

Before the Independent Commissioners

In the Matter of the Resource Management Act 1991

And

In the Matter of the hearing of submissions and further submissions on
Plan Change 4 to the Canterbury Land and Water
Regional Plan

**Brief of evidence of Peter James Savage
on behalf of Fulton Hogan Limited**

Dated: 2 March 2016

Introduction

1. My full name is Peter James Savage.
 2. I am the Environment and Resource Development Manager for Fulton Hogan Limited (**Fulton Hogan**). In that role I am responsible for
 - 2.1. Providing strategic oversight over key projects and, as the escalation point for all South Island environmental issues, delivering practical solutions for environmental issues ranging from large scale quarry consenting through to onsite erosion and sediment control plans;
 - 2.2. The development and implementation of ISO14001 Environmental Management Systems and leading the development of environmental training for Fulton Hogan staff. This includes erosion and sediment control implementation and maintenance, spills training and environmental considerations for works in landfills and the like;
 - 2.3. Ensuring compliance within the business with district and regional council resource consents, designations, outline plans and Historic Places Act authorisations. I prepare regional and district council resource consent applications for construction phase and constructed discharges, air discharges, passive discharges, gravel extraction and works in waterways;
 - 2.4. Environmental Management of large infrastructure projects such as the Genesis Energy Tekapo Canal Lining and Christchurch Southern Motorway which was awarded NZ Civil Project of the Year 2013;
 3. I hold a Bachelor of Science in Natural Resource Science and Economics.
 4. I previously worked for the Canterbury Regional Council for five years in both the Compliance Management and Consenting Sections specifically in:
 - 4.1. the processing and monitoring of consents for stormwater and air discharges, hazardous substance storage, 1080 and herbicide application, municipal wastewater discharges and passive discharges from closed landfills;
-

- 4.2. acting as Resource Management Act decision maker for non-notified resource consent applications and responsible for the recommendation of notification/non notification for all the above activities;
- 4.3. I brokered a protocol between the Canterbury Regional and District Councils around stormwater consents and any compliance issues where such consents were transferred at the time of s.224 grant.
5. I am familiar with the development of the Land and Water Regional Plan and the subsequent Plan Changes, including the Omnibus Plan Change Four.

Scope of evidence

6. In my evidence I:-
 - 6.1. Outline of Fulton Hogan's contribution to the economy
 - 6.2. Provide an overview of Fulton Hogan's operations
 - 6.3. Outline the regulatory requirements relating to river based aggregate extraction

Outline of Fulton Hogan's contribution to the economy

7. Fulton Hogan is one of New Zealand's largest roading and infrastructure construction companies and operates throughout New Zealand, as well as in Australia and the South Pacific. Within New Zealand, Fulton Hogan employs close to 4000 staff and has an annual turnover of around NZ\$1.5 billion.
 8. Fulton Hogan employs approximately 700 staff within Canterbury. In addition, other sub-contractors contribute in excess of 120 further jobs across the region. The company has operated within this area since 1979, and has a proud history of road and infrastructure construction, within a diverse operational portfolio. Core operations include Major Projects, Asset Management, Manufacturing, Contracting, Land Development and Forestry.
 9. To complement the company's business needs, Fulton Hogan manufactures products which are used in day-to-day business, Major Projects, and by clients. These include quarry products (aggregates), asphalt, precast concrete, emulsions, bitumen, and road signs and associated products.
-

10. Infrastructure and asset management services are also provided. Examples of this work stream include road maintenance (for both local authorities and New Zealand Transport Agency), facilities maintenance (for example, for the New Zealand Army), airport and port maintenance. The company is also moving into areas such as rail, water, energy and communications, whilst maintaining its core capabilities.
11. Within Canterbury, in the order of 5 to 6 million tonnes of aggregates are produced per year, with a total annual gate value of approximately NZ \$40-\$50 million. A reasonable proportion of this can be attributed to Fulton Hogan's extensive land and river-based operations, which rely on a combination of fixed and portable processing plants. The diversity of uses of this product – as building blocks for housing, business and infrastructure – is fundamental to sustain the needs and wellbeing of people and communities.
12. Fulton Hogan operates within, and is committed to, a strong environmental philosophy. The company is committed to minimising the environmental impact of its activities and to promoting sustainable development.
13. It is with this background that Fulton Hogan lodged its submissions on the LWRP, and subsequent plan changes.

