

# 2006

# ENVIRONMENTAL REPORT



# OUR ENVIRONMENTAL POLICY IN ACTION

This year Solid Energy successfully extracted more than 4.7 million tonnes of coal, contributing 10.3 million tonnes of climate-changing carbon dioxide to the global atmosphere. We made progress with our mountain top removal project (despite significant delays), and used a legal loophole in Court to continue driving an endemic New Zealand species to extinction without prosecution. We worked closely with Helen Clark to ensure that the launch of New Zealand's climate change policy made more reference to 'clean coal' than renewable energy. Solid Energy is a state owned enterprise, so our dividend goes straight to the Government. On a community level, we also succeeded in having more power than ever at our Stockton Environmental Consultative Group meetings (conveniently set up to 'consult' local community organisations and environmental groups).

## ULTIMATE IN DECEIT – ACID MINE DRAINAGE

This year we continued to use spin to clean up pollution of streams and rivers at the Stockton Opencast Mine. Our biggest problem is Acid Mine Drainage (AMD) - rivers are polluted when the copious rain dissolves sulphides in crushed mine rock to form sulphuric acid, and this acid in turn dissolves iron and aluminium from the rock. These ions are very toxic to fish.

Cleaning up involves huge expenditure on capping rock dumps and chemically treating waste water. It is much cheaper for us to 'solve' the problem by changing the name. We now call AMD acid rock drainage (ARD) to make it look like it is the natural rock of the coal plateau that is responsible for the pollution.

(Technically, natural streams are very clean and pure - they easily meet New Zealand Drinking Water Standards, despite having a relatively low pH. However, we fudge the difference between polluted and clean streams by saying they both suffer from ARD and by implying the pollution is a 'natural process').

We even went to Court to ensure that the West Coast Regional Council use the term ARD instead of AMD. Disappointingly, some of our own scientists keep forgetting (or are reluctant to use our spin), so at times our documents continue to have AMD on one page and ARD on the next.

## BEFORE ACID MINE DRAINAGE

This is a clean stream from the head of the Waimangaroa. This stream is representative of natural streams on the Stockton plateau with golden-tinged water and aquatic life, for example fresh-water crayfish.



Kitchin Creek is another clean stream. The moss is bright green and there is no mud on the rocks. The adjacent Waimangaroa River has brownish moss and muddy rocks from the AMD coming from leaks in the drains and dam at Stockton.



## AFTER ACID MINE DRAINAGE

This is a polluted stream resulting from a leak of AMD from Stockton. This is also the head of the Waimangaroa River. The vegetation in the middle of the stream should be bright green but is covered in sludge from precipitated iron and aluminium. pH is in the low 3s!



Polluted streams are muddy, with reduced or no stream fauna. Any plant life that survives becomes coated with sludge.

## TREATMENT OF WORKFORCE

Our recruitment procedures enabled us to end the employment of 7 of 10 union executive members a couple of years ago. Much of our Stockton workforce is employed by contractors so when one contractor was replaced by another, workers could not apply for a job with new contractor Doug Hood unless they got a letter inviting them to do so. Buller Miners Union president Dave Reece said we were ultimately responsible! "They are the ones that pull the strings and dictate the terms to everybody," he told the Westport News.

Nationwide, we employ 658 staff and indirectly employ 533 either on-site or in related operations. (Figures are for June 2006; see our 2006 Annual Report).

An on-going concern of the Bullers Miners Union is that locals are overlooked for jobs in favour of 'outsiders'.

Last year mine workers at our sites up and down the country went on strike for better pay. While many employers agreed to a 5% increase, our starting point was of course, zero (despite a record surplus). In Buller workers picketed at Stockton and marched through Westport. They eventually got around the 5% plus some other gains. Don Elder, as CEO, is of course currently awarded with a salary of more than \$670,000.

Disappointingly, there are very few workers who feel any loyalty towards the company. In fact, it seems we have squandered the goodwill we once had from both workers and the community.

## NGAKAWAU RIVERWATCH

A couple of years ago, locals protested the pollution of the Ngakawau River. Initiated by Stockton mine workers, the Ngakawau Riverwatch group has forced us to at least acknowledge the heavy sediment loads and Acid Mine Drainage polluting the river. (Previous to this, we referred to the Ngakawau as an 'industrial river' and did nothing when locals complained about the filth).



*Living Rivers group protesting at the state of the Ngakawau River*

The miners have been blacklisted. Rest assured, they'll never work for Solid Energy again, nor for any of our contractors.



