

**PGF WATER STORAGE INVESTMENT UPDATE**

Date:	24 January 2019	Priority:	Medium
Security classification:	In Confidence	Tracking number:	2194 18-19

Action sought		
	Action sought	Deadline
Hon Shane Jones Minister for Regional Economic Development	Note the contents in this briefing	29 January 2019
Hon Grant Robertson Minister of Finance		29 January 2019
Hon Phil Twyford Minister of Transport		29 January 2019
Hon David Parker Minister for Economic Development		29 January 2019
Fletcher Tabuteau Parliamentary Under-Secretary to the Minister for Regional Economic Development	Note the contents of this briefing	29 January 2019

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Ben Dalton	Head of Regional Development Branch, PDU	Privacy of natural persons	✓

The following departments/agencies have been consulted
MPI, PDU/MBIE



Minister's office to complete:

- | | |
|---|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Declined |
| <input type="checkbox"/> Noted | <input type="checkbox"/> Needs change |
| <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn |

Comments

Privacy of natural persons

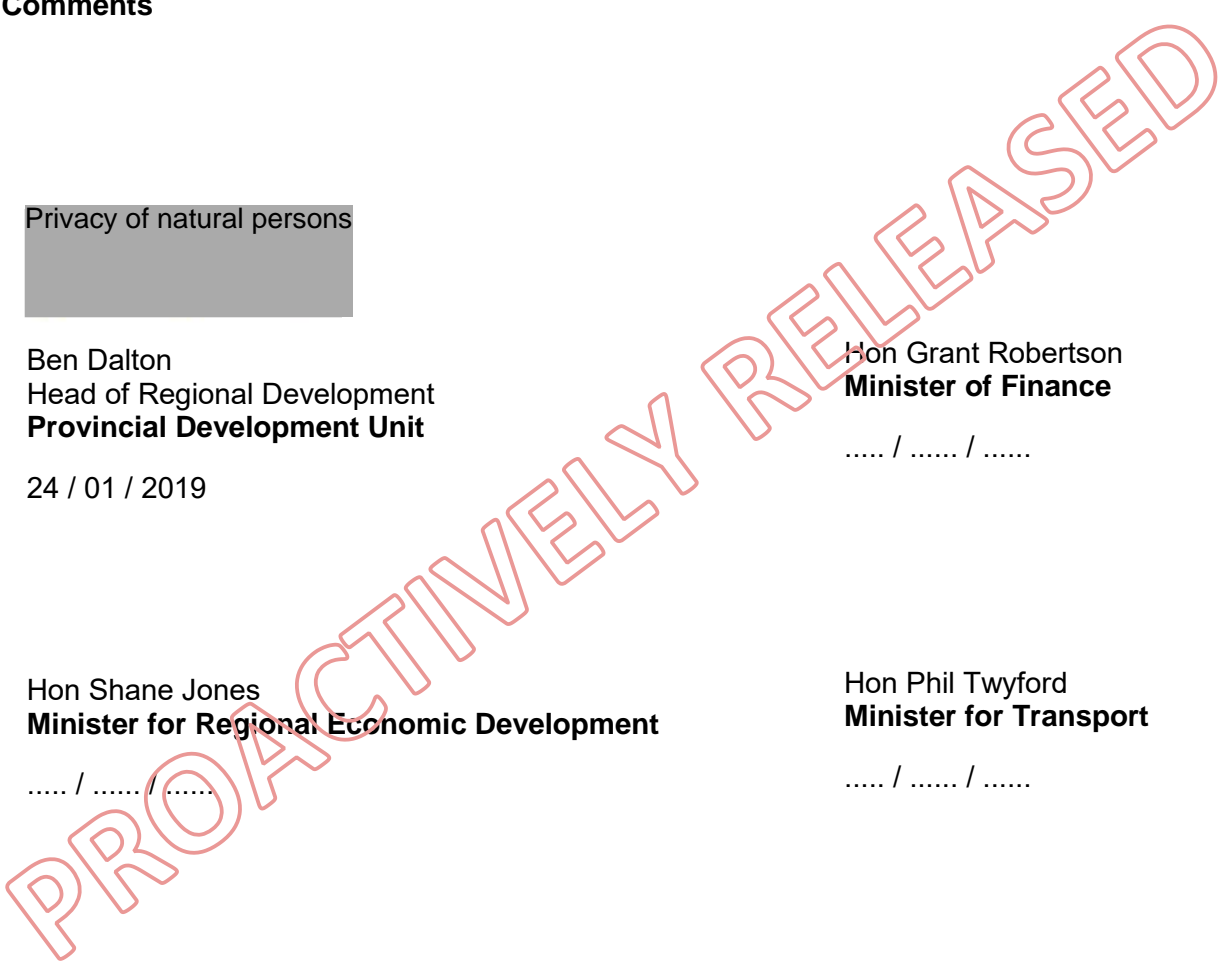
Ben Dalton
 Head of Regional Development
Provincial Development Unit
 24 / 01 / 2019

