

The Treasury

Ruataniwha Dam Information Release

Release Document

November 2013

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9(2)(a) - to protect the privacy of natural persons, including deceased people

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9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions

9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

Information Being Released

OIAs 20130391, 20130404, 20130407, 20130408

| | |
|-------|---------|
| Doc 1 | Page 1 |
| Doc 2 | Page 6 |
| Doc 3 | Page 11 |
| Doc 4 | Page 16 |
| Doc 5 | Page 18 |
| Doc 6 | Page 19 |
| Doc 7 | Page 20 |

IN-CONFIDENCE



Treasury Report: Briefing for meeting with Alan Dick on Water Storage, Hawkes Bay

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|--------------|-----------------|-------------------|------------|
| Date: | 29 October 2009 | Report No: | T2009/2417 |
|--------------|-----------------|-------------------|------------|

Action Sought

| | Action Sought | Deadline |
|--|--|------------------------|
| Minister of Finance (Hon Bill English) | Note | None |
| Associate Minister of Infrastructure (Hon Steven Joyce) | Note the briefing for your meeting with Alan Dick | Friday 30 October 2009 |

Contact for Telephone Discussion (if required)

| Name | Position | Telephone | 1st Contact |
|---------------|--|------------------|-------------------------|
| Tom Hall | Manager, Natural Resources Management | 04 917 6150 (wk) | Withheld under s9(2)(a) |
| Rachel Robson | Senior Analyst, Natural Resources Management | 04 917 6172 (wk) | ✓ |

Minister of Finance's Office Actions (if required)

| |
|-------|
| None. |
|-------|

Enclosure: No

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29 October 2009

SH-12-2-4-3

Treasury Report: Briefing for meeting with Alan Dick on Water Storage in Hawkes Bay

Executive Summary

This briefing provides information for your discussion on water storage in Hawkes Bay with Alan Dick, Chairman of the Hawkes Bay Regional Council on Friday 30 October 2009.

Water resources are coming under increasing pressure in the Hawkes Bay from demand for irrigation to increase agricultural productivity, and from successive droughts.

The Hawkes Bay Regional Council (HBRC) is taking a proactive approach to managing water demand, including planning for storage to augment ground and surface water, and appears to be doing a good job at bringing its communities along with it.

It is in the fortunate position of having a capital base for investing in water storage and distribution, and is also setting up innovative community trusts to encourage users and other investors including iwi and hydro companies to invest. The council considers, however, that the development of local government sector capital markets would assist with fund raising challenges.

The government has a number of initiatives underway to facilitate rural water infrastructure under the Resource Management Reforms, New Start for Fresh Water, and an initiative to explore options for local governments to borrow more cost-effectively. Officials will be reporting to ministers in November 2009 on barriers to water infrastructure development and options for addressing them. A joint local-central government steering group has also been set up to explore options for local governments to borrow more cost effectively.

Issues you could explore with Mr Dick could include:

1. Barriers he perceives to optimal water infrastructure development
2. The financing options the council is exploring for water storage projects
3. The role of iwi in water infrastructure development.

Recommended Action

We recommend that you **note** this briefing

Tom Hall
**Manager Natural Resource Management
for Secretary to the Treasury**

Hon Bill English
Minister of Finance

Hon Stephen Joyce
Associate Minister of Infrastructure

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Treasury Report: Briefing for meeting with Alan Dick on Water Storage in Hawkes Bay

Purpose of Report

1. This briefing provides information for your discussion on water storage in Hawkes Bay with Alan Dick, Chairman of the Hawkes Bay Regional Council, on Friday 30 October 2009.

Analysis

2. Much of the region's surface and ground water is now either fully allocated, or awaiting outcomes from scientific investigations of ground surface water interactions before further allocation. About 90% of the large aquifer resource underlying the Heretaunga Plains and Ruataniwha Plains is used for irrigation. An additional 40,000 hectares are considered irrigable if water supply were available.
3. Droughts in recent years (including three consecutive autumn droughts in 2007, 2008 and 2009 in much of central and south Hawkes Bay) and the expected impact of climate change on the region have been putting further pressure on water resources. Increased storage along with better water management overall is being explored as a potential solution.
4. The HBRC has several initiatives in place, particularly in relation to water harvesting in rural areas. It proposes a multi-faceted approach to water management, working simultaneously on:
 - a) improving scientific knowledge of the resource;
 - b) improving allocation of water;
 - c) improving water quality standards;
 - d) enhancing water demand management; and
 - e) potentially investing in capital and infrastructure projects.
5. The work will be carried out through two programmes:
 - a) *the Strategic Water Programme*, which among other things will assess potential demand and supply under various climate change scenarios, and identify possible strategies for integrated water management. The SWP will be progressed catchment by catchment, prioritising those catchments that are under most pressure.
 - b) *Water harvesting*. The Council is facilitating investigation of water harvesting/storage opportunities in collaboration with local communities, with a focus on three water-short catchments:
 1. Upper Tukituki River (Ruataniwha Plains, Central Hawkes Bay);
 2. Ngauroro River (west of Hastings); and
 3. Karamu (around Bridge Pa, where 35 households were without water for up to 6 weeks over the last summer).

