

**BEFORE A HEARINGS PANEL OF THE GREATER WELLINGTON REGIONAL  
COUNCIL AND MASTERTON DISTRICT COUNCIL**

**IN THE MATTER** of resource consent applications to  
Greater Wellington Regional Council  
pursuant to section 88 of the Resource  
Management Act 1991

**AND**

**IN THE MATTER** of a Notice of Requirement to  
Masterton District Council pursuant to  
section 168, 168A and 181 of the  
Resource Management Act 1991

**BY** Masterton District Council

**FOR** the proposed upgrade of the Masterton  
Wastewater Treatment Plant

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**STATEMENT OF EVIDENCE OF WES TEN HOVE  
ON BEHALF OF MASTERTON DISTRICT COUNCIL**

**Subject Area: Project background, Council objectives, Council decisions, term of  
consent, affordability, Tangata Whenua issues**

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## **1. INTRODUCTION**

**1.1** My name is Wes ten Hove and I am the Council's Chief Executive Officer. I hold a Bachelor of Laws Degree from Canterbury University and a Master of Public Policy Degree from Victoria University. I have been Chief Executive Officer of the Council since October 1997 and before that was the Council's Corporate Services Manager from 1989 to 1997. I have been resident in Wairarapa since 1981 and my family and I recreate on the Ruamahanga River.

**1.2** In this matter, as Chief Executive Officer I am responsible for bringing the policy options before the Council and implementing the Council decisions on the project.

**1.3** My evidence is structured as follows:

- (a) scope of evidence;
- (b) project objectives;
- (c) affordability;
- (d) term of consent and investment certainty;
- (e) tangata whenua concerns;
- (f) consultation; and
- (g) conclusion.

## **2. SCOPE OF EVIDENCE**

**2.1** My evidence will address how the Council has sought to optimise expenditure to best achieve the overall project objective: *To provide a sustainable long-term solution for the treatment and disposal of Masterton's wastewater.*

**2.2** My evidence will also summarise the Council's consultation with tangata whenua in the development of the proposed upgrade, and respond to particular submitters' concerns relating to affordability.

### **3. PROJECT OBJECTIVES**

**3.1** In 1999, the Council established a Working Party with representation from key stakeholders in the community to develop a set of core principles that the design of the MWTP could be based on. These project principles are as follows:

- (a) Wastewater treatment is essential to protect public health;
- (b) Cultural and social issues, and water quality are seen as having high importance;
- (c) Surface water quality is seen to have equal priority with cultural and social issues;
- (d) Groundwater is a resource that is valuable to some sections of the community;
- (e) The solution that is finally adopted must be affordable for the community;
- (f) The Ruamahanga River has a high recreational usage, particularly in the summer;
- (g) The existing oxidation ponds are not considered to cause significant odour or other air impacts;
- (h) The existing oxidation ponds are considered acceptable in terms of visual effects; and
- (i) High inflows to the plant may impact on the scheme selection.

**3.2** The Working Party also considered the initial design options and short-listed these for further investigations.

**3.3** In 2004, the Council and the Consultation Task Group (which was formed to provide for community/stakeholder-based input into the consultation and project development) developed several project objectives based on the project's principles. The overall project objective is "*To provide a sustainable long-term solution for the treatment and disposal of Masterton's wastewater*".

**3.4** The rest of the project objectives are divided into social and cultural, environmental, and economical objectives in the Assessment of Effects on the Environment as follows:<sup>1</sup>

*Social and cultural objectives*

- (a) To construct and operate a wastewater treatment plant that is robust and reliable.
- (b) To recognise Maori cultural values associated with the Ruamahanga River and other water bodies.
- (c) To recognise the use and amenity value of the Ruamahanga River for recreation.
- (d) That the treated wastewater, after mixing, meets nationally recognised standards for bacteria to minimise the risk to public health in relation to recreation in and food gathering from, the Ruamahanga River.
- (e) To have input and support from the Masterton and affected communities (including tangata whenua) for the selected upgrade option.

*Environmental objectives*

- (a) That the wastewater is treated to a standard, particularly in terms of suspended solids, colour, clarity and nutrients that protects surface water for current and future users and recognises the objectives of the Regional Freshwater Plan for the Wellington Region.
- (b) That the wastewater is treated to a standard, particularly in terms of suspended solids, colour, clarity and nutrients, that limits groundwater and surface water impacts, to the benefit of current and future users.

