

AGENDA FOR A MEETING OF THE CPW JOINT SETTLOR WORKING COMMITTEE

FRIDAY 16 JUNE 2023 AT 9.30AM
HELD AT SELWYN DISTRICT COUNCIL (COUNCIL CHAMBERS)

Members:

Christchurch City Council:
Deputy Mayor Pauline Cotter
Councillor Mark Peters

Selwyn District Council
Councillor Lydia Gliddon
Councillor Nicole Reid

Attendees:

Christchurch City Council
Lynn McLelland, Assistant Chief Executive

Selwyn District Council
David Ward, Chief Executive
Naomi Smith, Executive Assistant to CE

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1. Welcome and apologies
 2. Adopting the minutes from the meeting of 5 May 2023 – **DOCUMENT 1**
 3. Receipt of Draft CPW Trust Annual Report for the year ending 30 June 2022 – **DOCUMENT 2**
 4. Manager's Report: Review Trust Deed following legal assessment – **DOCUMENTS 3, 3A and 3B**
 5. Receipt of Annual Sustainability Report to 30 June 2022 – **DOCUMENT 4**
 6. Receipt of the Draft Statement of Intent for the year commencing 1 July 2023 – **DOCUMENT 5**
 7. Manager's Report: Trustee Appointment – **DOCUMENT 6**
 8. Any other business

CENTRAL PLAINS WATER JOINT WORKING COMMITTEE

MEETING MINUTES

Friday 5 May 2023
2.30pm
Held via zoom

Member attendees:*Christchurch City Council:*

Councillor Pauline Cotter

Councillor Mark Peters

Selwyn District Council

Councillor Lydia Gliddon

Councillor Nicole Reid

Attendees:*Christchurch City Council*

Lynn McClelland, Assistant Chief Executive

Selwyn District Council

David Ward, Chief Executive

Naomi Smith, Executive Assistant to CE

Therese Davel, Committee Advisor

Apologies

None

Guests (from 2.30pm):

Mr Pat McEvedy, Chair, CPW Trust

Meeting opening and apologies

Mr David Ward opened with karakia and welcomed everybody to the meeting. The background to the Trust has been circulated by way of a good staff paper. He noted the key clauses to consider were clauses 5.5 & 5.6 which talk about the core purpose of the Trust (being around resource consents) and also clauses 5.11 and 5.12 which refer to good practice being put into place.

Mr Ward asked attendees to identify themselves and provide a brief background to your role, especially as it pertains to this committee.

Councillor Lydia Gliddon noted she's a first term Selwyn Councillor for the Malvern Ward. She was pleased that this is part of her portfolio.

Mr Pat McEvedy noted he is the current Chairperson of the CPW Trust and have been for the last 2 years. He has some background in the matter as a former Chair of the Selwyn Waihora Zone committee as well as being a former Selwyn Councillor. Being on the Trust is a natural progression and hasn't been without its challenges. There was little structure when he first came on board.

Councillor Pauline Cotter noted she'd been a Christchurch City Councillor for three terms now and currently also the Deputy Mayor. She was on the last joint working committee as well but feels it is more energised now. She has a strong interest in water being a member of the Christchurch West Melton Zone Committee as well as being the Chair of the Infrastructure, Transport and Environment Committee at CCC.

	<p>Councillor Nicole Reid noted she is a third term Rolleston Ward Councillor with previous roles on the Regional Water committee and Selwyn Waihora Zone committee.</p> <p>Councillor Mark Peters is a new councillor for the Hornby Ward and a previous community board member. He is also a member of the Christchurch West Melton zone committee.</p> <p>Lynn McClelland was also present, however was experiencing connection issues.</p> <p>Mr Ward introduced Mrs Naomi Smith who is the secretariat support.</p> <p>He said the Working Committee has been going for a number of years and was formed in September 2019. He said the Trustee numbers went down to three at the time and the Trust requested Councils to review its membership. The Trust is allowed up to 12 trustees although there are currently only 6. He added Mr McEvedy will talk about the capacity of trustees later on in this meeting.</p> <p>Mr Ward said the first real meeting of the Committee was held in March 2020, ironically a day or two before lockdown during COVID. He acknowledged the work of the previous chair and also the current chair of the Trust.</p> <p>Mr Ward said the joint working committee will meet twice a year, being September and March, although being a new committee and depending on where it landed at today's meeting he would suggest meeting again before the end of June, specifically as he had resigned. He said he will call for nominations for the appointment of a Chair and Deputy Chair after which Mr McEvedy will talk about the annual report, work programme and Statement of Intent which needed to be adopted statutorily by the end of June.</p>
<p>Election of Chair and Deputy Chair</p>	<p>Mr Ward called for nominations of the Chairperson role.</p> <p>Moved – Councillor Reid / Seconded – Councillor Peters</p> <p><i>'That Councillor Lydia Gliddon be appointed Chairperson of the Central Plains Water Joint Working Committee.'</i></p> <p style="text-align: right;">CARRIED</p> <p>Councillor Gliddon said she was honoured to be elected into the role, and thanked the group for the opportunity. She said it was quite relevant to her as she lives in the geographical area of the Central Plains Water Scheme and has an agricultural background. She feels she has a good understanding of the operations of the scheme. Going forward she would like to see agenda items addressed in timely fashion and perhaps the Committee needed to strengthen the Trust table and in particular the runanga representation. She said it would be good to maintain communication; ensure the Trust is held accountable for the SOI, with respect to education and sustainable agricultural development.</p> <p>Mr Ward called for nominations for the role of Deputy Chair.</p> <p>Moved – Councillor Peters / Seconded – Councillor Reid</p> <p><i>'That Councillor Pauline Cotter be appointed Deputy Chairperson of the Central Plains Water Joint Working Committee.'</i></p> <p style="text-align: right;">CARRIED</p> <p>Councillor Cotter thanked the Committee.</p> <p>Mr Ward noted it was the intention of Selwyn District Council to continue providing secretariat services, including a meeting venue. Councillor Cotter asked that the secretariat ensure that at staff level there was sufficient collaboration.</p>

<p>Briefing from the Trust Chairman, Mr Pat McEvedy on current and upcoming issues</p>	<p>Mr McEvedy congratulated the newly appointed Chairperson and Deputy.</p> <p>It was noted the members did not receive the 2021/22 Annual Report. Mr McEvedy gave a brief background on the report, noting there was also a good sustainability report submitted at the end of 2022. He had asked the author to present it in a more understandable format in the future so the public can easily understand the technical content.</p> <p>It was confirmed the current Sustainability Report is in fact available on the website.</p> <p>It was agreed that staff will come to a future meeting to assist the members with the interpretation of the report, considering the technical details.</p> <p>Councillor Reid asked about current projects the Trust was involved in but it was noted the current Statement of Intent, containing the work programme items, should not change for the coming year. Mr McEvedy said the priorities had not changed that much and added a lot was being done on educational development.</p> <p>Mr McEvedy also said the Trust Deed was out of date and that Rūnanga representation was needed but that it would take time to get it right.</p> <p>Moved – Councillor Reid / Seconded – Councillor Gliddon</p> <p><i>‘That the Central Plains Water Joint Working Committee move into public excluded at 2.51pm to discuss trustee capacity.’</i></p> <p style="text-align: right;">CARRIED</p> <p>PX DISCUSSION – TRUSTEE REPRESENTATION</p> <p>Mr McEvedy noted the issues has been a little bit fraught, and also said the Trust itself can actually also appoint members. Runanga or Ngai Tahu can likewise appoint members, but he has had trouble with a lack of capacity from them.</p> <p>He said he was content with the capabilities of the Trustees but would like more. He also suggested six meetings per year in which case remuneration and content of role would need to be reviewed.</p> <p>He also spoke about the fact the Trust has been audited and that a number of issues had been pointed out, e.g. lack of committees. He spoke to the CE of CPWL and suggested that subcommittees of the Trust be appointed who can then meet a couple of times a year. For example the Compliance and Community liaison committees.</p> <p>He also said the auditor found it unusual that the Trust is funded by CPWL, yet everything is paid by SDC on behalf of the Trust. He said the Trust needs someone with financial background; also compliance and good community connections as well as agricultural background.</p> <p>Moved – Councillor Cotter / Seconded - Councillor Peters</p> <p><i>‘That the Central Plains Water Joint Working Committee move out of public excluded into open meeting at 3.03pm.’</i></p> <p style="text-align: right;">CARRIED</p>
<p>Adopting the minutes from the meeting of 16 September 2022</p>	<p>It was noted for the record that the minutes of the previous meeting were adopted before the end of the Triennium (4 October 2022) and were moved by Councillor Lemon and Seconded by Councillor Cotter.</p> <p><i>Actions from the last meeting</i></p> <ul style="list-style-type: none"> • Andrew Turner and David Ward were to meet with the Rūnanga. Put in abeyance at the last meeting.

	<ul style="list-style-type: none"> • Site tour – Mr McEvedy noted there was a site tour but it could have been better attended. • Legal advice regarding the Trust Deed which is dated 2012 and needs to be reviewed. • Insurance for the Trust.
Review of Trust Deed	<p>Mr Ward noted the following:</p> <ul style="list-style-type: none"> • Section 14.5 – quarterly report, should be changed to 6 monthly. • 14.7 – Annual report- publicly available on the website. • 14.8 – 14.9 – deleted as n longer relevant. • Insurance – ongoing discussion. • Review trustees and trust vision. <p>SOI 2023 / 24 (Document 3)</p> <p>Mr Ward said the former working committee spent a lot of time to bring this up to speed to reflect the currently acceptable document and in reviewing the KPIs it was found to be functional, reflecting the enhancement of the relationship between the Trust and Settlers.</p> <p>He concurred with the Trust Chairperson that it gets rolled over.</p> <p>Councillor Cotter noted a couple of issues from the CCCs Finance and Performance Committee which the Trust could consider. Mr McEvedy said he would like to see that in writing to give it due consideration. It was agreed it would be circulated, but members also agreed most of these were already the duties of for example Environment Canterbury.</p> <p>There was a brief discussion about a recent media story about a consent issue back in 2018 as a result of mechanical failure.</p> <p>It was agreed to provide a brief summary of what happened at the time which can be shared with Councillors so that they have the full context, rather than simply a short media story.</p> <p>Mr Ward noted a suitable date will be identified and communicated and the items listed below will be on the agenda. Mrs Smith will forward any tasks for Mr McEvedy to him by next week.</p> <ul style="list-style-type: none"> • Receive annual report • Sustainability report • Further review capacity issue of trust - Consider process to follow to address • Review of trust deed • Reference to subcommittee process • Legal advice • SOI request • Review of AuditNZ findings <p>Councillor Cotter also asked about a Trust strategic planning meeting to discuss priorities. It was agreed that this would happen after appointing new Trustees. The Joint Working Committee would consider a skills matrix at its June meeting.</p>

	It was noted that the term for all current Trustees ends this year but that anyone can be reappointed.
Actions from 3 May 2023 meeting	SDC to set up the next meeting prior to Mr Ward's retirement
Final comments and close	The meeting closed at 3.31pm. The Chair thanked everyone for attending.

Central Plains Water Trust

Annual Report

**for the year ended
30 June 2022**

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Directory

Trustees

Pat McEvedy (*Chairman*)
Elle Archer
Les Wanhalla
Olive Webb
Rob Lawrence
Viv Smart

Trust settlers

Christchurch City Council
Selwyn District Council

Auditors

Julian Tan
Audit New Zealand
On behalf of the Auditor-General
PO Box 2
Christchurch

Solicitors

Lane Neave
PO Box 13149
Christchurch

CHAIRMAN'S REPORT

CPWT Annual Report 2022

Overview

The Trust, like many organizations, has been frustrated by Covid within our community and this has hampered our ability to achieve some of our goals to the extent we would have liked.

Scheme

The Scheme is now in its sixth year of operation and as it is often said no 2 years are the same. The 2021-22 season saw a wetter than average season with a La Nina weather pattern, this meant less rain in the alps and therefore lower river flows. Because of this there was less irrigation applied (56%) of the previous year but 50% of that was stored water. Farmers know that timing is important so the ability to have irrigation available was still extremely valuable in a damper year. With the scheme maturing and its shareholders developing confidence in what the scheme can deliver, the retiring of groundwater takes is happening which helps realize one of the long-term benefits of the irrigation scheme. There are changes also happening in the senior leadership of CPWL with Mark Pizey retiring as CEO. His replacement Susan Goodfellow is no stranger to CPWL having been part of the development of the scheme. Mark has been extremely good to work with from a Trust perspective and we thank Mark for all of his efforts and the open communication that he fostered with the Central Plains Water Trust.

Environmental Management Fund

The EMF has in the 2022 year received applications totalling \$273,477.43 and has allocated \$94,792.00 which was the total funding available to 15 applicants from throughout the Selwyn District.

Sustainability Report

The Trust has given instructions to Brydon Hughes of Liquid Earth to develop the sustainability report for the 2021-22 season and this should be completed in December 2022.

Governance

The Board met with the representatives of the Settlor councils on several occasions to present them with information regarding the scheme, the educational program and environmental updates. The Board acknowledges that in the Audit NZ Report that there were several areas where they had not followed the trust deed. The Board after discussion came to the conclusion that the Trust Deed needed to be reviewed and has provided some suggested amendments to the Settlers to consider in relation to this review. The Board notes that due to the local government elections that their membership will be reviewed by the Settlers in early 2023.

Community Education Update

Water is essential to Life – Education, Engagement, and Awareness are critical for successful life choices, as well as cultivating community resilience and common understanding.

With the mechanics of the scheme established, CPWL now focuses its efforts on fine tuning, not only ensuring operational efficiency and the exploration of opportunity, but also looking to the larger ecosystem to engage, co-create, and develop the next part of its story. The latter is an area where CPWT can assist, working 'in' with the wider ecosystem and the company.

CPWT in collaboration with CPWL can aid in 'telling the story' - as the narrative and a good positive metaphor needs to be developed and disseminated.

There is still a significant disconnection between the rural and urban communities over water issues. A wider awareness of the project, activation of strategic links, and solidification of a formal working relationship with CPWL, are critical next steps.

Education of the benefits and overall value proposition of reliable water to the Plains should be the focus of a multimedia intergenerational education and engagement portfolio.

Benefits of the Scheme

- Mahinga Kai
- Biodiversity and environmental
- Groundwater recharge
- Ground water conservation
- Economic: agricultural pastoral arable production and stability
- Energy opportunities
- Rural Well-being

Covid related challenges over the past 2-3 years have impacted this project in a number of ways – and have also provided the opportunity to explore creative and unique solutions to establish a learning portfolio.

Progress to date

- Defining key focus and target audience
- Setting the components and strategy to develop the 'Story of Water' • Establishing critical relationships with key agencies and the wider ecosystem. Mana Whenua, CPWL, SDC, CCC, ECAN, MPI, CDEM, DIA, MBIE, Cant Tech, Energy Academy, RST, Fed Farmers, CNZ, Irrigation NZ, Water NZ etc
- VR prototype to highlight digital techniques and technology in story telling • Video preparation
- Bus Tour of system to define key features, scale, and to connect other parts of the ecosystem with the scheme
- Established shared purpose with CWPL

Next Steps

- Solidify meeting with new CPW CE, to ensure formal alignment of intent and strategic actions.
- Post-Production - Video
- Meeting with ECAN to merge multimedia projects
- Integration of Te Mana o te Wai projects
- Meeting with NZQA and CPWL to look into micro-credentials (Fiona and Elle) • Engage with the 2 schools on 'Farm Field Trips'
- Review and Rejig Delivery Plan – must be adaptable, tangible, and sustainable

Pat McEvedy Chairman CPWT

Financial statements

**for the year ended
30 June 2022**

Entity information*for the year ended 30 June 2022***Legal Name**

Central Plains Water Trust (the Trust).

Type of entity and legal basis

The Trust was formed by declaration of trust dated 15 April 2003, which was restated on 9 October 2012 to facilitate the implementation of the Central Plains Water Enhancement Scheme and to hold the Resource Consents for it.

Under clause 14.5 of the Trust Deed the trustees are required to provide the settlor Councils with the Trust's Annual Report and under clauses 14.7 to 14.9 must make copies of the Report public. Accordingly copies of the Report will be sent to the Selwyn District Council and the Christchurch City Council along with an invitation to meet with representatives of the Councils to discuss the Report. The obligation to make the Report public will be met by publishing it on the Trust's website.

The Trust's purpose or mission

Pursuant to clause 4.2 of the Trust Deed, the objects of the Water Trust are to promote the development of agriculture in the Central Canterbury Plains area of New Zealand for the benefit of all of the inhabitants of the Canterbury Region by:

(a) encouraging, supporting and facilitating:

(i) sustainable development of water resources in the Region;

(ii) agricultural and horticultural diversity in the Central Canterbury Plains area; and

(iii) an appropriate balance of the benefits of agricultural development with the enhancement of ecological, social and recreational values in the Central Plains area;

(b) providing and facilitating education to the inhabitants of the Region in relation to water issues and sustainable agricultural development.

The Trust has been established as, and will continue to operate as, a charitable trust for the benefit of the present and future inhabitants of the Region (however the Trust is not registered as a charitable Trust under the Charitable Trusts Act 1957) and to pursue the particular charitable objects set out in the Trust Deed.

Structure of the Trust's operations, including governance arrangements

The Trust comprises a Board of Trustees who oversee the governance of the Trust, of whom a Chairperson is responsible for the day-to-day operations. Trustees may be appointed as follows:

(a) by notice of appointment by the Settlers (Selwyn District Council and Christchurch City Council acting together),

(b) by resolution of the Trustees by co-option

(c) by notice of appointment by Runanga O Ngai Tahu

Main sources of the Trust's cash and resources

The Trust has contracted with Central Plains Water Limited for the provision of all of the funding required for the operation of the Trust.

Statement of financial performance*for the year ended 30 June 2022*

	2022	2021
Revenue		
Management and Administration Fee	98,884	104,663
Environmental Management Fund	5,000	-
Total Revenue	103,884	104,663
Expenditure		
Audit Fees	8,397	8,134
Bank Fees	25	50
Consulting & Accounting	33,028	18,300
Insurance	3,650	3,275
Office Expenses	117	250
Subscriptions	434	116
Trustee Expenses	2,478	3,620
Trustee Honorarium	39,895	50,400
Trustee Meeting Fees	15,860	20,518
Total Expenditure	103,884	104,663
Surplus / (deficit) after tax	-	-

The accompanying notes form an integrated part of these financial statements.

Statement of financial position*as at 30 June 2022*

	2022	2021
Assets		
Current Assets		
Bank accounts and cash	18,758	30,651
Central Plains Water Limited	54,142	51,813
Christchurch City & Selwyn District Councils' Capital	1	1
GST	1,210	2,750
Total Current Assets	74,111	85,216
Total Assets	74,111	85,216
Liabilities		
Current Liabilities		
Selwyn District Council Current Account	37,100	58,228
Accrued Expenses	17,326	9,691
Honorarium Payable	10,904	8,515
Total Current Liabilities	65,330	76,435
Total Liabilities	65,330	76,435
Net Assets	8,781	8,781
Equity		
Contributed Capital	1	1
Retained Earnings	8,780	8,780
Total Equity	8,781	8,781

The accompanying notes form an integrated part of these financial statements.

Statement of cash flows*for the year ended 30 June 2022*

	2022	2021
Operating Activities		
Receipts from customers	196,982	365,503
Payments to suppliers and employees	(201,759)	(355,497)
Net GST	(7,116)	(21,734)
Net Cash Flows from Operating Activities	(11,893)	(11,728)
Investing Activities		
Net Cash Flows from Financing Activities	-	-
Financing Activities		
Net Cash Flows from Financing Activities	-	-
Net Cash Flows	(11,893)	(11,728)
Bank accounts and cash		
Bank accounts and cash at beginning of period	30,651	42,379
Net change in cash for period		
Westpac - Central Plains Water Trust	(11,893)	(11,728)
Total Net change in cash for period	(11,893)	(11,728)
Cash and cash equivalents at end of period	18,758	30,651
Reconciliation of surplus / (deficit) to net cash flow from operating activities		
Surplus / (deficit)	-	-
Movement in working capital items:		
Trade and other receivables	(789)	73,494
Trade and other payables	(11,104) -	85,221
Net cash flow from operating activities	(11,893)	(11,728)

The accompanying notes form an integrated part of these financial statements.

Authorised for issue on behalf of the Trust **XX April 2023** by:

Pat McEvedy
Chairman

xxx
Trustee

Statement of accounting policies*for the year ended 30 June 2022***Basis of preparation**

The Board has elected to apply PBE SFR-A (PS) *Public Benefit Entity Simple Format Reporting – Accrual (Public Sector)* on the basis that the Trust does not have public accountability (as defined) and has total annual expenses of less than \$2 million.

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared on the assumption that the Trust will continue to operate in the foreseeable future.

All amounts are presented in New Zealand dollars.

Goods and services tax (GST)

All items in the financial statements are stated exclusive of GST, except for debtors and creditors, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of debtors or creditors in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Significant accounting policies

The following significant accounting policies have been applied in preparing the financial statements for the year ended 30 June 2022 and the comparative information presented for the year ended 30 June 2021.

Going concern

The financial statements of the Trust have been prepared under the going concern assumption.

The Trust has contracted with Central Plains Water Limited to fully fund its operating expenses as set out in a Memorandum of Agreement.

Central Plains Water Limited operates a water management scheme for the Central Canterbury Plains. The Trust holds in its name the necessary resource consents for the scheme issued by the consenting authorities and the Trust has granted the company an exclusive licence to use the resource consents as part of its Memorandum of Agreement agreed with the company.

The company has completed the construction of the scheme which is now fully operational.

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Revenue from a contract to provide services is recognised by reference to stage of completion of the contract at year-end balance date.

Interest revenue is recorded as it is earned during the year.

The management and administration fees are the equivalent to the operational costs of the Trust.

Bank accounts and cash

Bank accounts and cash comprise cash on hand, cheque or saving accounts and deposits held at call with banks.

Debtors

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.

Trustee Honorarium, meeting fees and expenses

Trustee Honorarium, meeting fees and expenses are recorded as an expense as Trustees provide services and become entitled to the Honorarium, meeting fees and expenses.

Income Tax

Up to 30 June 2008 the Trust was a Charitable Trust exempt from income tax under sections CW34 and CW35 of the Income Tax Act 2004. The Trust has not registered as a charitable entity under the Charities Act 2005 and its charitable tax exemption lapsed on 1 July 2008.

As the Trust does not trade, and its costs are reimbursed under a Reimbursement Agreement with Central Plains Water Limited, the Trust does not have any tax expense, liabilities or assets.

Changes in Accounting Policies

There have been no changes in accounting policies during the financial year (2021: Nil).

Tier 2 PBE Accounting Standards applied

The Trust has not applied any Tier 2 Accounting Standards in preparing its financial statements.

Notes to the financial statements*for the year ended 30 June 2022***Note 1: Transactions with related parties**

During the reporting period the Trust entered into the following transactions with related parties:

Central Plains Water Limited

During the year, the Trust provided management and administration services to the company to the value of \$98,884 (2021: \$104,663). At year end the company owed the Trust \$54,142 (excluding GST) (2021: \$51,813) in respect of these services.

Selwyn District Council

Selwyn District Council makes payments to suppliers on behalf of the Trust which then reimburses the Council. These payments totalled \$171,532 for the reporting period (2021: \$275,303).

At year end the Trust owed the Council \$37,100 (2021: \$58,228).

Selwyn District Council provided accounting services to the Trust for which no charge was made.

Trustees

Other than the transaction detailed below there were no other transactions directly with the Trustees other than the payment of honorarium, meeting fees and expenses as disclosed in the Statement of Financial Performance.

The Trust paid \$nil to Elle Archer for undertaking a Water Education Project during the period (2021: \$3,010).

Note 2: Statement of commitments

The Trust has no capital or lease commitments as at 30 June 2022 (2021: \$nil).

Note 3: Statement of contingencies

The Trust has no contingent assets or liabilities as at 30 June 2022 (2021: \$nil).

Note 4: CPWL Funding

The Trust has entered into Loan Agreements and General Security Agreements with Central Plains Water Limited and various lenders to facilitate the raising of loans by Central Plains Water Limited.

Under the loan agreements with various lenders, the lenders are able to make use of resource consents granted to the Trust if Central Plains Water Limited does not meet the terms of its loans.

Note 5: Events after balance date

The Trustees are not aware of any significant events between the preparation and authorisation of these financial statements. (2021: \$nil).

Note 6: The effects of COVID-19 on the Trust

There has been no impact on revenue in the current year due to COVID-19 (2021: \$nil).

Overall, there hasn't been any financial impact on the Trust in the current year, and this is expected to be the case in the next financial year too.

Note 7: Statutory deadline

The Central Plains Water Trust was required under section 67(5) of the Local Government Act 2002 to complete its audited financial statements and services performance information by 31 December 2022. This timeframe was not met because Audit New Zealand was unable to complete the audit within this timeframe due to an auditor shortage and consequential effects of Covid-19, including lockdowns.

Note 8: Performance information**Strategic Direction**

Reporting to the public on the performance of the Scheme.

CPWT publishes an Annual Sustainability Report for the Scheme on its website.

Environmental leadership

CPWT's environmental leadership arises generally in the pursuance of its objectives, and through its role as the holder of the Scheme's resource consents, and its public reporting functions.

The trustees wish to ensure that the Trust's effort is prioritised in areas which are not presently being undertaken by others and is commensurate with the capacity that the Trust has from time to time.

In 2021/2022, the Trust will engage in the following activities, although the extent to which the Trust can undertake these activities and achieve meaningful outcomes is limited by its capacity and resources:

1. Consideration of the benefits and risks to the environment, ecology, community and recreational values of the region from CPWL's activities, including but not limited to water quality, with reference to the objectives of the Canterbury Water Management Strategy and the Selwyn-Waihora Zone Committee ZIPA. For this purpose, the Trustees will present the Annual Sustainability Report, scheduled for completion by the end of December 2021, to the representatives of the Councils at the bi-annual meeting planned for February or March 2022.
2. Consideration of the ways in which the CPW Scheme is encouraging, supporting and facilitating an appropriate balance of the benefits of economic development, with the enhancement of ecological, social, cultural and recreational values in the Central Plains area. These matters will also be reported in the Trust's Annual Report to the Councils to be presented to the representatives of the Councils at the bi-annual meeting in February or March 2022.
3. Consideration of biodiversity enhancement opportunities across the region associated with sustainable development of the water resources of the Region, with particular reference to the CPW Scheme, the role of mahinga kai and the national direction to give effect to Te Mana o Te Wai.

Community Engagement and Education

CPWT maintains a website for the purposes of public information and engagement concerning the operation of the Scheme.

The Community Liaison Group required by the resource consent conditions was established in December 2013 and is being supported as required.

The trustees are developing and will facilitate the 'Story of Water', an education program for the young people of Selwyn District, focussing on the benefit and significance of water to sustainable agricultural/horticultural development.

Consideration of educational opportunities including the Trust's plans for the engagement with schools set out in the Strategic Plan, and also with other stakeholder groups (to be identified) in order to enhance public knowledge of water issues and the benefits of the proper management of water for sustainable economic development.

Engagement with Selwyn District Council and Christchurch City Council

Representatives of the Trust Board will meet with representatives of the Councils bi-annually and on such additional occasions as may be agreed to discuss the Trust's monitoring of the performance of CPWL in operating the Scheme. This will include the Trustees' presentation of its Annual Sustainability Report. The Report is scheduled for completion by the end of December 2020 and the Trust representatives will present it to the representatives of the Councils at the bi-annual meeting planned for February or March 2021.

The trustees will also discuss and agree with the Settlers on any key potential areas of additional focus for the Trust. The extent to which the Trust can undertake these activities and achieve meaningful outcomes is limited by its capacity and resources.

Key outputs

<ul style="list-style-type: none"> Reporting to the public on the performance of the Scheme 	<ul style="list-style-type: none"> Continue use of Liquid Earth (Brydon Hughes) to obtain data from CPWL and prepare the Annual Sustainability Report Continue to publish the Annual Sustainability Report on our website Continue to send the Annual Sustainability Report to selected media with a press release to highlight salient points Print and disseminate a limited number of Annual Sustainability Report copies to community organisations, people and libraries Offer objective perspectives on water issues to selected media.
<ul style="list-style-type: none"> Environmental leadership 	<ul style="list-style-type: none"> Instigate informal talks with water users Instigate talks with academics especially Lincoln University on water issues with a view to having collaborative projects on selected topics Become a member(s) of Irrigation NZ and attend conferences
<ul style="list-style-type: none"> Community engagement and Education 	<ul style="list-style-type: none"> Develop and implement a primary schools education package about water Develop a financial plan to support our education initiatives including CPWL funding (based on surplus funds from our operations), use of the EMF, and possible other external sources Employ on contract a person to develop the primary schools package and to deliver it (probably a Trust Board member) Offer speakers to talk about CPW to Canterbury organisations, using a power-point presentation Improve the website to make it more effective for use by older students and researchers
<ul style="list-style-type: none"> Engagement with Selwyn District Council and Christchurch City Council 	<ul style="list-style-type: none"> Continue six-monthly briefings by CPWT with additional briefings by exception.

Annual and half yearly reporting to councils

The half yearly report and audited annual report has been delayed due to the delay in timeframe in completing the audit of the annual report.



Independent Auditor's Report

REPORT

TO: Joint Working Committee
FOR: Meeting on 16 June 2023
FROM: David Ward, Chief Executive, Selwyn District Council
DATE: 6 June 2023
SUBJECT: **REVIEW OF TRUST DEED**

RECOMMENDATION

'That the report be received by Joint Working Committee members for information.'

A copy of the current Trust Deed was included in the agenda for our meeting of 5 May 2023. Following general discussion at that meeting it was agreed that we would request a legal review of the current Trust document to ensure that it was still compliant and that there were no ambiguities contained within the document.

Subsequent to the meeting I approached SDC's legal advisors Buddle Findlay and gave them a briefing to review the Trust Deed in its current form and to provide advisory comments for the Working Group's consideration.

For discussion today I have *attached* a letter from our Legal Advisors, together with a marked up version of suggested amendments to the Trust Deed.

Following today's discussion, we will pass comments back to our Legal Advisors and also send a copy of all the related correspondence to CPW Trust for their consideration.

It would be my suggestion that we request the Trust to review the proposed changes and make comments for consideration by the Working Party, at its next meeting, which will be later this calendar year, with a view to incorporating agreed changes for adoption at the Trust's next AGM.



David Ward
CHIEF EXECUTIVE

BUDDLE FINDLAY

7 June 2023

To

David Ward
Selwyn District Council

From

Anna Wishart
Mark Odlin

By Email

david.ward@selwyn.govt.nz

Dear David

Central Plains Water Trust – Trust Deed Review

Introduction

1. We refer to our previous email correspondence regarding the Central Plains Water Trust (**Trust**) and the Trust's declaration of trust dated 26 September 2003 as replaced by declaration of trust dated 9 October 2012 (the **Trust Deed**).
2. As you may know, the law in relation to trusts has relatively recently been modernised and clarified in the form of the Trusts Act 2019 (**Trusts Act**), which came into force on 31 January 2021. **Attached** to this letter is an information sheet containing a high-level summary of the key changes that were made to existing trust law by the Trusts Act and the implications that it has for charitable trusts.
3. Applying to all express trusts (i.e. trusts deliberately established and not just created as a matter of law), including charitable trusts such as the Trust, the Trusts Act is not a complete code – it co-exists with relevant rules of common law and equity and is to be read together with the terms of a trust's deed of trust. Certain provisions of the Trusts Act can be contracted out of (expressly or by implication) and others do not apply to charitable trusts.

Trust Deed Review

4. As requested, we have now reviewed the Trust Deed and formed the view that it would benefit from amendment. We have provided you with a proposed form of Deed of Variation of Deed of Declaration of Trust which shows marked-up our suggested changes to the declaration of trust dated 9 October 2012 (**Deed of Variation**).
5. We summarise the nature of our recommended changes contained in the Deed of Variation as follows:
 - (a) **Types of Trusts:** New clauses 5 and 6 set out the Trustees' rights and powers in relation to income trusts and capital trusts respectively. These are standard clauses and clarify the position in relation to income vs capital.

- (b) **Standard of Duty of Care:** A new clause has been inserted to provide that the standard of duty of care expected of the trustee when making trustee decisions is the care and skill reasonable in the circumstances, without having regard to:
 - (i) any special knowledge or experience that a trustee has or holds themselves out as having; and
 - (ii) any special knowledge or experience that is reasonable to expect of a person acting in the course of that kind of business or profession (if the trustee acts as a trustee in the course of a business or profession).
- (c) **Limitation of Liability and Indemnity:** We have amended the wording of (now) clause 16 to ensure consistency by the Trusts Act, such that the trustees are provided with a limitation of liability and indemnity from the assets of the Trust for all liabilities that they incur in the exercise / attempted exercise of their powers, other than in circumstances where the exercise of the power constitutes dishonesty, wilful misconduct or gross negligence.
- (d) **Conflict of Interest:** We have amended (now) clauses 12 and 14, with respect to conflicts and interested trustees, to provide both clarity and a more robust process. These clauses are very important in a charitable trust deed and if the Trust ever wishes to apply for registration with Charities Services these clauses would be looked at closely.
- (e) **Powers of Trustees:** We have amended the powers of trustees in Schedule 2 of the Trust Deed to:
 - (i) make it clear that the ability to appoint other people to advise, carry out any of the trusts or powers, appoint managers, agents or employees is subject to sections 67 to 69 of the Trusts Act which governs the circumstances and conditions in which trustees can appoint others to exercise or perform certain powers or functions;
 - (ii) remove the express power to appoint an attorney, as the Trusts Act now sets out the very limited circumstances in which this can be done and as such the Trusts Act will apply if the appointment of an attorney needed to be considered.
- (f) **Number of Trustees:** We have amended clause 2 of Schedule 3 to make it clear that:
 - (i) the maximum number of trustees are 12;
 - (ii) the settlors jointly appoint the trustees, subject to the rights of Te Runanga o Ngai Tahu to appoint three trustees from time to time; and
 - (iii) the trustees themselves can appoint additional trustees to fill any vacancies.
- (g) **Duties of Trustees:** As set out in the attached information sheet regarding the Trusts Act 2019, the Trusts Act stipulates certain default duties which apply, except to the extent they are modified by the provisions of a trust deed. We have included a new clause 23 which identifies the modifications and exclusions to the default duties.

6. The remainder of the changes set out in the Variation Deed have been made in order to align the terms of the Trust Deed with the Trusts Act or to provide for a more robust form of Trust Deed. In summary, these changes relate to:
- (a) corrections of references to repealed legislation (being the Trustees Act 1956 and Income Tax Act 2004);
 - (b) changes in terminology;
 - (c) the tidying up of clauses, both in terms of wording and location in the Trust Deed, to ensure clarity and ease of understanding.

Conclusion

7. We expect that the law around the interpretation of the Trusts Act will develop reasonably quickly and, as is typical with any law reform, it is difficult to advise with certainty now how the Trusts Act will be applied in practice going forward. Having said that, we consider that in entering into the Deed of Variation and ensuring the Trust's compliance with the practical administrative requirements of the Trusts Act it will be well-placed in terms of compliance with the Trusts Act.
8. When you are comfortable with the proposed changes, we will then need to provide some written and verbal disclosure advice (which relates to the new clause 23 of the Trust Deed) before the Deed of Variation can be signed to comply with our adviser duties under the Trusts Act.
9. Please let us know if you have any questions or would like to discuss our advice or the Deed of Variation. Otherwise, please let us know if you are comfortable with the proposed changes and we will then provide you with the required disclosure advice.

