

22.5.24 PROPOSAL TO CLOSE THE MILLERS FLAT GREENWASTE SITE. (PRO: 65-7023-00)

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Public Excluded

Section under the Act	The grounds on which part of the Council or Committee may be closed to the public are listed in s48(1)(a)(i) of the <i>Local Government Official Information and Meetings Act 1987</i> .
Sub-clause and Reason:	s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).

1. Purpose of Report

To consider a proposal, to close the Millers Flat Green Waste Site, and to approve the mining of four unnamed unformed roads.

Recommendations

That the Council

- A. Receives the report and accepts the level of significance.
- B. Agrees to:
 1. Close the Millers Flat Green Waste facility on 30 June 2023, and,
 2. The mining of the roads marked R1 to R4 as shown in figure 1 (the roads).
- C. Authorises the Chief Executive to do all that is necessary to give effect to the resolution.

2. Background

At their meeting of 16 June 2022, the Teviot Valley Community Board (the Board) considered a report proposing the mining of Section 92 Block VIII Benger Survey District and four unnamed unformed roads.

A copy of the report dated 16 June 2022 is attached as **Appendix 1**.

On consideration, the Board resolved (Resolution 22.4.11) as follows:

1. *Recommends to Council that they agree to:*
 - *Close the Millers Flat Green Waste facility.*
 - *The proposal to mine the unnamed unformed roads marked R1 to R4 in figure 6 (the roads).*

2. Approves the application to mine Section 92 Block VIII Benger Survey District (the land), subject to the company:
- Obtaining all permits and consents associated with the mining of the land and the roads.
 - Paying Council a royalty of 7% of the gross gold recovered from the land and from the roads.
 - Obtaining permission to (temporarily) divert the section of the Clutha Gold Cycle Trails that runs between Section 84 Block VIII Benger Survey District and Teviot Road.
 - Providing alternate access to the river and cycle trails for the duration of any mining of the road identified as 'R3' in figure 8.
 - Reinstating the land, any fencing on the land, and the roads, to the satisfaction of the Chief Executive Officer.
 - Reinstating the section of the Clutha Gold Cycle Trail that runs along Road 3 (to inside the legal inside the bounds of the legal road) to the satisfaction of the Chief Executive Officer and the Clutha Gold Cycle Trust.
 - Paying all costs associated with:
 -
 - obtaining the required permits and consents,
 - the operation of the mine,
 - the disposal of inorganic materials to landfill,
 - reinstatement of the land, any fencing on the land, and the roads, and;
 - paying all costs with advertising any temporary diversion of the Clutha Gold Cycle Trail, or closure of the roads marked R1 to R4 in figure diversion of the figure 6.

Subject to Council agreeing to:

- Close the Millers Flat Green Waste facility.
- The proposal to mine the unnamed unformed roads marked R1 to R4 in figure 6 (the roads).

3. Discussion

As noted in Resolution 22.4.11, the Board's agreement to the mining of Section 92 is subject to the Council agreeing to the close the Millers Flat Green Waste facility, and to the mining of the unnamed unformed roads.

The Council's approval is required because the operation of the Millers Flat Green Waste facility, and matters relating to roading, are districtised activities.

Closure of the Millers Flat Green Waste Facility

The Millers Flat Green Waste facility is located on Section 92 Block VIII Benger Survey District (Section 92).

As outlined in the report dated 16 June 2022, the advantages associated with the closure of the Millers Flat Green Waste facility include:

- eliminating the risks associated with operating an unmanned waste disposal facility,
- eliminating the costs associated with the ongoing management of the facility,
- eliminating the risk of breaching the terms of the resource consent, and;
- bringing the level of service in Millers Flat into line with the rest of the district.

The main disadvantage of closing the Millers Flat Green Waste facility is noted as being a reduction in the level of (green waste disposal) service, which may not be viewed favourably by Millers Flat residents.

Kerbside waste collection services were reviewed recently with Council entering into a new waste management contract. Existing kerbside collection services provided by Council currently include:

- fortnightly rubbish collection,
- fortnightly recycling collection, and;
- seven weekly glass collection.

From 01 July 2023, those kerbside collection services will be extended to include:

- weekly organic (food and green waste) collection.

