



Waimea Irrigators Limited (WIL) submission to Tasman District Council on the Draft 2022-23 Annual Plan

Wednesday 4 May, 2022

Mayor King and Tasman District Councillors,

Background

1. Waimea Irrigators Limited (WIL) are joint shareholders with Tasman District Council (TDC) in Waimea Water Limited (WWL) – the Council Controlled Organisation formed to manage the construction of the Waimea Community Dam (Dam Project).
2. WIL is a limited liability company, owned by approximately 237 shareholders, the majority of whom (but not all) have the benefit of shareholder water augmentation agreements supporting ground and surface water permits, which allow them to irrigate their vineyards, farms, orchards and other businesses within the 'zone of benefit' for the Dam.
3. WIL's shareholders range from owners of large-scale businesses to owners of a few hectares of land that do not generate much, if any income off that land.
4. On 12 December 2018 TDC, WIL, WWL and Crown Irrigation Investments Limited (CIIL) entered into a Project Deed to realise the Dam Project. By the date of the Project Deed in 2018 it was understood that WIL and its shareholders would be responsible for 49% of the cost to build the dam.
5. WIL's contribution to the project costs was set at \$26M by way of shareholder equity and convertible notes, and debt funding of \$23.5M via a loan from CIIL to WWL. All of this funding, or the responsibility for it, sits with just those 237 shareholders, who are also TDC ratepayers.
6. Waimea Irrigators Limited, TDC, CIIL and WWL together agreed clause 6.4 of the Project Deed for the purposes of allocating the burden of any project cost over-run. Clause 6.4 provides that any project over-run costs will be shared 50:50 for the first \$3M, and those in excess of \$3M are to be funded by TDC. Conversely, any cost underruns would be to the full benefit of TDC.

Submission

7. WIL supports the TDC's approach of funding the latest cost over-runs on an interest-only basis in the short term and using some income from forestry to reduce the impact on rates.
8. We remind the Mayor and Councillors that irrigators subscribed for shares on the basis that cost over-runs were capped beyond the shared \$3M. Irrigators are also in the Zone of Benefit, so are paying directly for a share in the dam build, and pay additional rates compared with other ratepayers.
9. We note in the Annual Plan consultation document that "The Council has the option to use a targeted rate on irrigators. However, this could not come into effect before the 2023-2024 year."

We stated in last year's submission to the LTP, and repeat in this year's Annual Plan submission, **WIL strongly opposes target rating irrigators and/or WIL shareholders for cost over-runs, in any year. At no time has WIL agreed that there is an 'irrigator share' of cost over-runs not currently funded through CIIL.**

10. Given the legal status of the Project Deed, if any targeted rates or payment mechanisms are placed on irrigators or WIL shareholders for the dam's cost over-runs, beyond what is already agreed and settled, WIL will be required to seek legal redress.

9. WIL has concerns about Option 2 in the consultation document and the potential impacts on the region's rural communities, if key infrastructure improvements and maintenance are reduced.