Yours sincerely



Mark Odlin / Anna Wishart
Partner / Senior Associate

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Key changes under the Trusts Act 2019.



buddlefindlay.com

New legislation

The Trusts Act 2019 (**Act**) was enacted on 30 January 2021 and is intended to modernise and clarify existing trust law. The Act also implements a number of changes that apply to all express trusts, which includes family and charitable trusts.

This information sheet contains a high level summary of some of the key changes the Act makes to existing trust law but does not necessarily include all of the changes in the Act which may be relevant to a trust or a trust's particular circumstances.

It is important to carefully consider trust deeds and trust practices in light of the new Act to:

- ascertain if any provisions in a trust's deed of trust will be invalid or redundant under the Act;
- determine whether it is appropriate and/or necessary to vary to the trust deed (if permitted); and
- ensure appropriate processes are established to ensure the practical requirements of the Act are met, such as frequency of trustees' meetings, retention of trust records and disclosure of information to beneficiaries (if applicable).

Buddle Findlay has a dedicated team of specialists across all three offices who advise on a range of trust related matters. As a full service law firm, we can also provide any other legal assistance that you may require and frequently act for a wide variety of trust clients, such as family, charitable and corporate trusts.

Key Changes

Mandatory trustee duties

The Act stipulates mandatory duties that will apply to all trustees. These duties cannot be modified or excluded by the terms of the trust. The mandatory duties are:

- A trustee must know the terms of the trust.
- A trustee must act in accordance with the terms of the trust.
- A trustee must act honestly and in good faith.
- A trustee must deal with trust property, and act:

- for the benefit of the beneficiaries; or
- in the case of a trust for a permitted purpose (such as a charitable purpose) to further the permitted purpose,
in accordance with the terms of the trust.
- A trustee must exercise the trustee's powers for a proper purpose.

Default duties

The Act stipulates default duties that will apply to all trustees unless they are modified or excluded (to the extent permitted by the Act) by the trust deed.

The default duties are:

- A trustee must exercise care and skill reasonable in the circumstances when administering a trust (other than when exercising a discretion to distribute trust property). A trustee must exercise care and skill having regard to any special knowledge or experience that a trustee has or that is reasonable to expect a trustee to have.
- A trustee must exercise the care and skill that a prudent person of business would exercise in managing the affairs of others when exercising any power to invest trust property. A trustee must exercise care and skill having regard to any special knowledge or experience that a trustee has or that is reasonable to expect a trustee to have.
- A trustee must not exercise a power of a trustee directly or indirectly for the trustee's own benefit. This means that a trustee who is also a beneficiary and would benefit from a decision (which is quite often the case for discretionary family trusts), will either need to abstain from the decision which is for his/her/its benefit, or the trustee may join in the decision provided at least one trustee does not benefit from the decision, or resign as a trustee of the trust (if appropriate).
- A trustee must consider actively and regularly whether the trustee should be exercising one or more of the trustee's powers. This duty can be modified under the Act provided a trustee still considers at reasonable intervals whether basic trust information should be being made available to beneficiaries. It would be prudent for trustees to establish a meeting schedule (at least once annually and more frequently if the trust is "active") to consider the trust property and whether it is appropriate to exercise any powers at such time.
- A trustee must not bind or commit trustees to a future exercise or non-exercise of a discretion.
- A trustee must avoid a conflict between the interests of the trustee and the interests of the beneficiaries.
- A trustee must act impartially in relation to the beneficiaries. This does not require all beneficiaries to be treated equally but rather that all beneficiaries are treated in accordance with the terms of the trust. A trustee must not be unfairly partial to one beneficiary to the detriment of another.
- A trustee must not make a profit from the trusteeship of a trust.
- A trustee must not take any reward for acting as a trustee. This, however, does not affect the right of a trustee to be reimbursed for the trustee's legitimate expenses and disbursements in acting as a trustee.
- If there is more than one trustee, then the trustees must act unanimously.

Trustee liability and indemnity

The majority of trust deeds will limit a trustee's liability and include an indemnity for trustees. Typically, a trust deed will state that a trustee is not personally liable for any acts he/she/it has made in relation to the trust, and will be indemnified from the trust property in respect of such acts, provided he or she

has not acted dishonestly or wilfully committed any act known to be a breach of trust. The Act restates this position but goes further to provide that there cannot be a limitation on liability or an indemnity if there has been a breach of trust arising from the trustee's gross negligence.

Whether a trustee has been grossly negligent will be determined by considering whether the trustee's conduct (including any action or inaction) was so unreasonable that no reasonable trustee in that trustee's position and in the same circumstances would have considered the conduct to be in accordance with the role and duties of a trustee.

Trust records

The Act sets out a number of documents which the trustees of the trust must keep (as far as is reasonable).

Briefly, these are:

- The trust deed and any variations to the trust deed.
- Records of the trust property (identifying the assets, liabilities, income, and expenses of the trust which are appropriate having regard to the value and complexity of the trust property).
- Resolutions or records of trustees' decision made during the trustee's trusteeship.
- Contracts entered into by the trustees during the trustee's trusteeship.
- Accounting records and financial statements prepared during the trustee's trusteeship.
- Documents of appointment, removal and discharge of trustees.
- Any letter or memorandum of wishes from the settlor of the trust.
- Any other document necessary for the administration of the trust.
- Any of the above documents kept by a former trustee during that person's trusteeship and passed on to the current trustee.

Each trustee of the trust is to hold a copy of the trust deed and any variations thereto. The remainder of the documents can be held by one trustee of the trust and must be made available to the other trustees on request. A retiring or removed trustee must also pass documents it holds to a continuing or replacement trustee at the end of his/her trusteeship.

Dispute resolution

The trustees may, with the agreement of each party to the matter, refer a dispute to an Alternative Dispute Resolution process (such as mediation or arbitration) even if there is no provision in the trust deed to do so. Trustees may also, for the purposes of an Alternative Dispute Resolution settlement, give binding undertakings in relation to the trustee's future actions as a trustee (this is despite the duty under the Act not to bind or commit trustees to future exercise of discretion).

Maximum duration of trust

The common law rule known as the rule against perpetuities is abolished. The maximum duration of a trust under the Act is 125 years (currently the maximum duration of a trust is 80 years). This does not apply to charitable trusts which are permitted to continue indefinitely.

Dated

2023

**DEED OF VARIATION OF DEED OF
DECLARATION OF TRUST**

CENTRAL PLAINS WATER TRUST

DEED OF VARIATION OF DEED OF DECLARATION OF TRUST

DATED

2023

PARTIES

1. CHRISTCHURCH CITY COUNCIL and SELWYN DISTRICT COUNCIL (Settlers)
2. OLIVE WEBB, ELLE ARCHER, ROB LAWRENCE, PAT MCEVEDY and LES WANHALLA
(Trustees)

Commented [AW1]: Please confirm that these are the current trustees and their full legal names.

BACKGROUND

- A. The Trustees are the present trustees of the Central Plains Water Trust established pursuant to a Deed of Declaration of Trust dated 15 April 2003 as subsequently varied (Trust Deed).
- B. Pursuant to clause 17.1 of the Trust Deed, subject to any relevant legislation for the time being in force and only with the prior written consent of the Settlers, the Trustees have the power by deed to amend, revoke or add to any of the provisions of the Trust Deed unless to do so would amend, revoke or add to the Objects or would enable a payment or application of any part of the Trust Fund in a manner that is inconsistent with the Objects.
- C. Having regard to the principles set out in section 4 of the Trusts Act 2019 and having complied with the requirements of clause 17.1 of the Trust Deed, the Trustees wish to amend the Trust Deed as provided for in this deed.

TERMS OF THIS DEED

1. DEFINITIONS

- 1.1 Any capitalised term in this deed shall, unless the context otherwise requires, have the same meaning given to it in the Trust Deed.

2. VARIATION OF TRUST DEED

- 2.1 The Settlers consent to the variations to the Trust Deed as shown marked up in the Trust Deed attached as the Schedule to this deed.
- 2.2 The Trustee agrees that, with effect from the date of this deed, the Trust Deed is varied as shown marked up in the Trust Deed attached as the Schedule to this deed.
- 2.3 The variations to the Trust Deed will not limit or prejudice in any way any parties' rights and obligations under the Trust Deed that arose or accrued prior to the date of this deed.

3. COUNTERPARTS

- 3.1 This deed may be executed in any number of counterparts (including e-mail and scanned copies), all of which, when taken together, will constitute one and the same instrument. A party may enter into this deed by executing any counterpart.

EXECUTION

EXECUTED as a **DEED** by)
OLIVE WEBB)
in the presence of) Signature _____

Witness signature

Full name

Address

Occupation

Note: The signature must be witnessed by an independent person

EXECUTED as a **DEED** by)
ELLE ARCHER)
in the presence of) Signature _____

Witness signature

Full name

Address

Occupation

Note: The signature must be witnessed by an independent person

EXECUTED as a **DEED** by)
ROB LAWRENCE)
in the presence of) Signature _____

Witness signature

Full name

Address

Occupation

Note: The signature must be witnessed by an independent person

EXECUTED as a **DEED** by)
PAT MCEVEDY)
in the presence of) Signature _____

Witness signature

Full name

Address

Occupation

Note: The signature must be witnessed by an independent person

EXECUTED as a **DEED** by)
LES WANHALLA)
in the presence of) Signature _____

Witness signature

Full name

Address

Occupation

Note: The signature must be witnessed by an independent person

DECLARATION OF TRUST

relating to

CENTRAL PLAINS WATER TRUST

Settlers

**CHRISTCHURCH CITY COUNCIL
SELWYN DISTRICT COUNCIL**

Trustees

**THE PERSONS
LISTED IN SCHEDULE 1**

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DECLARATION OF TRUST

relating to

CENTRAL PLAINS WATER TRUST

DATED 9 October 2012

PARTIES

- (1) **THE CHRISTCHURCH CITY COUNCIL** and **SELWYN DISTRICT COUNCIL** (together "the Settlers")
- (2) **THE PERSONS LISTED IN SCHEDULE 1** ("the Trustees")

RECITALS

- A. The Central Plains Water Trust ("the Trust") was created by a Deed of Declaration of Trust dated 15 April 2003 ("The Original Declaration of Trust") and was incorporated under The Charitable Trusts Act 1957 on 26 September 2003 for the purpose of creating a charitable trust for the benefit of the present and future residents of the Regions as described below. The money contributed for such purposes was entrusted to a board of trustees ("the Board") of the Trust and the Board has held and distributed the money upon the trusts and subject to the terms and conditions set out in the Original Declaration of Trust.
- B. The Board entered into contractual arrangements with Central Plains Water Limited ("CPWL") in November 2004 under which (inter alia) CPWL agreed to obtain resource consents under the Resource Management Act 1991 and other consents for and on behalf of the Board in return for which the Board agreed to licence the consents to CPWL for the purpose of constructing and operating a water enhancement scheme usually referred to as the Central Plains Water Scheme ("the Scheme"), and the consents were duly obtained and were issued in the name of the Trust by the Environment Court on 25 July 2012.
- C. As part of the settlement agreements with various objecting submitters to the process under the Resource Management Act 1991 for the consents which have been issued, and in order to ensure that the Trust will continue qualify for registration as a re-registered charitable trust under the Charitable Trusts Act 1957, the Board proposed certain amendments to the objects specified in The Original Declaration of Trust and to seek the consent of the settlors for those amendments under clause 18.1 of The Original Declaration of Trust; and the settlors have advised the Board of their intention to consent thereto as set out in this Deed.

IT IS DECLARED

1. GENERAL

1.1 In this Deed the following terms shall, where the context admits, have the following meanings:

~~(a)~~ (a) **"Act"** means the Trusts Act 2019;

~~(a)(b)~~ (b) **"CCC"** means The Christchurch City Council;

~~(c)~~ (c) **"Income"** means the income earned by the Trust, including donations and grants;

~~(b)(d)~~ (d) **"Income Year"** means any year or other accounting period ending on a Balance Date;

~~(e)(e)~~ (e) **"Regions"** means the respective areas within the geographical boundaries of CCC and SDC;

~~(d)(f)~~ (f) **"Scheme"** means the Central Plains Water Enhancement Scheme;

~~(e)(g)~~ (g) **"SDC"** means Selwyn District Council;

~~(f)(h)~~ (h) **"Trust"** means the charitable trust declared and constituted under this Deed;

~~(g)(i)~~ (i) **"Trustees"** means the Trustees for the time being of the Trust;

~~(h)(j)~~ (j) **"Trust Fund"** means the resource and other statutory consents applied for and obtained by the Trustees and any money, investments or other property paid or given to or acquired by the Trustees after this Deed has been executed with the intention that it be held by the Trustees in accordance with the trusts and other provisions of this Deed;

1.2 In this Deed the following provisions shall apply:

- (a) references to clauses are to clauses of this Deed;
- (b) references to schedules are to schedules in this Deed;
- (c) references to this Deed include its schedules;
- (d) references to the provisions of any Act shall be construed as a reference to those provisions as modified, extended or replaced by any statute for the time being in force;
- (e) words importing the singular include the plural and vice versa;
- (f) words importing one gender include the others; and
- (g) the contents page and the headings to clauses are for convenience only and are not part of the content of this Deed.

2. ACKNOWLEDGMENT OF TRUST

2.1 The Settlers direct that the Trustees, and the Trustees acknowledge that they have been directed, to hold the Trust Fund upon the trusts and with the powers set out in this Deed.

3. NAME OF TRUST

- 3.1 The Trust is known as the Central Plains Water Trust but the Trustees may amend or change the name.

4. OBJECTS OF TRUST

- 4.1 The Settlers declare that the Trust is a trust for charitable purposes for the benefit of the present and future inhabitants of the Regions and further declare and direct that the Trust Fund may be applied and used exclusively by the Trustees for the following exclusively charitable purposes within New Zealand ("the Objects"), namely:
- 4.2 To promote the development of agriculture in the Central Canterbury Plains area of New Zealand for the benefit of all of the inhabitants of the Canterbury Region by:
- 4.2.1 Encouraging supporting and facilitating:
- a) sustainable development of the water resources of the Region
 - b) agricultural and horticultural diversity in the Central Canterbury Plains area
 - c) an appropriate balance of the benefits of agricultural development with the enhancement of ecological, social and recreational values in the Central Plains area.
- 4.2.2 Providing and facilitating education to the inhabitants of the Region in relation to water issues and sustainable agricultural development.
- 4.3 In pursuance of the Objects, the Trustees will have regard to:
- (a) appropriate strategic development plans for the water resources of the Regions;
 - (b) whether other sources of funding or support are available, including assistance provided through industry or regional development policies and programmes of local authorities or central government;
 - (c) the objectives, roles and activities of any other organisations engaged in economic development activities in the Regions;
 - (d) inter-generational issues to order to promote long term sustainability of the water resources of the Regions; and
 - (e) the vision and principles agreed by the Trust to apply to the Scheme, as set out in the agreement in relation to the Scheme between Te Runanga o Ngai Tahu, Te Taumutu Runanga Inc, Te Ngai Tuahuriri Inc, Wairewa Runanga Inc, Te Runanga o Arowhenua Trust, Central Plains Water Trust and Central Plains Water Limited dated 29 May 2012, and any other matters that they believe are relevant.
- 4.4 The Objects of the Trust are and shall be charitable and shall not include or extend to any matter or thing which is or shall be held or determined to be non-charitable. Any private benefit which is conferred on any individual or individuals must be incidental to the pursuit by the Trust of the

Objects and must comply with clauses 12 and 14. The powers and purposes of the Trustees shall be restricted accordingly and limited to New Zealand.

5. INCOME TRUSTS

- 5.1 The Trustees may pay, apply or appropriate, or decide to pay, apply or appropriate as much of the income arising from the Trust Fund in an Income Year as they think fit for or towards one or more of the Objects of the Trust. If the Trustees provide for more than one Object they need not treat each Object equally.
- 5.2 The Trustees, by written resolution, may appropriate any investments for one or more of the Objects of the Trust in anticipation of a payment or application under clause 6.1.
- 5.3 In any Income Year, the Trustees may appropriate all or part of the income derived or to be derived from the Trust Fund during that Income Year even though, at the time of appropriation, they have not received the income being appropriated.
- 5.4 If the Trustees appropriate any income for any purpose of the Trust the recipient of that income shall take an absolute and indefeasible interest in that income as from the date on which it is appropriated.
- 5.5 The Trustees need not distribute all of the income arising from the Trust Fund in an Income Year, but may retain or decide to retain all or part of that income to establish or augment any reserve fund, which may be used at any later time for any purpose for which income arising from the Trust Fund may be used.

6. CAPITAL TRUSTS

- 6.1 At any time, the Trustees may, or may decide to pay, apply or appropriate as much of the capital of the Trust Fund as they think fit for or towards one or more of the Objects of the Trust. If the Trustees so provide for more than one Object they need not treat each Object equally. Any payment, application or appropriation of capital may be made either in addition to or in place of any payment, application or appropriation of income.

5.7. POLICIES AND PROCEDURES OF TRUST

- 5.47.1 The Trustees will develop and will from time to time review and alter the policies and procedures which they will follow in administering the Trust and in particular in distributing the Trust Fund in order to pursue the Objects.

6.8. DONATIONS

- 6.48.1 The Trustees may accept any property that is donated to the Trust.
- 6.28.2 The Trustees must not accept any property subject to any condition that is inconsistent with the achievement of the Objects.
- 6.38.3 All property donated to the Trust will form part of the Trust Fund.

9. TRUSTEES' GENERAL DUTY OF CARE

9.1 Notwithstanding section 29 of the Act, it is hereby declared that the care and skill to be exercised by the Trustees when administering the Trust shall at all times be the care and skill that is reasonable in the circumstances, without having regard to:

- (a) any special knowledge or experience that a Trustee has or holds themselves out as having; and
- (b) if a Trustee acts as a trustee in the course of a business or profession, any special knowledge or experience that is reasonable to expect of a person acting in the course of that kind of business or profession.

7.10. INVESTMENT OF TRUST FUND

~~7.4~~10.1 The Trustees will invest any part of the Trust Fund which is not presently required for pursuit of the Objects in accordance with investment policies and guidelines set by the Trustees from time to time and section 30 of the Act shall not apply in this regard.

8.11. POWERS AND DISCRETIONS OF TRUSTEES

11.1 In addition to the powers, authorities and discretions vested in the Trustees by law or by this Deed, but subject to any specific or general prohibitions or restrictions on investment or trustee powers contained in this Deed, the Trustees in giving effect to the Objects in their discretion may at all times and from time to time exercise the fullest possible powers and authorities as if they were the beneficial owners of the Trust Fund. However:

- (a) this general power does not authorise the Trustees to do anything which would breach the express or implied terms of this deed or which may otherwise prejudice the charitable nature of the Objects; and

~~8.4~~(b) all the Trustees' powers, authorities and discretions shall be subject to any direction to the contrary in any instrument evidencing or conferring a gift accepted by the Trustees, provided that such direction is not inconsistent with the charitable nature of the Trust.

~~8.2~~11.2 Without prejudice to the generality of clause 11.18.4, the Trustees have the powers set out in Schedule 2 and may ~~in their discretion exercise any one or more of those powers in pursuit of the general administration of the Trust~~ exercise them either alone or with any other person(s).

~~8.3~~11.3 All powers, authorities and discretions that the Trustees have, including the powers in Schedule 2, may be exercised by the Trustees subject to any specific or general prohibitions or restrictions on investment or trustee powers contained in this Deed, in their absolute discretion and from time to time and on such terms and conditions and in such manner and by such means as they think fit.

9.12. PECUNIARY PROFIT AND BENEFITS AND ADVANTAGES

9.4.12.1 No private pecuniary profit shall be made by any person from the Trust, except that (but subject to clause 12.3~~10.3~~):

- (a) the Trustees may receive full reimbursement out of the assets of the Trust for all costs, charges and expenses properly incurred by the Trustees in connection with the affairs of the Trust; ~~and~~
- ~~(b) the Trust may pay Trustees may receive (and may also pay to any person)~~ reasonable and proper remuneration to any Trustee or officer of the Trust (whether a Trustee or not) in return for services actually rendered to the Trust and/or for carrying out their role as Trustee;
- ~~(c) any Trustee is to be paid all usual professional, business or trade charges for services rendered, time expended and all acts done that Trustee or by any firm or entity of which that Trustee is a member, employee or associate in connection with the affairs of the Trust; and~~
- ~~(b)(d)~~ any Trustee may retain any remuneration properly payable to that Trustee by any company or undertaking with which the Trust may be in any way concerned or involved for which that Trustee has acted in any capacity whatever, notwithstanding that the Trustee's connection with that company or undertaking is in any way attributable to that Trustee's connection with the Trust.

9.2.12.2 The Trustees, in determining all reimbursements, remuneration and charges payable in terms of this ~~Deed~~clause, must ensure that the restrictions imposed by clauses 12.1, 12.3 14.2, 14.3 and rule 10 of Schedule 4 ~~10.3~~ are strictly observed.

9.3.12.3 Notwithstanding anything to the contrary in this Deed, no ~~remuneration or benefit~~ or advantage (regardless of whether it is convertible into money) or income of any of the kinds referred to in ~~the sections set out in CW 35(8) of the Income Tax Act 2004 and sections CW 42(1)(c) or CW 42(8) of the Income Tax Act 2007, the proviso to section CW35(1)(d) of the Income Tax Act 2004, and section CW42(1)(c) of the Income Tax Act 2007~~ shall be paid, ~~or~~ afforded to, ~~or~~ received, ~~or~~ gained, ~~or~~ achieved or derived by any person ("the Determining Person") ~~if the proviso to section CW 35(1)(b) of the Income Tax Act 2004 and section CW42(c) of the Income Tax Act 2007 denies the Trustees an exemption from tax or income derived by the Trustees from the carrying on of any business by or on behalf of or for the benefit of the Trustees, and the Determining Person who can, in any way and (whether directly or indirectly), determine, or materially influence in any way the determination of, the nature or the amount of the remuneration or benefit or advantage or income referred to in this clause 12.310.3 or the circumstances in which it is or is to be received, gained, achieved, afforded or derived by the Determining Person.~~

9.4.12.4 Clause 9.3 does not apply if and to the extent that there is an exclusion from the application of ~~section CW35(8) of the Income Tax Act 2004 and section CW 42(8) of the Income Tax Act 2007~~ by any law of New Zealand (whether that law is ~~the Income Tax Act 2004~~

the Income Tax Act 2007 or otherwise).

~~9.5~~12.5 A person who, in the course of and as part of the carrying on of his or her business of a professional public practice, renders professional services to the Trust or to any company or person by which any business of the Trust is carried on, shall not, by reason only of his or her rendering professional services to the Trust or to any company or person by which any business of the Trust is carried on, be in breach of clause 12.3~~40.3~~.

~~10.13~~13. TRUSTEES

~~40.4~~13.1 The provisions of this Deed dealing with the number, appointment, payment and cessation of office of the Trustees are set out in Schedule 3.

~~40.2~~13.2 The provisions relating to meetings of the Trustees are set out in Schedule 4.

~~11.14~~14. INTERESTED TRUSTEES

14.1 Subject to clause 14.5, A Conflict Transaction exists for a Trustee will be interested in a transaction to which the Trust is a party if the Trustee:

- (a) is a party to, or will derive a material financial benefit from the transaction;
- (b) has a material financial interest in another party to the transaction;
- (c) is a director, officer or trustee of another party to, or person who will or may derive a material financial benefit from the transaction, not being a party that is wholly owned by the Trust;
- (d) is the parent, child or spouse, civil union partner, or de facto partner of another party to, or person who will or may, derive a material financial benefit from the transaction; or
- (e) is otherwise whenever a Trustee, whether directly or indirectly, has a materially interested in the transaction, interest in any contract or proposed contract for arrangement or dealing with the Trust, in which case the relevant Trustee shall disclose the nature of that interest at a meeting of the Trustees and such disclosure shall be recorded in the minutes of the meeting.

14.2 As soon as a Trustee becomes aware of the fact that they are interested in a transaction or proposed transaction with the Trust, they must disclose to their co-trustees at a meeting of the Trustees:

- (a) if the monetary value of the Trustee's interest is able to be quantified, the nature and monetary value of that interest; or
- (a)(b) if the monetary value of the Trustee's interest cannot be quantified, the nature and extent of that interest.

14.3 A disclosure of interest by a Trustee must be recorded in the register of interests of the Trust.

~~11.1 A Trustee required to disclose an interest by clause 11.1 may be counted in a quorum present at a meeting but shall not vote in respect of the matter in which the Trustee is interested (and if the Trustee does so the vote shall not be counted) provided that the Trustee may expressly~~

~~be permitted to vote by a unanimous vote of the other Trustees present given after the disclosure of the interest.~~

~~11.2~~14.4 If any question shall arise at any meeting as to ~~whether a trustee the materiality of a~~
~~Trustee's interest or as to the entitlement of any Trustee to vote is interested in a transaction to~~
~~which the Trust is a party~~ and such question is not resolved by the Trustee voluntarily agreeing
to abstain from voting, such question shall be referred to the Chairman of the meeting and his
or her ruling in relation to any such Trustee shall be final and conclusive except in the case
where the nature or extent of the interests of the Trustee concerned have not been fairly
disclosed.

~~11.3~~14.5 Without limiting the generality of clauses ~~14.1~~14.1 ~~11.4~~ and ~~14.4~~11.3, no person shall be
deemed for the purposes of this clause 11 to have a disqualifying interest in respect of any matter
concerning the Trust merely by reason of that person being:

- (a) A ratepayer in either or both of the Regions;
- (b) An actual or potential user of water under the Scheme; or
- (c) An owner of land within the areas of land intended to be served by the Scheme.

14.6 Subject to clauses 12, 14.2, 14.3 and rule 10 in the Schedule 4, each Trustee may act as a
Trustee and still contract or otherwise deal with the Trustees in their personal capacity or in any
other capacity as if they had not been appointed as a Trustee.

12.15. EXECUTION OF DOCUMENTS

~~12.4~~15.1 Whenever the Trustees need to sign or attest any deed, agreement or contract pursuant to
a resolution of the Trustees, it will be sufficient for that deed, agreement or contract to be signed
or attested by any 2 of the Trustees.

13.16. LIMITATION OF LIABILITY AND INDEMNITY

~~13.4~~16.1 The Trustees are not liable for the consequence of any act or omission or for any loss
unless the consequence or loss is attributable to their dishonesty or to the wilful commission by
them of any act known by them to be a breach of trust or to the wilful omission by them of any
act when the omission is known by them to be a breach of trust. No Trustee shall be liable for
any loss not attributable to their own dishonesty, wilful misconduct or gross negligence.

~~13.2~~16.2 No Trustee is bound to take any proceedings against a co-trustee for any breach or
alleged breach of trust by the co-trustee.

~~13.3~~16.3 ~~The Every~~ Trustees ~~are is~~ fully indemnified by and out of the Trust Fund for any loss or
liability which they incur in the carrying out or omission of any function, duty or power of the
Trustees under this Deed and in respect of any outlay or expenses incurred by them in the
management and administration of the Trust unless any such the loss or liability ~~is attributable to~~
~~their dishonesty or to the wilful commission by them of an act known by them to be a breach of~~

~~trust or to the wilful omission by them of an act when the omission is known by them to be a breach of trust~~ constitutes dishonesty, wilful misconduct or gross negligence on the part of that Trustee. The indemnity given by this clause extends to any loss or liability which the Trustees after having ceased to act as such incur through the carrying out of any function, duty or power of the Trustees, whether the carrying out took place before, during or after the period in which a person was a Trustee.

14.17. ACCOUNTS, AUDIT AND REPORTING

~~14.1~~17.1 The Trustees must ensure that proper financial records are kept for the Trust.

~~14.2~~17.2 The financial records must present the Trust's receipts, credits, payments, assets, liabilities and all other matters necessary or appropriate in a way that shows the true state and condition of the financial affairs of the Trust. The Trustees will determine the balance date of the Trust.

~~14.3~~17.3 The Trustees will have the annual accounts of the Trust audited.

~~14.4~~17.4 The financial records and annual accounts will be kept at the Trustees' office or at such other place as the Trustees think fit.

~~14.5~~17.5 The Trustees will report on the affairs of the Trust to the Settlers on a quarterly basis, in such form as may from time to time be agreed between the Trustees and the Settlers. In addition, the Trust will provide an annual report which (in addition to what is required under generally accepted accounting principles) must disclose matters required by law to be publicly disclosed by entities similar to the Trust.

~~14.6~~17.6 The financial records and annual accounts must always be available to be inspected by the Trustees.

~~14.7~~17.7 The Trustees will publish a summary of the annual report in newspapers circulating in the Regions.

~~14.8~~17.8 The annual report will be available on request and copies will be placed in public libraries in the Regions.

~~14.9~~17.9 The Trustees will hold a public meeting within 4 months of balance date to present and receive public comment on the annual report. The Trustees will publicise the date of that meeting in newspapers circulating in the Regions.

15. BORROWING

~~15.1 The Trustees shall have the power to borrow and to give guarantees or charges over the Trust Fund.~~

16.18. CUSTODY AND USE OF COMMON SEAL

~~16.4~~18.1 The common seal of the Trust will be kept in the custody of a person nominated by the Trustees and will be used only by authority of a resolution of the Trustees. Every instrument to which the seal is affixed will be signed by the chairperson and one other Trustee.

~~17.19~~AMENDMENT OF TRUST DEED

~~17.4~~19.1 Subject to any relevant legislation for the time being in force and only with the prior written consent of the Settlers, the Trustees have the power by deed:

- (a) to amend, revoke or add to any of the provisions of this Deed unless to do so would amend, revoke or add to the Objects or would enable a payment or application of any part of the Trust Fund in a manner that is inconsistent with the Objects; and
- (b) notwithstanding paragraph (a) of this clause, to amend, revoke or add to this Deed including the Objects if and to the extent that it is necessary to do so for the Trust to qualify as a charitable trust under the Income Tax Act 2007~~4~~.

~~17.2~~19.2 The Trustees shall not at any time amend or revoke clause 2.7 of Schedule 3 of this Deed without the written consent of Te Runanga o Ngai Tahu.

~~18.20~~WINDING UP

~~18.4~~20.1 Subject to written approval from the Settlers, the Trustees may at any time wind up the Trust.

~~18.2~~20.2 On the winding up, the Trustees will pay or apply such of the Trust Fund as then remains towards the furtherance of the ~~objects set out in this Deed~~ Objects, or for exclusively charitable purposes.

~~19.21~~GOVERNING LAW

~~19.4~~21.1 The Trust will be governed by, and this Deed will be construed in accordance with, the laws of New Zealand.

~~20.22~~Consent of Settlers

~~20.4~~22.1 The Settlers hereby consent under clause 18.1 of the Original Declaration of Trust to the amendments thereof which are contained in this Deed of Declaration of Trust.

23. ACKNOWLEDGEMENT

23.1 The following default duties in the Trusts Act are modified to the extent stated in the clause(s) listed and the Settlers are aware of the meaning and effect of these modifications and exclusions:

<u>Default Duty in Trusts Act</u>	<u>Modification in this deed</u>
<u>Section 29 – General duty of care</u>	<u>Clause 9 – Trustees' General Duty of Care</u> <u>Clause 10 – Investment of Trust Fund</u> <u>Schedule 2, clause 2.1(a) – Powers of Trustees</u>
<u>Section 30 – Duty to invest prudently</u>	<u>Clause 10 – Investment of Trust Fund</u>

Commented [AW2]: Under the Trusts Act 2019 we (Buddle Findlay) are subject to adviser duties which require us to advise the Settlers of the extent to which the trust deed as varied modifies the default trustee duties set out in the Trusts act and ensure that the Settlers are aware of the meaning and effect of any clauses in the trust deed which limit the trustees' liability or provide an indemnity in their favour. We will advise the Settlers more fully prior to the signing of the variation deed.

	Schedule 2, clause 2.1(a) – Powers of Trustees
Section 31 – Duty not to exercise power for own benefit	Clause 12.1 – Pecuniary Profit and Benefits and Advantages Clause 14.6 – Interested Trustees
Section 34 – Duty to avoid conflict of interest	Clause 12.1 – Pecuniary Profit and Benefits and Advantages Clause 14.6 – Interested Trustees
Section 36 – Duty not to profit	Clause 12.1 – Pecuniary Profit and Benefits and Advantages Clause 14.6 – Interested Trustees
Section 37 – Duty to act for no reward	Clause 12.1 – Pecuniary Profit and Benefits and Advantages Clause 14.6 – Interested Trustees

23.2 The following default duties in the Trusts Act are excluded from the provisions of this deed and shall not apply and the Settlers are aware of the meaning and effects of these exclusions:

- (a) Duty of impartiality (section 35 of the Trusts Act); and
- (b) Duty to act unanimously (section 38 of the Trusts Act).

23.3 The Settlers are also aware of the meaning and effect of clause 16 (Limitation of Liability and Indemnity) which limits the Trustees' liability and/or provide an indemnity in their favour.

EXECUTION

THE COMMON SEAL of)
THE CHRISTCHURCH CITY COUNCIL)
was hereunto affixed by and in the)
presence of:

Mayor/Councillor

Authorised Officer

THE COMMON SEAL of)
SELWYN DISTRICT COUNCIL)
was hereunto affixed by and in the)
presence of:

Mayor/Councillor

Authorised Officer

SIGNED by)
DOUGLAS JAMES CATHERWOOD)
in the presence of) _____
Signature

Witness signature

Full Name

Address

Occupation

SIGNED by)
VIVIAN LESLIE SMART)
in the presence of) _____
Signature

Witness signature

Full Name

Address

Occupation

SIGNED by)
RICHARD WAYNE DAVISON)
in the presence of) _____
Signature

Witness signature

Full Name

Address

Occupation

SIGNED by)
CLARE MARIE WILLIAMS)

in the presence of) Signature

Witness signature

Full Name

Address

Occupation

SIGNED by)
DAVID ANTHONY ROBERT HASLAM)
in the presence of) Signature

Witness signature

Full Name

Address

Occupation

SIGNED by)
DENIS JOHN O'ROURKE)
in the presence of) Signature

Witness signature

Full Name

Address

Occupation

SCHEDULE 1

The Trustees

Douglas James Catherwood of Hororata, Central Plains Farmer

Richard Wayne Davison of Culverden, North Canterbury Farmer and Valuer

David Anthony Robert Haslam of Norwood, Company Director

Denis John O'Rourke of Christchurch, Christchurch, Member of Parliament

Clare Marie Williams of Waikuku Beach representative of Te Runung O Ngai Tahu

Vivian Leslie Smart of North Canterbury representative of Te Rununga O Ngai Tahu

*

SCHEDULE 2

Powers of Trustees

1. Interpretation

1.1 In this schedule:

- (a) Expressions or terms have the meanings given by the Trust Deed, unless the context requires otherwise;
- (b) Unless the context requires otherwise, references to clauses are to clauses of this schedule.

