

The Earnsclough Water Plan:

A case study of a successful grant application



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1.0 Introduction

“The land-based primary industries are, and will remain, the cornerstone of the New Zealand economy. Wise use of the resources that underpin these industries is vital.

In recent years, rural communities have experienced many changes. Some of these, along with a number of natural events, have had adverse impacts for many of those communities. Our ability to manage the risks and to respond to new opportunities is the key to our economic, social and environmental well-being. ...

... To help maintain the viability of rural communities and contribute to the improvement of their economic base and protection of environmental values, the government will provide assistance in the form of a Sustainable Farming Fund.

The contestable fund will provide financial support through grants for help in solving community problems thereby enhancing environmental, economic and social outcomes.”

Jim Sutton; Minister of Agriculture and Minister for Rural Affairs on the launch of the latest source of rural assistance the Sustainable Farming Fund.

1.1 Government Funding Sources

Successive governments have made funding available for rural communities. Currently funding can be sourced from a number of government agencies, including the following.

Environmental Projects: Ministry for the Environment – Sustainable Management Fund.

Regional Development: Ministry of Economic Development / Industry New Zealand.

Business Assistance: Ministry of Economic Development / BIZ advisers.

Community Funding: Department of Internal Affairs.

Research Funding: Foundation for Research and Technology / Technology New Zealand.

Employment Funding: Labour Department, Community Employment Group.

Water Studies: The Agricultural and Marketing Research and Development Trust (AGMARDT) / Ministry of Agriculture and Forestry.

Rural Sustainability: Ministry of Agriculture and Forestry / The Sustainable Farming Fund.

1.2 Personal Background

Tony Lepper in his role as Manager of EIC Ltd has successfully applied for two separate water study grants from the Water Studies Fund established by AGMARDT and the Government. This programme has a two-stage selection process that is very similar to the process adopted for the recently announced Sustainable Farming Fund. Tony was asked to put his name forward to be an assessor of projects applying to the Sustainable Farming Fund.

Tony, in the past few months has been involved with several successful applications to Work and Income New Zealand for the funding of an establishment plan for Central Otago Wastebusters and the employment of a fully funded manager of that organisation. He is part of the Central Otago District Council's Economic Development Committee whose manager is jointly funded by the Community Employment Group and the Central Otago District Council.

Additionally, Tony is also involved in the annual distribution of funds for the Hillary Commission, Creative Communities and the Hazlett Trust. He has also been a member of The Clyde Dam Amenities Grant committee, which distributed nearly two million dollars worth of funding to local projects.

2.0 Background To The Successful Water Study Grant Application

2.1 AGMARDT water studies fund

Concern surrounding possible climate change and the serious persistent drought problems affecting large areas of the South Island and the East Coast of the North Island prompted AGMARDT to promote the concept of studies into possible alternative forms of land use and the better utilisation techniques for available water. This coincided with Government's recognition of these problems and has resulted in a joint programme of water studies funded equally by Government and AGMARDT. Funded projects must have wide local support from farmers and local authorities.

2.2 The Earnsclough Irrigation Company Limited

The Earnsclough Irrigation Company Limited was formed in 1990 to own and manage the assets of the Earnsclough Irrigation Scheme formerly administered by the Crown. Irrigation began in the Earnsclough area in 1922 when water rights obtained as mining privileges were used to distribute water for agricultural purposes.

The Crown used the provisions of the Public Works Amendment Act 1910 to construct the scheme. Irrigation water was supplied to Blackmans from the Omeo Creek and to the Earnsclough Flats from the Fraser River. Subsequently the Earnsclough Flats supply was supplemented from storage in the Fraser Dam and the Blackmans supply was later supplemented by pumped water from the Fraser River. An area of 1,150 hectares was served by the combined water supply systems.

The assets of the company included a series of water rights formerly held by the Crown. They included rights commonly known as Mining Privileges, which expire on 1 October 2021 and Public Works Act Water Rights, which expire on 1 October 2001. Experience gained during the construction of the \$3.5 million Clyde-Fraser pipeline and the renewal of the water rights associated with this project highlighted a problem facing all irrigation companies in Central Otago.

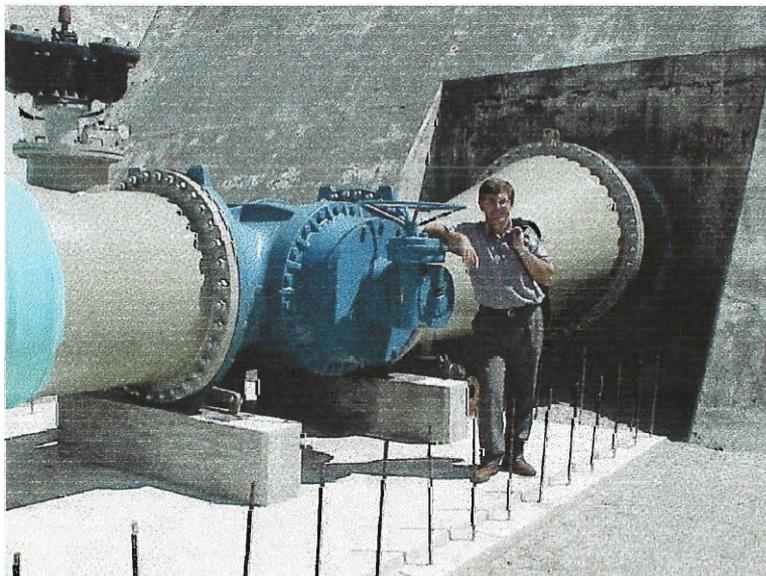
It was likely that at the time of renewal of the Water Rights residual flows would be required in the majority of Central Otago's rivers and streams. Competing demand for water would mean that the total abstraction of water

for irrigation purposes would no longer be possible. As a result, each irrigation scheme would need to carefully consider how to best use this scarce resource, irrigation practises, volumes of water and the area of land able to be irrigated would all have to be assessed.

The need for an Earnsclough Water Plan was further highlighted by a concern that the life of the Public Works Water Rights were not likely to be extended, as had been hoped for by the Irrigation Companies. This was recently confirmed when the Government decided against the promotion of legislation, which would have in effect extended the life of these rights out until 1 October 2021.

During discussions with Ministry of Agriculture and Forestry officials on the process of gaining a legislative change to the 1988 Irrigation Act the Earnsclough Irrigation Company Limited (EIC Ltd) was made aware of the existence of the water studies fund. We were advised that there had been very few applications from Central Otago, one of the areas that had suffered severely in the drought of the previous year and an area that officials thought could benefit from the fund.

EIC Ltd had renewed many of its water rights under the provisions of the Resource Management Act as a result of the Clyde-Fraser pipeline project. However a significant portion of the scheme still relied on a mixture of mining privileges and public works rights.



The Clyde Dam Irrigation Valve



The Clyde Dam Pipeline

The pipeline project gave EIC Ltd a secure source of irrigation water, which allowed it to supplement its existing supply of water to irrigators and also gave the company surplus water for the expansion of the scheme. Previously water supply was reliant on sufficient snow reserves and the continued operation of the 70-year old Fraser Dam.

The neighbouring irrigation scheme, run by the Last Chance Irrigation Company Limited, still relied on snowmelt and a series of ageing irrigation structures for a reliable supply of summer irrigation water. Last Chance had begun discussions with EIC Ltd about taking over portions of their scheme. This would give EIC Ltd the opportunity to use some of its excess water and give Last Chance a buffer for years when there was a shortage of water. Rationing had been forced on all Central Otago farmers the year before when the drought had been at its worst.

Once we were made aware of the Water Studies Fund we decided to make an application to complete the Earnsclough Water Plan. It was hoped that the plan would come up with recommendations on how to best use the water resources available to the Earnsclough Flats and ensure a long-term, reliable source of water for all the landowners. It would also be a valuable

aid to the renewal of Earnscleugh's remaining water rights. This was to be achieved by considering three key issues.

