Submission from Straterra
To Ministry of Business, Innovation and Employment (MBIE)
A Draft Minerals Strategy for New Zealand to 2040
July 2024

Introduction

1. Straterra is the industry association representing the New Zealand minerals and mining sector. Our membership is comprised of mining companies, explorers, researchers, service providers, and support companies.

2. We would like to thank MBIE for the opportunity to comment on the A Draft Minerals Strategy for New Zealand to 2040 Discussion Document May 2024 (the draft strategy).

3. We are happy to meet with MBIE to discuss any of the points we have made about the draft strategy.

Key points

Design

4. The strategy could benefit from professional design to make it more cohesive and easier to read, with appropriate photos and graphics to summarise key points, particularly if the document has wider use to promote New Zealand's mined rock and minerals to New Zealanders, investors, workforce, and export markets.

5. Given the importance of science to the mining industry, the Foreword section of the strategy could benefit from input from the Science, Innovation and Technology Minister, in addition to the Resources Minister.

Goals

6. The strategy's goals or objectives need to be clarified and presented in a way that they can be easily measured and reported on.

Environment

7. The discussion around the importance of mining in a responsible and environmentally sustainable way needs to explain what modern mining in New Zealand looks like and to acknowledge the efforts and resources that the industry currently puts into reducing its environmental impact.

Conservation land

8. The mining industry is not seeking changes to the existing regime for mining on conservation land. We support the existing prohibitions on Schedule 4 land and the current case-by-case assessment of applications for mining on other parts of the conservation estate.

Correcting misinformation

9. Misinformed perceptions of mining practices in New Zealand have far-reaching and damaging implications for the sector including prejudicial treatment from sectors such as banking, insurance, investment, and tertiary education.

10. The Government has a role in explaining the facts, science, and evidence about mining, including mining and the environment, and this should be incorporated into the strategy as an action item.

Māori and mining

11. Māori have significant interests and rights in relation to the protection and management of natural resources and Māori employment in mining is much higher than the equivalent figure for the population as a whole.

12. The positive contribution of Māori in mining should be acknowledged in the strategy, with data.

Stocktake

13. We welcome the engagement of Institute of Geological and Nuclear Sciences Limited (GNS Science) to complete a detailed stocktake of New Zealand's known mineral potential.

Economic data

14. MBIE should pull together existing economic data on the minerals sector collected by Statistics New Zealand and other legitimate sources and publish it regularly in a meaningful way.

15. Crown royalties understate the industry's contribution to the Government's fiscal position and the economy.

Critical minerals / new mineral opportunities

16. We support the work being done to identify critical minerals and new mineral opportunities including the creation of a critical minerals list. Once the list is established the strategy will need to be clearer about what is meant by these terms.

17. We agree there needs to be ongoing resilience in our domestic minerals supply chains.

18. Of the minerals that are mined locally coal, aggregate, and phosphate are minerals which are critical to the industrial supply chains we currently have. Coal mining was acknowledged as an "essential service" in the COVID-19 lock downs because of the critical role it plays in electricity generation, food production and the heating of hospitals (among other things).

19. New Zealand must capitalise on the opportunity to unlock potential from our wide and varied mineral endowment for global and domestic markets, for the low carbon economy, and for traditional uses.

Adding value

20. There is potential to add value to New Zealand's untapped mineral resource through domestic processing and refining.

21. Reducing the regulatory burden to attract investment in mining and processing is a better path toward opening manufacturing opportunities than subsidies targeted at developing new industries and processing.

22. Increased allocation of government science funding into research and development of New Zealand minerals opportunities, extraction and processing is needed.

Regulatory framework

23. We welcome the development of a one-stop shop fast-track approvals regime to accelerate the development of regional and national projects of significance, including mining projects. We are not looking for this regime to bypass or undermine New Zealand's high environmental standards.

24. We recommend first principles reviews of both the Exclusive Economic Zone and Continental Shelf (Environmental Effects) Act and the Crown Minerals Act to identify barriers to mining and allow for the original intent of the acts to support mining.

Circular economy

25. We welcome the role recycling has and will continue to have in helping to meet the global demand for minerals but note recycling will not remove the need for existing and new mines. It should be noted that some recycling and reuse processes have significant environmental and financial costs. We believe they should be commercially viable, rather than subsidised.

Attracting investment

26. The industry needs stable policy settings and clear signals from the Government that it is supportive of mining and mineral processing to give investors' confidence.

27. Because of the long lead times required for mining investments, the Government and the industry need to work towards achieving cross-party political support for the industry.

28. We welcome the reinstated programme of marketing campaigns, including at international mining events and on trade missions, to promote New Zealand internationally to mineral investors and export markets.