2. Powers of Trustees

2.1 The Trustees have power in accordance with clause 118 of the Trust Deed:

(a) To borrow and to give guarantees or charges over the Trust Fund;

~~(a)~~(b) To apply for and hold the resource consents necessary for the Scheme and which are to be made available to the Scheme;

~~(b)~~(c) To provide grants and/or loans to enable studies to be undertaken in respect of water issues affecting the Regions;

~~(c)~~(d) To acquire, develop and own infrastructural assets related to the Scheme;

~~(d)~~(e) To co-operate with other entities including neighbouring water groups where the Scheme is likely to benefit;

~~(e)~~(f) To invest the Trust Fund in accordance with policies determined by the Trustees from time to time;

~~(f)~~(g) To accumulate income;

~~(g)~~(h) To enter into contracts for the provision of services to achieve the Objects;

~~(h)~~(i) To open and maintain a bank account and to decide who will be the signatories to that account;

~~(i)~~(j) To advertise the Trust and the Objects;

~~(j)~~(k) To obtain incorporation or registration of the Trust in accordance with any law from time to time in force relating to charitable trusts;

~~(k)~~(l) Subject to sections 67 to 69 of the Act, To appoint or engage or employ any person or company (including the Trustees) for any period:

- (i) as an expert or professional person or entity to advise on or carry out any of the trusts and powers authorised by this Deed; or
- ~~(ii) as an attorney or delegate for the Trustees in New Zealand or elsewhere for all or any of the purposes of the Trust; or~~

~~(ii)~~(ii) as a manager or agent for or on behalf of the Trustees in all or any matters relating to the management and the control of the Trust; or

~~(iv)~~(iii) as an employee of the Trustees in all or any matters relating to the Trust;

~~(h)~~(m) To act upon any opinion or advice or information obtained from a person or entity referred to in paragraph 2.1(l)(i)~~(k)~~(i) of this clause;

~~(m)~~(n) To determine all questions and matters of doubt which may arise in the course of the management, administration, investment, realisation, distribution, liquidation, partition, resettlement or winding up of the Trust Fund or the Trust, or to apply for directions under section ~~66 of the Trustees Act 1956~~133 of the Act;

~~(n)~~(o) Generally to do all such other lawful acts and things that are incidental or conducive to the attainment of the Objects; and

~~(o)~~(p) Subject to clauses 12.1 and 12.3 ~~10.1 and 10.3~~ of the Trust Deed, to pay from the Trust Fund any costs or expenses incurred in the course of the Trustees discharging, carrying out or exercising any of their duties and powers.

SCHEDULE 3

Rules governing the number, appointment, payment and cessation of office of the Trustees

1. Interpretation

1.1 In this schedule:

- (a) Expressions or terms have the meanings given by the Trust Deed, unless the context requires otherwise;
- (b) Unless the context requires otherwise, references to clauses are to clauses of this schedule.

2. Number of Trustees

2.1 ~~Subject to clause 2.5, there shall be up to 12 Trustees.~~

2.2 Subject to clause 2.7, the Settlers will jointly:

- (a) Have the right to appoint the Trustees for such term of office (not exceeding three years, as provided for in clause 3) as they see fit;
- (b) Have the right to remove the Trustees as they see fit.

2.3 In jointly exercising their power to appoint and remove Trustees, the Settlers will be mindful of the need to provide balanced representation in the Trust, including appropriate representation for the following interest groups:

- (a) Tangata whenua;
- (b) Environment protection agencies;
- (c) Farmer interest groups.

2.4 In exercising such power the Settlers will also endeavour to ensure that the Trustees include persons possessing the generic and specific competencies previously identified by the Settlers from time to time as being desirable to be possessed by the Trustees.

2.5 Notwithstanding the foregoing powers of the Settlers, the Trustees may themselves co-opt from time to time persons to serve as additional Trustees where there are vacancies but (for the avoidance of doubt) such persons so co-opted will be subject to the removal power of the Settlers.

2.6 The Trustees will have the power to appoint their Chairperson and to determine the period for which he or she is to hold office, provided that the term of appointment of the first Chairperson will be a period of one year.

2.7 Notwithstanding the foregoing powers of the Settlers, Te Runanga o Ngai Tahu shall be entitled to appoint a total of three Trustees of the Trust from time to time.

3. Term of Appointment

- 3.1 The term of each Trustee is up to 3 years from the date of appointment. Trustees may serve more than one term.
- 3.2 At the first meeting of the Trustees, every Trustee shall draw by ballot the length of his or her term of appointment, being either a 1, 2 or 3 year term, the intent being that after the ballot process has been completed the Trustees will be divided equally between 1, 2 and 3 year terms, with membership terms ending as at 30 June in each year (the first term ending on 30 June 2004). Trustees whose terms have expired will be eligible for re-appointment.

4. ~~Payment of Trustees~~

~~4.1 Fees payable to the Trustees will be appropriate for entities of this type.~~

5.4. Cessation of Trusteeship

~~5.14.1~~ A person shall cease to be a Trustee if the Trustee:

- (a) Resigns or retires by written notice to the other Trustees;
- (b) Dies;
- (c) Refuses or is unable to act in his or her capacity as a Trustee;

(d) Completes their term of office;

~~(d)~~(e) Is a bankrupt who has not obtained a final order of discharge or whose order of discharge has been suspended not yet expired, or is subject to a condition not yet fulfilled, or to any order under section 111 of the Insolvency Act 1967;

~~(e)~~(f) Is a person who has been convicted of any offence punishable by a term of imprisonment of 2 or more years;

~~(f)~~(g) Is a person who is disqualified from being a director of a company under section 382 of the Companies Act 1993;

~~(g)~~(h) Is a person in respect of whom an order has been made under section 383 of the Companies Act 1993;

~~(h)~~(i) Is a person who is mentally disordered within the meaning of the Mental Health (Compulsory Assessment and Treatment) Act 1992; and

~~(i)~~(j) Is a person who is subject to a property order made under section 30 or section 31 of the Protection of Personal and Property Rights Act 1988.

5. Validity of Proceedings

5.1 Where, for any reason, a Trustee is not properly appointed, re-appointed or is disqualified from holding office, anything done by that Trustee (or by a meeting at which that Trustee was present as a Trustee or committee member) before discovery of the irregularity, shall be as valid as if that Trustee had been duly appointed, re-appointed or had not been disqualified (as the case may be).

SCHEDULE 4

Rules governing the meetings of Trustees

1. Interpretation

1.1 In this schedule:

- (a) Expressions or terms have the meanings given by the Trust Deed, unless the context requires otherwise;
- (b) Unless the context requires otherwise, references to clauses are to clauses of this schedule.

2. Quorum

2.1 A quorum for meetings of Trustees shall be a majority in number of the Trustees.

3. Time of meetings

3.1 Subject to these Rules and to this Trust Deed, the Trustees shall meet and regulate their meetings as they think fit.

4. Chairperson

4.1 The chairperson of the Trustees will be appointed and may be removed by the Trustees.

4.2 The chairperson will have a casting vote.

5. Notice of meetings

5.1 The chairperson or any 3 Trustees may at any time summon a meeting. 7 days' notice of any meeting (stating the place, day and time of the meeting) shall be communicated to each of the other Trustees unless all of the Trustees agree to shorten or waive the notice period.

5.2 No notice will be necessary for the resumption of adjourned meetings except to Trustees not present at the meeting adjourned.

6. Decisions

6.1 All questions and matters arising at meetings of Trustees shall be decided by majority vote.

6.2 A resolution in writing signed by all of the Trustees shall be as effective as if it had been passed at a meeting. Such a resolution may consist of several like documents each signed by one or more of the Trustees and may be sent by facsimile.

6.3 Any resolution of the Trustees may be rescinded or varied from time to time by the Trustees.

7. Audible communication

7.1 The contemporaneous linking together by telephone or any other means of audible communication of enough of the Trustees to constitute a quorum shall be deemed to constitute a meeting of the Trustees so long as the following conditions are met:

(a) Each of the Trustees must have received notice of the meeting (or have waived notice) under clause 5.1;

(b) Each of the Trustees taking part in the meeting must be able to hear each of the other Trustees taking part at the commencement of the meeting and (subject to the terms on which a Trustee may leave the meeting under clause [\(d\) below](#)~~7.2~~) throughout the meeting;

[\(c\)](#) At the commencement of the meeting each of the Trustee must acknowledge his or her presence to all the other Trustees taking part in the meeting.:-

[\(d\)](#) A Trustee may not leave the meeting (whether by departing or disconnecting his or her telephone or other means of communication) unless he or she has previously obtained the express consent of the chairperson of the meeting. A Trustee shall be conclusively presumed to have been present and to have formed part of the quorum at all times during the meeting unless he or she has previously obtained the express consent of the chairperson to leave the meeting. [and](#)

~~7.2~~[\(e\) A minute of the proceedings of the meeting shall be sufficient evidence of those proceedings, and of the observance of all necessary formalities, if certified as a correct minute by the chairperson of that meeting and by the secretary or person acting as a secretary.](#)

8. Minutes

8.1 The Trustees are to keep minutes of their meetings and of all of their decisions. The minutes shall be kept in a minute book maintained by a person appointed by the Trustees.

8.2 Any minute of a meeting of the Trustees (including their decisions) purporting to be signed by the chairperson of the meeting or of the next meeting shall be prima facie evidence of the matters referred to in such minute having been authorised done or passed by the Trustees. The decisions recorded in the minutes will be read in conjunction with the Trust Deed and will be binding on all persons interested in the Trust.

9. Adjournment

9.1 If a quorum is not present within 20 minutes after the time appointed for any meeting, the chairperson of the meeting may adjourn the meeting to another time.

9.2 Any meeting may be adjourned if the Trustees present so resolve.

10. Interested Trustees and Conflict Transactions

10.1 ~~Clauses 12.1 to 12.4 of the Trust Deed govern the instances and consequences of a Trustee for whom a Conflict Transaction exists. When there is a Conflict Transaction, clauses 2 to 10 of these Rules shall be deemed to have been varied to the extent required by clauses 12.1 to 12.4 of the Trust Deed.~~[An interested Trustee may not take part in deliberations, vote or attend meetings in relation to any transaction with the Trust where that Trustee is interested, but may:](#)

[\(a\)](#) Sign a document relating to the transaction on behalf of the Trust; and

(b) Do anything else as a Trustee in relation to the transaction, as if they were not interested in the transaction.

draft
07 Jun 2023



Central Plains Water Trust

Annual Sustainability Report 2021-22



Central Plains Water Trust

Annual Sustainability Report 2021-22

- December 2022

Report prepared by

Liquid Earth Limited
Unit 13
212 Antigua Street
Christchurch 8011

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List of Abbreviations

CCC	Christchurch City Council
CLG	CPW Community Liaison Group
CWMS	Canterbury Water Management Strategy
CPW	Collective reference to CPWL and CPWT
CPWL	Central Plains Water Limited
CPWT	Central Plains Water Trust
ECan	Environment Canterbury
EMF	CPW Environmental Management Fund
EMS	CPW Environmental Monitoring Strategy
FEP	Farm Environmental Plan
GSWERP	Ground and Surface Water Expert Review Panel
GSWMP	Ground and Surface Water Monitoring Plan
LWRP	Canterbury Land and Water Regional Plan
SDC	Selwyn District Council
TWEMF	Te Waihora Environmental Management Fund
TLL ₃	Trophic Level Index
ZIP	CWMS Selwyn Waihora Zone Implementation Plan

Executive Summary

The Central Plains irrigation scheme (the Scheme) supplies water to a command area of approximately 71,000 hectares between the Waimakariri and Rakaia rivers. The initial stage of the Scheme (Stage 1) commenced operations in 2015, with the final stage (Stage 2) being commissioned in October 2018.

Stage 1 of the Scheme covers an area of approximately 30,300 hectares between the Rakaia and Selwyn rivers, approximately 22,500 hectares of which is irrigated using CPW water. Stage 1 incorporates a 17km long headrace canal to supply water from the Rakaia River intake to 133 farm turnouts via a 130 km distribution network comprising pressurised underground pipes. Stage 2 of the CPW Scheme covers an area of approximately 32,000 hectares between the Selwyn and Waimakariri Rivers, 18,200 hectares of which is irrigated using CPW water. Stage 2 extends from the end of the Stage 1 headrace canal and supplies 135 farm turnouts via a pressurised distribution network approximately 200 kilometres long. The 7,000 ha Sheffield Scheme is a stand-alone project along the northern margin of the Central Plains area that commenced operations in November 2017 utilising water from the Kowai and Waimakariri Rivers in combination with a 2 million m³ storage pond constructed near Springfield. Approximately 4,200 hectares of the Sheffield Scheme area is irrigated using CPW water.

Cumulative rainfall during the 1 September 2021 to 23 May 2022 irrigation season was generally between 10 to 20 percent above average across the Central Plains area. However, this rainfall was unevenly distributed through the season with large rainfall events occurring in mid-December 2021 and early February 2022. These rainfall events moderated accumulated soil moisture deficits during the summer and autumn period, reducing cumulative irrigation demand over 2021-22 irrigation season. Following wetter than normal conditions during winter 2021, groundwater levels and surface water flows were generally above average during the early part of the season. Following the December 2021 and February rainfall events, this recovery was maintained through the remainder of the year.

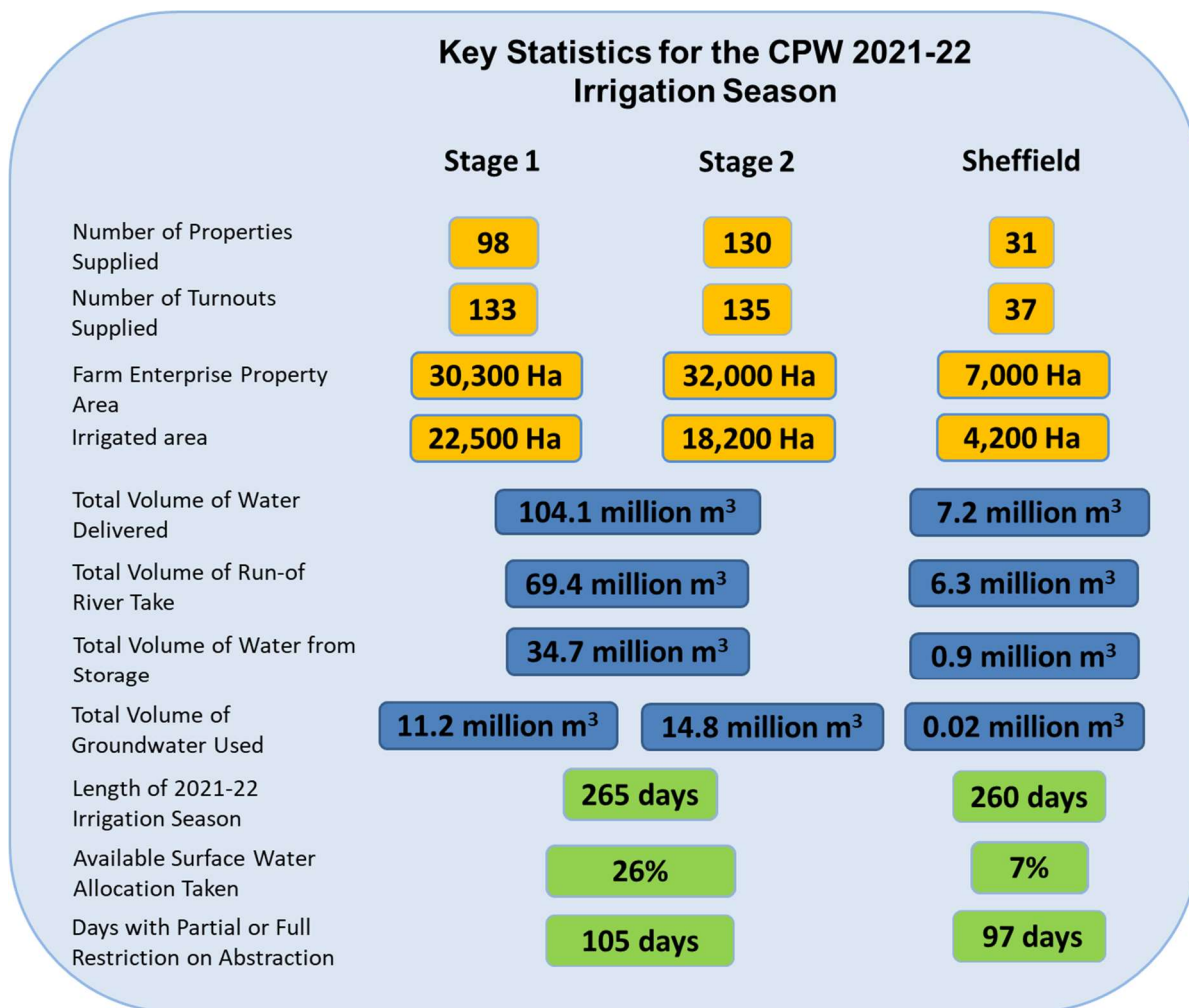
During the 2021-22 season the CPW scheme supplied 111.3 million m³ of water to 259 shareholder properties. A combined total of 104.1 million m³ of water was supplied to 228 properties in the Stage 1 and Stage 2 areas of which 69.4 million m³ (66.7%) was sourced from run-of-river abstraction from the Rakaia River, with an additional 34.7 million m³ (33%) of stored water sourced from Lake Coleridge. A total volume of 7.2 million m³ was supplied to 31 properties in the Sheffield Scheme area during 2021-22, comprising 5.3 million m³ (77%) pumped from the Waimakariri River and 1.6 million m³ (23%) gravity fed from the Kowai River.

During the 2021-22 season direct run-of-river abstraction by the Scheme totalled 26 and 7 percent of the volume potentially available under resource consents held by CPW for abstraction from the Rakaia and Waimakariri Rivers respectively. Groundwater usage by CPW shareholders during 2021-22 totalled 13% of the total volume authorised by existing water permits across the Scheme area.

Water quality monitoring results recorded by the CPW monitoring programme during the 2021-22 year show surface water quality, groundwater quality and lake water quality trigger levels established

for the CPW Scheme¹ were exceeded at a number of monitoring sites located both up-stream, within and down-stream of the CPW Scheme area. The recorded trigger level exceedances are either within the historical range and/or consistent with background trends observed prior to commencement of CPW operations. Although influenced by medium-term variation in climate and land use, historical increasing trends in Nitrate-Nitrogen appear to have levelled-off in several lowland streams. Similarly, in-Scheme groundwater levels have recovered significantly compared to those prior to commissioning of the Scheme, particularly in the Stage 1 area where the magnitude of seasonal variation has decreased in response to the substitution of deep groundwater abstraction with water supplied by CPW Scheme.

Implementation of Farm Environment Plans (FEPs) for all CPW Shareholder properties, combined with ongoing improvements in farm management practices, has resulted in significant reductions in nutrient losses across the Scheme. Based on farm nutrient budgets, 2021-22 nutrient losses were approximately 22% below the 2017 baseline across properties in the CPW Scheme, exceeding the 2022 nutrient reduction target for agricultural land use in the Selwyn-Te Waihora zone specified in the Land and Water Regional Plan (LWRP).



¹ These trigger levels are consistent with equivalent environmental limits established in the Canterbury Land and Water Regional Plan

1. Scheme Background

1.1. History

The Central Plains Water Trust (CPWT) was established jointly in 2003 by Christchurch City Council (CCC) and Selwyn District Council (SDC) to implement the Central Plains Water Enhancement Scheme (the Scheme) which was intended to supply irrigation water to an area of approximately 60,000 hectares between the Waimakariri and Rakaia Rivers.

In July 2012, the CPWT was granted resource consents by Environment Canterbury (ECan) and SDC to take and use water for irrigation purposes, as well as to construct and operate the Scheme. Central Plains Water Limited (CPWL) was subsequently established to implement the Scheme, and CPWT has licensed the use of the Scheme consents to CPWL. CPWL is responsible for the construction and operation of the Scheme, and for all consent compliance and reporting. For the purposes of this report, CPWT and CPWL are referred to collectively as CPW.

1.2. Scheme Development

As illustrated on Figure 1 development of the Scheme was completed in three stages.

Stage 1 provides irrigation water to an area of approximately 30,300 hectares between the Rakaia and Selwyn rivers and was completed in September 2015. Stage 1 is supplied from the Rakaia River via a 17km headrace that extends from the river intake as far as Leeches Road. From the end of the headrace, water is conveyed to individual shareholder properties via a pressurised pipe network approximately 130 kilometres in length. Construction of the Rakaia River intake and distribution network for Stage 1 was undertaken between early 2014 and mid-2015, with the first irrigation water supplied on 1 September 2015.

Stage 2 supplies a command area of approximately 32,000 hectares between the Selwyn and Waimakariri rivers. Construction of Stage 2 commenced in early 2017, with the scheme becoming operational on 2 October 2018. This component of the Scheme is a fully piped network that is integrated with the Stage 1 reticulation, utilising water from the Rakaia River intake (including Lake Coleridge storage). Stage 2 is supplied by a 23-kilometre, large diameter (2.5 m) Glass Reinforced Plastic (GRP) pipe which extends from the end of the Stage 1 headrace canal and feeds a pressurised distribution network approximately 200 kilometres long.

The Sheffield scheme, covering approximately 7,000 Ha commenced operations in November 2017. This component of the scheme is physically separate from Stages 1 and 2, supplying irrigation water, stock water, firefighting water and supplementary town supply water for Springfield and Sheffield from the Waimakariri and Kowai Rivers. The Sheffield scheme includes a 2 million m³ pond constructed near Springfield to provide storage during periods of low flow when run-of-river abstraction is restricted.

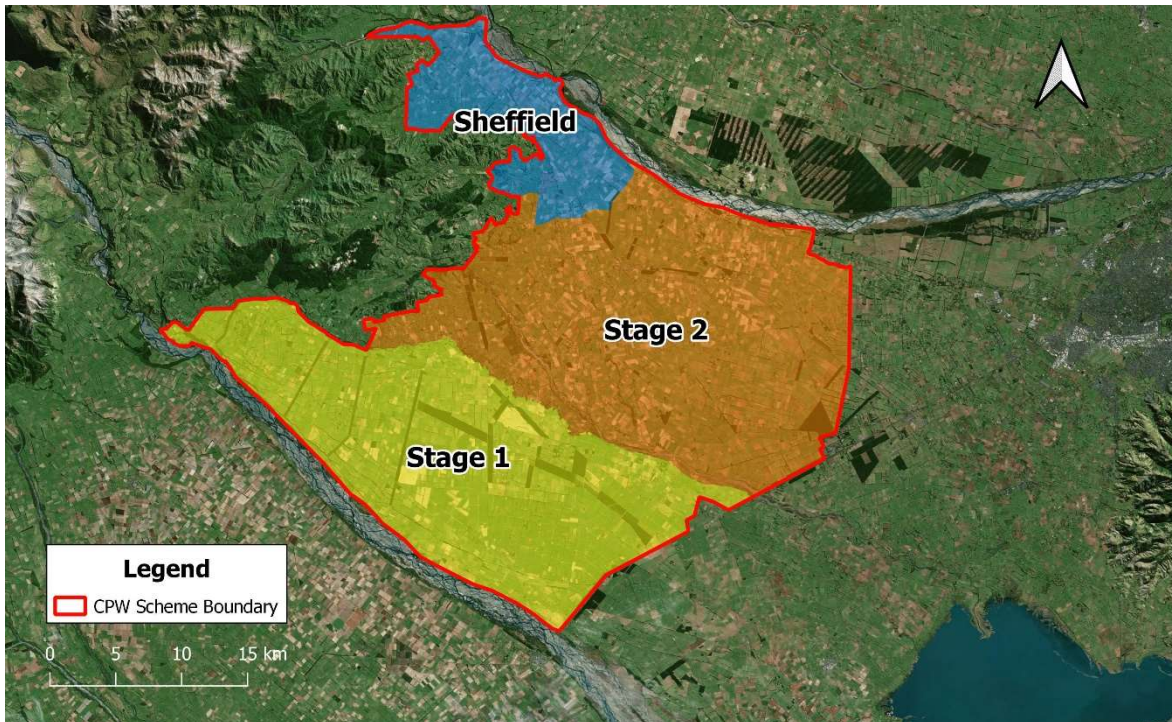


Figure 1. Layout of the CPW scheme showing the extent of individual Scheme stages.

1.3. Water Sources

Stage 1 and Stage 2 of the Scheme derive water from the Rakaia River via an intake constructed approximately 8 kilometres downstream of the Rakaia Gorge (SH77) bridge. Conditions of resource consents authorising the taking of water from the river are subject to minimum flow conditions which require the rate of abstraction to progressively reduce as river flows decline.

The Rakaia River Water Conservation Order establishes a minimum flow at Rakaia Gorge which varies depending on the month between 90 cubic metres per second (cumecs) in September and 139 cumecs in December. When flows are below the minimum flow, no water can be taken from the river. When flows are higher than the minimum flow, water can be taken from the river by resource consents assigned to multiple allocation 'Bands' which have varying minimum flow restrictions. Water permits assigned to individual Bands can take water on a 1:1 basis above the specified minimum flow (i.e., for every 2 m³/s of flow above the specified minimum, 1 m³/s can be taken from the river).

The bulk of allocation held by CPW is assigned to flow Bands which require abstraction to cease when river flow falls to less than 70 cumecs above the WCO minimum flow, resulting in relatively modest supply reliability (i.e., it is cut-off first as river flows decline). Due to constraints imposed by the minimum flow restrictions, the full volume of allocation held by CPW can only be taken on average for around 63 percent of the time during the irrigation season. To provide an adequate reliability of supply for irrigation, CPW have an agreement with Trust Power Ltd to access water stored in Lake Coleridge. Under this agreement, water is released from Lake Coleridge as river flows decline. This enables CPW to continue to take water from the river without having any adverse effect on natural flows in the river. The use of stored water increases the reliability of supply for Stage 1 and 2 to approximately 98 percent.

The Sheffield Scheme utilises water from the Kowai and Waimakariri Rivers which are subject to similar low flow restrictions to those applying on the Rakaia River. The storage pond constructed for the Sheffield Scheme holds sufficient water to maintain reliability of supply at a similar level to Stages 1 and 2. It is noted that the maximum rate of take possible from the Waimakariri River intake under the current Scheme configuration is significantly lower than that authorised by existing resource consents.

Table 1 below provides a summary of the average utilisation of water available to CPW under existing resource consents via the Rakaia River and Waimakariri River intakes since the Scheme commenced operation. The proportion of total river flow available for abstraction by CPW varies from year-to-year reflecting temporal variation in river flows and the resulting effect of minimum flow cut-offs on water available for abstraction by CPW. The figures show that, to date, CPW has utilised less than 40% of the total allocation available to it from the Rakaia River and less than 12% of the water available from the Waimakariri River.

Table 1. Average water availability and utilisation by CPW consents, 2016-17 to 2021-22.

Source		2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Rakaia River	Percentage of river flow available for CPW abstraction	6.2%	9.1%	4.8%	6.1%	7.2%	7.2%
	Percentage of river flow used by CPW	1.5%	1.5%	1.6%	2.3%	2.9%	2.0%
	Percentage of CPW allocation utilised	24%	17%	33%	38%	40%	26%
Waimakariri River	Percentage of river flow available for CPW abstraction	n/a	2.2%	3.1%	2.8%	2.5%	2.8%
	Percentage of river flow used by CPW	n/a	0.25%	0.14%	0.31%	0.25%	0.20%
	Percentage of CPW allocation utilised	n/a	11%	5%	11%	9.9%	6.6%

1.4. Regulatory Environment

The Canterbury Land and Water Regional Plan (LWRP) establishes objectives, policies and rules relating to the management of land and water resources across the Canterbury region. The plan divides the region into ten geographic zones and establishes a set of objectives, policies and rules which apply uniformly across the entire region. In addition, each Zone has a set of specific policies, rules and limits which address localised or sub-regional resource management issues particular to that Zone, which either over-ride or add to the region-wide rules.

The specific management provisions for each Zone are developed and overseen by a Zone Committee comprising a range of community representatives. The Zone Committee is responsible for developing strategies, targets and activities outlined in a Zone Implementation Plan (ZIP) that outlines recommendations for short and long-term water management in each Zone.

The Scheme is located in the Selwyn - Te Waihora Zone and forms an integral part of measures outlined in the ZIP (also referred to as the “Solutions Package”) for delivering the Canterbury Water Management Strategy (CWMS) outcomes adopted by the Selwyn - Te Waihora Zone Committee in October 2013. These measures anticipate that the Scheme will provide additional recharge to the catchment from alpine water, a reduction in the volume of groundwater used for irrigation and provide opportunities for targeted stream augmentation. This is expected to result in increased volumes of water in aquifers and flows in lowland streams, as well as dilution of nitrogen concentrations in Lake Ellesmere/Te Waihora, thereby improving water quality and quantity across the wider Zone.

Recommendations in the Selwyn - Te Waihora Solutions Package were formally adopted by ECan via Plan Change 1 to the Canterbury Land and Water Regional Plan (LWRP) in February 2016. Updated provisions for the Selwyn - Te Waihora zone in the LWRP include:

- Prohibiting new groundwater takes in over-allocated water management zones and reducing the total volume of water allocated within the Zone
- Revised surface water allocation limits to deliver ecological and cultural flows, particularly in lowland streams
- Introduction of a fixed allocation or “cap” on nitrogen losses in the catchment (including the Scheme). Progressive reductions in cumulative nitrogen losses are required over time
- A requirement for all farming properties to prepare a farm environment plan (FEP) and implement a range of good management practices. This includes specific requirements for individual landholdings to reduce nitrogen leaching losses by specific amounts (depending on land use type) by 2022
- A reduction in legacy phosphorus in Lake Ellesmere/Te Waihora by 50 percent and improved management of lake-level and opening.

The Selwyn-Waihora provisions of the LWRP make specific provision for nitrogen losses from the Scheme. These provisions set a threshold for cumulative losses from the land irrigated from the Scheme which enables conversion of some existing dryland farms to irrigation, while requiring land uses within the scheme to implement good management practice to achieve the overall reduction in nitrogen losses required by 2022.

2. 2021-22 Annual Summary

2.1. Climate

During the 2021-22 year cumulative rainfall totals were above the long-term average across the Central Plains area. Figure 2 shows a total of 942 mm of rainfall was recorded at NIWA weather station 4702 (located approximately 4km west of Hororata) between July 2021 and June 2022, 115 mm (14%) above the long-term average of 827 mm. The figure also illustrates cyclical variations in medium-term (5-year moving average) rainfall, with multi-year periods of above and below-average rainfall observed in the historical record. Since 2000, despite individual dry seasons (e.g., 2014-15 and 2015-16), medium-term average rainfall totals at Hororata have remained close to, or slightly above, the long-term average.

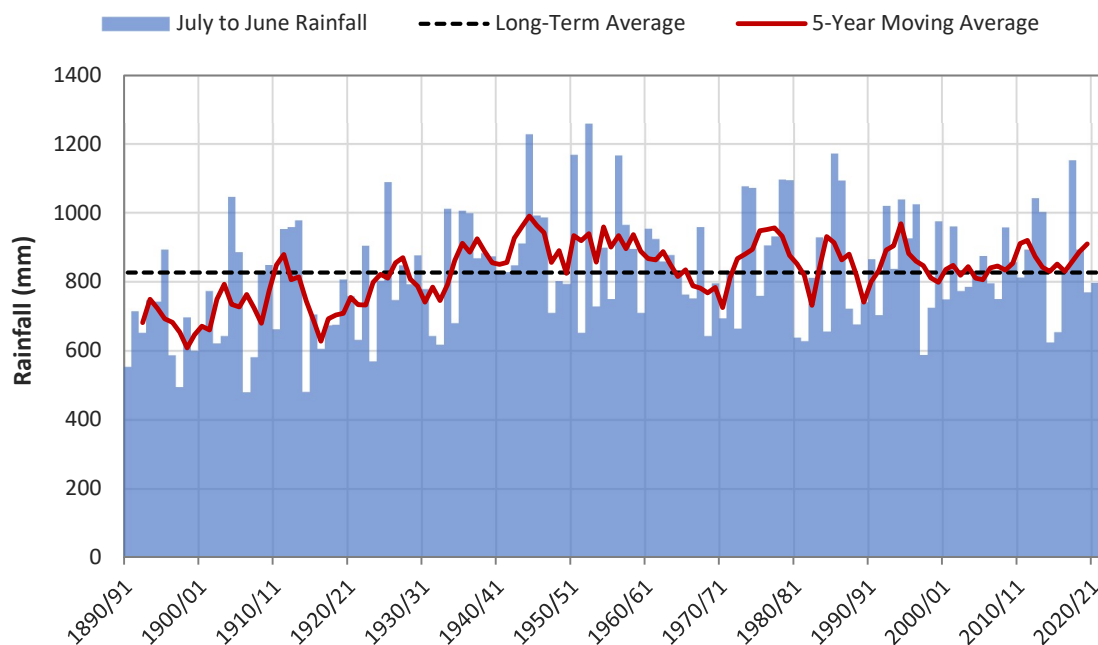


Figure 2. Historical July to June rainfall at Hororata (4702), 1890-91 to 2020-22 (Data from NIWA CliFlo database).

Although above the long-term average, rainfall was unevenly distributed through the 2021-22 year. Of particular note was a 10-day period between 4th and 14th February 2022 when between 130 and 140mm of rain was recorded across much of the Central Plains, approximately twice the average annual rainfall for February. A significant rainfall event of 60 to 70mm was also recorded over a 3-day period in mid-December 2021. As shown on Figure 3 below, with the exception of December 2021 and February 2022, monthly rainfall was generally below average across the Central Plains area during the remainder of the 2021-22 season.

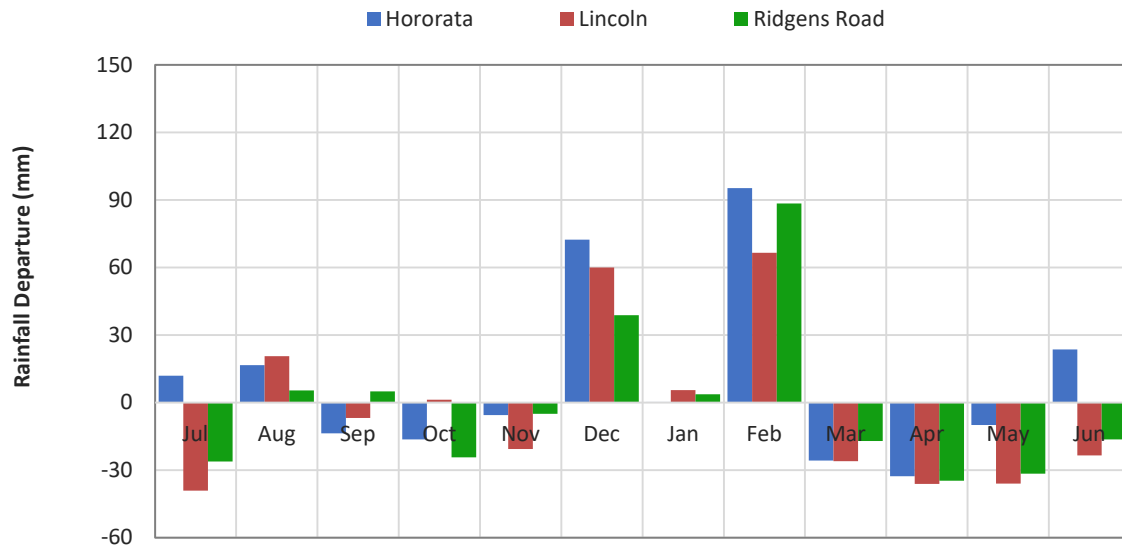


Figure 3. Departure from average monthly rainfall at Hororata, Lincoln and Ridgens Road during the 2021-22 year (Data from NIWA CliFlo database and Environment Canterbury).