Hawkeswood Mining Limited (the company) are currently finalising the due diligence associated with the proposal to mine Section 92 and the surrounding area. This due diligence includes:

- finalising negotiations with some landowners,
- drilling investigative test holes, and;
- obtaining a pollution report (which will form part of the company's resource consent application).

The company expect to lodge their application for resource consent later this year. Assuming they obtain resource consent, the company plan to commence mining in mid to late 2023. This means the extended kerbside collection services will be rolled out well before the company's proposed mining activities reach Section 92.

Closing the Millers Flat Green Waste facility will also bring the level of service in Millers Flat into line with other smaller communities such as:

- Naseby, whose green waste is taken to Ranfurly,
- Clyde, whose green waste is taken to Alexandra, and;
- Pisa Moorings, whose green waste is taken to Cromwell

Mining of Roads R1 to R4

As outlined in the report dated 16 June 2022, the company have also applied to mine four unnamed unformed roads. A plan of the four roads, as extracted from the report, is shown below in figure 1.

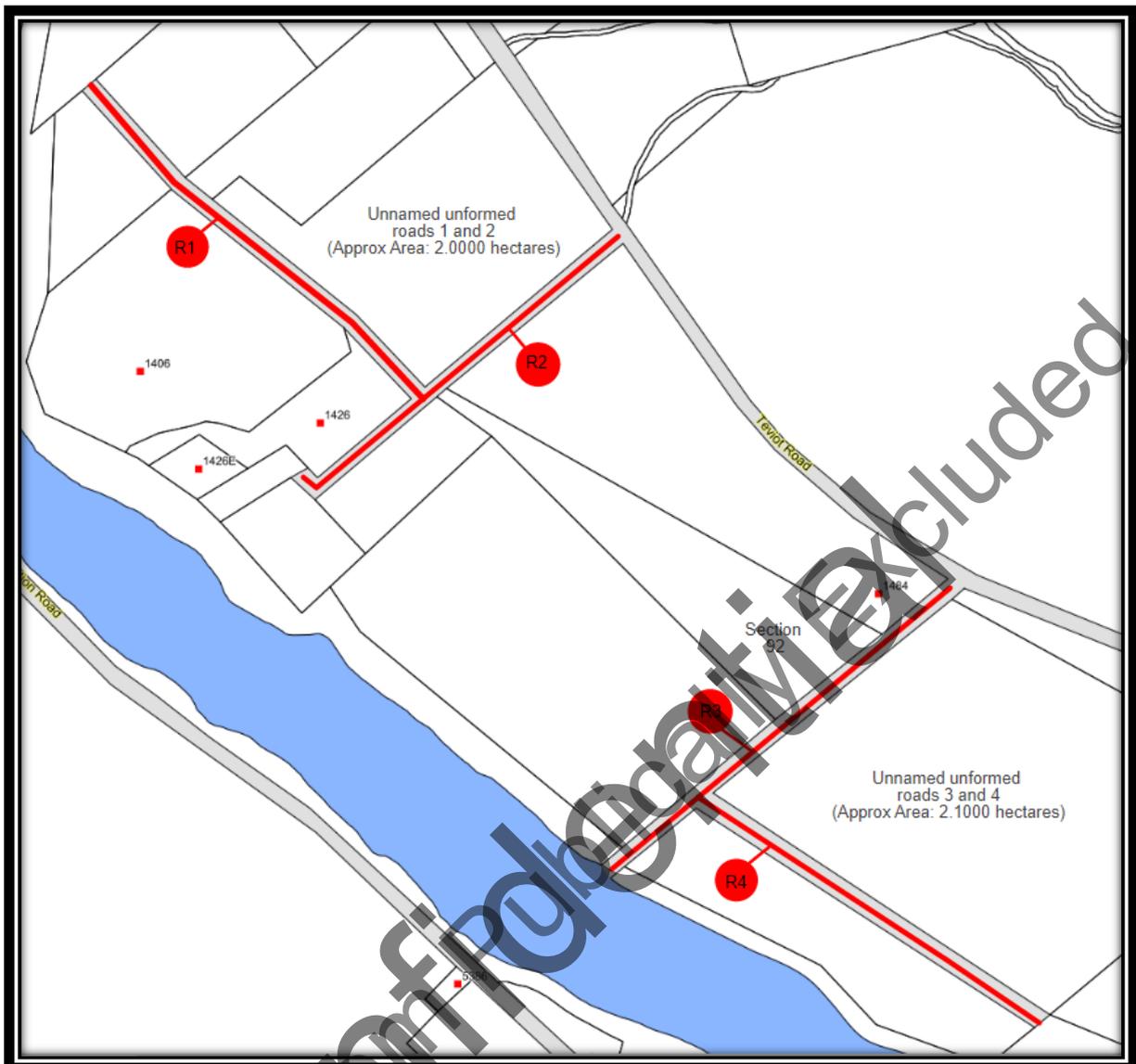


Figure 1 - Plan of the roads through the parcels of land which the company plan to mine.

The advantages identified in allowing the company to mine the four roads include:

- The roads will be mined then reinstated (and re-fenced where appropriate) along with the surrounding parcels of privately owned land.
- The Clutha Gold Cycle Trail will be re-aligned within the bounds of (the legal) Road 3.

Roads 1 to 4 all service land which the company has obtained agreements to mine. This means the landowners who might otherwise have been impacted by the temporary closures of the roads, all support of the proposal.

The disadvantages associated with the proposal to mine roads R1 to R4 are:

- Temporarily closing roads R1 to R4 may cause inconvenience to some people.
- Temporarily diverting the cycle trail and river access may cause inconvenience some people.

As noted above, temporarily closing roads R1 to R4 and diverting the Clutha Gold Cycle Trail may cause some inconvenience to some people.

However, if the company is granted permission to mine Roads 1 to 4, they will be mined in numerical order. This is because the company intend mining the area from north to south. It also means that while Road 3 is mined, the river and cycle trail will be able to be accessed via Road 2 and the company's land.

A plan of the four parcels of land which the company have purchased is shown below in figure 2.

