

~~CONFIDENTIAL~~

Public Forum. 6<sup>th</sup> August 2018.

Good afternoon all.

This council espouses openness and transparency. What should be added is hypocrisy. Today's meeting is a good example. There is a complete absence of openness or transparency.

Cost over-runs.

WIL shareholders understand that their financial obligations are capped. Ratepayers financial obligations are uncapped. This liability is likely to be tens of millions of dollars. So far there is no provision to cover this.

Falsehoods.

There have been too many loose or false statements made throughout this dam process.

(a) Rationing almost every year may be true but it is misleading. TDC customers are subject to restrictions and these should almost never occur. I have sent a doc<sup>(1)</sup> that outlines why this is so. Basically there are ways of managing urban supply when rationing occurs.

(b) Urban expansion increases the demand on the water resource. This is false. Urban demand is about one third of irrigation demand. Urban development is, to a large extent, replacing irrigated land thus reducing overall demand.

(c) TDC portion of extractive funding is based upon projected demand of 1825 hae, i.e. 78 000<sup>(2)</sup> m<sup>3</sup>/day. This is a deliberate falsehood. The MWH/Stantec projection is 32 000 m<sup>3</sup>/day.<sup>(3)</sup> (True value is less as leakages have been scaled up along with usage.)

This deliberate use of incorrect information is solely for the purpose of TDC achieving a 51% stake in WWL. This fraudulence should be unacceptable to councillors.

Alternatives.

There are bulldozer free alternatives that have been given no, or scant, consideration.

(a) Independent review of water management.

(i) Triggers have been set by a process that does not give the opportunity for serious review. For example Hearing 65 report the commissioners state; "The rationale for the various triggers is discussed in the Landcare research report."<sup>(4)</sup>

This report has factual errors and unsubstantiated statements. "The aquifers can become depleted",<sup>(5)</sup> is an example. The most telling part is the caveat at the beginning of the report. **"This report has been prepared for TDC, no warranty or representation is given as to its accuracy and no liability is accepted for loss or damage arising from reliance upon information in it."**

It is also noted in an Aqualink memo to TDC<sup>(6)</sup> that changing Wairoa trigger from 2300 to 1800 L/s has no significant effect on the environmental flow. This change would greatly reduce the number of water rationing days.<sup>(7)</sup>

(b) Deep bores.

There is no literature to show that these have been seriously investigated.

(c) Leakage reduction.(8)

This should be treated more seriously.

(d) NCC cooperation.

This should be actively pursued with almost immediate benefits. A modest contribution to remediating the Maitai dam and upgrading linkage infrastructure would provide medium term improvement in TDC water options.

Finally there are so many uncertainties and untruths around the dam process that councillors should not, at this meeting, vote to approve, or continue, the dam project.

1. Restrictions. Greater Richmond.
2. Consultative doc. Table 3 page 13 TDC full meeting 19<sup>th</sup> Oct 2017.
3. Fig 5-12 MWH/Stantec “Waimea 100 year projections.”
4. “Summary of hydrology and water management bases for Waimea water management, with and without augmentation.” Andrew Fenemor Landcare Research. September 2014.
5. Top page 17 of above report.
6. Memo from Julian Weir, Aqualink, to Joseph Thomas, TDC, dated 22<sup>nd</sup> Jan 2016.
7. Wairoa flow-rates. 2300/1800. Dawson.
8. NRW and Leakages. Dawson

Restrictions. **Greater Richmond.\*** Note this is TDC water supply/reticulation.

**Minor restrictions some years.**

Typical current pumpage of 10 000 m3/day used in this example.

	<u>Step 0</u> (no rationing)		<u>nominal step 1</u>		<u>nominal step 2</u>		<u>nominal step 3</u>	
	Rich 0	Waim 0	Rich 0	Waim 1	Rich 1	Waim 2	Rich 2	Waim 3
Bore-field Richmond	4000		4000		3600		3300	
Richmond extra <sup>1</sup>			600					
Waimea/Mapua		6000		5400		4950		4500
Roding entitlement <sup>2</sup>					900		900	
leakage reduction <sup>3</sup>					550		1300	
Water available		<u>10000</u>		<u>10000</u>		<u>10000</u>		<u>10000</u>
<b>Actual restrictions</b>	<b>none</b>		<b>none</b>		<b>none<sup>4</sup></b>		<b>none<sup>4</sup></b>	

**Notes:** Rationing applies to takes from bore-fields. Restrictions are less as other sources/savings may be made.

1. Increased pumpage from Richmond borefield to compensate for Waimea/Mapua pumpage reduction.
  2. One fifteenth of authorised daily extraction. May be reduced when Roding <150 L/s.
  3. Current leakage rate of about 2800 m3/day. (See NRW and leakages. Dawson)
- Richmond NRW of 400 L/connection/day equates to a leakage rate of approx 370 L/connection/day. With target leakage rate of 150 L/conn/day is a 60% reduction target. Applying this to 2800 m3/day gives a target leakage reduction of 1700 m3/day.
4. Assumes leakage reductions are achieved.