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6. The HBRC received funding from the MAF Sustainable Farming Fund (SFF) for pre-feasibility studies for water augmentation options in a number of catchments (Ruataniwha Plains, Ruataniwha Basin, Ngaruroro and Upper Karamu) and plans to apply for funding from the Community Irrigation Fund to assist with raising investor and stakeholder support if a feasible option is identified from the studies.
7. Given the public view that water quality is compromised by agricultural intensification resulting from irrigation, HBRC is investing in nutrient stripping wetland systems both on farm with farmers and piloting one major system within its drainage network and plans to increase this area of infrastructure investment.
8. The Council is considering investing some of its reserve funds in water storage infrastructure (as a business proposition earning ratepayers an equivalent return on investment to other investments).
9. It is also setting up local trusts to manage water harvesting and distribution projects. Early investors in the local trusts would obtain additional benefits over later investors to offset the greater risk they take. (About 50 existing irrigators were considering such involvement in the Takapau area in May this year.)
10. Other potential investors include iwi (Ngati Kahungunu, Ngati Pahauwera) and the private sector (Meridian Energy is understood to be diversifying its business into investments in water storage infrastructure just for irrigation).
11. In its submission on the draft National Infrastructure Facts and Issues document in October this year, the HBRC suggests fund-raising might be assisted through development of local government sector capital markets.
12. Treaty settlements will potentially see iwi become a major economic partner, as well as most likely see water co-management arrangements introduced.

Comment

13. The HBRC has been proactive in taking a region-wide approach to water management and water infrastructure. It appears to be working effectively with both its communities in identifying values, priorities and options, and with innovative ways to fund water infrastructure.
14. The government has a number of things underway to facilitate rural water infrastructure under its Economic Growth Agenda, Infrastructure Plan and Regulatory Reform work programmes, including:
 - The current Resource Management Act amendments which stream-line consent processes and further work on land acquisition (designations and compensation) under the wider Resource Management Reforms Stage II
 - The National Infrastructure Plan (due December 2009)
 - The Land and Water Forum collaborative process, which includes a wide range of irrigators and other stakeholders and will report to government on high level goals and strategies to improve water management in June 2010
 - An officials' report to ministers in November 2009 on options for addressing regulatory and market barriers to infrastructure development under the New Start for Fresh Water work programme – this is likely to include advice on further RMA changes; options for assisting councils with effective water planning; and expansion of the Community Irrigation Fund to assist with a wider range of barriers

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- A joint local-central government steering group, which is exploring options for local governments to borrow more cost effectively. One option involves setting up a single entity such as a local government bond bank. This could access finance at a lower cost to help local councils finance infrastructure investments.

15. Issues you could explore with Mr Dick could include:

- Barriers he perceives to optimal water infrastructure development
- The financing options the council is exploring for water storage projects
- The role of iwi in water infrastructure development.

Other Relevant Information

16. The Hawkes Bay also faces flood management and erosion problems, which are severe enough in some regions to reduce the land's productive capacity, degrade river systems and damage infrastructure. The HBRC has received government funding to treat erosion in the Wairoa District and Huatokitoki Catchment.

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Treasury Report: Potential of Irrigation

| | | | |
|--------------|-----------------|-------------------|------------|
| Date: | 9 November 2010 | Report No: | T2010/2187 |
|--------------|-----------------|-------------------|------------|

Action Sought

| | Action Sought | Deadline |
|--|----------------------------------|--------------------------------------|
| Minister for Infrastructure (Hon Bill English) | Discuss with the Treasury | 1:30pm - Wednesday, 10 November 2010 |
| Associate Minister for Infrastructure (Hon Steve Joyce) | None | None |

Contact for Telephone Discussion (if required)

| Name | Position | Telephone | 1st Contact |
|----------------|---|------------------|------------------------------|
| Dieter Katz | Principal Advisor, National Infrastructure Unit | 4715264 (wk) | Withheld under s9(2)(a) ✓ |
| Richard Forgan | Executive Director, National Infrastructure Unit | 8907217 (wk) | |

Minister of Finance's Office Actions (if required)

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| None. |
|-------|

Enclosure: No

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9 November 2010

Treasury Report: Potential of Irrigation

Purpose of Report

1. You are meeting with several ministers on 16 November to consider a draft Cabinet paper from the Minister of Agriculture, prior to its submission to EGI Cabinet Committee. This report provides some information for our preparatory meeting with you at 1:30pm on Wednesday 10 November 2010.

