

## 7. CENTRAL PLAINS WATER TRUST: HALF YEARLY REPORT AND STATEMENT OF CORPORATE INTENT

<b>General Manager responsible:</b>	Director of Strategic Investments
<b>Officer responsible:</b>	Director of Strategic Investments
<b>Author:</b>	Geoff Barnes, Funds and Financial Policy Manager, DDI 941-8447

### PURPOSE OF REPORT

1. The purpose of this report is to present the six monthly report from the Central Plains Water Trust and to seek approval of the trust's Statement of Corporate Intent.

### EXECUTIVE SUMMARY

2. This trust is a Council Controlled Organisation (CCO) and it has an obligation to report six monthly to Council and to submit a Statement of Intent for approval. These documents are attached and are submitted for receipt of the six monthly report and approval of the Statement of Intent.
3. The trust has established a company for pursuit of the resource consent. This company successfully launched a prospectus for raising capital from the community in late 2004 and because of this the company is no longer a CCO. As a result the information provided relates solely to the trust.
4. As a result of the share capital raised by the company the bridging loan made by this Council of \$300,000 was repaid in December 2004.

### FINANCIAL AND LEGAL CONSIDERATIONS

3. None. The Council has assisted the trust with funding in the past and repayments as expected have been made. No further funding is expected prior to commissioning the scheme.

### STAFF RECOMMENDATION

That the Council receive the six monthly report and approve the Statement of Corporate Intent for the 2005/06 year.

### BACKGROUND

6. The Central Plains Water Trust has submitted its half yearly report to 31 December 2004, together with the Statement of Corporate Intent for the year ended 30 June 2006 - Attached.
7. The Central Plains Water Trust was formed in April 2003 by the Christchurch City Council and the Selwyn District Council to develop water resources, opportunities for agriculture, and balance economic achievement with the enhancement of the ecological, social, and recreational values in the region. The primary intent was to obtain and use resource consents for irrigation over 64,000 ha in mid Canterbury.
8. In addition to forming the trust, the two Councils were foundation shareholders of Central Plains Water Ltd, a company formed to advance the resource consents and build the infrastructure assets necessary for irrigation. The relationship between the trust and the company is defined in a Memorandum of Understanding. Under that agreement the trust will be the applicant for and holder of, the resource consents and the company will have exclusive use of the consents for irrigation.
9. As noted in the attached report the company was successful in its recent prospectus issue. As a consequence the City Council now has one ordinary share out of 376,000. The company is no longer a Council controlled company. The new shareholders are generally farmers in the region and will be expected to be the users of the water.

10. Advances to the company by the Council:
  - The City Council has advanced \$794,000 to the company, \$494,000 to develop the feasibility report and \$300,000 bridging loan to fund the prospectus. As agreed prior to the advance, \$300,000 was repaid in December 2004. The balance, \$494,000, is an interest bearing loan due for repayment after the scheme is commissioned on terms yet to be decided. The commissioning date for the scheme is seven years out. Interest will be accrued by the company up until the commissioning date. At that time, the commissioning of the scheme, the loan may be converted to shares. These shares will not be entitled to water rights.
11. In addition, the Canterbury Economic Development Fund (CEDF) has advanced \$241,348, and Selwyn District Council \$1,030,000, on the same terms as the Council

#### **Future Role Of CCC**

12. There is a limited future role for the Council in the operation of the trust, mainly to appoint trustees as needed. The company has raised equity finance through the prospectus to fund the next phase, the application for the resource consents. The process will be managed by the company on behalf of the trust.
13. The trust will consider and overview the consent application process in addition to promoting the objectives of the trust.