

# STEVENSON WAY

OUR BUSINESS. OUR PEOPLE.

ISSUE 41 FEB 2011

## ONLY HIGH-OCTANE WILL DO



Stevenson has had and will continue to have a close association with mining in New Zealand, beginning in 1948 at Kopuku Mine (now Kopako) in the Waikato. So the recent tragic loss of 29 lives at the Pike River coal mine has personal connections for us. Russell Smith, who was previously employed by Stevenson Mining as a loader operator at Ohai, was one of the two miners fortunate enough to escape from the Pike River mine. Our thoughts and sympathy are with the families of the 29 miners as they try to come to terms with their loss.

2010 was another challenging year as we all tried to work smarter to overcome the effects of the economic downturn. The Government's multi-billion dollar investment in infrastructure helped to keep some aspects of the economy turning over. We played our part in getting Auckland moving, supplying materials and expertise to the Victoria Park Tunnel project and the fourth lane extension from Market Road to Greenlane.

2011 has started slowly but our focus on creating and fostering business relationships is holding us in good stead. Stevenson Resources is a major aggregates supplier and Stevenson Technical Services is the laboratory testing facility for a key Auckland infrastructure project – the Hobsonville Deviation. Stevenson

Engineering took over the manufacturing of NZ Steel's Steltech Structural beams at the company's Takanini workshop in late 2010. Further south, our Keystone blocks will feature in the new approach to Carisbrook's replacement stadium in Dunedin.

The 2011 Rugby World Cup will be a tremendous highlight to look forward to this year. We were very impressed with the high-energy professional performance by the All Blacks in 2010. High-octane rugby has its risks, but when it works it can leave the other team struggling to catch up. Delivering a high-octane, professional performance is what's being asked of all of us in New Zealand business and will require commitment, energy and a capacity to adapt. Like the All Blacks we cannot

remain static. We have to forge our own future – be in control of our own destiny, while leveraging the strength of our brand, our people and our heritage. Innovation will be key, as will our ability to be flexible and to take calculated risks.

I wish you all the best for 2011.

**MARK FRANKLIN** Chief Executive, Stevenson Group

Stevenson knows. **Aggregates.**

### CUSTOMER PROFILE

## HEB CONSTRUCTION

As head contractor on the \$200 million SH18 Hobsonville Deviation and SH16 Brigham Creek Extension between the Northwestern Motorway and Greenhithe, civil construction business HEB is working on its biggest ever project for the New Zealand Transport Agency (NZTA).

The Hobsonville Deviation represents one of Auckland's five current major roading projects. It is part of the Western Ring Route, and includes four interchanges, at Hobsonville Road, Brigham Creek Road, Trig Road and Buckley Avenue, as well as a new roundabout where the motorway extension meets with the existing SH16 at Brigham Creek Road. It also includes a bridge at Totara Creek, a pedestrian footbridge at Clarks Lane and four new roundabouts along Brigham Creek Road.

HEB was awarded the design and construct contract by the NZTA in April 2008 and construction began in September 2008. Fifty per cent of HEB's work is sourced from the NZTA.

The project is due for completion in October 2011, several months ahead of scheduled 2012 finish. In late December 2010, around 350,000 m<sup>2</sup> of pavement metal and 135,000t of asphalt had already been laid out of a total of 408,000m<sup>2</sup> and 196,000t respectively.

'At present we're spending \$2 million per week to complete the job,' says HEB Project Manager David Loe. 'We have 350 staff and contractors working on the project, including engineering and accounts staff.'

'There is a high degree of collaboration between Stevenson and HEB through a long-established relationship. We are both family-owned independent businesses. We work in the same area and have similar values and philosophies, which works to the project's advantage.'

'The pavement (road structure) was designed around the properties of the metal supplied from Stevenson's Drury quarry. This has been possible due to the project delivery mechanism being a design and construct model. To give an example of the level of collaboration, in winter we added one per cent of lime to the MR9 aggregates to make the material easier to use. Trying to construct roading in winter is fraught with problems.



Aerial photo of the project viewed from Upper Harbour towards the east.

To overcome this we worked together to make the material more user-friendly. Stevenson's pugmill at Drury was used for accurate lime dosing of the MR9 basecourse. Stevenson's service has been spectacularly good.'

