

HURUNUI WATER PROJECT LIMITED

Presentation to Ministers
Saturday 20th December

Mike Hodgen/David Viles

Hurunui Community View

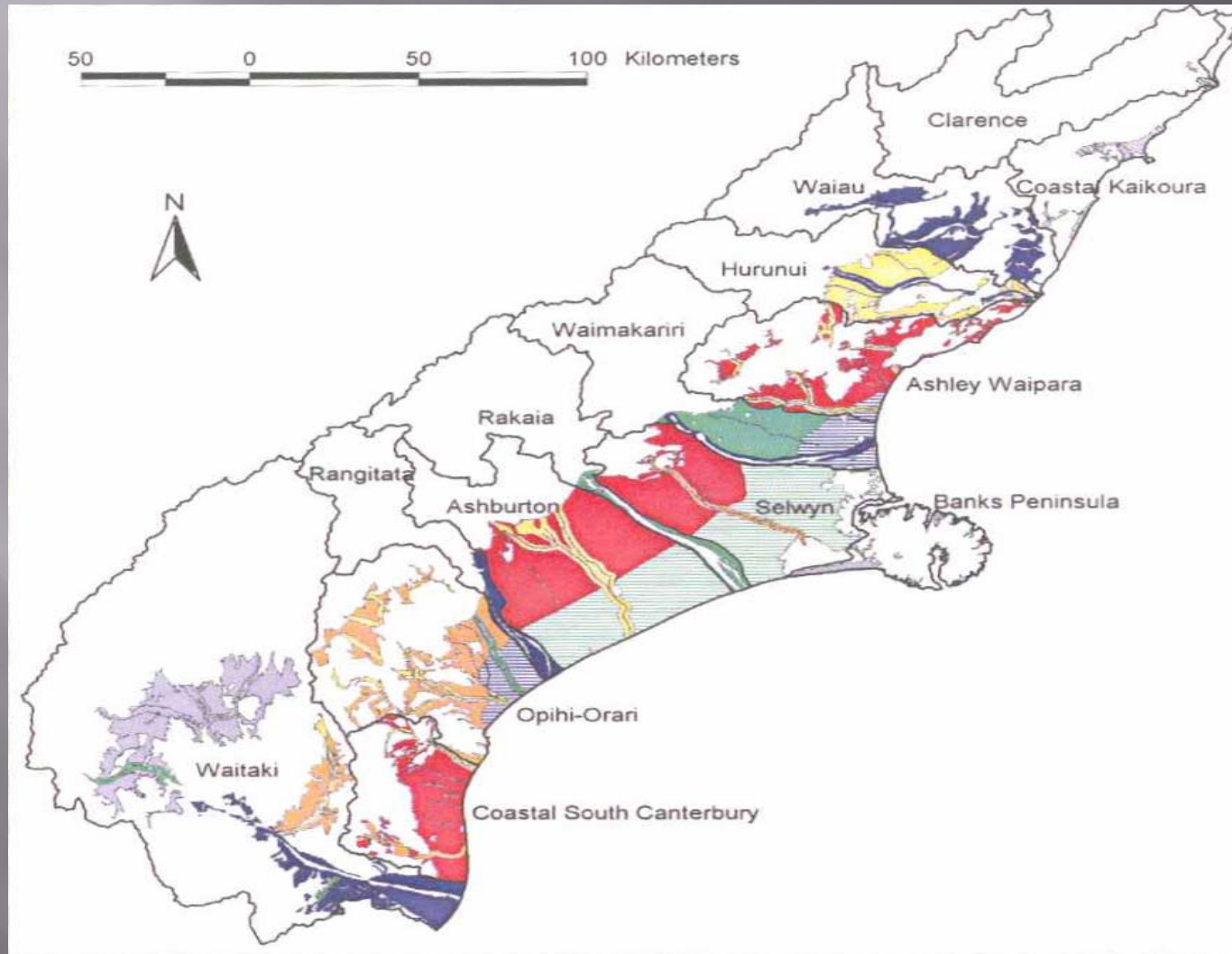
- ▣ Hodgen family has farmed in Hurunui since 1924
- ▣ Projections for dryland farming are very bleak for the target area
- ▣ Huge difference in production on irrigated land compared to dryland farming on similar soils
- ▣ Very high level of local community support for the scheme
- ▣ Currently seven of 150 farmers are on rural support - the community needs this scheme

Hurunui Community View

Questions from the regional community:

- ▣ Why is the project so difficult?
- ▣ Why does so much water go out to sea?
- ▣ Why do fishermen & canoeists have so much influence when they contribute so little?
- ▣ Why are there so many statutory processes?

Where is the Project?



Who is HWP?

Corporate entity with 4 shareholders

- ▣ HIPT – Hurunui Irrigation and Power Trust representing farmers
- ▣ Eskhead Station – Lessee at South Branch storage site
- ▣ Ngai Tahu – owner of Balmoral Forest
- ▣ MainPower – community owned lines company

www.hurunuiwater.co.nz

What is the HWP objective?

- ▣ *Identify and promote that combination of water management regimes and water storage options that collectively enhance the sustainable management of river flows in the Hurunui with a scheme that is*
 - *environmentally sensitive*
 - *consentable*
 - *viable, and*
 - *provides for the irrigation, hydro generation and economic needs of the community*

What is the Project?