Background

2. We understand the draft Cabinet paper is likely to recommend the expenditure of government funds on promoting irrigation, largely on the basis of the results of some modelling carried out by NZIER (this is discussed further below). The draft paper is likely to present the following five options:
 - a) Government to provide guidance material only, akin to the 'Better Business Case' and PPP Guidance initiatives.
 - b) Top up the existing Irrigation Fund, which provides support for preparatory investigations and scheme development.
 - c) Set up an 'active' Irrigation Fund, which provides support for preparatory investigations and scheme development under active guidance from a government agency.
 - d) Establish a kind of Venture Capital Fund, which would participate in investing in early stages of irrigation schemes on a commercial basis.
 - e) A majority Crown-led vehicle to build the irrigation schemes, akin to Crown Fibre Holdings.

Analysis

Economy-wide impacts

3. MAF engaged NZIER to investigate the economy wide or 'New Zealand Inc' costs and benefits of a set of representative irrigation schemes using its dynamic computable general equilibrium model. The inputs into the model were obtained from agricultural consultants that were engaged for that purpose. The model suggests that these schemes will increase GDP by around \$2.1 bn or 0.8% from 2035 on.
4. We understand that the large long-term gains suggested by the model arise principally from the stimulatory effect of the construction activity (both on- and off-farm) on the economy. Most of the construction is assumed to occur between 2015 and 2024, with a peak in 2017. The effect is not counter-cyclical, but long-term. NZIER advise that additional sources of the GDP gain are based on assumptions that:
 - in the short-term the construction works reduces unemployment;
 - a larger stock of capital expands the productive capacity of the New Zealand economy;

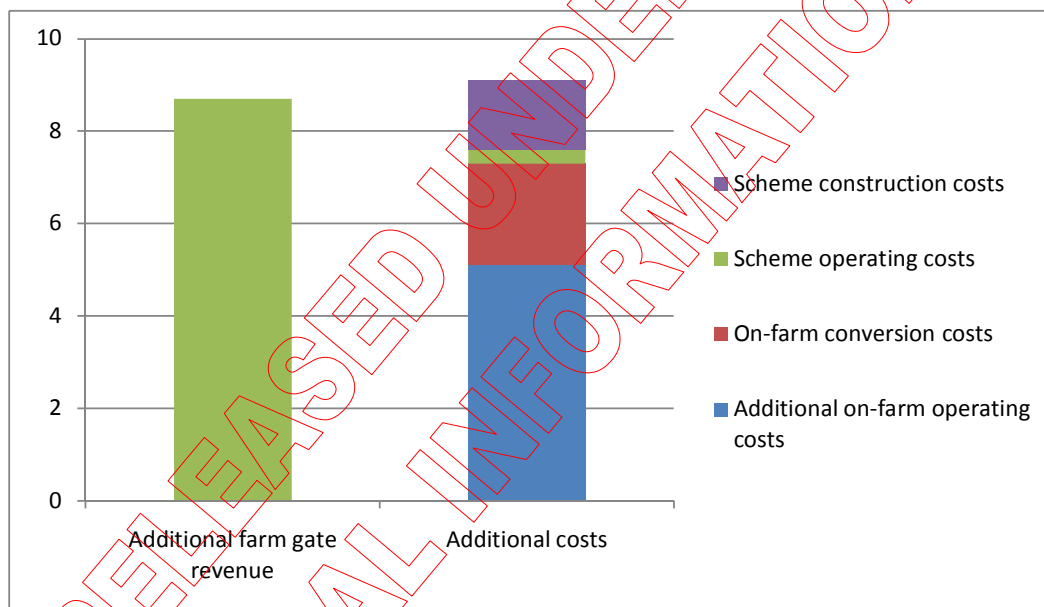
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- irrigated agricultural land is more productive than dry land;
- there are positive spill-over effects on upstream and downstream industries; and
- increased exports have beneficial effects on the terms of trade, the exchange rate and foreign debt.

5. Social and environmental costs have not be considered.

Farm gate revenue and costs

6. The following chart sets out the information that was used as input into NZIER's general equilibrium model in the form of an aggregate farm budget, or a business case (numbers are in \$billion net present value):



7. This information suggests that at the farm gate the costs exceed the benefits. This does not preclude the possibility that some individual schemes may have positive benefit / cost ratios. MAF are not proposing to put the information together in the form of a business case because it is considered too crude for that purpose at this stage.
8. We have also analysed some of the individual schemes that are currently in contemplation. They generally promise poor to average rates of returns when on-farm income and expenditure is taken into account (we have not been able to obtain good information on all of them and generally rate the analysis as very rough):

| Scheme | Hectares | Type | Internal Rate of Return (real pre-tax) |
|------------------|----------|---------------|--|
| Advanced: | | | |
| Te Pirita | 6,000 | Coop | |
| Tarras | 7,772 | Coop | Withheld under s9(2)(j) |
| Waimea | 6,000 | Council/ Coop | |

