



AMURI IRRIGATION COMPANY

2023







Welcome to our 2023 Annual Review



Our Annual Review provides a valuable opportunity to reflect on the past year. FY23 was marked by some significant achievements worth celebrating.

In particular, we saw the realisation of our efforts to obtain funding from the Ministry of Primary Industries for a project supporting AIC's shareholders to move beyond regulatory minimums and develop a strategy for profitable and sustainable farming for the future.

The three-year Amuri Basin Future Farming project was launched in October 2022 and is aimed at accelerating water quality improvements while fostering stronger connections within our community through its farmer-led, catchment group framework. You can learn more about the project on Page 14 of this report.

AIC remains committed to a long term outlook and the project offers us the opportunity to build on our existing company strategy and explore what can be achieved in the short term by collective action. We look forward to seeing what we can accomplish together in 2024.



Sara Black
Chief Executive Officer

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CONTACT US

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Your Irrigation Company

Amuri Irrigation Company Limited (AIC) is a farmer owned company which owns and operates three irrigation schemes in the Amuri Basin, North Canterbury.

AIC's vision is of thriving agribusinesses and a healthy environment. Our purpose extends beyond water provision; it revolves around leveraging the collective strength of our farmers to responsibly manage and utilise the natural resources of the Hurunui-Waiau for the benefit of farming, family, and the community.

Our role has evolved from water supplier to one where we support our farmers to improve environmental practices and actively explore ways to enhance water quality, all while responsibly stewarding our intergenerational assets.

We currently have 131 shareholders and provide water to 147 farms. Among these, 60% of the land is dairy farming, while the remaining areas are utilised for dairy support, cropping, sheep, beef and arable farming. The day-to-day operations are managed by a dedicated team primarily stationed in our Culverden office.

AIC is dedicated to delivering ongoing value to our shareholders and actively contributing to the prosperity of our community, both now and well into the future.



Our Strategy

OPERATIONAL EXCELLENCE IN OUR CORE BUSINESS

FINANCIAL

- Maintain a competitive water charge that provides sufficient revenue to achieve strategy
- Well managed debt, treasury and bank covenants
- Disciplined financial management to protect assets and control costs
- Long term amortisation periods for capital projects supported by long term consents
- Development of additional revenue streams that complement our core business
- Decisions made for the future prosperity of farming, family and the community

ENVIRONMENTAL

- Educate and support farmers to adopt practices that enhance water quality and optimise resource use
- Outline what best practice looks like and encourage farmers to move towards it
- Environmental management that encourages continual improvement while allowing flexibility for innovation
- Improve water quality through accurate data capture, analysis and action
- Advance understanding of the environmental impact of farming and mitigate the impact through collective solutions

REPUTATIONAL

- Adoption of strategy that creates confidence for continued investment
- Lead the catchment and be trusted by the community and stakeholders
- Communicate our story in an open and transparent way
- Maintain regular cultural engagement with tangata whenua
- Be seen as a agile and quick thinking company that thinks locally and acts decisively

LEVEL OF SERVICE

- A well-managed and maintained network that delivers water with minimal interruption and 97% reliability
- Assets managed in accordance with an asset management plan
- Storage solutions developed to provide reliability and certainty for shareholders
- Carefully managed consents; a good relationship with the regulator
- A quality team retained and succession managed
- Smart IT solutions that streamline processes for the AIC team and shareholders

Our Year

\$134,824,543

Asset Value

\$(2,636,116)

Profit After Tax

\$8,048,107

Revenue

89.9Mm3

Water Supplied



\$311/ha

Current Water Charge



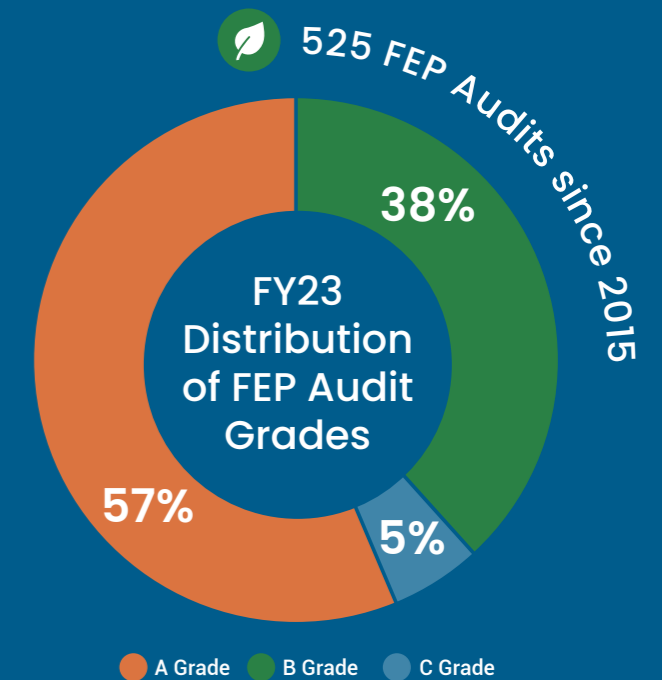
497

Asset Inspections



\$482,149

Investment in Scientific Research



213

Environmentally Engaged Farmers



Spotlight on Safety

A Culture of Continuous Improvement

In August 2022, concrete repairs were carried out inside the Waiau Uwha River Intake tunnels, a confined space. As part of this maintenance work, a flowchart specifically designed for swift and straightforward identification of confined spaces was developed.