Temporal variation in rainfall during the 2021-22 year was reflected in the accumulated soil moisture deficit across the Central Plains. As shown on Figure 4, soil moisture deficit was generally average to slightly below average from July to mid-December 2021 before declining appreciably in response to the December 2021 and February 2022 rainfall events. Following the February 2022 rainfall soil moisture deficit generally remained below average for the remainder of the season. Due to the summer rainfall, soil moisture deficits during the 2021-22 season were appreciably lower than those recorded during the 2019-20 and 2020-21 seasons, partially over the summer and autumn months. Such differences in the timing and magnitudes of soil moisture deficit between individual irrigation seasons significantly influence the seasonal pattern and volume of water demand in the CPW Scheme.

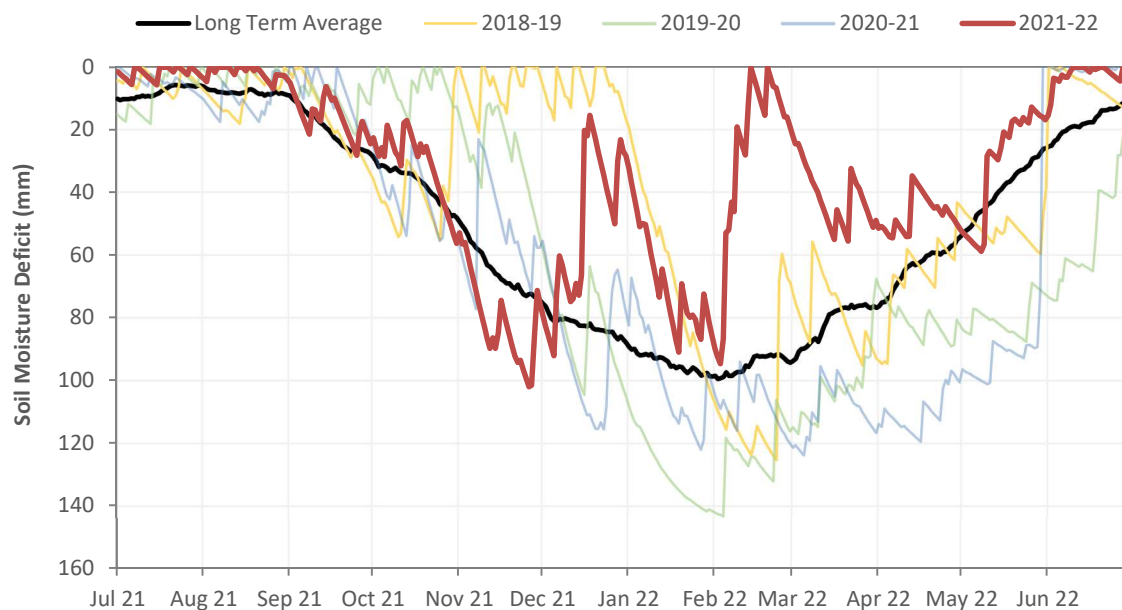


Figure 4. Soil moisture deficit at Hororata during 2018-19, 2019-20, 2020-21 and 2021-22 compared to the long-term average (Data from NIWA CliFlo database, Station No. 4702).

While requirements for irrigation reflect short-term variation in rainfall, the overall quantity of groundwater and surface water resources in the Central Plains area generally reflect longer-term trends in climate. As illustrated on Figure 5, cumulative rainfall during the 2021-22 year was close to average from July to mid-October 2021, declining to slightly below average during November and early December 2021. Following the December 2021 and February 2022 rainfall events, cumulative rainfall remained above average for the remainder of the season.

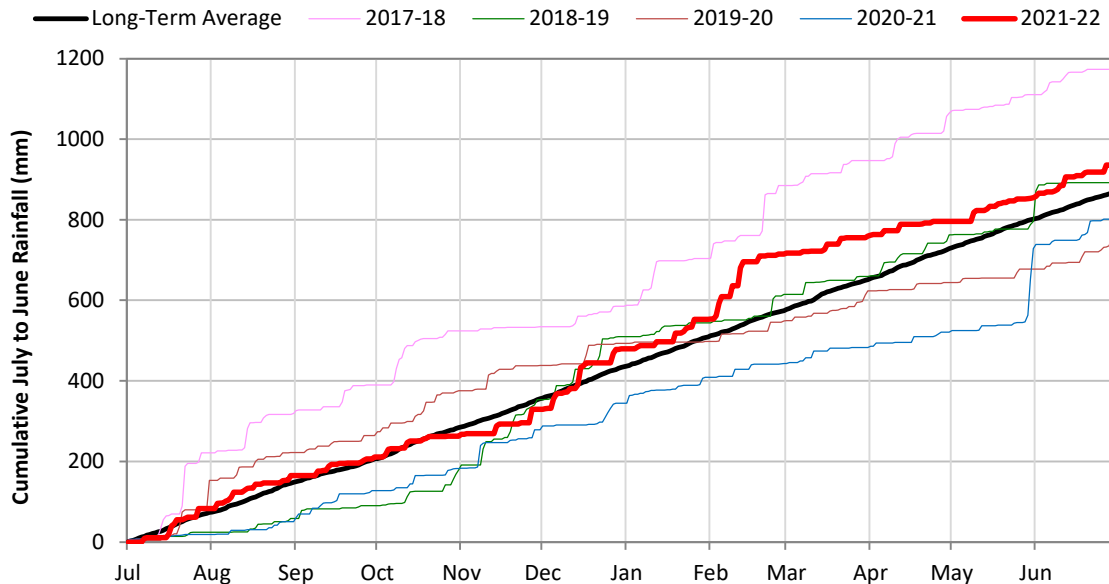


Figure 5. Cumulative (July to June) rainfall at Hororata, 2017-18 to 2021-22.

Both short and medium-term variations in rainfall departure from average were reflected in groundwater levels and stream flows across the wider Central Plains area during the 2021-22 year. While surface water flows are generally influenced by individual rainfall events over the short-term, variations in groundwater levels and discharge in lowland streams are more strongly influenced by seasonal to inter-annual variations in rainfall.

Figure 6 shows a plot of groundwater levels in representative long-term ECan monitoring wells located in the Central Plains area. During 2021-22 groundwater levels recovered from their seasonal minimum in winter 2021 and remained above for the average for the remainder of the year. The above average rainfall in December 2021 and February 2022 offset the seasonal decline typically observed during the summer and autumn period due to increased recharge and reduced abstractive demand.

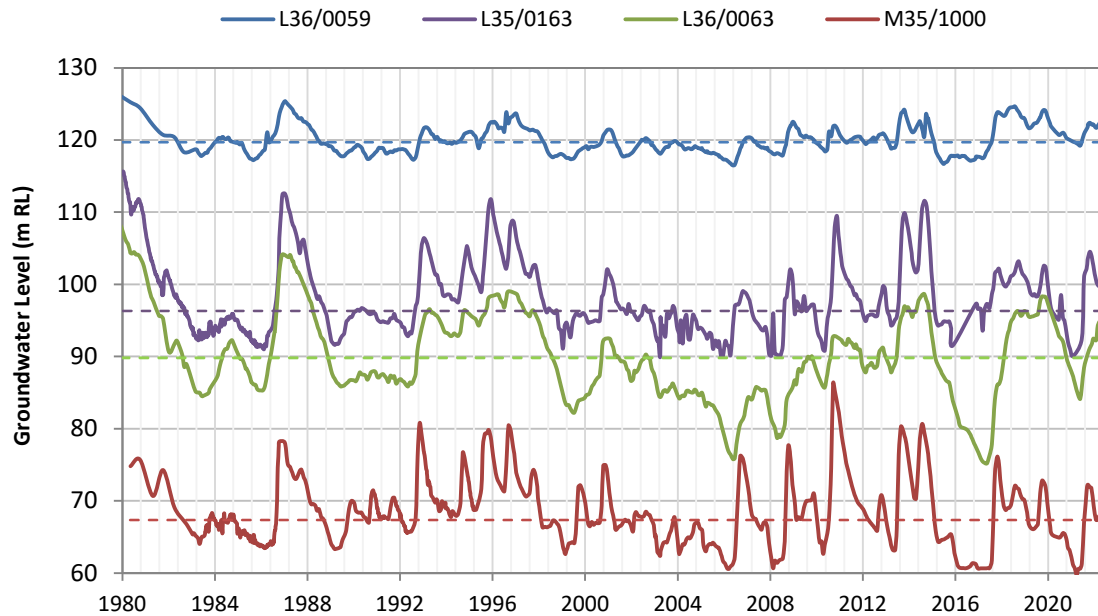


Figure 6. Long-term groundwater levels recorded in L36/0059 (Hororata), L35/0163 (Kirwee), L36/0063 (Greendale) and M35/1000 (West Melton) from 1980 to 2021. Dotted lines indicate long-term median groundwater levels at each site. (Data from Environment Canterbury).

Flows in rivers and streams draining the Central Plains area are influenced by both rainfall and groundwater levels (particularly during periods of limited rainfall). Figure 7 compares flow in the Selwyn River at Coes Ford during the 2021-22 year with the long-term average for this site. The figure shows flows remained well below average during summer and autumn 2021 before recovering close to normal during the 2021 winter (May to July). During spring 2021 flows declined slightly faster than normal but recovered significantly following the December 2021 and February 2022 rainfall events, remaining average to above average for the remainder of the year.

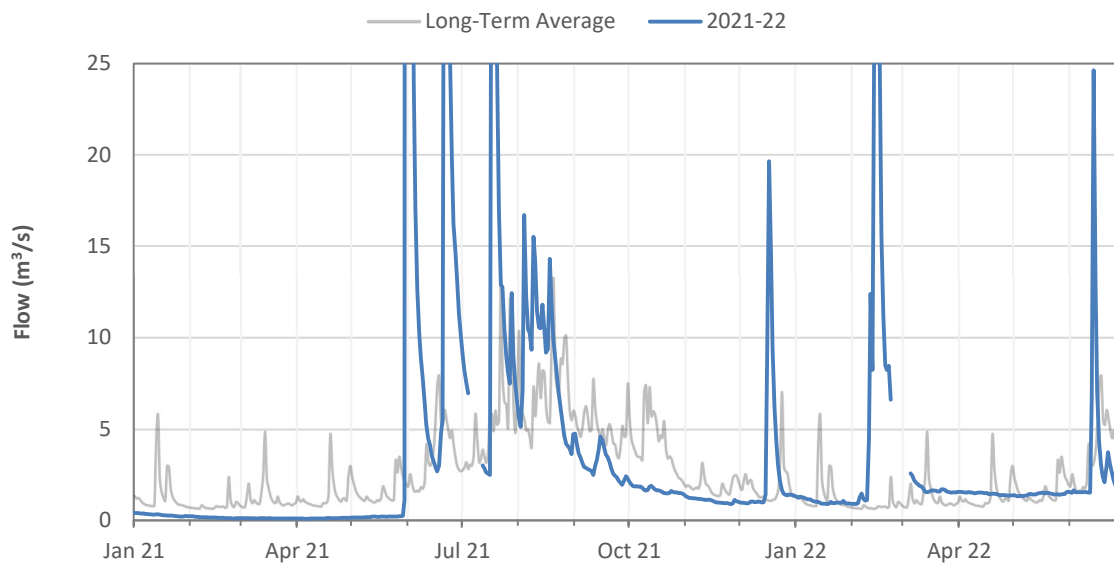


Figure 7. Mean daily flow in the Selwyn River at Coes Ford during 2021-22 compared to the long-term average (Note: vertical axis only shows flows up to 25 m³/s). Data from Environment Canterbury.

Large recharge or high flow events following heavy rainfall can have a significant short-term influence on groundwater and surface water quality. Groundwater quality may also be influenced by inter-annual rainfall variability where extended periods of above average rainfall following similar periods of below average rainfall and can act to flush contaminants accumulated in the soil and unsaturated zone into underlying groundwater. Such short to medium-term climate variability can act to obscure underlying water quality trends.

Overall, the 2021-22 irrigation season can be characterised as being relatively wet, with soil moisture deficits significantly below normal during the summer and autumn period due to significant rainfall events in December 2021 and February 2022.

2.2. Scheme Operation

Between 1 October 2021 and 23 May 2022, the CPW scheme supplied a total of 111.8 million m³ of water to a total of 259 shareholder properties.

A total of 104.1 million m³ of water was supplied to Stages 1 and 2 of the Scheme, comprising 98 Stage 1 properties and 130 Stage 2 properties. Of this total volume, 69.4 million m³ (66.7%) was sourced from run-of-river abstraction from the Rakaia River, with an additional 34.7 million m³ (33%) of stored water sourced from Lake Coleridge.

A total volume of 7.2 million m³ was supplied to 31 properties in the Sheffield Scheme area during 2021-22, comprising 5.6 million m³ (78%) pumped from the Waimakariri River and 1.6 million m³ (22%) gravity fed from the Kowai River. A total of 0.86 million m³ of storage was utilised during the 2021-22 year (representing the difference in pond volume between the start and end of the irrigation season).

CPW scheme shareholders also utilised a total of 11.2 million m³ of groundwater (11% of available allocation) in the Stage 1 area, 14.8 million m³ (15% of available allocation) in the Stage 2 area and 0.02 million m³ of groundwater (0.4% of the available allocation) in the Sheffield Scheme area during 2021-22. Cumulative groundwater use on CPW shareholder properties across the whole CPW Scheme area during 2021-22 was equal to 13% of current allocation. Figure 8 shows a breakdown of water use across the CPW Scheme during the 2021-22 season.

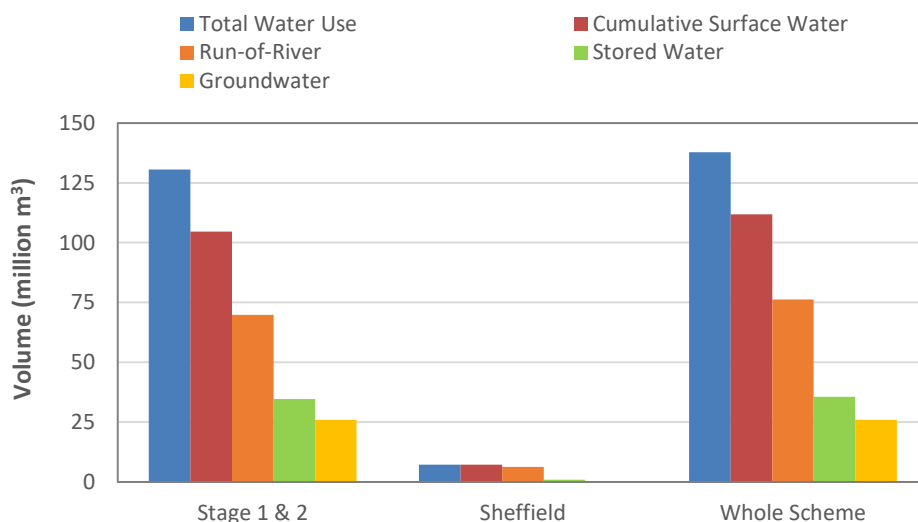


Figure 8. Water use across the CPW Scheme, 2021-22

Figure 9 provides a breakdown of seasonal water use for combined Stage 1 and Stage 2 operations since 2018-19 (noting Stage 2 did not operate for the full 2018-19 season). The figure shows total water use in 2021-22 was similar to 2018-19 (albeit with greater use of stored water during 2018-19) and appreciably lower than 2019-20 (-33%) and 2020-21 (-40%), both of which experienced prolonged periods of above average soil moisture deficit during the late summer and autumn period.

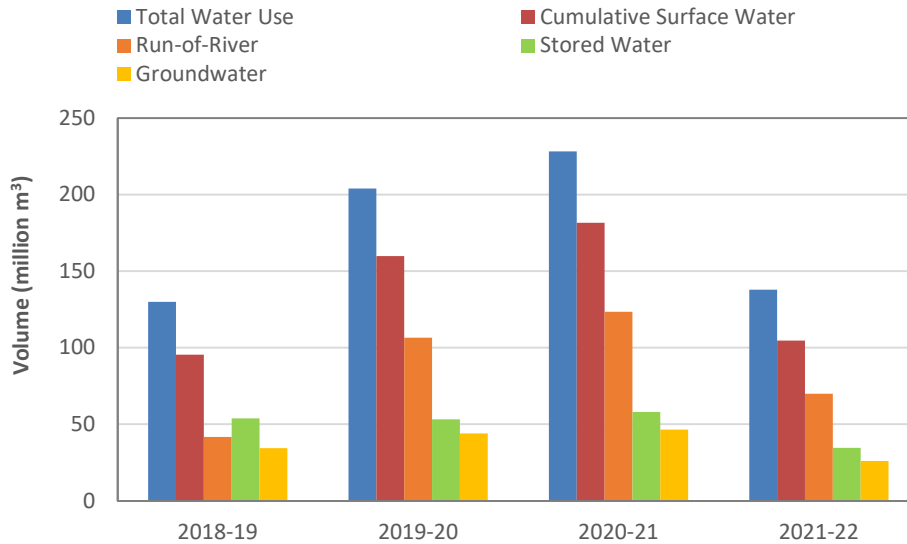


Figure 9. Combined water use (including groundwater abstraction) in CPW Stage 1 and 2, 2018-19 to 2021-22.

Figure 10 shows a plot illustrating the combined operation of Stages 1 and 2 of the CPW scheme during the 2021-22 year. The figure shows irrigation demand (black line) increased significantly in mid-October 2021 and ranged between 10 and 20 m³/s through to early-December when demand reduced significantly following heavy rainfall. Scheme demand increased again in late-December before tailing off through January (during which time a majority of water was derived from storage), declining to near zero following further heavy rainfall in early February 2022. Demand resumed in late February and generally ranged between 5 and 10 m³/s through to early May. A significant proportion of water was derived from storage during the latter part of the season due to a prolonged period of relatively low river flow reflecting a lack of north-westerly weather conditions.

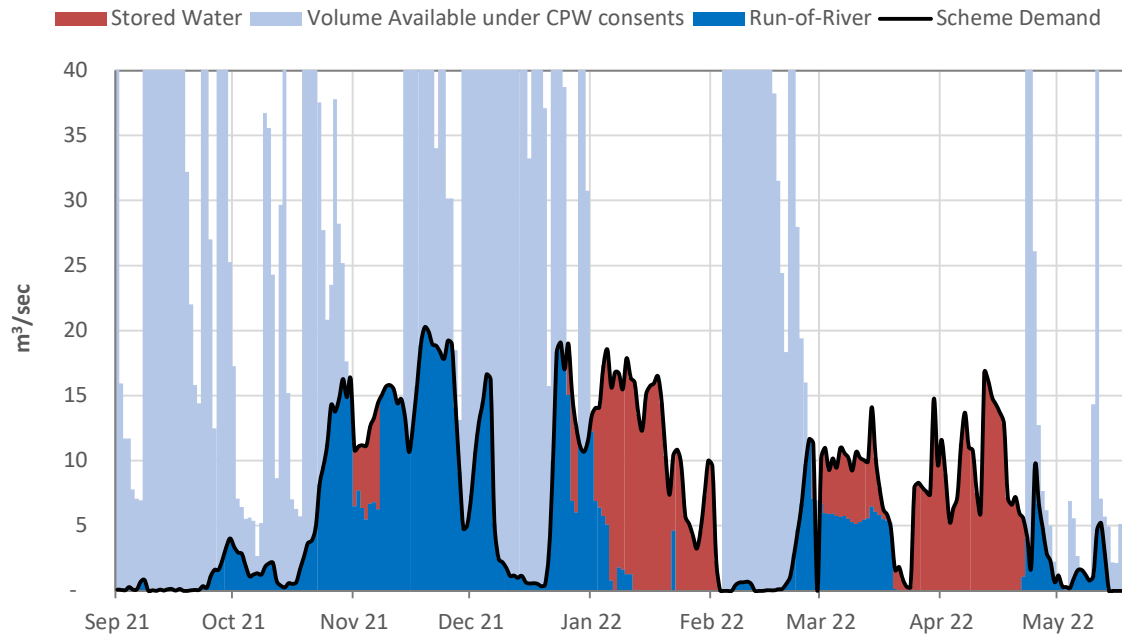


Figure 10. Schematic illustration of Stage 1 and 2 operations during the 2021-22 year.

Figure 11 illustrates operation of the Sheffield Scheme during the 2021-22 season. The figure shows water demand was limited through to late October 2021 and declined appreciably following rainfall events in December 2021 and February 2022, remaining low for the remainder of the season. Surface water inflows (from the Waimakariri and Kowai Rivers) largely tracked Scheme demand until the latter part of the season when pond storage was utilised to meet demand due to low flow restrictions on the surface water takes. Pond storage declined to around 50% of capacity by early-May 2022.

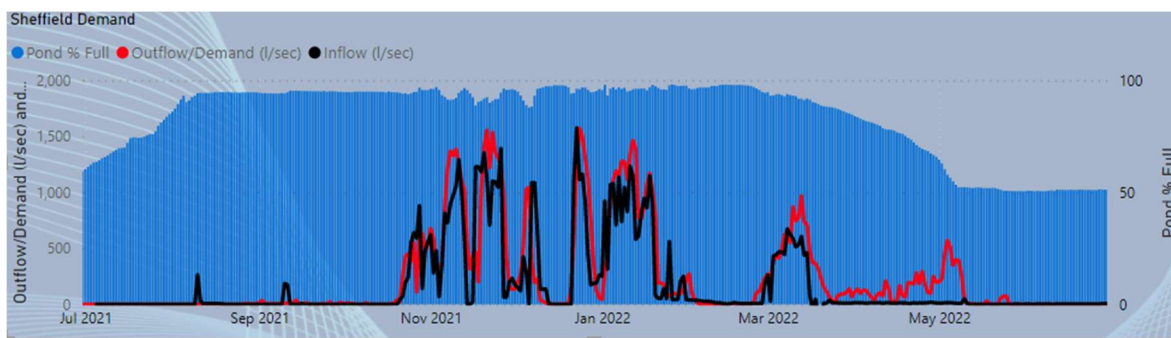


Figure 11. Schematic illustration of run-of-river abstraction, Scheme demand and storage volumes for the Sheffield Scheme during the 2021-22 year.

During the 2021-22 year, electricity consumption in the CPW Scheme totalled 9,616 MWh from a total installed pumping capacity of 11.1 MW. Electricity usage comprised the major component (94%) of the overall 10,908 tCO₂e carbon footprint of the Scheme.

2.3. Positive Benefits

Development of the CPW Scheme was forecast to provide a range of economic and social benefits to the wider community. Specific positive benefits resulting from Scheme that have been identified to date include:

- \$592 million in increased agricultural output from land irrigated using the CPW Scheme
- Long-term employment for staff on farms where land use has changed to higher value use
- Support for the supply of raw materials to food processing facilities (e.g., Fonterra, McCains, Watties, Synlait)
- Upwards of 1,000 direct and indirect jobs in the wider Christchurch region as a result of the Scheme
- Provision of opportunities for landowners to convert land use to higher value options
- Conversion of unsustainable groundwater use to surface water use – to date CPW Shareholders have reduced their usage of groundwater by more than 50% across the scheme
- Provision of supplementary/backup water supplies for the Springfield and Sheffield communities
- Construction of 20 turnouts (connections to the scheme) to provide contingency for rural fire fighting (8 in Stage 1, 7 in Stage 2 and 5 in the Sheffield Scheme area).

The CPW Scheme has also provided a range of other positive benefits including:

- Implementation of Farm Environment Plans (FEP) on all scheme properties including a reduction in nitrogen losses in advance of LWRP requirements (this extends to approximately 15,000 Ha of land that is not currently irrigated using CPW water)
- Provision of long-term security of water supply for Shareholders (given current resource consents expire in 2047)
- Enabling reliable irrigation which has supported cultivation of alternative, high value crops such as chrysanthemum, hemp, sunflower etc
- Provision of long-term environmental funding to ecological projects and programmes in the Selwyn/Waihora catchment.
- Enabling development of the Selwyn Near River Recharge Project which aims to provide cultural and recreational benefits by augmenting flows in lowland streams in the Selwyn River catchment.
- Establishment of intensive winter grazing plans for all shareholders that are undertaking intensive winter grazing.
- Installation of sensors in CPW monitoring wells to track real-time variations in groundwater nitrate concentrations.
- Provision of 700 hours of training to CPWL shareholders and additional hours to non CPWL shareholders that have also attended nutrient and irrigation management workshops.

3. On-Farm Monitoring

Conditions of the CPW consents and provisions of the LWRP require both CPW and individual Shareholder farmers to undertake an extensive range of on-farm environmental monitoring, management and reporting activities.

3.1. Environmental Management Strategy

Prior to commencement of operations, CPW developed an Environmental Management Strategy (EMS) which established a range of protocols, policies and procedures for operation and management of the Scheme to ensure it achieves high environmental standards, sustainable outcomes and complies with all consent and Regional Plan requirements.

The EMS outlines specific responsibilities for operation of the Scheme including:

- Ensuring that all water users implement on-farm environmental management requirements related to achieving sustainable irrigation
- Monitoring and reporting of environmental performance
- Provision of education and training initiatives
- Funding and management of environmental initiatives, including those required by resource consent conditions, such as Community Liaison Group (CLG), the CPW Environmental Management Fund (EMF) and CPW Te Waihora Environmental Management Fund (TWEMF).

To facilitate adoption of best practice land management, the EMS required a Farm Environment Plan (FEP) to be developed and implemented on each CPW shareholder property supplied with water. Following Plan Change 1 to the LWRP in February 2016, the requirement for FEPs was formally extended to include a majority of agricultural properties larger than 10 Ha where nitrogen loss exceeds 15 kg/ha/year in the Selwyn Waihora zone.

Key components of FEPs include:

- Identification of environmental risks and potential adverse impacts associated with farming activities
- Development and implementation of measures to avoid or minimise identified environmental risks and implement good management practice farming methods
- Development and implementation of monitoring to inform good decision making on-farm
- Calculation and recording of nutrient loss rates and documentation of management practices to maintain, and where required, reduce, losses over time.

All FEPs are audited by a qualified Farm Environment Plan Auditor to provide an independent check that appropriate systems and practices are in place to minimise environmental risks associated with agricultural land use within the Scheme. Auditing is conducted on-farm and is based on sighting of evidence to document and support how FEP objectives and targets are being met. FEP audit results are reported to CPW, individual water users, and to ECan. After the first two years, audits are conducted based on the last grade received. A property receiving an A-grade is audited every three

years, a B-grade every 2 years, a C-grade within one year and D-grade within 6 months of the previous audit.

3.2. Irrigated Area and Types

Use of water under by the CPW Scheme is limited by resource consent conditions to a designated area of approximately 60,000 hectares, within a total land area of 100,000 hectares. The total land area (i.e., Farm Enterprise Properties²) managed under CPW for 2021-2022 irrigation season was approximately 71,000 hectares. Figure 12 shows the irrigated and dryland portions of the CPW Farm Enterprise Area for 2021-22.

The total Farm Enterprise Area managed under CPW in the Stage 1 area during 2021-22 totalled approximately 30,300 Ha, of which around 22,500 Ha was irrigated using water supplied by CPW. Stage 2 properties cover a cumulative area of approximately 32,400 Ha, approximately 18,200 Ha of which was irrigated with CPW water. The total land area managed under CPW in Sheffield Scheme area during 2021-22 totalled approximately 7,100 Ha, of which around 4,200 Ha was irrigated using water supplied by CPW. The total area of new irrigation under the CPW Scheme (compared to the pre-Scheme baseline) is approximately 21,500 hectares, with the remaining irrigated area converted, either wholly or partially, from other water sources (e.g., groundwater) to CPW supply.

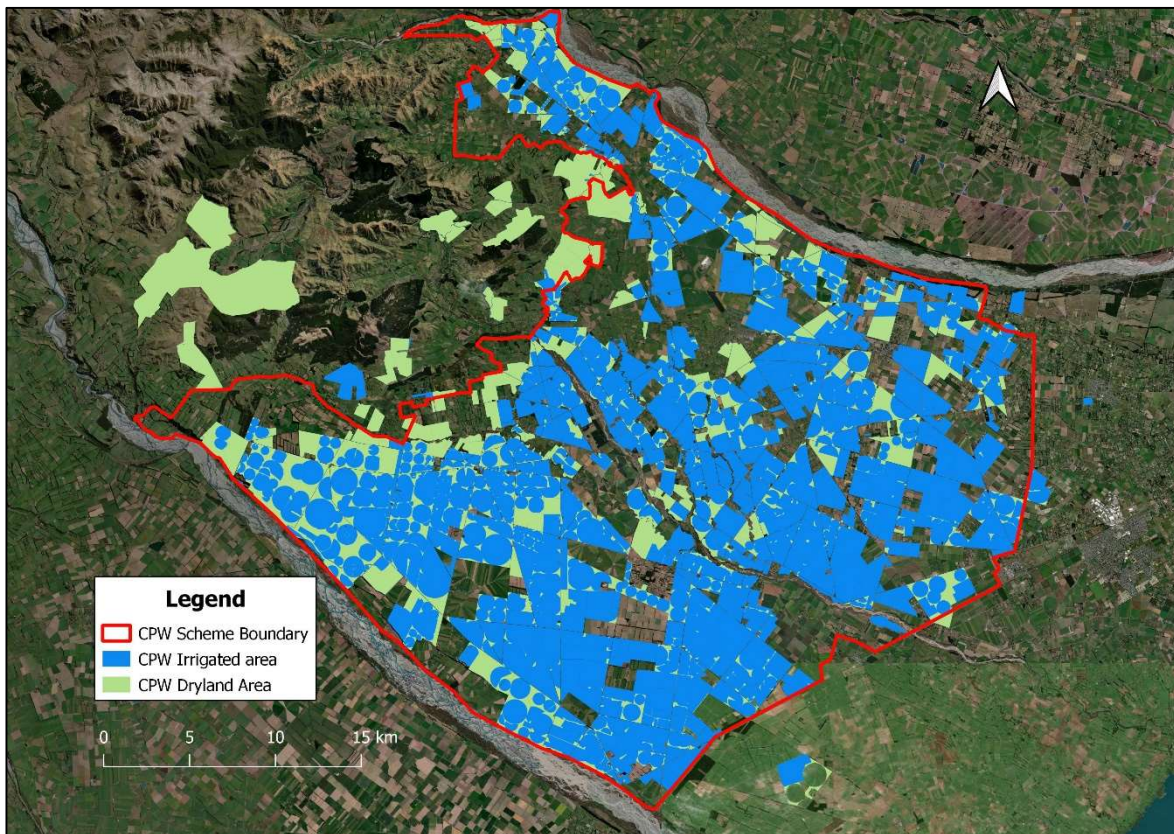


Figure 12. Dryland and irrigated portions of the CPW Farm Enterprise area.

² Farm Enterprise Properties represent the total area of shareholder land parcels included within the CPW Scheme, only a portion of which may be irrigated using CPW water.

The extent of land included in the Stage 1 and Stage 2 areas, including Farm Enterprise Properties that are either dryland or irrigated using non-CPW sources (i.e., groundwater), is shown on Figure 13. The figure shows a majority of this area is irrigated using either centre pivot irrigators (75 percent of total irrigated area) or travelling irrigators (18 percent of total irrigated area) with a relatively small area of gun, sprayline and solid set irrigation (7%). It is noted a majority of travelling irrigators are used on properties which were irrigated prior to CPW, while new irrigation development predominantly utilises centre pivot irrigators.

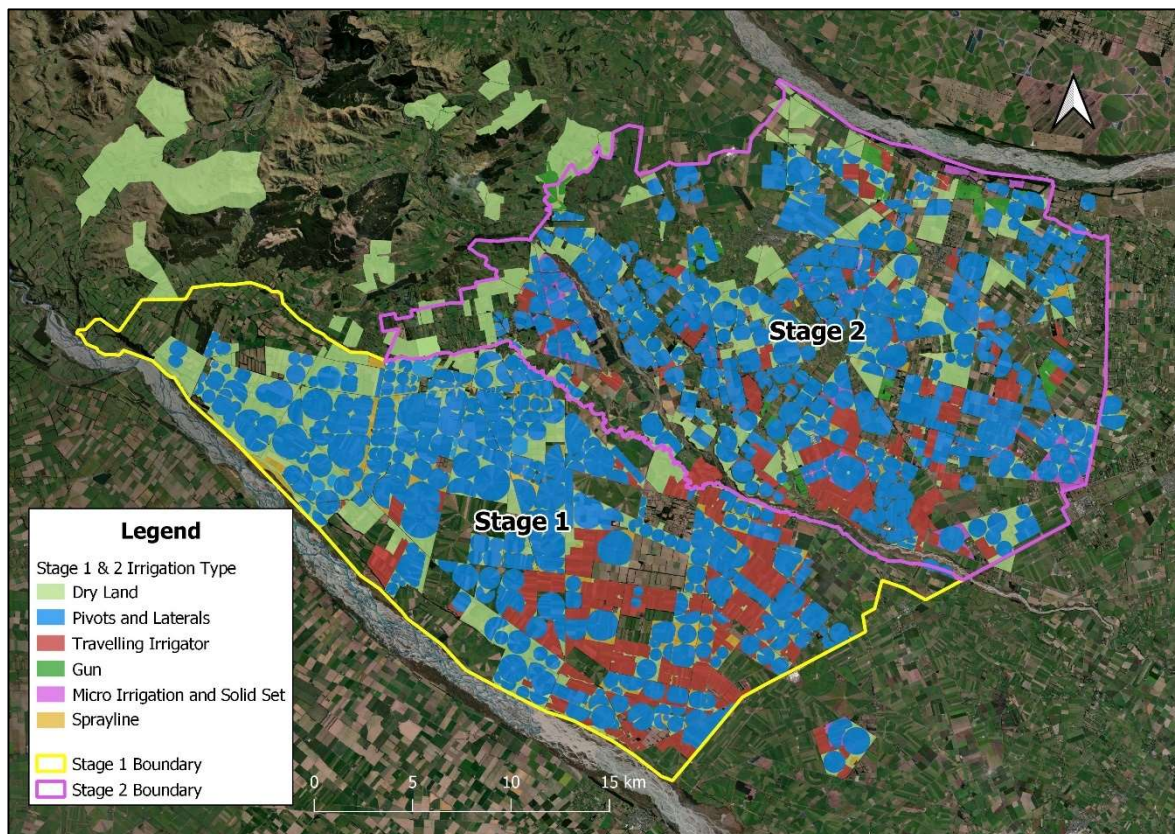


Figure 13. Irrigated area and irrigation types in CPW Stages 1 and 2, 2021-22.

The extent of land included in the Sheffield Scheme area (including Farm Enterprise Properties) and the distribution of irrigation system types is shown on Figure 14 below. The figure shows most of the land in the Sheffield Scheme area is irrigated using centre pivot irrigators with approximately 15% of the total area irrigated using travelling irrigators or spraylines.

