

WATER for our FUTURE

Issue 25
March 2017

PHOTO CREDIT: DAVID ALEXANDER

Chairman's Comment

I'm pleased to report that the last key part of the Board's feasibility funding plan was finalised when, on behalf of the company, I signed the Crown Irrigation Investments Limited (CIIL) agreement on 15 December.

In December and following the AGM, we welcomed Mark Zino to the Board. Mark brings additional local farmer shareholder representation alongside long serving director Mike Hodgen. On behalf of the Board I also welcome Stu Jensen as the new Chairman of the Farmer Liaison Committee. We have our Board meeting in Hawarden on 29 March and we're looking forward to meeting the committee and the three new members before getting down to work with them that afternoon.

The work that has been progressed since October under the Rooney Group, Early Contractor Involvement (ECI) approach and by HWP staff and advisers, has been impressive. We are, as planned, in good shape to get to the milestone points in the feasibility work by spring of this year.

Alex Adams has given the Board formal notice of his retirement as CEO. His contribution to HWP through a difficult period when our consents were held up in the appeal and Environment Court process is absolutely appreciated by the Board. His wider contribution in the Zone Committee and the like is, I know, also valued. We respect Alex's decision to pull back from the time and commitment demands of the CEO role and get some quality time in his private life. It is my observation that he is not the sort of person that would give less than 100% to any role.

I'm pleased to say that Alex has agreed to have a one month overlap to transition Chris Pile into the demanding CEO role and after that remain available on a part time basis as required. We are fortunate in that the change of roles will be seamless where shareholders and stakeholders are concerned.

The Board has appointed Chris Pile as CEO, effective from the beginning of April. You might recall Chris was introduced in the October newsletter and we are fortunate to have an experienced engineer and project manager to step up. Chris started with HWP on 01 February and has very much rolled his sleeves up in the Project Management role interacting with people from the Rooney Group. It is noticeable that his farming background assists in his grasp of irrigation matters and this will prove increasingly valuable as we move forward with the shareholder and Water User aspects of the scheme. Chris, we welcome you and your family back to New Zealand and look forward to your leadership driving HWP forward from here.

Lindsay Lloyd

Chairman of Directors



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Hawarden Show

Saturday 18 March 2017

HWP will have a stand at the Hawarden Show. Rooney Group people will be on hand to explain the emerging scheme design. We'd be delighted to have shareholders visit our tent and talk over the scheme development stage.

Scheme Design Progressing Well

Since October 2016, significant progress has been made on the feasibility design for the scheme.



Chris Pile

Rooney Group is deeply engaged in design and pricing efforts, with the goal of developing the scheme by the end of July.

The following two to three months

will then focus on evaluating economic viability, including overall scheme costings and, ultimately, on-farm delivery costs.

At the distribution end of the system, initial pipeline networks, pumping station locations and sizes have been developed. Inquiries are with pipe and pump suppliers for pricing. During the next few weeks this pricing information will be the first to be incorporated into the feasibility cost estimate.

The next steps for the distribution will require confirmation of pipeline routes; this will entail engagement with shareholders and landowners to refine conceptual alignments.

Design efforts are now turning to focus on the intakes, storage structures and headrace canals. On 3 February, HWP, Rooney Group and specialist DamWatch engineers visited the proposed Hurricane Gully dam site to evaluate constructability and materials availability. The objective was to settle on a dam construction design type so that better cost estimates can be prepared.

