

# FEASIBILITY STUDY – RAW WATER FOR AGRICULTURAL IRRIGATION PURPOSES PROJECT REPORT

## 13.0 Financing Options for Irrigation Infrastructure

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There are essentially two possible sources of funding for the construction of the irrigation infrastructure discussed in this study: payment by the irrigators, and support from government (local, regional, provincial and national).

The benefit of the irrigation infrastructure will go beyond the relatively small number of growers directly involved in the production of tender fruits, grapes, and greenhouse and nursery products. A secure and more productive high value crop sector in the Niagara Region is likely to significantly affect the 1.8 billion dollar agricultural related economic activity of the Niagara Region. A one-time investment of some \$100 million to make this a reality appears to be a good investment considering the volume of existing economic activity that can benefit from the investment.

The growers are probably unable to finance the project without support. However, their ability to pay has not been established. **We recommend a study to take a very close look at the economics (with and without the new system in place) of grape, tender fruit, greenhouse and nursery production in the Niagara area.** This is a necessary step in determining the “true” ability of growers to absorb the additional costs. Such a study will be critical in deciding whether the system is financially viable or not, and in determining how the costs should be apportioned. Key provincial and federal departments should be drawn into the study as active participants.

There are currently no government programs to substantially fund an irrigation project of the size discussed in this study. The **National Water Supply Extension Program (NWSEP)** is an initiative of Agriculture and Agri-Food Canada which could be a source of funding for the proposed project. The funding available under this program is not of the order of magnitude required for the construction of the irrigation infrastructure discussed in this study. However, the different tiers of NWSEP may be used for initial studies and isolated improvements as follows:

- Tier 1 (On-farm water infrastructure) can be used to support drilling of wells and construction of off-stream reservoirs for the implementation of the recommended solution for the South Irrigation District and West Irrigation District Zone B.
- Tier 2 (Multi-user water supplies) may be used to support the upgrading of the existing systems of NOTL and perhaps the extension of the system using the gravity main.
- Tier 3 (Strategic Initiatives) may be used for the preliminary studies for the project such as those proposed in Section 15.0 of this report.

Although there is currently no funding of the order of magnitude required for this project, the project is still worth pursuing. A viable irrigation project of this magnitude does not regularly come up in Ontario; hence there is no provision for it. The positive impact of the project may be explored and discussed with senior governments to support its capital cost, given the

**Stantec**

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government's initiatives and policy pronouncements surrounding viable agriculture, greenland protection, water conservation BMPs, etc.