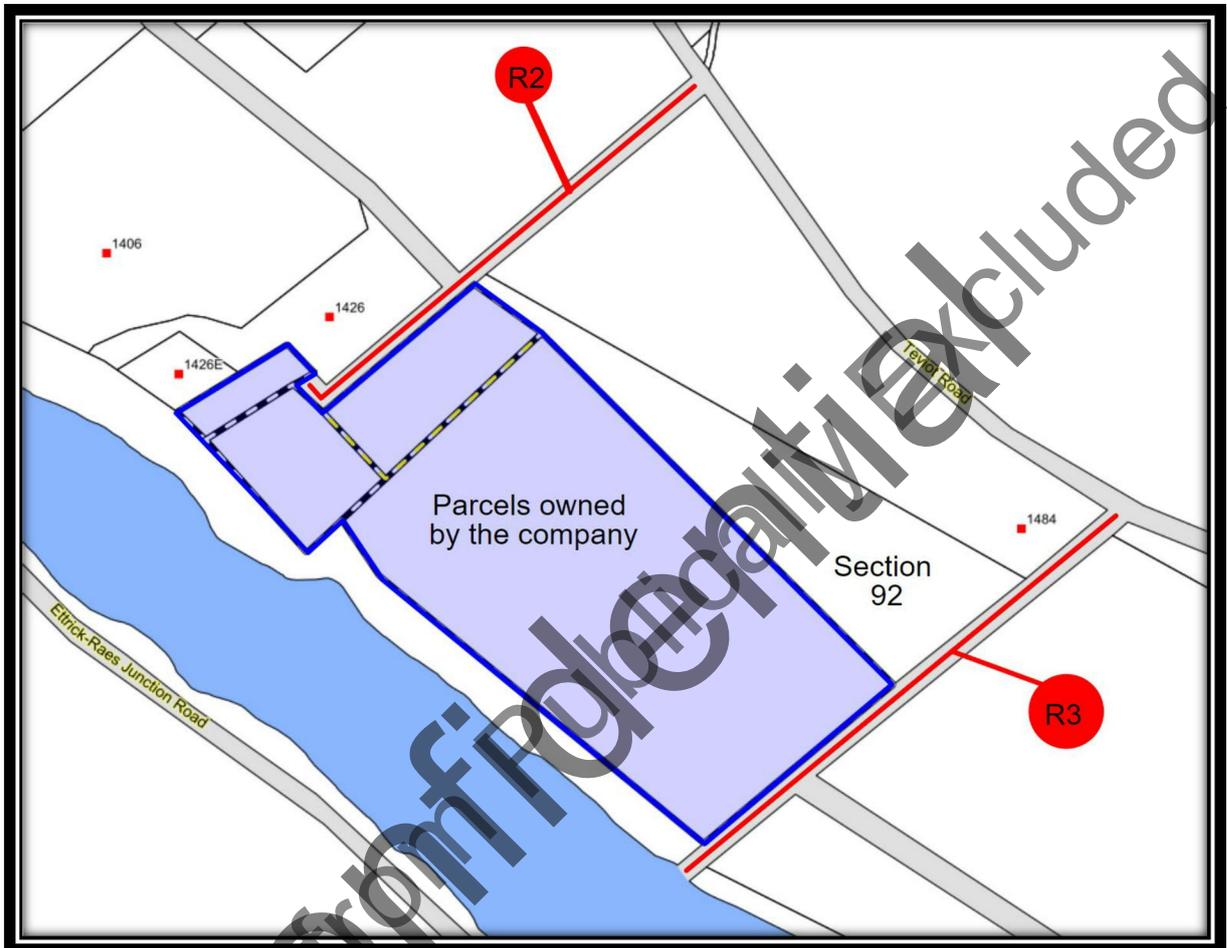
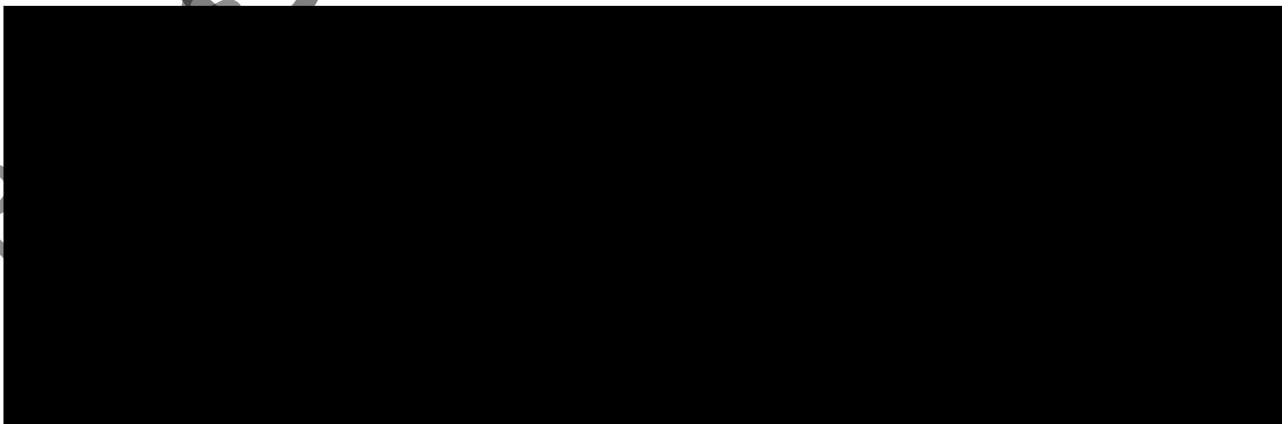