*Dick Marsh and Billy Tyler are two of the coalminers who formed Ngakawau Riverwatch. Behind them is the Ngakawau River, once full of whitebait, now too toxic for fish. We have blacklisted both men*

## WATER POLLUTION

A February 2006 report to the company from the University of Canterbury - Distribution of native fish in the Ngakawau and Waimangaroa Rivers – found that many waterways were fishless due to historical and current mining. For example, St Pats Stream is fishless as a result of mine pollution, mostly from our open cast operations in the last two decades. This involves about 10 km of St Pats Stream and its tributaries Fly Creek and Plover Stream.

Of course, as we keep saying, we intend to restore fishlife in the Ngakawau River at least. (Financial considerations will of course take precedence; it may be that the cost of cleaning up the rivers is greater than the value of the coal we mine.)



*The Ngakawau River runs black with coal fines following heavy rain*



## CONSULTATION WITH OUR STAKEHOLDERS

### Riverwatch

When it came to seeking resource consent for water discharges for our next mine extension ('4West'), we decided consultation was no longer the safest bet for getting our way. Riverwatch continue to keep the pressure on us over water quality. They wanted us to meet Cypress water quality standards, but we insist on setting our own low standards. The Regional Council enabled us to cut Riverwatch out of the submission process by not publicly notifying the resource consent application, and then not naming Riverwatch as an affected party. We have always planned to start mining at 4West before even the inferior level of treatment was in place.

### Forest and Bird

Forest & Bird members are banned from Stockton ; this is a logical consequence of them appealing the Cypress mine resource consent, and being staunch about it.

### Buller Conservation Group

Our relationship with Buller Conservation Group has been tainted by their actions in 2005 when they caught us continuing with ridgeline mining. We had promised there would be no mining until after consultation meetings with the public. In 2006, Buller Conservation Group suffered as a result of redneck attacks after we struck fear in Buller with our misinformation over job cuts if the Augustus ridgeline was not

mined. Rather than an apology, we decided to ban one member from Stockton, and also awarded him with a "pre-emptive" trespass notice when he was standing on public land.

## PARLIAMENTARY COMMISSIONER FOR THE ENVIRONMENT

We were very pleased with a recent Parliamentary Commissioner for the Environment preliminary report on our operations, as it carefully avoided examining issues of biodiversity or greenhouse gases.

This is despite even the Economist labelling coal as environmental enemy number one. In fact, the PCE decided they will not properly investigate other issues until 2008 – and even then they will only focus on Stockton. They will not, for example, consider mine fires and landslides near Greymouth, or environmental management issues at Huntly or in Southland. Their examination will be contained to our Environmental Management System, water quality, site rehabilitation, compliance monitoring and enforcement, community consultation and "any other issues identified as relevant during the course of the investigation." Business goes on as usual.



### RIDGELINE MINING

The Mt Augustus ridge is a spectacularly beautiful place, rising steeply 1000 metres from the sea near Westport. A prominent feature on the Buller skyline, the ridge is a haven of biodiversity, home to Great Spotted Kiwi and other endangered species. It also has cultural significance for local iwi.

Much of the area was recommended for protection by a Department of Conservation scientific report in 1998, but was removed from the protection list at our behest. Instead, with blasting and giant diggers, we are currently removing up to 40 vertical metres from the ridgeline.



### POWELLIPHANTA AUGUSTUS

At Mt Augustus, Solid Energy is about to drive an endemic species to extinction. 'Augustus' was first spotted in 1996, but not recognised as a separate species until 2003. By then Solid Energy had already destroyed much of its original habitat. In early 2005, we 'accidentally' destroyed another chunk.

We are working on opencast mining the last remaining 5 hectares of habitat in order to meet a supply contract with Korea. We signed that contract months before getting permits to kill the snails.

Forest and Bird went to the High Court to prove that mining companies are not exempt from abiding by the laws surrounding 'absolutely protected' species. However, Chris Carter, Minister of Conservation, decided to grant the permit for the snails' demise anyway, allowing us to get on with our profit-driven operations.

With permission to destroy 94% of the remaining habitat, and drop rocks on the rest, the species is likely to be driven to extinction before it has even been formally named.

