

**Before a Hearings Panel Appointed by the  
Selwyn District Council and Canterbury Regional Council**

**Under**

the Resource Management Act 1991

**And**

**In the Matter of**

applications under section 88 of the Act by Bathurst Coal Limited in relation to the closure and rehabilitation of the Canterbury Coal Mine in the Malvern Hills, Canterbury

**Statement of Evidence of  
Craig John Pilcher  
for Bathurst Coal Limited**

Dated: 1 October 2021

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## INTRODUCTION

1. My name is Craig John Pilcher. I am the General Manager of Domestic Operations for the Bathurst Resources Limited (**BRL**) group of companies which includes BT Mining Limited and Bathurst Coal Limited (**BCL**). BCL owns and operates the Canterbury Coal Mine (**CCM**).
2. I report directly to BRL's Chief Executive Officer and am a member of the Senior Leadership Team. I am responsible for the oversight of BRL's coal mining operations (excluding Stockton) in New Zealand. This includes the CCM.
3. I have a long history in the coal mining industry, starting in 1997 when I purchased my own coal supply business. That business was sold to Eastern Corporation in 2006 and I stayed on reaching the position of New Zealand General Manager. Bar one year, I have been with BRL since it acquired Eastern Corporation in 2011, holding a number of management positions.
4. I am providing this evidence on behalf of BRL/BCL in my capacity as company representative.

## SCOPE OF EVIDENCE

5. My evidence:
  - (a) provides an overview of BRL;
  - (b) outlines the history and operation of the CCM;
  - (c) explains BRL's decision to cease mining activity at the CCM and bring forward closure and rehabilitation;
  - (d) at a high level, outlines the proposed management of the closure and rehabilitation process for the CCM;
  - (e) responds to submissions received; and
  - (f) responds to the Council officers' section 42A reports.
6. My evidence should be read in conjunction with the evidence of Eden Sinclair for BCL, which addresses the proposed closure and rehabilitation

process, submissions and officers' reports in more detail from a technical perspective.

## EXECUTIVE SUMMARY

7. BRL is New Zealand's largest coal mining company. BRL's operations in New Zealand commenced in 2011 and BRL now has mining operations in Southland, Canterbury, the South Island West Coast and Waikato.
8. BRL took over the operation of the CCM in 2012 and legal ownership in 2013. Since taking over operations BRL has developed the comparatively small CCM into a well-run, award winning and environmentally sound operation that provides jobs for New Zealanders in a regional area.
9. BRL has spent significant sums of money on improving treatment of water on-site, ensuring that discharges to adjacent streams do not adversely affect local Canterbury mudfish/kōwaro and dealing with historic Acid Mine Drainage (**AMD**) issues inherited on the purchase of the mine.
10. Due to the ongoing costs and time delays associated with obtaining resource consents, BRL decided to cease mining activity at the CCM in 2021. BRL acknowledges that the decision will impact the local workforce and that there have already been job losses with more to come. It will also result in the increased trucking of coal into the Canterbury region to ensure necessary supply to dairy processing plants and other businesses.
11. The underlying land of the CCM is held privately by two landowners. BCL has access arrangements in place with these landowners. These access arrangements include a range of obligations relating to rehabilitation and end-use requirements for the land by both BCL and the underlying landowners. BCL is required to take its obligations to these landowners into account when designing its closure, rehabilitation, offsetting and compensation plans. BCL has worked hard to design a proposed closure and rehabilitation process that will both honour its obligations to the landowners and ensure appropriate environmental outcomes as is proposed through BCL's evidence for this hearing.

