

Greetings to all

The middle of winter already and, for many of our shareholders, calving has begun. Technically, we are just a month away from the start of the 21.22 irrigation season although with the rain we've had, we aren't seeing an early start to the season this year. What a contrast with last year, when at the end of July, farmers were calling for water and by early August we were ready to go. Early and sustained demand saw 60m m3 delivered to your farms by the time the season closed in May. Interesting to think what your farming output would have been without that water!

The effects of Covid on shipping were felt with the late arrival of two new motors for PS1 (and we thank you all, again, for how well the roster went at that time). The new motors, indeed, the whole Scheme ran beautifully from then.

Environmental regulatory change seems to be a constant now. A government unconstrained by coalition partners is unlikely to change direction while it has an open playing field in front of it. So, we expect these regulatory changes will be rammed home. We will submit, as we do where we see the need, on the various bits of proposed legislative change - regional council plans, the RMA replacement (the NBA), the Freshwater Farm Plans etc, as will Irrigation NZ on your behalf, but practically, the direction is fixed, and we really see our job being to help you navigate them.

The audit results from the 20.21 season were satisfactory, with a 93% pass rate. All farms developed Action Plans to address shortcomings identified by the auditor, with plenty to do for those who failed. Identifying risks and figuring out how to mitigate those risks for your farm and your farming system is going to become more important in the future. Again, part of our job is to help you do this.

Our financial year concluded on 30th June and the results are pleasing, with costs managed to (and in some cases below) budget, capital works completed, and service delivery standards met. We see you not just as our shareholders, but as our customers, and so service delivery is critical. We are keen to know that what we think are the standards you expect, match what you think they are. So, we want to hear from you – tell us what you expect from NOIC, what matters most to you. For example, we are evaluating placing a series of weather stations around the scheme so you can have real-time data that will help with irrigation decision-making. Would you see that as valuable?

A second transformer has been acquired and will be in place at Blackpoint this season, shoring up one of the highest risks the company had because if the one transformer had failed, we would have no ability to pump water. We'll all feel a lot more secure with that in place!

On a final note, I hope the rest of the winter passes well, that conditions continue so that pastures are in a great state come spring and that you enjoy what's left of the Olympics!

Andrew Rodwell
Chief Executive

NOIC Audit Results – 2020/2021

Table 6 - Audit grades received in 2020/2021

Audit Grade	Number of Farms	% of Farms	
A	22	49	Pass
B	20	44	Pass
C	3	7	Fail
D	0	0	Fail

Operations Update

After a challenging start to the season with the entire scheme on roster due to late arrival of new 11kV motors, we finished the season delivering over 50% more water than any previous year. Generally, the scheme operated reliably with localised interruptions due to power outages and pipeline leaks. These leaks were isolated to the Windsor Park pipeline on Stage 1 (corrosion of pipe within road crossings and a pipe coupler issue), and several borflex failures on Stage 2. During a number of the outages, we have been able to maintain water supply, albeit at stockwater flows, to a large number of shareholders through cross-connections that we have installed over the last several years.

The borflex couplers continue to be an issue for NOIC and we are currently investigating a staged approach to removing these couplers according to risk rather than waiting for them to fail.

The annual Transpower outage in May was completed with no interruption to shareholders. NWL have provided NOIC a direct connection into the 11kV lines for their mobile generator (picture below), so as power is switched off at Blackpoint, load is taken up by the generator. Transpower had us offline for two weeks, and with the wet weather at the time, requested a second outage a few weeks later.

New weed machines have been installed on the canal for DPS1 and are ready for install on the Tilverstowe and Glenn Settlement systems at the head pond. The Ops team are looking forward to having this manual cleaning task automated for the coming season!

Winter maintenance tasks have been progressing well and we are on track to have everything ready for the start of the new irrigation season.



Environmental Update

Kurow Duntroon Irrigation Co

KDIC has contracted NOIC to run their Environmental Management System (EMS), for an initial 3-year period. This will benefit both companies and the scale (68 additional farms) will result in a lower net cost to deliver the NOIC EMS to its own shareholders.

Freshwater Farm Plans

While as a shareholder of NOIC you have had a Farm Environmental Plan for the past ten years, you might be surprised to know most farms in NZ do not have one. That is all changing and from early 2022 a new form of the FEP (called a Freshwater Farm Plan) will be rolled out by MPI that all NZ farmers will, eventually, need to fill out and operate by. How it will work, the role of Councils etc is still to be decided and MPI have put it out to the public for consultation. Click here if you would like to view:

<https://environment.govt.nz/publications/freshwater-farm-plan-regulations-discussion-document/>

NOIC is likely to make a submission on this. If you would like to make a personal submission on any parts of this, you can find information on how in that link.

Staff changes

NOIC welcomes Mike Searle into the Environmental team. Mike is a great guy & very experienced. He will hit the ground running, and, as a farmer himself will relate well to your environmental needs and objectives. Meantime, Emily Anderson has moved on and we wish her all the best in her next job.