### ABOUT HEB CONSTRUCTION

A large civil construction business with eight branches nationwide and a staff of 570, HEB Construction offers six core services, ranging from structures, roading, infrastructure

and landscapes to subdivisions and precast. Specialty services cover everything from road construction, earthworks, maintenance contracts, bitumen surfacing, piling, foundations and civil engineering structures to drainage and culverts, pipelines, water and waste reticulation.

### STEVENSON ON-SITE LABORATORY A VITAL ASSET

'We priced the Hobsonville project as an on-site laboratory and on a per technician basis, to reduce the risk of cost overruns

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## CUSTOMER PROFILE HEB CONSTRUCTION continued

for HEB,' says Stevenson Technical Services Manager Jayden Ellis. 'We're flexible in our service approach. We work in with HEB and their commercial managers and project engineers to provide what they want, when they want it. In November 2008 we set up a lab on-site in Hobsonville to enable HEB to receive an on-demand testing service and fast turnaround of results.'

Jayden estimates that the on-site laboratory has completed literally tens of thousands of tests over the course of the project. 'At the project's peak we had up to nine staff working at the on-site laboratory. This has been a massive project for us, accounting for 40 per cent of our workload last financial year.'

**HEB's David Loe: 'We haven't had to query the service the laboratory has provided - it was flawless.'**

And, from HEB's Arnaud Deutsch: 'The lab's flexibility and responsiveness stand out. We've had a number of design changes on the project and the lab was always there when we wanted them, even if it meant changing the staff numbers in their team. We hadn't expected a lab service to be so good. We've had no problem with any of the testing. These guys are part of our team and work alongside us.'

## STEVENSON PULLS OUT THE STOPS FOR HOBSONVILLE DEVIATION

Stevenson has the major aggregate supply contract for the Hobsonville project. By the time the project is completed Drury quarry will have supplied around 600,000 tonnes of material. Approximately 340,000 tonnes were supplied to Gleeson & Cox Transport, which has the contract for cartage of the subgrade fill materials.

Stevenson's Drury quarry has a storage capacity few other quarries can match. To meet a critical HEB requirement,

Stevenson maintained a stock of 30,000 to 40,000 tonnes in individual 6500 tonne lots for the duration of the project. Keeping sufficient stocks in supply ready for delivery at short notice was essential for the project and requires meticulous planning. The specified products were all tested and approved by HEB prior to delivery.

'I deal directly with the quarry's Technical Manager Ross Ashby and the staff at the weighbridge to approve material for delivery,' says HEB Contract Quality Manager Arnaud Deutsch. 'Stevenson often has to respond at short notice. It's not easy for us to forecast volumes because of the weather changes. Ross and his team are very proactive about getting things sorted for us.'



Stevenson knows. **Engineering.**

## STEVENSON ENGINEERING TO MANUFACTURE BEAMS FOR NZ STEEL



L-R: Luke Duncker, Mark Smith, Brummen Young and Moses Fotofili alongside a Steltech beam for KiwiRail wagons.

**A higher quality product delivered faster - that's the aim of Stevenson Engineering in its new partnership arrangement to manufacture structural steel beams for NZ Steel.**

Stevenson Engineering commenced manufacturing the Steltech Structural product range in November 2010, taking over the beam assembly operation at NZ Steel's current Spartan Road site in Takanini. Stevenson employed a core group of Steltech staff and also introduced its own highly skilled specialist welders and engineers to work on-site and run the Takanini workshop.

NZ Steel has been a major Stevenson Engineering customer for many years for its plant and equipment maintenance.

'This new arrangement adds value to our mutual businesses and further strengthens our relationship,' says David Young, General Manager, Stevenson Engineering. 'We're very keen to use our engineering skills to improve processes in the manufacturing of Steltech's structural steel beams. Steltech is already a strong brand and these changes are intended to support the creation of opportunities in the marketplace. The beams manufactured by Stevenson will be produced faster and to a higher quality.'

'We're currently manufacturing 50 to 70 tonnes of structural beams per week. We predict that we'll be increasing this to 150 tonnes per week in the coming months.'

'Having access to a larger pool of skilled workers will enable us to adjust our capacity to ensure we maintain a four-week lead time in response to market fluctuations,' says Chris Cussen, General

Manager, Steltech Structural. 'Stevenson will also transfer some of its existing equipment into the operation. This will assist in expanding the range of products and services Steltech will offer.'

'The arrangements we have established with Stevenson Engineering and external profile cutters will create a platform to increase the use of steel in New Zealand structures.'

'We have no intention of competing with our fabricator customers. We are looking at opportunities where we can add value for our customers and end users.'