## BATHURST OVERVIEW

12. BRL is New Zealand's largest coal company. BRL employs over 570 people (plus around 110 contractors) and produces over 2.2 million tonnes of coal each year. BRL is a New Zealand registered company with all mining operations located in New Zealand. BRL is listed on the Australian Securities Exchange (**ASX**).
13. BRL's operations in New Zealand commenced in 2011 and BRL now has mining operations in Southland, Canterbury, the South Island West Coast and Waikato. Almost 70% of the coal BRL produces is used for steel making, including by a local New Zealand steel mill. BRL also produces high-quality, thermal-grade coals that are used for process heat in industrial operations in the North and South Island, particularly in the food and dairy sectors, as well as schools and hospitals.
14. BRL operates under a Corporate Governance Statement, which was written with direct reference to the ASX's Corporate Governance Principles and Recommendations. BRL's Board of Directors and management are committed to ensuring that BRL maintains the best corporate governance structures and ethical practices. The Board and management have established a range of policies, practices and arrangements that reflect the ASX recommendations. These are reviewed and updated regularly.
15. Of particular relevance is BRL's Health, Safety, Environment and Community (**HSEC**) Committee and the Charter under which the HSEC Committee operates. The HSEC Committee is a committee of BRL's Board and some members of the senior leadership team with the primary function of assisting the Board in enabling BRL to operate its businesses safely, responsibly and sustainably. The HSEC Committee has oversight and responsibilities in relation to:
  - (a) BRL's actions to meet its duty to ensure the protection of people and the environment;
  - (b) initiatives to enhance BRL's sustainable business practices and reputation as a responsible corporate citizen;

- (c) the integration of HSEC in the formulation of BRL's corporate strategy, risk management framework, and people and culture priorities; and
  - (d) BRL's compliance with all relevant legal obligations.
- 16. The HSEC Committee acts as an interface and reports to the Board and management on all HSEC matters.
- 17. As an ASX listed company, BRL has additional reporting obligations, particularly in relation to sustainability, over and above the obligations in its resource consents, other authorisations and land access arrangements. BRL also has specific obligations as a mining company, including under the New Zealand Petroleum and Minerals and WorkSafe (Health and Safety) regimes.
- 18. Together, the structure and obligations I have outlined above illustrate the high standards under which BRL operates its businesses across the country, including the CCM.
- 19. As a company, BRL has also made an overarching commitment to supporting our communities, our people and our environment. This includes:
  - (a) supporting our communities – a focus on being a friendly, responsible neighbour and sharing the benefits of our projects with the communities in which we operate;
  - (b) supporting our people – a commitment to the responsible care and safety and wellbeing of our employees, contractors and communities as our first priority; and
  - (c) supporting our environment – a core value of respect for the environment, including by identifying and controlling our environmental risks across all phases of our business from exploration through to development, operation and closure.
- 20. Looking to the future, BRL supports a just transition to a net zero carbon economy by 2050. BRL is working on a plan to do its part towards the transition, including by seeking to reduce the carbon footprint of its mines. An important part of a just transition is the availability of alternative fuel

sources at scale and at an economic price. Until these are available, BRL will continue to mine coal for its domestic and international customers.

## **HISTORY AND OPERATION OF THE CCM**

21. The CCM is located 70 kilometres west of Christchurch in the Malvern Hills, between Coalgate and Sheffield. Mining in this area has been in near continuous operation since 1872 and there has been an opencast coal mine on the CCM site since approximately 2003. BCL took over the operation of the CCM in 2012 and legal ownership in 2013.
22. The CCM is managed by a Mine Manager with support from technical and operational staff. The Mine Manager reports to the South Island Operations Manager who in turn reports to myself.
23. The CCM produces low sulphur coal which is primarily supplied to the local Canterbury industrial market, including major district and regional dairy processing plants. The CCM contributed over \$11 million per annum to the local economy and employed over 55 full time equivalent staff at peak operations (but those numbers have now dropped considerably as the mine has moved into the closure phase).
24. The underlying land of the CCM is held privately by two landowners. BCL has access arrangements in place with the landowners. These access arrangements include a range of obligations relating to rehabilitation and end-use requirements for the land.
25. In the Financial Year 2018, the CCM produced 136,000 tonnes of coal. This was expected to increase to 185,000 tonnes per annum by 2020 due to customer growth and demand. Before the decision to close the CCM was made, the anticipated life of the mine was approximately 15-20 more years.
26. Since taking over operations in 2012 and acquiring legal ownership in 2013, BCL has worked hard to develop the comparatively small CCM into a well-run, award winning and environmentally sound operation that provides jobs for New Zealanders and energy for businesses in a regional area.
27. In particular, BCL has spent significant sums of money on improving treatment of water on-site, ensuring that discharges to adjacent streams do

not adversely affect local Canterbury ecosystem including mudfish/kōwaro and dealing with historic AMD issues inherited on the purchase of the mine.