When introducing new or updating existing processes and procedures within the Operations team, active participation is encouraged from all team members.

The initial draft undergoes thorough review by members of the team to ensure that the procedure has been carefully examined from various angles. This inclusive approach helps secure everyone's commitment and buy-in to the process.

A Message from Our Chairman

FOR THE YEAR ENDING 31 MAY 2023



David Croft, AIC's Board Chairman since 2016. David's family have been farming in the Amuri Basin for the last sixty years; his children have joined him in the business and share his sense of environmental stewardship over the land they farm on.

Throughout the year, our primary focus has been on delivering a high level of service to our valued shareholders and advancing key infrastructure projects, while offering support to farmers to improve their environmental stewardship.

Operational Excellence

Once again, this year was characterised by a relatively wet and cool La Nina season accompanied by periods of low river flows due to dry conditions on the West Coast. The Balmoral scheme had partial restrictions applied over fourteen days (three days in October and 11 days in January), while the Waiau had nine days of partial restrictions in late January.

Thanks to our quality infrastructure, our team was able to consistently deliver water to shareholders with minimal interruptions and we have continued to develop and implement a detailed Asset Management Plan to protect our infrastructure. One challenging project tackled over the winter was the concrete repairs and relining of the floors in the Waiau Uwha Intake tunnels. With over four decades of exposure to a high abrasion environment it was time to undertake work to ensure they are in good condition for many more years to come.

Operations and maintenance of the aging fish screens at the Balmoral and Waiau intakes continues to be a significant operational cost and budgeting their replacement has become more of a focus in the future.

Environmental Sustainability

This year our environmental efforts concentrated on the launch of the Amuri Basin Future Farming project, a three year \$2.5M project funded through the Sustainable Food and Fibre Futures fund administered by Ministry of Primary Industries, together with project partners Environment Canterbury and DairyNZ. The project is focused on going beyond regulatory minimums to deliver accelerated water quality improvements. We are working to develop a farmer led strategy to enable farming in the Amuri Basin into the future with a combined focus on the environment, farm profitability and community resilience.

Our Farm Environment Plan auditing programme has continued to show strong environmental results as we work with our shareholders to drive environmental improvement and navigate regulation. As time goes on, good management practice is no longer the target but something we need to reach beyond.

Commitment to Health & Safety

In the latter part of 2022, we undertook an extensive review of our Health and Safety Management Plan which included the incorporation of a structured Emergency, Crisis, and Business Recovery Plan. This work provided plenty of opportunities to gauge how the company and its assets are prepared to address future challenges and we are in a stronger position as a result.

I'm also pleased that we've concluded another year without a significant incident or accident, whilst the handful of minor incidents and negligible near misses provided opportunities for learning and improvement for our team.

Projects

The Balmoral storage pond remains AIC's primary method of meeting community expectation of increased flows in the Hurunui River. It also preserves a high level of reliability for Balmoral shareholders while meeting the company's regulatory obligations.

During the year, engagement began with adjacent landowners and the community. Significant work has been undertaken to refine and review the assessments of environmental effects in preparation of lodging the consent applications in the next financial year. Much of this work has centred around assessing our current fish screen at Balmoral and informing the concept design for its replacement which is being considered as part of the storage project.

Work has continued to advance consent applications for renewable energy generation over winter months. Progress was impacted by a recent judicial decision and NIWA have been engaged to review this work. We have also explored smaller hydropower opportunities.

The Board-approved Future Farming project will be in full swing as you read this. We hope our shareholders make the most of this opportunity.

Leadership Transition

The 2022 Annual Shareholders Meeting saw two Directors, Emlyn Francis and Mike Satterthwaite retire. Both Directors served on the Environmental Subcommittee and brought skills to the board table that added value to the strategy and discussions. Adam Williamson joined the Board, adding a valuable new perspective.

At the end of May, the Board accepted the resignation of our CEO, Andrew Barton. Over the past decade, Andrew has played a pivotal role in propelling AIC into a prominent position in the irrigation industry. His guidance has been instrumental in overseeing the \$83M upgrade to the pipe network, spearheading the development of a strategic water storage opportunity and positioning AIC to navigate future regulatory processes.

