

**IN THE MATTER** of the Resource Management Act 1991

**AND**

**IN THE MATTER** of the Proposed Natural Resources Plan for the Wellington Region.

**STATEMENT OF EVIDENCE OF**

**DOUGLAS DAVID NEL**

**ON BEHALF OF GBC WINSTONE AGGREGATES**

**1. INTRODUCTION**

1.1 My full name is Douglas David Nel. I hold a Professional Certification in Operations Management, Project Management & Supply Chain Management Diplomas and Light Current Engineering qualifications. I am a member of the South African and American Institutes of Operations Management.

**2. EXPERIENCE**

2.1 I am employed by GBC Winstone ("**Winstone**") as the Southern Operations Manager, a position I have held since October 2015. I have over 20 years' experience in Operations Management within the manufacturing business sector with a focus on process.

2.2 I have had substantial involvement in examining and understanding aggregate resources in the Wellington Region and throughout New Zealand. I have also recently been involved in the consenting of Ashford Park, an extension of the Otaki Quarry operation.

**3. EXECUTIVE SUMMARY**

3.1 Winstone has a long history operating quarries in the Wellington Region and seeks wherever possible to minimise the impacts of its operations. This can be achieved through local sourcing of aggregate and extending the operational life of existing quarries, rather than developing new quarries that are further from the market.

3.2 With the time critical nature of major infrastructure projects, such as construction of the Northern Wellington Corridor, having access to aggregate in a timely matter is important in

keeping the costs of projects down, reducing impacts on the transport network and benefitting the local economy.

- 3.3 The Proposed Natural Resources Plan is an opportunity for aggregate operations and cleanfills to be recognised as regionally significant infrastructure assets and for this significance to be reflected in the objectives, policies and rules.

#### **4. SCOPE AND STRUCTURE OF EVIDENCE**

4.1 I have structured my evidence as follows:

- (a) Winstone's operations in New Zealand and the Wellington Region;
- (b) The importance of aggregates and cleanfills
- (c) The demand for aggregates;
- (d) Winstone's submission;
- (e) Summary and conclusions.

#### **5. WINSTONE'S OPERATIONS IN NEW ZEALAND AND THE WELLINGTON REGION**

5.1 Winstone is a division of Fletcher Concrete and Infrastructure Limited, a member of the Fletcher Building group of companies. Winstone is New Zealand's largest manufacturer and distributor of aggregates and sand, which supplies roading, ready mixed concrete, concrete product manufacturers and building and contracting customers.

5.2 The roots of the Winstone company go back to the earliest days of Auckland in 1864, when William Winstone started a transport business utilising a horse and cart. The business grew to include quarrying in the early part of last century. It was purchased by Fletcher interests in 1988 and placed under the control of the Winstone Aggregates Division.

5.3 In the greater Wellington region, Winstone has a long history which dates back to the early 1920's, which over the following decades grew to be a major branch of the Winstone company. Winstone cleanfills and rock and sand quarries in the Wellington region have also been significant contributors to the Wellington market over the years. Within the Wellington region, Winstone has operations at Otaki, Waikanae, Belmont, Dry Creek (Hayward's) and Petone.

5.4 Also, Winstone has recently acquired a number of Higgins Quarries nationwide, which include the Kapiti Quarry and Bright's Cleanfill.

## **6. THE IMPORTANCE OF AGGREGATES AND CLEANFILLS**

- 6.1 Although aggregate is a commodity upon which everyone depends, the importance of aggregate resources to district and regional economies is not always fully appreciated. The aggregates industry provides a number of economic, social and environmental benefits to the community. Quarried products are essential to roading, construction and other infrastructure. They are also extensively used in manufacturing, including ready-mixed and asphaltic concrete, pre-cast concrete beams and panels, masonry, pavers, pipes and other products.
- 6.2 There are a substantial number of construction projects currently underway in the Wellington Region, which require considerable volumes of aggregate. The Wellington Northern Corridor is one such major project and is part of the Central Government's "Roads of National Significance". These are:
- (a) Airport to Mt Victoria Tunnel transport improvements;
  - (b) Tunnel to tunnel transport improvements;
  - (c) Terrace tunnel duplication;
  - (d) Aotea Quay to Ngauranga section;
  - (e) Lindon to Mackays (Transmission Gully);
  - (f) Mackay's to Peka Peka (completed);
  - (g) Peka Peka to Otaki; and
  - (h) Otaki to Levin – in planning stage.
- 6.3 The Petone to Grenada Link Road is also progressing, as is the Melling Link project which involves road, rail and stopbank upgrades.
- 6.4 Nationally over half the aggregate produced is used on roads and a further 21% is used to construct commercial and residential buildings. A unique characteristic of the aggregate market is that the vast majority (75%) of annual production is sold to and used by local authorities. Local authorities stand to be the most affected by any price increase as a result of uncertainty of supply or higher transportation costs.
- 6.5 The relatively high costs of transporting heavy aggregates or bulky rock means that the needs of a community for aggregates are best served when quarries are located close to where that material is used. For example, Otaki Quarry was and is a very significant source of aggregate for Kapiti, due to its close proximity to the Expressway construction.
- 6.6 In terms of cleanfills, there is an established need for consented cleanfill and managed fill sites to service infrastructure development in Wellington. The alternative (and less

