

Added-value from Water

Indicators for Regional Gross Domestic Product (GDP) and employment growth are readily available, regularly updated and show positive trends. However, direct measures of the 'value added' impact of water on the regional economy are not yet readily available.

Targets

From 2010:

No decline in the contribution water makes to the Canterbury economy as measured through 'value added' (economic impact).

By 2015:

Increase the value and employment added per unit of water.

By 2020:

Increased production through the direct application of water to agriculture contributes an additional \$0.4 billion per annum value-added to the Canterbury economy.

By 2040:

Increased production through the direct application of water to agriculture contributes an additional \$1.7 billion per annum value-added to the Canterbury economy. Increased Canterbury's contribution to national GDP from 15% to 20%, of which 2% is attributable to increased production and better water management. A demonstrable increase in economic wealth due to biodiversity protection and improvement, and increased recreational use of water resulting from implementation of the CWMS.

Progress to 2020

Not started

Started

Progress

Good progress

Achieving

- Most of the available economic analysis of the CWMS recognises the importance of water to regional economic growth through its impact on agriculture. Various methodologies have been used.
- An AERU report in 2012 (The economic value of potential irrigation in Canterbury, Sanders & Saunders) estimates that the total value add for an additional 250,000ha (CWMS outcome) was in the order of \$3.0 billion from 2014 through to 2031.
- The report draws on a number of studies based in the early to mid 2000's by MAF (2004), Harris et al (2006) and Morgan et al (2002), to assess the value of irrigation. It included factors such as uptake, increase on-farm returns, land use change and the wider impact on the regional economy.
- This 2012 report was the last analysis of potential impact of irrigation for Canterbury. It is appropriate that this analysis is updated based on the ten years of the CWMS in the 2019 targets report.
- Economic impact assessments have been completed as part of the feasibility analysis by proposed irrigation schemes. Central Plains Water state for example: "Once the Central Plains Water Limited scheme (60,000ha) is fully operational, annual direct and indirect regional agricultural output is expected to increase by \$264m per annum. A proportion of this agricultural output will be processed, generating an additional \$328m per annum, a combined increase of \$592m per annum. The impact on the wider economic activity is assessed at approximately \$1b to \$1.4b per annum." See www.cpwL.co.nz/economic-benefits.
- By this analysis alone the addition of Central Plains Water achieves the target.