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| Scheme | Hectares | Type | Internal Rate of Return (real pre-tax) |
|--------|----------|------|--|
|--------|----------|------|--|

Water consent subject to appeals:

| | | | |
|----------------------|--------------|------|--|
| Central Plains Water | up to 60,000 | Coop | |
|----------------------|--------------|------|--|

Feasibility studies underway:

| | | | |
|--------------------------|--------|-------------------|-------------------------|
| Hunter-Downs | 34,660 | Coop/ Meridian | Withheld under s9(2)(j) |
| Hurunui | 35,000 | Coop | |
| Ruataniwha (Hawke's Bay) | 22,500 | Council | |

In early stages:

| | | | |
|-------------------------|---------------|------------|-------------------------|
| Lees Valley | up to 120,000 | Council | |
| Wairarapa | 30,000 | Council | Withheld under s9(2)(j) |
| Lake Coleridge | 62,000 | Trustpower | |
| Ngaruroro (Hawke's Bay) | 10,000 | Council | |
| Tutaekuri (Hawke's Bay) | 8,000 | Council | |

9. The poor to average prospects of most schemes have been reinforced by anecdotal comments from some farmers, councils and participating electricity companies.

Discussion

10. If the farm gate analysis indicates that irrigating the proposed areas would (in aggregate) constitute a loss-making investment, while the CGE modelling indicates a net economic gain, there are valid questions to be raised as to why such a difference (which is by no means impossible) arises. We are still working with NZIER to understand and reconcile the difference.
11. If the Government is to play any role in taking forward irrigation schemes, it will inevitably be faced with decisions on individual schemes. And in this respect, there are two wider points that need to be considered:
- The quality of business case analysis on individual schemes is generally very poor, so we cannot have a high level of confidence in any of the scheme analyses; but
 - Notwithstanding the above, what analysis has been undertaken indicates a reasonably wide range of potential scheme viability (some reasonable, some indifferent, some poor).
12. Generally, we would consider it plausible that there are some good schemes, but would also have to acknowledge that the current quality of business cases makes this hard to judge at present.

Key Questions and Likely Next Steps

13. The Government will need to decide whether and to what extent it wishes to become involved in progressing this initiative, and that will ultimately come down to decisions in individual irrigation schemes. We understand that MAF will be recommending that the Government allocate some funding to undertaking much more robust scheme feasibility analyses and development. This would need to include positioning farmers to deliver uptake, and investigating mechanisms that would enable uptake risk to be bridged without Government support.

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14. There are some prior, in principle questions about whether to even commit to such an analysis (which would cost some millions of dollars):
- Does the Government accept that the economy would benefit from further stimulation?
 - Would irrigation be its first choice for investment, compared to other alternatives?
 - Noting that the Canterbury, Hawke's Bay and Wairarapa regional councils have already initiated processes to develop regional irrigation schemes, does the government want to intervene in those processes?
15. If the next step (detailed analysis) is to be taken, a key driver of success and risk management will be setting in advance the principles that will underpin Government's future decisions on whether to progress schemes, as this will inevitably pre-condition how the choice and analysis of individual schemes proceeds. Key questions are:
- Is Government prepared to develop or facilitate commercially feasible schemes so as to resolve coordination/club good problems?
 - Would the Government consider participating in schemes so as to secure wider public good benefits, or positive externalities, that would not be captured within a scheme's commercial boundaries?
 - Would Government ever wish to subsidise schemes (and what is the definition of "subsidise")?

Recommended Action

We recommend that the Minister for Infrastructure:

- a **discuss** this report with Treasury at our forthcoming meeting.

Agree/disagree.

Richard Forgan
Executive Director
National Infrastructure Unit
for Secretary to the Treasury

Hon Bill English
Minister of Finance

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Date: 17 December 2010

SH-10-6-3-1



To: Minister for Infrastructure

AIDE MEMOIRE: IRRIGATION

At our meeting on Thursday 16 December we advised you that some regional councils have well advanced plans for irrigation and regional water management and that the government should consider the option of supporting the councils rather than seizing control with its own irrigation initiatives. This note provides some background on the regional councils' plans.

Canterbury

Most irrigable land by far is in Canterbury – potentially some 270,000 ha. The Canterbury Mayoral Forum and Environment Canterbury (ECAN) have been developing the Canterbury Water Management Strategy, which proposes the development of an integrated approach to managing the region's water resources. The Strategy anticipates the development of substantial water harvesting, storage and subsequent distribution infrastructure.