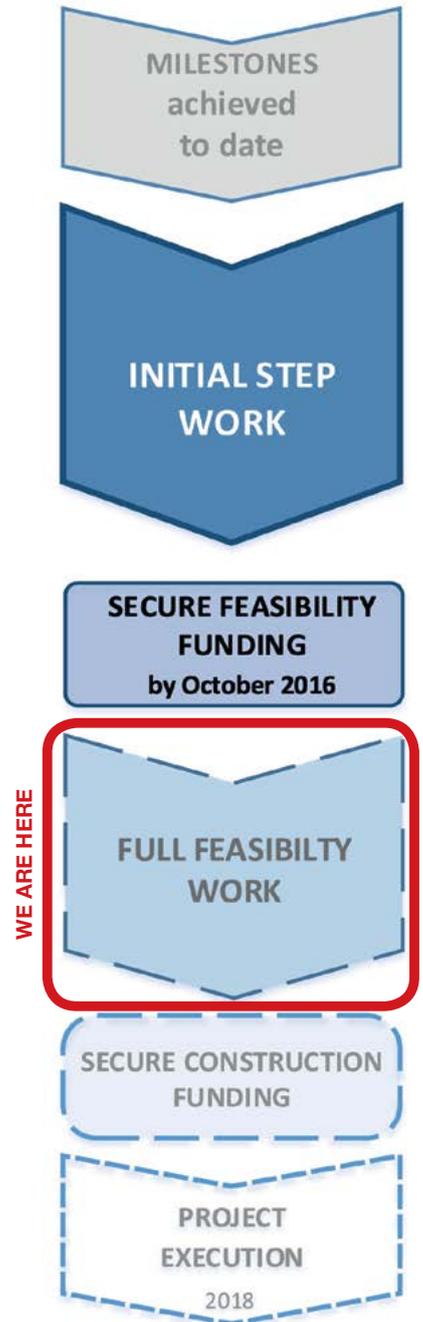
The ECI partnership with Rooney Group is working very well. Rooney's experience in designing, building and operating irrigation schemes in Canterbury is bringing innovative scheme configuration and design options to the table. An example of innovations under development is our investigation of alternative river intake locations to balance capital construction costs with long-term operations costs. Ideas and alternatives are now being assessed in context of the resource consents we hold.

With scheme preliminary design moving forward well, the Board is now turning its mind to drafting our Water User Agreements, an important document for shareholders. These will set out things such as how the scheme is proposed to operate, and the basis for water allocations. In the second half of this year there will be more information for shareholders on these aspects.

On a personal note, I'm very pleased to be taking on the CEO position in April. I'm fully aware that this will be a challenging role, however I'm absolutely motivated to do my utmost to bring irrigation to an area of North Canterbury that will surely benefit from it.

Chris Pile
Project Manager

HWP Project Development: Sequence and Outcomes



CEO's Update

We're into March already and it's been a busy time since the November 2016 AGM.



Alex Adams

The good news is that the work has been far more satisfying, as we work on real scheme aspects, including engineering design. It is worth referring back to

the October Newsletter while reading this because you'll notice the progress made over that time. See (<http://www.hurunuiwater.co.nz/files/Newsletter-Issue-24---October-2016.pdf>)

As we sit at the moment, a fully engineered distribution design is virtually complete. This has not been cross-checked with on-farm preferences for route selection, but is to a stage that will enable fairly accurate costing.

“As we sit at the moment a fully engineered distribution design is virtually complete.”

The storage aspects are also advancing, including investigating some new options. However, this was always programmed to take longer, in part because each potential design must be checked for the amount of variation from existing consents. You might have seen Rooney's engineering and survey staff working around the Hurunui River and also doing some spot survey work on various roads within the district. This

is essentially for height calibration on the aerial survey data that came from surveys commissioned by HWP and from publicly available sources.

NTFE

You will have received the disclosure notice to shareholders related to the Ngāi Tahu Forest Estates Limited shares buyback by the company. Following ECan granting the new consents at the end of December, this buyback is the final step to giving effect to the Heads of Agreement signed on 27 July 2016. This separates the Ngāi Tahu Farming's Balmoral property from HWP's command area and reduces their shareholding to sufficient shares for their Medbury Block alone. We would like to thank Ngāi Tahu Farming for the work they put in alongside us to achieve a straight forward consenting and shareholding arrangement that will suit future prudent irrigation in the district.