desirable) disposal options are either costly municipal landfills or cheap (but potentially environmentally harmful) unauthorised landfills.

- 6.7 It is inefficient and unsustainable to fill expensive landfills with soils that are shown to have no, or negligible, adverse effects on human health or the environment. There are also unnecessary costs of transporting materials that can be disposed of as cleanfill.
- 6.8 Providing for clean and managed fill disposal sites is essential to ongoing development within the Wellington Region and to avoid compromising valuable landfill space, which is in short supply.

## **7. THE DEMAND FOR AGGREGATES**

- 7.1 Aggregate demand is essentially driven by population growth and infrastructure development and maintenance. A sustained supply of aggregate will not only be required to provide for building, construction and roading projects associated with this growth, but will also be needed to maintain and redevelop existing infrastructure, which is key to unlocking regional economic potential.
- 7.2 A ready supply of aggregate is also required in the event of a natural disaster to facilitate recovery/rebuild. Winstone has experienced this with its Christchurch quarry operations in the aftermath of the Canterbury Earthquakes. Production, sales and volumes from the Christchurch quarry have risen to approximately four times pre-quake volumes. However, to be able to respond to unanticipated demand, such as an earthquake, there needs to be sufficient future provision made for operational quarries to meet demand at that level.
- 7.3 The Wellington Region is expected to experience a sustained period of infrastructure growth for many years ahead. We expect regional demand for rock and concrete to rise, based on the large roading and construction projects like the Wellington Northern Corridor project, as mentioned above.
- 7.4 At present, the demand of the regional market for aggregate is approximately 6.51 tonnes per capita annually (based on the figures from the 2013 Census and resource data from “*New Zealand Coal, Industrial Minerals and Metallic Minerals Production Survey*”). This is below the national average of 8.2 tonnes per capita however, it would now have risen sharply with the Northern Corridor projects.
- 7.5 Population estimates in June 2016, project the number of people living in the Wellington Region at 504,900<sup>1</sup>. This works out to an annual demand of approximately 3,287,000 tonnes of aggregate. By 2037 the population is predicted to increase to approximately

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<sup>1</sup> [https://en.wikipedia.org/wiki/Wellington\\_Region](https://en.wikipedia.org/wiki/Wellington_Region) .

585,000 which would result in an annual regional demand of approximately 3,808,000 tonnes.

## **8. WINSTONE'S SUBMISSION**

- 8.1 Winstone supports the Proposed Natural Resources Plan. However, there are a few areas which, if enacted as proposed, would result in a number of our current quarrying activities becoming either non-complying or involve onerous requirements when re-consenting.
- 8.2 Many of the issues raised in Winstone's submission originate from quarries and cleanfills not being recognised in the definition of Regionally Significant Infrastructure or their importance not being established in the Objectives and Policies sections. This does not give effect to the issues identified in the Regional Policy Statement and is a risk to major infrastructure projects, such as roading.
- 8.3 There are also areas in the Proposed Natural Resources Plan that would either compromise the re-consenting of well-established activities or make future consenting projects unnecessarily complicated and expensive. Proposed Policies 44 and 45 are examples of where our Petone extraction activity would directly contravene the intention of these policies, even though the activity greatly assists with flood management.

## **9. SUMMARY AND CONCLUSIONS**

- 9.1 Aggregate quarries and cleanfills form an essential component of the Greater Wellington economy. Winstone has been operating in the region for nearly 100 years and understands the ever increasing needs and demands of the regional market.
- 9.2 For the reasons set out above, Winstone believes the changes to the Proposed Natural Resources Plan our submission seeks are sensible, will enable the efficient use of resources and land and will allow sustainable regional growth and development into the future.

*Douglas David Nel*

**May 2017**