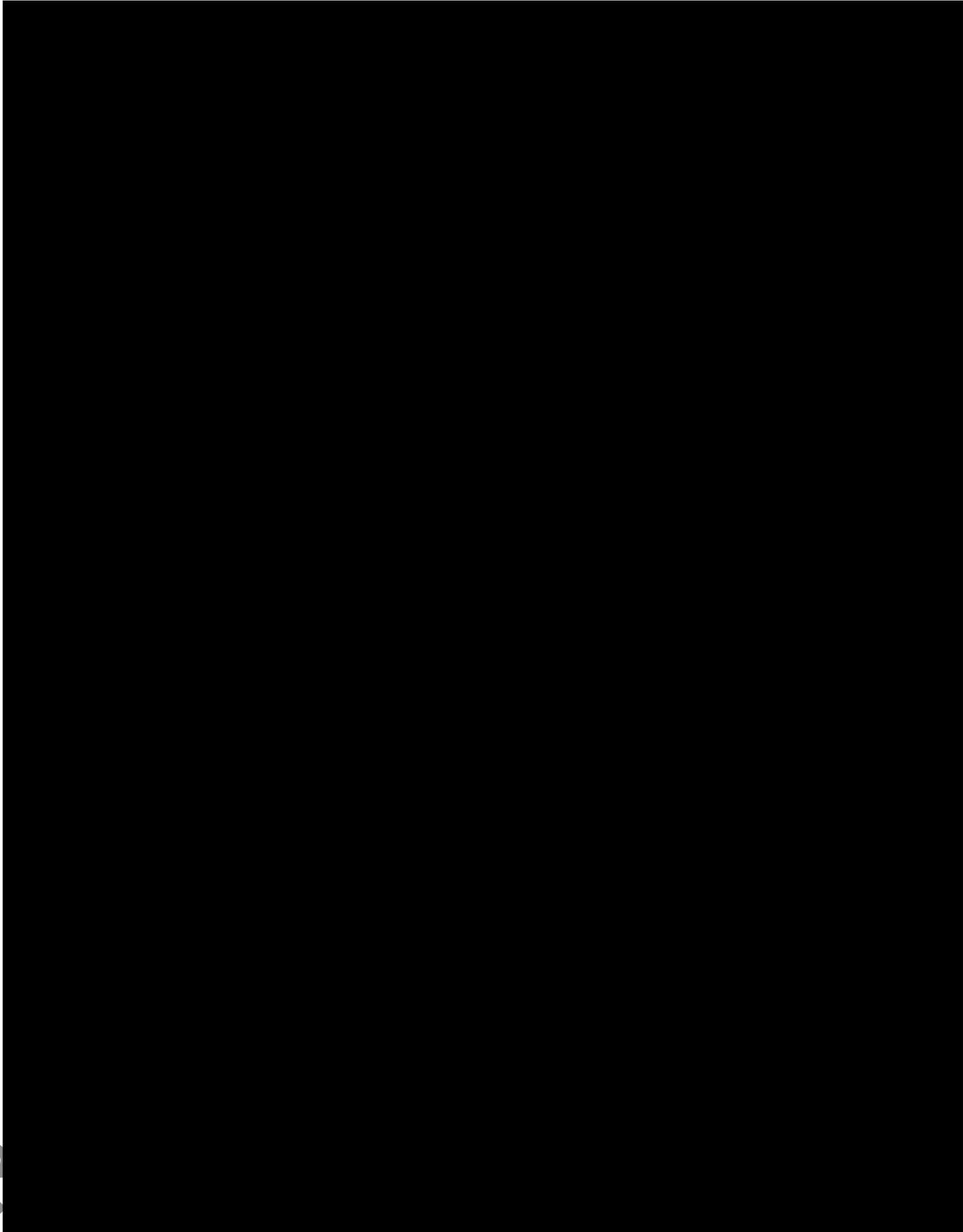