\* Greater Richmond includes the Richmond Ward, Mapua, Nelson south and Wakatu industrial estate.

Richmond ward is between Waimea Wairoa rivers and the estuary.

TDC water:restrictions Richmond **Draft 3**

Murray Dawson

5<sup>th</sup> Sept 2018

NRW and Leakages.

**Leakages are in the order of 28% of water pumped.**

For TDC reticulated supply pumped from the McShane road station the leakages are about 93% of the Non Revenue Water. (See below.)

Currently the leakages are about 2820 m<sup>3</sup>/day out of 10 000 m<sup>3</sup>/day pumpage.

Calculations.

Non Revenue Water has the following components. (Water NZ: Water Loss Guidelines)

Own Sources	System Input	Water Exported	Authorised Consumption	Billed Authorised Consumption	Billed Water Exported to other Systems	Revenue Water
		Water Supplied			Unbilled Authorised Consumption	
Billed Unmetered Consumption by Registered Customers						
Water Losses	Apparent Losses		Metered Unmetered	Non-Revenue Water		
	Real Losses		Unauthorised Consumption Customer Metering Under-registration Leakage on Mains Leakage and Overflows at Service Reservoirs Leakage on Service Connections up to the street/property boundary			
Water Imported	(allow for bulk meter errors)					

Default values:

- (a) Unbilled authorised consumption = 0.5% of water supplied.
- (b) Apparent losses;
  - (i) unauthorised consumption = 0.1% of water supplied.
  - (ii) meter under-registration = 2% of billed consumption.

For the TDC pump station at McShane road the current typical summer pumpage is 10 000 m<sup>3</sup>/day<sup>(1)</sup>. NRW is about 3000 m<sup>3</sup>/day<sup>(2)</sup>.

- (a) Unbilled authorised consumption: 0.5% of 10 000 m<sup>3</sup>/day = 50 m<sup>3</sup>/day.
- (b) (i) unauthorised consumption: 0.1% of 10 000 m<sup>3</sup>/day = 10 m<sup>3</sup>/day.
- (ii) meter under-registration: 2% of 6000 m<sup>3</sup>/day<sup>(2)</sup> = 120 m<sup>3</sup>/day.

This is a total of 180 m<sup>3</sup>/day. This leaves real losses/leakages at 2820 m<sup>3</sup>/day.

1. TDC weekly pumpage graphs for Waimea/Mapua and Richmond bore-fields.
2. Fig A-7 MWH/Stantec “Waimea 100 modelling demand.” May 2017

## Wairoa flowrates 2300/1800.

### **Significant reduction in rationing by lowering trigger flow levels.**

The number of days at which Wairoa river is less than 1800 and 2300 L/s is of interest in light of comments from Aqualink to Joseph Thomas<sup>(1)</sup>. In this it is observed the whether Wairoa rationing triggers are 1800 L/s or 2300 L/s the impact on Waimea river flowrate at Appleby is minimal<sup>(2)</sup>. This would imply that reducing the trigger level to 1800 L/s would not compromise the flow-rate at Appleby which is the site where the 'environmental/minimum flow-rate' is measured.

How would the number of rationing days change by changing trigger flow-rate from 2300 to 1800 L/s?

2001 was a very dry summer and in these 1/30? 1/60? year events there will be very low river flows. These exceptional years will pose water management issues.

From the associated table<sup>(3)</sup> it can be noted that there is a very significant reduction in the number of rationing days.

Over the 16 years 2001/02 to 2016/17 the comparisons are;

2300 L/s trigger:

total 386 days. 3 years no days, 5 years <10 days, 8 years > 10 days.

1800 L/s trigger:

total of 135 days. 12 years no days, 2 days < 10 days, 2 years > 10 days.

Note that this includes a significant number of days in April when rationing is less of an issue.