3.0 The Earnscleugh Water Plan

3.1 Omeo Creek, the best utilisation of its water and possible expansion of the irrigation scheme

Currently EIC Ltd extracts all the water from the Omeo Creek and delivers it by a series of races to the Earnscleugh Flats. For much of the irrigation season it is used as a supplementary supply for Fraser water and for a short period, in the height of summer, it is the sole source of water for irrigators in the Upper Blackmans portion of the scheme.

The transfer of water from Omeo to the Upper Blackmans has left the Omeo Valley with no water for irrigation purposes. As a result the Omeo Valley is largely undeveloped and used for dryland grazing of Merino's. A single cut of lucerne is taken from one of the warmer north facing paddocks. The water rights to this stream date back to the 1860's when water was required for sluicing gravel and the recovery of gold. The Crown, as part of the establishment of the Earnscleugh Irrigation Scheme, purchased the rights in the early 1920's.

Earnscleugh Station owns the majority of the Omeo basin and they are keen to see the water used on the adjacent land. The current summer low-flow of three heads would allow the development of 120 hectares of land under irrigation.

For this to happen the Earnscleugh Water Plan would need to look at ways of supplying Upper Blackmans and other areas that use Omeo water with water sourced from the Clyde Dam. This would involve the completion of an audit of available water and the planning of pumping stations to lift extra water to a height that would serve the affected properties. In addition the possibility of supplementing the supply of water available in the Omeo Valley would be assessed. It is estimated that an additional 500 hectares of land would benefit from irrigation if the water could be made available.

3.2 The removal of Last Chance water from the Earnscleugh Flats

The Last Chance Irrigation Company currently supplies water to approximately 82 hectares of the Earnscleugh Flats. This equates to

approximately 25 percent of the water available to that company from the Conroys Dam. During periods of summer shortages water from other sources is diverted to supplement this supply and there is a need for rationing over much of this scheme.

The Last Chance Irrigation Company would like EIC Ltd to take over this portion of their scheme so that future rationing can be avoided. While the land concerned is adjacent to the Earnsclough scheme it is at the far end of our network of races and can not be reached by a gravity water supply.

To evaluate the practicality of taking over this portion of the Last Chance scheme EIC Ltd will need to complete an audit of their available water, explore the best possible route to get any available water to the area concerned and look at the cost of installing a pumping station to give the required lift.

The cost of supplying this area will need to be calculated and equated back to the cost of the current insecure supply.

3.3 Utilisation of EIC LTD's supplementation of the Fraser River to ensure a permanent supply for Last Chance

The Last Chance scheme is reliant on several ageing dams for the storage of water derived from snowmelt in the spring and early summer. This storage capacity allows Last Chance to supply water through the crucial summer months. The age of the dams and the likely cost of restoring them should they be deemed to be unsafe is a major concern for the operators of that scheme. It is their belief that at some time in the medium term future these dams will need to be partially decommissioned with a subsequent loss of storage.

Should this prove to be a reality Last Chance will not have the capacity to supply water to all those properties that it currently serves. For this reason it is keen to look for an alternative source of water that does not rely on storage. Currently EIC Ltd supplements the flow of the Fraser River, as part of its resource consent, using water from Lake Dunstan.

The Earnsclough Water Plan intends looking at the possibility of using EIC Ltd's excess capacity to further supplement the Fraser River so that Last Chance could pump from the Fraser to supply the Wrights Race portion of their scheme. The Wrights Race supplies approximately a third of the Last Chance properties that are reliant on the Conroys Dam.

To determine the possibility of this proposal it would be necessary to design a pumping station that has the capacity to lift water to a height that would allow it to be feed into the Wrights Race. The key elements to be looked at would be the cost of delivering the water and finding a suitable path for the pipeline. As this part of the plan deals with a situation that may not occur in the immediate future it is intended that this be a desktop exercise. Accurate costings would be completed and the possibility of acquiring easements over the intended pipeline route would be explored.

4.0 The Application

The Water Studies Grant involves a two-stage application process.

4.1 The water studies inquiry

This involves a brief outline of the project, who it is likely to benefit and how it will be carried out. It is a very simple two-page application form designed to elicit sufficient information to enable the fund providers to assess whether the project merits submission of a more substantial application.

At this stage it is important to sell the concept as succinctly as is possible. It is critical to not only spell out the benefits to the applicant group but the likely flow on benefit to the wider community. Considerable thought should be given to this section, as with all contestable funds, the administering agents will want to achieve the widest and most lasting benefits for their investment dollar.

It is necessary to nominate two independent referees who can comment on the likely benefits that would arise from a successful application. Careful consideration should be given to who these people should be. They should have a very good knowledge of your project and the likely benefits that will accrue to the community should your application prove successful.

Some thought also needs to be given to putting together a team of people to act as the applicant group. These people should have demonstrated their ability to carry out the project in a timely and cost effective manner. To achieve this it is necessary to have a capable project leader and a core of people committed to achieving the desired outcomes. They should represent the widest possible cross section of those people affected by the proposed study so that consultation and the final reporting back process is as effective as is possible.

A brief estimate of the likely cost of your project is expected at this stage.

The Water Studies Inquiry can be prepared very quickly and in the case of both EIC Ltd applications they were processed in around three weeks.

4.2 The water studies grant request

If your Water Studies Inquiry is successful you will be asked to submit a Water Studies Grant Request (Appendix 1).

The Administrative Guidelines (Appendix 2) and the Terms of Reference for Applicants (Appendix 3) should be used as a guide to help fill in your request form. It is important that you read these and try and match your application to as many of the objectives of the fund as is possible. The completed EIC Ltd application is attached (Appendix 4).

To ensure that your request is dealt with as soon as is possible it is essential that you begin work immediately after you are notified of your initial success. The granting authority will need to circulate your completed application to its members prior to any meeting. They will also want to consult your referees before any decision is made. I have found the turn around time to be quite tight and for that reason it is important to keep the pressure on any outside expertise that may be required.

4.3 Cost of the project

Accurate costings of the project should be completed. If outside expertise is required they should be asked to supply a fixed quote for the service. With the Earnscliffe Water Plan, Opus International Consultants Ltd, were asked to formally price all the work that they were required to do to complete their portion of the project. You only get one chance to apply for the appropriate funding and it is better to have this accurately costed so that any over expenditure does not fall back on the community or the Applicant Group.

At least one third of the project cost is to be provided by the community. This should not be viewed as a major barrier to those groups who find it difficult to come up with their share. All other funding agencies should be considered but this is not always practical when working to tight time frames and varying funding criteria.

It seems to be accepted practise that non-cash contributions can be used to make up a sizeable portion of the community input. The Terms of Reference clearly spell out how you can value such things as donated professional advice, labour costs, administrative support and construction machinery.

EIC Ltd put together a team of volunteers to supervise the project. This group reported directly to the two Boards of Directors. The cost of the voluntary input into this process was costed and listed as a non-cash community contribution.

As the manager of EIC Ltd was to act as team leader a portion of his salary was attributed to the cost of the project. This was listed as a cash community input. No other funding was contributed as it was not possible to make an application in the time that we available to us. One possible source recognised by the team was the local Economic Development Committee, which has a budget to promote development in Central Otago.

The project budget (**section 9**) and the milestone table (**section 5b**) should be considered in conjunction, as their completion will give you an accurate summary of all the likely costs. The timeframe outlined in the Milestone table should give you an indication as to the accuracy of your costings and will help you with cashflow and budgeting requirements.

4.4 The objective/s of the project and benefits to the applicant group

These two sections were covered in the initial Water Studies Inquiry and can just be repeated, although you may have had the opportunity to have refined your thoughts by this stage. You may feel constrained by the restricted word allocation in this section. I had been asked to supply an overview of EIC's strategy to expand irrigation within the Earnsclough Flats and I attached this as an appendix to the Grant Request. I used this to expand upon why I thought the completion of this plan would help benefit the community and the region.

