

The 22/23 irrigation season was a mixed one - with periods of extremely high demand (including days of record-breaking volumes), along with periods where there was none - see Operations Update. But thank goodness for irrigation water at those very dry times! Otherwise, the Downlands might have been as dry as the ground around the Great Pyramid of Giza!

We are now full-on with our winter maintenance, which includes some potholing to look at pipeline joints and couplers to confirm they are standing up as we expect.

The FY24 budget has been approved and pleasingly we have been able to keep an increase in charges (despite interest rates and inflationary pressures) to just 6%.

We are managing three of the Waitaki Schemes now - Kurow-Duntroon, Maerewhenua and Lower Waitaki. This is proving to be mutually beneficial and has created the opportunity for the schemes to get to know each other at a day-to-day, operational level. As a result, the Boards of all four schemes have acknowledged that there are likely to be significant advantages in the schemes working in a closely collaborative way and have agreed to explore what "collaboration" might look like. Key to this is to understand (and quantify) what those advantages are. There is little doubt, though, that the business of operating an irrigation scheme has, and will, become increasingly complex, and creating scale through collaboration will enable schemes to better manage this complexity, and to leverage their regulatory and financial scale to deliver benefits to all shareholders across all the schemes.

With this same eye to the future, your Board is determined to see as many of the remaining, unissued 2,000 shares sold and in your hands. Why is it important? Well, firstly Charges - the key advantage to shareholders from having all shares issued is spreading, thus lowering, your Charges. A second is that it is likely ECan will only renew our Consent to take water with the amount of water we have been taking. If we cannot show we have used our 8cumecs, we will lose whatever we haven't used. And once it is gone, we are unlikely to ever get it back, so the costs of running the scheme will be borne by those shares issued at that time.

So, on the 17th of July we will release a new Offer for Shares. The approach is unique, arguably a first by any irrigation company - we are putting it in your hands to make an Offer by Tender. You decide the price that works for you, and the terms. These will be valued, ranked and the best bids will get the shares. If you have any questions, once you receive the Offer, please don't hesitate to contact us. It will be open for a while, so you'll have plenty of time to construct an offer that works for you, and your farming business.

Shareholder Charges for 2023-24

Your Board has approved the Company's budget for 2023/24. Rising costs and inflation have had to be accommodated by an increase in AOC (Annual Operating Charge), while the upward cost of interest on our floating debt has been offset by using some cash reserves that, with the Company now having a second transformer on site, were considered excess.

For the financial year 1 July 2023 to 30 June 2024:

- Fixed Charges increase by \$42 (+\$3.50 per month) to \$738 per share per annum.
- Variable Supply Charges stay the same at \$190 per share for the year. This reflects we have a fixed-price power contract.

Break down and comparison of NOIC charges for the coming season:

Charges per share (\$ gst excl.)	22-23	23-24	Change
Fixed Charges			
AOC - per month	27.00	28.50	+ 1.50
AFC - per month	31.00	33.00	+ 2.00
Fixed Charges - p.a	696.00	738.00	+ 42.00
Supply Charge per share (average use)	190.00	190.00	N/C
Total Charges (average use) - p.a	886.00	928.00	+42.00

The monthly AOC rebate for 2023/24 for unpressurised water shares on the Waiareka Creek increases from \$1.30 to \$1.37 per share while the AFC rebate increases from \$5.95 to per share to \$6.33 per share.