### **A case can be made for an independent review of river triggers levels.**

1. Memorandum dated 22<sup>nd</sup> Jan 2016. "Waimea plains groundwater flow model scenarios."
2. Step 4 (70% allocation cut);
  - (i) 1800 L/s Wairoa equates to 450 L/s Appleby.
  - (ii) 2300 L/s Wairoa equates to 455 L/s Appleby.
3. "Number of days with flowrates measured at Wairoa gorge/Irvines site." Dawson.

## Creative Funding Model

Flawed basis for TDC component of extractive users funding.

100 year projections for urban supply

BENEFICIARY	DAM CAPACITY HA/HAE	DAM CAPACITY %
Irrigators	5,425 ha	69.9%
Council Urban Supply	1,825 hae	23.5%
NCC – Urban Supply	515 hae	6.6%
Total Capacity Allocated	7,765 ha	100.0%

Table 3 – Dam design capacity and allocation of extractive user costs.

Extractive user costs are allocated according to the number of hectares (ha) required for irrigation/use. Urban supply is expressed as hectare equivalents (hae).

- I. Consultative doc, as above, for TDC meeting 19 Oct 17 (Table 3, P.13), gives the 100 year projections as **1825 hae**.  
(This is 1400 hae for projected 100 year demand plus 425 hae, being 50% share of the unallocated capacity.)
- II. The MWH/Stantec report to TDC has projected peak urban demand of **650 hae**.

The 'funding' projection of 1825 hae is 2 to 3 times greater than the modelled projection. **This discrepancy inflates the TDC extractors share of the funding component.**

Current TDC/urban supply

- I. As used by TDC - **620 hae**. (Summary of hydrology and water management bases ... water augmentation – Landcare Research Andrew Fenemor. Sept 2013).
- II. From TDC pumpage charts - **260 hae**.

## Removing Discrepancies – Funding Model

BENEFICIARY	DAM CAPACITY HA/HAE	DAM CAPACITY %
Irrigators	5,425 ha	82.3%
Council Urban Supply	650 hae	9.9%
NCC – Urban Supply	515 hae	7.8%
Total Capacity Allocated	6,590 ha	100.0%

Tabled 6/9/18

Good afternoon Mayor and Councilors firstly thank you for giving me the opportunity to speak today. My name is James Patterson. I grew up in Golden Hills Road in Waimea West. I returned to Nelson three years ago and am now settled living in this region and I want to see it thrive and prosper into the future. I currently wear two hats - I am currently employed at the Nelson Marlborough Institute of Technology and I am heavily involved in our family horticultural business - Wai-West Horticulture.

A secure water supply is the absolute life blood of any region and is fundamental for the wellbeing of the Top of the South's environment, community and businesses. Access to a reliable source of water is vital for the Nelson region to progress forward with confidence. Adequate water is crucial not only for the businesses that are actively working on the plains but also for all the supporting and secondary businesses that help drive it's main core all provide employment in the region. Businesses such as the MDF plant, the freezing works, enza and even the Richmond Mall will be unable to operate at their current levels with restricted access to water, having a huge impact on the region. This activity flows right on through to our region's major industrial activities such as the port which provides income, jobs and a fundamental service for both Nelson City and Tasman District Councils.

The Waimea plains have some of the most fertile soils in New Zealand and for their productivity to be hampered by water restrictions when there is a well-researched solution nearly ready to go would be a tragedy. Local businesses employ our family's and provide produce for our tables. Without the Waimea Community Dam many will simply not survive.





Water, and therefore food, around the world is becoming increasingly scarce - something we have to consider when making decisions that will change the outlook of our region forever. We are responsible for our environment and must care for it to the best of our ability. This includes fighting to preserve its productivity.

The environmental situation we find our world in today is dire. All you need to do is turn on the TV or open the paper at night to see first-hand the global effects of climate change with severe weather events becoming the norm. An article only 3 days ago warned how water projects like the Waimea Dam are 'critical' as scientists predict a run of even higher temperatures. As climate change continues investment in well-designed water storage is critical. The Waimea Community Dam is our region's solution.

Other methods of water conservation are proving less cost efficient and are only temporary solutions which will ultimately cost this region more than the cost of the Waimea Dam. Internationally there is huge government investment in water infrastructure as other countries recognise that climate change and growing populations will put increasing pressure on water availability - dry periods will become longer and more severe. The Waimea Dam gives certainty to businesses to continue to invest and operate within our region.

This is an intergenerational issue - our children and every future generation deserves the right to grow up as we did in our region with the best opportunities and experiences we can leave for them. Without the Waimea Community Dam to secure Nelson's future



water supply our grandchildren will be disadvantaged - they will lose the privileges we enjoyed - jobs will be harder to come by, fresh fruit and vegetables won't be so readily available and even the joy of swimming in a river on a summer's day will not be able to be taken for granted.