4.5 The Applicant Group

As two Irrigation Companies were jointly involved in this application, the applicant group was made up of two Directors of each company and the team leader. The team leader was chosen, as he was the only paid member of the group. This relieved the voluntary members of any

administrative functions and ensured that the appropriate resources could be put into the project, as they were required.

Those chosen were the ones who had the greatest knowledge of the history of the two irrigation schemes. The use of their cumulative knowledge and understanding of water issues were thought to be the best way of achieving a lasting solution that was acceptable to all shareholders. They also represented an excellent cross section of the type of opinion that we would encounter at the end of the process and this gave us the opportunity to address varying concerns from the outset.

4.6 The Project Plan

This was an opportunity to outline the details involved in completing the Earnsclough Water Plan. EIC Ltd used this section to focus on what information was required, how and by whom the information was to be collected and what the expected outcomes of the plan were likely to be. Although limited by space it is possible to enclose references to supporting documents.

4.7 General Requirements and Criteria

This section of short paragraph answers should be used to show the vital importance of the proposal to the applicant group and the local community and why it should go ahead. It is important to demonstrate that there is a need for the project and that it has the communities support.

As EIC Ltd and The Last Chance Irrigation Co Ltd represent every landowner in the affected area this was used to demonstrate this support.

There is also an opportunity to demonstrate how the proposal fits within the criteria, approaches and requirements of the fund. We were very mindful of showing how our project clearly met the objectives. It had been suggested to us that efficiency was one of the key elements that the fund providers were interested in so we made an effort to show how we were addressing this issue.

We thought that it was important to stress the practical nature of all those involved. That this plan would not be another report driven by bureaucrats and left to sit on the shelf to collect dust. All members of the applicant group were working landowners and shareholders in their respective irrigation companies. The project had a series of consultative processes that were

required and it was hoped that this would ensure practical outcomes that had the support of the entire community.

Although no outside funding had been sought we thought that it was important to identify other important contributions that EIC Ltd had made that directly contributed to the likely success of the project. The protracted negotiations with Contact Energy and their predecessor ECNZ had resulted in the securing of a suitable supply of water, which made expansion of the scheme a possibility.

The history of water supply in Central Otago is such that any alteration to scheme boundaries is something that does not occur. For that reason the uniqueness of this opportunity and the need for outside assistance was pointed out to the granting authority.

4.8 Industry Referees

The importance of nominating the right people seems to be crucial to the application. They must be seen to be independent of the applicant group but need to have sufficient interest in the issue to give a passionate endorsement of the work required.

We chose the local Mayor (Bill McIntosh) who has a commitment to local economic development and had been an irrigator in Central Otago for 40 years. A retired farmer and previous Irrigation Committee member he had an intimate knowledge of the importance of water to the local farming and business community.

Our second referee (Sue Scott) is the Manager of the Alexandra branch of the Otago Regional Council. An engineer who is involved in the processing of water rights, she understood the demands that were being placed on water and had expressed a desire to see better management of water in the future.

Both referees were articulate and were able to respond in a timely fashion to the request for supporting material asked for by the granting authority. We made a point of fully briefing the referees on the proposal and made them aware of the time constraints that we were working under.

The referees are asked to comment and for that reason it is important to select the right ones. It is also important to clarify with them if they will be available to make comments within the next few weeks, as this will enable your application to proceed as quickly as is possible.

4.9 Consultation

If there is to be wide spread community support for the project consultation should have taken place.

In our case we were responding to requests from affected landowners and from discussions initiated by the Last Chance Directors. The application was based on the consultation carried out as a result of these requests and coincided with the possible availability of funds and the extra water.

5.0 Confirmation of Water Studies Grant

An offer of a grant (WS 28) was made to the applicant group on the 24th of May 2000 and this was accepted and confirmed on the 30th of May. As part of the confirmation process the applicant group was required to meet and officially minute the decision to carry out the project as applied for.

The whole process had taken approximately three months as EIC Ltd was first made aware of the fund in early March.

6.0 Progress and Payments

The Milestone Table (section 5b) and Project Budget (section 9) of the grant request can then be used to prepare a table of progress payments in line with the requirements of Section B (3) of the AGMARDT administrative guidelines.

Payments to date have been prompt and in accordance with the schedule that was agreed to by both parties. Unfortunately the tragic personnel circumstances of the Technical Manager of the project has meant that several of the key deadlines have not been met.

AGMARDT are aware of the delays and the Earnsclough Water Plan should be completed in June 2001.

7.0 Recommendations

For a number of years those of us who live and work in the rural heartland have had a feeling that the key to New Zealand's prosperity, the productive sector, was being forgotten.

Rural decline, de-population and poor commodity prices were all contributing to the low moral of those committed to the rural economy of this country.

During times of stress outside funding has been vitally important to many sections of the rural community. They often provided the lifeline that gave communities and individuals the will to carry on in the hope that things would get better.

Successive governments have recognised the inequalities that exist in society and have made funds available to rectify these. In many cases those of us in the rural areas have been slow to take advantage of these funds. I am sure there are reasons for this, ranging from being too busy through to not knowing of the availability of the funding.

The rural sector seems to be going through something of a renaissance at present and we hear talk of those people living north of the Bombay Hills relying on us to export our way out of the current financial crisis.

I hope that during this upswing in prosperity that we still take advantage of those funding agencies that do have funds available. The rural community needs to be aware of these sources of funds and should use them for the ongoing development and preservation of our resources, which are proving once again to be so important to this country's economic wellbeing.

We should as a group take advantage of every opportunity that presents itself to us. The recently announced Sustainable Farming Fund is one such opportunity.

The Agricultural and Marketing Research and Development Trust

1999/2000 WATER STUDIES GRANT REQUEST

Please refer to the AGMARDT Water Studies Administrative Guidelines and Government Terms of Reference when completing this form which is available by email.

Name of Applicant Group:			
Address:		Contact Person:	
		Telephone:	
		Fax:	
Short Title of Project (Not more than 60 characters including spaces):			
Project Start Date:		Project Finish Date:	
SUMMARY OF GRANT REQUESTED: (Refer Questions 9 and 10)			
Cost of project:		Contributions:	
	A Non-Cash	B Cash	C Non-Cash
			D Cash
Project and Technical Costs			AGMARDT/Government
Consultancy Costs			Community Contribution
Contractor Costs			Other Contributors (Please name)
Other Costs			
Total Costs			Total Contributions
Total A plus B			Total C plus D
NB: Total (A + B) should equal Total (C + D)			

ADMINISTRATIVE REQUIREMENTS:

In preparing this application, please note that any grant will be subject to the following administrative requirements:

1. Each progress payment claim (made no more frequently than quarterly, generally in arrears) must include a certification from:
 - (a) The Financial Officer, stating that budgeted funds from other sources have been received and expenditure has been incurred in accordance with the approved budget and
 - (b) The Duly Authorised Agent of the Applicant Group stating that the project is proceeding as envisaged in the original application and that nothing has occurred to affect progress.
2. A detailed Income and Expenditure Account is required every six months (refer Guidelines)
3. The amount of the final instalment will be 20% of the total grant and will be made following acceptance of the paper for publication and receipt of recommendations as to how the knowledge acquired may be passed on to the community.
4. Where the project stretches over more than one year a comprehensive annual progress report will be required.
5. The Trustees reserve the right to review the continuation of the project and the right to ask for an independent audit

1999/2000 WATER STUDIES GRANT REQUEST

1. **The objective/s of the project:** (Not more than 100 words):

2. **Region:**

3. **The benefits to the Applicant Group and Region:** (Not more than 80 words):

4. **The names and addresses** of the Duly Authorised Agent, Project Leader, Technical Manager (if applicable), Financial Officer and members of the Applicant Group: (Attach list if necessary)

Duly Authorised Agent of
Applicant Group:

Project Leader:

Technical Manager:

Financial Officer:

Names and addresses of members of the Applicant Group:

1999/2000 WATER STUDIES GRANT REQUEST

5(a). **Project Plan:** (This page only - please provide references to documents that are relevant to the project)

1999/2000 WATER STUDIES GRANT REQUEST

5(b). Milestone Table:

Describe the major stages/milestones of the project showing the planned completion date for each milestone and the achievements criteria for verifying that the milestones have been reached as set out below. All tangible outputs for the project are to be listed as milestones.