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<sup>1</sup> Assessment of Effects on the Environment, section 3.2.5.

- (c) That the wastewater upgrade project promotes sustainability, particularly in resource consumption (for example non-renewable chemical use, energy use and gas emission).
- (d) That the wastewater treatment plant upgrade does not result in any significant odour beyond the site boundary.
- (e) To reduce over time the inflow and infiltration of stormwater and groundwater into the reticulation system and/or manage the peak flow in the treatment process.

*Economic objective*

- (a) That the proposed upgrade is cost effective and affordable for the Masterton Community.

**3.5** The Council assessed alternatives ranging from full time discharge to the river with enhanced biological and chemical treatments to full time land based disposal. As the project developed and as a result of consultation, it became apparent that whilst the environmental objectives could be achieved by way of upgrades to the treatment process, the social and cultural objectives would be best achieved by way of maximising land treatment of the waste so far as is practical and affordable. This has in effect become an ongoing objective of Council.

**3.6** It was also evident that although full time land treatment would meet tangata whenua preferences, that would be very costly and was not required in order to meet environmental and other objectives. Accordingly the Council has focussed on providing sufficient land based disposal to eliminate discharges to the river at the times when the river is most sensitive to such discharges.

**3.7** The rest of the project objectives are divided into social and cultural, environmental, and economical objectives and are recorded in the Assessment of Effects on the Environment.<sup>2</sup> The key method of achieving the overall objective, is to maximise land treatment, and thereby remove the treated discharge from the river at times when the river is most sensitive to such discharges. Another key component of the scheme developed last year following the purchase of the additional land, is to provide new lined ponds, and decommission the current

ponds. This is will significantly reduce pond leakage. Whilst the assessment of effects indicated that the leakage has minimal adverse effects on the environment, there was a perception in the community that the pond leakage was undesirable. The Council has embraced the opportunity provided by the additional land purchase to address those perceptions.

- 3.8** I believe that the technical and scientific evidence confirms that the current application meets the objectives set by the Council, will result in substantial improvement to the receiving environment, and is affordable and sustainable for the 35 year term of the consent sought.
- 3.9** The project objectives have had to include consideration of future operational challenges, socio/demographic and economic changes, climate changes and technology improvements. At the same time the current proposal has to be able to provide certainty as to the standards which have to be met, including at times when conditions are challenging, ie when summers are wet and land treatment and disposal is available (eg February 2004) or long wet periods of winter with high rainfall events (eg July/August 2006).
- 3.10** This consent proposal establishes a framework for wastewater treatment to tertiary standards, further treatment and disposal to land whenever possible and disposal to the river when the land is not available. The outcome as I understand it from the experts who have advised the Council and provide evidence to this hearing, is that the discharges to land and water will have minimal adverse effects on the environment and there will be a significant improvement to the current environment.
- 3.11** The Council preference for land based treatment and disposal and new lined ponds, goes a very long way towards achieving the ideals that many of the submitters and the community have expressed. The objectives also reflect the cultural values as expressed by the iwi submissions. The reality that has been faced by the Council is that it is not possible to fully meet the desire for full time land based disposal, except at significant cost. The Council has concluded that the additional cost of achieving that is not justified or affordable. Nevertheless the Council has purchased sufficient land to allow for the possibility of expanding the land based treatment in the future.

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<sup>2</sup> Assessment of Effects on the Environment, section 3.2.5.

**3.12** I want to stress that the proposal does not preclude future enhancements or methodologies which will further reduce or perhaps even eliminate discharges to the River. However the Council does not currently propose such further enhancements and consequent spending for the current consent application. Before the Council makes any decisions on further enhancements, the cost/benefits of these options will need to be fully considered. The Council will also need to consider trade off's for investment decisions that will need to be made on other environmentally important projects. At this stage the Council's focus has been to invest in works that can meet the requirements of the Act and the relevant plans for the period sought and which will go as far as is currently practicable and affordable to meet wider goals.

#### **4. AFFORDABILITY**

**4.1** The project's economic objective is "*That the proposed upgrade is cost effective and affordable for the Masterton Community*". In my opinion, the proposed upgrade will achieve this objective as well as the environmental objectives of the Council and the community.

**4.2** The District has a number of challenges to enhance its environmental footprint and enable the sustainable management of the community. This project is only one of these. The current LTCCP shows the Masterton community needing to invest in other sustainability projects, wastewater treatment projects, (Riversdale, Tinui), solid waste management, water supply protection, wastewater reticulation and stormwater upgrades, transport, development, biodiversity protection and the like.

