

MHVwater Scheme News

Message from the CEO

Kia ora koutou

It has been another unique start to the season, although we are seeing some familiar La Niña patterns. Our operations team have done a great job working within the demand and supply profiles and we will continue to work hard to optimise the delivery of water and meet our other strategic objectives.

There are three main components to our Infrastructure strategy and I wanted to highlight these and some of the mahi (work) that is being done to achieve them:

- Improving the resilience of our existing infrastructure;
- Optimising our operational performance, and;
- Scheme enhancement, for both storage and environmental improvements

All whilst maintaining one of our core strengths which is low cost.

We are a multi-generational co-operative that has been operating for over 70 years and to continue to support our farmer shareholders, our asset management strategy, appropriately, reflects a long term view.

I'm pleased to confirm the recent Valetta screen update on Pond 1 and Pond 2 has been completed under budget. The completion of this project provides resilience for

our delivery by reducing outages and debris contamination and damage further down the infrastructure.

Other ways to improve resilience is associated with supply, and we know the scheduled reduction in take in 2033 from the Ashburton River will impact our reliability and we require new storage to maintain the existing levels of supply to shareholders.

We are presently in discussions with RDRML, and the other RDRML shareholders, regarding the progression of Klondyke Storage.

Klondyke is well positioned for us to water swap with our whole scheme, and other participants, and it could also be used effectively as a battery for generation, with the end use of the water remaining as irrigation.

It is likely that any purchase and/or development would occur in stages, and we will engage with shareholders as we progress through this process.

A shareholder vote would be undertaken prior to beginning any storage building development

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Melanie Brooks, Chief Executive

to ensure that shareholders are supportive of the direction of travel and intention of maintaining reliability. It should also be noted that we are investigating other ways to maintain reliability and these will be considered as part of any proposal.

Environmental

We continue to look at how we can support the wider catchment with environmental management and in the New Year will be launching the opportunity for those within the Hekeao Hinds catchment to enter into a contractual agreement with us for those services. This is an exciting expansion of services, and we look forward to engaging with those who have not previously had the opportunity to have us manage their environmental compliance or take surplus water (subserving to all other uses). This initiative was developed following the shed meetings on environmental policy. At the meetings Shareholders were very clear in their desire for us to work collectively with the catchment on achieving environmental improvements.

I would like to recognise the work that goes into our environmental compliance, both from our team and from each of our farmer shareholders. We have recently submitted our compliance report to ECan and Arowhenua, which shows we are compliant with the terms of our consent.

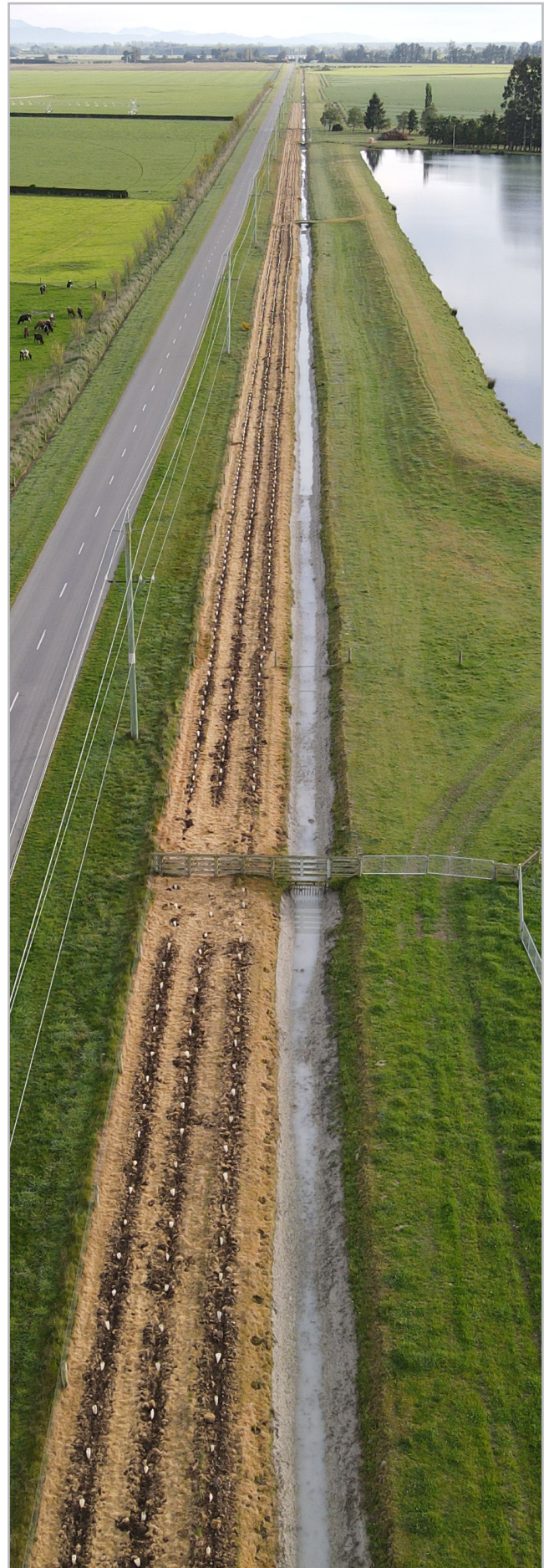
The work you are doing is making a difference, not only to our compliance, but also, environmental outcomes. We can confidently say the main attributes in the Hekeao Hinds are not deteriorating, and we now have the opportunity to drive improvements.