Milestone	Description	Date expected (MMMy)
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

5(c). Feasibility Studies:

Where projects involve feasibility studies please attach a one page project management worksheet or Gantt Chart showing the start and finish dates of the activities and critical links between those activities.

1999/2000 WATER STUDIES GRANT REQUEST

6. GENERAL REQUIREMENTS AND CRITERIA:

6(a) Why is this proposal wanted; who wants it to be done; how did it arise?

6(b) How and why does this proposal fit within the criteria, approaches and requirements of the Fund?

6(c) What are the key inputs and competencies that the Applicant Group will bring to the proposal and how will that be secured and organised?

6(d) What other approaches have been made for funding assistance, to whom and with what results?

6. **GENERAL REQUIREMENTS AND CRITERIA:** (Continued)

6(e) What will happen to the proposal if no funding assistance were to be made available from the Fund?

6(f) In the face of the limited funds available, why should the proposal receive assistance more than another?

6(g) How will the information from the proposal be made available to interested parties?

6(h) How will the Applicant Group help to ensure the proposal is adopted and is successful?

7. Industry Referees:

Please nominate two independent referees that AGMARDT may approach for comment on the benefits of the project to the region.

Name (and title):

Position:

Organisation:

Postal Address:

Telephone:

Fax:

Name (and title):

Position:

Organisation:

Postal Address:

Telephone:

Fax:

8. Consultation undertaken:

1999/2000 WATER STUDIES GRANT REQUEST

9. Project Budget (GST exclusive) - Please do not include non-cash costs
 (Refer to Section 10 for Non-Cash Costs)

	PROGRESS PAYMENTS				
	Total Costs	P1 Start Up Costs 20%	P2 From To	P3 From To	P4 From To
Project Management Costs: (Please detail)					
Technical Management: (Please detail)					
Consultancy Costs: (Please name each)					
Contractor Costs: (Please detail)					
Other Costs: (Please detail)					
TOTAL BUDGETED COSTS (GST exclusive) (To agree with Total B on Page 1)					
PROGRESS PAYMENT (GST exclusive) (To agree with AGMARDT/Government contribution in Summary on Page 1)					

Progress Payments continued next page

1999/2000 WATER STUDIES GRANT REQUEST

9. Project Budget (Continued) - Please do not include non-cash costs
 (Refer to Section 10 for Non-Cash Costs)

	PROGRESS PAYMENTS				
	P5 From To	P6 From To	P7 From To	P8 From To	P9 From To
Project Management Costs: (Please detail)					
Technical Management: (Please detail)					
Consultancy Costs: (Please name each)					
Contractor Costs: (Please detail)					
Other Costs: (Please detail)					
TOTAL BUDGETED COSTS (GST exclusive) (To agree with Totals B & D on Page 1)					
PROGRESS PAYMENT (GST exclusive) (To agree with AGMARDT/Government contribution in Summary on Page 1)					

1999/2000 AGMARDT WATER STUDIES GRANT REQUEST

11. Declaration

We hereby acknowledge that the information contained herein is accurate.

We will indemnify and keep AGMARDT indemnified from any claims, demands, costs, actions or proceedings of any nature which may arise at any time in relation to this application.

We undertake that the consent, in writing, of each individual referred to in this application has been obtained for the provision of personal information in support of this application.

We hereby consent to a copy of this application being forwarded by AGMARDT to

- Any of the persons named in Section 7 and
- Any person nominated by AGMARDT or the Government for advice on the project

Name

Signature

Date

**Duly Authorised
Agent and Member
of Applicant Group:**

Project Leader:

**Financial Officer:
(Not same as Duly
Authorised Agent)**

**Name of Project
and/or Consultancy
Organisation:**

Technical Manager:

Privacy

The personal information supplied in this application will be used in accordance with the principles of the Privacy Act 1993. The information will enable your application to be evaluated.

**Please forward 9 copies of this application only plus the original.
No attachments will be considered.**

ADMINISTRATIVE GUIDELINES

WATER STUDIES GRANTS

Effective 1 July 1999

These Guidelines are intended to assist community groups prepare an application for a grant from the joint Government-AGMARDT (the Fund Providers): Contestable Water Studies Fund.

The Government's Terms of Reference (TOR) and AGMARDT's Administrative Guidelines are to be read in association with each other.

Objectives of Fund: _____

Refer TOR.

Regions eligible for grants: _____

Refer TOR.

Nature, scope and other requirements of projects: _____

Refer TOR.

A **APPLICATION AND SELECTION PROCESS**

The selection process involves two stages:

1. The applicant submits a Water Studies Inquiry Forms (hard copy or email) are available from AGMARDT. This form is designed to elicit sufficient detail to enable the Fund Providers to assess whether the project merits the submission of a full proposal.
2. If the Water Studies Inquiry is approved, the applicant is invited to submit a Water Studies Grant Request.

Both the Water Studies Inquiry and Water Studies Grant Request are considered by the AGMARDT Board of Trustees, two officials from Government departments and advisers.

B

WATER STUDIES GRANT REQUEST

1. Administrative Requirements (Page 1):

(i) The Duly Authorised Agent of the Group cannot also act as the Financial Officer. All correspondence (including payments) relating to the project will be sent to the Duly Authorised Agent.

(ii) Randomly selected projects will be audited.

(iii) A detailed Receipts and Payments Account is required six months after the date the grant is confirmed and at six monthly intervals thereafter for the duration of the project. Copies of invoices exceeding \$1,000 are to be attached.

(iv) Where the project runs for more than one year an annual progress report is due one year from the date the grant is confirmed and annually thereafter until submission of the final report on conclusion of the project.

(v) The final report must include a final Receipts and Payments Account together with a summary of total income and expenditure for the project.

2. Question 7 - Referees:

The Referees in Questions 7 must be independent of the Group and project.

3. Question 9 - Budget:

(i) Any payments to members of the Group must be separately identified in the Budget.

(ii) Progress payment claims are to be spread over the duration of the project in line with costs incurred.

(iii) An initial payment of 20%, but not exceeding \$10,000, of the approved grant may be made to assist the Group with the initial costs of the project. The amount of the final progress payment must be at least 20% of the total grant and will be made following approval of the final report.

(iv) Progress payments will be made on approval of a certification form (see (v) below) supplied by AGMARDT and in accordance with the Budget. If the actual costs for the total project come to less than the grant, the final claim should be adjusted accordingly.

(v) The certification form must be signed by:

(a) The Financial Officer (who must be one of the Group) stating that budgeted funds from other sources have been received and expenditure has been incurred in accordance with the approved Budget

and

(b) The Duly Authorised Agent of the Group stating that the project is proceeding as envisaged in the original application and that nothing has occurred to affect progress.

(vi) Non-cash items must not be included.

(vii) Retrospective costs must not be included.

4. **Question 10 - Non-Cash Contributions:**
Refer TOR.

5. **Final Report:**
The final report must include:

- (i) A summary showing total income and expenditure of the project;
- (ii) A final Receipts and Payments Account;
- (iii) Results achieved in terms of the milestones set out in the Water Studies Grant Request; and
- (iv) Confirmations as required by TOR.

C **GENERAL**

1. **Declined Applications:**

As a matter of Trust policy, no reasons are given where Inquiries and Grant Requests are declined.

2. **Grant Withdrawals:**

A grant may be withdrawn at the total discretion of the Trustees where:

- (i) The six-monthly Receipts and Payments Account has not been provided on time.
- (ii) No part of the funding has been uplifted within one year of grant approval.
- (iii) There has been no response to AGMARDT correspondence and no progress has been notified.
- (iv) No satisfactory progress has been made.
- (v) There has been unauthorised variation to the project.