The health of the river and its fish life depends on a good water supply too - something the Waimea Dam can also ensure. High level policy documents require change in the way our rivers, town and rural water supplies, irrigation takes, allowances for conservation and the return of wastewater must be managed. There is new widespread recognition for water as a precious commodity and the Waimea Dam is an excellent example of a region showing leadership on the issue. The strong Government support underlines this.

The Waimea Community Dam has been a work in progress for nearly twenty years. We are now at tipping point. It is imperative that we don't lose this opportunity to use the funding currently available, fought for by hard working, passionate, dedicated people who for a long time have clearly been able to see the best way forward through our water crisis. These people including my late father Nick Patterson have backed the Waimea Dam from day one and have fought tooth and nail to secure this funding. We need to grasp this opportunity to build the Waimea Community Dam now while we have investors willing to shoulder some of the financial load.

I understand some people's trepidations around the cost of the project but one thing I am 100% certain of is that this the least expensive time to act - with any further delay



construction prices will rise & we will have lost the Government funding via Crown irrigation & other grants promised.

I have mentioned earlier that this is a intergenerational project - it is a big ask for the current generation to pay for this themselves. The lengths that Crown irrigation have gone to support this project shows that the government's commitment to this project - that it is now one of only two projects that they continue to support. The long dated nature of the Crown irrigation loans and other other outside investment confirms the inter-generational aspect of the project. This combined with local community support will ensure the wider regional benefits are delivered to the community.

The time to act is now - we cannot afford to lose this opportunity. Without your help now this project will come to an end, the consequences of which will be immense for our whole region and a decision that I think would be deeply regretted. It is our responsibility to come together and give the Waimea Community Dam the green light. This will give local businesses confidence to remain in the region, reduce water restrictions for locals and is a legacy to leave to future generations.

Thank you for your time and consideration.



Tabled 8/9/18

Dam Waimea - Casting Vote  
Ron Sharplin - Ratepayer Submitter  
to:  
Chairman - Councillors  
TASMAN DISTRICT COUNCIL

Submission to Public Forum  
Meeting thursday 6 September 2018

I appeal to our Council to maintain the existing majority vote declining to enter a Contract for the construction of the Waimea Dam, presently under notice for revocation. The original vote of 12 June 2016, secured by the Casting Vote of the Mayor to fund the Dam project, and resulting in the Contract offer, was reversed by the present vote under notice.

I submit that former Casting Vote was invalid at the time, by the prohibition of the 7 schedule of the Local Government Act, which effectively annuls any provision of Standing Orders which granted such option. However, that schedule prohibition made an exception where standing orders permit a casting vote for some 'express purpose'. The TDC Orders do not include an 'express purpose' and the option existing cannot be read as to grant the Chair 'carte blanche' usage, especially as regards the 'Purpose' of the Act requiring Democratic practise the primary reference for interpretation, as endorsed by the Supreme Court on various occasions.

Any reversion to the former equal vote circumstances are not eligible for a Casting Vote decision and the whole Project must lapse. I reiterate my appeal for Council to maintain the existing majority vote to decline the Contract offer.

Ron Sharplin  
Richmond.





Tasted 6/9/18

Dear Editor

Waimea Dam

I would like to say a huge thank you to all the people including local Mayors, Ministers of Governments, and many more for their efforts to build a water reservoir that will enhance our province for the decades ahead. It is a seriously worthy project clearly demonstrated by a changing Government continuing a previous Governments' support !

In total contrast I would now pour serious and distasteful scorn on the members of T D C who voted to stop the Dam proceeding. They are a very narrow sighted lot. !!!

People that can only decide on public amenities by financial consideration alone are most likely not suitable for the public arena.

There are many Infrastructure and public facilities that are costly and only benefit users, but we all pay for them. Perhaps the people of Golden Bay should pay to keep the Takaka Hill road open. It is not much use to others. ! Perhaps swimmers and book worms should pay to keep their facilities open as they are of no use to others. ! In total contrast the Waimea Dam will benefit the economy of whole region. It is possible now that T D C may not be able to issue permits for new dwellings until water issues are sorted. ?

Phil Cain Tapawera.