The Board would like to express its appreciation to Andrew for his dedication to the Company and warmly welcome Sara Black as she steps into the role. Andrew's ongoing commitment to AIC, combined with the role continuity and strong regional connections Sara brings, place us in the very best position to prosper into the future.

Thank you

The Board has continued to review AIC's strategy to make sure it is fit for the changing environment we now live in. We know that government regulation will be causing many you to look at adopting change on-farm and we thank you for this. The value of being inside our Environmental Collective should not be lost on anyone.

On behalf of the Board, I extend my gratitude to our shareholders, our team, and trusted advisors for your unwavering support.



A handwritten signature in white ink that reads "David Croft".

David Croft
Board Chairman

Our Team

OPERATING FROM TWO OFFICES: CULVERDEN & CHRISTCHURCH



Sara Black
Chief Executive Officer



Claire Sullivan
Chief Financial Officer



Andrew Barton
Executive Advisor



Joanne Pollard
Executive Assistant



Rachel Vaughan
Environmental Manager



Mike Hennessy
Environmental Projects



Matthew Morgan
Operations Manager



Andrew Spencer
Asset Manager



Susannah Gardiner
Business Services



Erica Spackman
Scheme Operator



Jimmy Petrie
Scheme Operator

Our Board

AIC IS RUN BY AN ELECTED BOARD OF DIRECTORS MADE UP OF FIVE FARMER SHAREHOLDERS AND ONE INDEPENDENT DIRECTOR. WE VALUE OUR DIRECTORS FOR PROVIDING A MEANINGFUL LINK TO DAY-TO-DAY FARMING IN THE AMURI BASIN.



David Croft
Chairman



James McCone
Deputy Chair



Chris Laurie
Independent



Nicky Anderson



George Gould



Adam Williamson

Environmental Responsibilities

Amuri Basin Future Farming Project

In June 2022, the Ministry of Primary Industries (MPI) confirmed funding through its Sustainable Food and Fibre Futures fund to support 'Amuri Basin Future Farming', a \$2.5 million project led by AIC with support from Environment Canterbury and DairyNZ.

This three-year partnership programme is geared to accelerate irrigated farmers move towards a future of sustainable farming and build on AIC's existing strategy to farm beyond regulatory minimums. It has a combined focus on the environment (freshwater, climate and biodiversity), farm profitability and community resilience.

The core approach of the project involves the formation of small, farmer-led groups dedicated to enhancing farming practices within their catchment areas. It will also develop tools to help farmers to identify and understand environmental risks on their properties to ensure the right environmental intervention is applied, both on-farm and at a wider catchment level. This includes a risk-based land and water management system that combines on-farm and catchment mitigations, such as riparian corridor restoration, sediment control, wetland enhancement/construction, managed aquifer and stream recharge.

An additional focus for the project will be to develop a mechanism which seeks to financially incentivise sustainable land use. The pilot will assess the feasibility of imposing proportional charges on farms based on their on-farm nutrient loss—an innovative approach to promote and financially reward environmentally responsible farming practices.



"We want to improve water quality and leave this place better for the next generation. Together with technical experts, we're developing action plans and solutions to tackle the Basin's environmental challenges. We might be one farm in the Basin, but we're all connected."

- James McCone, Chair, Project Governance Group

98%

of our farmers believe improving on-farm practices is important*

95%

want to farm to a high standard, to protect the future of the farming industry*

91%

consider the environmental impact of all their on-farm decisions*

*Results from Farmer Survey One, April 2023

The AIC Environmental Collective currently holds 176 Farm Environment Plans covering over 85,000ha of farmed land in the Amuri, Hawarden and Hanmer Springs area.

42 audits were completed between May 2022 and April 2023, including 11 winter audits.

Due to a successful trial in 2021/2022, audit follow-up for timebound actions is now a standard part of our process, providing additional assistance and increasing auditor confidence. This is reflected in the number of B grade farms moving to A grade this season. Post-audit reviews allowed several farms to provide further information, lifting their final grade.

C grade farms have already received additional support and improved outcomes are anticipated in the next auditing season. Last season's C grade farm was re-audited and we were very pleased to award a well-deserved B grade. The team continues to support them in their improvements.

We aim to repeat the success of this season in 2024 continuing to follow through on time-bound audit actions while emphasising the importance of irrigation efficiency.

