

**BEFORE AN INDEPENDENT HEARINGS
PANEL OF THE WAIKATO REGIONAL COUNCIL**

IN THE MATTER of the Resource Management
Act 1991

AND

IN THE MATTER of an application by Watercare
Services Limited for regional
resource consents required for
the Pukekohe Wastewater
Treatment Plant at Parker Lane,
Buckland

**STATEMENT OF EVIDENCE OF SHAYNE ROBERT CUNIS ON BEHALF OF
WATERCARE SERVICES LIMITED**

1. INTRODUCTION

- 1.1** My full name is Shayne Robert Cunis. I hold the position of General Manager – Service Delivery at Watercare Services Limited (**Watercare**). In this role I am responsible for overseeing the operational management of the safe delivery of water and wastewater services to over 1.4 million Aucklanders.
- 2.** I hold a Bachelor of Engineering (Civil Engineering) Honours Degree from the University of Auckland. I am a Chartered Professional Engineer and a member of the Institute of Professional Engineers of New Zealand. I have over 23 years' experience working in the Auckland water supply industry, and for the last 20 years I have been employed by Watercare.
- 2.1** This evidence is provided on behalf of Watercare in support of its application for three regional resource consents required for the Pukekohe Wastewater Treatment Plant (**WWTP**) at Parker Lane, Buckland (**the Project**).
- 2.2** Through my 23 years experience in the water industry I have gained a good understanding of water and wastewater network management, including wastewater treatment. However, as other witnesses cover the details of the Project in more detail, the primary focus of my evidence is on the strategic need for the Project, and the relationship between the investment Watercare is

making at the Pukekohe WWTP and the term sought for the three resource consents.

3. SCOPE OF EVIDENCE

3.1 In this evidence I will:

- (a) Provide an overview of Watercare, including its responsibilities with regards to the collection, treatment and discharge of treated wastewater;
- (b) Summarise Watercare's statutory and strategic framework;
- (c) Outline Watercare's understanding of and commitment to the Vision and Strategy for the Waikato River;
- (d) Discuss Watercare's investment in the Project, and why a term of 35 years is required for the consents sought in light of Watercare's substantial investment in the Project, and the need for certainty before committing to an investment of this scale.

4. SUMMARY

- 4.1** Watercare is responsible for providing essential water and wastewater services to existing and future communities in Auckland, and townships in the northern Waikato District.
- 4.2** Wastewater treatment at the Pukekohe WWTP is of growing importance to the regional wastewater treatment system. The consents sought are a necessary response to significant demand growth in the southern part of Auckland, and in the northern part of Waikato District.
- 4.3** Watercare supports the Vision and Strategy for the Waikato River. The Project recognises the objectives of the Vision and Strategy, as the proposed wastewater discharge to Parker Lane Stream will be treated to a very high standard (Enhanced MBR + UV), which is of significantly better quality than the existing discharge from the WWTP.
- 4.4** Watercare has proposed an investment of \$143M between 2017-2036 for the WWTP. If only a short to medium term consent (of 25 years) is granted, as

opposed to the 35 years sought, the Project is not in my view consistent with Watercare's statutory obligations which refer to the "effective conduct of its undertakings and the maintenance of the long term integrity of its assets". Watercare in my views needs the certainty of a 35 year consent duration before committing to this level of investment at the Pukekohe WWTP.

5. OVERVIEW OF WATERCARE

- 5.1** Watercare is New Zealand's largest water and wastewater company, responsible for the provision of integrated water and wastewater services to approximately 1.4 million people in Auckland. Watercare is responsible for providing essential water and wastewater services to existing and future urban communities in Auckland and in the northern part of the Waikato District Council area in the Waikato Region.
- 5.2** Watercare is a council-controlled organisation (**CCO**), 100% owned by Auckland Council. It owns and operates \$8.4 billion of water and wastewater infrastructure assets.
- 5.3** Watercare operates eighteen wastewater treatment facilities across the Auckland and Waikato regions. This includes the metropolitan plants at Rosedale, Army Bay and Mangere that service the North Shore, Hibiscus Coast and Auckland Isthmus. A number of smaller non-metropolitan treatment plants servicing communities at Pukekohe, Beachlands, Waiuku, Clarks Beach, Owhanake, Kingseat, Bombay, Kawakawa Bay, Warkworth, Omaha, Snells Beach/Algies Bay, Waiwera, Denehurst, Helensville and Wellsford. The Pukekohe WWTP, by comparison to the other non-metropolitan WWTPs, is a relatively large WWTP.
- 5.4** Suitable treatment before discharge of wastewater is essential for maintaining public health. The ability to continue the discharge of treated wastewater from the Pukekohe WWTP is vital for the wellbeing of the communities within the catchment area of the plant (Pukekohe, Buckland, Patumahoe, Tuakau and Pokeno) both currently and in the future, as these communities change and grow. The economic, social and cultural wellbeing of these communities and the surrounding area is inextricably linked with the ability of Watercare to appropriately treat and dispose of the wastewater from residential, commercial and industrial premises.