3. **Confidentiality:**

Advisers' and referees' comments are confidential to AGMARDT.

4. **Change of Key Personnel:**



Grantees are to inform AGMARDT where there is a change in key personnel working on the project being funded.

AGMARDT Contact Details:

The Secretary Manager
AGMARDT
PO Box 399 Shortland Street
AUCKLAND

Telephone (09) 373 3370
Facsimile (09) 373 3488
Email agmardt@clear.net.nz

WSGUID00.PER

See Christie

CONTESTABLE WATER STUDIES FUND

Terms of Reference for Applicants

These guidelines are intended to assist community groups prepare an application for a grant from the joint Government-AGMARDT (the Fund Providers): Contestable Water Studies Fund (the Fund):

The Government Terms of Reference and AGMARDT Administrative Guidelines are to be read in association with each other.

Applicants are required to complete and meet the requirements of the following forms as far as they are relevant to the project:

Water Studies Inquiry

Water Studies Grant Request

The *Water Studies Inquiry* form has been designed to elicit sufficient information to enable the Fund Providers to assess whether the project merits the submission of a *Water Studies Grant Request* which requires full details.

Inquiries and Applications

1. Applications are to be sent to AGMARDT. Administration inquiries are to be directed to the Secretary Manager for AGMARDT, Susan Christie, while technical inquiries may be directed by AGMARDT to the MAF and MfE representatives who will attend AGMARDT Board meetings when applications are considered.

Objectives of the Fund

2. The objectives of the fund are to address barriers to water resource developments and facilitate community involvement in:
 - (a) investigations aimed at improving knowledge and providing information on the water resources;
 - (b) development of strategies for water supply projects that improve the allocation and reallocation of water resources;
 - (c) feasibility studies into water resources that lead to better use and allocation.

Regions Eligible for Grants

3. Applications from the following drought prone regions will be considered:

Hawkes Bay, Wairarapa
Marlborough, Canterbury, Otago, Northern Southland.

Nature of Projects that will be Considered Eligible for Grant Approval

4. Grants will be available in drought prone areas for the following purposes:
 - (a) *research and investigations* to improve knowledge on water resources, water use efficiencies, and plant operator knowledge;
 - (b) *regional strategies* for domestic, stock and irrigation water supply projects, and for water resource investigations in collaboration with regional and district councils and other stakeholders;
 - (c) *feasibility studies* by community interest groups into water supply schemes for meeting stock, domestic, and irrigation water needs in drought affected areas in sufficient detail to give a choice of options, and to establish the form of a legal entity to proceed with development;
 - (d) *information transfer* for the preparation and dissemination of local generic knowledge so landowners are well informed on water resources and water availability, and on the technical, financial, and community processes that are necessary for investment decisions in irrigation and stock water supply projects, distribution and application systems.
5. The project proposal is to be described in stages or milestones, giving the target completion date for each stage and the criteria for verifying the completion of each stage.
6. The Fund will not support projects that could lead to one firm or entity having a monopoly on the results. The results are to be reported in sufficient detail to be accessible to and usable by other technical providers.

General Requirements and Criteria for Applications to the Fund

7. Where a *Water Studies Inquiry* is considered to have merit, the applicant will be invited to submit a *Water Studies Grant Request* which will require responses to the following:
 - (a) Why is this proposal wanted; who wants it to be done; how did it arise;
 - (b) How and why does this proposal fit within the criteria, approaches and requirements of the Fund;
 - (c) What are the key inputs and competencies that the applicant group will bring to the proposal and how will that be secured and organised;
 - (d) What other approaches have been made for funding assistance, to whom and with what results;
 - (e) What will happen to the proposal if no funding assistance were to be made available from the Fund;
 - (f) In the face of the limited funds available, why should the proposal receive assistance more than another;

- (g) What are the benefits that will flow from the proposal, and in particular, how will the project provide benefits to:
 - (i) individuals;
 - (ii) groups of people such as landowners and communities;
 - (iii) people outside the immediate area affected by the proposal;
 - (h) How will the information from the proposal be made available to interested parties;
 - (i) How will the applicant group help to ensure the proposal is adopted and is successful.
8. The Fund Providers may seek peer assessment of the proposal or parts of it from reviewers who are independent of the applicant. The applicant may nominate two persons who might be approached as part of that peer review process. Any relationship that the applicant may have with those nominated must be identified. The Fund Providers will pay for the reviewers' expenses.
 9. The applicant may, in addition to the requirements of the *Water Studies Grant Request*, provide references to documents that are relevant to the project. The applicant may be requested to provide any or all of the documents by the Fund Providers or peer reviewers.

Further Guidance to Applicants

10. While **Nature of Projects** in paragraphs 4(a) to (d) above state the prime purposes of the Fund, the following additional information may help applicants to prepare suitable proposals. The examples given are not intended to prescribe eligible activities in full.

Research and Investigations

11. Successful projects will develop and apply methodologies that are recognised and approved nationally and internationally where appropriate. For example this would exclude scientific research to devise new technology (that may be eligible for FoRST funding) but would not exclude field trials with proven technology that may lead to an adaption of that technology.
12. The intentions of the Fund in the area of research and investigations are to improve the qualitative information available to water users. For example, investigations might provide irrigators with better information on the amount of water that is being used and how much water a particular crop requires at a particular time. Some studies indicate that even small reductions in efficiency can significantly increase the loss of water to drainage. Other examples might include investigations into improved technology for delivering community water systems to limit system losses.
13. Issues of efficiency are particularly significant. Projects envisaged will involve the direct field measurements of efficiency and use and the preparation of information in a suitable format for users. The aim is for more efficient water use designs and practices to, in effect, "extend" the current water supplies. The information on efficient practices will lead to a better appreciation of the value of the resource in an increasingly competitive situation.

Regional Strategies

14. Competition for available water will increase. There is the danger that a contestable fund may favour “club” developments using the least cost of alternative water sources that may shut out later worthwhile developments. Further water resource investigations should be based on a strategic approach to information gaps on the resource information needs for development of water resources.
15. Regional councils are preparing Regional Water Plans that will record knowledge about water resources and set environmental bottom lines (MfE has prepared minimum flow guidelines for major water systems). In association with that planning there is a need to identify gaps in resource knowledge and the potential for water supply projects. This will require assessment of existing land and water uses, and land use capability. The contestable fund will help overcome this information gap by providing assistance for high-level information gathering and analysis.

Feasibility Studies

16. Investigations typically involve the following:
 - (a) identification of available sources of water;
 - (b) consideration of harvesting, storage, off-farm and on-farm distribution options, property access, and compensation obligations;
 - (c) consideration of on-farm development options and farm management issues;
 - (d) identification of regulatory and compliance hurdles and the issues likely to be associated;
 - (e) identification of existing and potential land uses and other potential beneficiaries;
 - (f) investigation and consideration of economic costs and benefits and financing options;
 - (g) identification of optimal governance and management arrangements.
17. Feasibility studies are likely to be done in two stages - a preliminary study and then, if the proposal stacks up, a full feasibility study to the point that a selection from the available options can be made. The two stages for the feasibility studies would be expected to have the following aims:
 - (a) a preliminary study would identify the broad objectives and benefits, affordability, and commitment by a community of interest;
 - (b) a feasibility study of the possible options requires hydrological, geological, and engineering investigations; assessment of irrigable areas and distribution systems; economic analysis; and financing costs.
18. The time frame for feasibility studies will typically range from 1 to 3 years and longer for major developments. The Fund may only contribute to the preliminary study for the project if the feasibility study is planned to extend beyond the eligible project duration.

19. It is acknowledged that the final results of feasibility studies may not provide economic solutions for capital investment in water supply schemes despite the initial evidence that the proposed feasibility study had realistic objectives. To avoid the risk of wasted investment the project milestones are to include periodic review of the objectives of the project. Project reviews and reports on milestones are to be provided to AGMARDT.