In discussions with mana whenua, we have been reminded again this week of the importance of planting native trees and shrubs on farming properties. They are a visual and incredibly positive action that all shareholders can take to improve the biodiversity and perception of farming in the Hekeao Hinds plains.

We are in the process of mapping plantings with the Mid Canterbury Catchment Collective with the intent of creating corridors of native vegetation for bird and insect species. If you want to plant out near an MHV water race, please contact us and we can work with you to ensure water delivery operations are not impacted. We are also recording overall plantings, so please let us know so we can celebrate the progress.

Finally, as we approach the festive season I would like to wish you and your families all the very best and a 2023 filled with laughter, love and a great growing season.

Ngā mihi
Mel



Board Update

Our Board 2022-23



From left: Campbell Tait, Vince Lobb, Simon King, Jen Crawford (Independent Director), Evan Chisnall, John Nicholls (Chair), Paul Munro (Independent Director), Cole Groves, Nick Hoogeveen (Associate Director).

At the October 2022 AGM we welcomed Campbell Tait to the Board.

Campbell's family has farmed in the Lowcliffe District for four generations. At present, they operate an 800-cow, dairy/dairy support operation on 400 hectares. Campbell is passionate about irrigated agriculture and enjoys seeing technology lift the productivity and efficiency of farming businesses, and he appreciates seeing people grow and develop their farms and careers.

Before his farming career, he was a rural valuer which exposed him to the costs and reliability of various irrigation schemes, and the effect these have on cash flow and property values. Scheme costs and reliability of water remain front of mind for Campbell when contemplating decisions that affect MHV Shareholders.



Farming in the Hekeao-Hinds catchment has always had its fair share of challenges. The irrigation co-operatives in the district have provided support and solutions for many of those challenges, primarily through the delivery of affordable and reliable water for irrigation, but also through the provision of grouped consenting. Campbell sees MHV as showing real leadership in this space, and as a member, feels privileged to have benefitted from the efforts the company has made to ensure we can continue farming viably into the future.

Campbell says navigating the challenges is a must with the most significant challenge in the short-term remaining on course to meet the conditions of our nutrient discharge consent. "Looking to the end of the decade, we must also be prepared for the re-consenting process on the river takes. Amongst our biggest risks is a significant reduction in these takes. Building water storage at Klondyke represents the single biggest opportunity to mitigate and manage the effects of this."

Cole Groves was elected to the Board at the 2021 AGM.

Cole, his wife Ginny, and their two children own and operate a dairy farm in Hinds, which they have called home for the past six years. There aren't many days Cole isn't in the cowshed milking however, he has taken many opportunities to be involved beyond the farm gate.