Philip Cain

107 Main Road Tapawera

R. D. 2 Wakefield 7096

Phn 5224055



Tasted 6/9/18

TDC Meeting

6 September 2018

Re: Waimea Dam

The Mayor and Councillors

The Waimea Dam project has been a de-visive issue throughout Tasman District for some time. The Tasman district Council is being talked about because of the process that has been adopted and the continued intent to vote in the Dam option when there are so many obvious reasons why it should not proceed.

Fundamentally, the ratepayers should not be carrying the financial burden for what is essentially a private enterprise benefit. It is not needed to solve a water shortage which in fact does not exist. The site is highly risky to build on and that risk will carry through to an uncontrollable cost scenario.

I am not going to repeat all the technical or financial reasons not to proceed as you have heard them all before.

What I do want understood is the fact that TDC should not be in a joint venture with Private Enterprise and end up loaded with debt. Do you really think the latest estimate is accurate and final, it is not.

Regards

A handwritten signature in black ink, appearing to read 'Lindsay Alexander', with a long horizontal flourish extending to the right.

Lindsay Alexander



Tabled 6/9/18

Submission to: Tasman District Councillors

From: Paul MacLennan – concerned and informed ratepayer

**Subject: Structuring a Waimea Dam deal to deliver a fair outcome for all stakeholders and ensuring both shareholders are doing their fair share of “heavy lifting”**

**Background:**

While I have personal reservations about the proposed Waimea Dam, being

- the price tag being beyond economic sensibility, and
- the risks associated to the achieving any meaningful physical augmentation of the actual and material water bodies relied on for both potable and irrigation supplies from the proposed dam outflow, and
- the lack of proper development of the alternative solutions, and
- a lack of commercial setting, purpose and outcome from the long run operation of the proposed Dam Company, and
- The abhorrent wealth transfer proposed to be effected via the rating mechanism, and
- There are readily available short to medium term low costs solutions to potable supplies augmentation by TDC and NCC leveraging the NCC excess capacity and developing joint augmentation solutions, and
- a lack of thought into how to leverage the water augmentation investment with a hydro generators interest in locating a generator alongside the dam infrastructure and recovering value for the WWL investors.

It is clear the originally proposed commercial and rating mechanisms are unacceptable to the Ratepayers at large because

- ratepayers were being asked to shoulder an unfair burden of project fiscal risk, interest rate risk, and
- the overall long run contribution that would effect a massive wealth transfer via the rating mechanism.

There is no doubt given the go forward imposition of minimum flow criteria being mandatory for the Waimea River, augmentation solutions need to be found, especially for irrigators who draw water directly from and immediately adjacent to the river.

Looking at the long run interest and benefit from water augmentation for the Waimea Plains, TDC Richmond and NCC Roding potable supplies the documented permitted and affiliated interests post a dam are as I understand are:

- Potable Supply 16.1%
  - NCC Roding - 1.5%,
  - TDC Reticulated supplies including growth allowance 14.6%
- Irrigation interests 83.9%

It is apparent from the future requirements scenarios that the future water needs for both potable and irrigation are growing at similar rates.

It is apparent that around 20% of the economic prosperity of the region as a whole relies on the current land use activities in and around the Waimea Plains.

If council is of a mind to progress the now stalled project and not revisit the alternatives and the main beneficiary group is prepared to commit to the price of the way forward then Council will be able to strike an equitable stakeholder interest for risk and reward and will have a clear pathway to create a medium term exit

for the general ratepayer as debt is retired and user pays levies service the residual ratepayer investment. This will also resolve the abhorrent an ongoing wealth transfer as currently proposed.

While I do not have access to all the relevant detailed information I can foresee a commercial structure that would seek to balance the equation for all stakeholders and may present a pathway that would enable go forward which might be acceptable to ratepayers.

I present this as a discussion document which will need flesh put on the bones to enable an informed and robust discussion for the stakeholders and sets out a regime I could consider as reasonable for ratepayers to consider.