Figure 2 – Plan of Roads 2 and 3 and the Parcels of Land now owned by the Company.

Allowing the company to mine then reinstate Road 3 will also enable the two misaligned sections of the Clutha Gold Trail to be reinstated with the bounds of the legal road.





Infrastructure in the Unnamed Unformed Legal Roads

Aurora have infrastructure through much of the area, including in two of the unnamed unformed legal roads. A plan of Aurora's infrastructure is shown below in figure 7.

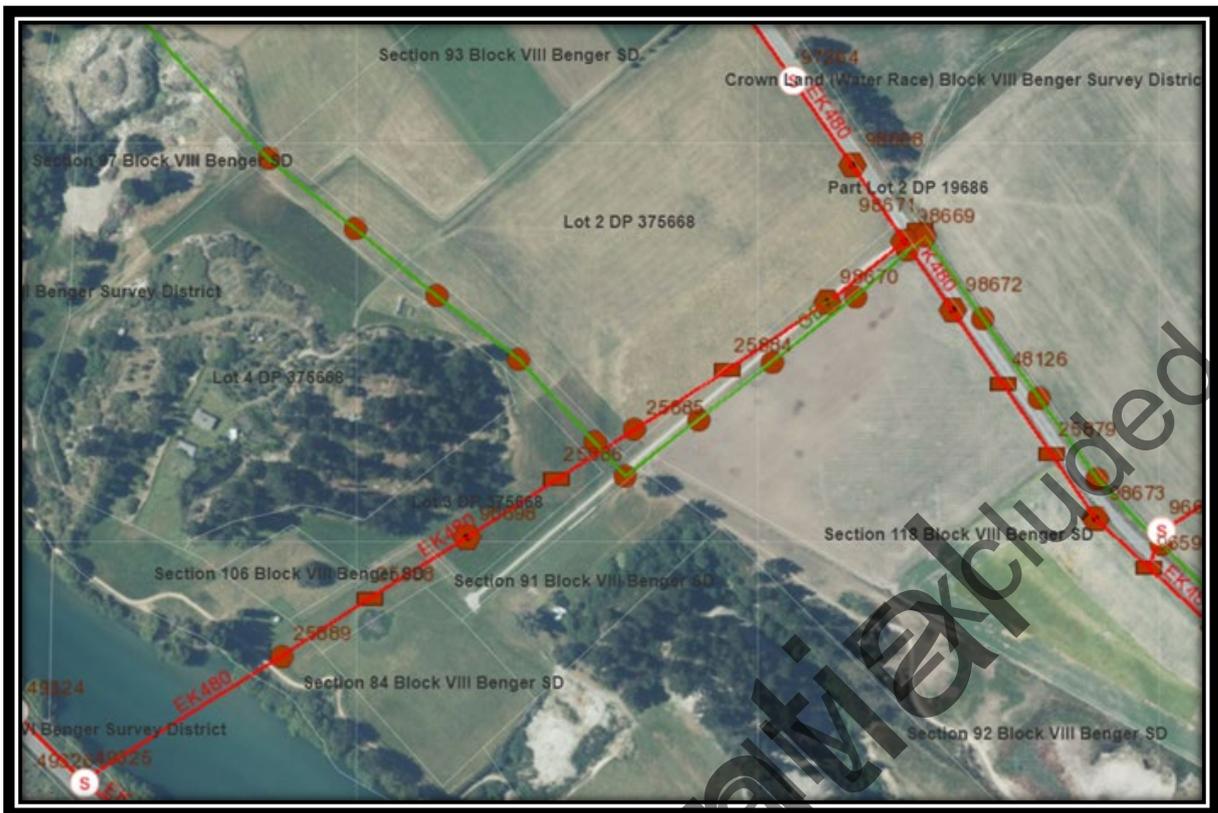


Figure 7 – Plan of Aurora's infrastructure.

Aurora do not oppose the proposal to mine the legal roads containing their infrastructure but would require any works to be in compliance with their Safety Working Guide and the New Zealand Electrical Code of Practice.

As an affected party, Aurora have asked for the opportunity to review any resource consent associated with the proposal to mine the land around its infrastructure.

Chorus New Zealand Limited (Chorus) have a copper network running along Teviot Road. They do not have any infrastructure in the unnamed unformed roads which the company have applied to mine.

Greater Effect of the Mining Operation on the Landscape

The overall area of the land which the company propose to mine is just over 100 hectares. Section 92 and roads R1 to R4, which have a joint area of just over 8 hectares, sit in the middle of the 100 hectares. This means Council's property accounts just over 8.1% of that overall area.

The company expect the mining operation to have a lifespan of approximately five years. During that time, the company will mine methodically from one end of the land to the other using the process outlined below.

To help reduce the visual impact of the mining operation, the company plan to construct earth bunds along Teviot Road.

The proposed temporary diversion of the cycle trail and river access will reduce the visual impact of the mining operation on the trail and river users.

Should the company not be granted permission to mine Section 92 or roads R1 to R4, they do intend to continue with the mining of the other 92 hectares of privately owned land.

The Mining and Reinstatement Process

The company plan to use a bulk surface stripping system to mine the area. Bulk stripping is the process of removing (and storing) the topsoil to expose the overburden layer.

Overburden is a rock or soil layer that needs to be removed in order to access the resource being mined.