Cole spent five years on the New Zealand Young Farmers Board, two as chairperson, has been an Associate Director of DairyNZ, is currently a Mid Canterbury Rural Support Trust Trustee, and is Chair of the Hinds School Board of Trustees. Cole was an Associate Director on the MHV Board prior to seeking election in October 2021. He is also a Director of EA Networks.



Cole sees MHV as one of the most important assets of their business. Having been involved in several schemes across North and South Canterbury over his farming career he says shareholders are extremely lucky to have MHV delivering sustainable, reliable, low-cost water and environmental support. With the ongoing challenges farming in Mid-Canterbury presents including navigating ongoing changes to regulations, meeting consent conditions, rising costs, and continuing to be sustainable water users, there is much more learning and progress to be made. However, Cole says it is important to celebrate the gains and improvements that our shareholders have already made and the great work that has been done. "We need to make sure we share these and work alongside the whole catchment to continue improving".

Team Update

Dean McDougall joined the MHV Operations team at the beginning of the 2022 irrigation season.

Coming from nine years working as a stockwater ranger for the Ashburton District Council, he has great knowledge of the Hekeao Hinds Catchment.

As a Scheme Operator, Dean's role involves the ins and outs of delivering irrigation water to farmers. Dean enjoys providing a service, working as part of a team, and is enjoying learning the system and meeting new people.



Shed Meeting

We invite you to join us for a shed meeting.

- Intensive Winter Grazing update
- Catchment Leadership update

Monday 23 January 2023

10.00 am

Hinds Community Centre

Following discussions on the Authorised Land Use Policy, shareholders were aligned in their desire for MHV to lead the catchment in environmental management. Join us to hear how we are progressing this initiative along with an update on Intensive Winter Grazing regulations.

Podcasts

Are you looking for something to listen to in the tractor?



Tune in to our recently published series of podcasts.

Learn about animal composting, incorporating Wagyu breeding into the dairy AI cycle, and what's happening with the water below our feet.

More podcasts will be coming online in due course.

Go to *Spotify* or *Apple Podcasts* and search MHV Voice to download or stream the podcasts.

We appreciate your feedback on these episodes, and also welcome suggestions of other topics you may be interested in.

Authorised Land Use Policy Review

Thank you to the many shareholders who participated in our review of the Authorised Land Use Policy and Farm Activity Variation Application (FAVA) procedure.

We began the process off the back of feedback from shareholders that the previous Policy was too permissive and there were concerns that some changes that appeared to be ok on paper were actually contributing to poorer catchment outcomes and that we may all be forced to make more drastic changes to our farm systems if we don't focus on getting better outcomes now.

A full description of the process we undertook, feedback, considerations and final position was emailed out to shareholders on 2 September, and is available on request.

To summarise:-

- The Policy hasn't changed, but the way we are interpreting the Policy, ie the underlying process has changed;
- You must still demonstrate the key criteria, however, the measurement is now more objective;
- You must demonstrate you meet future reductions targets in Overseer (or equivalent) AND in the Matrix (previously only the Matrix);
- A Significant Change or High Risk application must demonstrate their proposed system is viable in Farmax (or equivalent) and, that their proposed Simple N Surplus is less than their previous 3 year rolling average N Surplus;
- An approved FAVA will have an Audit, each year, for the following 2 years and then go back into the normal rotation. They must maintain an A for these two audits, where there has been a failure to achieve an A the farmer must reaudit within 6 months (at their own expense) and be at an A grade or revert to their previous farm system;

- We have changed the weightings to better reflect the importance of Catchment Outcomes Improving;
- We have also streamlined the application form, with the process now being more transparent, with less double handling of information and clarity on how you will be assessed and we welcome continued feedback.

We believe the changes we have made will lead to improved outcomes, and still provide farmers with flexibility to make changes and innovate onfarm. Whilst we appreciate the level of complexity, we are happy to support you through your FAVA should you wish to apply.