### **Bottom Line terms for a dam to proceed**

- Using the proposed CCO (WWL) model
  - Shareholding 49% WIL and 51% TDC (on behalf of TDC and NCC) in WWL being 100% equity funding – ie WWL will be 100% equity funded and carry no debt while WIL will commit to raise its 49% - no matter what that is once the go button is pushed and so to will TDC
  - The total assets to be equity financed will be equal to the sum of the Project costs including prior project spend, project interest costs for the build period, WWL working capital (Defined as one years expected cash operating costs).
  - All loans raised to create this equity will sit on the balance sheets of the investing partner
  - Any debt guarantee from TDC to access CIIL funding will be subject to an annual loan guarantee fee to WIL which is calculated as being the difference between the concessional rate and the TDC average cost of borrowing as set out in the Long Term Plan.
  - The Directors will be required to operate WWL as a successful business which only retains surplus cash to meet working capital requirements and to accumulate funds to meet renewal capital expenditure, and known periodic (multi year spend obligations) environmental mitigation, and maintenance costs, and towards the end of life of the dam accumulation of an investment fund to cover the decommissioning costs of the dam. The balance of annual free cash flows will be paid as a dividend to shareholders prorata to shareholding.
  - WWL not be allowed to raise any debt for the TDC 30 year loan repayment period.
  - Annual Revenue of WWL will be calculated by summing
    - budgeted administration and operating costs including depreciation and amortisation,
    - environmental mitigation costs,
    - cutting right compensation (for trees not to be harvested to protect the lake from erosion)
    - taxation cost (if any),
    - lake bed rental (Ngati Koata) and land access charges, and
    - a dam access infrastructure markup equal to 3 to 4% of WWL net assets. I refer councillors to the Network Tasman SCI targets and also Port Nelson and Nelson Airport Limited for appropriate rates of return and accounting policies appropriate for an infrastructure CCO.
  - Any hydro element to be subject to a separate business case and to TDC in its sole discretion agreeing both an upfront capital payment and an annual dam infrastructure access charge to the hydro operation which will likely involve an existing hydro operator familiar with and with the ability to remotely manage a new hydro power generation operation – this would reduce the WAC share (see below) for other affiliates and any capital sum can be returned by way of special dividend to shareholders pro rata to shareholding.
  - Water Augmentation Charges (WAC) will be equal to the sum of annual administration and operating costs including depreciation and amortisation and the dam infrastructure access

charge, with 20% of the total payable by TDC on behalf of the community at large for the excess dam capacity dedicated to future growth.

- Water augmentation charges will be levied to affiliated water users WIL (irrigators), TDC (Richmond supply, NCC (Roding) by way of ratio to “permitted” water right volume post dam completion. WIL will be bound for the first 30 years to a minimum 3000 hectares WAC obligation to enable TDC project loans to be fully extinguished.
- Subsequent to commencement new affiliation / water access entitlement will be subject to an open process that ensures the excess dam capacity dedicated to future growth is equitably shared between TDC, NCC and Irrigators.
- New affiliates including industry, irrigators and Richmond and surrounds reticulated customers will pay directly to WWL a dam infrastructure levy at an agreed HA equivalent rate appropriate to demand. 95% of this will be passed on to TDC to remunerate the excess dam capacity fund, the balance used to cover the WWL administration costs for new affiliation.
- All the preconditions as set out below will need to be met.

- **Preconditions to a project build proceeding**

- Rating
  - No Zone of Benefit Rate – this is an insult as many are choosing to not affiliate, already make their own provisions for augmentation, or will be levied via their connection to the Richmond and surrounds TDC potable supply services. If it proceeds it should be correctly labelled Zone OF Beneficial Giving Rate
  - Richmond water account pays its prorata WAC and equity loan servicing costs – estimated at 14.6% of allocated capacity
  - District wide General rate pays the servicing costs of the 20% WAC and 20% of the loan servicing costs for the “future capacity investment” component,
  - District wide General rate pays the loan servicing costs of the balance (estimated 16.4% to take TDC stake to 51%) as a regional economic significance investment which might also be mitigated by central government grants and will be paid back first out of dividends from WWL.
- Project costs total finalised to the satisfaction of TDC, WIL and public at large and to include sensible contingency sum (no less that the \$13million currently allowed) – project costs to cover carbon credit penalties, cutting rights compensation, etc
- Irrevocable commitment from WIL that they agree in principle to this proposal and to funding whatever it costs of 49% of the agreed total project sum required with contingencies, and payment of WAC for at least 3,000 hectares for the first 30 years – noting this will require a new offer document to affiliating irrigators
- Land is secured and costs confirmed within project plan approval
- TDC agrees that the special general rates associated to the Waimea Dam are extinguished once the initial loan commitments for the project are extinguished and the capacity is fully allocated or able to be serviced from the dividend stream from WWL
- Quantification of the up front and ongoing costs associated to environmental mitigations and the MO Environment Grant included in the project costs and annual operating budgets
- That this proposal once irrevocably committed to by WIL is subject to a special consultative procedure which will show the revised LTP financials clearly separated to show the Waimea Dam related Income, expense, Balance sheet and cash flow plan separate from all other activity, prior to TDC considering an IN PRINCIPLE GO / NO GO decision

### **Testing the facts on the WIL / Irrigator 49% participation**

Minister Jones advised Waimea Plains Irrigators and TDC need to do the heavy lifting for the Waimea Dam.

