



Media Release  
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## **Council to seek public views on irrigation scheme loan proposal**

Selwyn District Council will carry out public consultation in September on whether to provide an \$8 million loan to Central Plains Water Limited (CPWL), to help fund design work for the next stage of the irrigation scheme.

At its meeting on 12 August, the Council formally considered the investment request from CPWL, after completing due diligence to assess the risks and potential benefits associated with the request.

The requested funding, if approved, would be used to assist with design work on Stage 2+ of the 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 itself (of \$4 million) and the Ministry of Primary Industries, providing \$3.7 million.

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 some risk associated with this loan as an investment, however the benefits to the district are also very high. The Council has previously on occasion made investments where there is an element of risk, such as the development of Izone, where the corresponding benefits to Selwyn were also high."

The report considered by Council identifies potential risks, primarily including CPWL's ability to repay the loan, which 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 one intake and headrace infrastructure, provided this does not limit the operation of stage one 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 for Stage 2 would accrue interest of 10% per year.

"Council's decision on whether to support the scheme could have a significant impact on whether the next stage proceeds," Mayor Coe says. "So it is important that the Council undertakes consultation on this proposal to allow the community to express their views."

Consultation on the proposal will start in early September and public submissions will be open until early October.

Once fully developed, Central Plains Water will be the largest irrigation scheme in the South Island, irrigating 60,000 hectares of the Canterbury plains west of State Highway 1 between the Rakaia and Waimakariri Rivers. The scheme is being developed in stages, with stage one covering 20,000 hectares between the Rakaia and Hororata Rivers having been completed already.

ENDS

Note: a copy of the full report to council is available online at: [www.selwyn.govt.nz/council](http://www.selwyn.govt.nz/council) under 'agendas and minutes.'

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