

WATER FOR OUR FUTURE

October 2010 Issue 6

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Hurunui River at the highway

Hurunui Water Project registers prospectus

The much-awaited prospectus for Hurunui Water Project Ltd (HWP) has at last been registered. The Prospectus and associated investment statement are available to view through a link on the HWP website www.hurunuiwater.co.nz. The registration of the prospectus and offer of partly paid shares detailed therein marks a stepping stone in the development of an irrigation project for the district, and landowner support is critical to its success.

All members of the community are entitled to apply for shares in HWP, as the development of irrigation will have benefits for the whole cross-section of society. Priority will generally be given to landowners first in the command area, in order to help them to access water once storage has been established. However, HWP is willing to include any other investors, subject to availability of shares. This is the time to show support for water storage for irrigation.



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What is the money needed to do?

The money raised from the issue of partly paid shares offered by HWP is needed to see the project through the next three years of planning for resource consent.

The moratorium over the next 12 months gives us an opportunity to take a step back and review some of the work that has been done to develop the project. We are working with the Zone Committee to understand the broader picture of options in the catchment. This includes sharing our knowledge and research so that the Zone Committee is able to make the best water management decisions for the district. The moratorium gives the project the right to retain priority over the water and also to revise its application if needed afterwards.

During the moratorium period there are also a number of other statutory processes that the project will need to participate in. Notably, the:

- Water Conservation Order (WCO) has new submissions closing on 8th

October, with hearings potentially in the next few months.

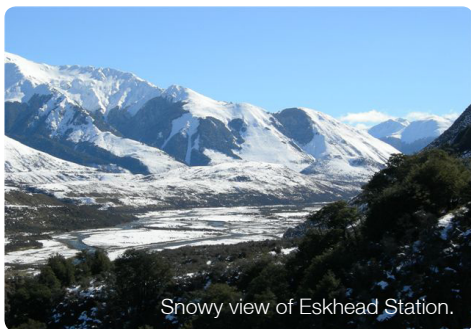
- Canterbury Water Management Strategy (CWMS), through the Zone Committee and supporting work.
- NRRP decisions will be announced at the end of October, requiring a significant amount of legal effort.
- Flow regime on the Hurunui River is likely to be dealt with during the same period, which will have a strong influence on the availability of water.

You will be pleased to know that HWP's spending over the next 12 months has been significantly reduced to account for the delay in the resource consent hearings. Investors will not need to pay the second installment of money on the partly paid shares until there has been satisfactory progress in the WCO and CWMS, as determined by the directors, or otherwise at the discretion of the directors.



Investment Statement

Hurunui Water Project Limited
FOR THE OFFER OF UP TO 20,000
PARTLY PAID ORDINARY SHARES
IN THE COMPANY



Snowy view of Eskhead Station.

What will it cost me?

The ordinary shares will generally be allocated on a one share per irrigable hectare in order to establish how many people will eventually want to use water. This knowledge is extremely important to the project as it will influence both the quantity of water required, and the design of the distribution network.

The ordinary shares are \$400 each, payable in four installments over the next few years. The initial payment is \$75 per share. Water right shares are intended to become available after 2013 when the ordinary shares are fully paid and HWP has resource consent.

The eventual number of shares issued will be related to the volume of water consented. Without an ordinary share today, there is no guarantee that there will be additional shares available for non-investors at the later stages.

What will it cost for conversion?

The cost of conversion from a dry land farm to an irrigated farm is dependent on the type of end use.

The Butcher* economic report estimates that on-farm irrigation can range from \$2200/ha for dairy support, to \$17,000/ha for dairy, and \$37,5000/ha for viticulture. Likewise, returns on the total investment, including off-farm costs also range from 5 to 16%. You can access this economics paper from our website at www.hurunuiwater.co.nz.

Cost of infrastructure

It is important to note that the cost of the ordinary share today is only to cover the next few years of consenting. The cost of the infrastructure will be included in the combined cost of the water right shares plus the annual cost of the water supply contract. Butcher* estimates of the storage and distribution infrastructure are in the order of \$174 million capital required.

*Butcher Partners Ltd &The Agribusiness Group, May 2010, "Regional Economic Impacts and Cost Benefit Analysis of the Proposed Hurunui Irrigation Scheme"



HWP Chairman Mike Hodgen and his grandson.
You can email mike@hurunuiwater.co.nz

How do I find out more?

Please contact the project team through the website, or via the office on phone 03 378 3524 for a copy of HWP's Investment Statement concerning the offer of up to 20,000 partly paid ordinary shares by HWP. Copies of this investment statement are being sent out next week to HWP's regular mailing list. If you are interested and you do not regularly receive this newsletter, then please get in touch with HWP for a copy.

Answers to the river flow competition in the last newsletter: A: 90 cumecs B: 25 cumecs C: 11 cumecs. We were interested to see that no one came close to guessing correctly the flow for A.



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