

IN THE MATTER of the Resource Management Act 1991

AND

IN THE MATTER of Proposed Private Plan Change 2 to
the Hamilton City Operative District
Plan: Te Awa Lakes Private Plan
Change

STATEMENT OF REPLY EVIDENCE OF ANDREW JULIAN MILLARD FOR THE APPLICANT

(QUANTITY SURVEYING)

25 NOVEMBER 2019

1. INTRODUCTION

1.1 My full name is Andrew Julian Millard.

1.2 I have the experience and qualifications set out in my primary statement of evidence dated 29 October 2019 at section 2.

1.3 I reconfirm that I have read the Code of Conduct for Expert Witnesses contained in the Environment Court Practice Note 2014 and to the extent that I am giving expert evidence, have complied with it in preparing this evidence. I confirm that the issues addressed in this evidence are within my area of expertise and I have not omitted to consider material facts known to me that might alter or detract from the opinions expressed in my evidence.

2. SCOPE OF EVIDENCE

2.1 I have been asked to provide a response to the expert evidence of Michael Martin of Babbage Consultants Ltd on behalf of Fonterra Ltd in relation to his comments on my inputs into the industrial feasibility analysis undertaken by Martin Udale of Essentia Consulting Group. In my evidence at section 6, I responded to queries raised by Mr Martin at a meeting he had with the Applicant's representatives just prior to the deadline for the Applicant's evidence. I refer to and rely on that evidence here.

2.2 However, and to the extent that Mr Martin's evidence addresses matters which I have not already responded to and which sit within my area of expertise, I comment below by reference to the relevant paragraph number. To the extent that Mr Martin raises queries outside my area of expertise, I refer to the reply evidence of Messrs Olliver, Lentfer, Milne and Udale, and Ms Rhynd for the Applicant.

3. RESPONSE TO SUBMITTER EVIDENCE

Fonterra

Paragraphs [3.1 - 3.13]

3.1 Mr Martin contends at his paragraphs 3.1 to 3.13 that the resource consent requirements for the remediation of the quarry to rural pasture (which formed the basis of my estimate of costs) requires the existing waterbodies to be remediated and filled. I refer to the reply evidence of Mr Olliver, provided earlier in the hearing, that the waterbodies are not

required to be remediated or backfilled. Therefore, there is no requirement to adjust my report or the cost estimate I provided.

- 3.2** In any event, the areas of the waterbodies as per measurements undertaken for the purpose of identifying works required under PPC2 are recorded as – Pond 1 - 1.62 ha, Pond 2 - 3.85 ha , Pond 3 - 2.80 ha, with a total area 82,700m². For the purpose of comparison, I assumed that the waterbodies require on average 2.50 m deep of fill, which equates to 207,000m³. Multiplied by \$8/m³ (accepted rate), this equates to a cost of approximately \$1.66 million to fill the lakes, excluding preliminaries and general costs, contingency and fees.
- 3.3** To deal with settlement of above, and based on advice, I calculated a preload volume on average 2.0m deep to the total area of 82,700 m², 165,400 m³ multiplied by \$6/m³ equals to approximately \$1.0 million, excluding preliminaries and general costs, contingency and fees.
- 3.4** The above results in an addition of approximately \$2.66 million to the costs of rural remediation. In the context of an \$80m – 120m project (using both Mr Udale’s and Mr Martin’s figures), and acknowledging the advice from Mr Olliver above that it is not likely to be required in any event, in my opinion, the increase in costs would have little to no effect on the feasibility outcome noted in the Essentia report.

Paragraphs [3.14 - 3.16]

- 3.5** Mr Martin contends at paragraphs 3.14 to 3.16 that *“The cut depth of 0.5 m seems very shallow when there are existing slopes up to about 8m at gradients steeper than 1v to 6h. In my opinion, the 26,000 m³ is likely to significantly underestimate the cut to fill earthworks required for the quarry remediation.”* My original calculations were based on discussions with Perry Group and I am still happy with the allowance. The cut to fill allowance was based on areas outside the existing lakes (which would be retained, based on the above advice from Mr Olliver) and land that had already been remediated (and therefore only required treatment to 300 mm of B-Horizon soils and 150mm of topsoils consistent with condition 38 (c) of the resource consent). The area required for cut to fill covered a much smaller part of the site (approximately one-quarter of the land).

- 3.6** However, for the purpose of comparison only, even if my cut / fill allowance was increased to 1.0m deep across 100% of that area, this would only add approximately \$ 0.8 million in cost, excluding preliminaries and general costs, contingency and fees, which is not a material difference. In my opinion, this would also have little to no effect on the feasibility outcome noted in the Essentia report.

Paragraphs [3.17 – 3.18]

- 3.7** Mr Martin contends at paragraphs 3.17 to 3.18 that the percentage allowance for Preliminaries and General Items (P&G) in my report is too high. I refer to paragraphs 5.9 – 5.10 of my evidence, which Mr Martin does not appear to have considered in detail. I stand by those comments, and therefore do not consider any adjustment is required.

Paragraphs [3.19 – 3.23]

- 3.8** Mr Martin contends at paragraphs 3.19 to 3.23 that the central swale for industrial development is not required, and stormwater treatment could be provided through treatment devices on individual lots. This matter has been covered in detail by Messers Lenfter & Milne in their separate statement of evidence. Based on their response, I understand that no adjustment to my cost or revenue estimates are required.

Paragraphs [3.25 – 3.28]

- 3.9** Mr Martin contends at paragraphs 3.25 to 3.28 that the allowance for subgrade improvement for industrial development is overly conservative. This matter has been covered in detail by Messers Lenfter & Milne in their separate statement of evidence. Based on their response, I understand that no adjustment to my cost estimates are required.

Paragraphs [4.1 - 4.3]

- 3.10** Mr Martin proposes an alternative option of a cleanfill operation at his paragraphs 4.1 to 4.3, and says this might reduce the earthworks costs for industrial development. This matter has been covered in detail by Messers Lenfter & Milne in their separate statement of evidence. Based on their response, I understand that no adjustment to my cost or revenue estimates are required.

Paragraph [5.1]

3.11 At paragraph 5.1 of his evidence, Mr Martin provides a table of cost and revenue adjustments based on his earlier evidence. Based on the above, there are no required adjustments to my cost or revenue estimates and therefore there will be no impact on the revenue or feasibility outcomes.

3.12 However, for the sake of comparison, if I include the costs I have calculated above for the filling of the ponds and increased cut/fill this would add the following costs to the rural remediation estimate I provided:

- a) Filling Ponds - \$1,660,000.
- b) Preloading of Ponds - \$1,000,000.
- c) Cut / Fill adjustments - \$800,000.
- d) P&G at 12% - \$415,000.
- e) Professional Fees & Contingency at 15% - 580,000.

3.13 This equates to a total additional amount of \$4,455,000.

3.14 The adjusted value for the Rural Remediation Costs would be \$11,105,000. In my opinion, this would have little effect on the feasibility outcome noted in the Essentia report.

4. CONCLUSION

4.1 Notwithstanding the queries raised by Mr Martin, which I have answered above and earlier in my primary evidence, I continue to support the cost and revenue estimates for the industrial and rural remediation developments that have been relied upon in the Essentia report.

Andrew Julian Millard

25 November 2019

