

**SUBMISSION ON 'INFRASTRUCTURE: FACTS AND ISSUES' TOWARDS
THE FIRST NATIONAL INFRASTRUCTURE PLAN (September 2009)**

To: The Executive Director
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Overview of the Hurunui Water Project Limited

1. The Hurunui Water Project Limited (*HWP*) was formed in June 2008 by four founding shareholders: Hurunui Irrigation and Power Trust, Ngai Tahu Property, MainPower New Zealand Limited and David Teece, the owner of Eskhead Station.
2. Previously known as the Hurunui Community Water Development Project; the group has been assessing the feasibility of a water storage scheme for the Hurunui district since 2002, using local community contributions supplemented by grants from the Ministry of Agriculture's Sustainable Farming Fund and the Community Irrigation Fund. The aim of the project is to research the possibility of using the water resources in the district to enhance the well-being and economic health of the district. Currently, land in the area is predominantly dry-land farming and is becoming increasingly uneconomic to maintain. Since investigations began in 2002, the scientifically oriented research has shown that the Hurunui district has the potential to boost its productive capacity if a reliable irrigation scheme can be established.
3. A number of options were considered to provide secure water supply for the district's farmers and producers. In addition, options were considered on their environmental, social, technical and economical acceptance. The sustainable management of the Hurunui River remained one of the primary objectives of the project.

The Preferred Option

4. In June 2009, the HWP lodged a resource consent application to Environment Canterbury, which began the first stage of the formal approval processes for the project's preferred option. The proposed scheme comprises of three locations:

- **Location 1: Lake Sumner**

A weir is proposed 80 metres downstream of the natural outlet channel of Lake Sumner, which would control the height of the lake within its normal range and effectively impound up to 40 million cubic metres of dynamic water storage in the lake.

- **Location 2: Hurunui River South Branch**

A 75 metre high dam is proposed, which would impound approximately 160 million cubic metres of water in a newly formed lake of which 111 million cubic metres is available for irrigation and hydro-generation.

- **Location 3: Hurunui River**

Water is proposed to be taken from the Hurunui River through one intake structure which could potentially include hydro-generation. Two sites are included in the

resource consent application; the final choice of location would depend on whether the higher cost of the elevated location would be offset by the ability to generate power and the additional savings from the lack of pumping to part of the irrigable area.

5. It is envisaged that the proposed scheme could provide irrigation water supply to approximately 42,000 hectares of land in the Hurunui district.

HWP's Submission

6. As a proponent for rural water infrastructure, the HWP therefore has a particular interest in the development of a National Infrastructure Plan (*NIP*). The HWP has carefully reviewed the precursor document *Infrastructure: Facts and Issues* (September 2009, the *discussion document*) and wishes to assist in the development of the NIP and will attempt to address some of the seven questions raised using examples from its experiences to date.
7. The HWP also seeks further clarification which it would like the National Infrastructure Unit to consider and address in the NIP.

Purpose of a National Infrastructure Plan

8. The HWP understands that the NIP will be a high-level, non-statutory document that is intended to provide an indication of future infrastructure projects. The NIP will be a 20-year plan, updated on a 3-yearly basis which would assist Ministers, agencies, local government and the private sector to identify needs and prioritise investments to increase growth.
9. Overall, the HWP supports the development of a NIP.
10. The HWP considers that the NIP would be a useful document that would provide guidance to future legislative reforms, including the RMA, and one that Consent Authorities should have regard to when considering an application for a project listed in the document. Under section 104(1)(c) of the Resource Management Act, Consent Authorities are required to consider any other matter that is of relevance and is reasonably necessary to determine the application. The HWP however considers that clarification on the intended context of the NIP in the resource management processes should be made clear in the NIP to ensure that all parties are aware and is able to give the appropriate level of consideration.

Strategic Direction

11. The HWP acknowledges that the Government's strategic direction on infrastructure is divided into 'immediate priorities'; other priorities in early stages of policy development; and two longer term issues for consideration.
12. The HWP is pleased to see water and irrigation being identified as a priority for policy development. However, it is unsure from the discussion document on how and when these priorities identified would be addressed against those that are identified as immediate priorities. For example, are the priorities for policy development seen as

'second stage' work for the Government, which would follow only when the work on the immediate priorities are complete; or would work progress simultaneously, however, understandably, more focus may be put on those immediate priorities.

13. In addition, while the HWP supports the strategic direction as currently outlined, it considers that further clarification would be useful in the NIP to provide an indication on the Government's intended timing for these work listed in the 'other priorities'.

Current Policy Work: Water/Irrigation

14. The HWP concurs with the discussion document that irrigation in New Zealand enables productivity improvements that are often much higher than the financial cost of providing it. It however is pleased that the Government also recognises its role in ensuring competing issues on freshwater are properly managed to reduce wasted efforts and uncertain outcomes.
15. The HWP supports the three-pronged approach being initiated by the Government to improve freshwater management. Furthermore, the HWP seeks an opportunity for involvement in this process to assist the development of the high-level shared outcomes, goals and long-term strategies.