ECAN has established 10 zone committees and one regional committee which are tasked with giving effect to the Canterbury Water Management Strategy. The regional committee and the majority of these zone committees are up and running. While this arrangement may seem cumbersome, its purpose is to get community buy-in and reduce the risk of court battles and lengthy delays. A number of existing irrigation schemes took 10 years to come to fruition, so it seems worthwhile to try a different approach, especially since the issues confronting water management are becoming more complex and pressing.

A significant part of the work of the committees will be to identify the demand for irrigation and the possible arrangements for supply including the construction of storage facilities. One such storage facility being contemplated is the Lees Valley dam, which could cost up to \$1 billion. A pre-feasibility study is well underway and is expected to be completed by February.

Other possibilities are to draw water from Lake Coleridge and to build a storage lake on the Hurunui. In order to increase the reliability of water supply, these water sources could be inter-linked.

ECAN is also giving consideration to the business model that should be adopted for delivering the necessary infrastructure. The model that is currently being developed is described in the annex. As it stands at present, it has the following commendable features:

- It recognises that for the projects to be fundable, they must be capable of attracting private sector investors. This means:
 - There must be an expectation, based on a robust feasibility study and business case, that they will produce a good internal rate of return;

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- consent risk must be eliminated by obtaining all necessary consents, and uptake risk must be largely eliminated by obtaining binding commitments from most water users, before the project is investment ready and ready for construction; and
- the development company must have a credible commercially-focused board and management.
- It is structured in two or three stages, giving early investors a clear exit strategy. This gives early investors the ability to limit their exposure and get their money back, while holding out the prospect of a higher rate of return than that obtainable by later investors. It also ensures that a sound commercial test is applied before the next stage is embarked on.
- While it will most likely seek a contributing investment from Government, at least for the initial stage (which requires money for feasibility studies), it appears to recognise that it will need to obtain funding from other sources too, such as district councils, the regional council and private investors.

It is expected that the business model will be considered by ECAN in March. If the pre-feasibility study is positive, then the intention is to proceed with the establishment of an irrigation development company along the lines set out in the annex to raise the necessary funds to carry out a full feasibility study, obtain consents, sign up users (or more likely 'aggregated consent entities' – see annex) and get the project 'investment-ready'.

Hawkes' Bay: 40,000 ha

The Hawkes' Bay Regional Council is in the process of developing a Regional Water Management Strategy. Water harvesting and storage will be integral to the implementation of the Strategy once it is finalised. Storage will provide for the replacement of current ground water and surface water takes to reduce pressure on summer low flows, improve the reliability of current irrigation and provide for a substantial expansion of irrigation onto fertile soils.

Investigations have advanced to the feasibility stage in the Ruataniwha Plains (Tukituki Catchment). The Council's intention is to progress investigations in the Ngaruroro Catchment (including the Heretaunga Plains) and then into the Tutaekuri Catchment. Consultation processes are also well under way. We understand that the Council has also already given consideration to possible funding sources, including the sale of its equity in the port.

A 10 – 15 year staged development period is anticipated.

Waimea: 5,800 ha

A storage lake is being planned to replenish ground water. Pre-feasibility and feasibility studies have already been carried out. Community consultation has been completed. A prospectus for raising the capital for construction is in preparation. Consents still have to be obtained, but this does not look likely to be difficult given the extent of stakeholder consultation that has taken place. The dam is expected to cost around \$42 million. The project is a joint venture between the Waimea Water Augmentation Committee and the Tasman District Council, among others. It is likely

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that they will seek a government contribution towards the costs. It is expected that construction will be completed for the 2014/15 summer.

Wairarapa: 30,000 ha

A feasibility study was carried out on a storage lake and irrigation proposal which, however, showed that the project was not economically viable. We understand the Greater Wellington Regional Council is now actively exploring alternative options. No solution has yet been identified that has a prospect of being economically feasible.

