

# Public does not know RWSS uptake

By Pauline Elliott

I AM NOT generally given to reading star signs, but every now and then I take a peek for a bit of a giggle.

This morning, for example, my crab sign tells me "There's a need put your trust in the universe."

Gosh! On Monday, October 6, at 4pm — the time of the Hawke's Bay Regional Council Investment Company's (HBRIC) third AGM — it was rather like being in a parallel universe.

Would I put my trust in this bit of the universe? Probably not!

At that meeting, the public (around 20-30) were treated to an update on the Ruataniwha Water Storage Scheme (RWSS): the usual slick Powerpoint presentation by the always slick Andy Pearce, chair of our investment company.

At the risk of putting the cart before the horse, the final slide in the slideshow told us that the two major hurdles/risks to progressing the RWSS are: 1) achieving uncontested consents; and 2) water uptake — customers!

Which is just about where we have been for quite some time now. The public has never been told how much water from the scheme is signed, sealed, and sold — and we still haven't been told. It's in the pipeline!

We did learn the following:

- There are 35 million cubic metres "in the pipeline" — at various stages of development,

and dependent on "conditionality". So status quo (except earlier, it was 47 million)? Judging by the questions from councillors at that meeting, it was the first time they had seen any numbers, which should be of concern to those of us who elected them.

- "Financial close" has been extended to March 2015.

- Extra capacity has been added to the commercial team in a drive to get signatures on water user agreements by that date.

- There are two big investors waiting in the wings for the green light. Neither wants to share and each wants to take the full investment on offer. We won't know, of course, what the offer will be or what return on investment will be sought by either investor. So could be some bargaining?

- There is to be a substantive review of progress in November of this year.

The proposal to sell water from the scheme to Central Hawke's Bay District Council came out of left field, not only for locals but again, for our elected councillors, who were informed of this development the same day the announcement was made to the media.

In an environment of "no surprises" this must be rather galling for our elected representatives and a huge concern for ratepayers.

The good people of CHB, I am sure, will be questioning their district council and councillors as to why and how their water infrastructure is in such jeopardy; why it has been allowed to deteriorate to such an extent; and why RWSS is the only answer. It

is likely that the proposal to buy town supply water at 26c per cubic metre from a commercial entity, plus the cost of infrastructure to pipe from the dam to the town reservoirs, will be hotly debated. While CHB Mayor Butler says it depends on "favourable terms being negotiated", Dr Pearce gives assurances that terms for CHB supply will not be less than farmers have to pay. Seems fair?

Still, down in CHB, a group of

infrastructure compared to the feasibility design phase". What a lucky break! It is not clear whether the 15 per cent comes off the estimated \$280 million or if it mitigates cost escalation. Of course, we can't know that yet because we don't know what the final fixed-price will be.

The stakes are high, the costs to date are great, the lack of transparency is astonishing. A wholly owned council investment company is pushing farmers to

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the scheme's supporters is advertising locally, imploring farmers to sign up or at least "have a chat". Indicative, perhaps, that farmers are not actually falling over each other to get the discounted rate promised for "early sign up". The same "early sign up" rate that was to expire in August 2013.

A very strong message from HBRIC chief executive Andrew Newman earlier this year (or was it last year?) called for the need to make an urgent decision: "A window of opportunity that we will never get again", and "if we don't do it now, the costs will escalate and we may never be able to afford it".

Guess what? The intervening delay has, apparently, found that "value engineering negotiations have improved the initial fixed-time, fixed-price offer by approximately 15 per cent whilst delivering a much superior

increase debt while all advice from farm advisers is to manage current debt carefully and not increase. "Just a blip," says Dr Pearce. "We need to look at the long term." From where I sit, no one involved will have the courage to take another look. No one will have the courage to say "maybe we got it wrong". No one will say "hey, we could do this another way and put Hawke's Bay on the map as an innovator, a leader in wise land use".

Trust this bit of the universe? Definitely not!

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