Steltech will use Fletcher EasySteel for much of their plate cutting.

Stevenson Engineering offers specialised welding expertise in-house. Its specialist welding service includes a purpose-built WAG multi-surfacer automatic welding station - the only one of its kind in the Southern Hemisphere.

'Their engineers love what they do and it shows in the work they produce,' says Chris. 'The passion and dedication of the Stevenson Engineering team stands out. They are the ideal manufacturing partner for Steltech. We look forward to working with Stevenson to provide our customers with quality products and an outstanding service.'

Stevenson knows. **Our people.**

## GEOFF TAPPIN

A senior designer at Stevenson's Matamata-based subsidiary Rocktec, Geoff Tappin (aka Ernie) joined the company 18 years ago. For eight years prior to this he had worked at another local engineering firm, where he gained his Trade Certificate in Fitting and Welding.

'I always had a leaning towards technical drawing. I'd done it all through high school and throughout my apprenticeship. After working as a fitter welder for a few years, including a couple as workshop foreman, I migrated to Rocktec's drawing office, at first under the guidance of Angus Robson. I ran the drawing office for the next decade.'

Initially drawings were completed by hand on a drawing board, but for the past 14 years Geoff has used AutoCAD design software to produce 2D drawings. The drawing office now produces fabrication drawings from 3D models using SolidWorks design software.

As Rocktec has expanded, so too has its drawing office, which now boasts eight designers.

Two years ago, Geoff's design work expanded to include a technical sales role. He typically works anything from 44 to 60 hours a week. His original experience on the workshop floor and his many years of drawing and designing make him ideally placed to assist customers to understand the rationale behind a particular design.

'I also look at a plant from a maintenance perspective. I walk through a plant with a customer, taking notes and measurements and gaining an understanding of how it works and what's required. It could be a new or modified quarry or processing plant or a new or fine-tuned product.'

'The biggest challenge is taking customer concepts and turning them into an effectively functioning plant or product that meets the budget and timeframe. It's very rewarding seeing in operation a completed plant or piece of equipment which I've spent many hours designing, and then receiving positive feedback from customers.'

Geoff is design team leader for one of Rocktec's big Australian projects - providing a replacement production plant at Boral's Dunnstown Quarry in Ballarat, Victoria. 'It is the largest static quarry plant we've done in Australia. I feel proud of what our team has achieved, as our design comes to fruition.'



Stevenson knows. **Agriculture.**

## PROGRESS IN SIGNIFICANT NATURAL AREAS NEGOTIATION

Stevenson has a strong conservation plan in place for its Lochinver Station, located 30 kilometres south-east of Taupo. The company aims to enhance the ecological value of the property through responsible farming practices that align with the farm's conservation plan.

'Stevenson has always been a responsible custodian of its land,' says Stevenson's Environment, Health & Safety Manager Mark Dexter. 'Conservation is always at the forefront in our philosophy. We do our utmost to farm in a responsible manner.' Local bodies have a mandate under the Resource Management Act 1991 to protect indigenous vegetation that is threatened and to prevent inappropriate use, development and subdivision of important landscape and natural features. The Taupo District Council has embarked upon a plan change process that will result in designating specific areas of indigenous vegetation on farms as protected areas – Significant Natural Areas (SNA). Areas designated as SNAs are not always confined within the boundaries of an individual property and can often extend over whole tracts of land, affecting multiple landowners.

In Stevenson's case, one of the identified SNAs at Lochinver is integral to the farm's future development. 'Under the current SNA designation, Lochinver stands to lose almost a quarter of its available farm land,' says Mark. 'The Council has designated four SNAs totalling 3000 hectares on

a property of 14,000 hectares. Some SNAs we are happy to leave intact and we are offering alternative areas to be protected to balance what we're trying to remove from SNA classification.'

Stevenson has been negotiating with the Taupo District Council about the SNAs for the past three years. Although the negotiations have not yet been finalised, Mark says they're a step in the right direction. He has been involved in every stage of the consultation process and is hopeful of a resolution that will accommodate the aims of both parties.

'We have a good working relationship with the Taupo District Council. This is an opportunity to agree on some conservation values with them. In conjunction with the Council's ecologist and our own contracted ecologist we have been constructively working towards an agreement that balances the needs of the farm with a desire to protect areas of significant indigenous vegetation and fauna.'