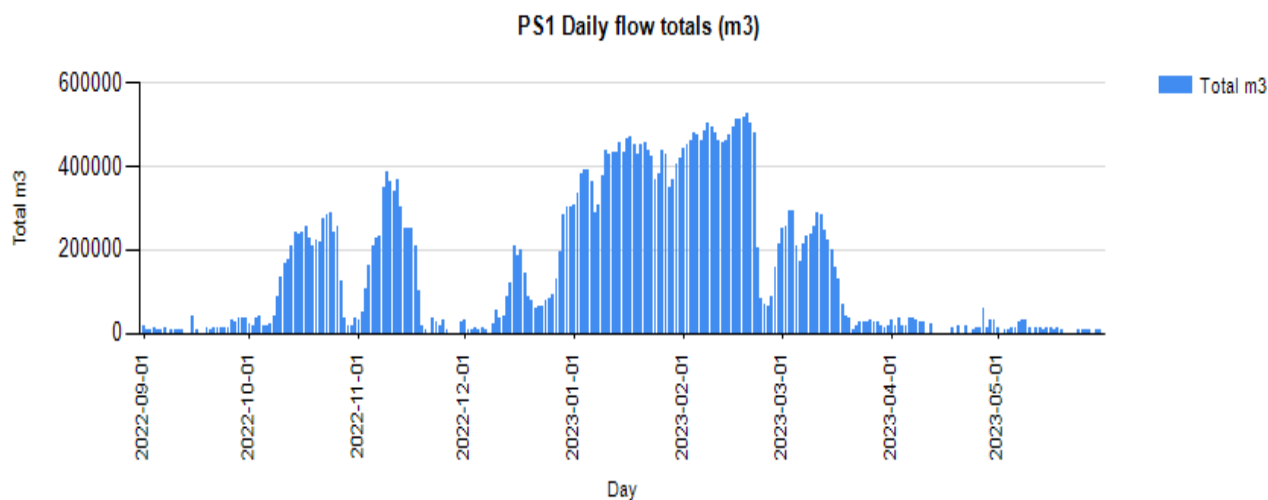
Stock water charges, at \$0.15 per m³, are unchanged and will be billed once per season.

Looking ahead:

Based on the **current outlook for inflation and interest rates**, Fixed Charges are expected to continue to increase with the estimated Fixed Charges in the year to June 2025 - \$780 per share.

Operations Update

Snapshot of irrigation usage



The chart below goes some way to display when water was applied during the season. There was a flurry of activity in October and November, we all took a breath around Christmas before having a period of consistent demand in January and February.

The average flow through PS1 for the irrigation season was 148,736 m3, with the biggest day recorded at 523,320 m3 and a staggering season total of 40.5 million m3 which is enough to fill the Great Pyramid of Giza 15.5 times!



The 2022-2023 season was marred by the downtime experienced due to leaks. There were ten across the scheme accounting for 732 hours when water was unavailable, with the majority of this time attributed to the two leaks on the Waiareka line downstream of Pig Island Road. Excluding these, the average turn around for leak repairs was 32 hours.

Waiareka 700DN Ductile Iron Leaks

The Waiareka pipeline leaks were less than 300 meters apart and occurred only weeks apart. This considered that we may have a systemic pipeline problem.

The first leak on the 22nd of February was a complete pipe failure with a large section of the pipe wall peeling open. On inspection, heavy corrosion and pitting was found on the bottom of the pipe weakening the underside, allowing the pressure to breach the side wall.

The second leak was reported on the 15th of March.

Again, a hole was found on the underside of the pipe with similar corrosion present.

Once the pipeline was repaired, we undertook an investigation to understand the condition of the pipeline. Potholes were dug in numerous locations on the 700DN ductile pipe and the adjoining 375DN ductile Windsor Park line to determine if corrosion is present along these sections. All pothole investigations failed to reveal evidence of a systemic pattern of corrosion along the pipeline. Soil samples were taken at selected potholes, where ground water was most present, to determine if the ground conditions were a contributing factor.

Although the corrosion found at both sites was similar, what initiated the corrosion is seen to be unrelated. The first leak had corrosion in an area with a high level of ground water present, but the pipe had characteristics that were not similar to pipe sections either side. This leads us to believe that either a damaged pipe was installed in this location or a pipe from a different batch was used.