Hon Grant Robertson
Minister of Finance
 / /

Hon Shane Jones
Minister for Regional Economic Development
 / /

Hon Phil Twyford
Minister for Transport
 / /

Hon David Parker
Minister for Economic Development
 / /



PGF Water Storage Investment Update

Purpose

This paper provides RED Ministers with an update on PGF investment in water storage projects, and notes the establishment of a working group to support the identification and development of water storage projects that will benefit Māori land owners.

Executive Summary

A set of principles guiding PGF investment in water storage, was agreed to by Cabinet in October. These principles have been referred to when considering water storage applications made to the PGF.

The current pipeline of water storage projects includes eight approved projects, including two legacy projects from the Regional Growth Initiative (pre-PGF). Several water projects will be included in upcoming regional package announcements in the first half of 2019.

A working group has been initiated by RED Ministers, with the purpose of working with Māori to identify opportunities relating to water access, identifying water storage projects that can assist Māori land to be brought into production, and working with local councils and Māori to bring opportunities forward. The PDU will act as Secretariat for this group, and Terms of Reference are being developed.

Water storage projects pipeline

1. The PDU and MPI are currently working with stakeholders on a combined total of [redacted] projects, applications or expressions of interest for funding for water related projects, with the total funding requested being approximately \$[redacted]. This excludes \$[redacted] of funding requests where proposals were either declined or withdrawn by the applicant (covers [redacted] proposals). Of the \$[redacted] of funding requests currently in the pipeline, nearly \$[redacted] is either currently being assessed, or an EoI was supported and the applicant invited to lodge a full application. [redacted] projects with a combined funding of just under \$[redacted] have been approved and are under contracting or the contract is already underway. We anticipate that proposals to be brought to upcoming RED Ministers meetings will be in the realm of \$[redacted]. For instance, a significant application of over \$[redacted] from the Bay of Plenty is due to be presented at the January 2019 RED Ministers meeting. We expect that there will continue to be a series of water storage applications made to the PGF.
2. To date, eight water projects have been approved for PGF funding. This includes two projects that were legacy projects¹ from the Regional Growth Initiative (RGI), before the establishment of the PGF and PDU. The six water projects currently being overseen by the PGF have a combined funding total of just under \$21 million. Of this, \$18.5 million was towards the Northland Water Storage & Use (Kaipara and Mid-North) project.
3. These approved projects are [by ascending (approximate) order of approval date]:

Project Name	Region
Te Hiku Dune Lakes, Project Management (RGI project)	Tai Tokerau/Northland
Southland – Water Project: Capacity	Southland

¹ Te Hiku Dune Lakes (Project Management), and Southland – Water Project: Capacity Building Project.



Building Project (RGI project)	
Makauri Aquifer Recharge	Tairāwhiti/East Coast
NRC Water Storage & Use Project Planning	Tai Tokerau/Northland
Raukokere Irrigation Feasibility and Design Study	Bay of Plenty
Northland Water Storage & Use (Kaipara and Mid-North)	Tai Tokerau/Northland
Te Hiku (Far North) Water Solutions Project	Tai Tokerau/Northland
Managed Aquifer Recharge Pilot Testing – Oreti River Catchment	Southland