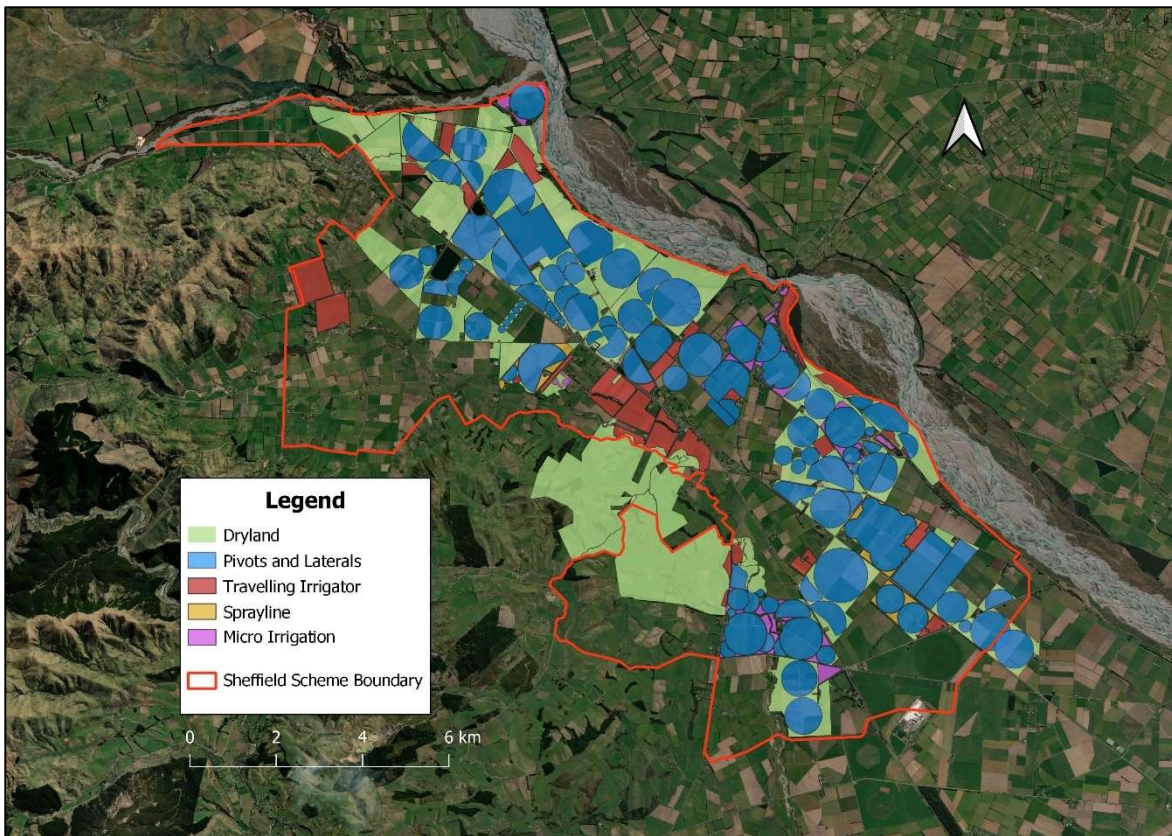


Figure 14. Irrigated area and irrigation types in the Sheffield Scheme area, 2021-22.

3.3. Land Use

Figure 15 provides a breakdown of land use (enterprise) types in the CPW Scheme area during the 2021-22 year based on the categories defined in the OverseerFM® nutrient budget model. The data shows that dairy and various combinations of sheep, dairy and beef grazing accounted for a majority of overall land use. From a farm systems perspective these enterprises can be divided into two types: dairy systems, and mixed systems. Approximately 60% of the total area comprise mixed systems that provide flexibility for farmers to respond to changes in market demand without the higher capital investment required to establish a dairy operation. Properties covering around 40% of the total Scheme area also have an interest in arable farming³.

Since individual scheme stages became operational, sixteen additional dairy platforms have been commissioned within the CPW Scheme area (8 in Stage 1, 6 in Stage 2 and 2 in Sheffield), while 2 properties (in Stage 2) have converted from dairy to alternative land uses.

³ This is highest in the Stage 2 and Sheffield Scheme areas where Farm Enterprises comprising 60 percent of the total area have an interest in arable farming.

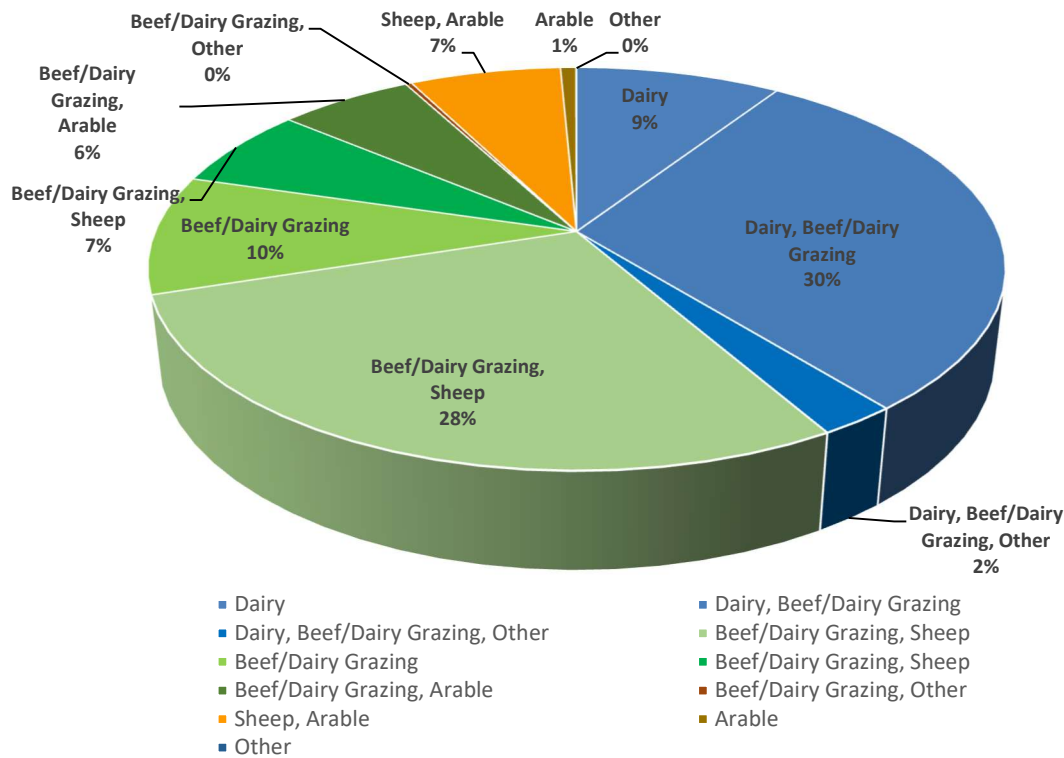


Figure 15. Land use types in CPW Scheme area, 2021-22

Figure 16 provides a comparison between baseline (i.e., pre-CPW) land use and current (2021-22) land use across the CPW Farm Enterprise Area based on OverseerFM® land use categories established in individual FEPs. The data show the major changes in land use have been a 7,114 Ha (50%) increase in Dairy, Beef/Dairy Grazing and a combined 3,452 Ha (11%) increase in the Beef/Dairy Grazing and Beef, Dairy Grazing, Sheep and Arable land use categories. These changes are balanced by reductions in the land area utilised for Beef, Dairy Grazing + Other, Dairy and Dairy, Beef/Dairy Grazing enterprises. These changes primarily reflect adjustments to land use within existing mixed farming systems, rather than large scale change to, or intensification of, pre-existing (Baseline) land uses.

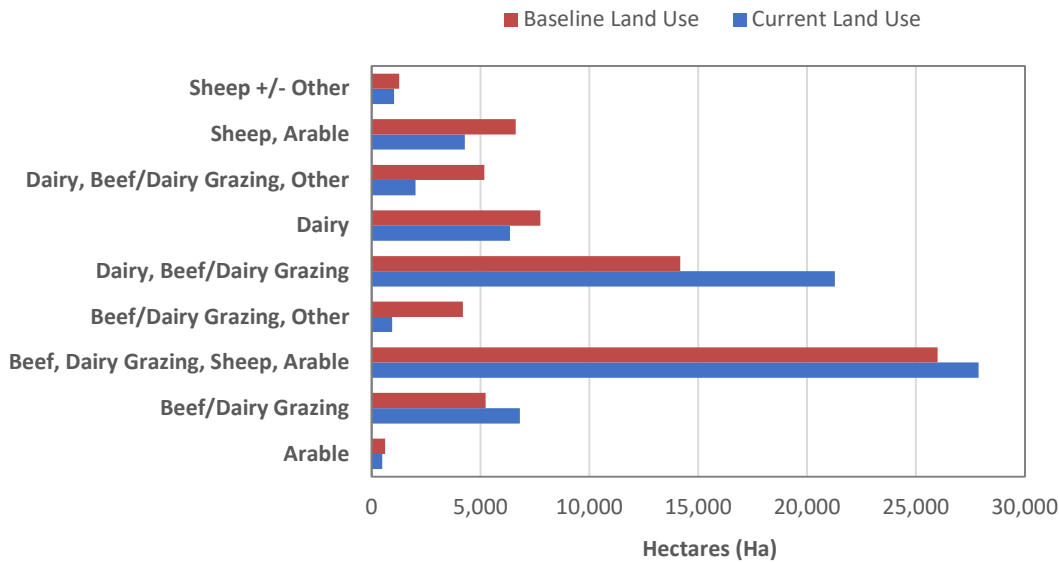


Figure 16. Comparison of baseline land use (red bars) and 2021-22 enterprise types (blue bars) for CPW Farm Enterprise Properties.

3.4. Irrigation Water Use

The Scheme-wide average seasonal application rate during the 2021-22 season was 1.07 mm/ha/day. This total is approximately 40 percent lower than the Scheme-wide application rate of 1.8 mm/ha/day during 2020-21, reflecting reduced irrigation demand due to the generally below normal soil moisture deficit which persisted for much of the 2022 summer. Application rates for the individual Scheme stages ranged from 1.42 mm/ha/day in Stage 1 to 0.84 mm/ha/day in Stage 2 and 0.68 mm/ha/day in the Sheffield Scheme area.

As illustrated on Figure 17 below, no individual property exceeded a seasonal application rate of 5.18 mm/ha/day, which is the maximum limit specified in CPWs consent to take and use Scheme water⁴. The high application rate (close to the consent limit) recorded on one property was investigated and found to be related to accuracy of water metering.

⁴ It is noted that some groundwater taken is used for purposes other than irrigation, so the rates shown are considered conservative

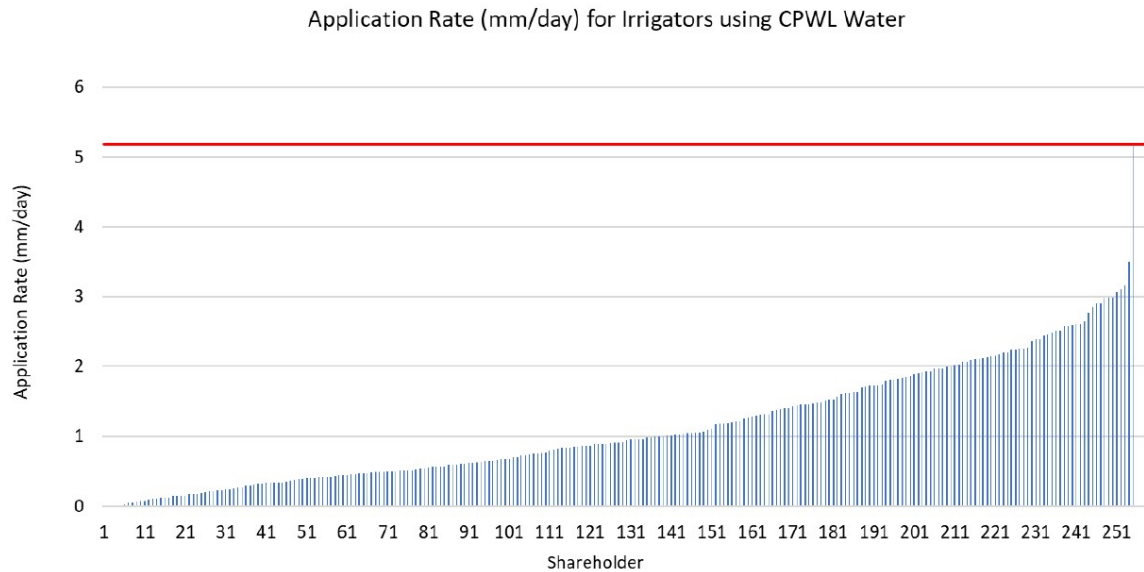


Figure 17. Seasonal application rate application for Shareholder properties during the 2021-22 season. Red line denotes the maximum seasonal application rate specified in CPWLs consents. (Reproduced from CPWL, 2022⁵).

Table 2 provides a summary of seasonal water use (including CPW water and groundwater) across the CPW Scheme area (including Farm Enterprise Properties) over the past three seasons. Cumulative water use during the 2021-22 season totalled 1,941 m³/ha (equivalent to a seasonal application depth of 194 mm), comprising 366 m³/ha of groundwater and 1,575 m³/ha of CPW water. This total was approximately 40% lower than application rates during the two preceding seasons⁶ due to the wetter than average conditions through summer 2022.

Table 2. Average seasonal irrigation application rates across the Scheme area (including Farm Enterprise Properties), 2019-20 to 2021-22.

Year	Water Source	Stage 1 & 2 (m ³ /Ha)	Sheffield (m ³ /Ha)	Whole Scheme (m ³ /Ha)
2021-22	CPW	1,637	1,014	1,575
	Groundwater	406	28	366
	Total	2,043	1,042	1,941
2020-21	CPW	2,840	1,577	2,714
	Groundwater	729	206	677
	Total	3,569	1,783	3,391
2019-20	CPW	2,505	1,817	2,432
	Groundwater	690	210	642
	Total	3,191	2,027	3,074

⁵ CPWL, 2022; Annual Compliance Report – Central Plains Water Limited. Report submitted to Environment Canterbury, August 2022.

⁶ Note: Scheme demand during the 2019-20 year was reduced during the 2020 COVID lockdown period.

3.4.1. Groundwater Conversion to CPW Scheme

One of the key benefits associated with the Scheme identified in the Selwyn - Te Waihora Zone Solutions Package was a reduction in the volume of groundwater utilised for irrigation across the Central Plains area, due to substitution with water derived from alpine sources (i.e., run-of-river and storage takes from the Rakaia and Waimakariri Rivers). The reduction in groundwater abstraction was expected to result in positive benefits associated with an increase in groundwater storage and correspondingly higher flows in lowland streams. A target of an 80% reduction in the volume of groundwater abstraction across the Rakaia-Selwyn and Selwyn-Waimakariri allocation zones was identified in the Selwyn-Waihora Zone ZIP Addendum (i.e., this aims to reduce groundwater usage to less than 20% of the allocated volume).

Figure 18 shows the percentage of total groundwater allocation utilised by farms in the CPW Scheme area between 2015-16 and 2021-22. The data show groundwater use across the Scheme area has declined appreciably since Stage 1 commenced operations in 2015-16. Since the full scheme commenced operations in 2018-19, groundwater usage has ranged between 14% and 27% of the total volume allocated (slightly higher in 2019-20 and 2020-21 due to prolonged dry conditions and lower in 2021-22 due to significant rainfall during the summer period). This indicates groundwater usage across CPW properties has approximately halved since Scheme commencement and currently sits close to (or below) the ZIP Addendum target.

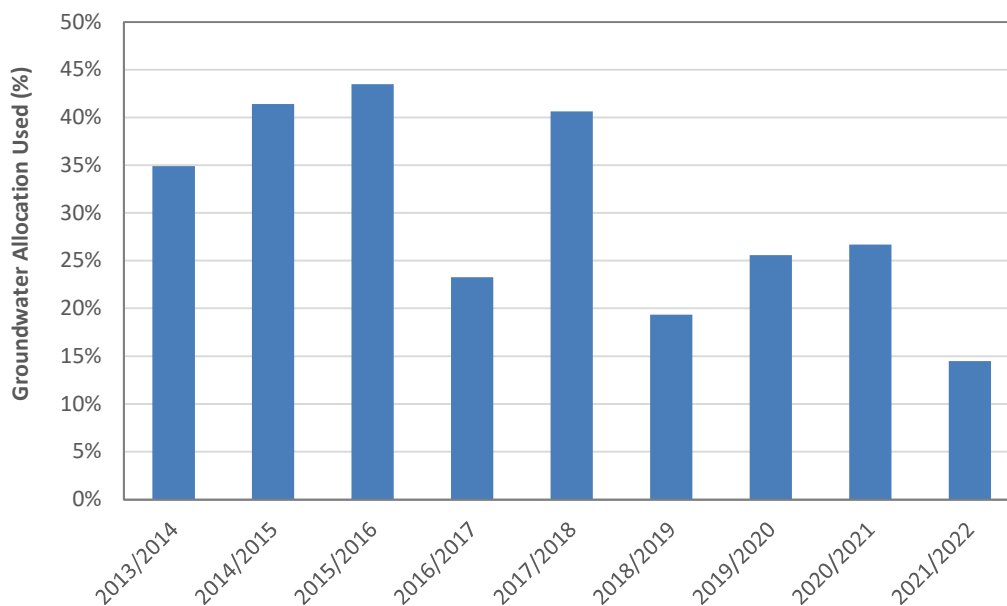


Figure 18. Percentage of total groundwater allocation used by farms in the Stage 1, Stage 2 and Sheffield Scheme areas, 2014-15 to 2021-22.

It is noted that estimates of the percentage of total groundwater allocation used are complicated by the expiry, partial replacement or surrender of individual water permits over time. The volume of groundwater used across the wider CPW scheme area is expected to continue to decline over

coming seasons as on-farm irrigation systems are modified or replaced and confidence in the reliability of supply for of the CPW Scheme increases.

Figure 19 provides a comparison of actual and consented groundwater use on properties within the CPW Scheme area which hold existing groundwater abstraction consents. The figure shows that approximately half of properties holding existing groundwater consents used little to no groundwater during the 2021-22 season. For these properties, irrigation water was derived solely from the CPW Scheme and groundwater use typically comprised stock, dairy shed and/or household water supply. With few exceptions, groundwater usage was significantly below consented volumes for the remaining properties.

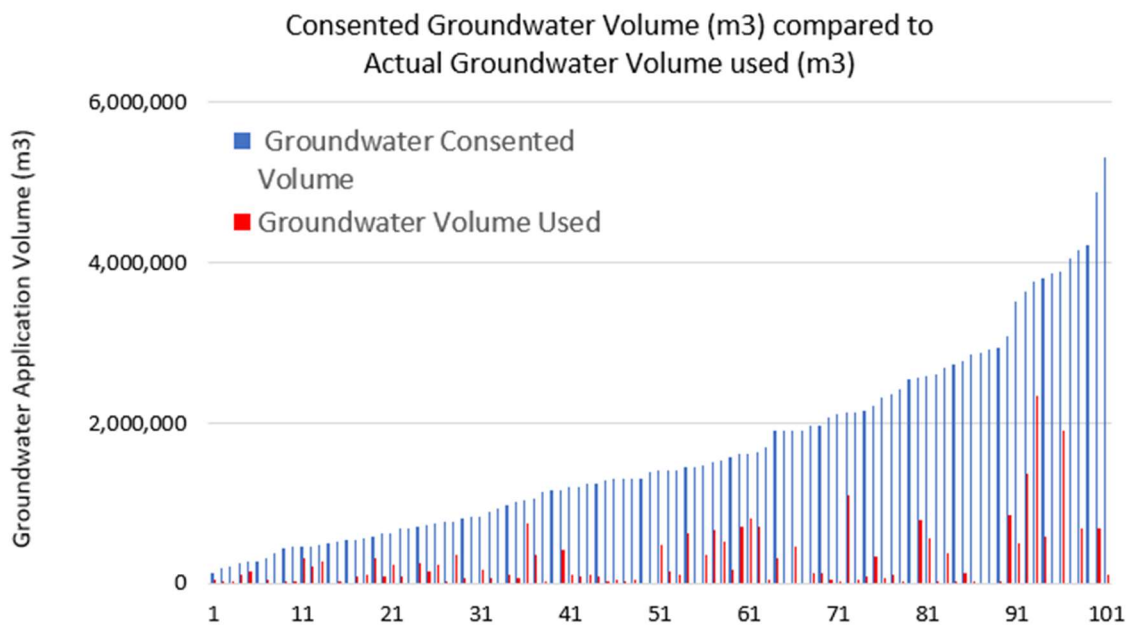


Figure 19. Comparison of consented and actual groundwater use within the CPW Scheme, 2021-22 (blue bars indicate groundwater allocation volumes per shareholder property, red bars actual volumes used). Reproduced from CPW (2022).

3.5. Farm Environment Plans

A FEP is the key environmental management tool that helps farmers recognise on-farm environmental risks and sets out a programme to manage those risks. It is also a mechanism which has been adopted in the LWRP to enable water quality objectives in the Selwyn - Te Waihora zone to be achieved.

FEPs are unique to each individual property and reflect the type of farm operation, the local climate and soil type, and the goals of the land user. The FEP covers management areas including:

- Irrigation management, including efficient water use
- Nutrient management
- Soil management
- Point source management (offal holes, farm rubbish & silage pits etc)
- Collected animal effluent management

- Native plants and animals
- Waterbodies - riparian drains, rivers, wetlands and lakes
- Water use (excluding irrigation water)

Under CPWs EMS, FEPs form a key component of the overall environmental compliance requirements. The frequency of FEP audits varies according to the current grading assigned to individual properties with properties assigned an A-grade audited every four years, B-grade properties audited every second year, C-grade properties annually and D-grade properties a minimum of six monthly⁷. However, the FEP must also be updated if anything on-farm changes e.g., a farm system, property ownership or manager.

Of the 114 CPW properties audited during 2021-22, 92 (80.7%) received an A-grade, 19 (16.7%) a B-grade, 2 (1.8%) a C-grade and 1 (0.9%) a D-grade. The two properties assigned a C-grade during the 2021-22 season received this grading as they were unable to provide a current nutrient budget, Winter Grazing Management Plan or a Performance Assessment for their irrigation system. One of the properties receiving a C-Grade also required Irrigation Management training and Soil Moisture monitoring while the other needed accurate fertiliser records and to ensure that the farm owned equipment that was used for spreading fertiliser is correctly calibrated for the product used. The property that initially received a D-grade was subsequently re-audited receiving a B-grade after substantial improvements were made to record keeping, soil moisture monitoring and effluent management.

Figure 20 compares audit grades received for CPW properties between the 2016-17 and 2021-22 years (noting inclusion of different groups and numbers of Shareholder properties in each year). The figure shows a consistently low proportion of properties (<6%) assigned either C or D-grades⁸. The figure shows a consistent increase in the percentage of properties assigned a A-grade (reaching 81% of properties audited in 2021-22) and a corresponding decline in the percentage of properties assigned a B-grade reflecting an ongoing increase in FEP audit grades. The exception to this pattern is the 2018-19 season when properties in the Stage 2 area were audited for the first time. Audit grades for these properties have improved over subsequent years in line with those across the wider scheme.

⁷<https://www.ecan.govt.nz/reporting-back/farm-environment-plan-audits/#:~:text=Each%20financial%20year%2C%20Environment%20Canterbury,maximum%20four%2Dyear%20audit%20cycle.>

⁸ The percentage of properties receiving a D-grade appears high during the 2020-21 year due to the low number of audits completed (37) compared to previous years (typically >130).

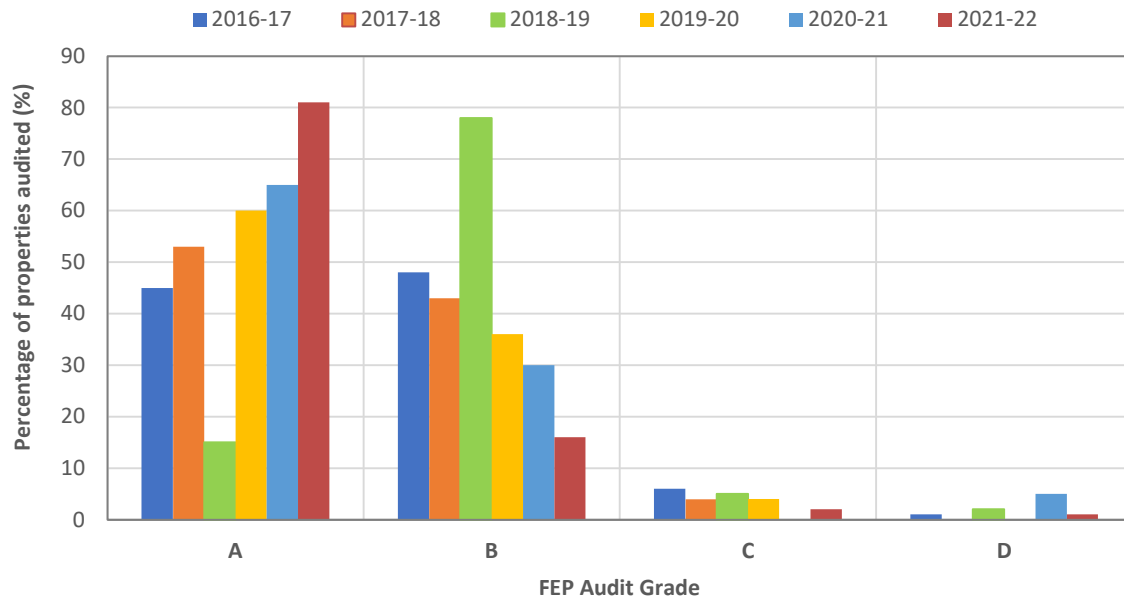


Figure 20. Comparison of FEP audit grades for the 2016-17 to 2021-22 irrigation seasons (noting inclusion of different properties and varying numbers of audits in individual seasons).

3.5.1. Nutrient Budgets and Nitrogen Allocation

During development of the Selwyn Te Waihora Solutions Package a “Look-up Table” (LUT) was used to estimate nitrogen losses and derive an estimated source nitrogen load and concentrations from the catchment. The pastoral farm types in the LUT were subsequently updated using the OverseerFM® version 6.2.0 (LUT patch) and estimated nitrogen loads and concentrations updated for inclusion in Variation 1 to the Land and Water Regional Plan (LWRP).

Table 11(i) of the LWRP establishes a limit for nitrogen losses in Selwyn Waihora zone of 5,044.4 tonnes/year by 2037. Of this total, 358 tonnes/year is allocated to CPW to provide for the conversion of dryland into irrigated land. This allocation is in addition to the assessed dryland nitrogen baseline losses of 621 tonnes/year for CPW Scheme enterprise properties, giving a total Nutrient Discharge Allowance (NDA) for the CPW scheme of 979 tonnes/year, as specified in Table 11(j) of the LWRP⁹. It is noted that these figures have been updated using more recent versions of OverseerFM® to derive an updated NDA for the CPW Scheme.

Nutrient losses for properties in the CPW Scheme are managed collectively by CPW. The permitted cumulative nitrogen loss allowance for the Scheme is the sum of baseline losses for each individual Farm Enterprise Property, plus an allowance for new irrigation. Using the current version of OverseerFM®, baseline (i.e., pre-CPW) nitrogen losses from CPW Shareholder properties are calculated to be 3,378 tonnes N/year (this includes nitrogen loss from farms irrigating pre-CPW as well as losses from dryland properties) with an additional sub-licence provided of 986 tonnes N/year

⁹ This allowance is for 22,991 ha of new irrigation, of which approximately 21,500 ha has been taken up.

for conversion of dryland to irrigation under CPW. This equates to a cumulative (2018¹⁰) NDA of 4,364 tonnes/year for the CPW Scheme¹¹.

To achieve specified water quality outcomes, Policy 11.4.16(1) of the LWRP required farming activities in the Selwyn Waihora catchment to achieve a 14.4% reduction in nitrogen losses beyond those that could be reasonably anticipated by adopting good management practices by 1 January 2022.

Nutrient Budgets and FEPs have been prepared and audited for all Stage 1, Stage 2 and Sheffield Scheme properties. Table 3 compares the calculated 2021-22 N loss from CPW properties against the calculated Scheme baseline NDA and the total Permitted NDA discharge allowance (including the allowance for additional CPW irrigation). The figures show current nutrient losses from the CPW scheme are 730 tonnes N/year (21.6%) below the pre-Scheme Baseline and 1,716 tonnes N/year (39.3%) below the 2017 Permitted NDA for the Scheme. Current nutrient losses from CPW properties are therefore significantly lower than the minimum required to achieve the nutrient loss reduction targets established in the LWRP.

Table 3. Comparison of 2021-22 nutrient losses for the CPW Scheme with Baseline and Permitted NDAs.

	Nitrogen Loss (tN/yr)
Pre-CPW (Baseline) NDA	3,378
Permitted NDA	4,364
2021-22 Nutrient Losses	2,648
Current CPW reduction below Baseline NDA	730 (-21.6%)
Current CPW reduction below Permitted NDA	1,716 (-39.3%)

Figure 21 illustrates the Baseline, Permitted and Actual Nitrogen losses calculated for CPW Scheme over the 2018-19 to 2021-22 seasons. The figure illustrates the ongoing decline in Actual Nitrogen losses which are significantly lower than the minimum loss reduction target established in the LWRP.

¹⁰ i.e., prior to Nitrogen loss reductions required in the LWRP.

¹¹ This number differs from that listed in the LWRP reflecting changes in the OverseerFM[®] assessment methodology. Given differences between individual OverseerFM[®] versions, the relative change between baseline and current nutrient loss estimates is a key metric.

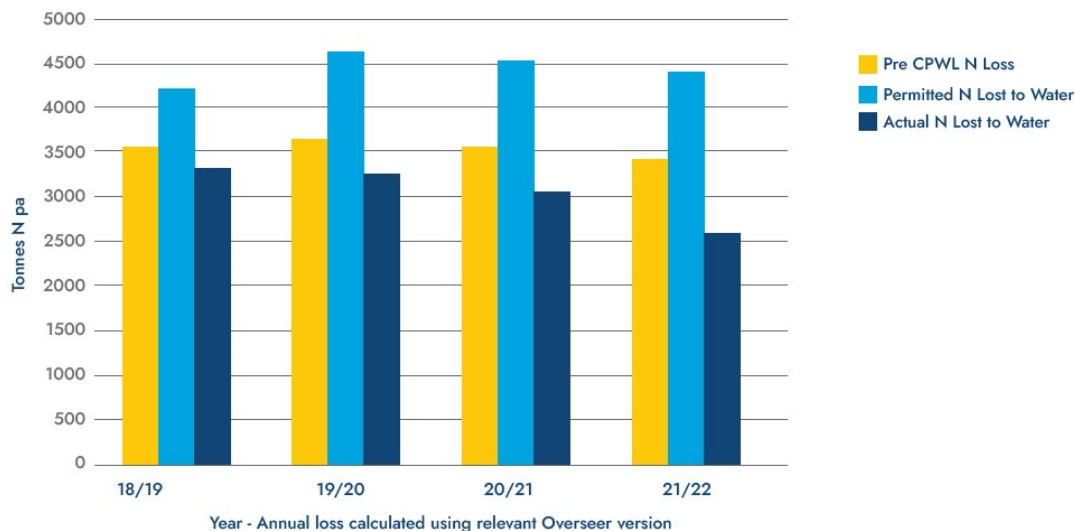


Figure 21. Baseline, Permitted and Actual Nitrogen losses for the CPW Scheme, 2018-19 to 2021-22. (Reproduced from CPW (2022b¹²)).

3.6. Environmental Initiatives

CPW provides ongoing training and assistance to shareholders related to a range of irrigation and environmental management issues, including development and implementation of FEP requirements. Additional training has also been provided in terms of irrigation management and FEPs via workshops for all users within the Scheme area. CPW has also developed systems to enable ready access to climate data to assist shareholders irrigation management and provides support to assist owners/managers to undertake testing of the performance of their irrigation infrastructure.

CPW has a significant focus on assisting shareholders to focus on improving farm practices, with the current emphasis on assisting shareholders with grazing management plans. Other initiatives undertaken during the 2021-22 year included:

- Meeting with each shareholder that has an audit in the next irrigation season (2022/2023) for a pre-audit check (including ensuring wintering plans are in place).
- Contacting and working with each dairy support property to ensure a wintering plan in place for the upcoming irrigation season
- Resourcing two staff for whom the primary focus is being available to the shareholders to assist on farm environmental plans, farm environment plan audits, nutrient budgets, nitrogen loss reductions and planting.
- Assisting two staff members to complete the advanced Sustainable Nutrient Management in NZ Agriculture.
- Assisting three staff members to complete training for Irrigation New Zealand Performance Assessment Code of Practice.
- Continuing assistance with riparian planting for properties along waterways, including applications for external funding.

¹² Central Plains Water Limited Annual Report 2022.

Other initiatives proposed for 2022-23 include:

- Inclusion of an Intensive Winter Grazing module in the FEP audits.
- Follow-up checks on properties that are deemed higher risk during the year to ensure adherence with Intensive Winter Grazing plans and that actions identified (e.g., fencing) are being addressed.
- Workshops focussed on Greenhouse Gasses and Soil Health.
- Establishment of Catchment Groups

4. Environmental Monitoring

Requirements for extensive monitoring of potential environmental effects resulting from operation of the Scheme are specified in conditions of CPW's resource consents for the take and use of water. Details of this monitoring programme are outlined in a Ground and Surface Water Monitoring Plan (GSWMP) which consists of two parts:

- Part I: an outline of the CPW monitoring programme (e.g., monitoring sites, parameters measured, monitoring frequency etc.)
- Part II: specification of trigger levels for the monitoring programme, along with procedures to be followed in the event that trigger levels are exceeded.

Results and interpretation of environmental monitoring undertaken for the Scheme are provided in an *Annual Ground and Surface Water Monitoring Report* (GSWMP), which forms one component of the overall resource consent compliance monitoring for the Scheme.

Development of the GSWMP and the subsequent monitoring process is overseen by a Ground and Surface Water Expert Review Panel (GSWERP) which was established in 2013. This panel is responsible for overseeing and directing the ground and surface water monitoring program undertaken by CPW, as well as response to trigger level exceedances and/or public complaints. As required by CPW's consents, GSWERP members include representatives from SDC, ECan and Ngāi Tahu, alongside independent experts with knowledge and skills specific to hydrogeology and groundwater quality, hydrology and surface water quality, land drainage in the Selwyn/Waihora catchment.

4.1. Environmental Baseline

Ongoing operation of the Scheme has resulted in changes to historical land use, recharge and water abstraction patterns across the mid to upper sections of the Central Plains area. These changes have the potential to alter water quality and quantity parameters in downstream receiving environments (groundwater, rivers and streams, and Lake Ellesmere/Te Waihora).

Increased groundwater recharge from irrigation using water from alpine rivers across the CPW Scheme area, coupled with a reduction in the volume of groundwater used for irrigation, is anticipated to result in an overall increase in groundwater levels and flows in lowland streams. While such effects can have a positive impact on environmental values associated with these waterways, increased groundwater levels and stream flows also have the potential to result in higher water tables and associated drainage issues around the margins of Lake Ellesmere/Te Waihora.

Groundwater flowing through the Central Plains aquifer system is ultimately discharged to lowland rivers and streams around the margins of Lake Ellesmere/Te Waihora so changes to the quality and quantity of groundwater potentially impact on ecological and environmental values associated with these waterways, as well as the lake itself. However, due to the slow rate of groundwater flow (which varies spatially and with depth) it may take between 10 and 30 years depending on location, for water recharged on the Central Plains area to drain to Lake Ellesmere/Te Waihora. These variable time lags complicate interpretation of water level, flow and quality monitoring results, particularly when the period of historical information available is short, and monitoring results may also be influenced by

factors external to the scheme (such as non-CPW land use and modifications to hydrological environments).