28. The CCM won the Innovation Award at the New Zealand Minerals Forum in 2019. This award recognised innovation in the life-of-mine planning, productivity and market improvements at the mine. The CCM was also a finalist in the Environmental Management Award category at the 2020 New Zealand Minerals Forum. This was welcome recognition of the long-standing efforts to address legacy AMD issues and prevent future AMD at the mine.
29. As part of its sustainability approach, BCL has implemented an offsetting and compensation strategy guided by offsetting principles. To date, this has involved:
  - (a) the early stage establishment of a wetland area adjacent to the Bush Gully Stream;
  - (b) fencing of the Bush Gully Stream as it passes through what is known as the North property; and
  - (c) plant propagation at our West Coast nursery of seeds harvested locally. The intent is that these plants will be used as part of the rehabilitation of the CCM site including the offsetting package on the North Property. This planting has recently been commenced.
30. BCL has also proposed to covenant the peat bog on the North Property to ensure its protection in perpetuity. This is intended as additional compensation for the removal of a wetland when the North Property Engineered Land Form was constructed. In response to the Section 42A report we are also currently analysing opportunities for further offsetting and compensation in this area as described in the evidence of Gary Bramley.
31. BCL works closely with stakeholders, including iwi, local regulatory authorities, underlying landowners, the local community and customers. This includes regular iwi consultation and engagement, contributions to the community through sponsorship, a complaints register/hotline for communication and regular meetings with neighbours.

32. BCL acknowledges that there have been some challenges for the CCM, with infringement notices issued in late 2017 and a prosecution in 2018 relating to sediment discharges, which occurred during heavy rain periods while water control structures were incomplete. While BCL was later convicted and fined, as part of the process BCL reached agreement with Canterbury Regional Council (**ECan**) for the withdrawal of the prosecution and implemented a series of Alternative Environmental Justice outcomes.
33. Since then, BCL's mine plans, practices and processes have proactively planned for significant rainfall events by increasing the capacity of the water management infrastructure and improving water treatment facilities. As a result, BCL has seen a significant improvement in water discharge quality. Recent heavy rains in June 2021 showed that the site can cope with these extreme events. During the June 2021 heavy rains, there were no uncontrolled discharges of water and little impact on existing rehabilitation.
34. Recent monitoring by both BCL and ECan has demonstrated compliance with the suite of existing resource consents BCL holds from ECan. This illustrates the effectiveness of the management and operational systems currently in place, which will be continued through the closure and rehabilitation process.
35. BCL's existing resource consents authorise a range of activities at the CCM. Between 2017 and late 2019, BCL applied to Selwyn District Council (**SDC**) for a traffic movements land use consent and a broader land use consent (which were bundled together) and made a series of applications to ECan in respect of earthworks and water-related activities. The applications were made to authorise existing activities and to expand the mining footprint to allow mining until 2033.
36. All of the applications were bundled and publicly notified together by SDC and ECan. The submission period closed in May 2020 and 602 submissions were received. I address the general themes of the submissions at paragraphs 56 to 65 below.
37. Since the close of the submissions period, BCL and its consultant team have worked hard to respond to various requests for further information and other matters raised by SDC and ECan. That process has resulted in the difficult

decision to close the CCM, which I explain in more detail in the next section of my evidence.

## **CLOSURE DECISION**

38. BRL announced on 10 February 2021 that due to the ongoing costs and time delays associated with obtaining resource consents it had decided to cease mining activity at the CCM in 2021 and bring forward the closure process. In essence, the timeframes and costs of the regulatory processes have outweighed the commercial returns of continuing to operate this mine.
39. This decision was not made lightly. The CCM has been an important and long-standing part of the local community and economy. BCL has worked hard (and we believe successfully) to be a good neighbour and to form good relationships with the landowners and neighbours. In my view, this is illustrated by the various written approvals received and community submissions in support of the current applications. I discuss these submissions below.
40. BRL acknowledges that the decision will impact the local workforce and that there have already been job losses with more to come following the end of coal winning activity and closure and rehabilitation. BRL has and continues to support the workforce via redeployment within BRL's businesses where possible and in finding new employment where necessary.
41. There will also be obvious impacts on the local industrial market before viable alternative energy sources become available. The CCM's current customers will now need to source coal from much further away, meaning an increased transportation cost and carbon footprint.
42. As outlined in the addendum closure material filed with SDC and ECan, BCL ceased coal winning at the CCM in July 2021, and is now in the closure and rehabilitation phases.

