

## 1.0 WAIRARAPA – WATER RESILIENCE PLAN

PGF Application		For: <b>Approval</b>	
Applicant:	Wellington Regional Economic Development Agency Limited	Pipedrive ID #	Commercial
Entity Type:	Council Controlled Organisation	PGF Funding Sought:	\$ Commercial Informat
Region	Wairarapa	Total Project Cost:	\$ Commercial Informat
Tier:	3 - Infrastructure	Co-contribution rate:	Comm %
Sector:	Water Storage	Funding Structure:	Grant

### We recommend that the IAP:

- a) **Support** \$110,000 from the PGF to Wellington Regional Economic Development Agency Limited (**WREDA**) as a grant towards the project.
- b) **Note** this application forms part of the Water Security Package for the Wairarapa from the WREDA. This package includes mapping of the region's entire deep aquifer systems, for high resolution identification of aquifer properties (**Wairarapa Aerial Mapping**) and funding for water storage in the Wairarapa (**Black Creek Project**).

### Proposal:

The Wairarapa Water Resilience Plan seeks to address the wide range of impacts of impending climate change and matching regulatory constraints, and seeks to identify how an augmented supply of water will moderate those impacts from economic, cultural, wellbeing and environmental points of view and how a water management regime in the Ruamahanga Catchment will be implemented.

This work complements, but does not overlap, the funds provided by the PGF for the Black Creek Project.

### Assessment against the PGF criteria:

#### Eligibility Criteria

This application is eligible for PGF funding. Its focus is not on 'three waters' (waste and storm water excluded, potable water ancillary focus), and strategic water studies like this project are one of three project types specifically contemplated in the PGF water storage investment principles cabinet paper. Water in this paper refers to all water uses and considerations except waste and storm water.

## Productivity Potential

The objective of this project is to provide a platform for the Wairarapa in respect of water management and resilience for the long term, including in the context of climate change. Given the current, and expected future significance of water to the Wairarapa economy, the link between this project and productivity potential is strong.

The outcome of the project will be a resilience plan or strategy. This is not a detailed, execution plan. It will in essence comprise:

- Stock take of existing data and information available
- Consideration of ‘what good looks like’, or objectives for the region in respect of water resilience. This aspect will involve community engagement, and will take the outcome of the recent Waitua process as a given (regional water planning under the Resource Management Act)
- High level strategy / road map. This will be to provide a consistent and coherent framework for individual future projects to consider and be guided by, regardless of sponsor.

The scope of work has been scaled back from the description in the application form, to focus on the above matters.

The project is expected to take **Commercial Information** to complete with funding associated to the deliverables over this timeframe.

## Policy objectives and regional priorities

### PGF principles in relation to investment in water storage

- In October 2018 Cabinet agreed a set of investment principles for PGF water projects.
- The Cabinet paper includes regional strategic water studies (such as this project) as one of three areas that funding should be targeted at.

### Wairarapa Regional Economic Development Planning

Water has been identified as the single biggest constraint / enabler of the economy in the Wairarapa. A recent study on the impacts of climate change has highlighted that the impact on the Wairarapa is expected to be severe. Environmental considerations in respect of water continue to grow in importance.

PGF Criteria	Assessment Commentary	Rating (0✓ to 5✓)
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### Link with fund and government outcomes

Creates permanent jobs	<p><i>These will largely be covered in the scope of the study to be completed as part of this application.</i></p> <ul style="list-style-type: none"> <li>• The Regional Assessment lays the groundwork for future projects that will increase economic output. It will positively impact by identifying where the greatest opportunities or potential to optimise water use are located and frame efforts to utilise</li> </ul>	✓✓✓✓
Delivers benefit to the community		
Increased utilisation and returns of Maori asset base		
Enhanced sustainability of natural assets		