Interpretation of monitoring results is also complicated by climatic variability. For example, as illustrated in Figure 5 above, the above average rainfall recorded during the 2017-18 season contrasts with significantly below average rainfall during the 2020-21 season. Such intra-seasonal variability in rainfall, groundwater recharge and surface water flows can result in short to medium-term effects that obscure longer-term, underlying trends in groundwater levels, groundwater quality, streamflow and surface water quality. In addition, as noted in Section 2.1 above, variations in the timing and magnitude of rainfall during individual seasons (such as significant rainfall event which occurred during early February 2022) may also contribute to short-term variability in water quantity and quality in receiving environments.

Given the Scheme operates in an area with an extensive history of agricultural development, the existing state of water quality and quantity differs significantly from its 'natural' state. Consequently, environmental effects arising from the Scheme are assessed in terms of a pre-Scheme 'baseline' (i.e., the state and underlying trends in water quality and quantity in the absence of the Scheme). To better quantify 'baseline' water quality and water quantity prior to Scheme development, a review of all available monitoring data for the Central Plains area was commissioned by GSWERP in 2013. In addition, conditions of consents operated by CPW also required monitoring of groundwater and surface water quantity and quality prior to individual Scheme stages becoming operational to assist establishment of an environmental baseline.

Assessing the overall environmental effects of the CPW Scheme therefore requires monitoring data which is collected on an ongoing basis to be assessed in terms of the pre-Scheme baseline, as well within the context of shorter-term (episodic or inter-annual) variations associated with natural climate fluctuations.

4.2. Environmental Monitoring Programme

The CPW environmental monitoring programme is specified in Part 1 of CPW's Ground and Surface Water Monitoring Plan. In summary, the monitoring programme consists of four components:

1. 29 surface water quality monitoring sites.
2. 4 lake water quality monitoring sites.
3. 20 groundwater quality monitoring sites.
4. 12 groundwater level monitoring sites.

As illustrated on Figure 22, the surface water quality monitoring sites include:

- 4 sites upstream of the Scheme (US1 to US4).
- 4 sites within the Scheme area (IS1 to IS4).
- 1 site on downstream boundary of the Scheme (SWSH).
- 8 sites in the headwaters of lowland streams (SF1 to SF8).
- 8 sites near the confluence of lowland streams and Te Waihora/Lake Ellesmere (T1 to T8).

- 4 sites in the SDC stock water race system at the downstream boundary of the Scheme.

Surface water quality sites are monitored monthly for a range of water quality parameters including dissolved and particulate nutrients, indicator bacteria (*E.coli*) and physical parameters such as pH, temperature and dissolved oxygen concentrations. A sub-set of the CPW surface water quality compliance monitoring sites are monitored by Environment Canterbury as part of its State of the Environment network, with the remainder monitored by CPW.

The monitoring network also includes 4 sites located in Lake Ellesmere/Te Waihora (3 around the lake margins and one mid-lake site). These sites are monitored monthly by ECan for a range of parameters including nutrients and chlorophyll-a which enable calculation of Trophic Level Index (TLI₃). TLI is an overall measure of lake water quality which allows comparison between individual waterbodies and lake types¹³.

As shown on Figure 23, the CPW groundwater quality monitoring network comprises twenty monitoring bores (8 within or down-gradient of the Stage 1 area, 10 within or down-gradient of the Stage 2 area and 2 in the Sheffield Scheme area). These groundwater quality sites are sampled quarterly for a range of chemical and microbial water quality indicators.

It is noted that the CPW groundwater quality monitoring bores are constructed with long screened intervals to enable collection of water quality samples from close to the water table (within 1 metre). In contrast, typical water supply bores in the Central Plains area are constructed with relatively short screened intervals positioned well below the water table, so they do not necessarily draw water from the upper levels of the aquifer. This aspect of construction is important to note when interpreting CPW groundwater quality monitoring results, as contaminants associated with overlying land use are typically concentrated near the water table, reducing at deeper levels in the underlying aquifer. Collection of samples from close to the water table in the CPW monitoring bores is therefore inferred to provide a conservative (or 'worst case') assessment of groundwater quality at any given location, which may differ from results of monitoring undertaken on other 'conventionally' screened bores in the local area.

Increased groundwater flow resulting from Scheme operation has the potential to result in an increase in groundwater levels in lowland areas of the Central Plains as groundwater flows toward coastal discharge areas. Depending on the magnitude and spatial distribution of groundwater mounding associated with the Scheme¹⁴, such an increase in groundwater levels has the potential to result in a range of environmental effects ranging from positive benefits associated with increased baseflows in lowland streams, to adverse effects on land drainage around the margins of Lake Ellesmere/Te Waihora. Trigger levels have been established for 12 groundwater level sites down-gradient of the Scheme. These sites are monitored on a monthly basis as part of the ECan State of the Environment groundwater monitoring network and have a long monitoring history to enable any changes in groundwater levels to be evaluated in an appropriate historical context.

¹³ see <https://www.lawa.org.nz/learn/factsheets/lake-trophic-level-index/> for more information

¹⁴ The potential magnitude and extent of mounding is significantly reduced compared to that assessed during the CPW resource consent process due to the subsequent decision to pipe a majority of the distribution system (which significantly reduces losses compared to that occurring from open races).

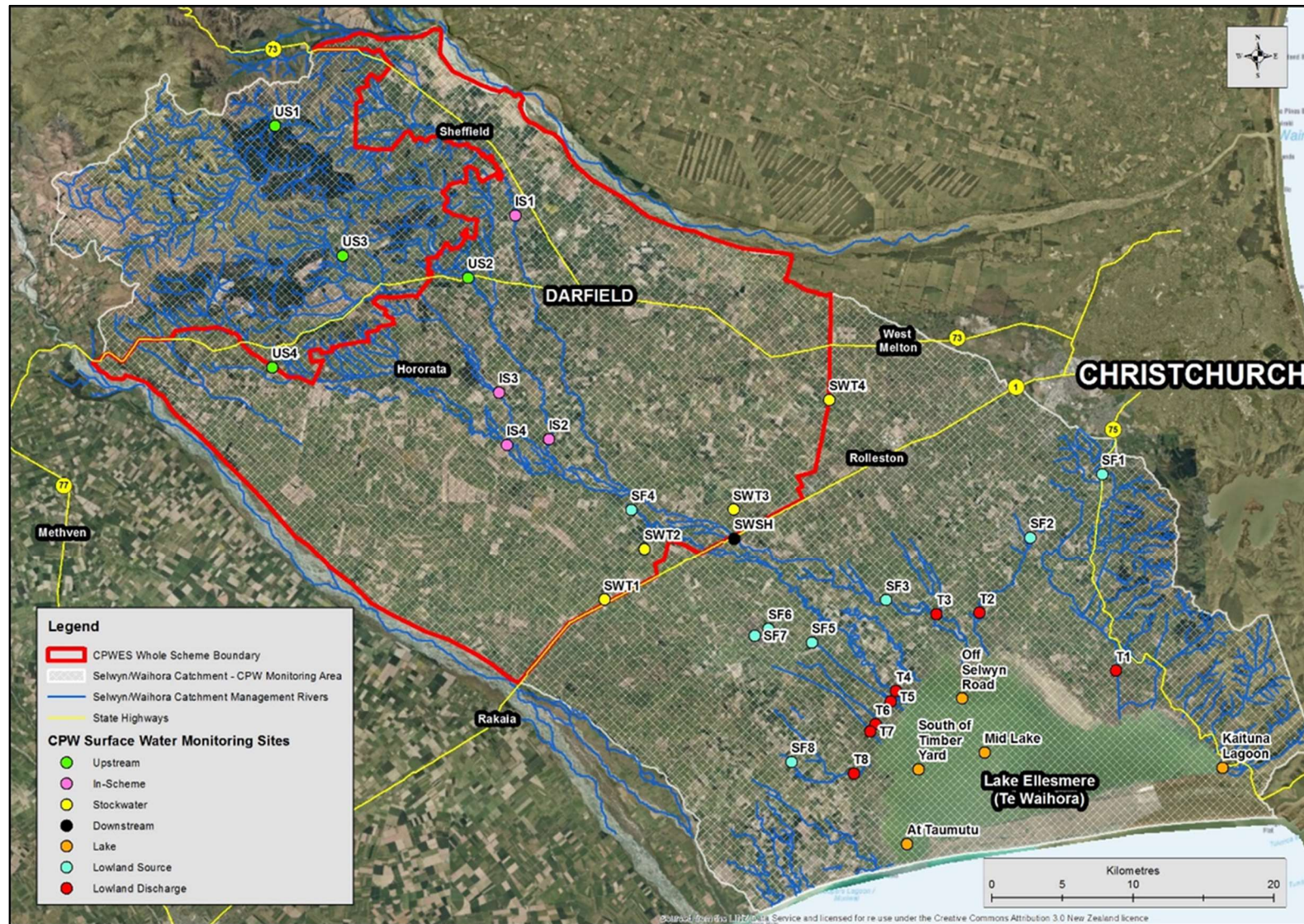


Figure 22. Surface water quality monitoring sites for the CPW scheme (reproduced from CPW, 2021).

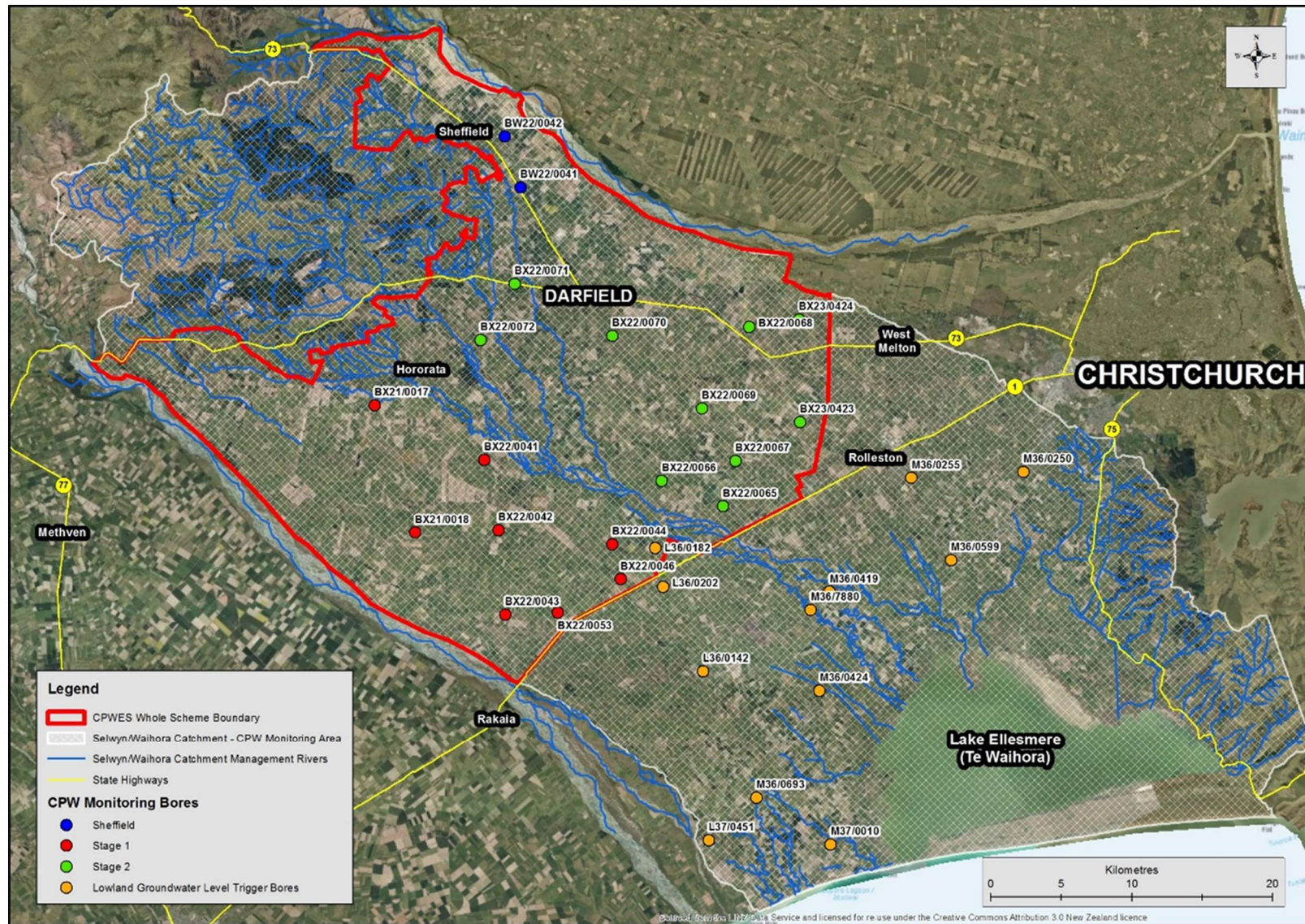


Figure 23. Groundwater quality and level monitoring sites for the CPW scheme (reproduced from CPW, 2021).

4.3. Environmental Management

Part II of the CPW GSWMP establishes trigger levels for nominated parameters including:

- Nitrate-Nitrogen concentrations at surface water quality monitoring sites.
- Trophic Level Index (TLI₃), Total Phosphorus and Chlorophyll-*a* at lake monitoring sites.
- Nitrate-Nitrogen and *E.coli* concentrations at groundwater quality monitoring sites.
- Groundwater levels in lowland monitoring wells.

The nominated trigger levels are based on relevant water quality standards established in the LWRP or, in the case of groundwater levels, the range of historical measurements. The triggers provide a basis for evaluation of CPW environmental monitoring results. Once a nominated trigger level is exceeded, the GSWMP establishes a procedure which must be followed to firstly identify if the monitoring results represent a departure from 'background' concentrations, levels and/or trends and, if they do, specific steps which must be followed to investigate and mitigate the potential cause of the trigger level exceedance. This process is overseen by the GSWERP.

4.4. 2021-22 Monitoring Results

Results from the CPW environmental monitoring programme are summarised in the *Annual Ground and Surface Water Monitoring Report 2021/22* which was reviewed and approved by GSWERP in November 2022.

4.4.1. Surface Water Quality

Water quality triggers for CPW surface water quality monitoring are summarised in Table 4 below. These triggers are equivalent to limits for surface water quality established in the LWRP. The triggers differentiate between hill-fed streams (those predominantly sourced from runoff in upper catchment areas) and spring-fed streams on the lower plains (which derive a majority of flow from groundwater drainage).

Table 4. CPW Surface water quality triggers for Nitrate-Nitrogen (mg/L)

River Type	CPW Surface Water Monitoring	
	Annual Median	Annual 95 th Percentile
Hill-fed Lower	1.8	2.6
Spring-fed Plains	5.2	7.4

Table 5 summarises trigger level exceedances for Nitrate-N concentrations at CPW monitoring sites during the over the past six irrigation seasons. The data show that during the 2021-22 season, median Nitrate-N triggers were exceeded at 3 hill-fed sites and 6 spring-fed sites, with 3 hill-fed sites and 3 spring-fed sites also exceeding the 95th percentile trigger. The number of surface water quality sites exceeding Nitrate-N trigger levels during the 2021-22 year was within the range observed during

previous seasons, although it is noted number of Spring-fed Plains sites exceeding the 95th percentile trigger was the lowest recorded.

Table 5. Summary of surface water quality Nitrate-N trigger level exceedances for CPW sites, 2016-17 to 2021-22.

River Type	Year	Sites	Samples*	Sites exceeding annual Nitrate median	Sites exceeding annual 95 th percentile
Hill-fed Lower	2021-22	9	89	3	3
	2020-21	9	71	2	2
	2019-20	9	74	4	4
	2018-19	9	80	1	1
	2017-18	9	93	3	4
	2016-17	9	71	2	1
Spring-fed Plains	2021-22	16	208	6	3
	2020-21	16	162	5	5
	2019-20	16	177	5	5
	2018-19	16	198	5	5
	2017-18	16	198	6	7
	2016-17	16	144	6	6

* The number of samples varies between years due to the presence/absence of flow at individual monitoring sites

As shown of Figure 24 below, surface water median Nitrate-N trigger level exceedances during 2021-22 were recorded at 3 hill-fed sites within the Scheme area (Hawkins River (IS1), Waianiwaniwa River (IS2) and Hororata River (IS4)), with 95th percentile exceedances also recorded at the same sites. Median Nitrate-N triggers were exceeded at three lowland sites (Selwyn River spring source upstream and downstream (SF3 and T3) and Boggy Creek downstream (T6)) while both median and 95th percentile triggers were exceeded at 3 additional sites (Doyleston Drain source (SF7) and Harts Creek upstream and downstream (SF8 and T8)). Lowland sites recording median Nitrate-N trigger level exceedances during the 2021-22 year were the same as those exceeding trigger levels during the previous three seasons (with the addition of the Boggy Creek downstream site (T6)).

Although exceeding triggers, 2021-22 annual median Nitrate-N concentrations at hill-fed sites were within the range recorded historically. The single exception was at the in-scheme Hororata River site where the 2021-22 median Nitrate-N concentration was marginally higher (0.02 g/m³) than that previously recorded. Annual median Nitrate-N concentrations in lowland streams were within the historical range at all sites.

Several spring-fed streams also exhibit a consistent decrease in Nitrate-N concentrations between their spring-sourced headwaters and their lower reaches (e.g., LII (SF2 and T2), Irwell River (SF4 and T4), Hanmer Road Drain (SF5 and T5), Doyleston Drain (SF7 and T7) and Harts Creek (SF8 and T8)). This decrease is generally attributed to uptake by of nutrients by periphyton and aquatic plants and/or

the dilution by groundwater inflows that have been denitrified as they seep upwards through low permeability confining sediments.

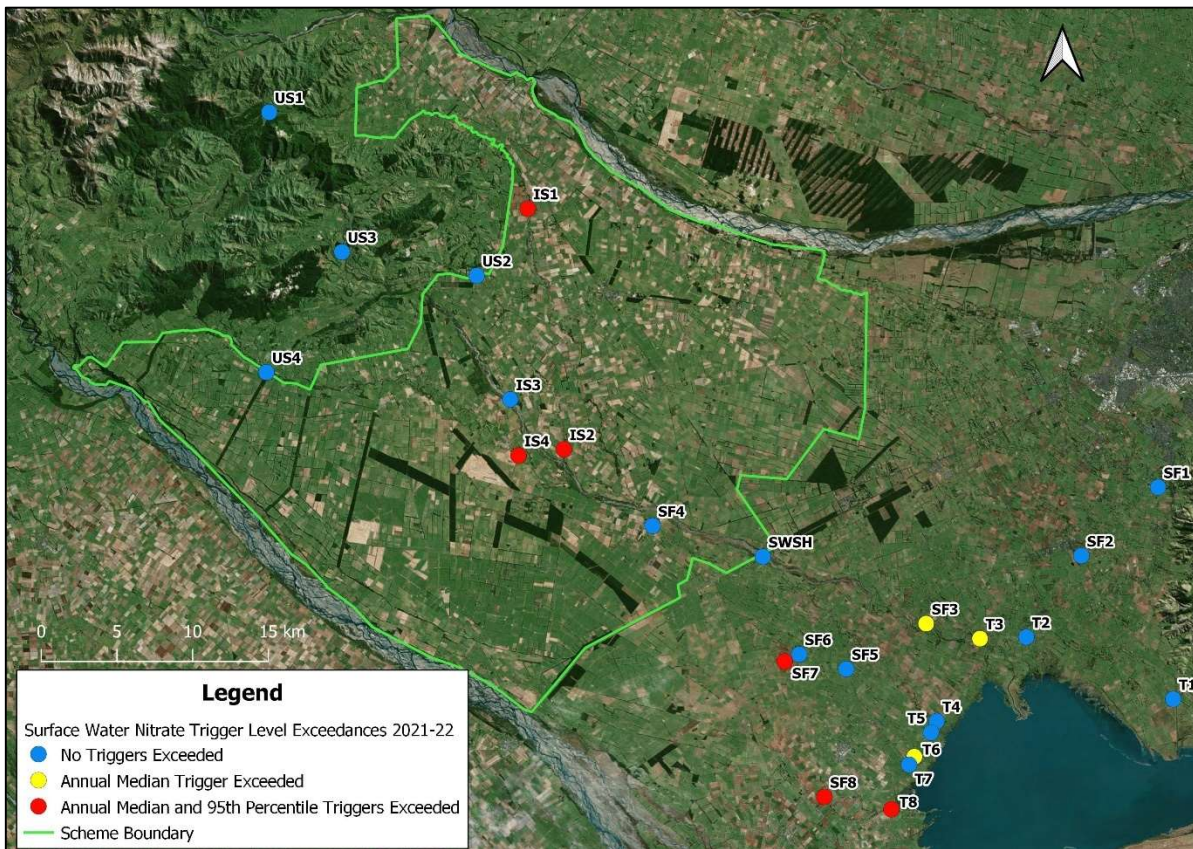


Figure 24. CPW surface water nitrate trigger level exceedances during 2021-22.

Figures 25 and 26 below compare annual median nitrate concentrations from the 2015-16 to 2021-22 seasons against the relevant Nitrate-Nitrogen triggers for hill-fed and spring-fed streams. The data show a wide range in both the magnitude and temporal variation of median nitrate concentrations at individual monitoring sites. For example, while upstream monitoring sites (including US1 to IS4) generally exhibit nitrate concentrations well below trigger values, many lowland sites (including SF3, SF7, SF8, T3 and T8) exhibit concentrations consistently above the trigger values. Similarly, while nitrate concentrations are relatively stable at many sites, others either exhibit significant temporal variability between individual years (SWSH, IS2, SF6 and T3) or indicate overall increasing (IS3, IS4, T2, T3, T6, T8) or decreasing (IS1, SF1, SF4, SF5, T1 and T4) concentrations over time.

As a result, while surface water monitoring shows an overall increase in median nitrate concentrations from headwater to lowland areas, results from individual monitoring sites exhibit significant variability between individual catchments and monitoring locations. This variability is inferred to reflect a complex interaction between multiple factors influencing water quality, including climate, local and upstream land use, time lags in the groundwater system (particularly important in spring-fed streams), as well as instream processes in different waterways. Such spatial and temporal variability inevitably complicates attribution of observed variations in water quality associated with the Scheme, from those reflecting background (i.e., pre-scheme) water quality or external influences.

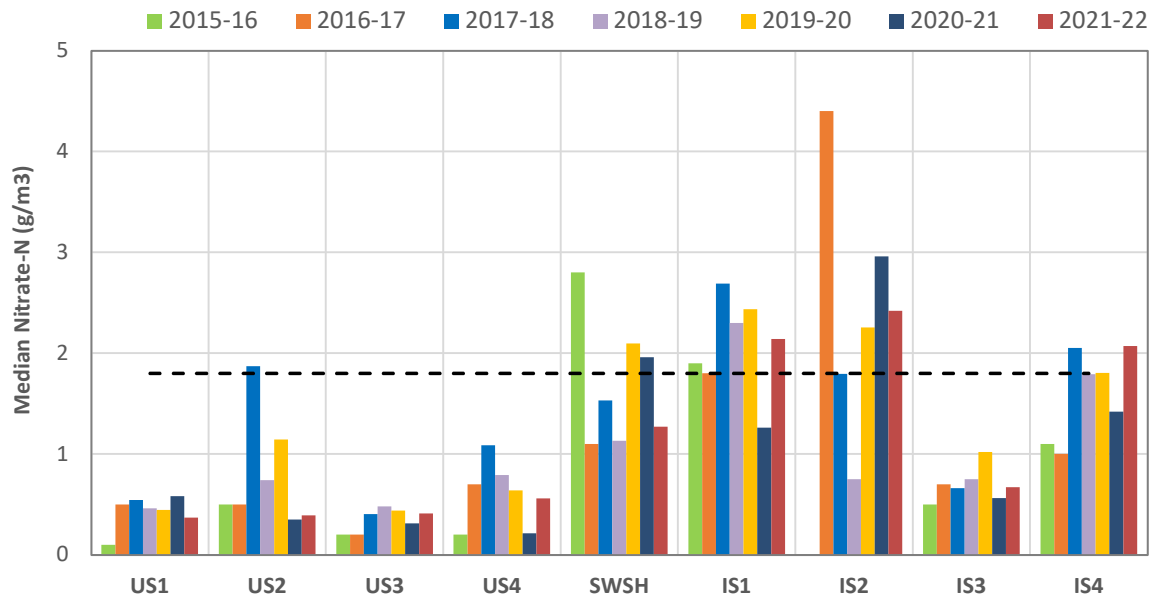


Figure 25. Annual median nitrate concentrations at hill-fed lower sites, 2015-16 to 2021-22 (black line denotes trigger level)

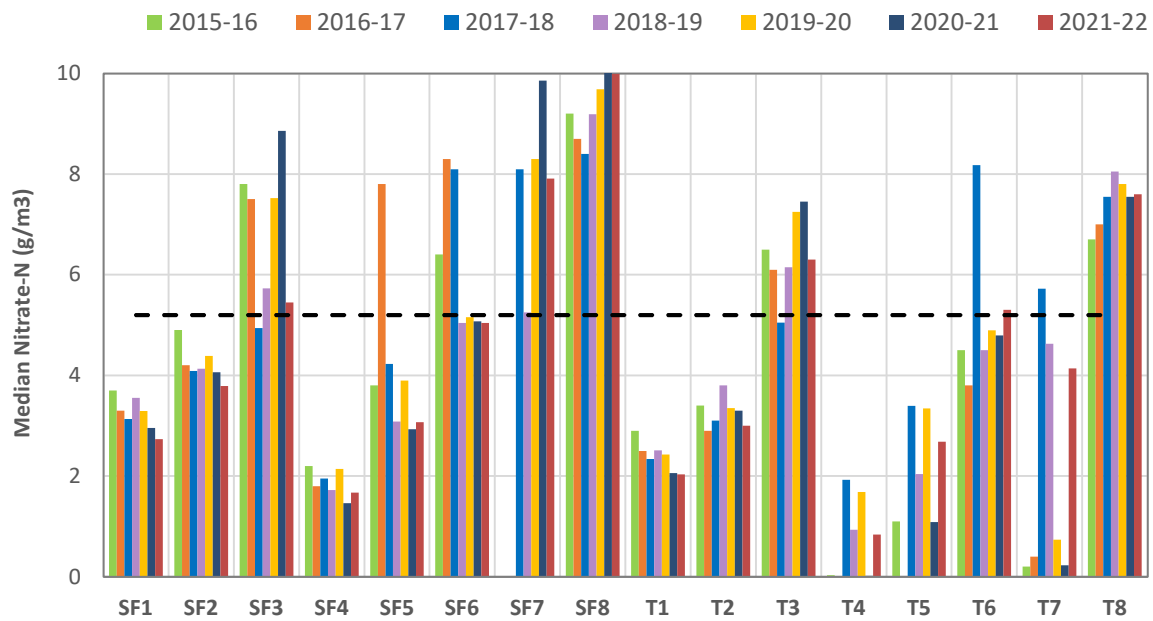


Figure 26. Annual median nitrate concentrations at spring-fed plains sites, 2015-16 to 2021-22 (black line denotes trigger level)

It is noted that the GSWERP baseline water quality report identified historical nitrate concentrations (i.e., pre CPW) that exceeded the CPW water quality triggers in the Hawkins River, Selwyn River, Boggy Creek and Harts Creek. As illustrated in the examples from Harts Creek and the Selwyn River shown in Figure 27 and Figure 28 below, many of these waterways have a history of elevated and/or increasing nitrate concentrations that pre-date CPW Scheme operations. Although 2021-22 concentrations are high in the historical context, recent years appear to indicate a levelling-off (or slight reversal) in previously increasing trends. Although encouraging, ongoing monitoring will be required to confirm the permanency of any reductions (or reversal) in historical water quality trends.

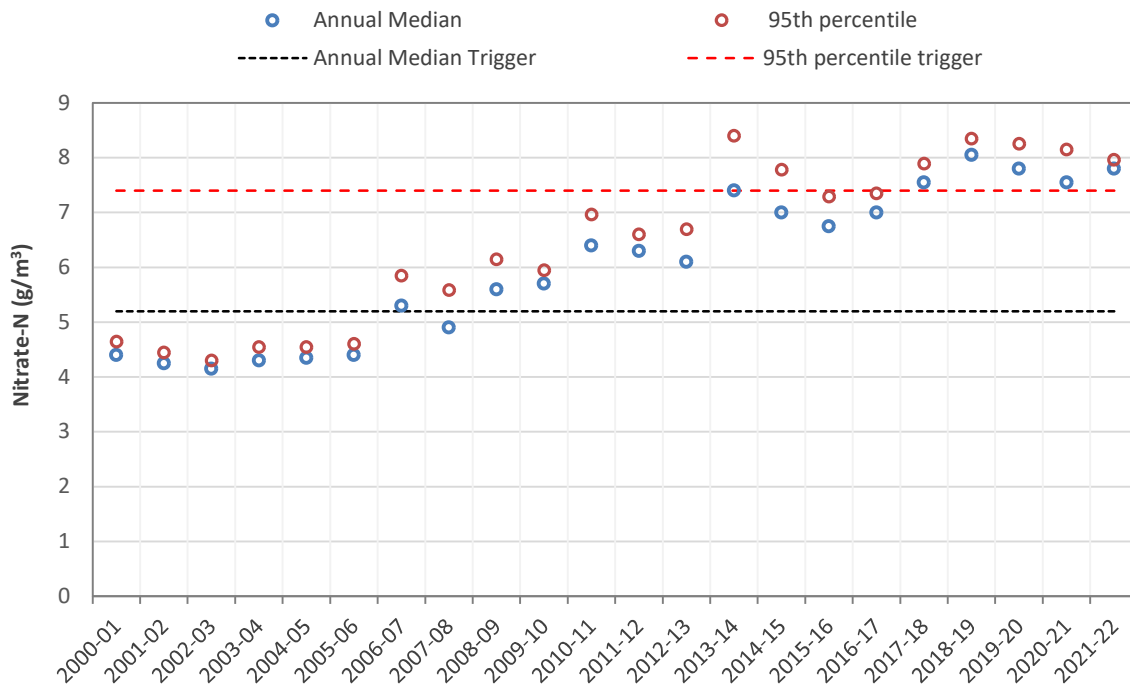


Figure 27. Annual median and 95th percentile nitrate-nitrogen concentrations at the Harts Creek downstream site (T8), 2000-01 to 2021-22.

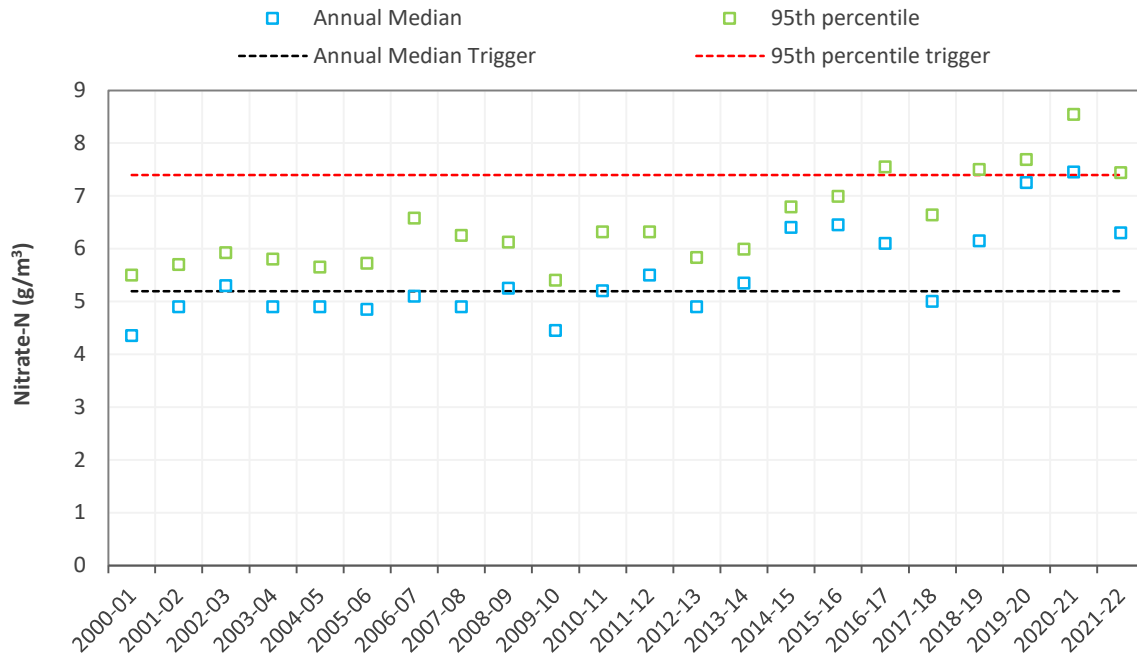


Figure 28. Annual median and 95th percentile nitrate-nitrogen concentrations at the CPW Selwyn River downstream monitoring site (Coes Ford), 2000-01 to 2021-22.

Overall, although surface water triggers were exceeded at nine sites in the CPW monitoring network during the 2021-22 year, observed concentrations are generally consistent with the historical baseline (either the observed range or historical trends). Consequently, monitoring data collected to date does not show any clearly discernible effects of the Scheme on surface water quality either within, or down-gradient, of the Scheme area. Some monitoring sites do appear to indicate a reduction in historical increasing Nitrate-N trends, however ongoing monitoring will be required to establish the permanency of such changes.

4.4.2. Lake Water Quality

Lake Ellesmere/Te Waihora is the ultimate receiving environment for a significant proportion of surface water and groundwater flows from the CPW Scheme area. Land use and land management activities in the Scheme area therefore have the potential to influence lake water quality. Trigger levels established by GSWERP for lake water quality are listed in Table 6. These trigger levels are equivalent to water quality limits contained in Table (I) of the LWRP.

Table 6. Lake water quality triggers

Monitoring Location	Chlorophyll-a (µg/L) ^(b)	Total Phosphorus (mg/L) ^(b)	Total Nitrogen (mg/L) ^(b)	TLI ₃ ^(a)
Mid-Lake	74	0.1	3.4	6.6
Lake Margins	no trigger	no trigger	no trigger	6.0

(a) TLI is calculated as TLI₃ (using TP, TN and Chl-a)

(b) As a maximum annual average determined from 12 (monthly) rounds of monitoring results.

Table 7 provides a summary of CPW lake water quality monitoring results for the 2021-22 year. The figures show CPW triggers were exceeded for Chlorophyll-a, Total Phosphorus and TLI₃ at the mid-lake site, and for TLI₃ at the three lake margin monitoring sites.

Table 7. 2021-22 CPW lake water quality monitoring results (figures in bold denote concentrations exceeding trigger levels)

Site	Chlorophyll-a µg/L	Total Phosphorus mg/L	Total Nitrogen mg/L	TLI ₃
Mid-Lake	125	0.22	2.32	7.04
Lake Margin Sites				
- Off Selwyn River Mouth	128	0.20	2.46	7.04
- South of Timber Yard	133	0.20	2.36	7.03
- Taumutu	132	0.21	2.26	7.03

Figure 29 shows annual median Total Nitrogen, Total Phosphorus and Chlorophyll-a concentrations recorded at the mid-Lake monitoring site from 2000/01 to 2021-22. The figure shows 2021-22 Total Nitrogen concentrations were well below the trigger level, while both Chlorophyll-a and Total Phosphorus were above their respective trigger levels. Although elevated, concentrations of all three parameters during 2021-22 remained within the historical range.

