

1. Executive summary for Economic Wellbeing Committee: Environment Management

1.1 Wairarapa Water Use Project

1.1.1 Overview

The focus of the investigations during the second quarter shifted from ‘desk-top’ to field investigations within the Wairarapa valley and the surrounding foothills. This denotes a major milestone in the research being undertaken to determine whether viable water storage schemes exist and the nature and scale of the associated demand.

Field investigations focused on an initial 12 possible water storage sites plus several water intake points which in theory would be able to provide water across the valley floor. Approaches were made to landowners to obtain their approval to inspect the possible dam and reservoir sites. The purpose of this was to gather additional information on the site that was not available from desk top information. The results of the onsite inspections will be combined with other information to confirm which sites will progress through to the pre-feasibility stage to be undertaken in the first and second quarters of 2013/14.

1.1.2 Key results for the year

Community engagement

Communications with the Wairarapa community have focussed on the project’s approaches to landowners of the possible water storage sites. These were conducted in a manner which reflected the fact that most individuals were being contacted for the first time in this regard – some landowners had been approached from previous investigations.

These approaches were differentiated on the basis that not all of the land involved with the possible water storage sites was required for on-site inspection. For this reason, two sets of letters were sent out, namely those for which approval was being sought by the project’s researchers to access their land and another letter advising landowners of possible interest in their land for water storage.

Response from landowners was extremely positive with very few refusals, acknowledging that the project was only seeking access to their land at this stage. For those landowners for whom land access was required, the letter was immediately followed by a phone call, and in some cases a meeting to discuss the project. On most occasions, the landowner accompanied the research team around their farm so we could tap into their local knowledge while providing them with an improved understanding of the project itself.

Many farmers requested that the projects’ interest in their land as a possible water storage site was not made public due to the formative stage of the project investigations. It was decided to respect this while each site was being assessed and a decision made as to which sites would proceed to the pre-

feasibility investigations stage. Both the Stakeholder and Leadership groups were advised of this situation.

The next Stakeholder and Leadership group meetings are scheduled for March 2013 following the completion of the Scheme Options Assessment report where the information and recommendations will be presented and reviewed. These meetings will be followed by a presentation to the Council.

Project investigations

As referenced above, project investigations for this quarter have been focussed on increasing the project's understanding of the possible water storage sites. In addition, determining the demand for water from farmers has continued to help establish the scale and location of water demand. Two related investigations are currently underway, namely:

1. On-farm actual demand for irrigation water
2. Storage options identification

1. On-farm demand

The on-farm demand study key findings have so far been:

Interviews

- 182 landowners visited to date, representing 243 properties
- Total area represented = 47,865 hectares
- 117 of these properties are current irrigators
- 126 non-irrigated properties
- 162 of these properties owners expressed an interest in either new or expanded irrigation

Demand

- Non-irrigated landowners: 98 of the 126 expressed interest in irrigation
- Currently-irrigated landowners: 64 of 117 wish to expand irrigation
- SPASMO used to calculate demand volumes.
- Total Volume required to date equates to 47.8 M cubic meters per year

Non-Irrigated Properties Demand from WWUP

- The 98 non-irrigated properties expressed an interest to irrigate 7792 hectares
- The water required for this (using SPASMO) is 37.37 M cubic meters per year

Current Irrigators

- Of the 64 currently-irrigated properties that wish to expand irrigation, 45 require water from WWUP to do this

- Extra demand of 12.75 M cubic meters per year is based on their current consented volumes
- The current level of reliability not taken into account

2. Storage options identification

In summary, the process of identifying possible water storage options has taken the number down from 243 sites to possible 12 sites using a multi-criteria analysis (MCA) as part of the course sieving of the sites. The MCA process accounts for the four well-beings as they apply to each of the sites. This assessment is being conducted at a high level for this stage of the project and includes risk factors to account for that information which is not known at this stage of the investigations

The results from the Scheme Options Assessment are presently being compiled in a report; the writing of which commenced late in this quarter (November) and will extend into the early part of the third quarter. The results will be presented in the next quarterly report.

1.1.3 Financial reports

Wairarapa Water Use Project – Gross Project Expenditure

WWUP 2012/13	G/L Codes	YTD Dec Total	FY Budget	FYF
Capex Spend				
Materials	63000	- 250	1,500	
Printing	63300	139	-	
Meeting non council	63628	451	-	
Venue hire	63821	986		
Travel & accomm	64000	-	5,000	
Transport	64050	644	2,500	
Contractors	65010	1,405	250,000	
Consultants legal	65130	7,688		
Consultants mgmt	65135	6,150		
Consultants science	65140	383,166	795,871	1,000,000
Consultants comms		-		
Other specialist consults		-		
Science steering grp		-		
Stakeholder advisory grp		-		
Resource costing	92100	82,960	195,129	250,000
IC Tech serv	95775	1,360		
IC Workshop	95784	169		
Totals		484,868	1,250,000	1,250,000
IAF Funding	65010	-	- 625,000	-
Net costs to settle to capex	65999	484,868	625,000	1,250,000
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Opex Income				
Rates			48,125	48,125
IAF funding 50%		446,269	625,000	625,000
Development accrued income		58,587	-	-
		-		
Total Income		504,856	673,125	673,125
Opex				
Staff	62000	51,829	-	-
Materials	63000	- 4,454	-	-
Internal IT costs	95254	4,300	-	
Contractors	65000		625,000	
Finance costs	94100	11,936	48,125	48,125
		63,611	673,125	48,125
Net Surplus/(Deficit)		441,245	-	625,000

1. The accounting for the WWUP has both capital and operating elements. The actual project costs are being recorded as capital project spend. The finance costs and IAF funding are being recorded as operating costs and income.
2. In the budget \$625k of costs were shown as operating costs which were offset by the IAF funding which was budgeted as income. In the forecast

all costs are shown as capital spend. This has increased the capital forecast & reduced the operating forecast costs for this project but is in line with how actual costs & income are being recorded and also in line with how Transport record their funded capital projects.

3. There is also \$122k of unspent budget from 2011/12 financial year which may be required to be spent in 2012/13, we are reviewing the forecast spend and this may be updated next quarter.
4. The first IAF funding claim from the Ministry of Primary Industries (MPI) was submitted in December. This invoice which covered the year to October 2012 was for \$446,269 (net) being 50% funding of eligible expenditure. MPI have paid this invoice promptly in January 2013.
5. Tonkin and Taylor, the principal consultants on the project have misclassified some expenses as project management in their July to September invoices. They are currently re analysing these and the figures will be adjusted once the new figures are known. This is to meet the reporting requirements of MPI IAF fund.