4. The Northland Water Storage & Use (Kaipara and Mid-North), and the Te Hiku (Far North) Water Solutions Project, will form part of the Northland regional package announcement in late February 2019. The Raukokere Irrigation Feasibility and Design Study will form part of the upcoming regional package announcement in the Bay of Plenty (March/April). The announcement of the Managed Aquifer Recharge Pilot Testing – Oreti River Catchment in Southland, is to be determined, given that it is not in a surge region. The Makauri Aquifer Recharge project in Tairāwhiti/East Coast announcement is also to be determined.
5. The PDU and MPI will work with stakeholders in the Hawkes Bay region to identify what could come forward for water storage as part of the Hawkes Bay package to be considered by RED Ministers in March. At present there are approximately three different water storage related Expressions of Interest or applications from the Hawkes Bay being considered, including a business case to plan development for a small scale water storage scheme, and around managed aquifer recharge. These will be assessed and could potentially be brought forward to the March RED Ministers meeting. We anticipate a potential second stage application from Raukokere in the Bay of Plenty will come forward to the April RED Ministers meeting.
6. Further detail on these projects is set out in appendix one².

Establishment of Working Group to identify water storage projects that can assist Māori land to be brought into sustainable production

7. The underutilisation of Māori owned land is a significant issue for the primary sector, the regions, and the national economy. Studies commissioned by the Ministry for Primary Industries (MPI) identified just under one million hectares of Māori land that either unproductive or underutilised. Modelling of the potential impact of bringing this land into production showed an increase of up to nominal \$Commercial Information in gross output and \$Commercial Information in value added over 10 years above existing primary sector forecasts, and creation of an estimated Commercial Info jobs. Water storage will help address disparities in Māori access to water for land development.

² Excluding the two legacy RGI projects.



Commercial Information



Annex

Annex One: PGF water storage projects pipeline

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Region	Proposal Name	Applicant	Funding Requested	Funding Approved	Date Received	Received As	Current Status
REGION 01 - Tai Tokerau/Northland	NRC Water Storage & Use Project Planning	Northland Regional Council (NRC)	\$Commercial In	\$Commercial In	21/06/2018	Application	Application has been approved and is under contracting
REGION 01 - Tai Tokerau/Northland	Northland Water Storage & Use (Kaipara and Mid North)	Northland Regional Council (NRC)	\$Commercial Informator	\$18,500,000	14/08/2018	Application	Application has been approved and is under contracting
REGION 01 - Tai Tokerau/Northland	Te Hiku (Far North) Water Solutions Project	Te Runanga Ngai Takoto (Ngai Takoto)	\$Commercial Informator	N/A	8/10/2018	EOI	EOI was supported and applicant invited to apply with a full application
REGION 01 - Tai Tokerau/Northland	Te Hiku (Far North) Water Solutions Project	Te Runanga Ngai Takoto (Ngai Takoto)	\$99,500	\$99,500	10/12/2018	Express Application	Application has been approved and is under contracting

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REGION 03 - Bay of Plenty	Raukokore Irrigation Feasibility and design study	Te Whanau a Maruhaeremuri Hapū Trust	\$ [REDACTED]	\$Commercial Inform	18/07/2018	Application	Application has been approved and is under contracting
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Commercial Information - Withdrawn Application

REGION 03 - Bay of Plenty	Te Kaha-nui-a-Tiki - Stages 1 <small>Comme</small>	TKG Landowners	\$Commercial Informator	N/A	19/11/2018	Application	Application is about to come to Ministers
REGION 04 - Tairāwhiti/ East Coast	Makauri Aquifer Recharge	Gisborne District Council	\$542,500	\$542,500	30/01/2018	Application	Contract is underway and regular reporting is available

Commercial Information - Withdrawn Application

Commercial Information - Declined Application

REGION 06 - Manawatū Whanganui							
REGION 07 - West Coast							

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REGION 09 - Southland	Managed Aquifer Recharge Pilot Testing - Oreti River Catchment	Oreti MAR Limited	Commercial Infor	Commercial Infor	28/09/2018	Application	PDU and Partner Agencies are assessing the proposal and working with the applicant
REGION 10 - Taranaki							
Commercial Information - Withdrawn Application							
Commercial Information							
REGION 14 - Wairarapa	Wairarapa Community Water Storage (Wakamoekau)	Wairarapa Water Limited	\$800,000	N/A	7/01/2019	Application	PDU and Partner Agencies are assessing the proposal and working with the applicant