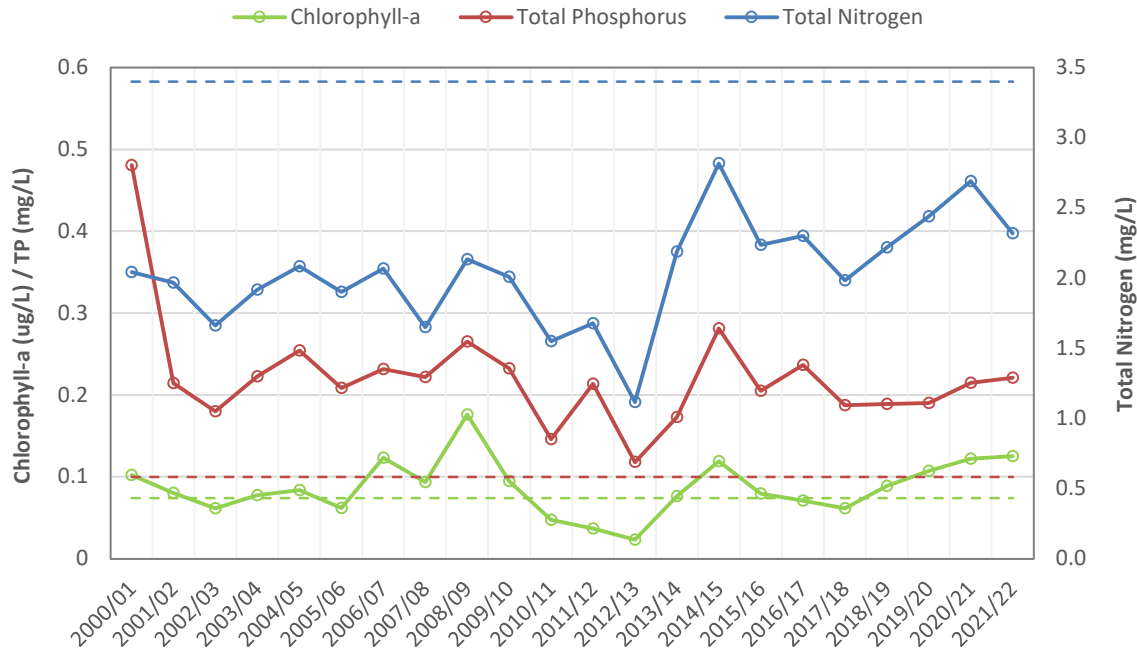


Figure 29. Annual median Chlorophyll-a, Total Phosphorus and Total Nitrogen values at the mid-lake monitoring site, 2000/01 to 2019/20 (dotted lines indicate trigger levels for individual parameters).

As shown on Figure 30 below, during 2021-22 TLI₃ values exceeded trigger levels at all monitoring sites, with values at lake margin monitoring sites almost identical to values recorded at the mid-Lake site. TLI₃ values at all lake margin sites exhibit a similar temporal trend, with values declining between 2015-16 and 2017-18 then increasing over the subsequent period, while TLI₃ values at the mid-lake site were the highest since 2015-16. However, as illustrated on Figure 31, although above the respective triggers, TLI₃ values recorded during the 2021-22 year were within the historical range. The overall increase in TLI₃ values at all monitoring sites since the 2017-18 season follows a period of generally decreasing concentrations between 2014-15 and 2017-18. Such inter-annual variability is observed through the historical record, potentially reflecting a complex mix of factors including climate, land use and the lake opening regime.

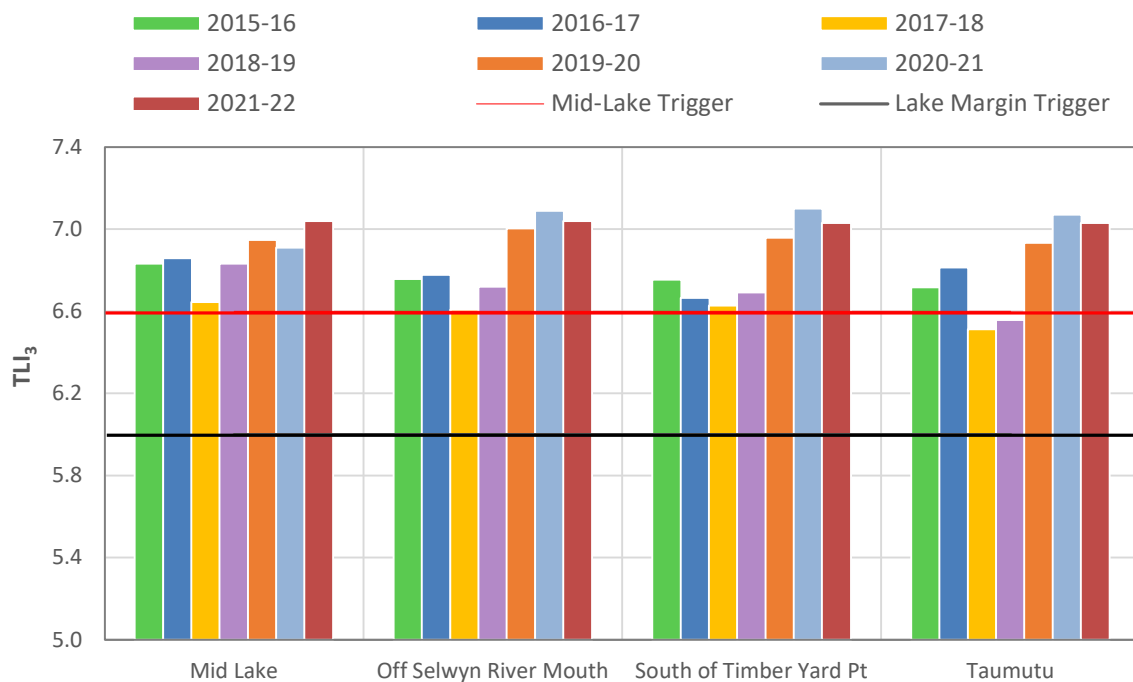


Figure 30. Calculated TLI₃ values at the four Lake Ellesmere/Te Waihora monitoring sites, 2015/16 to 2019/20 (red line = mid-lake trigger, black line = lake margin trigger).

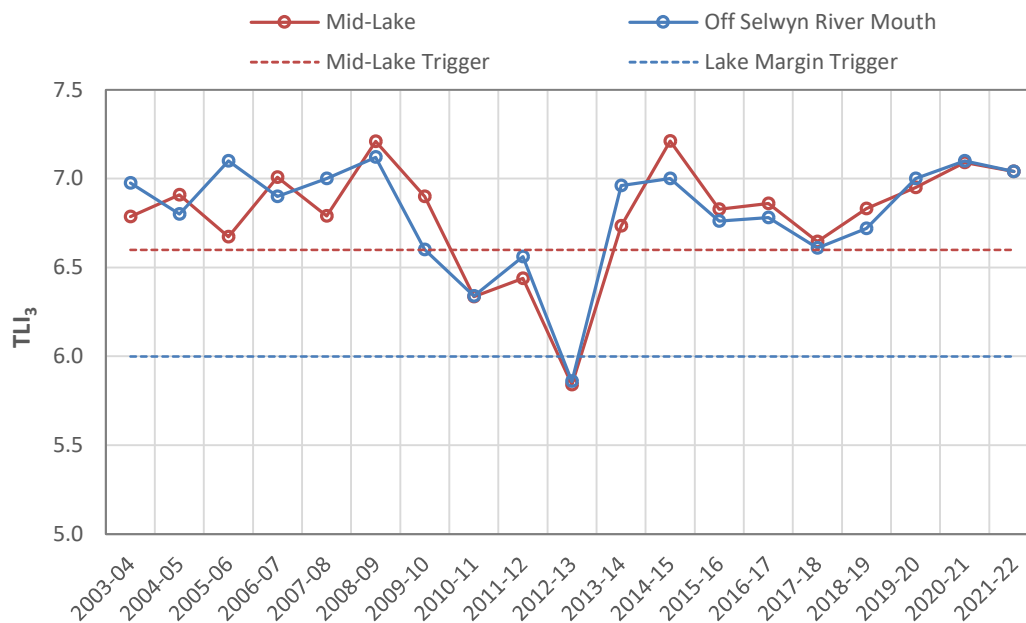


Figure 31. TLI₃ values at the Mid-Lake and Off Selwyn River Mouth sites, 2002/03 to 2019/20

Overall, during the 2021-22 year lake water quality triggers in Lake Ellesmere/Te Waihora were exceeded at both mid-lake and lake margin monitoring sites. However, concentrations of indicator parameters and calculated TLI₃ values were within the historical range and do not exhibit any readily discernible change that can be related to CPW activities which commenced during the 2015-16 season¹⁵.

4.4.3. Groundwater Quality

Trigger levels for CPW groundwater quality monitoring are summarised in Table 8 below. These triggers are equivalent to the limits for groundwater quality in the Selwyn-Waihora zone established in the LWRP.

Table 8. Groundwater quality triggers for CPW monitoring

Contaminant	Measurement	Trigger
Nitrate-Nitrogen	5-year annual average concentration ^(a)	7.65 mg/L
<i>E.coli</i>	Median concentration ^(b)	<1 organism/100 millilitres

(a) In shallow groundwater <50 metres below ground level

(b) Measured over the length of record

Two years of groundwater monitoring data were collected by CPW prior to the commencement of irrigation in each stage of the Scheme. This data (combined with results of historical ECan monitoring)

¹⁵ Particularly given the relatively indirect connection (and potential lags) between the CPW Scheme area and the lake via the groundwater system and/or lowland streams.

forms the baseline against which future groundwater quality within the CPW Scheme area can be assessed.

4.4.3.1. Nitrate-Nitrogen

Figure 32 shows the spatial distribution of 5-year annual average Nitrate-N concentrations across the CPW Scheme area. The figure shows Nitrate-N concentrations exceed the 7.65 mg/L trigger level in four of the eight monitoring bores sampled in the Stage 1 area (BX21/0017, BX22/0043¹⁶, BX22/0046 and BX22/0053) and eight of the ten monitoring bores sampled in the Stage 2 area (BX22/0065, BX22/0067, BX22/0068, BX22/0069, BX22/0070, BX22/0072, BX23/0423 and BX23/0423). However, given Stage 2 commenced operations during the 2018-19 season, only water quality results from the Stage 1 and Sheffield Scheme areas can be directly compared with triggers for the CPW Scheme¹⁷.

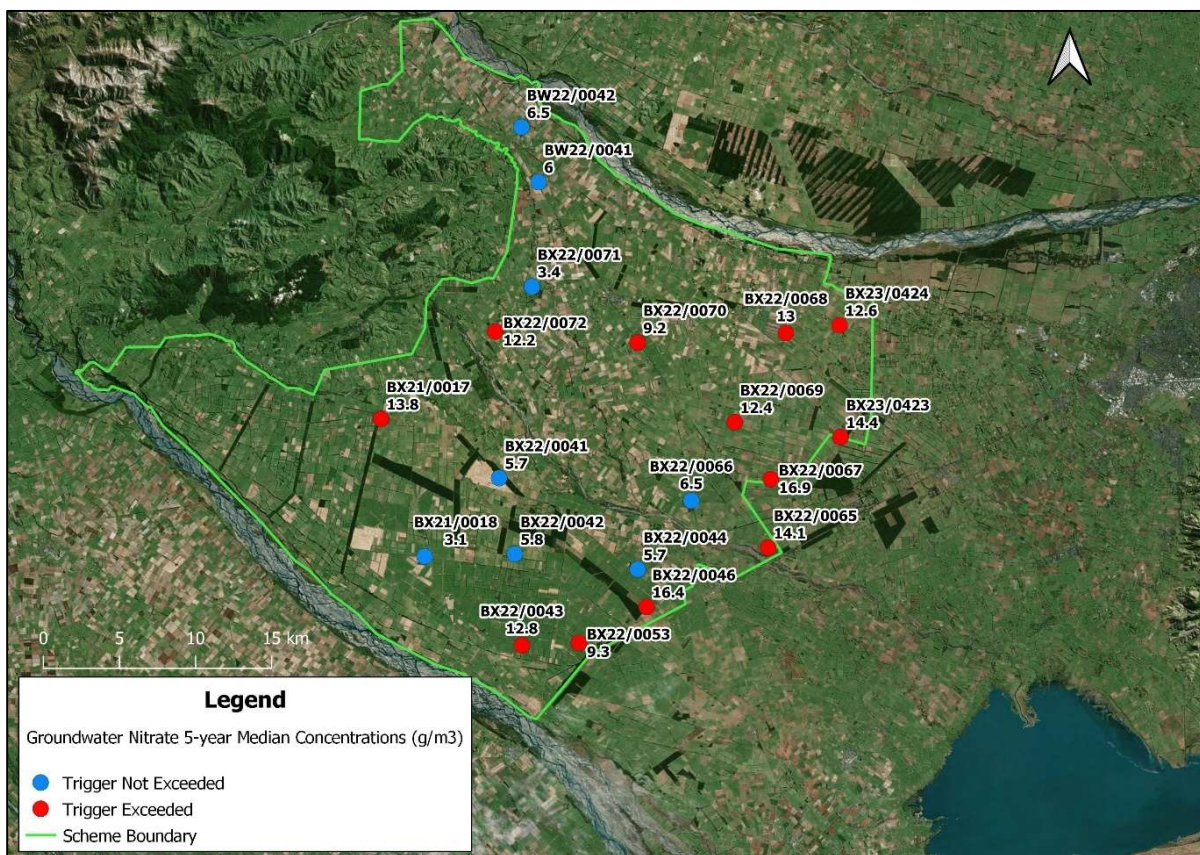


Figure 32. 5-year (2017-18 to 2021-22) annual average Nitrate-N concentrations in CPW monitoring bores.

Figure 33 shows annual average nitrate concentrations in Stage 1 and Sheffield Scheme monitoring bores between 2015-16 and 2021-22. While five monitoring bores exceed the 7.65 g/m³ 5-year annual average trigger, the data show significant variability in nitrate concentrations in individual monitoring

¹⁶ Technically Nitrate-N concentrations in BX22/0043 do not exceed the trigger level because groundwater levels at this site are >50 m below ground level (the triggers listed in Table 8 apply to shallow groundwater <50 m bgl).

¹⁷ 5-year annual average Nitrate-N concentrations are calculated from data recorded between the 2017-18 and 2021-22 seasons. Data recorded in the Stage 2 area during the 2016-17 and 2017-18 seasons form part of the pre-Scheme baseline.

bores over time. A marked increase in Nitrate-N concentrations observed in several bores (e.g., BZ21/0017, BX22/0046 and BX22/0053) during the 2017-18 year coincides with a period of significant recharge during autumn and winter 2017 which followed an extended period of below normal rainfall over the preceding three seasons. Annual average Nitrate-N concentrations measured in all monitoring bores during 2021-22 remained within the historical range.

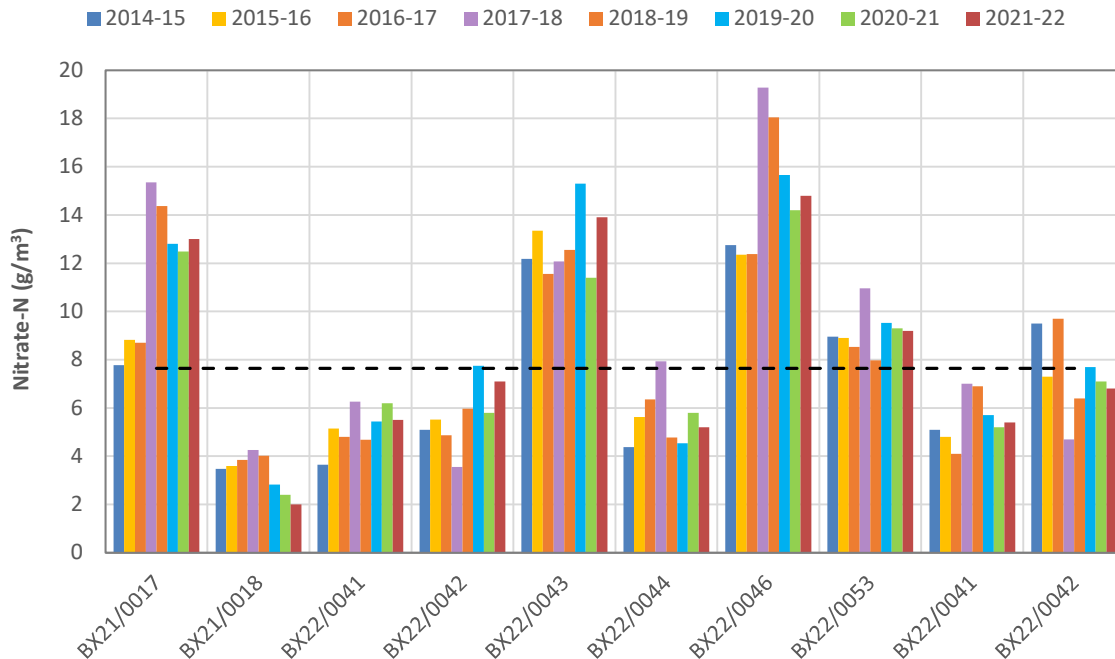


Figure 33. Annual median groundwater nitrate concentrations in the CPW Stage 1 and Sheffield Scheme areas, 2014-15 to 2021-22 (Black line indicates the CPW trigger value).

Figure 34 shows a plot of quarterly groundwater nitrate concentrations in selected CPW monitoring bores between 2014-15 (i.e., prior to commencement of Stage 1 operations) and 2021-22. While the data indicate Nitrate-N concentrations have remained relatively low and stable at some sites (e.g., BX21/0018 and BX22/0071), many others exhibit appreciable temporal variability, particularly following the wet autumn and winter in 2017. The significant increase in nitrate concentrations during 2017 (observed in all three Scheme stages) is attributed to the large volume of recharge mobilising excess nitrogen from the soil and underlying unsaturated zone following 3 years of generally below normal winter recharge. While this effect was observed across all three Stages, only Stage 1 of the CPW Scheme was operating at this time. Except for BX22/0068, groundwater Nitrate-N concentrations during 2021-22 remained below peak values recorded during the 2017-18 season.

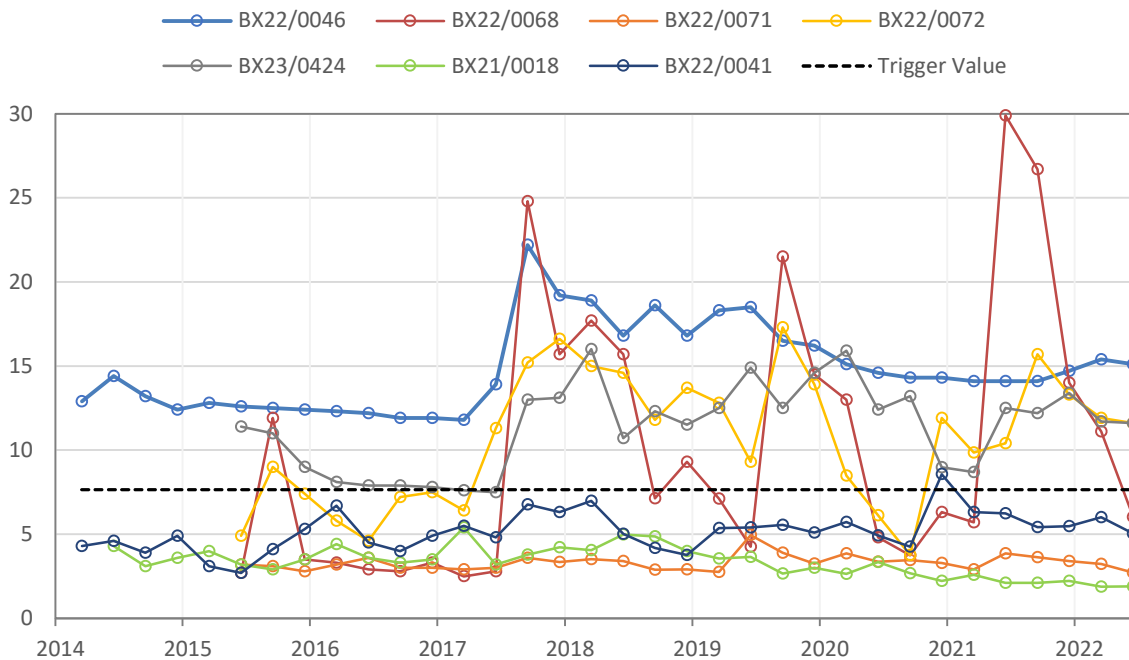


Figure 34. Mean annual groundwater nitrate concentrations in the Stage 1 area, 2014-15 to 2021-22 (black line indicates CPW 5-year annual average trigger)

It is also noted that a significant proportion of groundwater quality monitoring sites in both the Stage 1 and Stage 2 areas exhibited nitrate concentrations in excess of the GSWERP nitrate triggers in baseline data collected prior to commencement of Scheme operations. Average annual Nitrate-N concentrations in five of eight monitoring bores exceeded the 7.65 g/m³ trigger during the 2013-14 and 2014-15 seasons, while eight of ten monitoring bores in the Stage 2 area showed similarly elevated Nitrate-N concentrations during the 2016-17 to 2017-18 baseline period.

4.4.4. Continuous Nitrate Monitoring

During the 2021-22 season CPW commenced installation of continuous nitrate monitoring sensors in several Scheme compliance monitoring wells. These sensors utilise UV LED technology to measure the nitrate concentration in groundwater in real-time. During the 2021-22 season nitrate sensors operated in three monitoring bores (BX21/0017, BX22/0044 and BX22/0046). Seven additional nitrate sensors were installed during spring 2022 and a further two are on order at the time of writing.

Figure 35 shows a plot of groundwater nitrate concentrations from the three continuous monitoring sites operating during the 2021-22 season along with rainfall recorded at the ECan Ridgens Road monitoring site. Overall, the data show contrasting seasonal variations in nitrate concentrations in the individual monitoring bores. For example, while BX22/0046 shows a relatively stable increase in nitrate concentrations from 13.3 to 15.0 g/m³ over the 2021-22 year, concentrations in BX22/0017 declined appreciably (from >14.0 g/m³ to around 10 g/m³) over the same period, with appreciable reductions in nitrate concentrations observed following large rainfall events in December 2021 and February 2022. BX22/0044 also showed an overall decrease in nitrate concentrations during the 2021-

22 season (from 8.0 to 4.0 g/m³), with nitrate concentrations both increasing and decreasing slightly following individual rainfall events.

Ongoing monitoring of temporal variation in nitrate concentrations will contribute to improved understanding of factors influencing temporal variations in groundwater nitrate concentrations both at individual monitoring sites and across the wider Scheme area more generally.

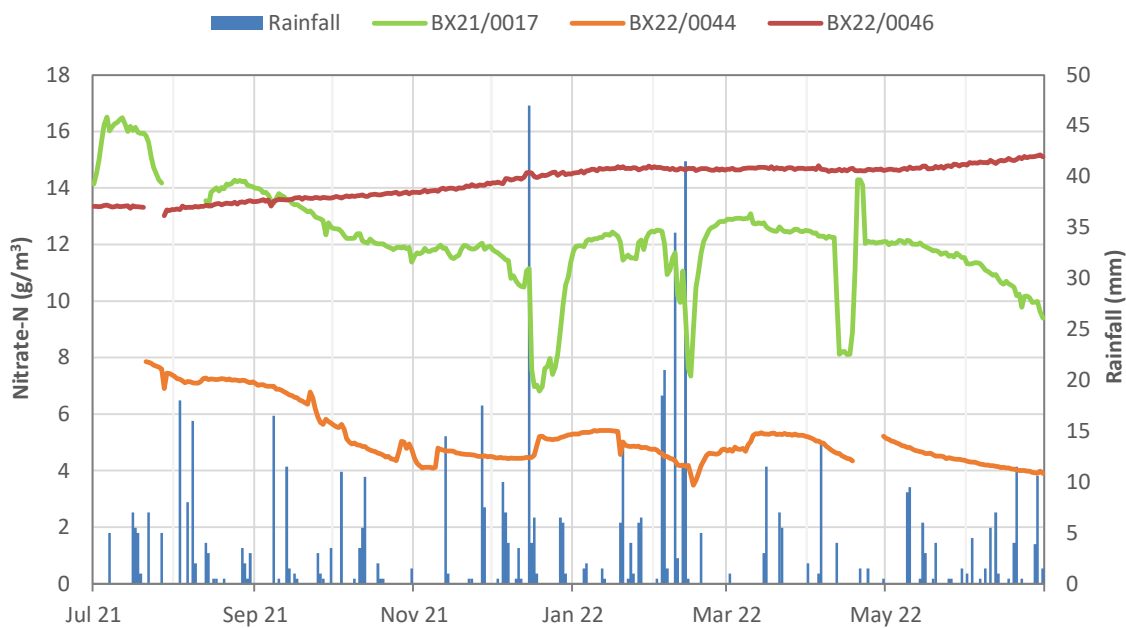


Figure 35. Groundwater Nitrate concentrations recorded in three CPW monitoring bores and rainfall at Ridgens Road, 2021-22.

Overall, while monitoring data from the 2021-22 year show elevated groundwater nitrate concentrations (in excess of GSWERP triggers) in approximately 60% of CPW monitoring bores, the following points are noted:

- Due to the construction of the CPW monitoring bores and the sampling methodology utilised, nitrate concentration from CPW monitoring likely reflect 'worst case' nitrate concentrations recorded immediately below the water table.
- Significant temporal variability in nitrate concentrations is observed between individual monitoring bores. Several sites exhibit a marked increase in nitrate concentrations (above trigger levels) during 2017. This increase is attributed to a period of above average rainfall during autumn/winter 2017 which mobilised excess nitrogen from the soil and underlying unsaturated zone following 3 years of generally below normal winter recharge. Similar, although less pronounced, effects are observed following significant rainfall events in December 2021 and February 2022.
- With few exceptions, groundwater Nitrate-N concentrations observed during the 2021-22 year were lower than peak values recorded during the 2017-18 year.

These observations are consistent with data presented in the GSWERP Baseline Water Quality Report which showed a significant number of bores (>30%) in the Central Plains area sampled by ECan

between 2010 and 2013 exhibited nitrate concentrations in excess of the nominated trigger value, with approximately 40 percent of wells also exhibiting statistically significant increasing trends in nitrate concentrations.

4.4.4.1. Microbial Quality

As shown on Figure 36 below, the intermittent presence of low levels of indicator bacteria (*E.coli*) was observed in a significant proportion (50%) of CPW monitoring wells during the 2021-22 year. Thirteen of eighty samples tested (16%) returned positive detections of indicator bacteria, with a significant number of positive detections (at 7 out of the 10 sites returning positive results) observed during the March 2022 sample round which followed a significant rainfall event the previous month.

Within the operational Stage 1 area, low levels of *E.coli* (<6 MPN) were detected on a single sampling occasion in one monitoring bore (BX21/0018) and twice in another (BX22/0044). Positive detections of *E.coli* bacteria were recorded in 6 of the 10 monitoring bores in the Stage 2 area during 2021-22, with a total of 8 samples (20%) returning positive results. The highest concentrations (<200 MPN) and most frequent *E.coli* detections (3 out of 4 samples) were recorded in BX22/0067, a bore which exhibited similarly elevated frequency of *E.coli* detection during previous seasons. The single detections of *E.coli* in the remaining five Stage 1 bores were at concentrations less than 10 MPN. Low concentrations of *E.coli* were also detected in both Sheffield Scheme bores (BW22/0042 and monitoring BW22/0043) during the March 2022 sample round.

Where a positive *E.coli* detection was recorded in CPW monitoring, a follow-up assessment was undertaken to identify potential causes. This assessment considered factors such as climate (rainfall) preceding sample collection, land use (stocking) in the vicinity of the bore, irrigation activities, as well as the general condition of land surrounding the bore at the time of sampling. The assessment also considered potential water quality risks for nearby bores used for potable or farm supply. Aside from the February 2022 rainfall event, no obvious cause was identified for the remaining positive *E.coli* detections recorded.

It is noted that the rate of positive *E.coli* detections across the CPW groundwater monitoring network in 2021-22 was lower than that recorded during the preceding two seasons (22.5% of samples in 2020-21 and 17.5% of samples in 2019-20). Overall detection rates for indicator bacterial across the CPW monitoring network are similar to those reported for ECan's annual regional groundwater surveys from 2009 to 2020 (3.7% to 14% of bores sampled), particularly given the construction of the CPW monitoring bores and sampling methodology utilised (i.e., long-screen bores with samples collected immediately below the water table surface).

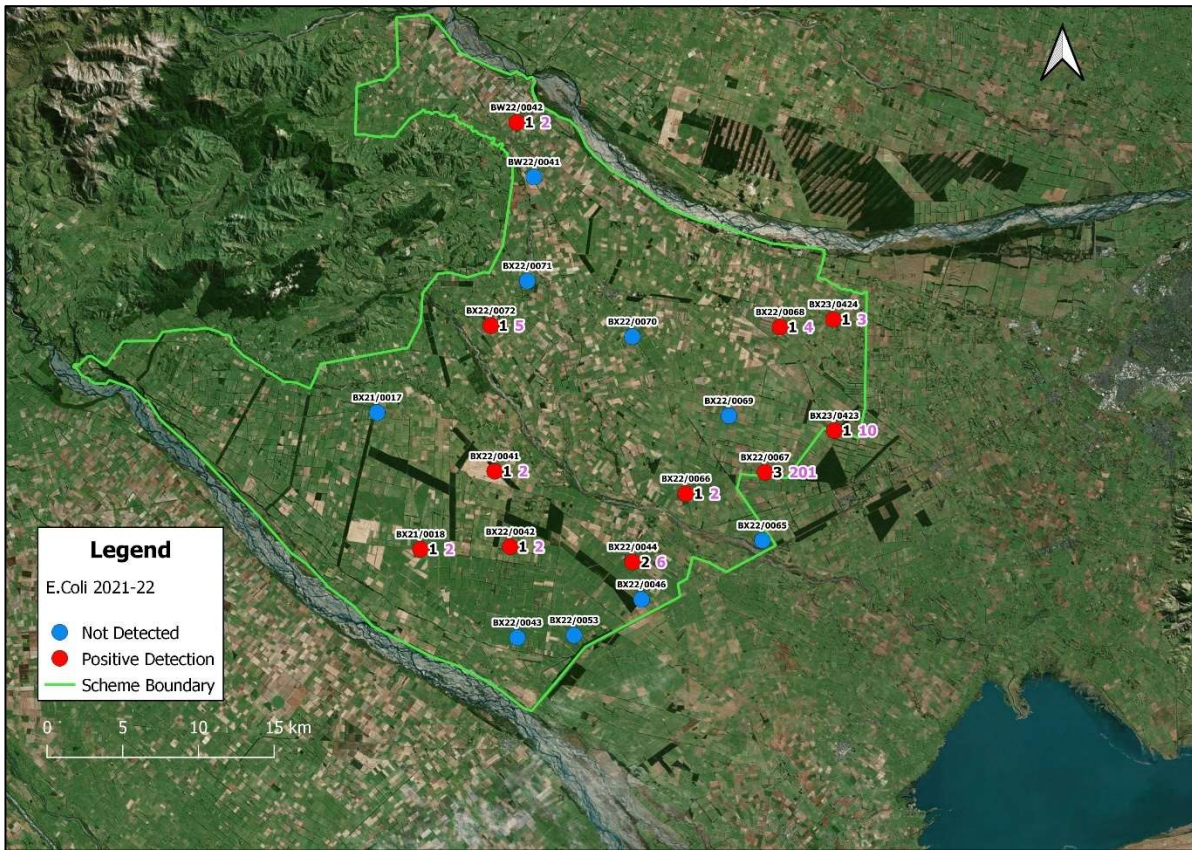


Figure 36. Positive *E.coli* detections in CPW monitoring bores, 2021-22 (black numbers indicate number of positive detections at each site, magenta numbers indicate maximum concentration).

Overall, the incidence of microbial contamination in CPW monitoring bore during 2021-22 was similar to, or slightly lower, than previous seasons and at a similar rate to that observed in the ECan regional groundwater quality monitoring. As in previous seasons, positive detections of indicator bacteria appear to follow large rainfall events but do not exhibit any clear relationship to surrounding land use.

4.4.5. Groundwater Levels

Increased irrigation of alpine-sourced water and decreased abstraction of groundwater has the potential to result in elevated groundwater levels in areas down-gradient of the CPW Scheme. While providing positive benefits in terms of discharge in spring-fed streams, elevated groundwater levels also have the potential to result in adverse effects on land drainage, particularly around the margins of Lake Ellesmere/Te Waihora.

4.4.5.1. In-Scheme Groundwater Levels

Figure 37 shows a plot of groundwater level data recorded in three bores monitored by ECan within the CPW Scheme since the mid to late-1970s (i.e., >40 years of ~monthly water level data). The figures show groundwater levels at all three sites trending toward the upper extend of the historical range during the latter part of the 2021-22 season. While this water level recovery appears to be driven largely by increased recharge associated with above average rainfall during the 2017-18, 2019-

20 and 2021-22 seasons, reduced seasonal variation due to the reduction in deep groundwater abstraction subsequent to the commissioning of Stage 1 in 2015-16 is evident in the data from L35/0181 located near Dunsandel.

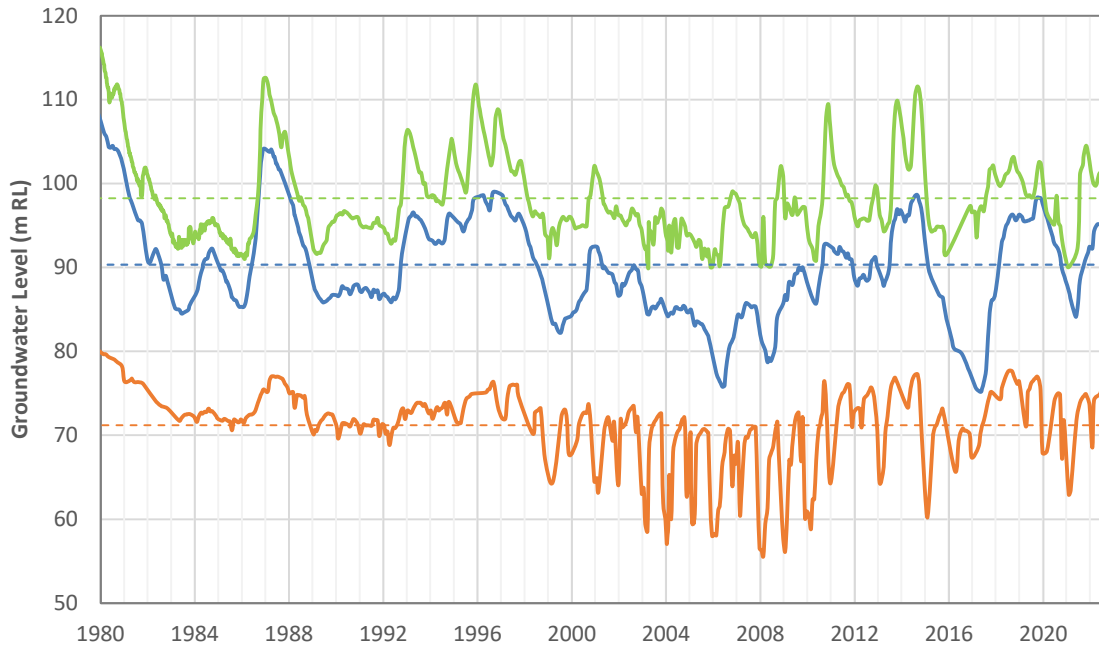


Figure 37. In-scheme groundwater from long-term ECan monitoring sites at Dunsandel (L35/0181), Greendale (L36/0063) and Kirwee (L35/0163) compared to monthly average values (dotted lines indicate long-term average values, 1980-2022).