- ▣ Irrigate 42,000ha
- ▣ Self sufficiency in energy needs
- ▣ Mitigate effects of climate change
- ▣ Add reliability to existing run-of-river Amuri scheme
- ▣ Two storage sites
 - Lake Sumner 27Mm³ by managing natural variation
 - Tenure: Crown pastoral lease & DOC estate
 - Sth Branch Dam 100Mm³ by 60m dam
 - Tenure: Crown pastoral lease (2)
- ▣ Distribution – Hurunui River/Canal/Pipe

HWP – The Fundamentals

Strong Economics:

- ▣ Total cost estimate \$250M
- ▣ Capital cost to landowner - \$5,000/ha
- ▣ High landowner demand at indicative costs

Returns (based on Opuha study)

- ▣ Average farm surplus increase - \$100k/year per farm
- ▣ Value added to whole district - \$120M+/year
- ▣ Employment added to district - 1200 FTE

HWP – The Fundamentals

Technically robust:

- ▣ No fatal flaws at prefeasibility level of design
- ▣ Not difficult from engineering perspective
- ▣ Environmental field work underway
- ▣ Not sought “requiring authority” status

HWP – The Fundamentals

Environmental Issues

- ▣ Farmers committed to “best practice” land & water use
- ▣ Canterbury Strategic Water Study supports water storage in Hurunui
- ▣ BUT
 - South Branch has salmon spawning grounds
 - Lake Sumner has special values
 - Hurunui River Flow Regime unresolved
 - Water Conservation Order application
 - Some parties oppose any further water development

HWP – The Fundamentals

Climate Change Issues (from Ecan)

- ❑ “North Canterbury irrigators will be affected – less days available to irrigate, less water overall, more demand for winter storage”
- ❑ “Drought events ... could in the 2080s occur ...in places like ... Culverden twice every five years under an extreme scenario”
- ❑ “The severity of these droughts when they occur will significantly increase, requiring significant farming adaptation”
- ❑ “Increasing pressure for water and water augmentation/storage schemes through higher temperatures, less rainfall and greater evapo-transpiration”
- ❑ “Winter water storage schemes may be necessary to provide enough water for the drier springs and summers, for irrigation and for householders”

HWP – The Fundamentals

Energy Issues

- ▣ Renewable energy production possible, but is ancillary to irrigation
- ▣ Potential to generate 10MW as water is released for other purposes
- ▣ Project could be self sufficient in energy
- ▣ Potential for 44,000 tonnes of CO₂ avoided emissions p.a.

HWP - Consultation

April 2006 - information given to:

- ▣ All landowners that could be identified in the potential command area
- ▣ All environmental and conservation organisations
- ▣ Hurunui District and Canterbury Regional Councils
- ▣ Ngai Tahu runanga
- ▣ Community groups in the Hurunui District
- ▣ Advertisements in, and releases to media

HWP - Consultation

- ▣ 190 Landowners in the command area responded:
 - 96% by number and 88% by area supported irrigation
 - 75% said they would contribute financially
- ▣ Amuri Irrigation Company supported the Project
- ▣ Other submitters responded:
 - Fish & Game, DOC, and NZ Recreational Canoeing Assn had cautious or adverse comments
 - 5 others were in support and 10 were opposed

Statutory Processes:

1. Proposed NRRP

- ▣ Addresses sustainable management of natural resources in Canterbury
- ▣ Chapters 4-8 were proposed by way of Variation 1 to the NRRP, in July 2004
 - land and water management
- ▣ Hearings on Variation 1 commenced in Sept 2006 and will continue to April 2009
- ▣ Variation 8 addresses Hurunui flow regime – hearing yet to occur

- ▣ \$158k cost to HWP to date

Statutory Processes:

2. Water Conservation Order

- ▣ Fish & Game/Canoeing application:
 - Considers amenity and intrinsic values are nationally outstanding
 - Seeks to prohibit any changes upstream of Mandamus, including damming
 - Technical studies undertaken by DOC
 - Submission/hearing process funded by MfE

- ▣ Submissions closed 15 Dec
- ▣ Hearings likely early next year
 - ▣ Estimated cost to HWP \$50–100k in legal fees alone

- ▣ HWP believes stimulus for WCO application was its own & CSWS consultation

Statutory/Non-Statutory Processes:

3. Other Environmental Protections

- ▣ Hurunui River Flow regime
 - Variation 8 of PNRRP – hearings post April
 - Impact of proposed NES NPS
- ▣ Canterbury Strategic Water Study –
 - non-statutory, initiated by mayoral forum, run by ECan
 - Established need for water storage
 - Stage 4 consultation occurring
- ▣ Hurunui District Plan & Long Term Council Community Plan
 - 2009/10 LTCCP will address water management

HWP - Impediments

Funding

- ▣ SFF/CIF \$660,000 in grants
- ▣ HWP:
 - Contributed \$1,081,000 to date
 - Further \$1M in next two months
 - ▣ Gets to consent application
 - Prospectus in preparation for another \$5-8M
 - ▣ Get through Consent hearings
- ▣ Issues:
 - Entirely speculative investment to date
 - Dryland farmers have least ability to fund

HWP - Impediments

Planning Processes

- ▣ Multiple planning processes a waste of resources
- ▣ Have to be a “professional submitter”
- ▣ Land Tenure Review adds a further layer
- ▣ RMA enhancements:
 - Give water harvesting status of “Matter of National Importance”
 - Allow call-in procedures for major river projects
 - Allow multiple use projects direct application to the Environment Court
 - Increase the status of local submitters

HWP Goal

An environmentally sensitive, viable scheme which will:

- ▣ Stimulate development in the Hurunui
- ▣ Mitigate the effects of climate change
- ▣ Make a measurable difference to the regional economy
- ▣ Provide an optimum water management regime for the catchment

The Working Group is committed to an open process to realise the benefits of the Project