This is state-sanctioned species extinction; it couldn't be easier to drive an entire species off the face of the earth. Despite warnings from the Department of Conservation (DOC), the Biodiversity Committee of the New Zealand Royal Society, and the international peer reviewer, the Government decided to go against its obligations under the International Convention on Biodiversity, and the National Biodiversity Strategy. They are belittling the 'absolutely protected species' designation, which is very useful for destroying the habitat of other endemic species, and very helpful to the mining industry.



*Powelliphanta "Augustus": This carnivorous species has an ancient lineage. It is twice as old as the coal that lies beneath it*

### NZ'S BIODIVERSITY STRATEGY

An independent review of New Zealand's Biodiversity Strategy found that it is failing to protect natural areas and species on public and private land. Our own diggers and dozers continue to desecrate high value habitat. In August 2006, we sought Wildlife Permits from DOC that would allow us to kill more endangered species at Stockton, including great spotted kiwi, and absolutely protected lizards.

Nowadays, we have to apply for permits to continue causing destruction that we have caused for decades. This is because of the High Court finding (in the Forest and Bird case) that we do not automatically have the right to kill any creature within our Stockton mining license. We are still taking our case to the Court Of Appeal to overturn the decision. To mine profitably, we need the legal right to kill any creature, no matter how critically endangered.



*Alpine gecko in Happy Valley, December 2006*

## WORKING CLOSELY WITH DOC

Due to pressure from Solid Energy, DOC has been of great assistance in our project to get to the Mt Augustus coal, regardless of the consequences for *Powelliphanta* "Augustus". They have helped us throughout 2006 by:

Keeping huge numbers of a critically-endangered species in substandard conditions, before a captivity protocol had been developed, and without a captive rearing facility in sight.

Allowing us to begin work under the Wildlife Permit without first developing the required protocols.

Granting a high impact concession, without public notification, to drop huge quantities of rocks on the only Augustus habitat that will not be mined.

Refusing to prosecute our security firm (Gibson) for illegal filming and security activity on DOC land in December 2005, despite admitting there is a prima facie case.



*Solid Energy's Gibson security guards operate illegally on DOC land, Mt Augustus*

Repeatedly refusing to release basic information about the snails to conservationists, or releasing information only after extensive delays and intervention from the Ombudsman.

Refusing to prosecute us for the 'accidental' destruction of a substantial proportion of snail habitat in April 2005.

Dovetailing their media releases with ours to make it look like everything we do has DOC approval.

## ENVIRONMENT COURT

The company has never sought Resource Consent for our Mt Augustus operations. The Save Happy Valley Coalition Incorporated took us to the Environment Court, arguing that the mining of the ridgeline will destroy the habitat of *Powelliphanta* "Augustus" and thereby cause its extinction. As such, this will breach Solid Energy's duty to avoid, remedy or mitigate adverse effects on the environment. We maintained the Resource Management Act should not apply to our operations.

### The court found that:

- Solid Energy's mining activity is, under section 17 of the Resource Management Act, noxious, dangerous, offensive and objectionable

- *Powelliphanta* "Augustus" is undoubtedly an important addition to the biodiversity of New Zealand

- Destroying the only known habitat is a high risk strategy

- "[24] There is nothing in the evidence before us which leads us to any conclusion other than that Solid Energy gave no serious consideration to avoidance of the snail habitat in its mining programme."

- "[46] To paraphrase Mr. Buckingham [one of our expert witnesses], *Powelliphanta* "Augustus" is a small, isolated population at risk from catastrophic events. A catastrophic event has now arrived in the form of Solid Energy's bulldozers which will destroy much of the snail's known habitat."

- "[47] ... We are convinced by the evidence of Ms Walker and Professor New that in the present state of knowledge translocation is high risk. There is the possibility of failure of the process and that failure will take place in the background of most of the snails' existing habitat having been destroyed along with an unknown number of the snails themselves. We again refer to the provisions of s6(c) RMA and note that the destruction of this significant habitat of a rare native animal appears directly contrary to that provision."

However, the Court considered that the Coal Mining License is an 'existing privilege' and not subject to the RMA. Nevertheless, had we been honest we would have accepted that the court found the species to be placed at great risk, and then we would have taken actions to change that situation. Instead, we decided to state that the Save Happy Valley Coalition Inc's case was "just frivolous tactics" and threaten to seek more than a hundred thousand dollars in costs. We've spun it so the public thinks we are actually saving the species rather than sending it to extinction – DOC has been a wonderful help here.

The Save Happy Valley Coalition Inc has appealed, as only the legal matter is outstanding.