57%

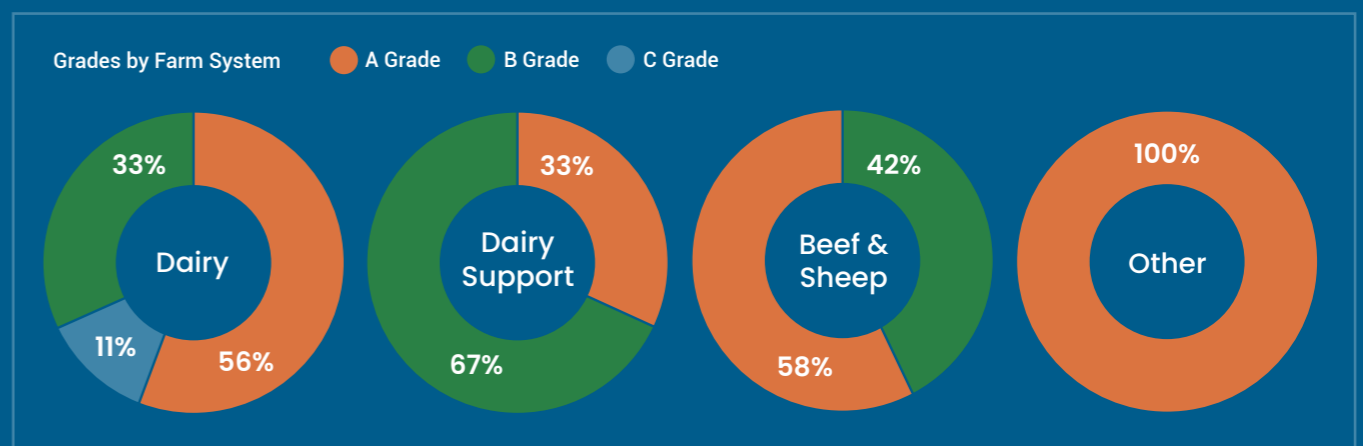
A Grade

38%

B Grade

5%

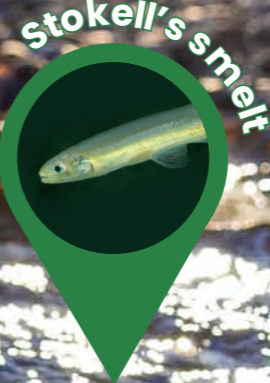
C Grade



“For all of us to sustain our social licence, we must deal with the issues in front of us and demonstrate that we are making a difference – not only in terms of nitrogen, but to the Basin’s biodiversity. We need to be ahead of the game.”



DR KEN HUGHEY
EMERITUS PROFESSOR OF ENVIRONMENTAL
MANAGEMENT, LINCOLN UNIVERSITY
MEMBER OF AMURI BASIN FUTURE FARMING
PROJECT TECHNICAL WORKING GROUP



AIC in the Community

Our commitment to being involved in and supporting our community remains unwavering.

Grants provided by AIC's Community Fund made a difference for 24 groups or individuals during the year. The Fund aims to award grants as widely as possible, resulting in such diverse recipients as the Amuri Rams Goldie Oldies, the Waiau Volunteer Fire Brigade, Marc Kelly's Golf Coaching, children's music group Rhythm and Rhymes and the Amuri Basin Young Farmers.

We're particularly proud to be backing the Basin's young achievers, including Bob Thompson, who recently represented Amuri at the New Zealand Secondary School Swimming Championships; Sean Moriarty, who is a member of the New Zealand Junior Smallbore Rifle Team with an eye on the Commonwealth Games; and Tamzyn Murdoch, who will be attending the Children's General Assembly in Denmark later in 2023.

We continue to provide pressurised water at no cost to five community organisations, ensuring our local organisations have access to exceptional grounds.

In 2022, the AIC team decided to break from their traditional Christmas party, instead opting to take part in the Hanmer Springs Christmas Parade's float competition. Alongside their families, they spent an afternoon transforming an AIC ute and trailer into a 'Jurassic Christmas' themed festive spectacle. Their hard work and creativity paid off, as the judges awarded AIC the 'Best Float' trophy.



24
groups or individuals assisted by the Community Fund during the past year

2
funding rounds each year, in March and August, awarded the following month

2022
winners - 'Best Float' Hanmer Springs Christmas Parade

Twice a year, the AIC Community Fund awards grants of up to \$1000 to individuals or groups who are doing great things within and for the Amuri Basin community.



Grants were distributed to the following groups or individuals during the year:

- | | |
|-----------------------------|------------------------------|
| Amuri A&P Show | Hurunui Rugby Club |
| Amuri Basin Young Farmers | Marc Kelly Golf Coaching |
| Amuri Collie Club | Rhythm & Rhymes Music |
| Amuri Rams Golden Oldies | Rotherham Community Pool |
| Amuri Rural Mums Group | Rotherham School |
| Amuri Squash Club | Sean Moriarty |
| Amuri Toy Library | Tamzyn Murdoch |
| Bob Thompson | Waiau Fireworks Committee |
| Culverden Amateur Swim Club | Waiau Mums & Bubs |
| Culverden Playcentre | Waiau Playcentre |
| Culverden Netball Club | Waiau Tennis Club |
| Hurunui Pony Club | Waiau Volunteer Fire Brigade |