Information Transfer

20. Information on water resources and how they can best be used is important and needs to be readily accessible to farmers, industry, local authorities and environmental interests. Good knowledge on a wide range of technical matters and an appreciation of decision processes for prudent investment is required. For example, the planning and management involved in changing from dry land or partial irrigation to more intensive use of the land with irrigation is complex and it may be difficult to access the best information. Specific information might include economic and environmental costs and benefits about land use and water distribution options in rural and urban areas aimed at minimising consumptive uses of water and energy. The Fund Providers will thus welcome projects that aim to coordinate key information so people individually and collectively can decide the best options.

Requirements for Community Involvement

21. Applications will be considered if there is evidence that there is a commitment from a local group capable of being held accountable for the expenditure of public funds.
22. The demand for the project should come from the community, the project should involve the community, and the project results should benefit the community as well as the region as a whole. The costs of the project are to be shared between the community and the Fund Providers.
23. At least one third of the project cost is to be provided by the community. The community may comprise farmers groups, service agencies, processing and other industries, district and regional councils. It is expected that:
- (a) all interested parties within the community should be encouraged to contribute;
 - (b) the size of contribution from the community will reflect the strength of its demand for the project results or outcomes.
24. The project application *Water Studies Inquiry* must show that adequate and appropriate consultation with any affected and/or interested group, party, or the public has been undertaken, particularly with those parties that will benefit from the results of the project.

Project Costs

25. The project cost is to include only items that will be paid for by the project.
26. The Fund Providers will consider the application and will offer the applicant a grant towards the project cost. The offer will not be open to negotiation.
27. The level of grant may have regard to non-cash contributions to the project. Non-cash items are recognised as a valid means of making a contribution to the project. It may be the only way some organisations, such as community groups, are able to take part. The Fund Providers will consider

the commitment of contributors to provide free services when deciding the amount of grant that will be offered to the applicant.

28. Non-cash services to the project are a cost borne by the contributor and not charged to the project. If the application is supported by such items they are to be estimated using standard charge out rates. Typical non-cash items may include:

- (a) A council providing for the free use of laboratory facilities;
- (b) A contractor providing free use of heavy machinery;
- (c) A member of the community donating labour including overheads and travel.

29. Non-cash items should be valued in accordance with the following:

- (a) The contributor has to incur actual and real costs resulting from being directly involved in the project. This does not include the stand-down time of equipment or laboratories or the cost of personnel and/or equipment undertaking activities that form part of their normal day-to-day duties.
- (b) Personnel are to be valued at the set rates that allow for overheads, administrative costs, and local travel expenses, for example, that form part of the work done by an individual. These expenses cannot be claimed separately. The set personnel rates are:
 - (i) rate A \$75 per hour for technical, scientific expertise or professional advice (council officers, engineers, accountants, etc);
 - (ii) rate B \$20 per hour for general labour costs, administrative support, and those not covered by rate A.
- (c) Project support costs should be valued at the lower of actual cost or market value and are restricted to the following costs:
 - (i) meeting or workshop costs, such as room or hall hire, and catering;
 - (ii) the provision and use, in a directly beneficial and necessary way, of particular capital equipment or facilities - such as construction machinery and laboratories. Where these are necessary, their assessed value must be based on actual costs – exclusive of all profit and capital charges – or an equivalent “contracted in” service, whichever is the lower cost.

Assessment of Contestable Priority

30. Applications will be judged against the following measures:

- (a) The extent of the community involvement in the project.
- (b) The relative benefits to individuals, community groups and regions.
- (c) The timeframe for the project and payback to individuals and community groups.

- (d) The cost of the project relative to the short and longer term benefits.
- (e) The availability of existing resource and technical information.
- (f) The need for financial assistance from the Water Studies Fund.
- (g) The strategic planning issues in the region that warrants prudent investment in the development of water resources.

Project Duration

- 31. Projects must have a defined start and finish date. Funding will usually be for a maximum of two calendar years from the date stated in the project agreement. Funding may be drawn over three financial years depending on the start date, but no longer.

Dissemination of Project Results

- 32. The results and outcomes of all projects are to be available for public use and are to be reported to the community.
- 33. All practical measures are to be undertaken to ensure the successful uptake of the project results by the community.

Accounting Principles

- 34. An initial payment of 20%, but not exceeding \$10,000, of the approved grant will be paid to assist the community group pay for the initial costs of the project. The amount of the final instalment of the grant will be 20% of the total grant and will be paid when the final report is received.
- 35. A statement on the non-cash items contributed to the project as it proceeds is to be provided though grants are only paid on cash invoices.
- 36. Further administrative requirements are set out in the AGMARDT Administrative Guidelines.

The Agricultural and Marketing Research and Development Trust

1999/2000 WATER STUDIES GRANT REQUEST

Please refer to the AGMARDT Water Studies Administrative Guidelines and Government Terms of Reference when completing this form which is available by email.

Name of Applicant Group: Earnsclough Irrigation Company limited	
Address: Fraser Road R.D.1 Alexandra.	Contact Person: Tony Kepper. Telephone: 03 4442 544 Fax: 03 4442 413 e-mail: bkepper@es.co.nz

Short Title of Project (Not more than 60 characters including spaces): Earnsclough Water Plan

Project Start Date: 28th May 2000	Project Finish Date: 30th November 2000
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SUMMARY OF GRANT REQUESTED: (Refer Questions 9 and 10)					
	Cost of project:			Contributions:	
	A Non-Cash	B Cash		C Non-Cash	D Cash
Project and Technical Costs	2750	4840	AGMARDT/Government		19600
Consultancy Costs		12050	Community Contribution	2750	7290
Contractor Costs		8100	Other Contributors (Please name)		
Other Costs		1900			
Total Costs	2750	26890	Total Contributions	2750	26890
Total A plus B		29640	Total C plus D		29640
NB: Total (A + B) should equal Total (C + D)					

ADMINISTRATIVE REQUIREMENTS:	
In preparing this application, please note that any grant will be subject to the following administrative requirements:	
1.	Each progress payment claim (made no more frequently than quarterly, generally in arrears) must include a certification from: <ol style="list-style-type: none"> The Financial Officer, stating that budgeted funds from other sources have been received and expenditure has been incurred in accordance with the approved budget and The Duly Authorised Agent of the Applicant Group stating that the project is proceeding as envisaged in the original application and that nothing has occurred to affect progress.
2.	A detailed Income and Expenditure Account is required every six months (refer Guidelines)
3.	The amount of the final instalment will be 20% of the total grant and will be made following acceptance of the paper for publication and receipt of recommendations as to how the knowledge acquired may be passed on to the community.
4.	Where the project stretches over more than one year a comprehensive annual progress report will be required.
5.	The Trustees reserve the right to review the continuation of the project and the right to ask for an independent audit

(1) Objectives of the Project:

To prepare, in conjunction with the Last Chance Irrigation Company, a strategic plan for the development of the water resources for the Earnsclough Flats. The efficient use of water will be encouraged as all the alternatives to be considered involve the pumping of water. The key objective of the study will be to determine if water can be delivered in a cost-effective way to the Omeo Valley and an area of land currently served by the Last Chance Irrigation Company Limited. Another objective will be to secure an alternative source of water for part of the Last Chance Scheme.

(2) Region:

Earnsclough Flats, Central Otago.

(3) Benefits to the applicant group and region:

Irrigation water is essential in Central Otago. Currently the Omeo valley can not utilise the water available in the Omeo stream due to the irregular summer supply. Supplementing this supply would allow the landowners to take advantage of their unique microclimate. The Last Chance Irrigation Company's supply of water is fully committed and they would like EIC Ltd to take over an area of 82 hectares (33%) of their scheme. Consent issues and problems with their current irrigation structures may limit their access to water in the future and this will guarantee a supply of water to this area.

(4) Applicant Group: Earnsclough Irrigation Company Limited:

Duly Authorised agent of Applicant Group.

