

P O Box 9424  
Tower Junction 8149  
Christchurch  
Tel: (03) 982-4267  
[www.cpw1.co.nz](http://www.cpw1.co.nz)



28 April 2023

To Central Plains Water Limited Shareholder

Dear Shareholder

### Water Use Charge 2023-2024

The Board of CPWL has approved the budget for the 2023-2024 financial year which, in turn, has allowed us to set the Water Use Charge for that period.

We are budgeting for inflation driven increases across the business to reflect the likely increased cost of inputs to our operation along with some additional maintenance costs that are now required to recognise the age and use to date of the infrastructure. The combination of these two items has resulted in an operating cost increase in the order of 11% over the previous year. However, our current hedging of interest rates has meant that there has been no change or increase in financing costs for the upcoming season.

This has resulted in an overall increase in water user revenue required of 1.3% compared to the 2022-2023 financial year. It should be noted that this increase is an average across the entire Scheme and that the percentage change for each of the three individual stages will differ from this. This is due to the impact of transitioning the Water Use Charge to be fully equalised on a flow rate basis.

In mid-2021 the Board agreed to the equalisation of the Water Use Charge based on flow rate with a three-year transition period. The 2023-2024 financial year represents the third and final year of this transition, and the resultant Water Use Charges now represent a fully equalised charge and are detailed in the table below.

The Water Use Charge for the Sheffield shareholders includes a provision for the cost of delivery of stored water following the commitment given during the equalisation discussions. This is an interim step which will be subject to review.

Stage	Flow rate per share in litres per second	Charge per litre per second
Stage1	0.60	\$1502.98
Stage 2	0.52	\$1502.98
Sheffield		
Excluding storage charge	0.46	\$1502.98
Including storage charge	0.46	\$1623.82

You can determine your Water Use Charge per construction share using the following formula:

0.	x	\$	=	\$	x	=	\$
Flow Rate per share		Charge per litre per second (Plus GST)		Water Use Charge per Construction Share		Construction shares	Total Water Use Charge (plus GST)

We will collect the Water Use Charge via 12 monthly payments from 1 July 2023 to June 2024 as we have in previous years.

Stored Water Charges

If you are a Lake Coleridge Stored Water Customer (Stage 1 & 2 only) you will be aware that CPWL passes on the direct cost of Stored Water to our customers and this charge is subject to an annual CPI adjustment. It is anticipated that the cubic metre rate of stored water will increase to \$0.103 (plus GST) for the 2023/24 irrigation season.

Once this figure has been confirmed by Manawa Energy we will share it with you.

We endeavour to advise future charges as early as possible each year for the following financial year to assist you with preparing farm budgets and cash flow planning.

Your faithfully,



Mark Vermeeren  
Chief Financial Officer  
**Central Plains Water Limited**