

21. CENTRAL PLAINS WATER ENHANCEMENT STEERING COMMITTEE - QUARTERLY REPORT

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PURPOSE

The purpose of this report is to provide the parent councils with a quarterly update on the work of the Central Plains Water Enhancement Steering Committee as required by the Committee's constitution.

SITUATION

The Central Plains Water Enhancement Steering Committee aims to complete the present phase of its work by December 2001. Reports presented to the parent councils at that time will advise whether or not a water enhancement scheme across the Central Plains involving extensive irrigation is viable and can be built and operated in a manner that mitigates environmental effects to the standards sought by consenting authorities. If such a scheme exists, the report will develop that scheme to a level that will define the actions required to further the project. Consent applications are the obvious next step but there may well be other matters that would represent fatal flaws if not resolved. Examples could include possible changes to the national conservation order, critical land acquisition issues etc.

As a favoured scheme clarifies and becomes accurately defined on plans, so too are the issues confronting the committee coming into sharp relief. Property owners affected by structures or impounded water are wanting answers about their future. Township dwellers situated downstream of the dam site are expressing concerns about safety, and others are concerned that State Highway diversion could affect township businesses. Scheme costs are better defined but significantly higher so viability is under scrutiny by potential water users and in its efforts to reduce these costs the Committee is being required to balance a commitment to the whole scheme area against information that it could significantly reduce costs by not supplying a particular portion of the area.

In summary, this period since your June report has seen clarification and intensification of issues as the Committee works to bring a considered report to councils by year's end.

REPORT ON FAVOURED SCHEME ISSUED FOR CONSULTATION

During this period URS have produced a discussion document that sets out a favoured scheme. Its purpose is to provide a focus both for the consultation activity and the environmental effects and effect mitigation work that remains to be completed before end of year reporting. The details of this scheme have been reported to Councillors by way of a seminar.

This closer definition has allowed scheme costs to be more accurately estimated and the Committee has had to digest the news that capital costs have risen from \$121.7 million predicted in December 2000, at the scoping study stage, to \$201.7 million. This raises the projected cost of water at the farm gate from \$182/ha/year to \$291/ha/yr. Increases have occurred because:

- To achieve significant operational advantages the headrace canal that takes water by gravity from the Rakaia and Waimakariri Rivers and links the two rivers across the toe of the foothills will be installed on a level grade. This adds \$22 million
- Inclusion of the Sheffield/Springfield area adds \$16.5 million
- Unsatisfactory foundation material beneath the Wairiri Valley dam site, found through exploratory drilling adds \$20 million
- Increased capital costs for pumping adds \$8 million
- Other miscellaneous extras (bridges, culverts and other structures) \$8 million

The Steering Committee is looking at the options to reduce costs including refinement and optimisation of the scheme, scheme funding mechanisms (78% of the \$291/ha/yr is interest and capital repayment) and more work on what is a viable farm gate water cost.

CONSULTATION AND COMMUNICATION

As alluded to above, the need for open communication with stakeholders and affected parties is intensifying as scheme definition occurs. During this period meetings have been held with potential water users (six venues); Tangata Whenua interests, Selwyn District Council, Christchurch City Council and the Regional Council, two Community Boards, and Wairiri Valley and township resident groups. The consultative working party continues to meet regularly and is kept in close touch with the progress of the study.

A third newsletter is about to be issued. Questions have been asked by affected property owners about the use of the Public Works Act in land acquisition and while land purchase clearly falls within a later stage of scheme development, the Steering Committee has briefed, but not yet commissioned, the advice it may need to answer these queries. The Committee has noted that the Public Works Act is not available to a private company and this will be a consideration as future structures are contemplated.

COMMUNICATION WITH ASHBURTON COMMUNITY WATER TRUST

Regular meetings are being held with the Trust with discussion centred on means of co-operating to ensure each party can achieve its objectives, particularly in regard to use of Rakaiia River water. Where studies have overlapped or are mutually beneficial, costs are being shared and the two groups are currently involved with the Canterbury Development Corporation in preparing funding applications to Industry New Zealand.

USE OF SCHEME WATER TO ASSIST CHRISTCHURCH DISTRICT WATER RESOURCE NEEDS

Following consultation with City Council officers, URS have been briefed by the Steering Committee to examine the opportunities to use scheme water in ways that would benefit the Christchurch-West Melton groundwater/surface water system. This possibility has been seen as one of the reasons for Christchurch City Council support of the Central Plains project. The work will be completed shortly and reported as part of the overall scheme reporting.

MARKETING STUDIES

The Committee is aware that scheme viability is dependent on securing markets for the produce that irrigation will enable and is preparing to commission a study that will look at the farm options that become available with irrigation. It will assess their profitability given present markets, but also look at possible future market scenarios and the ability of farmers to adapt to supply the market opportunities.

Terms of Reference for the study have been developed but the work has not yet been commissioned, pending more clarity about the availability of funds and also Committee consensus that this is the right time for such a study. There is a strong belief that this work will help provide the confidence that potential scheme users will need to decide to participate and there is also an awareness that these decisions could be required quite soon, if Council decisions are favourable.

COMMITTEE FUNDING

The Steering Committee has secured funding amounting to \$1,422,099 to cover its budget of \$1,437,599, the most recent addition being a grant from the Community Trust of \$79,500. Of this \$1,422,099 the two councils have each contributed \$390,000. In addition to this secure funding, each of the two parent councils has made \$95,000 available for the 2001/02 financial year to be used if other funding applications were unsuccessful.

Chairman's

Recommendation: That the information be received.