

COVER SHEET

3.4 Wairarapa Community Water Storage (Wakamoekau) Project PGF Application – <small>Commercial Information</small>		For: Approve – Grant of \$800,000	
Tier:	1 - Regional	Sector:	Feasibility Study
Background & context:		Recommendation(s):	
<p>Applicant Organisation:</p> <ul style="list-style-type: none"> Wairarapa Water Limited (WWL) <p>Location:</p> <ul style="list-style-type: none"> Wairarapa <p>Proposal:</p> <ul style="list-style-type: none"> Development and construction of water storage and distribution infrastructure in the Wairarapa (this application relates to the pre feasibility phase of the project) <p>Funding Sought:</p> <ul style="list-style-type: none"> Total project value: \$<small>Commercial Information</small> PGF Funding: \$800,000 Other funding will be sourced from relevant local authorities as well as private beneficiaries / industry groups. <p>Background:</p> <ul style="list-style-type: none"> There has been a change to the Greater Wellington Regional Council's (GWRC) water allocation policy for the Wairarapa. In light of these changes, previous studies relating to potential water storage options need to be updated. These studies were carried out with support from Crown Irrigation Limited. Project sponsorship has been adopted by WWL, and the project has been reframed at a strategic level, to better align with PGF water storage investment criteria. WWL are now looking to progress to the prefeasibility stage of the study. The prefeasibility study will be followed by a 		<p>We recommend that the IAP:</p> <ol style="list-style-type: none"> Discuss the application. Note the Cabinet endorsed PGF investment principles for water investment as set out in Appendix 1 (Water Principles). Note that the PDU consider that the project aligns with the Water Principles. Note that WWL's position is that they accept and agree with the PGF position that water storage projects should not intensify ruminant agriculture, and that this will be a key requirement for the project as it develops. Note that this project also aligns with the Wairarapa Regional Economic Plan, with water being one of the three key areas of focus. Note that at this stage, WWL is only seeking funding for the next phase (prefeasibility), and it is expected that WWL will seek further support from the PGF should the outcomes from the prefeasibility phase be positive. The expected total amount of funding expected to be sought from the PGF is ~\$<small>Commercial Info</small>. The amount will ultimately depend on how much funding they are able to secure locally. Note that PDU is comfortable with the funding for this phase being in the form of a grant, consistent with the approach taken with the Northland Water Storage Project, but note that any construction funding would be a loan. Note that the \$800,000 in funding will be split into two tranches (\$<small>Commercial Inform</small> and \$<small>Commercial Inform</small>). The second \$<small>Commercial Inform</small> will only be made available once certain milestones are achieved. Approve PGF funding of \$800,000 to the Project as a grant, subject to completion of due diligence on WWL, and the PDU approving the scope and 	

feasibility study, then the commitment phase (collectively the pre-construction phases), then construction.	consultants for the prefeasibility phase.	
PGF criteria that this proposal supports:		
PGF Criteria	Assessment Commentary	Rating (1✓ to 5✓)
Link with fund and government outcomes		
Creates permanent jobs	<ul style="list-style-type: none"> This proposal identifies and addresses a risk to the region's long term ability to develop primary sector industry. These industries are already a major employer in the region and further development will create additional opportunities. The intent is to harvest water during peak flows and store this for use during dry periods, to facilitate a transition to higher value crops and to increase climate resilience. Whilst the project does not yet have expected job and GDP metrics, analysis to date supports: "Over the next 25 yrs, an additional : <ul style="list-style-type: none"> ○ Commercial ha in apples is expected to generate more jobs and \$ Commercial Information p.a GDP ○ Commercial ha in outdoor vegetables generates more jobs and \$ Commercial Information p.a GDP This is consistent with the PDU's experience with other projects – high value, low intensity agriculture produces strong job and economic impacts. 	✓✓✓✓
Delivers benefit to the community	<ul style="list-style-type: none"> The Project will deliver community benefit through economic development and resilience, reliable water supply and environmental improvements. 	✓✓✓✓
Increased utilisation and returns of Maori asset base	<ul style="list-style-type: none"> Access to water is one of the key components required to allow Maori to realise the potential of their land in this area. Complementary training and capability projects and PGF applications will also be considered. 	✓✓✓
Enhanced sustainability of natural assets	<ul style="list-style-type: none"> This project is intended to support high value land use with lower environmental impact. Specifically, the Project will focus on environmentally sustainable land use. Further, when considering options for water sources and water storage, ensuring that these options do not degrade the environment will be a key aspect of the project. 	✓✓✓✓
Mitigation of climate change	<ul style="list-style-type: none"> Water supply resilience is a key driver of this project. 	✓✓✓✓✓