Overview of operations

14. In relation to aggregate production, typical extraction and processing operations involve multiple elements. River based aggregates are primarily used for roading aggregate or bulk-fill of AP (All Passing grades). Screening and crushing of raw aggregates occurs on site, along with stockpiling within or adjacent to river beds.
 15. Around 70% of all portable river based extraction Fulton Hogan undertakes is to provide for District, City or State Highway road maintenance or construction within close proximity to the site. This is often part of a roading maintenance contract which may have a five to nine year duration, hence the need for certainty of supply when tendering these contracts.
 16. River based extraction typically requires the creation or upgrading of haul roads. This may necessitate the installation of culverts or crossings through river braids and the removal of vegetation. Stockpiling of material occurs on-site, and crushing on-site is generally only where aggregate is to be hauled
-

directly to roading or construction sites. Refuelling of plant and machinery occurs either off-site (e.g. for trucks) or by way of portable fuel tankers (for static plant).

17. Extraction of activities may be restricted due to the availability of aggregate, because of seasonally-sensitive values and conditions (e.g. fish spawning or bird nesting), or flooding hazards.
18. In general, river-based extraction is an ephemeral activity. Mobile plant is used for individual projects and then relocated to other sites. An exception to this approach is at Coutts Island, where Fulton Hogan has invested several million dollars in establishing and operating a fixed screening and crushing plant to process aggregates from the Waimakariri River.
19. Fixed fuel storage, groundwater monitoring bores, water takes, buildings, and cleanfilling for rehabilitation are generally not associated with river extraction activities. Dust and noise management, traffic and visual effects, and works in or adjacent to ground and surface water remain as issues where extraction is from both river and land based sites.
20. Haul distances add a further dimension to the viability of river-based gravel resources. Where relatively low-value aggregates (such as bulk fill) are transported beyond 10 kilometres from source, this doubles the cost of the product. For this resource, the proximity of supply to demand plays a significant role in its economic viability. It will also dictate whether companies such as Fulton Hogan choose to extract aggregate from distant sites or where the additional regulatory burden removes any marginal benefit.

Overview of regulatory context

21. River-based extraction tends to occur on crown land and land with presumed "*ad medium filum aquae*" rights. Where legal access (public roads) is not available to riverbeds, negotiated agreement to access is required with the landowner. This frequently requires some form of compensation.
 22. Across the Canterbury Region, Fulton Hogan holds in excess of 100 resource consents from ECan for river-based gravel extraction and/or processing. Numerous additional resource consents are also held from territorial local authorities for the same activities, and run in parallel with those granted by
-

ECan. A typical scenario for river-based extraction would require the following resource consents and other approvals:

- a) ECan consents for: works in the bed of a river, diversion of water or forming a vehicle crossing a flowing channel
- b) City/district council land use consents generally for mining/extraction activities, works in significant natural areas/sites or within set back distances
- c) Crown agency rental or compensation for access to riverbed areas in the form of licenses which generally include conditions addressing matters such as buildings, discharges, tracking, fencing and hours of use.
- d) Department of Conservation royalty fees from DoC administered riverbed areas which also include conditions addressing wildlife and other natural values.

23. The approvals identified above generally incorporate a raft of conditions and ongoing monitoring obligations. These impose “operational costs” over and above those required to obtain resource consent. As the above lists suggest, the initial and on-going regulatory costs for access to aggregates is substantial with the bulk of this having to borne by rate or tax payers via national or local maintenance contracts.

24. Where process streamlining can be achieved and duplication avoided, this will significantly improve the cost- effectiveness and certainty of supply of aggregates in Canterbury.

Peter Savage

2 March 2016