Sectoral Analysis: Rural Water Infrastructure

16. While in general, the HWP considers the discussion document provides an accurate reflection of the current irrigation sector, it wishes to raise the following points.
17. The HWP notes that the sectoral analysis does not appear to include any information regarding the economic benefits of irrigation infrastructure.
18. As part of the HWP application, an economic assessment was undertaken which included a comparison between scenarios of full irrigation (over the 42,000 hectares) and partial irrigation (over 15,000 hectares). The scenarios were further assessed against different land use change proportions comprising of dairy and arable land.
19. Currently, the Hurunui district uses less than 2 percent of water for irrigation. The scheme being proposed would use of up to 9 percent of water; however the return is anticipated to be in GDP of \$300 million per annum. Only 1-2 percent of this return is likely to be in direct profits for the farmers. The rest would be dispersed into the Hurunui and wider community indirectly through additional employment (both on farming and supplementary suppliers); greater business activities; more consistent financial flow through the community; and other positive economic effects.
20. The HWP considers that through detailed assessment and extensive consultation with affected parties, irrigation development could be undertaken which minimizes the environmental adverse effects whilst inducing a significant amount of positive economic and social benefits.
21. Aside from the statistical information, the HWP also considers that the sectoral analysis appears to focus only on the provision of irrigation infrastructure by itself.

22. The HWP considers that with the range of competing demands in rural water, particularly demands between the economic, environmental and recreational users, sustainable management of rural water should not be focused only on a single use. Opportunities for cross-sectoral development should be recognised and encouraged in any NIP being developed. The integration of different but compatible uses promotes the sustainable use of valuable resources whilst at the same time introduces the ability for innovation in project development that considers efficiencies.
23. In addition to the above, the HWP considers that the discussion document fails to identify the difficulties of obtaining finance and support for water projects due to the huge variety of legal processes that could hinder the progress of any development.
24. Throughout its investigations, the HWP has had to consider a number of relevant statutory and non-statutory instruments both within the Hurunui district and the Canterbury region. As well as having regard to any operative instruments (such as the Operative Canterbury Regional Policy Statement), the HWP has also actively participated, and is still participating, in the development of a range of proposed instruments that seek to provide further guidance on freshwater management at the national level, in the Canterbury region, and on the Hurunui River. In particular, these instruments include:
- Proposed Hurunui River Water Conservation Order (*Proposed WCO*)
 - Proposed National Policy Statement for Freshwater Management
 - Canterbury Proposed Natural Resources Regional Plan (*NRRP*), Proposed Variation 1: Chapter 5 Water Quantity
 - Proposed *NRRP*, Proposed Variation 8: Chapter 5 Water Quantity (setting minimum flow and allocation conditions on the Hurunui River and Tributaries)
 - Hurunui River Management Plan
 - Canterbury Strategic Water Study
25. The HWP's experience in participating in these processes to date has been extensive, both in the range of expert advice required and the financial costs involved. Whilst this has been the case, aside from the Proposed WCO (for which a recommendation by the Select Committee has been made, and it is currently going through the Environment Court process), the HWP appreciates the need for these instruments to provide direction and guidance on how water resources should be managed, both at the national and regional levels.
26. Nevertheless, the HWP supports any proposal for regulatory reforms being initiated by the Government which would assist the streamlining the processes required for development of rural water infrastructure. The HWP understands that Phase II of the Resource Management Act reform includes a workstream on establishing a fairer and more efficient water management system with greater central Government direction. The HWP would support any reform that provides establishes an environmentally acceptable water regime while providing certainty and clarity for infrastructure

providers. The HWP recognises that an approved NIP could also provide direction to any regulatory reform.

Cross-Sectoral Issues: Regulatory Issues

27. The HWP supports the regulatory reforms being undertaken, which includes in particular the RMA reforms previously discussed.
28. The HWP is also interested in the single consenting process being proposed by the New Zealand Council for Infrastructure Development (NZCID). The HWP agrees that there would be significant benefits, particularly for large infrastructure projects, if a single consenting process could be introduced. The HWP seeks further clarification on this initiative and also the meaning of 'nationally critical infrastructure'.

Cross-Sectoral Issues: Climate Change

29. The HWP notes this section and generally supports the information and the accuracy of this information. The climate change issues described are consistent with the assessment that has been undertaken by the HWP for its Assessment of Environmental Effects.

Conclusions

30. In general, the HWP supports the *Infrastructure: Facts and Issues* discussion document and in particular supports the intention of the Government to develop a NIP.
31. The discussion document currently includes a broad overview of the issues faced by proponents for irrigation infrastructure. This submission has highlighted additional issues that have been experienced by the HWP in the development of its proposed irrigation scheme in the Hurunui. The HWP considers that these issues are significant and should be recognised and addressed in any NIP being developed.
32. The HWP would be happy to provide to the National Infrastructure Unit, further information on its proposed irrigation scheme and details on its involvement in the various statutory and non-statutory documents relating to freshwater management that has had, and is still continuing to have, an impact on the development of the project.