Currently WIL is offering \$15 million plus \$ 589.50 per hectare per year out of \$600 to Waimea Water Limited. To fully settle their proposed and touted 49% contribution threshold for the current project economics they need to be offering at least \$1,143 per hectare per year.

Council also need to procure that irrigators are irrevocably committed to take this up to \$1,612 per hectare per year if the project costs or interest rates blow out further than budget and they also need to commit to meet cpi increases in both WIL and WWL administration and operating costs.

Unless the “new information” the mayor is touting is increasing the irrigator commitment from \$600 a year to at least \$1,143 a year plus any bribe to take away the district wide general rate contribution then council would be fiscally irresponsible to reverse the no go decision.

Even with irrigators paying their 49% share of project cash requirements the **Zone of Beneficial Giving** ratepayers will still be **paying a subsidy** of 50 cents for every dollar paid by irrigators for at least 30 years.

Refer attached appendix



**Recommendations for consideration by TDC council in the proposed special public excluded meeting of 6 September:**

- Submit the above concept to PWC to finesse the business model and independently confirm the financial parameters associated to this approach for consideration by WIL and Council, which will be required to establish the CCO Statement of Intent and Statement of Expectation.
- Retain a professional and independent negotiating team to bring forward revised commercial arrangements between TDC and NCC, and TDC and WIL that meet the parameters set out above.
- Project team finalise the project budgets to P95 with the \$13 m contingency so both parties know the likely project cost they will have to fund their respective share of.
- Project team to develop loan servicing paper and negotiated interest rates so final contributions share between WIL and TDC can be determined.
- TDC council receive the report from PWC and the independent negotiator and if think fit request WIL for its irrevocable commitment.
- Senior management develop the contingency plan to defer other borrowing based infrastructure spend as when consolidated and with the loan guarantees TDC will be well beyond its voluntary debt cap every year in the LTP time frame which is a material risk to ratepayers. This will be required to be presented in a special consultative procedure that is now required given the project blow out costs take the borrowing well beyond the council debt cap – materially and certainly.
- WIL re issue its share and water provision offering.
- WIL provides TDC the irrevocable commitment in principle to proceed on this basis according to the parameters set out above.
- TDC project team to develop the contingency plan and replacement rating mechanism should WIL become insolvent and or be wound up leaving ratepayers stranded with the full costs of either the project or ongoing annual costs of operation debt servicing and retirement.
- Bring forward a special consultative procedure that clearly separates the Waimea Dam project from all other council activities in a revised LTP and clearly shows the likely duration of the special rates to fund this project, including the likely loan terms and repayments and any principal repayments from other commercial activities of council.
- TDC consider the submissions to the Special consultative procedure and take a final GO decision once
  - All land access and ownership issues in place
  - All preconditions are satisfactorily resolved
  - All related and required contracts are approved by all parties as being capable of being signed without further amendment following the “GO” approval
  - The SOI and SOE have been taken to public consultation as appropriate for this contentious and material ratepayer investment