effects		
Additionality		
Adding value by building on what is already there	<ul style="list-style-type: none"> This project will harness a key existing resource, water. 	✓✓✓✓
Acts as a catalyst for productivity potential in the region	<ul style="list-style-type: none"> This project will contribute to the productive capacity of the region's primary sector industry. 	✓✓✓✓
Connected to regional stakeholders and frameworks		
Alignment with regional priorities	<ul style="list-style-type: none"> This project is aligned with the region's identified need for water supply resilience, and regional economic development. This includes supporting the productive capacity of its primary sector industry, and generating increased long-term employment opportunities. Water is one of the three areas of focus in the Wairarapa economic development plan. 	✓✓✓✓
Support from local governance groups (inc. Councils, Iwi/Hapu)	<ul style="list-style-type: none"> The Wakamoekau project is being progressed as a collaboration between WWL, GWRC and the three Wairarapa Councils. The Councils and WWL have separate but complementary work programs that are being coordinated to provide the answers necessary to confirm whether or not the Wakamoekau site can be part of an integrated solution to build resilience into the Ruamāhanga River basin water resource and achieve reliable freshwater supply for the Wairarapa. Strong regional support for the project is evidenced by the endorsement of this project by both Wairarapa Iwi – Rangitāne Tū Mai Rā Trust and Ngāti Kahungunu Ki Wairarapa-Tāmaki Nui ā Rua Settlement Trust. In addition, this application has been endorsed by the Governance Group for the Wairarapa Economic Development Strategy and Action Plan. This group comprises the Chair of GWRC and the Mayors of Masterton, Carterton and South Wairarapa, and is Chaired by Dame Margaret Bazley. 	✓✓✓✓
Governance, risk management and project execution		
Robust project management and governance systems	<ul style="list-style-type: none"> The part-time CEO is the former CEO of Meridian and has strong experience in ensuring robust systems are in place. An appropriate project governance framework will be established prior to PGF funding being provided. 	✓✓✓✓
Risk management approach	<ul style="list-style-type: none"> As above. 	✓✓✓✓

Future ownership / operational management	<ul style="list-style-type: none"> • Future ownership and operational models will be developed during the prefeasibility phase. 	✓✓✓✓							
The purpose of this briefing is to consider recommending PGF funds to the									
<p>Links to other projects</p> <ul style="list-style-type: none"> • The development of new water storage in the Mid-North is expected to support local industrial and potable water requirements, as well as primary sector needs. • This project will align with, and support the regions current Whaitua resource planning process, through which the community is setting appropriate environmental standards for the region. • Supporting programmes to assist in skills development will need to be initiated at the appropriate time to support this project. <p>Risks Issues:</p> <ul style="list-style-type: none"> • Ensuring project development continues to align with PGF water storage investment principles – it will be critical that the project continues to develop in a manner consistent with the PGF’s water storage investment principles, to ensure the environmental and sustainable economic benefits are achieved. This will be a condition of any PGF funding agreement. • Appropriate capability – developing water storage projects is a complex and time consuming exercise, requiring high calibre technical, regulatory, environmental, financial and commercial capability. This will also be a condition of the funding agreement. • Stakeholder engagement and involvement – water storage projects usually have a large group of diverse stakeholders. Appropriate involvement is critical. For example, potential water users need to be engaged early and be actively involved, to mitigate the risk that the project does not meet their needs. Potential water users should also contribute some development capital in the later stages of the preconstruction phases. • Need for further funding and project viability – the project cost estimates are preliminary. A robust investment assessment will be required at the end of each phase, to assess which of the options (if any) remain viable. Linked to this, further funding may be required. <p>Eligibility points of note:</p> <ul style="list-style-type: none"> • <i>Due diligence</i>:- Entity due diligence will be carried out in respect of WWL as a condition of PGF funding. • <i>Conflict(s) of interest</i>:- No conflicts of interest have been identified. • <i>Illegal Activity</i>:- Based on the application information provided and feedback from other agencies there is no indication that the applicant or project has been involved in, or associated with illegal activity. • <i>Alignment with Regional development plans</i>:- This project aligns strongly with the Regional Economic Development Plan. • <i>Commercial funding availability</i>:- Refer to the risks and issues section above. 									
Consultation undertaken or implications:									
Legal	N/A	HR	N/A	Finance	N/A	MBIE policy	N/A	Other	MPI – supportive
Supporting proposal:				Yes					
Appendices:				Yes – Application as annex					
Sponsor(s):				N/A					
Manager/Author of paper:				RW Investment Team					