## **CLOSURE OBLIGATIONS AND PROCESS**

43. BCL had already planned for eventual closure of the CCM and these arrangements were generally provided for in BCL's current suite of consents. The process of closure and rehabilitation has been brought forward.

44. As part of the closure and rehabilitation process, BCL has obligations to the underlying landowners and under the existing resource consents
45. As noted at paragraph 29 above, BCL's offsetting and compensation strategy currently includes the establishment of a wetland area adjacent to the Bush Gully Stream. This area is located on land owned by Matariki Forests Limited and that will be returned to the management of Matariki Forests Limited as part of the closure of the CCM.

### ***Closure consent application and process***

46. On 6 April 2021, BCL filed an addendum to the current applications addressing closure and rehabilitation. The addendum, accompanying technical assessment and proposed consent conditions (district and regional) set out the details of the closure and rehabilitation process and proposed management arrangements.
47. In brief, approximately 6 to 12 months of earthworks are required to construct the final landforms, then a vegetated cover will be established, with controlled run-off reporting to the receiving catchments. This will create acceptable conditions similar to surrounding land for post-mining land uses (pastoral farming and forestry) from 2023.
48. The evidence of Eden Sinclair for BCL addresses the closure and rehabilitation process and proposed management arrangements in more detail.

### **IWI CONSULTATION**

49. BCL has endeavoured to maintain an open and ongoing dialogue with the Papatipu Rūnanga who hold manawhenua over the area. Engagement has been facilitated via Mahaanui Kurataio Ltd (**MKT**) who is a charitable resource and environmental management advisory company established by the Papatipu Rūnanga to assist and improve the recognition and protection of tāngata whenua values in their takiwā.
50. MKT has a general mandate to represent the interests of the Papatipu Rūnanga who hold manawhenua rights and interests over the lands and waters within their respective takiwā. MKT also supports the articulation of

Rūnanga values and positions through making submissions on behalf of the Rūnanga to statutory notifications.

51. Since purchasing the CCM site, BCL has actively engaged and worked with the Rūnanga through MKT. A site visit was arranged in early 2017, and a follow-up hui in early 2018 to explain the latest operational activities. A further offer to visit the site was declined on the basis that MKT preferred to wait until there was a particular consent or activity to give the visit further context.
52. Following ongoing dialogue with SDC and ECan over the scope of the consent applications, BCL commissioned MKT on behalf of the Rūnanga to facilitate the preparation of a Cultural Impact Assessment (**CIA**) dated July 2019<sup>1</sup>. This CIA was provided to SDC and ECan and in August 2019 in response to a further information request in relation to this resource consent.
53. There was also ongoing dialogue with MKT in providing a cultural values statement during the process of obtaining an archaeological authority from Heritage New Zealand Pouhere Taonga for areas of the CCM that will no longer be disturbed.
54. Following the decision to close CCM, we consulted with MKT and sought feedback and input into the mine closure process. The scope of work that MKT were commissioned to undertake included;
  - (a) review the proposal and prepare a briefing document for Te Ngai Tūahuriri Rūnanga and Te Tāūmutu Rūnanga (who hold mana whenua over the area);
  - (b) meet with kaitiakitanga portfolio committee; and
  - (c) provide a written report of rūnanga response (from a Matauranga Mana Whenua perspective) to the proposal, including any recommendations.
55. The deliverable report was received in April 2021 and provided to SDC and ECan along with the Addendum AEE<sup>2</sup>. This deliverable report and the action

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<sup>1</sup> Te Aromatawai Ahurea - Cultural Impact Assessment - Canterbury Coal Mine Consents July 2019.

<sup>2</sup> See the relevant recommendations set out at part 11.12 of the Draft Mine Closure Management Plan at Appendix 1 of the Addendum AEE dated 6 April 2021.

that BCL support and are taking to adhere to it is addressed in more detail in the evidence of Mr Sinclair.