Tony Banks, Hawley Road R D 1 Alexandra, phone 03 4492097

Project Leader:

Tony Lepper, Fraser Road R D 1 Alexandra, phone 03 4492577

Financial Officer: Tony Lepper

Members: Gavin Dann, Chapman Road RD 1 Alexandra, 03 4492048

Charlie Harrex, 36 Ventry Street Alexandra, 03 4487342

Alan McIntosh, Earnsclough Road RD 1 Alexandra, 03 4492086

5(a) Project Plan

Omeo Extension:

A simple analysis of the quantity of surplus water and its whereabouts must be completed by EIC Ltd.

A survey of the Omeo Valley needs to be completed so that the area of land suitable for irrigation can be determined. Consultation with the landowners involved and an analysis of current and possible future development trends would be necessary. The quantity of water required would then need to be agreed upon.

Some engineering input would be required to determine how to best utilise the existing water supply and how to supplement this with additional supplies at critical periods. Supplying those areas that currently use Omeo water will also have to be considered. It would be critical to determine the method of delivery and the likely route so that preliminary investigations could be carried out to ensure the probability of this being achieved. An estimate of costs would also be required.

Last Chance extension, Stage One:

An evaluation of previous engineering work would need to be carried out to determine its relevance to this project. Additional engineering work will most likely be required to explore the three options suggested for the delivery of water to a point where it can be utilised by the Last Chance properties. An investigation of the suggested route and negotiations with landowners as to the probability of securing the route would need to be completed. Consultation with the affected parties on the quantity and quality of water would also need to be completed.

Last Chance extension, Stage two:

The Last Chance scheme is reliant for its summertime supply on Conroys dam, a concrete arch dam built in the 1930's. Any failure or partial decommissioning of this structure or problems with the renewal of the Company's water rights would expose this intensively planted land to water shortages. Last Chance would like to investigate and cost the possibility of supplying the Wrights race portion of their scheme (81.09 hectares) with water from the Fraser River. This is now possible as EIC Ltd supplements the flow of water in the river.

Results:

At the end of the project EIC Ltd should have a clear understanding of the quantity and cost of getting water up to the Omeo. The route and location of any pumping station should have been determined. The same result should also have been achieved for the two stages of the Last Chance extension work. All consultation with the community will also have been completed.

Subject to the costs proving to be reasonable it is possible that all properties on the Earnsclough Flats would have a secure and ample supply of water. The

ability to guarantee water is something other schemes can not do and this will ensure the continued intensive development of this prime horticultural land.

5(b) Milestone table:

Milestone Description	Date expected
(1) Analysis of surplus water.	30th May 2000
(2) Survey Omeo Valley. Analysis of potential land resource, and potential irrigation systems.	20 th June 2000
(3) Engineering analysis of route and pumping system for Omeo extension. Estimate of cost.	20 th July 2000
(4) Consultation with affected landowners and potential beneficiaries.	30 th July 2000
(5) Last Chance; stage 1 engineering analysis, design, and survey and costing.	20 th Sept 2000
(6) Last Chance; stage 1 consultation with the community.	30 th Sept 2000
(7) Last Chance; stage 2 engineering analysis, design, and survey and costing.	20 th Oct 2000
(8) Last Chance; stage 2 consultation with the community.	30 th Oct 2000
(9) Adoption of Earnsclough Irrigation strategy.	30 th Nov 2000

(6) General requirements and Criteria:

6(a)

The Last Chance and Earnsclough Irrigation Companies have initiated the proposal. The Directors believe that an investigation into the possible redistribution of the Earnsclough water resource could result in an improved security of supply for all landowners. This would allow future development based on the guarantee of water. The concept arose out of discussions with landowners and potential developers and our expectation of Last Chance not being able to supply water on a long-term basis.

6(b)

This project quite clearly fits objective 2b of the fund. For the first time in my memory two Central Otago irrigation companies would look at their boundaries and try to reach agreement on the reallocation of water for the long-term benefit of the region. This just does not happen in Central and would not be possible

without outside assistance. Water efficiency will be an important part of the investigation as all water will need to be pumped.

6(c)

Both Irrigation companies are represented on the applicant group. All Directors are landowners and they all have an in-depth knowledge of irrigation and its peculiarities in Central Otago. This will ensure that the engineering advice sought is practical and that the final recommendations will be the most suitable available. EIC LTD's manager has worked extensively with the chosen technical experts. Additionally he has considerable experience at working with landowners that are to be affected by irrigation extensions. It will be his job to ensure any recommendations are achievable.

6(d)

No other approaches have been made for funding assistance for this particular project, as we are unaware of any source of funds available for this type of work. However, the ability to even consider this study is based on the increased supply of water made possible by the Clyde-Fraser pipeline. EIC Ltd has spent 10 years of extensive financial negotiations with the owners of the Clyde dam ensuring that this project was completed with the irrigation component included.

6(e)

It is highly unlikely that this project would go ahead. The shareholders of EIC LTD are very reluctant to fund the extension of the scheme. They believe that all capital reserves should be kept for the ongoing maintenance of the scheme. Central Otago irrigators have a very long history of not giving water, or the availability of water, away as it is the life-blood of their business.

6(f)

Central Otago is unique, as it is totally dependent on water for development. With water anything is possible, from intensive pastoralism to horticulture and viticulture. Without water nothing is possible. The barriers created by this total dependence on water are not easily broken down. With assistance it will be possible to look at the reallocation of the water resource and show other schemes what is possible if they work together to better use the available resource.

6(g)

The information gained from this proposal will be circulated to all landowners, as any action arising out of the proposal will need to be confirmed by the shareholders. Extensive consultation with landowners directly affected by the proposed irrigation works will also be carried out during the study. Both Companies are members of the Central Otago Water Users group and it is our

intention to keep that group informed of our progress. The Central Otago Business development co-ordinator would also be advised.

6(h)

Tony Lepper will work with all affected parties and the consultants to ensure that any proposals are practical and usable. The Directors will ensure that the proposals best fit the long-term strategies of their respective company's. The total involvement of all the key players in this project should result in the best possible chance of any proposal being accepted and carried out.

(7) Industry Referees:

Name: Bill McIntosh

Position: Mayor actively involved in irrigation all his life.

Organisation. Central Otago District Council.

Address: P O Box 272 Alexandra.

Telephone: 03 4486979 Fax 03 4489196

Name: Sue Scott

Position Otago Regional Council, Alexandra manager.

Organisation. Otago Regional Council, Alexandra.

Address: Dunourling Street, Alexandra.

Telephone: 03 4488063

(8) Consultation undertaken:

EIC Ltd and Last Chance have worked together on the preparation of this application. The Directors of both companies have been approached by landowners seeking further supplies of water. All the landowners in the Omeo Valley have approached EIC Ltd about the possibility of expanding the irrigation scheme so that water is made available in this area.

1999/2000 WATER STUDIES GRANT REQUEST

9. Project Budget (GST exclusive) - Please do not include non-cash costs
(Refer to Section 10 for Non-Cash Costs)

	PROGRESS PAYMENTS				
	Total Costs	P1 Start Up Costs 20%	P2 From ^{May} To ^{June} 30	P3 From ^{July} To ^{Aug} 30	P4 From ^{Sept} To ^{Oct} 30
Project Management Costs: (Please detail)					
EIC Hld Staff time	2640	528	792		792
Last Chance staff time	1200	240			720
Technical Management: (Please detail)					
EIC Hld Staff time	1000	200	200	200	200
Consultancy Costs: (Please name each)					
Engineering work	12050	2410	2410	2410	2410
Contractor Costs: (Please detail)					
Survey Costs	8100	1620	1620	1620	1620
Other Costs: (Please detail)					
Travel allowance - 1800 km @ 50	900	180	180	180	180
Administration expenses	1000	200	200	200	200
TOTAL BUDGETED COSTS (GST exclusive) (To agree with Total B on Page 1)	26890	5378	5402	4610	6122
PROGRESS PAYMENT (GST exclusive) (To agree with AGMARDT/Government contribution in Summary on Page 1)					

Progress Payments continued next page

* All costs have been considered by Opus and are thought to be appropriate for the scope of work included.