**4.3** The wastewater upgrade comes at a significant cost to the Council. The investment in consultation, investigation, reinvestigation, property acquisition, construction, operation and monitoring will be the single most significant commitment made by the Masterton community exceeding \$25m capital and more than \$3m annually (the latter figure includes the estimated I/I program). Most of the capital funding of this investment will have to be spread over the term of the consent.

**4.4** The Council and the wider community need to be mindful that decisions on major spending such as this project can not be made in isolation. The funds spent on

this upgrade will have implications for the funding of other infrastructure projects. The Council could spend even more on the upgrade in an endeavour to address residual community concerns and in particular the concerns of Iwi. However, in terms of ecological, and amenity effects and health risk, there is no evidence to suggest that further spending is necessary and therefore justified. Indeed, the evidence suggests that the upgrade proposed goes further than is necessary to ensure that the treatment and disposal system is sustainable. (For example there is no evidence that leakage from the current ponds is causing any significant adverse effects on the environment.)

- 4.5** The consent proposal as submitted (and based on a 35 year term) is estimated to add some 15% to average urban rates, over and above other cost increases, wastewater reticulation service upgrades and the like. The Council does not underestimate the challenge this will put on some of its residents. There will also be additional private property owner costs of matching lateral connection upgrades as part of the I/I programme. Experience in other communities has suggested that up to 50% of private laterals will have deficiencies, which increases the groundwater inundation/infiltration problems.
- 4.6** Whilst I appreciate that this panel needs to decide what is sustainable in terms of the RMA, it is the role of the Masterton District Council to decide what is financially sustainable for the community. The decision already made by MDC should be taken into account when the matter of 'sustainability' under the RMA is considered (given that sustainable management aims to provide for the economic wellbeing of the community amongst other matters).
- 4.7** In 2005 the Council commissioned a study that identified and analysed the costs and benefits of four main considerations relating to affordability. The study was updated following the decision to revise the original proposal by constructing new oxidation ponds (BERL 2008).
- 4.8** The report focuses on the main features of four of the Council's short-listed schemes. It compares them in terms of relative costs and benefits and with regard to affordability for the Masterton community, and against a base case of 'do nothing'. A copy of the BERL report is available on the Greater Wellington Regional Council's website.<sup>3</sup>

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<sup>3</sup> <http://www.gw.govt.nz/story28942.cfm>.

**4.9** The affordability analysis concludes that the Council's proposed option does not raise serious affordability issues for the Masterton community. The report reinforced the Council's view that the proposal is financially sustainable without unduly prohibiting other investments that will have to be made by the district's residents. Compared to the options that did not involve the construction of new ponds, the new pond scheme would:

- (a) deliver substantial performance benefits;
- (b) leave the District's total and sewerage component of rates comparable with other districts (including some with similar levels of relative deprivation) in dollar terms; and
- (c) shift the proportion of income spent on total rates at the middle of the comparator range and the proportion due to sewerage rates towards the upper end of the range.

**4.10** Whilst upgrading the MWTP will require some increase in rates, it is important that such rates are comparative with rates in similar districts. BERL's analysis supports the Council's preferred scheme of constructing new ponds and land treatment, with the potential for additional land treatment to be added in the future.

**4.11** The report found that the residents of Masterton have relatively low incomes compared to similar districts and are marginally more deprived (relative to New Zealand averages) according to the Ministry of Health's Index of Deprivation. Sewerage rates in Masterton are currently relatively low, while rates overall are comfortably within the range of comparator regions.

**4.12** The proposed scheme would take Masterton's total rates to the lower middle of the comparator range in dollar terms. The sewerage component, in dollar terms, would remain within the range for that component compared to other regions but would be above the average. Council has been willing to expand this investment where cost/benefits allow as evidenced by the decisions to purchase additional land to improve the land treatment and disposal options, and provide an opportunity for adding flexibility to future management challenges.