## PROPOSED DESTRUCTION OF HAPPY VALLEY

Happy Valley is a stunning, wild and untouched landscape, located in the Upper Waimangaroa, 25km northeast of Westport. Our proposed Cypress mine will destroy the habitat of, and highly likely individuals from, species such as great spotted kiwi / roa, *Powelliphanta patrickensis* and South Island kaka, kakariki, western weka, western long tailed bat, and the South Island fern bird.

Happy Valley is currently a colourful mosaic of magnificent red tussock wetlands, low forests of lush mountain beech and pygmy pine, and dense mats of intricate herbfield plants scattered over striking sandstone rocks and bluffs. Many other endemic species also live there, including NZ robin (toutouwai), tomtit (ngiru-ngiru), red tussock, pink pine, southern rata, and numerous rare mosses and lichens.

DOC recommended the area for protection in 1998, labelling it a nationally significant ecosystem.



However, we succeeded in getting that removed from the final report, and proposed a 256 hectare opencast mine, consisting of two pits of up to 90 metres in depth. This would allow us to extract 5 million tonnes of coal. Opposition to our plans was voiced by Te Runanga o Ngati Waewae, Buller Conservation Group, Forest & Bird, Ngakawau Riverwatch, DOC, Greenpeace, ECO, and numerous other organisations and scientists around the country.



The Court system has legalised our planned destruction of the area; we were granted Environment Court consent to mine the valley in May 2005. However, the site has been occupied by the protest group Save Happy Valley Coalition (SHVC) since January 2006.

## PEST CONTROL IN HAPPY VALLEY

We engage in pest trapping in Happy Valley as a form of greenwash. (We justify mining habitat by doing pest control on that very habitat, and neighbouring areas). At times there is an added benefit for us of reducing the ecological value of the area by harming the endangered wildlife themselves with our traps and bait stations.

Rat bait stations are placed on the ground, for ease of application, but they are easily reachable to native birds. Disappointingly, weka have been observed (and filmed) eating the poison – diphacinone. There is a requirement at Mt Augustus that the Dead Rat Cafe be 700 mm off the ground to avoid weka getting in. Our “global best practice” does not extend 4km east into Happy Valley, as it is going to be mined anyway. The bait stations are lightweight and only loosely held to the ground. A design fault means that possums can get the lids off, thus placing a greater variety of native birds at risk from poisoning. This is of course of great concern as it all also means that there is a lot less poison left for rats and mice. Nevertheless, we have not yet managed to improve the setup, eight months since SHVC recommended to us – and our contractors – that we check all our bait stations and ensure we fasten them safely out of reach. Recently, DOC has told us that all our bait stations have to be both durable and weka proof.



Meanwhile, although some of our stoat traps are screwed onto a plywood base, some are held down by rocks. It is possible that a weka could move the rocks and end up with their beak smashed in the trap. In another eight months we will look at improving this situation.



## CLIMATE CHANGE AND COAL

Our coal is currently responsible for more carbon dioxide emissions than the CO2 equivalent of all the cars, trucks and buses on New Zealand roads. And, we continue to increase production! In the last financial year, we exported 2.47million tonnes of coal, which represents more than half of our total sales. This removes the coal from any Kyoto Protocol compliance requirements.

Following the scrapping of the carbon tax, the Government has successfully avoided implementing a climate change policy that actually means we have to change anything we do. Their most recent policies for 'addressing' climate change were released at the end of October. Due to extensive communications on both our parts, these still included coal, a non-renewable fossil fuel.

We made lots of claims about 'clean coal' even though the technologies for carbon capture do not yet exist on an industrial level and are at least 50 years away. Every coal fired power station and coal mine that is created now will emit carbon dioxide for their lifetimes.

Despite the Energy Panel of the Royal Society's report that, barring a technology breakthrough, coal is not a sustainable option for the long-term, we are still planning to create diesel from coal at Ohai, Southland – a process that emits twice as much carbon dioxide as regular petroleum use.

The Government then seemed to suggest that coal fired power stations were on the back burner. We are, of course, keeping the pressure on. Alison Brown, General Counsel for Solid Energy, is also Chair of the Greenhouse Policy Coalition. This is a lobby group specifically set up by the coal, aluminium, steel, dairy and other industries to pressure Government for climate change policies that favour us. In 2006, we also indicated we will fund research (into 'carbon capture and sequestration') to aid us in convincing the Government to let us keep doing what we have always done.