As always, if you need any information or help in the Environmental space, please call the office on 03 433 1201.

NOIC Shareholder Charges for 2021/22

Your board has approved the company's budget for 2021/22. The company has been able to manage its costs effectively, ensuring no increase in average annual charges.

Depending on the volume of water used, the budget sets average annual charges at \$816 per share. Fixed charges are unchanged at \$660 per share. Supply charges are budgeted to rise based on the higher contracted power cost, but actual rates are volume dependant.

Break down and comparison of average NOIC charges

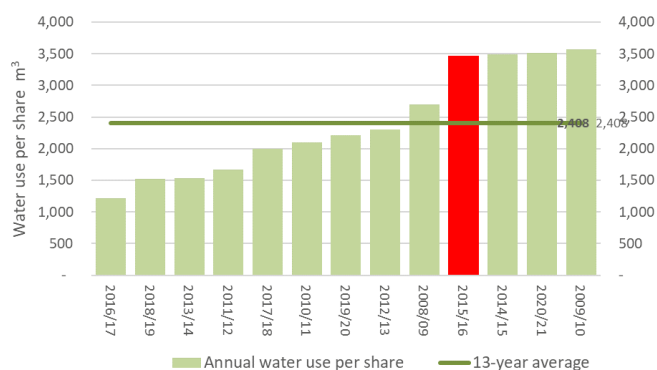
Charges per share (\$ gst excl.)	2020-21	2021-22	Change
Fixed Charges			
AOC - per month	24.00	24.00	-
AFC - per month	31.00	31.00	-
Total Fixed Charges	660.00	660.00	-
Supply Charges:			
Power cost (average use)	149.00	156.20	+7.20
Total Supply per share (average use)	149.00	156.20	+7.20
Total Charges (average use)	809.00	816.20	+7.20

The AOC rebate for 2020/21 for unpressurised water shares on the Waiareka Creek remains at \$1.15 while the AFC rebate remains at \$5.95. Stock water charges, at \$0.15 per m3, are unchanged.

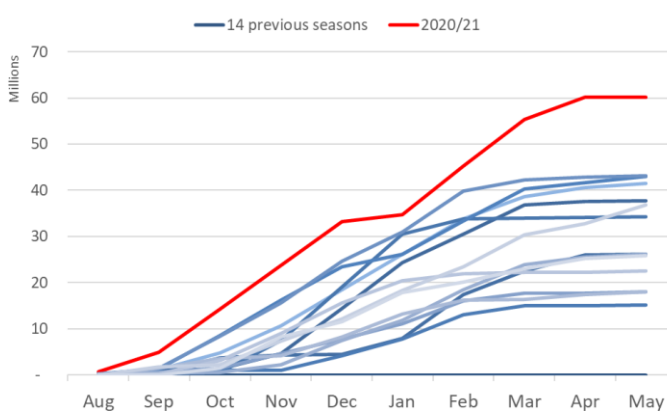
Water Use and Supply Charges

The 2020/21 season was notable for its length and surpassing all records for total volume delivered with demand per share reaching near record levels.

2020-21: above average irrigation demand

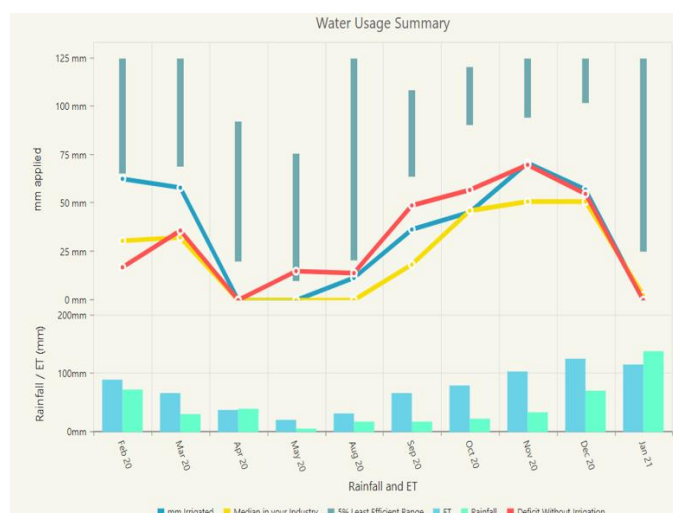


Cumulative water delivered (m3 irrigation)



Water Use on Your Farm

Graphs presenting your water use, relative to the scheme average along with rainfall/ET is available to NOIC shareholders. This information can assist as you review your water use and decision making for this past season and think about your future irrigation programme.



This graph is available to view by either of the following methods:

- Logging into the Shareholders' area of the website www.noic.co.nz/shareholders or;
- Contacting Stephen or Marijn on 03 433 1201 / office@noic.co.nz, they will be glad to help.