- 4.13** This does not suggest an affordability problem relative to other districts in dollar or percentage of income terms. It is acknowledged that Masterton has relatively low incomes and higher relative levels of deprivation. In addition, as incomes in the region are expected to be flat over the forecast period or grow just below the national trend, affordability is not expected to improve.
- 4.14** In my opinion, the Council has optimised expenditure to best achieve the overall project objective of maximising the disposal of treated wastewater to land and minimising the discharge to the Ruamahanga River. It has taken a significant step beyond that, by proposing the pond upgrade. Whilst it is debatable whether this part of the project is necessary from a cost benefit perspective, the Council has recognised that the community desire for the pond leakage issue to be addressed.
- 4.15** In addition, the Council through purchasing additional land and designating it for potential future land treatment has demonstrated a willingness to keep options open for further upgrades if those are considered to be necessary and cost effective. I emphasise, however, that the Council is not proposing any further development at this stage and would be resistant to the consents requiring it to proceed with additional land disposal. That is because the expert advice it has received has concluded that additional land disposal is not required. Decisions as to whether to progress this should be left to the Masterton District Council.

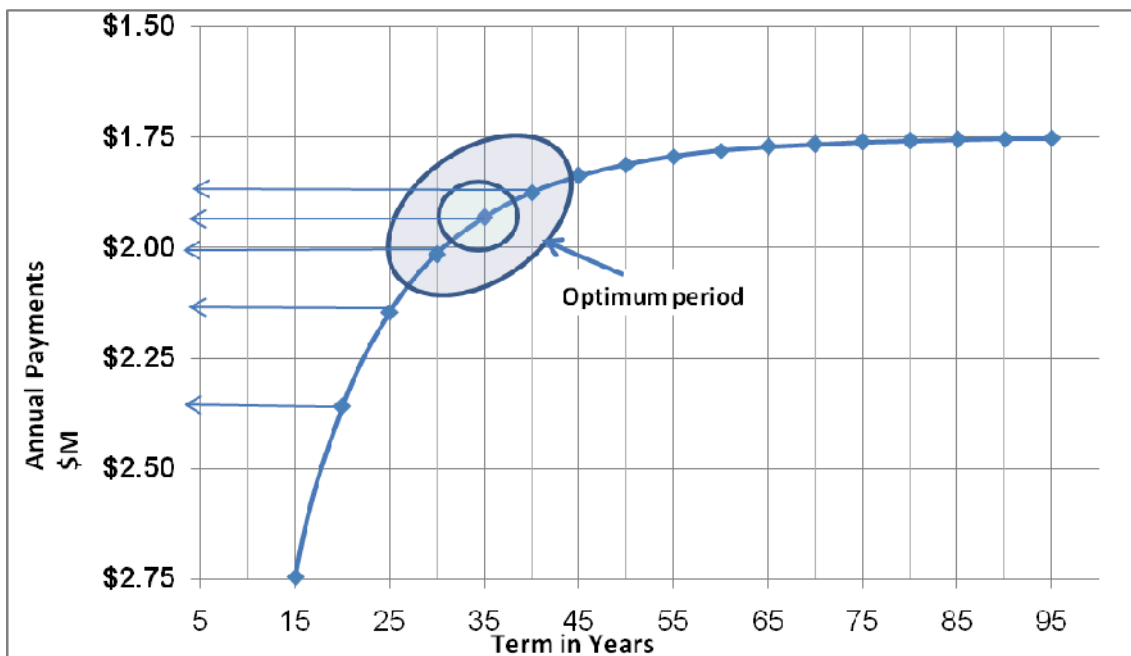
## **5. TERM OF CONSENT AND INVESTMENT CERTAINTY**

- 5.1** The Council seeks resource consents from GWRC for a term of 35 years to reflect the considerable investment it already has in this plant and the significant additional investment it intends to make.
- 5.2** The annualised costs of the upgrade will be calculated over the life of the consents. There is a need to reflect the intergenerational impact of the investment that needs to be made, as well as the 'dead weight' cost of previous generations investment decisions for example, which did not provide for depreciation or decommissioning costs.
- 5.3** The policy basis of funding the cost of the asset, over the life of the asset, is fundamental to this point. The pressure to replace the existing ponds tends to confirm that the life of the asset is strongly influenced by the term of the consent, as well as the engineering life of the asset.

5.4 The ten year interim consent required the Council to carry out the investigative work for a **long term** solution. The evidence will be that the proposed receiving environment standards are achievable for the period of the term sought. It will not be acceptable for the Council to be proceed with this project based on a short term consent. First, it is unreasonable to expect the community to commence a very expensive scheme without the certainty of a long term consent. Secondly, the shorter the term of the consent the greater the rating impact. In my view, other than the land purchase, it is not appropriate to spread the cost of the project beyond the life of the consents. Thirdly, the consenting process comes at a significant cost. It is not reasonable to expect this community to have to repeat the current process in 15 years time.