Paul MacLennan  
River Terrace Road  
Brightwater

## Appendix

### GST exclusive look at what 49% WIL contribution means:

<b>Waimea Water Limited - Dam Project - The bottom line</b>				<b>Likely case</b>	<b>Worst Case</b>
<b>What does the cost of 49% unsubsidised look like</b>				<b>\$ millions</b>	<b>\$ millions</b>
<b>Project costs</b>					
LTP advised project costs				75.265	75.265
LTP advised project contingency				13.500	33.500
LTP advised already spent				6.600	6.600
Recently announced Project overruns				26.300	26.300
Loan interest - construction and commissioning period				9.000	11.000
WWL Working capital = Dam operating costs first year				1.667	2.041
				<u>132.332</u>	<u>154.706</u>
Less - MO Enviro grant				<u>7.000</u>	<u>7.000</u>
				<u>125.332</u>	<u>147.706</u>
<b>Total net assets invested</b>			\$ millions	125.070	147.600
<b>Water Benefits share - based on permitted takes (post dam scenario)</b>					
			Permit base	With Growth Allowance	
Potable Supplies					
NCC Roding			1.5%	1.2%	
TDC			14.6%	11.7%	
Irrigation interests			83.9%	67.1%	
Future growth capacity				20.0%	
			<u>100.0%</u>	<u>100.0%</u>	
<b>Assuming ratepayers agreed to subsidise the balance between 49% and 67.12%</b>					
(in the name of economic growth, environmental gain, possible recovery from hydro investor and further government grants)				<b>Likely case</b>	<b>Worst case</b>
				<b>\$ millions</b>	<b>\$ millions</b>
<b>Total net assets invested</b>				125.070	147.600
<b>Equity share</b>					
TDC			51.0%	63.786	75.276
WIL			49.0%	61.284	72.324
<b>WIL share capital raising</b>					
<b>Proposed Irrigator Contribution</b>					
	HA / Units	Years	Rate		
Capital	3,000	1	5,500.00	16.500	16.500
Less funds needed to defray own sunk costs				<u>1.500</u>	<u>1.500</u>
				15.000	15.000
Loan funds to find				46.284	57.324
CIIL Loan				22.120	22.120
Further Funds to find				<u>\$ 24.164</u>	<u>\$ 35.204</u>
<b>Per hectare servicing costs required</b>					
<b>1 Annual Loan Interest to service</b>					
	Interest rate				
CIIL Loan	2.40%			0.531	0.531
Other Loan	4.60% # note 3			1.112	1.619
				<u>\$ 1.642</u>	<u>\$ 2.150</u>
<b>2 WIL Admin and operating costs</b>					
	# note 2			<u>\$ 0.315</u>	<u>\$ 0.315</u>
<b>3 Loan retirement allowance to leave long term debt in place of</b>					
Principal to retire				23.000	28.000
Annual cost of debt retired over years = 30				<u>23.284</u>	<u>29.324</u>
				<u>\$ 0.776</u>	<u>\$ 0.977</u>
<b>4 49% of LTP dam operating costs</b>					
	# note 2			<u>\$ 0.817</u>	<u>\$ 1.000</u>
<b>Total Annual Irrigator contributions required at 49% participation</b>				<u>\$ 3.550</u>	<u>\$ 4.443</u>
<b>Minimum contribution required from initial 3000 hectares irrigation</b>				<b>\$ Per HA</b>	<b>\$</b>
				<u>\$ 1,184</u>	<u>\$ 1,481</u>
<b>Current Irrigator Advised Annual Contribution</b>				<b>\$ 600</b>	<b>\$ 600</b>
<b>Irrigator contribution shortfall before any council vote bribes</b>				<b>\$ 584</b>	<b>\$ 881</b>

#### Notes

- 1 To be fair irrigators would need to concede a Water access capital contribution for new entrants post
- 2 These costs will be subject to inflation so will increase the ask rate from all participants
- 3 Average council debt in the 2017 year was 5.71%
  - Any increase in interest costs above 4.6% will require increased contribution from all participants
  - At 5.71% would increase irrigator per hectare contribution requirement to **\$ 1,273** **\$ 1,612**

Good afternoon councillors,..... decision makers.

As defined by statute

The purpose of local government is -

- To meet the current and future needs of communities for good-quality local infrastructure, in a way that is most cost-effective **for households and businesses.** (Local Government Act 2002, section 10 (1)).

You are making a decision today, for all of us.

Us; are the households and businesses that make up the communities of this entire region.

This is a project that is for our children and our children's children, a project that keeps giving its benefits for over 100 years. Simply, intergenerational in its significance.

You have been given recommendations from the expert staff at TDC, you have been given peer reviewed engineering, economic, environmental and scientific reports. All in favour of saying, yes.

You have on the table grants from Central government; you have available interest free loans for a significant portion of the TDC cost of the dam.

You have most of the cost covered by irrigators seeking water security.

In the knowledge that a dam of half the size, would cost more than 80% of this one, yet wouldn't have the same environmental, economic, and social benefits,..... you said no.

Today..... you are going to be given an opportunity to say **yes** to water security for the largest segment of the region's population and for the benefit of all the regions communities.

We are not Cape town and never want to be!

Please follow the advice of the real experts, please do not follow the false narratives of the nay sayers.

I remind you, that when Columbus sailed of, seeking new continents, over 500 years ago, safe in the knowledge that the peer reviewed science said he wouldn't fall of the edge of the world. The water siders all said he was sailing to his death.

- Please don't ignore the reports of experts, per reviewed reports, economic analysis.
- Please don't be a water sider of 500 years ago,
- You are not flat earthers!

The objections to this dam do not hold water!

For the communities sake, to demonstrate leadership and good governance, you all must vote yes to this dam today.

You have a responsibility to do so under the Local Government Act (2002).

David Easton