## **RESPONSE TO SUBMISSIONS**

56. While the proposal for the CCM is now substantially reduced from what was before submitters during the submission period, in this section I have sought to address the general themes of the submissions received.
57. There were around 86 submissions in support of the applications. Most of the submissions in support identified the significance of jobs and expenditure in the local economy and coal supply to local industry. A number mentioned the support and sponsorship BCL provides for the local community. In addition, many supporting submitters noted the environmental controls in place at the CCM and the recent good environmental performance of the mine.
58. A number of submitters raised concerns about BCL's history of non-compliance at the mine. As outlined at paragraph 32 above, BCL acknowledges that there was a period of challenges for the operation of the CCM in 2017 and 2018. However, as outlined at paragraphs 33 to 34 above, BCL has worked hard to develop and implement systems to resolve and manage these issues. In addition, BCL has undertaken mitigation works to address the impacts of the uncontrolled discharge for which it was prosecuted in 2018. This has included fencing of the Bush Gully Stream and ongoing weed maintenance. Recent monitoring reports from ECan (May 2021) demonstrate that BCL is now regularly complying with the requirements of its existing resource consents.
59. Some submitters raised cultural and heritage concerns. It is noted that Heritage New Zealand Pouhere Taonga did not submit on the applications. As discussed at paragraphs 49 to 55 above, BCL has now received a report on the closure proposal from MKT on behalf of the two rūnanga that hold manawhena over the site, Te Ngāi Tūāhuriri Rūnanga and Te Taumutu Rūnanga. A previous CIA did not cover the closure and rehabilitation of the site. The MKT report is generally supportive of the closure proposal, subject to four recommendations, which BCL is willing to implement through the conditions of consent or the Mine Closure Management Plan.

60. Two groups of submitters raised concerns about lighting and noise generated by the CCM at night and noise generated under certain weather conditions. The concerns about lighting and noise at night have effectively been addressed as mining has ceased and no closure and rehabilitation works at night are proposed. In addition, the closure and rehabilitation works, including during certain weather conditions, will be quieter than usual mining activity.
61. Some submitters, including residents in Whitecliffs and Glentunnel, raised concerns about dust generated at the mine and along the road corridor. The issue of dust has been carefully considered and addressed through the inclusion of appropriate mitigation and management measures in the proposed consent conditions. With these measures in place, the potential effects from dust generation have been addressed.
62. Some submitters raised transport matters, although these submission points were generally constructive. Until mining activity ceased, heavy vehicle movements to and from the site operated within the agreed SDC consented baseline and in accordance with the existing Traffic Management Plan. During the closure phase, any heavy vehicle movements will be incidental and significantly less than under both the consented baseline and permitted activity rules in the Selwyn District Plan. This addresses the concerns raised in submissions.
63. A number of submitters raised concerns about the loss of wetlands, albeit most of the concerns raised were non-specific and related to the proportion of remaining wetlands in Canterbury. The wetlands that have been affected on the site are seepage type wetlands comprising wīwī rushland habitat. According to expert assessment from Boffa Miskell and the Ecology Company, the loss of these areas within the mine footprint is not considered to be significant as wīwī rushlands do not support an indigenous ecosystem of plants and animals specifically adapted to living in wet conditions. I refer to the evidence of Gary Bramley for BCL in this respect.
64. Notwithstanding this, in terms of the closure proposal, as outlined in the addendum application:
  - (a) no further footprint disturbance, including further wetland or vegetation disturbance, is proposed;

- (b) BCL's existing resource consent to disturb the Tara wetland (CRC183000) will be surrendered on the grant of the new consents sought, if granted, and no disturbance will occur in this area;
  - (c) BCL intends to incorporate the 540m<sup>2</sup> wetland compensation package that would have been implemented under CRC183000 as part of its overall wetland enhancement programme; and
  - (d) BCL is proposing a further compensation package as part of the mine closure which will enhance wetland values within the broader site in a raised peat bog known as the North Property Wetland and in a palustrine wetland adjoining Bush Gully Stream.
65. Finally, a number of submissions raised concerns about the contribution of coal to global warming. The closure proposal means the CCM will no longer produce coal for the local market. As outlined at paragraph 20 above, BRL supports a just transition to a net zero carbon economy by 2050.



**Craig John Pilcher**

**1 October 2021**