



Media Release
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Consultation on irrigation scheme loan proposal opens

Consultation is now open on whether Selwyn District Council should provide an \$8 million loan to Central Plains Water Limited (CPWL), to help fund design work for the next stage of the irrigation scheme.

The consultation is open until 26 October and three public meetings are planned to explain the proposal and answer questions. These will be held at:

- Darfield Recreation Centre on Tuesday 6 October at 7pm
- Dunsandel Sports Centre on Wednesday 7 October at 7pm
- Selwyn District Council offices in Rolleston on Thursday 8 October at 7pm

The requested funding, if approved, would be used to assist with design work on Stage 2+ of the Central Plains Water scheme, which is expected to cover approximately 33,500 hectares between Hororata and Darfield. Construction of this stage is scheduled to start in September 2016.

Other funding for Stage 2 design work would be provided by CPWL and the Ministry of Primary Industries.

Selwyn District Council previously provided a \$5.84 million loan to assist with design work on Stage 1 of the scheme. This loan was fully repaid in 2014, along with \$1.2 million in interest on the loan. Stage 1 has recently been completed.

Selwyn Mayor Kelvin Coe says there are significant potential benefits to the district, with one independent report estimating that the completed scheme will result in \$268 million extra direct and indirect revenue for the Canterbury economy, and 849 extra jobs.

"The Central Plains Water scheme would substantially boost Selwyn's economy and have significant benefits for rural households and the wider district through extra jobs and economic activity for local businesses," he says.

"As a Council we aim to make investment decisions in the best interests of the whole district. We recognise that there is risk associated with this proposed loan as an investment, however the benefits to the district are also very high. It is important now that the Council undertakes consultation to allow the community to express their views."

Full details of the proposed loan are set out in the consultation document, which identifies potential risks, primarily including CPWL's ability to repay the loan. This would depend on Stage 2+ proceeding to a point where it can raise funds from farmers through the sales of shares, or obtain additional lending from other sources.

By way of security for the loan, CPWL is offering the Council the ability to use the scheme's water and development rights and the right to use the scheme's Stage 1 intake and headrace infrastructure, provided this does not limit the operation of Stage 1 of the scheme.

The Council has noted that there are risks associated with this security and the Council's ability to exercise these rights. The loan would be subject to a number of conditions, including CPWL securing enough shareholder interest to make Stage 2+ of the scheme economically viable. If approved, the \$8 million loan would be funded from existing cash balances. It would accrue interest of 10% per year and would be drawn down in three stages, and repaid once funding is in place for Stage 2+ construction.

Once fully developed, Central Plains Water will be one of the largest irrigation schemes in the South Island, irrigating 60,000 hectares of the Canterbury plains west of State Highway 1 between the Rakaia and Waimakariri Rivers. Stage 1, which covers 20,000 hectares between the Rakaia and Hororata Rivers, is already operating.

People can find out more about the loan proposal and make a submission by visiting www.selwyn.govt.nz/haveyoursay. Copies of the consultation document and submission forms are also available at Council libraries and from the Rolleston Council offices.

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