## MAP OF SOLID ENERGY OPERATIONS





# THE YEAR IN REVIEW

## JANUARY:

Ridgeline protest draws national media attention to our plans to destroy Mt Augustus. We revert to trucking coal from Ngakawau to Reefton, despite road safety issues, and noise and dust pollution for the community. SHVC begins a permanent occupation of our proposed mine site at Happy Valley. We send our Gibson security guards, even though it is a public occupation on publicly owned land.



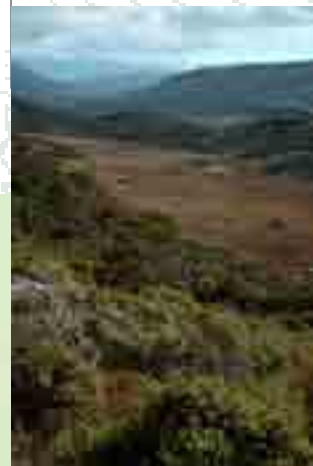
## FEBRUARY:

World Wetland Day celebrated by SHVC in Happy Valley, highlighting that our proposal to translocate 12 hectares of wetland is unprecedented and not possible. Three SHVC members scale our HQ in Christchurch to drop banners reading "Save Happy Valley! Stop Solid Energy! Support the Occupation." Two private investigators from Thompson & Clark (who we had contracted to spy on SHVC) are spotted by the Coalition in the Valley.



## MARCH:

Don Elder promotes the continued, and expanded, use of coal at the National Power Conference. We had planned to start building roads and other infrastructure for the mine in early 2006, but we change this till at least late 2006.



*Our machinery destroying the Augustus ridgeline*

## JULY:

Parliamentary Commissioner for the Environment calls for no more coal or gas-powered electricity stations in New Zealand. SHVC occupation of Happy Valley reaches 6 months. The Coalition declares the entire Upper Waimangaroa Valley an Autonomous Zone, and vows to use non-violent direct action to defend it from both the digger and dynamite of our company. DOC allows us to start the rapid removal of the Powelliphanta "Augustus" species from its wild habitat and into the fridge in Hokitika – in breach of the Wildlife Permit.

## AUGUST:

Don Elder attempts to redefine coal - an energy intensive, polluting, non-renewable fuel, and a key contributor to climate change – as 'sustainable' at the annual Hopkins lecture. 'Kiwi,' SHVC members and most of the audience are highly sceptical.

## SEPTEMBER:

Our trial of cement kiln dust dosing in the polluted Ngakawau River raises thallium levels beyond US Environmental Protection Agency guidelines. Resource Consent application lodged for discharge of polluted mine water in 4West, a Stockton expansion. We argue that we must start work in the area before the water treatment system is even in place.

■ APRIL:

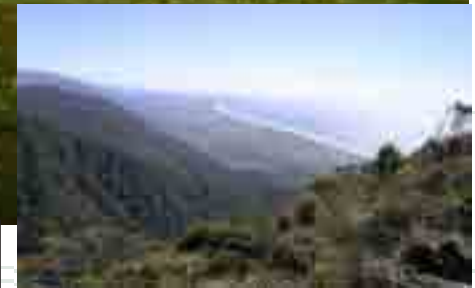
Conservation Minister Chris Carter, under pressure from senior colleagues, grants Solid Energy a Wildlife Permit. This enables us to "hunt, kill and possess" Powelliphanta "Augustus" snails in the process of destroying the vast majority of their habitat.

■ MAY:

A 'giant' snail slithers through the streets of Wellington – a paper mache creation of SHVC's.

■ JUNE:

Save Happy Valley Coalition Incorporated lodges Environment Court proceedings against us, claiming that mining 94% of the habitat of an endangered species, with a high likelihood of causing its extinction, is an adverse effect on the environment.



*View towards Westport from Mt Augustus*

■ OCTOBER:

SHVC finds several thousand dollars worth of spying equipment on public land, camouflaged near the start of the track into their occupation. This equipment had enabled easy identification of all the people who joined and left the legal occupation. On the Saturday before the Environment Court hearing begins, we ensure DOC grants us permission to immediately begin destruction of core snail habitat. Our incestuous relationship with the Government is displayed for all to see, when Labour releases the new climate change policy. Don Elder and Helen Clark immediately both start talking in the national media about 'clean coal.'

■ NOVEMBER:

SHVC hold a beach party in front of our Christchurch HQ, to highlight that the ocean will be lapping at our door if companies like ours continue coal mining. By the end of the 21<sup>st</sup> Century we could commit future generations to eight metres of sea level rise.