4.4.5.2. Lowland Groundwater Levels

The GSWERP established triggers for (high) groundwater levels in 12 bores located down-gradient of the Scheme which are currently monitored either automatically, or on a regular (monthly) basis, by ECan. These monitoring sites, shown in Figure 38 below, were selected on the basis of having a long historical record (>40 years) to account temporal changes in groundwater levels associated with natural climate variability. Triggers for high groundwater levels were established at the 95th percentile of the historical record for individual monitoring sites.

Figure 39 shows groundwater level variations at two representative monitoring sites (M36/0250 near Broadfield and M36/0424 near Doyleston) between 2000 and 2020. The figure shows groundwater levels at the two sites have remained well below their respective triggers since 2017-18 when groundwater levels across the lowland area were elevated due to high rainfall during autumn and winter 2017. Other lowland monitoring sites exhibited similar trends during the 2021-22 year.

CPWL did not receive any complaints concerning elevated groundwater levels or adverse impacts on land drainage or on-site wastewater systems in the Lowland Plains area during the 2021-22 year.

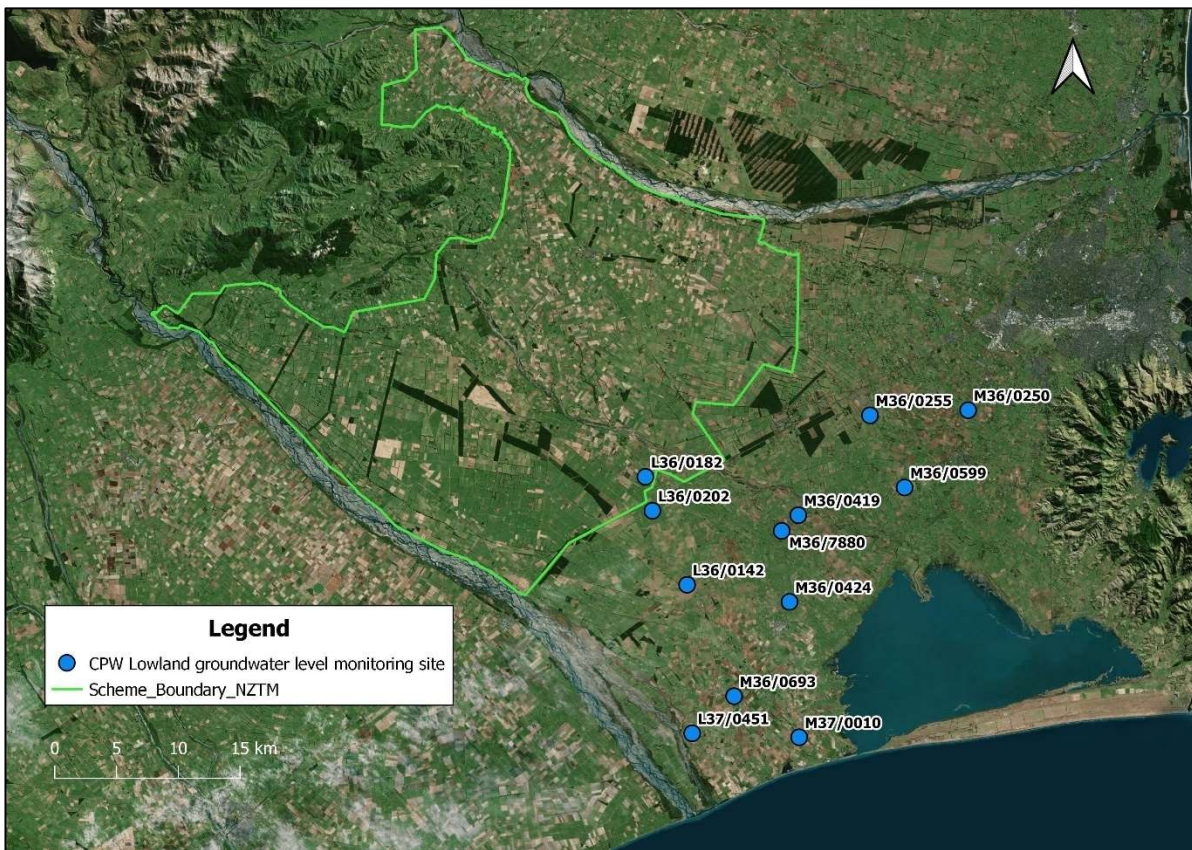


Figure 38. CPW lowland groundwater level monitoring sites

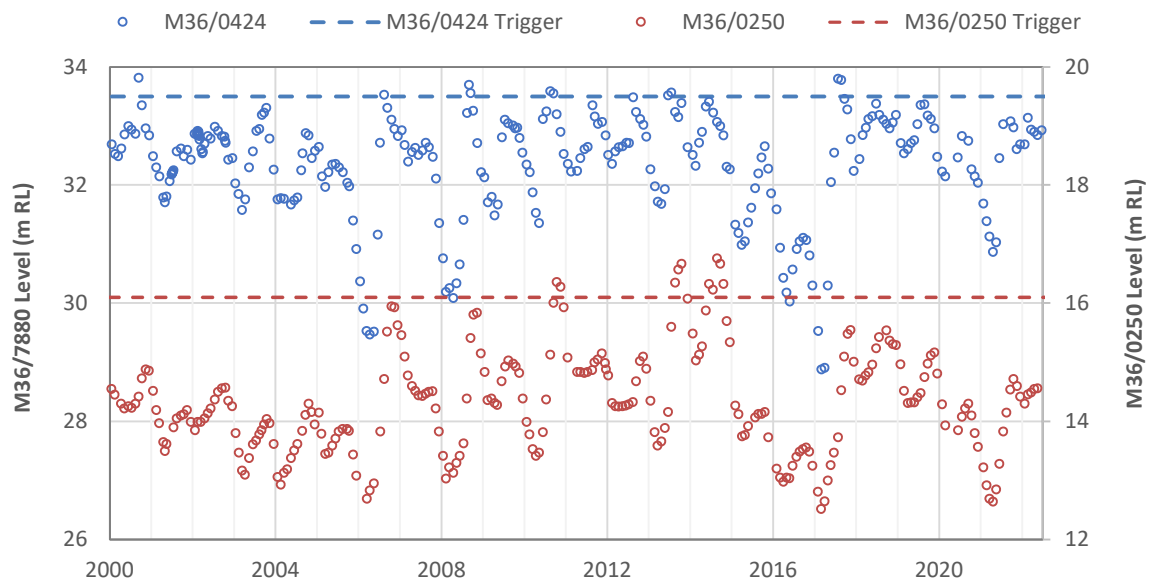


Figure 39. Groundwater levels (markers) and respective triggers (dotted lines) for monitoring bores M36/0250 and M36/0424, 2000 to 2022.

4.4.6. Summary

Water quality monitoring results recorded in the CPW monitoring network during the 2021-22 year indicate surface water quality, groundwater quality and lake water quality exceeded trigger levels established in Part II of the CPW GSWMP¹⁸ at a number of monitoring sites located both in, and down-gradient of, the Stage 1, Stage 2 and Sheffield Scheme areas. Although trigger level exceedances were recorded, monitoring results show groundwater, surface water and lake water quality during 2021-22 was either within the historical (i.e., pre-CPW) range or consistent with long-term trends in baseline water quality, flows and levels.

The *Annual Ground and Surface Water Monitoring Report 2021/22* produced by CPW was approved by the GSWERP in November 2022 as providing a valid interpretation of monitoring results for the 2021-22 year. The report also notes that there were no complaints related to surface water quality, groundwater quality, land drainage or effects on on-site wastewater discharges received by CPW during the 2021-22 year.

4.5. Environmental Mitigation and Enhancement

4.5.1. Environmental Management Funds

In addition to an extensive environmental monitoring programme, part of the mitigation package offered by CPW during the resource consent process involved the establishment of funding for three environmental initiatives:

- The CPWL Environmental Management Fund (EMF)
- Te Waihora Environmental Management Fund (TWEMF); and
- Te Waihora Lake Opening.

The EMF and TWEMF were established during the 2015-16 irrigation season. Contributions to these funds are provided by Scheme shareholders. Due to the staged nature of Scheme development, annual contributions to these funds increased as the area under irrigation expanded, with full contribution to the fund (from all three stages) commencing during the 2018-19 year.

Between 2015/16 to 2021-22 cumulative EMF funding totalled \$627,524, with \$94,793 generated during the 2021-22 year. An independent Environmental Management Fund Committee (EMFC) is responsible for managing and allocating distributions from the EMF to environmental initiatives within the Selwyn Waihora catchment. Figure 40 provides a breakdown of funding allocated by the EMF between 2015-16 and 2021-22. The figure shows a majority of funding (\$482,607 or 77%) has been allocated to native planting, with a further \$85,699 (14%) allocated to wetland/SNA protection¹⁹.

¹⁸ These trigger levels are consistent with equivalent environmental limits established in the LWRP

¹⁹ Note: funding generated during a given season is allocated for projects during the following year.

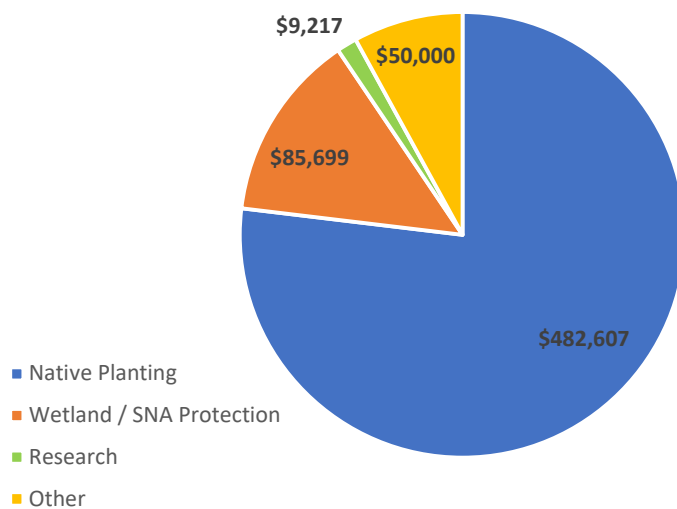


Figure 40. Breakdown of funding allocated by the EMF, 2016-17 to 2021-22.

As above, the primary focus of the EMF is the enhancement of biodiversity across the Selwyn/Waihora catchment. One of the regular recipients of the Fund, Te Ara Kakariki Greenway Canterbury Trust (TAK), have used CPW-sourced funding for their annual Spring plant out days, funding landowner initiatives, school education and maintenance of established sites enrolled in their successful Greendot Programme. The EMF have elected to continue their ongoing support for TAK as the organisation is now seen as one of the key promoters for biodiversity and narrowing the divide between urban and rural communities, along with the huge success of their work to date. Figure 41 illustrates the number of native plantings enabled by EMF funding across the wider Central Plains area since 2016-17.

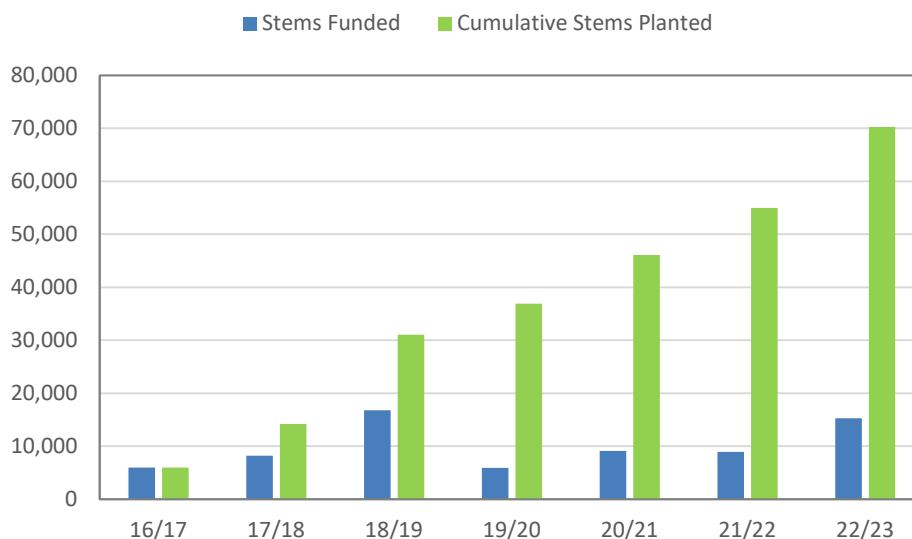


Figure 41. Native plantings enabled by EMF funding 2016-17 to 2022-23.

The TWEMF fund is provided directly to Ngai Tahu who manage allocation and annual reporting of fund expenditure. To date funding has been provided to the TWEMF for the period 2015 to 2022. Details and priorities for initiatives associated with the restoration of health/mauri of the environment

in the vicinity of Lake Ellesmere/Te Waihora are still being determined by iwi. Cumulative funding provided by CPW to the TWEMF over the 2015-16 to 2021-22 period totals \$373,851.

The CPW Scheme contributed a total of \$59,347 + GST towards costs associated with opening of Te Waihora/Lake Ellesmere by ECan during the 2021-22 season. Cumulative funding provided for Te Waihora Lake Opening by CPW over the 2015-16 to 2021-22 period totals \$160,926.

Table 9 summarises cumulative CPW funding for environmental initiatives established through the CPW resource consent process.

Table 9. Summary of cumulative CPW funding for environmental initiatives, 2015-16 to 2021-22.

Initiative	Cumulative Funding Allocated (\$)
CPW Environmental Management Fund	\$627,524
Te Waihora Environmental Management Fund	\$373,851
Te Waihora Lake Opening	\$160,926
Total	\$1,162,300

In addition to environmental initiatives established through the resource consent process, CPW also provides funding for a range of other environmental projects. This funding, summarised in Table 9 below includes the installation of continuous nitrate monitoring described in Section 4.4.4 above, establishment of a weather station and potential evapotranspiration (PET) to provide irrigators with real-time information of weather conditions and likely irrigation demand, a contribution to assist updating of the numerical groundwater model for the Central Plains area as well as significant funding of biodiversity/planting plans for properties mainly in the Hororata/Selwyn River area.

Table 10. CPW funding for environmental projects, 2012-16 to 2021-22.

Project	Funding (\$)
Nitrate Sensors	\$62,361
SFF Optical Sensors for N fertilising dairy pastures	\$14,663
CPWL potential evapotranspiration (PET) monitoring	\$48,596
Biodiversity and Ecological Plans	\$116,866
Workshops	\$25,357
Weather Station	\$19,911
Updating of groundwater model	\$25,000
Total	\$312,754

4.5.2. Targeted Stream Augmentation

A targeted stream augmentation project has been developed by CPW in conjunction with ECan to utilise 'spare' CPW water to augment natural flows in the Selwyn River catchment in a manner that provides significant environmental benefits to the river system, while respecting cultural values associated with the mixing of waters. The project is a key component in the Canterbury Water Management Strategy. It was recommended by the Selwyn Waihora Water Zone Committee and included in their Zone Implementation Programme addendum (ZIPA) in 2013. The project is also an excellent fit for CPW's strategic goal of delivering sustainable water to the Central Plains area and the augmentation of the groundwater aquifers contributes to the environmental goals of the business.

The Selwyn Near River Recharge project includes the construction of an off-take on the Central Plains Water scheme that supplies up to 3.5m³/s of Rakaia River Water into an infiltration basin beside the upper Selwyn River during dry periods. Water discharged into the infiltration basin percolates through the groundwater system beneath recharging the aquifer and ultimately increasing baseflow discharge in spring-fed streams across the down-gradient area. Operation of the scheme is not expected to increase the length of time the Selwyn River flows under the SH1 bridge.

Between late April and 29 May 2021, the project was commissioned and was monitored as it was run at a variety of flow rates. Operations ceased in late May 2021 to enable CPW to undertake winter maintenance.

Due to rainfall/climate/river flow conditions no water was released via the Near River Recharge project during the 2021-22 year. However, it is anticipated that extended operation of the project during future seasons will provide significant cultural and recreational benefits in waterways including tributaries of the Hororata River (home to the endangered Kōwaro/Canterbury mudfish) and the lower Waikirikiri / Selwyn River (enhancing flow at the Chamberlains Ford and Coes Ford recreation areas).

At the project site, significant rockpile habitat for lizards has been created and a Tōtara forest has been planted with the assistance of Greendale School, who have adopted the site as a Living Laboratory through Enviroschools.

5. Summary

During the 2021-22 irrigation season (1 September 2021 to 23 May 2022) the CPW Scheme delivered 111.3 million m³ of water to a total of 259 shareholder properties. This total comprised 75.7 million m³ of water taken directly from the Rakaia and Waimakariri Rivers, with the balance (35.6 million m³) derived from water storage. Properties in the CPW Scheme also utilised 26.0 million m³ of groundwater (equivalent to 13% of the total volume authorised by existing resource consents).

Cumulative rainfall in the Central Plains area during the 1 September 2020 to 14 May 2021 irrigation season generally between 10 to 20 percent above the long-term average. However, this rainfall was not evenly distributed through the season. While rainfall was close to, or slightly below, normal through much of the season, large rainfall events in December 2021 and February 2022 significantly reduced soil moisture deficits (and consequently irrigation demand) through the summer and autumn of 2022. The average seasonal irrigation application rate (CPW Scheme water and groundwater) across the Scheme area (including Farm Enterprise Properties) during 2021-22 was 1,941 m³/ha (equivalent to a seasonal application depth of 194 mm), comprising 366 m³/ha of groundwater and 1,575 m³/ha of CPW water. These application rates were approximately 40 percent lower than those occurring during the preceding two seasons (2019-20 and 2020-21).

Water quality monitoring results recorded for the CPW monitoring programme during the 2021-22 year indicate surface water quality, groundwater quality and lake water quality exceeded trigger levels established for the Scheme at a number of monitoring sites located both in Stage 1 and Stage 2 areas, as well as down-gradient of the Scheme. The recorded trigger level exceedances are consistent with the historical range and/or background trends observed prior to commencement of CPW operations. No obvious effects on water quality, groundwater levels or surface water flows attributable to operation of the Scheme were observed during the 2021-22 year.

Central Plains Water Trust

Statement of Intent

**For the year commencing
1 July 2023**

CENTRAL PLAINS WATER TRUST STATEMENT OF INTENT FOR THE YEAR COMMENCING 1 JULY 2023

1. INTRODUCTION

Statutory requirement

- This Statement of Intent (“Sol”) sets out for Central Plains Water Trust (“CPWT”) the objectives, the nature and scope of the activities to be undertaken, and the key areas of focus of the Trust.
- The process of negotiation and determination of an acceptable Sol is an expression of the accountability relationship between CPWT and its settlors, the Christchurch City Council and Selwyn District Council under the Trust Deed.
- The Sol is reviewed annually with the Councils.

Contact addresses

- CPWT’s registered office is at the offices of Central Plains Water Limited, 14 Nga Mahi Road, Christchurch.

Structure

- CPWT is a trust established for charitable purposes by a deed of declaration of trust (the Trust Deed) dated 9 August 2012 and is a Council-Controlled Organisation (CCO) established by the Christchurch City Council and Selwyn District Council.

2. TRUST OBJECTIVES

The Trust Deed sets out the following charitable purposes (“the Objects”), namely:

To promote the development of agriculture in the Central Canterbury Plains area of New Zealand for the benefit of all of the inhabitants of the Canterbury Region by:

- 1) Encouraging supporting and facilitating:
 - a) sustainable development of the water resources of the Region
 - b) agricultural and horticultural diversity in the Central Canterbury Plains area
 - c) an appropriate balance of the benefits of agricultural development with the enhancement of ecological, social and recreational values in the Central Plains area.
- 2) Providing and facilitating education to the inhabitants of the Region in relation to water issues and sustainable agricultural development.

In pursuance of the objectives, the Trustees will have regard to:

- a) appropriate strategic development plans for the water resources of the Regions;
- b) whether other sources of funding or support are available, including assistance provided through industry or regional development policies and programmes of local authorities or central government;
- c) the objectives, roles and activities of any other organisations engaged in economic development activities in the Regions;
- d) inter-generational issues to order to promote long term sustainability of the water resources of the Regions;
- e) the vision and principles agreed by the Trust to apply to the Scheme, as set out in the agreement in relation to the Scheme between Te Rūnanga o Ngai Tahu, Te Taumutu Rūnanga Inc, Te Ngai Tuahuriri Inc, Wairewa Rūnanga Inc, Te Rūnanga o Arowhenua Trust, Central Plains Water Trust and Central Plains Water Limited dated 29 May 2012, and any other matters that they believe are relevant;
- f) a key role of the Trust to monitor use rights and compliance; and
- g) the need to identify specific targets aimed at providing stakeholders with clear progress against the Trust's objectives.

3. NATURE AND SCOPE OF ACTIVITIES

CPWT is unique in that it holds the resource consents of the Central Plains Water Scheme and licences their use to Central Plains Water Limited under a Memorandum of Agreement dated 4 May 2016. Under the Agreement, CPWT's obligations include:

- reporting annually to the people of Canterbury on the Scheme's environmental, social and economic results; and
- administering the Environmental Management Fund (EMF) in the manner set out in the resource consents.

The reasonable costs of administering CPWT are agreed annually with CPWL, and these are paid annually by CPWL to CPWT.

4. GOVERNANCE

Role and responsibilities of the Board

The Trustees are required to manage the affairs of CPWT in accordance with the objectives of CPWT and otherwise in accordance with the terms of the CPWT Trust Deed.

The Trustees must also ensure that CPWT effectively carries out its responsibilities under the MoA.

The trustees see their prime responsibilities as:

- reporting to the public on the performance of the Scheme in relation to the trust's objects and community expectations over time;
- Encouraging supporting and facilitating an appropriate balance of the benefits of agricultural development with the enhancement of ecological, social and recreational values in the Central Plains area; and
- Providing and facilitating education to the inhabitants of the Region in relation to water issues and sustainable agricultural development.

The trustees discharge this responsibility through effective leadership and through excellent public communication.

The board of trustees seeks to maintain best practise systems, procedures, policies and guidelines to ensure that:

- plans and budgets reflect short and long term horizons;
- the performance of the Trust is monitored against the Trust's Sol by the board of trustees;
- all relevant matters are brought to its attention through a system of prompt and comprehensive reporting in accordance with the MoA;
- its financial statements are prepared and published in accordance with generally accepted accounting practice that give a true and fair view of the financial position of CPWT as at each balance date and the results of its activities and cash flows for each year;
- the assets of CPWT (the resource consents) are safeguarded by ensuring that internal control procedures are in place in order to provide a reasonable assurance that CPWT will function in a professional and lawful manner and that it follows this Sol to guide its future work in pursuit of CPWT's objectives; and
- all trustees subscribe to the principles of good governance and usually the accepted codes of best practice on corporate governance.

The Trust Board's reporting responsibilities

CPWT is a trust for charitable purposes and as such its beneficiaries are the people of Canterbury generally, however the trustees will ensure that the Councils as settlors are informed of all major developments affecting CPWT's affairs as required by the Trust Deed. Information will be communicated to the Councils through both the Annual Report and the Half-yearly Report. CPWT will operate on a "no surprises" basis with regard to all issues which the Trustees consider to be of relevance to settlors.

The Board composition

Currently the board of trustees comprises:

- Pat McEvedy (chairperson)
- Olive Webb
- Elle Archer
- Rob Lawrence
- Les Wanhalla

Process for appointment of Trustees

Trustees may be appointed in three ways:

- The Settlers jointly have the right to appoint Trustees for such term of office (not exceeding three years).
- The Trustees may themselves co-opt from time to time persons to serve as additional Trustees.
- Te Rūnanga o Ngai Tahu may appoint up to three trustees.

Board meetings

The board meets quarterly and at such other times as business shall require.

Board performance review

The board will conduct an internal annual performance review at its first meeting following the end of CPWT's financial year.

5. HEALTH AND SAFETY

CPWT has no employees and no physical operations, nor does it have any direct or indirect responsibilities for the operations of CPWL, nor any public liability for the Scheme operations.

6. FUNDING

CPWT has no commercial operations and operates exclusively through an annual funding regime in accordance with the MoA. The total level of such annual funding is currently approximately \$120,000.

7. STRATEGIC DIRECTION

Reporting to the public on the performance of the Scheme

CPWT publishes an Annual Sustainability Report for the Scheme on its website.

Environmental leadership

CPWT's environmental leadership arises generally in the pursuance of its objectives, and through its role as the holder of the Scheme's resource consents, and its public reporting functions.

The trustees wish to ensure that the Trust's effort is prioritised in areas which are not presently being undertaken by others and is commensurate with the capacity that the Trust has from time to time.

In /2022/2023, the Trust will engage in the following activities, although the extent to which the Trust can undertake these activities and achieve meaningful outcomes is limited by its capacity and resources:

1. Consideration of the benefits and risks to the environment, ecology, community and recreational values of the region from CPWL's activities, including but not limited to water quality, with reference to the objectives of the Canterbury Water Management Strategy and the Selwyn-Waihora Zone Committee ZIPA. For this purpose, the Trustees will present the Annual Sustainability Report, scheduled for completion by the end of December 2022, to the representatives of the Councils at the bi-annual meeting planned for February 2023.
2. Consideration of the ways in which the CPW Scheme is encouraging, supporting and facilitating an appropriate balance of the benefits of economic development, with the enhancement of ecological, social, cultural and recreational values in the Central Plains area. These matters will also be reported in the Trust's Annual Report to the Councils to be presented to the representatives of the Councils at the bi-annual meeting in February 2023.
3. Consideration of biodiversity enhancement opportunities across the region associated with sustainable development of the water resources of the Region, with particular reference to the CPW Scheme, the role of mahinga kai and the national direction to give effect to Te Mana o Te Wai.

Community Engagement and Education

CPWT maintains a website for the purposes of public information and engagement concerning the operation of the Scheme.

The Community Liaison Group required by the resource consent conditions was established in December 2013 and is being supported as required.

The trustees are developing and will facilitate the 'Story of Water', an education program for the young people of Selwyn District, focussing on the benefit and significance of water to sustainable agricultural/horticultural development.

Consideration of educational opportunities including the Trust's plans for the engagement with schools set out in the Strategic Plan, and also with other stakeholder

groups (to be identified) in order to enhance public knowledge of water issues and the benefits of the proper management of water for sustainable economic development.

Engagement with Selwyn District Council and Christchurch City Council

Representatives of the Trust Board will meet with representatives of the Councils bi-annually and on such additional occasions as may be agreed to discuss the Trust's monitoring of the performance of CPWL in operating the Scheme. This will include the Trustees' presentation of its Annual Sustainability Report. The Report is scheduled for completion by the end of December 2022 and the Trust representatives will present it to the representatives of the Councils at the bi-annual meeting planned for February 2023.

The trustees will also discuss and agree with the Settlers on any key potential areas of additional focus for the Trust. The extent to which the Trust can undertake these activities and achieve meaningful outcomes is limited by its capacity and resources.

Key outputs

<ul style="list-style-type: none"> • Reporting to the public on the performance of the Scheme 	<ul style="list-style-type: none"> • Continue use of Liquid Earth (Brydon Hughes) to obtain data from CPWL and prepare the Annual Sustainability Report • Continue to publish 'a user-friendly' Annual Sustainability Report on our website
<ul style="list-style-type: none"> • Environmental leadership 	<ul style="list-style-type: none"> • Instigate informal talks with water users • Develop a financial plan to support our education initiatives including CPWL funding (based on surplus funds from our operations), use of the EMF, and possible other external sources
<ul style="list-style-type: none"> • Community engagement and Education 	<ul style="list-style-type: none"> • Improve the website to make it more effective and accessible • Education and engagement of youth and other generations within the Selwyn District • Company, Trust, Council and Ecosystem strategic alignment • External opportunities, e.g. partnerships, innovation, and intergenerational learning
<ul style="list-style-type: none"> • Engagement with Selwyn District Council and Christchurch City Council 	<ul style="list-style-type: none"> • Continue six-monthly briefings by CPWT with additional briefings by exception

Operational and Performance Targets

<ul style="list-style-type: none"> • Education Targets 	<ul style="list-style-type: none"> • Undertake an ecosystem Bus tour • Visits to four schools within the Selwyn District • Dissemination of video programmes
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<ul style="list-style-type: none"> • Environmental Targets 	<ul style="list-style-type: none"> • To ensure compliance of resource consents • To ensure compliance of water rights • To report on any non-compliance • Commitment to meeting all legal, statutory and regulatory requirements
<ul style="list-style-type: none"> • Relationship Targets 	<ul style="list-style-type: none"> • Stakeholder engagement and advice • Trust meetings with the Joint Working Committee

8. ANNUAL AND HALF YEAR REPORTING TO COUNCILS

Frequency of reporting:

A half yearly report and an audited annual report as at end of June.

Accounting policies:

Refer to Schedule 1 attached.

Reporting on agreed key areas of focus

CPWT will provide formal reports to the settlor Councils on its agreed key areas of focus through half-yearly and annual reports.

CPWT representatives will meet with representatives of the settlor Councils to discuss current activities, progress against the agreed key areas of focus and future opportunities and risks generally on a half-yearly basis.

9. ESTIMATE OF COMMERCIAL VALUE OF THE TRUST'S ASSETS

CPWT' only asset is the resource consents for the CPW Scheme, and otherwise has no non-current assets (for example, property, plant and equipment, etc.). Any current assets (for example, cash and accounts receivable) at any one time are held exclusively to fund the needs and commitments of the Trust. Accordingly, the estimated commercial value of the Trust is effectively nil.

SCHEDULE 1

STATEMENT OF ACCOUNTING POLICIES

Statement of reporting entity

Central Plains Water Trust was initially formed through a Declaration of Trust on 15 April 2003. This has been replaced by a deed of trust dated 9 October 2012. The Trust is a charitable trust and is a Council Organisation of both the Selwyn District Council and the Christchurch City Council under the Local Government Act 2002.

Basis of preparation

The financial statements of the Trust have been prepared in accordance with the requirements of the Local Government Act 2002 and Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS).

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements have been prepared on an historical cost basis.

The financial statements are presented in New Zealand dollars and the functional currency of the Trust is New Zealand dollars.

The Trust has designated itself as a public benefit entity for the purposes of PBE IPSAS.

Changes in accounting policies

There have been no changes in accounting policies during the year.

Standards and Interpretation issued and not yet adopted

There are no standards and interpretations issued and not yet adopted that are applicable to the Trust's operations.

Going concern

The financial statements of the Trust have been prepared under the going concern assumption.

The Trust is reliant on Central Plains Water Limited to fund both its operating expenses and its liabilities under the MoA.

Central Plains Water Limited was formed to investigate, construct and operate a water management scheme for the Central Canterbury Plains. It has completed the construction of, and has commissioned both Stages 1 and 2 of the Scheme and also the Sheffield Scheme. The Company is now operating the whole Scheme in the manner required by the resource consents granted by the consent authorities. The resource consents have been transferred to the Trust, which in turn has granted the Company an exclusive license to use the resource consents as set out in the MoA.

If CPWL was unable to continue in operational existence, the Trust would lose that source of funding. In such circumstances, other sources of funding would need to be obtained, so that the Trust could continue to carry out its functions effectively.

If the Trust was unable to obtain such additional funding, it may be unable to continue in operational existence. In this event, adjustments may have to be made to the financial statements to reflect the situation that assets may need to be realised other than in the amount at which they are currently recorded in the statement of financial position. In addition, the Trust may have to provide for further liabilities that might arise.

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report.

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Revenue from a contract to provide services is recognised by reference to stage of completion of the contract at year-end balance date.

Interest income is recognised using the effective interest method.

Revenue in Advance

Revenue in Advance is recognised as revenue when expenditure is incurred. This practice is based on the Reimbursement Agreement with Central Plains Water Limited dated 6 May 2004.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that they will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

Financial assets

The Trust classifies its financial assets into the following categories: financial assets at fair value through surplus or deficit, held-to-maturity investments, loans and receivables and financial assets at fair value through other comprehensive income. The classification depends on the purpose for which the investments were acquired. The Trustees' or management determine the classification of investments at initial recognition and re-evaluate this designation at every reporting date.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of investments are recognised on trade-date, the date on which the Trust commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Trust has transferred substantially all the risks and rewards of ownership.

The fair value of any financial instruments that are not traded in an active market is determined using valuation techniques. The Trust does not have any financial assets of this nature at this time.

The four categories of financial assets are:

Financial assets at fair value through surplus or deficit

This category has two sub-categories: Financial assets held for trading and those designated at fair value through surplus or deficit at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by the Trustees'. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance date.

After initial recognition, they are measured at their fair values. Gains or losses on re-measurement are recognised in the surplus or deficit.

Currently, the Trust does not hold any financial assets in this category.

Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition, they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit. Loans and receivables are classified as 'trade and other receivables' in the statement of financial position.

Currently, the Trust has trade and other receivables in this category.

Held to maturity investments

Held to maturity investments are assets with fixed or determinable payments and fixed maturities that the Trust has the positive intention and ability to hold to maturity.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Currently, the Trust does not hold any financial assets in this category.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are those that are designated as fair value through comprehensive income or are not classified in any of the other categories above.

This category encompasses:

- Investments that the Trust intends to hold long-term but which may be realised before maturity; and
- Shareholdings that the Trust holds for strategic purposes.

After initial recognition, these investments are measured at their fair value with valuations performed by an independent valuer with sufficient regularity to ensure no investments are included at a valuation that is materially different from fair value. The valuation changes are recognised and held in a revaluation reserve.

On de-recognition, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

Currently, the Trust does not hold any financial assets in this category.

Impairment of Financial Assets

At each balance date, the Trust assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus or deficit.

Income Tax

Up to 30 June 2008 the Trust was a Charitable Trust exempt from income tax under sections CW34 and CW35 of the Income Tax Act 2004. The Trust is not registered as a charitable entity under the Charities Act 2005 and its charitable tax exemption lapsed on 1 July 2008. The Trust is not currently seeking registration as it does not intend to make a financial profit from its activities.

As the Trust does not trade, and its costs are reimbursed under the Memorandum of Agreement with Central Plains Water Limited, the Trust does not have any tax expense, liabilities or assets.

REPORT

TO: Joint Working Committee
FOR: Meeting on 16 June 2023
FROM: David Ward, Chief Executive, Selwyn District Council
DATE: 6 June 2023
SUBJECT: TRUSTEE APPOINTMENT

RECOMMENDATION

'That the report be received by Joint Working Committee members for information.'

During the meeting of 5 May 2023, Working Party members raised the issue of Trustee capacity and membership with the Chair of the CPW Trust.

Subsequent to that meeting date, we have been advised that Trustee Viv Smart has retired from the Trust – thus leaving five Trustees.

Those remaining Trustees were appointed for a three year term. Technically their timeframe has expired albeit, I would suggest that current Trustees be rolled over until the Trust AGM later in the 2023 calendar year. This would enable further conversation with the Chair of the Trust and any key stakeholders to ascertain skill requirements and an appropriate number of Trustees to be at the table to assist with the delivery of the Trust's work programme which will of course including any requirements of the two Settlor Councils.

Once the conversation with the Chair has been concluded, it would be my suggestion that the two Settlor Councils work together on a process to gather registrations of interest from appropriate persons, interviews, and placement.

During today's meeting, I will give Working Party members an outline of the process we undertook in 2020.



David Ward
CHIEF EXECUTIVE