5.5 There is a balance between the affordability of this investment and the term of the consent, and therefore the term of repayments.

5.6 This is illustrated by explaining the cost of capital as follows: The Graph below shows annual payments of a \$25m investment for the various terms at an interest rate of 7% , being the average interest rate experienced by the Council.



5.7 Too short a term will compromise the affordability of Masterton residents to meet the existing investments required for the range of infrastructure improvements mentioned. This balance is not merely a financial calculation The affordability

issue directly affects the community's ability to achieve the four well-beings of the LGA 2002. In my opinion, unless there are very sound reasons to the contrary, the consents should be granted for the term sought. This will allow the community to proceed with certainty, and will justify the costs of the project being spread over that period.

**5.8** The Regional Council officers have recommended a 15 year consent term based on their perceptions of environmental risks associated with the land disposal system. The Council's consultants have advised that the proposal will not have any significant environmental risks associated with it and that residual risks can be managed by environmental standards and adaptive management. Obviously it is for you to assess that competing evidence and to decide whether any residual risks can be adequately or indeed better dealt with by way of adaptive management rather than the consent process.

**5.9** The Council has already gone through two full consent processes in the last decade and in my view decisions now should aim at providing the Council and the community with certainty.

**5.10** The Council has an open mind to further expanding land based treatment and/or to utilisation of some of the wastewater for off site irrigation if that becomes feasible and cost effective. However, the pursuit of such options does not require a shorter term of consent

## **6. TANGATA WHENUA CONCERNS**

**6.1** Rangitaane O Wairarapa and Ngati Kahungunu Ki Wairarapa are tangata whenua and have kaitiaki of the Wairarapa rohe. The Council has tried to involve tangata whenua in the decision-making process from an early stage in the project, and intends for this involvement to be ongoing.

**6.2** Tangata whenua representatives were involved in the Working Party and Consultation Task Group, as well as through general consultation. Through this process, the views of tangata whenua have been recognised and considered both in the assessment of alternatives and, consequently, in the design of the selected upgrade option in terms of its impact on cultural or spiritual values.

**6.3** The cultural interests of tangata whenua in the MWTP upgrade, as expressed to the Council, can be summarised as follows:

- (a) maintaining tikanga (traditional values, customs, rules, principles and obligations) for tangata whenua when making decisions on aspects that affect their cultural wellbeing;
- (b) protecting the water quality of the Makoura Stream, one of the “*blood veins of Papatuanuku*”;
- (c) reinstatement of and having safe kai (food resources) gathering areas; and
- (d) the protection of ancestral sites and other sites of special value to tangata whenua (including the Ruamahanga River).

**6.4** The main concern of tangata whenua is that any discharge of human effluent to water is considered to offend their cultural values. While the existing discharge does not appear to be degrading the state of mahinga kai, the discharge of effluent directly into the river affects the mauri of the river. Tangata whenua have expressed a desire to minimise the direct discharge of human effluent to water and to treat via land disposal where practicable. Their preference would be for all wastewater to be treated via land rather than disposed of directly to the river.

**6.5** An exclusively land-based treatment option was carefully assessed by the Council, but this was not considered to be the best practicable option. Whilst there would be a significant benefit in terms of cultural concerns, there would be very limited additional physical environmental benefits. This option would also impose a significant economic burden on the community. (The assessment of this option is outlined in more detail in the AEE and earlier reports.)

**6.6** Whilst it is acknowledged that the upgrade does not fully achieve the desire of the kaitiaki to remove the discharge entirely from the river, the relationship of tangata whenua with the river has been recognised and will be provided for by the following:

- (a) there will be no direct discharge to the river during low flows;

- (b) as much of the treated wastewater, as is practical, will be land treated;
- (c) the Council has set aside additional land which can potentially be utilised for further land based treatment;
- (d) there will be an improvement in the quality of the wastewater discharged (to both land and water);
- (e) there will be a significant improvement in the water quality in the river, particular at low flows, when the upstream quality of the river is at its best;
- (f) the current aesthetic, ecological and health risk impacts of the discharge will be significantly mitigated and largely avoided; and
- (g) there will be no degradation of mahinga kai in terms of health risk or physical effects.

**6.7** Consultation with tangata whenua and the cultural issues associated with discharges into waterbodies is discussed in more detail in the evidence of Mr Robert Schofield.