■ DECEMBER:

We win High Court case on technicalities. Environment court finds that our actions in mining the Augustus ridgeline are "noxious, dangerous, offensive or objectionable." We threaten to seek more than \$100,000 in costs from Save Happy Valley Coalition Inc – following a long tradition of seeking to silence opposition.

## GOOD RELATIONSHIP WITH REGULATORS



*Burning mine near Denniston*

Solid Energy has worked hard to ensure the continuation of comfortable relationships with the local councils. This venture has been so successful that when it came to our proposal to mine the Mt Augustus ridgeline (causing a cut visible from the bottom of the mountain, further water pollution, and highly probably species extinction), local council followed the unusual practice of accepting our expert advice without any of their own expert consideration. As well as allowing us to self-regulate in this manner, the West Coast Regional and Buller District Councils have not enforced even the most minimal environmental standards, and turn a blind eye to pollution.

The Strongman fire started more than 5 years ago and has completely destroyed a large area of vegetation and the headwaters of a creek have been subjected to rockfall from the fire area. At times the fire is so big and bright that fishermen out at sea use it as a lighthouse.

Outcome: No enforcement action.

As a result of inappropriate blasting techniques, and deviating from our mine plan at Strongman, Solid Energy caused a slip to dam Ten Mile Creek which resulted in a lake forming

hundreds of metres in length in the Ten Mile. Sadly, locals named it Lake Pizey after our National Environmental Manager, Mark Pizey. We of course maintain that our Environmental Management Systems are working exceptionally well, and there are just some improvements that need to be made. Outcome: No enforcement action.

There are no compliance limits on our Stockton consent and resulting water quality is very poor with almost no life in the creeks that drain the Stockton mine. We have problems with Acid Mine Drainage at numerous mines including Stockton, Island Block opencast, the closed Benneydale mine in the Waikato, and Wangaloa mine near Balclutha.

We continue opening new pits all the time but still have no effective water treatment at Stockton. The only thing that works is sediment dams which stop some coarse sands - all the fine sediments and coal fines flush down the creeks in heavy rain. Revegetation still covers a tiny area of rock dumps and will have to be stripped again if we ever get serious about sealing the dumps to stop AMD.

We have got our money's worth from our proposal to spend \$20 million fixing up water quality in the Ngakawau River – even though we do not have systems to address AMD, we have not yet spent the money, it is to be spread over 3 years, and the cost of actually significantly improving Ngakawau water quality is far greater.



*Polluted water in the Mt Frederick diversion drain which flows to the Ngakawau River. Almost no money is earmarked to clean up polluted water in this section of the mine*

A few years ago, a seal on our dam failed, resulting in a discharge of coal fines and AMD into the headwaters of the Granity Creek. We do not have any consents to discharge into this creek. The leaks became so big the dam could easily have collapsed threatening the township of Granity. We had to drain it. Outcome: No enforcement action.

Island Block is not being worked currently. It is a very steep face which is now a scar on the landscape visible from the State Highway. Outcome: No enforcement action.

## GLOSSARY OF TERMS

**Historic mining** - An hour ago

**Acid Rock Drainage** - Acceleration of the natural acidification process of mineralised rock through mining (Not relevant to scientific journals).

**Waste stream** - Mangatini stream.

**Affected parties** - Those whose consent is guaranteed (ie.DOC, WCRC). Locals excluded.

**Too expensive** - Over the annual net profit of \$79 million for the previous year.

# Save Happy Valley Coalition

The Save Happy Valley Coalition is a network of groups and individuals from across Aotearoa committed to stopping Solid Energy's proposed open cast coal mine in Happy Valley (Upper Waimangaroa Valley) on the West Coast. They work to raise awareness on climate change in New Zealand. They are also deeply concerned about the fate of all endangered species under threat from Solid Energy, including Powelliphanta "Augustus" at the nearby Stockton mine. The Coalition is made up of West Coast locals, students, workers and the general public. The group has a track record of creative protests, occupations and lock-ons as well as producing a variety of informative media.



[www.savehappyvalley.org.nz](http://www.savehappyvalley.org.nz)  
[contact@savehappyvalley.org.nz](mailto:contact@savehappyvalley.org.nz)  
Media enquiries: [frances.mountier@gmail.com](mailto:frances.mountier@gmail.com) 021 175 7484