

IN THE MATTER

of the Resource Management Act 1991

AND

IN THE MATTER

of Resource Consents and Notices of Requirement for the Central Interceptor main project works under the Auckland Council District Plan (Auckland City Isthmus and Manukau Sections), the Auckland Council Regional Plans: Air, Land and Water; Sediment Control; and Coastal, and the National Environmental Standard for Assessing and Managing Contaminants in Soil to Protect Human Health

**STATEMENT OF EVIDENCE OF KENNETH MARK FORD ON BEHALF OF
WATERCARE SERVICES LIMITED**

1. INTRODUCTION

1.1 My full name is Kenneth Mark Ford. I am the Chief Executive of Watercare Services Limited ("**Watercare**"). I have held this position since 1994, apart from a 16 month period in 2009 and 2010 when I was the Executive Chairman of the Auckland Transition Agency.

2. COMPANY STRUCTURE AND RESPONSIBILITIES

2.1 Watercare was established in 1992 as a Local Authority Trading Enterprise under the Local Government Act 1974 to own and manage the business of bulk water and wastewater transmission and treatment within defined metropolitan areas of Auckland. It became a council organisation in 2002 and then became a Council Controlled Organisation of the Auckland Council on 1 July 2012.

2.2 From 1 November 2010, as a result of the reorganisation of Auckland local government, Watercare's role was expanded. Its role now includes the ownership and management of all publicly owned water supply and wastewater systems in Auckland, including local reticulation

networks and services to rural townships. Each day the company supplies more than 370 million litres of A-grade drinking water to residents and other customers, and treats more than 350 million litres of wastewater and trade waste at the Mangere and Rosedale Wastewater Treatment Plants.

- 2.3 The scale of Watercare's overall assets and operations is large. The current value of its assets is \$7.8 billion, which places it in the top five companies in New Zealand by asset value. Operating revenue for the 2012 financial year was \$442 million. Of this sum \$130 million was from water charges and \$264 million from wastewater charges. Trade waste charges were \$12 million and infrastructure growth charges contributed approximately \$13 million. Other income of \$23 million made up the total. There is no contribution from Auckland Council to the operating revenue of Watercare.
- 2.4 Capital works equated to \$290 million in the 2012 financial year. These are partly funded by cash and partly by borrowings. Total borrowings are \$1.295 billion against \$7.8 billion worth of assets. The infrastructure, comprising of water and wastewater treatment plants, pump stations, tunnels, pipes, shafts and access chambers, is designed for a life of 50 plus years. Accordingly, it is appropriate to meet some of the cost of new infrastructure by borrowing, thereby ensuring intergenerational equity.
- 2.5 Watercare is legally obliged to manage its operations efficiently with a view to keeping the overall costs of water supply and wastewater services to its customers collectively at minimum levels.¹ This requirement to be a minimum cost operator has driven an organisational culture focused on delivering high quality services at the lowest cost possible. As a result, the company has an excellent reputation for building operational infrastructure and delivering high quality services to the people of Auckland.
- 2.6 Watercare has a demonstrated track record of successfully delivering large scale infrastructure projects. A recent and very relevant example is the Hobson Bay tunnel construction contract ("**Project Hobson**"). Project Hobson involved most of the same key aspects as the Central

¹ Under section 57 of the Local Government (Auckland Council) Act 2009.

Interceptor Project including; a conveyance and storage tunnel that traverses under private property and a harbour, a terminal pump station which is similar in depth to that proposed for the Central Interceptor Project, link sewers, drop shafts and an air treatment facility. The very successful implementation of Project Hobson demonstrates Watercare's ability to construct the Central Interceptor. It also demonstrated successful methods for mitigating the effects of construction on local communities and the significant potential benefits (such as the ability to control wastewater overflows) that are able to be achieved.

3. DELIVERY OF PROJECTS

3.1 Watercare has a robust and well developed programme of works which aligns with the company's Statement of Intent and is described in the 2012 to 2022 Asset Management Plan.

3.2 Watercare delivers solutions that are designed to fully meet the community's needs at the time, that avoid, remedy or mitigate adverse effects on the environment and that provide a solid foundation for further development to meet future community needs at an affordable cost. The recent significant upgrades at the Mangere Wastewater Treatment Plant ("**Mangere WWTP**") illustrate this point. In July 2007, the former Auckland Regional Council reported that *"water quality in Manukau Harbour has shown dramatic improvements since decommissioning of the Mangere Oxidation Ponds completed in 2002."* More recently (in August 2012), an expert international advisory group, which reports independently to the Auckland Council and Watercare, stated that *"...the upgrades to the Mangere Wastewater Treatment Plant are an outstanding success story in relation to protection of public health and the environment."*

3.3 Watercare is conscious that construction of infrastructure can impact on the community served and has the potential to create effects on the environment. This drives the company's commitment to high standards of performance. We believe we have a strong record of consulting and working collaboratively with the wider public on major and sensitive projects. These include, amongst others, the Waikato River water supply project, the Mangere WWTP upgrade and Project Hobson. In

each of these cases, analysis, consultation, collaboration and cooperation have been required to achieve the best outcomes for the Auckland region. The long term benefit to communities and to the environment is significant.