Stevenson knows. **Agriculture.**

## STEVENSON GROUP PURCHASE SHARES IN WOOL PARTNERS CO-OPERATIVE

Stevenson Agriculture owns the iconic Lochinver Station which produces over 165,000kg of wool every year. At the end of 2010 the company committed to Wool Partners Co-operative by accepting its share offer.

Wool Partners Co-Operative is a 100 per cent grower-owned wool co-operative established as a wool supply, sales and marketing company. Shareholders commit 100 percent of their wool to the co-operative. Its aim is to give wool growers the opportunity to take control of its industry and thus its future.

Stevenson Group CE Mark Franklin says: 'Wool Partners Co-operative is an organization which will benefit New Zealand and the wool industry. It will be instrumental in creating new markets and in encouraging the growing demand for New Zealand wool. Farmer support for this organisation is imperative for this development to succeed.

'We are fully supportive of sustainability initiatives and seek to implement these wherever it makes sense in our operations. Being part of Wool Partners Co-operative is a logical step in meeting this aim.'

Stevenson knows. **Infrastructure.**

## KEYSTONE PAVES THE WAY IN READINESS FOR WORLD CUP

Stevenson Keystone blocks will feature in the approach to the new Dunedin stadium in roading ramps, bridge abutments and retaining walls.

The stadium will replace Carisbrook and is being constructed in readiness for the 2011 Rugby World Cup.

'The retaining walls were originally specified in precast concrete panels, but after our discussions with the main contractor, Hawkins Infrastructure, we were able to convince them of the merits of the Keystone block system over conventional retaining wall structures. It offers some great advantages in aesthetic value and the speed of construction, which has resulted in cost savings,' says Namir Asmaro, General Manager for Stevenson Keystone.

'Keystone offers long-term structural integrity, flexibility and aesthetics in the same system. The robustness of Keystone blocks is showcased on the stadium project. The blocks can be adapted to suit different soil, loading conditions and types of back fill. In this instance, we've used lightweight fill behind the walls to achieve the design requirements, in a challenging site with reclaimed land.'

As the project is Keystone's first in the Otago region, finding a local manufacturer for Keystone blocks was another challenge. An agreement was made with Viblock in Alexandra to make the blocks there, and reduce transport costs.

'We sent Viblock the Keystone mould, specifications and the required block colours and they made an excellent job of producing good quality blocks and in meeting a very tight schedule,' says Namir. 'We're happy with the quality, and the availability of the blocks.'

Construction on the retaining walls will commence in early 2011 and will be completed by May/June 2011.

Stevenson knows. **Leading by example.**

## GO MARK!

On 20 February Stevenson CEO Mark Franklin will be competing against CEOs from around the country in the 2011 Contact Tri Series CEO Challenge.

Other competitors will include CEOs from Fonterra, Contact Energy, Solid Energy, Beca and Wellington Electricity, to name a few. This particular section of the Tri Series will take place at Auckland's Takapuna Beach and will include a 300m swim, a 9km bike ride and a 3km run.

The Contact Tri Series is a seven-race series across New Zealand which provides opportunities for beginner's right through to elites to take part in a triathlon.

When Mark received the challenge from David Baldwin, Contact CEO, he weighed up the pros and cons. But his PA Kerry Klinac accepted on his behalf anyway!

'The challenge gives me a goal and it's good to get back into some (limited) training. As a CEO you can always come up with excuses to be too busy to get your body in order,' says Mark. 'I'm pretty keen on everyone in the company having some health goals – so I need to lead by example.'



### IN BRIEF

## KIDS' CHRISTMAS BONANZA

Stevenson Engineering hosted a Christmas party for 80 children of Stevenson staff from across the group in December. Toddlers to 12 year olds were treated to bouncy castles, face painters, a balloon sculptor, candyfloss and a big barbecue. Hunua Rural Fire Service volunteer firemen Gary Richmond and Shaun Kimberley gave the kids rides on their fire engine. And Santa gave away gifts and lollies.

## DRURY ROTARY TRAINEE OF THE YEAR AWARDS 2010

Stevenson Resources contributed \$1000 to Drury Rotary towards its \$4000 prize money presented to three finalists in the Drury Trainee of the Year Awards. Winner was landscaper Jason Rowley. The two runners-up were plumbing apprentice Ryan Wallace and apprentice builder Charles Trotman.

Stevenson knows. **Engineering.**

## BETTER EQUIPMENT SERVICING FOR WEST COAST MINES

The Greymouth Service Alliance (GSA) was implemented in May 2010 between Stevenson Engineering and Sandvik Mining & Construction. The alliance will enable them to provide more comprehensive and specialised equipment servicing options to the mining and construction industries on the West Coast and other parts of the South Island.