1999/2000 WATER STUDIES GRANT REQUEST

9. Project Budget (Continued) - Please do not include non-cash costs
(Refer to Section 10 for Non-Cash Costs)

	PROGRESS PAYMENTS				
	P5 From Nov To Nov 30	P6 From To	P7 From To	P8 From To	P9 From To
Project Management Costs: (Please detail)					
EC Hld Staff time	528				
last chance staff time	240				
Technical Management: (Please detail)					
EC Hld staff time	200				
Consultancy Costs: (Please name each)					
Engineering work.	2410				
Contractor Costs: (Please detail)					
Survey costs	1620				
Other Costs: (Please detail)					
Travel.	180				
Administration costs	200				
TOTAL BUDGETED COSTS (GST exclusive) (To agree with Totals B & D on Page 1)	5378				
PROGRESS PAYMENT (GST exclusive) (To agree with AGMARDT/Government contribution in Summary on Page 1)					

Earnsclough Irrigation Company Limited:

Tony Lepper
Fraser Road R D 1
Alexandra
Phone fax 4492413
mobile 025 2206831
e mail blepper@es.co.nz

26th April 2000

Overview as Requested in your letter dated 29th of March 2000

Earnsclough Irrigation Company Limited: Current strategy for the development of irrigation within the Earnsclough Flats:

The Earnsclough Irrigation Company Limited was formed to own and operate the Earnsclough Irrigation scheme which was purchased from the Crown in 1990. The irrigation users, of which there are 95 irrigating 1180 hectares, hold the shares in the company.

Currently there is a total scheme requirement off 1.45 m³/s of water. The scheme is divided into 27 different rosters and water is delivered to each irrigator weekly on the basis of 2.5 inches of water for every irrigable hectare. Historically water for the Earnsclough Scheme was sourced from the Fraser River (1.35m³/s) and the Omeo Creek (0.1m³/s) and was insufficient for the company's needs during peak summer demand. It was also insufficient to allow any further development of the Earnsclough Flats.

In February 2000 the Clyde-Fraser pipeline was completed. The pipe, which is jointly owned by Contact Energy and EIC Ltd, is capable of bringing 2.85m³/s of water from Lake Dunstan to the Fraser River. 1.85m³/s of this water is available to EIC Ltd for irrigation purposes.

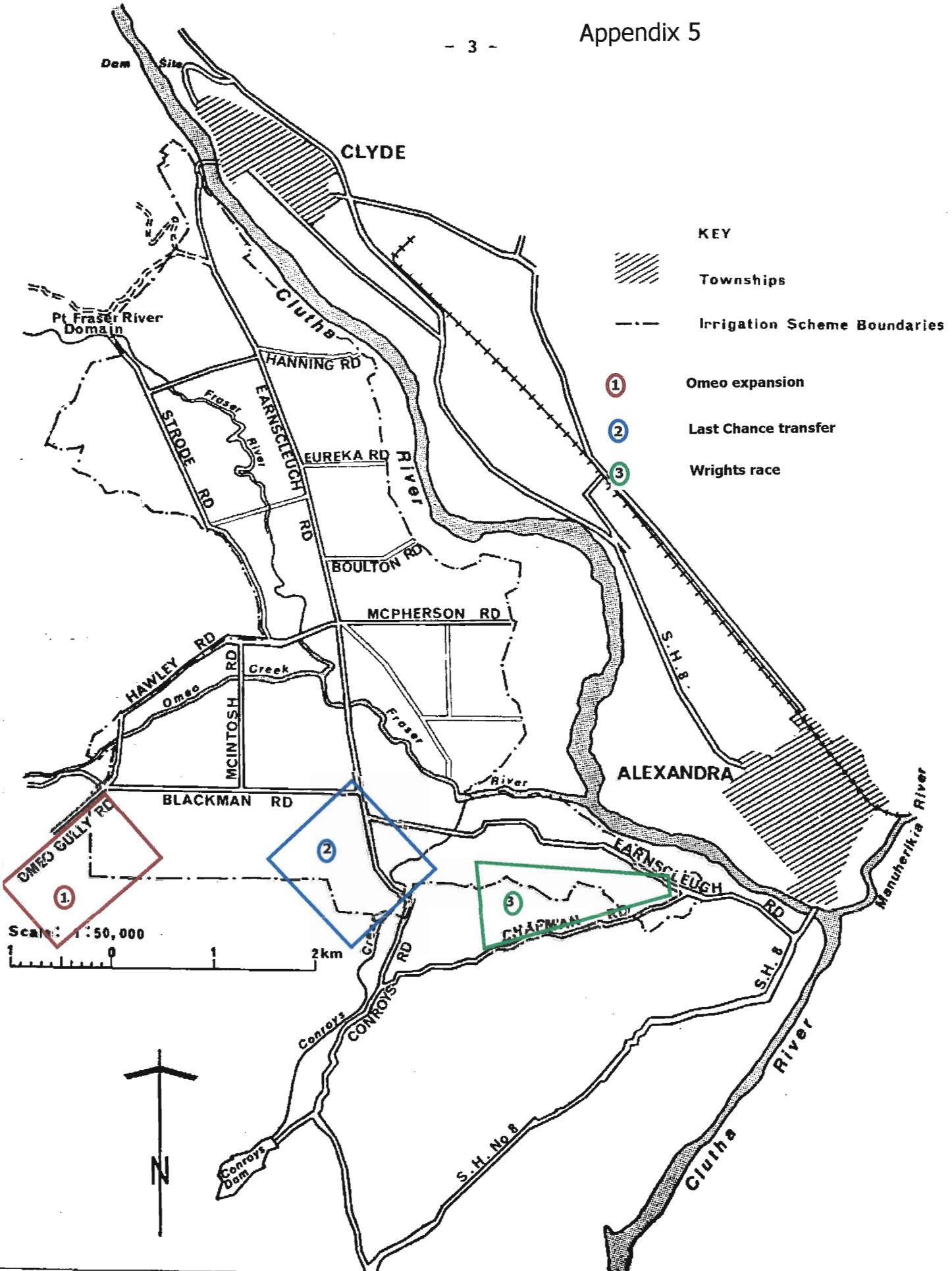
Since taking over the Irrigation scheme EIC Ltd has embarked on an extensive capital works programme. The Strode Road Siphon (\$600,000 1994), McIntosh Road pumping station (\$500,00 1996) and Everett Siphon (\$100,00 1999) have been replaced with upgraded structures. A further \$60,000 has been spent on enlarging the Redbank race. EIC Ltd has also completed the construction of the 4.2 kilometre, \$3.4 million Clyde-Fraser pipeline.

With the completion of this stage of the capital works programme it is now possible to deliver an increased supply of water to the majority of properties serviced by the scheme. EIC Ltd can now implement the first phase of their Irrigation Strategy. Rosters will be examined and adjusted to ensure that all irrigators receive the same weekly supply of water through out the season. Supplementary to this process will be the allocation of additional water to those existing irrigators for use within the current boundaries of the scheme.

Once this demand has been satisfied it is the Company's intention to implement the second stage of the strategy. Water will then be offered to those landowners

outside the current boundaries on a bottom of the hill basis. It is not EIC Ltd's intention to expand its network of races or add to its pumping capacity. Water will be available at existing points and it will be the new landowners responsibility to convey the water to where it is required. Generally speaking the majority of land requiring water is above the existing scheme boundaries and would need to be pumped up.

There is a reluctance by the shareholders to fund the expansion of the current scheme. For this reason the Directors have not considered the development of the Omeo valley or the possible rationalisation of water supply to areas covered by the Last Chance irrigation scheme. Any expansion would need to be proven to be cost effective to the existing shareholders before EIC Ltd would commit capital reserves to such a project.



EARNSCLEUGH IRRIGATION SCHEME

Main Features

Fig1.1