Conclusion

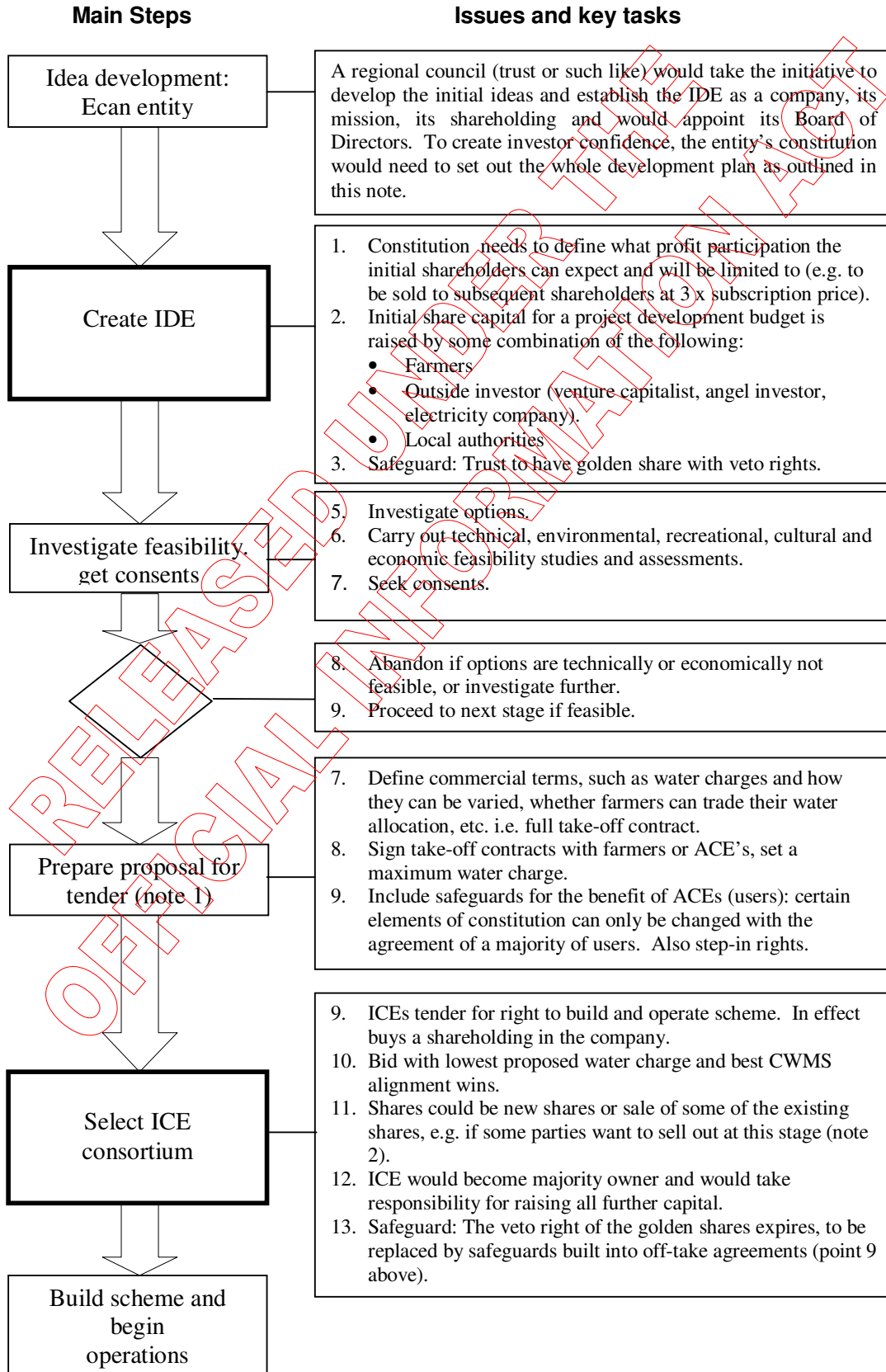
All the above regional councils (possibly apart from GWRC in respect of Wairarapa) are well underway in developing regionally-based irrigation schemes. Their strategies recognise the complexities of irrigation given the need to reconcile economic, environmental, recreational, social and Maori values, and generally the intense public interest. It seems desirable for any government involvement in irrigation to take the form of support for what the regional councils are doing rather than take the initiative away from them. It would also be helpful to make it clear that the government's involvement would be on a fully commercial or equal basis with other investors. Any indication otherwise would simply incentivise scheme promoters to focus their efforts on maximising the level of subsidy being provided through cheap finance.

Dieter Katz, Principal Advisor, NIU, DDI 4715264, Withheld under s9(2)(a)
Richard Forgan, Executive Director, NIU, DDI 890 7217, Withheld under s9(2)(a)

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IRRIGATION DEVELOPMENT ENTITY (IDE)

(See next page for explanations)



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Notes to Diagram

IDE: Irrigation Development entity

ACE: Aggregated Consent Entity – a significant group of farmers who are organised by a zone committee as a buying block, not just of water but possible technology and on-farm reticulation.

CWMS: Canterbury Water Management Strategy

Note (1): This is the most critical stage in the development of an irrigation scheme. The company will in effect be handed over to an ICE who will become the majority or sole owner. A tendering process will ensure that the ICE is only remunerated for the construction and operation of the scheme to the extent necessary and no more. This does not preclude an ICE making good profits if it is successful in building or operating the scheme at lower cost or can sell the water to more parties than anticipated – the prospect of such profits provides the ICE with the incentive to minimise costs and maximise the usefulness of the scheme to users, i.e. to optimise the configuration of the whole scheme.