Mitigation of climate change effects	<p>water.</p> <ul style="list-style-type: none"> <li>• This project is not simply about economic use; it is about making coherent and strategic choices about economics and the environment, and making sure any economic activity happens within an agreed environmental envelope.</li> <li>• The impacts of climate change are at the forefront for this project, given the severe impact climate change is expected to have in the Wairarapa.</li> </ul>	
<b>Additionality</b>		
Adding value by building on what is already there	<ul style="list-style-type: none"> <li>• This project will build on an existing natural resource, water, acting as a catalyst. Water is a scarce resource in an area that otherwise has the key components required for a successful, high value sustainable primary sector industry (e.g. climate, downstream infrastructure, etc.).</li> </ul>	✓✓✓✓
Acts as a catalyst for productivity potential in the region		
<b>Connected to regional stakeholders and frameworks</b>		
Alignment with regional priorities	<ul style="list-style-type: none"> <li>• This project is aligned with the region's identified need for water supply resilience, and regional economic development including supporting the productive capacity of its primary sector, and generating increased long-term employment opportunities.</li> </ul>	✓✓✓✓
Support from local governance groups (inc. Councils, Iwi/Hapu)	<ul style="list-style-type: none"> <li>• Relevant local authorities and iwi support the project (letter of support attached).</li> </ul>	✓✓✓✓
<b>Governance, risk management and project execution</b>		
Robust project management and governance systems	<ul style="list-style-type: none"> <li>• Governance and project management is sufficiently outlined.</li> </ul>	✓✓✓✓
Risk management approach	<ul style="list-style-type: none"> <li>• Key risks are sufficiently outlined and an appropriate approach to manage these.</li> </ul>	✓✓✓✓
Future ownership / operational management	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	
<b>Analysis of the benefits</b>		
The resilience plan will allow a more coordinated, better informed approach to future water related projects.		

Withheld in Full Due to Commercial Sensitivity

## Financial Analysis

The budget for the project is set out in the table below.

Cost Description:	\$ (excluding GST)
Consultant fees	\$ <small>Commercial Info</small>
Outsourced information and support	\$ <small>Commercial Info</small> (including \$ <small>Commer</small> in kind from local councils)
Travel and expenses	\$ <small>Commercial I</small>
Contingency – consultant/specialist/other fees	\$ <small>Commercial Info</small>
<b>Total</b>	\$ <small>Commercial Inform</small>

A contingency has been included on the basis of the risks identified (refer below).

## Funding Arrangements

The funding will be provided via a grant and distributed on completion of agreed milestones.

## Due Diligence and Ownership

Due diligence has not been carried out on the applicant as a council controlled organisation (as per PDU policy).

## Risk Assessment

DESCRIPTION	MITIGATION	RATING
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.	M
We don't know what we don't know. New information. New problems or considerations will emerge.	- Contingency included, programme allows for a degree of flexibility.	High
Community attitudes could be a problem. There are still climate change deniers, although they are dwindling	- Use supporters to deal with denier and sceptics.	Medium
Unable to complete in prescribed time	- Tight project planning. - Careful projections. - Active internal communication.	Low

Insufficient funds	<ul style="list-style-type: none"> <li>- Early advice and assessment.</li> <li>- Contingency added.</li> <li>- Active priority setting throughout.</li> </ul>	Low
Inability to find sufficient stakeholder agreement to be able to proceed	<ul style="list-style-type: none"> <li>- Keep the Governance and Steering Group active and involved.</li> <li>- Persistence and persuasion.</li> <li>- Always have a Plan B on crucial issues. Constantly reiterate the burning platform.</li> </ul>	Moderate

**Consultation undertaken or implications:**

Ministry for Primary Industries provided comment. They supported the project, subject to the matters set out in the table below. The PDU's comment in relation to each is set out in the right hand column.

MPI comment	PDU response
Clarity of linkages, shared inter-dependencies and support from the Wairarapa Community Water Storage (Wakamoekau) key stakeholders	The projects are separate. This project's objective is to develop a strategic plan for the region. The Wakamoekau project is about delivery of a specific water infrastructure solution This project will assume that the Wakamoekau project occurs, but not seek to control or direct it.
Co-funding to be increased to \$ <small>Commercial Inform</small>	Co-funding has already been increased to \$ <small>Commercial Inform</small>
Evidence of a shared, agreed approach to regional water management including how future Wairarapa water projects will be managed and the agreed roles of local and central Government	This is the objective of the project – so by definition cannot be a condition.
A detailed milestone based programme plan is provided and worked to with regular reporting	This will be required as is customary for the PDU. The programme plan will be at a level of detail appropriate given the size and nature of the project. Regular reporting is required under the standard PGF funding agreement.

DoC provided comment. They neither support nor oppose the project.

<b>Supporting proposal:</b>	Yes
<b>Appendices:</b>	Yes – Applications and supporting letter are as annexes
<b>Author of paper:</b>	<small>Privacy of In</small> PDU Water Lead <b>Application to be Proactively Released Separately</b>