

10. CENTRAL PLAINS WATER ENHANCEMENT STEERING COMMITTEE: PROGRESS REPORT TO 26 SEPTEMBER 2002

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The purpose of this report is to update the Committee on the activities of the joint special committee in the period from February 2002 when the Council referred the question of further funding to the Canterbury Economic Development Fund (CEDF).

COUNCIL RESOLUTION

When considering this matter in February of this year the Council resolution included the following:

“1. *That the Council refer the application for funding the next phase of the Central Plains Water Enhancement project to the economic development component of the Capital Endowment fund. This application should deal with the question of the comparative value of pursuing this high impact option as compared with the pursuit of dry-land cultivation, which is the subject of research currently being undertaken at Lincoln University or other, lower-impact options.*

Nobody who has had prior involvement with the feasibility study to date will be part of this decision-making process.

2. *That, in the event that the project is recommended for economic development funding, the steering committee be expanded to include:*

- (a) Two members nominated by the Parliamentary Commissioner for the Environment*
- (b) One member representing Te Runanga O Ngai Tahu.”*

STEERING COMMITTEE CONTINUITY

While there was something of a hiatus in steering committee activity following this Council's decision to refer the question of further funding to the CEDF, neither Council (CCC or SDC) moved to disestablish the joint committee. Work that could be undertaken was limited because funds for 2001/02 were all but spent once the feasibility study was presented and no funding was in place for 2002/03. Some tasks however were essential like the preparation of the funding application to the CEDF, and fortunately the Committee did have limited funds available from an underspend of its resource consent application budget. The Committee has also been assisted from 1 July 2002 by a Selwyn District Council decision to provide a share of the cost of ongoing work at least for 2002/03. Since January, the Steering Committee has managed three major tasks: preparation of an application to the CEDF for funding; completion of feasibility investigations, involving geotechnical field work in the Waianiwi Valley to determine its suitability for storage and undertaking a review of the work to date and the changes required if the committee is to achieve its brief. In the same period other events of importance to the outcome of the work include the completion of the Canterbury Strategic Water Study; establishment of the Ritso Society, a group that focuses farmer and business support for irrigation; ongoing work by CDC to handle the Steering Committee's application to Industry New Zealand for funding; completion of the MAF studies on Policy Development for Funding of Large Scale Water Enhancement projects and a national conference hosted by the Ministry of Agriculture and Fisheries on Water: The Lifeblood of New Zealand: The Allocation of Fresh Water. A selection of these developments is briefly covered below.

WAIANIWI VALLEY STORAGE OPTION

A two stage geotechnical and survey investigation into the suitability of the Waianiwi Valley as a dam and storage site has been completed and reported. This has confirmed the technical feasibility of storage in this area and also revealed that the required storage volume can be achieved with a lower dam than previously estimated. The committee has commissioned a final part of the investigation that will cover environmental and social effects and compare the storage site with the Wairiri Valley option.

FUNDING APPLICATION TO CEDF

The Steering Committee's funding application is tabled and copies are available should committee members require them. In September CDC announced that the Central Plains Water Enhancement Steering committee had been successful in its application and set out its decision to conditionally fund ongoing work as follows:

At the CDC Board meeting of 23 August 2002 the Board resolved to make the following monies available to the Central Plains Water Enhancement Steering Committee, subject to the conditions described and subject to a legal contract still to be agreed between CEDF and the steering Committee.

- (a) *In Round 1, up to \$208,333 to be paid against invoices to consultants and suppliers, only on condition that the panel is satisfied that the \$250,000 from the Ritso Society has been paid to the Central Plains Water Enhancement Steering Committee, and that the conditions that formed part of the CCC resolution to forward the application to the CEDF have been met. These conditions include the expansion of the Steering Committee to include two members nominated by the Parliamentary Commissioner for the Environment, and one member representing Te Runanga O Ngai Tahu.*
- (b) *In Round 2, \$208,333 to be made available subject to the panel being satisfied that the other outstanding \$2.4 million needed to complete Phase 2 Consenting has been assured.*
- (c) *In Round 3, a final \$208,333 to be made available subject to the above conditions still being met. All these loan monies are to be on the condition that if the scheme proceeds the \$625,000 total is to be either repaid at 0% interest, or to be converted to equity in the scheme.*

Round 1 money will be available from September or early October 2002 onwards.