A reminder, a Farm Activity Variation is defined as a permanent increase in any of the following parameters compared to what was permitted by MHV Water between 2014-2019 in your Authorised Land Use (ALU):

- Change in land use (e.g. sheep and beef grazing to dairy support)
- Any new or increased area of winter grazing of cattle
- Any increase in irrigated area
- Any increase in stocking rate
- Any intensification of current system (e.g. system 3 dairy to system 4).

If you make any of these changes without MHV approval you would be in breach of your Water Supply Agreement, so we recommend talking with us first and we can sit down with you and your advisors to talk you through the process.

The updated process, as well as the application forms are available on our website or from the office and if you have any queries or concerns please give us a call.

Mind that spray

With irrigation season well underway it is an opportune time to remind all irrigators to be aware of where their water is going and irrigate the grass, not the road.

ECan officers will respond to complaints received within the Ashburton area and will issue spot fines.

Irrigation spray on roads is a breach of our resource consent, can create significant safety issues and damage to the road surface and creates negative impressions across the wider community.

Our team will call if they see any instances and please let us know how else we can support you to avoid watering the road.



Do you have shares to sell or lease?

We have received an expression of interest to purchase M shares.

If you find you have excess water, you may wish to consider selling some shares.

Please note:

- M share water must remain in the MH or Ruapuna infrastructure, and V share water within Valetta infrastructure, and is subject to the restrictions of the infrastructure.
- All transferring of shares is subject to approval by MHV and there must be no net increase in nutrient leaching as a result.
- Any financial arrangements around the selling of shares shall be the responsibility of the seller and purchaser to determine and enforce.

The same conditions apply for leasing water. Please contact us if you would like to discuss buying, selling or leasing further.

Environmental Decisions Panel

The Environmental Decisions Panel (EDP) is a panel of independent experts who review FAVA requests and provide recommendations to the Board.

The panel is made up of environmental industry representatives and legal representatives.

When the application recommendation comes to the Board, directors can be confident that the proposed farm system has been rigorously reviewed - internally, externally and by the panel as to whether it can achieve environmental targets, and to ensure it has been assessed in line with our Authorised Land Use policy.

The FAVA is presented to the Board anonymously, removing any unintentional bias from the Board assessing the applications. The Board may approve or decline the recommendation of the panel.

A FAVA application can be a lengthy process and as such, applications take approx 6 weeks from the receipt of a complete application, through to final approval or decline.

If you are considering an on-farm change, please contact Nicole as soon as possible to discuss.

Valetta Pond Outlet Works Update

Winter of this year we began the physical works associated with the screen replacements at Pond 1 and Pond 2 of the Valetta Line.

The screen replacement was prioritised to reduce and eliminate a number of health and safety issues, reduce the impact of outages, reduce the impact of debris into the line, and improve our operability and line reliability.

The project has delivered.

We have taken some learnings around timings (the screens were operational later than contracted), and design and accordingly have made some changes to the Inlet Valve works which are planned for winter shutdown 2023.

An email will be sent to all Valetta Shareholders with further details.



Valetta Pond 2 outlet screens

Valetta Screens Project	
BUDGET	\$3,863,286
FORECAST COMPLETION	\$3,442,169
SAVINGS	\$421,117

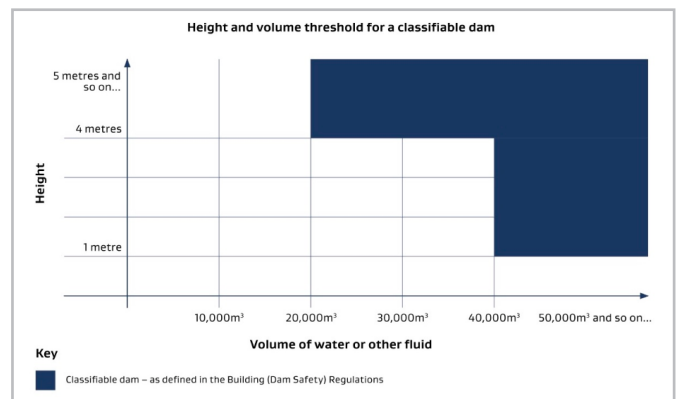
Dam Safety Update

The New Zealand Dam Safety Regulations will come into effect on 13 May 2024, and will affect dam owners with classifiable dams.