**6.8** The Council recognises that anything short of full land based treatment will not fully meet tangata whenua concerns. However as discussed above, the Council does not believe that full land based treatment is practical, affordable or necessary at this stage. It will however keep options to further reduce discharge to the river, under review.

## **7. CONSULTATION**

**7.1** The Council has undertaken an extensive public and stakeholder consultation programme on the issues and options for upgrading the MWTP since 2003. The consultation process is outlined in further detail in the *Technical Report on the Recommended Scheme*.<sup>4</sup>

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<sup>4</sup> Beca (June 2005). *Masterton Wastewater Upgrade Project: Technical Report on Recommended Scheme* (Prepared for Masterton District Council), Beca Carter Hollings & Ferner Ltd.

- 7.2** The initial consultation was undertaken in two phases:
- (a) Phase 1: On the issues and options leading to the Council's December 2004 decision to shortlist the options and to request further investigations.
  - (b) Phase 2: On the further investigations and the Council's December 2004 decision.
- 7.3** Both Phases involved stakeholder meetings/workshops, public meetings and open days with site visits and a free telephone enquiry line.
- 7.4** As I referred to earlier in my evidence, a Consultation Task Group with representatives from specific industry and sector groups was established, for the purpose of facilitating an effective consultation process. There was also consultation outside the Consultation Task Group with other interested parties and the community in general.
- 7.5** The initial consultation process identified a number of issues that were considered important to the public. A full list of the issues and the measures taken by the Council to address them is included in the AEE. In my view, there is now greater acceptance from the community for the proposed upgrade as the improvements to the design of the proposed scheme have allayed many of the concerns identified in earlier consultation.
- 7.6** The Council has continued to keep ratepayers in the Masterton District, and particularly submitters on the original proposal, informed of the changes to the scheme following the Council's decision to revise the proposed scheme in late 2007.
- 7.7** The Council has recently facilitated meetings with iwi and other groups (eg neighbouring landowners) and met with the general public to discuss the proposed changes to the scheme. The Council has also released several newsletters and facilitated a public open day to provide regular updates on the progress of the project and provide an opportunity for the public to ask any questions.

**7.8** The Council's consultation with the community is discussed in greater detail in the evidence of Mr Robert Schofield.

## **8. CONCLUSION**

**8.1** The existing ten year interim consent required the Council to develop an upgrade for the longer term. It has considered many options and has opted for the current proposal as the one which best meets its objectives and achieves the purpose of the RMA.

**8.2** It needs to be recognised that the Council has committed to significant costs in developing the upgrade. In particular:

- (a) It has purchased the additional land required for the land disposal;
- (b) It has also purchased sufficient additional land to allow for the construction of the new ponds;
- (c) It has committed to the construction of those ponds;
- (d) It has gone through an exhaustive and very costly process of considering alternatives, designing the current proposal assessing the effects of that and progressing through the RMA process; and
- (e) It has committed the funds to building the project as soon as the RMA process allows.

**8.3** The Council has engaged appropriate expertise to assist it in the design of the scheme and the assessment of effects. The Council and I have relied on that advice and have confidence in it. As a result, I am confident that the scheme presented to you is robust and sustainable. In my own role, I am also satisfied that the proposal is affordable and cost effective for the term sought.

**8.4** You will hear from submitters who suggest what they consider to be improvements to the scheme. Those suggestions all come with their own costs and benefits. Please remember that the Council has already made its decision that the current scheme best meets the needs of the community it represents. Obviously it is for you to assess the experts' views that what is now proposed is

sustainable in terms of the RMA, I simply urge you to resist requiring changes to the proposal unless there is very sound environmental justification for such change.

- 8.5** For example, you will need to critically assess the merits of the suggestions that the Council should change to centre pivot irrigation on the designated land. The Council as required by the RMA, has considered that option and the advice is that it is not the best option and has its own costs and risks associated with it.
- 8.6** You need to be cognisant of the costs of any suggested changes. (For example, to leave the Makoura Stream in its current location would have an additional cost of around 1 million dollars.)
- 8.7** It is my opinion that a 35 year term for the relevant consents is appropriate in terms of investment certainty, affordability, and sustainability. Such a term will not preclude future alternative disposal methodologies.
- 8.8** Finally, I make a plea for you to leave decisions about further upgrades or add ons (such as off site irrigation of private land) to the MDC. What the community needs now is certainty and an end to the debate over what needs to be achieved in the next few years. That will not prevent further consideration of enhancements in the future.

Wes ten Hove  
Chief Executive  
Masterton District Council  
13 February 2009