However, given the competitive tender process the ICE will be incentivised to pass on any efficiencies it thinks it can achieve through bidding lower water charges. It will only make super-normal profits if it performs even better than it anticipated at the tendering stage. The ICE is likely to be a consortium consisting of a construction company, a financier or merchant bank, possibly an underwriter if it intends to raise finance from a public subscription, and a company that will operate the scheme. Any of these three parties can lead the consortium. The consortium will put a bid together and undertake the negotiations. For tendering process see accompanying guideline.

(2) There needs to be a mechanism for allowing early investors to recover their investment plus the time value of money and compensation for risk (if the investment is successful). The price at which the initial shares will be sold should be defined at the outset, and should be set to provide a [300]% profit if the scheme is successful (i.e. if a builder and operator is successfully selected). This seems reasonable given the role of the early investors is essentially that of a venture capitalist.

The profit level can be adjusted separately for each scheme and will depend on an assessment of the riskiness of the project and the length of time between initial investment and capital recovery. Note that farmer participation in the early share capital seems desirable. Farmers should be given a first right to shares in the company. The larger the pre-determined profit level for early investors, the more farmers will be induced to participate at this early stage.

From: Dan Marshall
Sent: Friday, 21 September 2012 4:59 p.m.
To: ^Parliament: Cameron Burrows
Cc: ^{Withheld under s9(2)(g)(i)}
Subject: MPI Irrigation paper and meeting

Hi Cam,

Points on Irrigation Briefing below.

You are meeting with the Minister for Primary Industries and the Associate Minister of Finance at 5.00 on Monday 24 September in relation to the Crown investment in irrigation schemes.

In advance of the meeting, the Ministry for Primary Industries has submitted a paper to yourself, the Minister for Primary Industries and the Associate Minister of Finance titled 'Crown Investment in Irrigation- what might a scheme look like?' This paper has been prepared in consultation with the Department of Prime Minister and Cabinet and Treasury, following a request made in July on an example of what a scheme might look like. The paper also sets out the proposed key steps in the investment approval process, and aims to support discussion on decisions regarding the high-level design and investment principles for Crown investment in irrigation infrastructure.

Irrigation Acceleration Fund (IAF)

We have concerns with the methodology proposed as to the "investment ready" nature of proposals coming out of the IAF process.

Our primary concern with the proposed investment approval process is the level of subsequent due diligence analysis required by the Crown. We believe this should be completed as part of the IAF process ensuring truly "investment ready" proposals. This may require further consideration of the current IAF structure.

We also note that the original role for the Board of Experts was to play a consultancy type role within the IAF. This does not appear in the current proposal. The benefit of this would be two-fold with access by scheme proponents to specialists at an early stage while also providing the Board with a greater depth of understanding of each proposal.

Protecting the Crown's investment

The original paper submitted by MPI was prepared on the basis that the Crown would be an investor of last resort – to bridge the final equity gap that the private sector would not take due to the uptake risk associated with the project. ^{Withheld under s9(2)(f)(iv) and s9(2)(j)}

²Some level of incentivisation/ KPI regime is required to ensure that the interests of scheme proponents/ private sector equity investors are aligned with those of the Crown in order to ensure that uptake is realised and Government ROI realised.

³
^{Withheld under s9(2)(g)(i)}

Ministerial involvement

The proposed investment approval process implies a high level of ongoing Ministerial involvement. The Minister may want to consider whether is Minister's intention or desirable.

Budget Timelines

In addition to this, the Minister of Primary Industries has publicly stated that the Government is committed to spending \$400 million investing in irrigation infrastructure.

Withheld under s9(2)(f)(iv) and s9(2)(j)

At Budget 2012, the forecast capital allowance for Budget 2013 was set at \$1.2 billion.

Withheld under s9(2)(f)(iv)

Happy to discuss further this evening or over the weekend.

Regards,

Dan and ^{Withheld under s9(2)(g)(i)}

Dan Marshall | Senior Advisor, PPP Programme | The Treasury

Tel: +64 4 917 6285 ^{s9(2)(a)} Dan.Marshall@treasury.govt.nz

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From: [Redacted]
Sent: Friday, 18 January 2013 9:47 a.m.
To: ^Parliament: Cameron Burrows
Cc: Melody Guy
Subject: Irrigation- Announcement of quantum of funding

Hi Cam,

As discussed over the phone, you have been contacted by Minister Carter's Office who have informed you that the Minister is planning to make an announcement following to the press Monday's Cabinet meeting. The announcement covers the principles and funding agreed by Cabinet for irrigation in December last year.

We understand that the Minister for Primary Industries wishes to announce that the first tranche of \$80 million has been put aside. We had previously understood that he would announce that funding had been put aside, but not the quantum of funding. [Redacted]

Please let me know if you need any further info.