Dam owners will first need to determine if they have a classifiable dam. The regulations describe the threshold for a classifiable dam as:

- 4 metres or higher with a volume of 20,000m³ or more, OR
- 1 metre or higher with a volume of 40,000m³ or more

We are continuing to work on how we can manage this in the most effective way for our shareholders.



Irrigator Checks and Bucket Testing

It's that time of the year again to check to make sure your irrigators are applying water evenly and in the right amount to maximise the value of the water you are using.

Blocked nozzles or wear and tear can mean less water is applied where it needs to go, more breakdowns, and/or reducing the amount of grass or crop you can grow. Guns can go AWOL and things can break down.

Now is a good time to take a walk and eyeball your irrigators to make sure they are working. We also recommend you check your irrigators at least once every three years.

Your bucket test is just one check you can do. IrrigationNZ have also approved a new test to check your pressure regulators and monitor their performance.

If you need help to check your irrigators and understand the options which could suit you, contact Nicole on 027 205 2355 or nicole@mhwwater.nz.



Water Safety

There have been over 58 preventable toddler drownings in NZ in the last 10 years.

Many of those have been in rural settings. The risks of water races, ponds, streams, rivers and drains are real and many of them are not fenced. We are making a concerted effort to raise awareness.

In 2019 we teamed up with Water Safety NZ, Ashburton District Council and the other irrigation schemes to make a video targeted at the importance of toddler supervision and the risks to be aware of in our rural setting.

Please make sure that around houses you have all waterways and water bodies securely fenced. Many of our workers on farm may not have grown up around water, or understand the risks of water bodies, and it can take less than a minute for a child to drown.

Please review your health and safety procedures especially around communicating the risks and how you can mitigate them where possible.



Watch the video at https://www.youtube.com/watch?v=4RxU2Ua_obg

Vehicles in Races

With approx. 320km of open races we remind you to please be careful around the races.

Our water races can be very dangerous, with automated mechanisms, culverts and undertow and unfortunately every season accidents occur where vehicles end up in the races.

Recovery of people and vehicles needs to be carefully managed to ensure the situation doesn't escalate.

If you see a vehicle in a race please **call 111**, followed by our duty phone as we can divert water, support vehicle recovery and manage any possible spills. It also enables us to track and manage any damage.



Contacting the team

To make contact with the operations team, please call or text the duty phone for your area.

One of our team are rostered on to manage the duty phones 24/7 to monitor emergency calls and alarms on our infrastructure. Because they need to monitor the phone overnight, we request that calls and texts are limited to working hours unless the matter is an emergency.

In an emergency, you should **phone** the duty phone at any time of the day or night.

Part of scheme	Duty phone number
Pipe Operations (Ruapuna & Valetta)	027 239 5199
Laterals 1 & 2	027 435 6256
Main Race, Laterals 3, 4 & 5	027 435 6252

Office Christmas hours

The Burnett St office will be closed from
midday Friday 23 December
 and will re-open on
Wednesday 4 January.

The Operations team will be on skeleton staff,
 running water over this period.
 Please contact the duty phones as above if required.

Water Ordering

Do you know that you can alter the delivery flow of water that you order?

You can alter the flow so that you only order what you need. Simply slide the slider along to change the flow rate, or enter a number in the box.

Please note that *stored rate* is no longer applicable.

A lower flow may mean less risk of overtopping your pond and reduces the need to cancel and restart orders.

When your pond is approaching full, please cancel any remaining orders to avoid overflows.

Contact your duty phone if you require any assistance.

Order Items

Max Flow: 90.000 Min Flow: 0.000

Duration:
 1 Day 00 hours

Finish Time:
 08:00

Finish Date:
 20/10/2021

Flow Rate: (L/s)
 32

Stored Rate: (L/s)