Once an initial pit is created, the company can set up their recovery plant. They will then continue to remove (and store) the topsoil and to stockpile the overburden at the rear of the pit behind the recovery plant.

The purpose of stockpiling the overburden at the rear of the pit is to allow for the ongoing reinstatement of the land as the recovery plant works through the area. This means that the area of the 'open' pit or work area does not exceed more than about 4 hectares at any given time.

Depending upon water levels, the company may change from a land-based recovery plant to a floating plant while working through the southern end of the site.

On completion, the topsoil will be trucked back to the site and spread out over the reinstated land. The final step in the reinstatement process is to re-fence the various boundaries.

During the mining process the company also expect to expose a mix of inorganic and organic matter. The inorganic matter will be disposed of to a landfill. The organic matter will either be composted and used in conjunction with the reinstatement process or sold as a by-product of the mining activity.

An example of land that has been mined then reinstated using the process outlined above is the Island Block flats. The Island Block flats adjoin the eastern side of the Ettrick – Raes Junction Road, about one kilometre south of Millers Flat. This land was mined some 30 to 40 years ago

Economic Benefits (of Mining)

The company estimate that the mining operation will have a lifespan of approximately five years. During that time, the company will employ 10 to 12 local people and/or contractors. This will have a significant positive effect on local economy.

Each parcel of land that is to be mined is surveyed. This enables the company to identify the various parcel boundaries (via GPS) and to record how much gold has been extracted from each site.

The company are required to report this information to New Zealand Petroleum and Minerals (NZPAM). The company will pay NZPAM a royalty of around 1 – 2% of the total of the gross gold recovered during the lifespan of the mining operation.

4. Financial Considerations

Based on the historic records and drill logs from the surrounding area the company believes that there could be 1,100 to 1,900 ounces of gold in Section 92.

The company pay landowners a royalty of 7% of the gross gold recovered from their land. While there may be an opportunity to negotiate the royalty, this is a formulated equation which is generally accepted as the industry standard.

Gold prices in New Zealand currently range from approximately \$700 to \$2,800 per ounce. The actual value of the gold depends on its quality – the better the quality, the better the return.

While the area of the four unnamed unformed roads is similar to the area of Section 92, the return from mining is expected to be somewhat less than that of Section 92. This is because the end of roads 'R2' and 'R3' which adjoin the Teviot Road, are expected to contain less gold.

The royalties received for any gold found in the four unnamed unformed roads would be credited to the Roading Administration Management – Non-Subsidised *Land Under Road* account. It would then be used to address public roading matters.

All costs associated with the mining of the land are payable by the company.

5. Options

Option 1 – (Recommended)

To agree to:

1. Close the Millers Flat Green Waste facility on 30 June 2023.
2. The mining of the unnamed unformed roads marked R1 to R4 as shown in figure 1 (the roads).

Subject to the company:

- Obtaining all permits and consents associated with the mining of the land and the roads.
- Paying the Council a royalty of 7% of the gross gold recovered from the land under the roads.
- Obtaining permission to (temporarily) divert the section of the Clutha Gold Cycle Trails that runs between Section 84 Block VIII Bengier Survey District and Teviot Road.
- Providing alternate access to the river and cycle trail for the duration of any mining of the road identified as 'R3' in figures 1 and 2.
- Reinstating the land, any fencing on the land, and the roads, to the satisfaction of the Chief Executive Officer.
- Reinstating the section of the Clutha Gold Cycle Trail that runs along Road 3 (to inside the legal inside the bounds of the legal road) to the satisfaction of the Chief Executive Officer and the Clutha Gold Cycle Trust.
- Paying all costs associated with:
 - obtaining the required permits and consents,
 - the operation of the mine,
 - reinstatement of the land, any fencing on the land, and the roads, and;
 - paying all costs with advertising any temporary diversion of the Clutha Gold Cycle Trail, or closure of the roads marked R1 to R4 in figure diversion of the figure 6.

Advantages:

- Closing the Millers Flat Green Waste facility on 30 June 2023 would:

- eliminate the risks associated with operating an unmanned waste disposal facility,
- eliminate the costs associated with the ongoing management of the facility,
- eliminate the risk of breaching the terms of the resource consent, and;
- bring the level of service in Millers Flat into line with the rest of the district.
- coincide with the roll out of the new green, and food, waste kerbside collection services.
- allow Section 92 to be mined and reinstated, which will increase its value.