6. WATERARE'S STATUTORY AND STRATEGIC FRAMEWORK

- 6.1** Watercare's mission, as set out in its Statement of Intent for 2016 – 2019 (**SOI**), is to provide safe, reliable and efficient water and wastewater services. Its vision is to be:

Trusted by our communities for exceptional performance every day.

- 6.2** Watercare is committed to ensuring a consistent approach to all its customers and either presently treats or intends to treat wastewater to a high standard, appropriate for the various receiving environments, for all the communities it serves, both non-metropolitan and metropolitan.

- 6.3** Watercare's primary statutory obligation is set out in section 57(1)(a) of the Local Government (Auckland Council) Act 2009 (**LGACA**). This requires Watercare, as an "Auckland water organisation" as that term is defined in section 4 of the LGACA, to:

...manage its operations efficiently with a view to keeping the overall costs of water supply and wastewater services to its customers (collectively) at the minimum levels consistent with the effective conduct of its undertakings and the maintenance of the long term integrity of its assets.

- 6.4** Section 57(1)(b) states that Watercare must not pay a dividend or deliver any surplus in any way to any owner or shareholder. Section 57(1)(d) also requires Watercare to have regard for public safety in relation to its structures.

- 6.5** Watercare is required by the LGACA to give effect to the relevant aspects of the Auckland Council's long term plan, and to act consistently with other plans and strategies of Auckland Council.

- 6.6** The Local Government Act 2002 (**LGA**) requires Watercare, as a CCO, to produce and comply with a SOI in consultation with its shareholder (Auckland Council). Under section 59 of the LGA, the principal objective of a CCO is to:

- (a) Achieve the objectives of its shareholders, both commercial and non-commercial, as specified in the statement of intent; and
- (b) Be a good employer; and

- (c) Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so.

6.7 All decisions in relation to the operation of Watercare must be made in accordance with Watercare's SOI and its constitution (LGA section 60). The SOI sets out the objective, nature and scope of activities undertaken, and performance targets by which Watercare will be measured and represents Watercare's public and legislative expression of accountability to its shareholder.

6.8 Watercare's SOI sets out Watercare's obligations and commitments, how it intends to meet those, and the measures by which its shareholder, the Auckland Council, can assess Watercare's performance. Watercare's strategic objectives, as set out in section 4 of the SOI, are:

Customer Focus - Putting customers at the heart of our business by aligning processes, people and systems to deliver exceptional performance at minimum cost;

Business Excellence - We deliver positive customer outcomes by being a commercially-savvy, performance-based organisation that prioritises the development and well-being of our people and the long-term resilience of our assets;

Financial Responsibility - We are a financially responsible and efficient business, balancing our long-term financial obligations with our requirement to be a minimum cost service provider; and

Fully Sustainable - As custodians of the environment, we effectively manage and minimise the impact of our operations on the environment and embed sustainability into all aspects of our business.

6.9 The SOI recognises Watercare's commitment to the provision of water and wastewater services in North Waikato:

At the core of Watercare's business, and underpinning the four strategic priorities above, is the need for Watercare to plan and provide for growth. Watercare works closely with Auckland Council and its stakeholders to ensure planning for, and timely provision of, new infrastructure to support growth across Auckland and North Waikato.

- 6.10** The SOI also recognises the Project in particular, through the following summary of Watercare's three year work plan setting out key initiatives and projects:

Key project and initiatives	Description	Contribution to strategic objectives	Expected three year progress during 2016-2019 period
...			
Pukekohe Wastewater Treatment Plant Upgrade	Additional trunk network and treatment capacity to cater for population growth in the Pukekohe Wastewater Treatment Plant catchment.	Growth, service level expectations, sustainability, resilience.	Commence construction during period. Application for discharge to Waikato River to be filed shortly with consenting construction commencing within the three years.