Funding

Crown Irrigation Investments Limited (CIIL) has contracted to provide dollar-for-dollar grant funding through the first part of feasibility work for the project.

The first tranche of the funding, to \$1.75 million, is firmly contracted for the period up to October 2017 and is intended to get the necessary work done to establish capital costings with a fairly high degree of certainty; this will then allow a robust analysis of scheme economics, including on-farm costs.

A second tranche of the funding, to \$1.71 million, is conditionally available

under an extension to the contract out to May 2018; it is intended to provide the necessary assistance to have the scheme to construction ready/funding ready stage.

Personal Note

You will notice from Lindsay's Chairman's section, that I have decided to retire at the end of April. I take this opportunity to wish new CEO Chris Pile, the Board and HWP shareholders well in working forward from here. Of course, challenges remain, but the overall worth of the scheme for shareholders and the wider community will, in my view, win out.

Alex Adams

Chief Executive Officer

Community Liaison

If you know anyone who has questions or concerns about the Hurunui Water Project, please ask them to contact us at info@hurunuiwater.co.nz or call 03 378 3524.



ECan and Zone Committee

Christina Robb, who until recently had a senior role at Environment Canterbury, is routinely working two days a week for HWP on resource consent and environmental matters.

Christina has a background in land and water management and direct experience in the Canterbury irrigation sector.

She is leading the work that we're undertaking to reconcile the scheme design detail with managing compliance conditions within our Resource Consents, which are now over a year old. Even though the practical work on the scheme has not yet started, some consent conditions require preparatory work to be undertaken. This is mostly around management plans and ecological surveys.

Another part of Christina's role with HWP is to interface with the Hurunui-Waiau Zone Committee, its Science Stakeholder Group and wider community processes. At present

the Zone Committee is concentrating on science in the Hurunui catchment and has been working with a large stakeholder group. HWP has attended each meeting to follow what is happening and contribute to the discussions.

This is all part of the Zone Committee's work on the Hurunui Waiau River Regional Plan (HWRRP). The committee's recommendations are due at ECan mid to late 2018 with any proposed plan change(s) notified in mid-2019. This work includes the Waipara, Jed and Kowai catchments. It is therefore critical to all of HWP's areas.

It would really help if shareholders can attend the Zone Committee meetings, and particularly any community discussion sessions. We

welcome shareholder involvement and feedback over that time and are happy to brief shareholders on how we see matters.

In particular, there is a Hurunui Science Stakeholder Group community meeting scheduled for 7.30pm on Monday 20 March at Waikari to summarise the findings of this science work. We encourage shareholders to attend.

More information on the Zone Committee programme can be found at:

<http://www.hurunui.govt.nz/your-council/meeting-calendar-access-to-agendas/hurunui-waiau-zone-committee>

To talk over these matters, Christina can be contacted at: Christina.robbs@hurunuiwater.co.nz or 027 215 0768

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Previous editions of the Hurunui Water Project Newsletter can be found here:
www.hurunuiwater.co.nz/newsletters.php

Waipara Catchment – Progress Report

The October newsletter covered the underlying issues in the Waipara catchment, the area southwest of Masons Flat and up the Omihi Valley.

That newsletter can be found on our website: (<http://www.hurunuiwater.co.nz/files/Newsletter-Issue-24---October-2016.pdf>)

The Waipara Catchment Group has held three meetings since being established following our August shareholder's meeting.

This has enabled the group to get a good grasp of the consent and planning issues that govern the catchment, and to keep abreast of the work HWP has been doing to deliver irrigation to shareholders in the catchment.

The advice HWP has commissioned from planners and RMA lawyers so far has suggested several pathways. While none are straight-forward, they all agree that ECan and other interested parties will be looking for good descriptions of the total proposed area and intended land use under irrigation.