3.4 I regard the Central Interceptor Project in the same vein.

4. THE CENTRAL INTERCEPTOR AND THE WIDER PROGRAMME OF WORKS

4.1 Between October 2004 and December 2008, an Auckland region-wide investigation of future water supply, wastewater and stormwater requirements, was undertaken by all councils and local network operators within the Auckland region, a total of 12 organisations. The work was undertaken to recognise that governance structures could change in the future, and that proposed solutions should be based on the best practicable options for Auckland. This resulted in the publication in December 2008 of the Three Waters Final 2008 Strategic Plan ("**Three Waters Plan**").

4.2 The Three Waters Plan took a long-term view and was based on a possible regional population of approximately 3.5 million people by 2100.² It identified wastewater as the most critical issue facing the region, and the most immediate wastewater issue being the protection of trunk sewer capacity to Central Auckland. The Three Waters Plan indicated that the existing wastewater treatment plants at Mangere and Rosedale would be able to meet the wastewater treatment needs of the urban area of Auckland for the foreseeable future.

4.3 The Three Waters Plan identified the Central Interceptor Project as the best practicable option to address the issue of trunk sewer capacity to Central Auckland. In particular, the Central Interceptor intends to duplicate the lower section of the existing Western Interceptor, which is expected to reach the end of its useful life within 15 to 25 years. Providing a long-term replacement of this section is an essential and effectively non-negotiable requirement to ensure the integrity of an existing critical asset. In light of that, it becomes particularly effective

² Three Waters Plan 2008, page 9. Refer to paragraph 7.16 of Mr Munro's evidence for further comment on predicted population increases.

to extend the new interceptor to Western Springs to allow for growth and to construct it at a sufficient diameter to enable a substantial reduction in wet weather overflows from the combined sewer system. This will be explained in further detail in the evidence of Mr Munro. Compared to the main alternative,³ it is estimated that the Central Interceptor Project will save the region at least \$500 million and result in a better overall solution.

- 4.4 The Three Waters Plan has been subject to extensive internal and external reviews, both during and following its preparation, including an independent international peer review. No changes to the main components of the wastewater strategy were required as a result of the reviews.
- 4.5 The Central Interceptor Project reflects international best practice. Many cities around the world with wastewater issues similar to Auckland have either already implemented tunnels like the Central Interceptor Project, or are in the planning stages of doing so. These cities include London, Chicago, Sydney, Hong Kong, Boston and Atlanta. This will be explained in further detail in the evidence of Mr Munro and Mr Cantrell.
- 4.6 The Auckland Council Auckland Plan 2012 confirms that the Central Interceptor is critical future infrastructure. The Central Interceptor Project is part of an integrated programme of works necessary to address Auckland's wastewater needs, and is not the only planned project for addressing these needs. The wider programme of works will be explained in the evidence of Mr Munro. Further major upgrades of the Mangere WWTP are included in that programme. These will ensure continued protection of the Manukau Harbour, and enable the Mangere WWTP to continue to operate within its current discharge loads into the future. In addition, Watercare intends to divert some wastewater flows away from the Mangere WWTP by constructing a new Northern Interceptor from west Auckland to Rosedale. The Northern Interceptor will have capacity to cater for around 230,000 people, and will divert flows of approximately 75,000 existing households from the Mangere WWTP to the Rosedale WWTP.

³ This is addressed in more detail in the evidence of Mr Munro, Mr Cantrell and Mr Mcilroy.

Together with the other planned projects, these two initiatives will be explained in further detail in the evidence of Mr Munro.

5. CONCLUSION

5.1 A wide range of independent expert witnesses and Watercare personnel will be giving evidence in support of the Central Interceptor Project. The purpose of my evidence is to share with you my view that this project provides the necessary duplication of the Hillsborough Tunnel and Manukau Siphon that are reaching the end of their economic lives, provides additional capacity for growth and development (so that this can occur in a way that does not generate overflows in dry weather conditions), and significantly reduces the volume of untreated wastewater discharged into the environment in wet weather conditions. As identified in the Three Waters Plan and the Auckland Plan 2012, the Central Interceptor Project is the best practicable option to provide for Auckland's most pressing wastewater network needs and will help to improve the overall quality of the Auckland environment.

5.2 On behalf of Watercare, I request that the Committee recommends that the Notices of Requirement be confirmed and grants the consents sought for the Central Interceptor Project on the conditions proposed by Watercare.

Mark Ford
12 July 2013