7. VISION AND STRATEGY FOR THE WAIKATO RIVER

- 7.1** Watercare understands and supports the Vision and Strategy for the Waikato River. Accordingly, it has been a key consideration for the development of the Proposed Wastewater Scheme.
- 7.2** The Vision and Strategy for the Waikato River sets a clear direction for the restoration and protection of the river. Given the objectives of the Vision and Strategy for the Waikato River, the proposed treated wastewater discharge will be treated to a very high standard (Enhanced MBR + UV), which is of significantly better quality than the existing discharge from the WWTP. This solution has been developed in partnership with Te Taniwha o Waikato.
- 7.3** The AMP specifies a total capital budget of \$202M between 2017-2036 for the Pukekohe WWTP and Trunk Sewer Upgrade Project. This represents a major capital investment to respond to the Vision and Strategy for the Waikato River by improving the environmental effects of our operations.

- 7.4** Watercare is committed to improvement of the Waikato River catchment beyond this project. Since 2006, Watercare has voluntarily sponsored Waikato RiverCare in their restoration works to enhance the quality of the Waikato River. Works involve riparian planting and fencing to reduce run-off and river bank erosion. This long term partnership was bolstered in February 2017 with an agreement to provide a further \$200,000 to Waikato RiverCare over the next four years, a significant increase from the previous \$10,000 per year commitment. Furthermore, Watercare exercises land management at the Pukekohe WWTP and the Waikato Water Treatment Plant at an annual cost of approximately \$65,000 and \$50,000 respectively per plant. The land management activities involve grounds maintenance, flora and fauna pest control and excluding stock access to the waterways and river.

8. WATERCARE'S INVESTMENT IN THE PROJECT, AND THE IMPORTANCE OF CONSENT DURATION

- 8.1** The statutory obligations and strategic objectives set out in the previous section of my evidence require Watercare to proactively manage its wastewater treatment services and plan for the long term treatment and discharge of the wastewater from an increasing population and growing business community.
- 8.2** They also require that Watercare give careful consideration to its investment priorities, which are described in Watercare's Asset Management Plan (**AMP**) 2016-2036. Each year Watercare prepares an AMP to show how the business will operate, maintain and renew existing water and wastewater assets to meet demand as growth occurs and as the assets reach the end of their economic life.
- 8.3** Whilst the AMP has a 20 year horizon, Watercare's planning horizon extends over 50 years and beyond due to the long life and strategic nature of our infrastructure assets.
- 8.4** The AMP specifies a total capital budget of \$202M between 2017-2036 for the Pukekohe WWTP (\$143M) and Trunk Sewer Upgrade Project (\$59M) In addition, future expenditure will be required beyond the current AMP term between 2036 – 2051 to match the consent duration applied for. This represents a major capital investment to cater for the significant projected

growth by Auckland Council and Waikato District Council that will be serviced by the Pukekohe Wastewater Scheme.

- 8.5** The upgrade to the WWTP represents a substantial level of capital investment. Watercare cannot prudently commit to this level of investment and treatment technology without a high degree of certainty surrounding the duration of the consent required to support the WWTP operation.
- 8.6** The useful life of a WWTP exceeds the maximum 35 year duration of discharge consents under the RMA. This means that the same plant will be subject to several future consent applications in order to continue to utilise the asset. With shorter consent durations, the number and frequency of these applications will in turn increase, which further increases the cost for Watercare and its customers.
- 8.7** Furthermore, this disparity between asset life and consent duration creates the risk of 'stranded' investment, in particular where a short term of 25 years is granted. Regardless of whether discharge consents are renewed in the future, the plant and Watercare's investment will remain. In the event consent for the current discharge location is not granted, then a new discharge location and associated infrastructure to convey the treated wastewater from the WWTP to that location would be required, or else the plant would be decommissioned. Neither of these options is efficient nor environmentally sustainable and represents a risk to the proposed level of investment.
- 8.8** Investment of \$143M between 2017-2036 for the proposed WWTP upgrade means that if a short to medium term consent is granted, then the project is not consistent with Watercare's section 57 obligation which references "effective conduct of its undertakings and the maintenance of the long term integrity of its assets". Equally Watercare as a CCO is required under section 59 of the LGA to exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates, and has committed to sustainability as one of its four strategic objectives, which it has defined in the SOI to mean effectively managing and minimising the impact of Watercare's operations on the environment and embedding sustainability into all aspects of its business.
- 8.9** For this reason, Watercare is prepared to commit, under the resource consent conditions it has suggested, to review at regular intervals whether any newly

available technology options represent the BPO to minimise the potential and actual adverse effects of the discharge. This is a more efficient and environmentally sustainable method for ensuring Watercare maintains a high level of treatment technology whilst providing longer term certainty for the high level of investment currently proposed. This condition is discussed in more detail in the evidence of other Watercare witnesses.

Shayne Robert Cunis

14 August 2017