The second leak had several factors that would have contributed to the corrosion that was found. This leak was close to an air valve and the method used to construct the arrangement leading up to and away from the air valve tee was not best practice. The pipework in this area was found to be supported by dunnage, inexpensive or waste material used to load and secure the pipe during transportation, with other construction debris found in the bottom of the trench. The leak on this pipe was directly adjacent and in contact with a supporting length of dunnage.

These were complex leaks to repair made more challenging with the lack of availability of parts due to its unusual size, and coinciding with flood damage repairs in the North Island creating a high demand for DI pipe.

We are exploring several options in the event that the pipeline does need to be replaced, however, our investigations into the condition of the pipe has given us confidence that this process does not need to be rushed and we can develop a solution that will fit into the broader framework of the scheme.

Stock water

The Waiareka leaks highlighted the need for everyone to have contingencies for stock water supply. The repairs were complex, with each taking ten days. We are mindful of the necessity of stock water, and we try our best to minimise pipeline downtime and open cross connections where possible, however our core role is providing irrigation water and farmers must have on-farm back-up for this supply.

Fiberglass Repairs

The operations team have completed a training course in fiberglass repairs, making repairs to the GRP pipe network faster and less expensive. We will be inspecting several Borflex couplers this winter and intend to replace them by wrapping the joints in fiberglass, something we can now do in-house.

Reminder

Just a reminder that the fastest way to get an operator to respond to a call out is to either ring the Office or the 0800 number. Calling an operator directly is not encouraged as we try to manage our team, their location on the scheme and their workload.

Environmental Update

Stock Water Storage - Stock & Dairy Shed Wash

If you are relying on NOIC water for stock drinking water or dairy shed wash down water we recommend you have enough water storage for an outage that could extend 3-5 days. And a reminder that the water being supplied to your farm is not potable - it is not suitable for human consumption or for milking plant wash.

National Stock Exclusion Regulations

The purpose of these regulations is to reduce the impact to our waterways from livestock and have been in force since 3 September 2020. They apply to a person who owns or controls beef cattle, dairy cattle, dairy support cattle, deer or pigs. The regulations require the person to exclude stock from specified wetlands, lakes, and rivers more than one metre wide. The next key date is 1 July 2023 - see table below

New Farm Managers

If you have new farm managers or staff, please email office@noic.co.nz the following:

- Full Name
- Email Address
- Mobile Number
- Role

New staff will be added to our e-message service which is used to advise of any pipeline outages and meter reading reminders.

Shares for Sale / Lease Available

For Sale

Tony Rankin 50 Shares 0211 4733 12

For Lease

Kieran McNamara 5 Shares 0061 4385 00117

kandkmac@yahoo.com.au

Timeframes - National Exclusion Regulations

	Stock Class	On	By
Waterways (lakes & 'wide' rivers): Stock must be excluded and kept at least 3 metres from the edge of the bed of a lake or a river with a bed greater than 1m wide at any point on the parcel of land - includes intermittent streams but excludes drains. NB: Buffer width doesn't apply to a lake or river with a permanent fence already in place. Stock (except deer) must use a bridge or culvert if they cross the waterway more than twice a month.	Dairy cattle	Any NEWLY developed farm	3 Sept 2020
	Dairy cattle (and pigs)	Any terrain	1 July 2023
	Dairy support cattle	Any terrain	1 July 2025
	Beef cattle and deer intensively grazing (break-fed, fed on annual forage crops or irrigated pasture)	Any terrain	1 July 2023
	Beef cattle and deer	Low slope land (as identified on MfE website - generally up to 10 degree slope)	1 July 2025

Farewells - Ben Stratford

After 12 years with NOIC, Ben has decided to make a change. His presence and extensive knowledge will be missed! Fortunately, we still have access to him as needed, which is great. At his farewell he was presented with a piece of pure art, made by his colleagues....comprising a pump impellor, a nameplate from the old (replaced) P11 pump and wood from an aqueduct from the Oamaru Borough Race. Very special for someone who has played such a big role in the area, and in NOIC's development.

