management and Administration Fees**

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

**Note 2: Debtors and prepayments**

	30 June 2020 \$	30 June 2019 \$
Central Plains Water Limited	126,877	44,587
Christchurch City and Selwyn District Councils' capital	1	1
	<u>126,878</u>	<u>44,588</u>

**Note 3: Creditors and accrued expenses**

	30 June 2020 \$	30 June 2019 \$
Other payables	150,884	73,087
	<u>150,884</u>	<u>73,087</u>

**Note 4: 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 \$95,629 (2019: \$69,865). At year end the company owed the Trust \$126,877 (excluding GST) (2019: \$44,587) 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 \$185,787 for the reporting period (2019: \$168,223).

At year end the Trust owed the Council \$146,041 (2019: \$71,509).

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

*Trustees*

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

**Note 5: Statement of commitments**

The Trust has no capital or lease commitments as at 30 June 2020 (2019: \$nil).

**Note 6: Statement of contingencies**

The Trust has no contingent assets or liabilities as at 30 June 2020 (2019: \$nil).



	30 June 2020 \$	30 June 2019 \$
<b>Surplus / (deficit)</b>	-	-
<i>Movement in working capital items:</i>		
Trade and other receivables	(82,290)	15,386
Trade and other payables	80,501	(27,616)
<b>Net cash flow from operating activities</b>	<b>(1,789)</b>	<b>(12,230)</b>

**Note 8: 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 9: Events after balance date**

Other than the events relating to COVID-19, the Trustees are not aware of any significant events between the preparation and authorisation of these financial statements. (2019: nil)

**Note 10: 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.

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.