Thanks,

[Redacted]

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From: Withheld under s9(2)(g)(i)
Sent: Monday, 22 April 2013 7:45 p.m.
To: ^Parliament: Cameron Burrows
Cc: Melody Guy; Maureen Tong; Heidi Giles
Subject: Ministerial involvement in initial irrigation investments

Hi Cam,

A few comments on Ministerial involvement in decisions on individual schemes.

Schemes will be required to have a resource consent before being considered for investment by the Crown Irrigation Investment Company. The consenting process should consider factors such as social, environmental and economic benefits at regional and national level. In the case of Ruataniwha, the consent application will be considered by the Environmental Protection Agency.

The Crown Irrigation Investment Company investment decisions will focus only on the commercial viability of schemes. The Crown-owned company model means that shareholders' formal role in approving investments in irrigation schemes is limited to circumstances prescribed by legislation. These are:

- under the Companies Act, any transaction that is valued at more than half the asset base of a company is deemed a "major transaction" and needs to be approved by shareholders; and
- under the Crown Entities Act 2004, many Crown-owned companies are required to seek shareholder approval to acquire subsidiaries.

In practice, this means that shareholders are likely to be required to give formal approval to CIIC's initial investments in irrigation schemes. They are likely to be major transactions because they will represent more than half of CIIC's asset base. However, it is likely that as CIIC grows and its asset base increases it will make investments without formal approval from shareholders.'

Withheld under s9(2)(g)(i)

Let me know if you need anything else.

Thanks,

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From: [Redacted]
Sent: Tuesday, 23 April 2013 12:58 p.m.
To: ^Parliament: Cameron Burrows
Cc: Melody Guy
Subject: RE: Submission from Transparent Hawke's Bay regarding Ruataniwha Water Storage Project

Have spoken to Miriam and Tim. Both agree Hon Adams should respond and MoF should not respond/meet to discuss.

Thanks,

[Redacted]
[Redacted]

[Redacted]

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From: Cameron Burrows [mailto:Cameron.Burrows@parliament.govt.nz]
Sent: Tuesday, 23 April 2013 8:53 a.m.
To: [Redacted]
Subject: RE: Submission from Transparent Hawke's Bay regarding Ruataniwha Water Storage Project

Yep that's the plan, and yep all good.

Cameron Burrows | Economic Advisor
Office of Hon Bill English | Deputy Prime Minister, Minister of Finance
7.6 Beehive, Parliament Buildings, PO Box 18041, Wellington 6160, New Zealand
T: 04 817 9425 s9(2)(a) F: 04 817 6501 E: cameron.burrows@parliament.govt.nz

From: [Redacted]
Sent: Tuesday, 23 April 2013 8:52 a.m.
To: Cameron Burrows
Cc: Melody Guy
Subject: RE: Submission from Transparent Hawke's Bay regarding Ruataniwha Water Storage Project

Seems like it's nothing to do with MoF or his work- all relates to consultation process (under LGA and RMA), and the call-in decision.

Will you reply saying that Minister for Environment best placed to respond to concerns?

Might just talk quickly to Tim and Miriam this morning and check that I'm not missing anything here. All good?

[Redacted]
[Redacted]

[Redacted]

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From: Cameron Burrows [<mailto:Cameron.Burrows@parliament.govt.nz>]
Sent: Tuesday, 23 April 2013 8:39 a.m.
To: *Withheld under s9(2)(g)(i)*
Subject: FW: Submission from Transparent Hawke's Bay regarding Ruataniwha Water Storage Project

FYI. I'm proposing that MOF not respond to this. What do you reckon?

C

Cameron Burrows | Economic Advisor
Office of Hon Bill English | Deputy Prime Minister, Minister of Finance
7.6 Beehive, Parliament Buildings, PO Box 18041, Wellington 6160, New Zealand
T: 04 817 9425 *s9(2)(a)* | F: 04 817 6501 | E: cameron.burrows@parliament.govt.nz

From: *Withheld under s9(2)(g)(i)*
Sent: Monday, 22 April 2013 2:00 p.m.
To: Gary White; Cameron Burrows
Subject: FW: Submission from Transparent Hawke's Bay regarding Ruataniwha Water Storage Project

Hi

Not sure which one of you this is, but does MOF need to see/comment?

Thanks

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From: *Withheld under s9(2)(a)*
Sent: Friday, April 19, 2013 2:20 PM
To: B English (MIN)
Subject: Submission from Transparent Hawke's Bay regarding Ruataniwha Water Storage Project

Dear Minister English,

Please see **attached** a submission from Transparent Hawke's Bay to the Minister for the Environment regarding the Hawke's Bay Regional Council's Ruataniwha Water Storage Project.

The concerns identified in this submission are relevant to you in your role as Minister of Finance, and Transparent Hawke's Bay would appreciate the opportunity to discuss these matters with you, or provide further information.

Kind regards

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