Accordingly, we have retained Gary Walton to meet with the 16 shareholders not surveyed in April-May last year, to complete the intended land-use and irrigation-required survey to 100%. Gary will also re-contact previously surveyed shareholders

where further information is needed. We intend to put maximum emphasis on getting an accurate indication of the irrigation shareholders want. We can then model the nutrient effects of the intended land-use and move on to identify a regulatory framework under which irrigation can be provided to shareholders in the Waipara catchment.

If you would like to contact Gary directly, his contacts are:

Mobile: 027 4964700, Email: gwalton.consulting@gmail.com.

The Waipara Catchment Group has agreed to keep shareholders well informed and to feed back to HWP what shareholders are thinking. We urge you to keep in touch with a member of that group comprising:

Tim Banks (Chair)

03 314 5973
banks.wells@amuri.net

Chris Carthy

03 314 2555
chris@bycroftrural.co.nz

Nick Hamilton

03 314 5955
omihiam@gmail.com

Dan Hodgen

03 314 4063
d.hodgen@amuri.net

Kelly Morris

03 314 2115
kelly.morris@ravensdown.co.nz

Mark Wilson

03 314 4078
m.h.wilson@amuri.net

Richard Draper is also happy to discuss Waipara catchment matters. Richard is Business Manager of Rooney Farms, which owns Hopetoun on Heathstock Road in the Waipara catchment. He is undertaking work on the HWP scheme and has a close interest in working in with the Waipara Catchment Group. Richard can be contacted on: 027 201 1884 or richard.draper@rooneygroup.co.nz



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Farmer Liaison Committee Report

The Farmer Liaison Committee met on Tuesday 28 February and four new members have joined. Welcome to Tim Murdoch, Ben Black, George Black and Tim Banks.

As Mark Zino is now an HWP Director, he wishes to keep the roles separate, so I have taken on the Chairman's job. We've discussed the size of the committee and think that as there is now more going on in the company, a couple more members would be good. If any shareholder would like to join us, please give me a call.

We think that it is now very important that shareholders give serious thought to applying new irrigation, such as:

- What is your current and future land-use?
- How much of your land do you intend to irrigate, immediately and in the future?
- What kind of irrigation method will achieve your outcomes?
- What time-frame will you need to develop your infrastructure?

The FLC is planning to look at examples of irrigation coming to dryland farms. We want to bring some ideas to our shareholders. We intend to arrange some mid-Canterbury farm visits and also for specialists and advisers to be available. Details will be advised in a separate FLC newsletter shortly.

Please feel free to give your local FLC person a call to pass on thoughts and ask any questions you might have.

Finally, thank you Mark, for chairing the group during a frustrating period. We look forward to keeping in close touch with you and also having more frequent communication with the other directors and CEO as the project work ramps up.

Stu Jensen

Chairman – Farmer Liaison Group

The Farmer Liaison Committee provides an important link between farmer shareholders and the HWP Board.

Stu Jensen (Chair)

03 314 4581	0273 654 008	skmjensen@xtra.co.nz
Tim Banks	027 282 0342	banks.wells@amuri.net
Ben Black	027 699 6660	lochside8@gmail.com
George Black	027 3158214	gbl6065@icloud.com
Tom Costello	03 314 4566	tacostello@scorch.co.nz
Chris Earl	03 314 3841	chrisandjaneearl@gmail.com
David Fincham	03 314 4127	david.tikouka@amuri.net
Jean Forrester	03 314 5849	forrester.family@xtra.co.nz
Euan Frost	03 314 2313	lfrost@xtra.co.nz
Mark Hassall	03 314 4495	hanley@amuri.net
Tim Murdoch	027 868 6009	twmurdoch@hotmail.com
Paul Reese	027 731 4433	paulr@irricon.co.nz

Shareholders can go to the FLC section of the HWP Website to find out more detail
<http://www.hurunuiwater.co.nz/farmer-liaison-committee.php>



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