

### 13. CENTRAL PLAINS WATER TRUST: QUARTERLY PROGRESS REPORT TO 31 MARCH 2004

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This report describes progress in the work of the Central Plains Water Trust to 31 March 2004 as required by its trust deed which specifies that the Trust report to its settlor Councils on a quarterly basis.

#### OBJECTIVES

The objects of the Trust as set out in its deed are as follows:

*“4.1 The settlors declare that the Trust is a trust for charitable purposes for the benefit of the present and future inhabitants of the Regions and further declare and direct that the Trust Fund may be applied and used exclusively by the Trustees for the following general purposes within New Zealand (the Objects’), namely:*

- (a) to encourage, support and facilitate sustainable development of the water resources of the Regions for the benefit of the inhabitants;*
- (b) to provide and facilitate opportunities for agricultural and horticultural diversity in the Regions;*
- (c) to provide and facilitate education to the inhabitants of the regions in relation to water issues affecting the Regions;*
- (d) to appropriately balance enhancement of economic benefits for the Regions with enhancement of ecological, social and recreational values for the Regions.”*

#### CURRENT PHASE OF WORK

In partnership with its associated company, Central Plains Water Ltd, the Trust is preparing a prospectus that it intends to publish in late July this year with the objective of raising the funding required to apply for and obtain resource consents for the favoured scheme. A complex set of issues need to be resolved before the prospectus is finalised for which specialist advice has been engaged, covering legal (Buddle Findlay), financial (Deloitte), technical (URS), communications (Public Relations South) and project management (GHD) assistance.

The prospectus will be aimed at farmers in the scheme area but will also allow investment from non farming sources. It will serve as a test of farmer support and to assist landowners in making this decision considerable effort is going into farmer consultation and the preparation of information that will be specific enough to assist the decision-making for their particular mix of on farm activity. It has been gratifying to the Trust that Central Government’s Sustainable Farming Fund has recognised the generic nature of some of this work and provided funding for that portion on the basis that it be made available for distribution and use elsewhere.

#### PROSPECTUS ISSUES

In the information to be included in the prospectus the Trust is striving to achieve the right balance between providing certainty to investors and retaining flexibility to provide for the changes that will inevitably occur between this phase and scheme construction some years hence. For example scheme size and the actual area served will depend on the distribution of farmer support; the resource consent process may change what is finally consented and the final structure and method used to finance and build the scheme cannot be settled with certainty at this stage. On the other hand farmers need to know that the scheme being proposed is technically feasible, has been costed with reasonable accuracy, will provide water at a known cost and reliability and has a good chance of being consented.

In addition investors need to know such things as what the incentives are for investing now rather than later, whether or not the rights gained by investing will be tradeable and the size of investment required to secure the rights needed for their property.

The Trust's current focus is therefore to prepare a prospectus that meets all of the legal requirements and provides information as accurately and fully as possible whilst retaining the flexibility necessary to ensure the Trust can modify its proposals as the consenting process is followed through.

#### **APPOINTMENT OF PROSPECTUS MANAGER**

Mr Brian Kreft, investment banker, has been appointed to the position of prospectus manager, and commenced work in late April.

#### **TRUST AND COMPANY FUNDING**

Up to the point where prospectus funds are available, the Trust is relying on funding from the Ritso Society, \$250,000, and CEDF, \$417,000. Its work has also been assisted by a Sustainable Farming Fund grant of \$115,550 to the Ritso Society as described above. Fixed costs associated with both the Trust and the Company have been kept to a minimum by carrying out the work through an executive with representation from both the Company and the Trust. Nonetheless estimates of the cost of delivering and marketing the prospectus are likely to be exceeded as delays incur additional fixed costs, new and complex issues arise and also because the Trust has underestimated both the need for and cost of a prospectus manager, additional to the specialist assistance identified above. The Trust will provide a submission to the Christchurch City Council's Long Term Council Community Plan seeking to address this shortfall.

#### **OTHER ISSUES**

##### **Ngai Tahu Representation**

The constitution of the Central Plains Water Trust requires that one trustee be appointed by Te Runanga o Ngai Tahu (TRONT). The Trust has sought this nomination from Ngai Tahu but after some deliberation TRONT has requested that the Trust appoint *two* trustees to represent its interests to reflect the fact that the proposed scheme involves the interests of two runanga, Tuahuriri and Te Taumutu.

During the period of deliberation TRONT has been provided with all of the Trust documentation and on occasions has been represented at Trust meetings by David Connell, a TRONT officer.

A recommendation will be made to the Trust at its meeting on 6 May that it accepts TRONT's request and accommodates two new trustees. The proposal is that the Trust will appoint the second Ngai Tahu representative using its power to co-opt new trustees and then in due course seek approval from the two parent Councils to change the constitution, creating this appointment as a normal Trustee position.

##### **Hydro Electric Power**

Opportunities to combine an irrigation scheme with power generation are being actively pursued by the Trust. With the final scheme configuration still being determined, discussions are necessarily at an indicative level but the Trust has been encouraged by expressions of interest and will continue to explore this possibility.

##### **Co-operation with Adjoining Schemes-Existing and Proposed**

The Trust has already acted jointly with the Ashburton Community Water Trust to ensure that the demands of each organisation on the Rakaia River are compatible and discussion with this group continues. To the north the possibility of the existing Waimakariri scheme benefiting from elements of the proposed Central Plains project is also under discussion.

##### **Chair's**

**Recommendation:** That the information be received.