



Waimea Irrigators Limited (WIL) submission to Nelson City Council on Funding for the Waimea Community Dam, not provided for in the draft Nelson City Council Long Term Plan (LTP) 2021-2031

21 April 2021

Mayor Reese and Nelson City Councillors,

1. Waimea Irrigators Limited (WIL) is a shareholder in Waimea Water Limited (WWL), along with Tasman District Council (TDC).
2. Waimea Water Limited was formed in 2018 by WIL and TDC to construct and operate the Waimea Community Dam (Dam). WWL is a Council Controlled Organisation governed by a Board of Directors made up from representatives of TDC, WIL and Iwi.
3. The Dam will provide a secure and sustainable drinking and horticulture water supply for the communities of the Waimea Plains for the next 100 plus years. It will also improve the health of the Waimea River and bring estimated economic benefits to the Nelson Tasman region of up to \$932 million in its first 25 years (NZIER 2017 figures).
4. WIL's contribution to the Dam construction costs was set at \$26 million by way of shareholder equity and convertible notes, and debt funding of \$23.5 million via a loan from Crown Irrigation Investments Limited (CIIL) to WWL.
5. This funding, or the responsibility for it, sits with just 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.
6. WIL's shareholders are not homogenous in nature - they 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.
7. Nelson City Council has an interest in the Dam in the following ways:
 - a. Nelson City takes water from the Roding River for its municipal supply. The Roding River is a tributary of the Waimea River. It is impossible to separate the effects of NCC's take from minimum flows in the Waimea River.
 - b. Water from the Dam will be supplied to Nelson City businesses and homes via the cross-boundary water supply agreement that TDC has with NCC.

- c. Many residents from Nelson City work in part-time or permanent jobs in horticulture and food-producing businesses on the Waimea Plains (up to 70% of the permanent staff of some of the Waimea Plains' largest growers come out from Nelson City each day).
 - d. Nelson City residents and businesses are likely to be benefiting from the spending on the Dam construction and the influx of workers to support that.
 - e. NCC is a 50% shareholder in Port Nelson. Port Nelson's annual dividend to its shareholders is in part dependent on the number of Twenty Foot Equivalent Units (TEUs) of export fruit (particularly apples and kiwifruit) that are shipped (around 10% of total TEUs per year).
8. Recognising this interest, NCC agreed in the 2018 LTP to contribute a grant of \$5 million towards the cost of construction of the Dam. Whilst viewed as modest by many in Tasman, this contribution was necessary to help get the project to 'financial close'.
 9. Since that time, the project cost to build the Dam has increased from the initial estimate of \$104.5 million to \$129.4 million in 2020. On 22 February 2021, WWL presented a revised cost estimate range of \$148 million to \$164 million to complete the Dam to its shareholders, with an expected cost of \$158.4 million (excluding provision for future hydro power).
 10. The estimated range takes account of the cost uncertainty associated with project risks, with key risks being the costs associated with any further Covid-19 related delays, and the scale of work required on unexposed geological features.
 11. The project is approximately 50% complete as of April 2021. Going forward, most of the work to be completed is above ground level, reducing the likelihood of further geological risks. However, there is still a risk that costs could be higher than the estimated range.
 12. Tasman District Council has decided to include a budget in its 10-Year Plan that will provide for a total project cost of \$159 million. This amount covers the expected cost of \$158.4 million and allows for necessary work to provide for a future hydro option. This reflects a total project budget increase of \$54.5 million since December 2018.
 13. Waimea Irrigators Limited understands that TDC has approached NCC with a request that NCC increases its funding contribution from \$5 million to \$10.5 million. This request is supported by WIL.
 14. The \$5 million contribution in the previous Long Term Plan was tagged by NCC to NCC's future access to 515 hectare equivalents (hae) of water. At the time the \$5 million also provided for a contribution to the environmental benefits and the economic public good benefits, which of course do not stop at the Tasman/ Nelson boundary. If NCC and TDC were one local authority, the Zone of Benefit for example would have extended to also cover Nelson City.
 15. With the increase in costs to circa \$159 million, \$5 million now only covers the cost of 329 hae of water extraction and provides no contribution to the other social and environmental benefits that residents of Nelson City will receive once the dam is operational.

16. Waimea Irrigators Limited has been unable to find any reference to an increase in funding support for the WCD in the NCC Long Term Plan. We request that your Councillors consider an increase to the grant, from \$5 million to \$10.5 million.
17. While NCC is not currently a direct abstractor from the Waimea aquifers, the Dam could potentially provide NCC with sufficient water to service its future needs until approximately 2100.
18. Based on upgrading reticulation supply to south Nelson and enhanced pre-treatment of existing water sources, the cost of providing an alternative to the Waimea Dam for NCC was estimated to be approximately \$20 million (2017 figures).
19. This is a project of region-wide significance with benefits to the populations of both Nelson and Tasman. Increasing funding to \$10.5 million essentially gets NCC back to the place it started – payment for 515 hae of water.
20. Thank you for your consideration of this request.