Round 2 money will be available from early February 2003 onwards.

Round 3 money is predicted to be available from July 2003.

In the next fortnight we shall contact you to effect a contract acceptable to both parties.

Congratulations on being awarded CEDF funding for your Central Plains Water project. We wish you well for the Concept Refinement work to be done and look forward to an ongoing relationship with your Committee on this significant infrastructural addition to the Canterbury economy.

CEDF's decision has been welcomed by the Steering Committee but it is keenly aware of the enormous challenge the decision represents in terms of funding and has begun planning the means of meeting the conditions set down.

FORMATION OF THE RITSO SOCIETY

Named after a well known Malvern district engineer, G F Ritso, who saw as early as the 1880s that irrigation could transform agriculture in the district, the Ritso Society has been formed to provide a focus for farmer, business, community and individual support for a Central Plains Scheme. The society has pledged \$250,000 over the next two year period to assist investigations, especially education of property owners on the costs and benefits of irrigation.

STEERING COMMITTEE REVIEW OF PROPOSED SCHEME, MANAGEMENT STRUCTURE, DIRECTION, FUNDING AND EMPHASIS

Responding to the concerns expressed by Councillors and other groups about aspects of the proposal presented in the feasibility study, the Steering Committee has undertaken a major review of its work to date preparatory to setting the programme for consent acquisition and scheme implementation. Recommendations for change resulting from this review have been adopted by the Steering Committee and will be reported to the Parent Councils for approval in November including draft documentation for the recommended governance structures. For the purposes of this progress report and to indicate the direction the Steering Committee is taking the resolutions are attached to this report.

FUNDING APPLICATION TO INDUSTRY NEW ZEALAND

The Steering Committee jointly with the Ashburton Community Water Trust lodged an application for INZ funding in January 2002 routing the application, as directed, through the Canterbury Development Corporation. At that time, the CDC was hopeful that Industry New Zealand would agree to dividing Canterbury into four sub groups for the purpose of deciding projects and encouraged the joint application from CPWESC and ACWT in the belief that this could be the project for the "mid Canterbury" sub region.

Industry New Zealand has not agreed to this approach preferring to deal with the Region as a whole and CDC with the unanimous endorsement of the Canterbury Forum is instead seeking funding for two region-wide initiatives: *maximising the potential of Canterbury's land based resources and advancing the global competitiveness of the Canterbury Information and Communication Technology Industries.*

This has left the Central Plains Steering Committee and the Ashburton Community Water Trust with no avenue for funding from Industry New Zealand, despite encouragement from the Minister of Regional Development.

The Steering Committee has since appointed a small group to investigate directly with Industry New Zealand, the Government and others the funding avenues that could be available in parallel with or independently of the CDC/Canterbury Forum process.

POLICY DEVELOPMENT FOR LARGE SCALE WATER ENHANCEMENT PROJECTS

These studies have been instigated by the Ministry of Agriculture and Fisheries with funding support from a number of water enhancement/irrigation groups. Central Plains was commissioned to co-ordinate and administer the funding from these groups.

The studies are being undertaken in two parts:

Part A Financial and Business Structures

This study has been completed as part of the Central Plains Water project and was funded by MED

Part B Five studies brought together in a Summary Report.

- Study 1: Review of International Models and Experiences
- Study 2: Review of Equity Investment Options
- Study 3: Role of Central Government
- Study 4: Role of Local Government
- Study 5: Socio-economic Issues Related to Irrigation Investments.

The work is complete with publication imminent. As part of its review the Steering Committee will be examining these reports for guidance on the way it determines its ongoing programme.

Staff

Recommendation: That the report be received and it be noted that the Canterbury Development Corporation has agreed to provide funding on the basis set out above, which includes as a condition the matters of concern raised by the Christchurch City Council.

Chair's

Recommendation: That the above recommendation be adopted.