L-R: Mark Parsons, Stevenson Engineering, and Glen Haines, Sandvik, working on an SMV engine component change-out at the Preston Road workshop in Greymouth.

This timely alliance combines the knowledge and expertise of both companies. It offers customers full life-cycle machinery and equipment care, from the purchasing of new machinery and equipment to ongoing maintenance, repair and overhaul. The Alliance has a strong background in technical and product knowledge of all types of mining equipment – underground or open-cast, hard or soft rock. It undertakes a range of work for the mining and construction industries from servicing, maintenance and repairs (including component change-outs) to full rebuilds of both underground and open-cast mining equipment. The GSA also offers a 24/7 emergency repair service to customers.

Stevenson Engineering brings to this alliance over 30 years of experience in the mining, construction, raw materials and transport industries. The company repairs, maintains and refurbishes an extensive range of plant, machinery and vehicles.

Sandvik Mining & Construction (part of the international Sandvik Group, a

company with a 150-year heritage) is one of New Zealand's leading suppliers of equipment, tooling and consumables to the mining and construction industries.

'There's a huge demand on the West Coast for servicing underground mining equipment,' says Nick Bain, GSA Alliance Manager. 'These range from EIMCO wheel loaders to underground generator sets and Ram cars. We've already completed a couple of major rebuilds for the Spring Creek mine and were starting to do some work for Pike River coal mine in Greymouth (before the tragic events of 19 November 2010). We've also worked with OceanaGold at Macreas Flat, in association with the Frasers underground mine in Central Otago.'

'We can support the major brands and have been servicing overflow work for Sandvik,' says Nick. 'We're the only workshop on the Coast with the skills and facilities to provide fabrication, machining and welding, for machine repair along with bucket and conveyor

repairs. We also do diesel engine and transmission overhauls and driveline components.

'In the field we have mobile service vehicles to provide support for brake testing and repairs to feeder breakers, drift runners, shuttle cars, and road headers to minimise downtime. We also provide standard workshop servicing. This can include anything from sorting out hydraulic issues to diagnosing mechanical problems.'

Sandvik Mining and Construction NZ Manager Colin Spann: 'Prior to joining forces with Stevenson we struggled to provide an adequate support service to local industry for our installed equipment. The expanded capability has opened our eyes to potential opportunities. Thanks to the relationship with Stevenson we have a bigger slice of the pie to look at and a wider range of work. We now have the critical mass that enables us to sustain a greater number of staff. The ability to fly people for peak load work along with specialty skills for specific jobs from Stevenson's East Tamaki workshop gives the GSA a unique flexibility. It's early days yet, but we're happy with the way the alliance is working for us.'

The two companies jointly provide the services of 12 mechanics on the ground in Greymouth.

'The first six months have been frenetic, with several large equipment breakdowns coming in,' says Nick. 'During these peak times it's been fantastic to be able to call on the extensive resource from both sides of the Alliance.'

THE WORKSHOP IS BASED AT:  
52 Preston Road, Blaketown  
Greymouth

Stevenson knows. **People.**

## STEVENSON ENGINEERING SPONSORS FIREFIGHTERS

Stevenson Engineering has agreed to sponsor the Hunua Rural Fire Brigade by providing repairs and maintenance for its three fire trucks and by covering any absences when two of its staff members are called out to fight fires.

Mechanical Technician Shaun Kimberley and Account Manager Gary Richmond from Stevenson Engineering are both volunteer firemen for the Hunua Rural Fire Service.

'It's been a tough year,' admits Gary. 'We've had one house fire fatality and attended a fatal motorcycle accident. It's important to pull together in a small community. The Hunua Rural Fire service isn't funded by the NZ Fire Service. It receives partial funding from the local council. Yet as rural sprawl continues, we are increasingly being asked to do exactly the same work as the regular fire brigade. Our focus has changed from rural to regular fire brigade duties, which includes attending vehicle accidents and building fires, but unfortunately this is not reflected in funding.'

'We are very grateful for the support from Stevenson,' says Shaun. 'We receive \$7500 per year from the Franklin District Council to operate our service at Hunua. This isn't enough to run one truck, so there's a huge discrepancy. We survive on funding from the ASB Community Trust and wherever else we can get it.'



L-R: Volunteer firefighters Shaun Kimberley and Gary Richmond from Engineering.

**STEVENSON**

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