- [REDACTED]
- Allowing the roads to be mined would allow the Clutha Gold Cycle Trail to be re-aligned within the bounds of (the legal) Road 3.
- The income received from mining the roads could be used to address public roading matters.

Disadvantages:

- The reduction in the level of (green waste disposal) service may not be viewed favourably by Millers Flat residents.
- The mining operation may be viewed negatively by some members of the public.
- Temporarily closing roads R1 to R4 may cause inconvenience to some people.
- Temporarily diverting the cycle trail and river access may cause inconvenience some people.

Option 2

To not agree to:

1. Close the Millers Flat Green Waste facility on 30 June 2023.
2. The mining of the unnamed unformed roads marked R1 to R4 in figure 6 (the roads).

Advantages:

- Roads R1 to R4 will not be temporarily closed to the public.
- The Clutha Gold Cycle Trial will not have to be temporarily diverted.

Disadvantages:

- Not closing the Millers Flat Green Waste facility will:
 - not eliminate the risks associated with operating an unmanned waste disposal facility,
 - not eliminate the costs associated with the ongoing management of the facility,
 - not eliminate the risk of breaching the terms of the resource consent, or;
 - not bring the level of service in Millers Flat into line with the rest of the district.
 - not facilitate the mining or reinstatement of Section 92 or increase its value.

- [REDACTED]
- Costs associated with the management of the green waste site will continue to be incurred.
- An opportunity to gain income for the purpose of resolving public roading matters will be lost.

- An opportunity to realign part of the Clutha Gold Cycle Trail (at no cost to the Trail Trust) will be lost.

6. Compliance

<p>Local Government Act 2002 Purpose Provisions</p>	<p>This decision promotes the economic wellbeing of communities, in the present and for the future by generating income from land and unformed legal roads.</p> <p>If the recommended option is approved, and Council then agrees to close the green waste site, the land will be mined then reinstated with clean organic fill. This, along with the possibility of a swapping the reinstated land for the closed landfill site would have significant positive environmental benefits for district.</p>
<p>Decision consistent with other Council plans and policies? Such as the District Plan, Economic Development Strategy etc.</p>	<p>Council does not have a policy relating to the mining of Council owned land or roads.</p> <p>The closing of the Millers flat Green Waste site will coincide with the roll out of the new weekly organic (food and green) waste collection contract.</p> <p>If the proposal is approved, the company would be required to comply with the provisions of the District Plan when applying for mining consent.</p>
<p>Considerations as to sustainability, the environment and climate change impacts</p>	<p>Operating an unmanned green waste facility is not sustainable.</p> <p>Instances of bulk and illegal dumping at the site have increased over recent years.</p> <p>If the site is not closed the negative environmental effects of the operation may become irreversible.</p>
<p>Risks Analysis</p>	<p>There are no risks to Council associated with permitting the company to mine the roads.</p> <p>The company will be responsible for obtaining and complying with all agreements, permits, and consents associated with the mining operation.</p> <p>They will also be required to provide safe, unrestricted, alternate access to the river and the cycle trail if mining the roads is approved.</p> <p>There are many risks associated with the operation of the Millers Flat Green Waste Site.</p> <p>These include:</p>

	<ul style="list-style-type: none"> - The site being unmanned and access being unrestricted. - Historic and increasing instances of illegal dumping. - Site management and compliance costs. - Exceeding disposal levels as permitted under the resource consent.
<p>Significance, Consultation and Engagement (internal and external)</p>	<p>The Significance and Engagement Policy has been considered with none of the criteria being met or exceeded.</p> <p>If the proposal to close the Green Waste facility and mine the unformed roads is approved, public notices will be advertised closer to the closure of the facility, the roll out of the additional kerbside collection services, and the commencement of the mining operation.</p> <p>It is proposed that the company pay all costs associated with advertising the matter.</p>

7. Next Steps

Mid-July 2022: Applicant advised of outcome
 30 June 2023: Millers Flat Green Waste site to be closed.

8. Attachments

Nil

Report author:

Reviewed and authorised by:

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 20/06/2022

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 23/06/2022