29. Foreign direct investment is hugely beneficial to the New Zealand mining sector as a provider of capital and access to new expertise, technology, and links to global distribution systems.

Workforce

30. We recommend the Government work with the industry to develop a workforce strategy for the minerals sector which focuses on retention and attraction of skilled labour and the pathway from schools and universities to the sector.

The importance of mining in New Zealand

Before commenting on the draft strategy, we make these initial comments.

Mined minerals are essential for modern society

31. Minerals are vital to the way we live – in homes, businesses, food production, transport, infrastructure, modern medicine, technology, energy, at work and play. These minerals include aggregates for infrastructure, housing, and concrete; coal for process heat and making steel; gold, copper, rare earth elements (REEs), lithium and vanadium for electronics, electric vehicles, solar panels, wind turbines, batteries, etc. This list is extensive and everywhere you look you see something made from mined minerals.

32. Our reliance on natural resources is only going to increase. The draft strategy (page 2) refers to the International Energy Agency's estimates that the world will need six times more minerals than are currently being extracted to reach net-zero emissions by 2050. New Zealand has the potential to supply some of these, and the responsibility to make use of the resources we have.

Mining's contribution to the economy

33. As well as supplying the world with the minerals modern society needs, mining activity is a direct contributor to our economic prosperity. It contributes consistently to our export receipts, creates well-paid jobs, engages highly productive workers, and is particularly important to regional economies where significant investment within local communities is made.

34. A feature of the mining sector is its high productivity. This means it makes a disproportionately large contribution to New Zealand's economic growth and has the potential for more. Mining productivity and wages are among the highest in the country. Few industries, if any, could replace mining in terms of the economic contribution in the regions where mining occurs.

Mining and the environment

35. Negative perceptions about mining are often based on the past. Modern mining in New Zealand is conducted responsibly, with many checks and balances, including bonds. In mining, our environmental standards, as well as employment and health and safety conditions, are among the best in the world.

36. It is widely accepted that New Zealand's robust and far-reaching environmental protection legislation is among the most stringent globally. The mining industry supports having high environmental standards. Generally, mining activities not only avoid, remedy, and/or mitigate the transitory effects of mining, but also achieve a net positive gain for the environment.

37. Mining is temporary. When projects are completed, the land is typically returned to a restored, or enhanced state. There are some examples of rehabilitated mines and conservation work underway at mines in New Zealand on the Straterra website and projects such as Globe Progress restoration are internationally recognised.

The structure of the strategy

38. We will comment on the strategic pillars; strategic considerations; strategic actions; and other aspects of the draft strategy specifically. However, there are also some general comments for consideration.

39. The draft strategy could benefit from professional design to make it more cohesive and easier to read, with appropriate photos and graphics to summarise key points. This document has the potential to be an important communications tool in telling the provenance story to explain the value of New Zealand mined rock and minerals to New Zealanders, investors, workforce, and export markets.

40. To that end, there should be a clear vision, and decisive language identifying goals, actions, and measures of success.

Vision

41. The foundation of any strategy is a vision to work to, and to encompass all the objectives and subsequent actions. This strategy needs a vision. Here are some examples from critical minerals strategies from other jurisdictions. We note that they are specific to critical minerals, so are just for example purposes:

    Australian Federal Government Critical Minerals Strategy 2023-2030

    Vision for 2030

    Australia has grown the geostrategic and economic footprint of our critical minerals sector by becoming a globally significant producer of raw and processed critical minerals. These minerals

underpin diverse, resilient and sustainable global supply chains, that support industries and technologies which are crucial for:

- the global transition to net zero emissions,
- domestic and regional energy security,
- our defence and economic security.

Western Australia's Battery and Critical Minerals Strategy 2024-2030

Vision

Western Australia will have an internationally competitive, ethical and value adding battery and critical minerals industry that enables global decarbonisation, underpins our economic diversification and delivers meaningful outcomes for regional communities.

Queensland Critical Minerals Strategy

Queensland's ambition

To transform the state, national and global economy through the responsible use of Queensland's critical minerals, creating sustainable economic prosperity for Queensland.

The Canadian Critical Minerals Strategy

Vision

The Canadian Critical Minerals Strategy will increase the supply of responsibly sourced critical minerals and support the development of domestic and global value chains for the green and digital economy.

Specific comments on draft minerals strategy discussion document

Foreword

42. We support what appears to be the strategy's goal of growing the New Zealand minerals sector. The goal is expressed as doubling exports and creating an export-led growth pathway. There are a number of other associated goals referred to in the document. The goals, or objectives, need to be clarified and formalised in places as they are not always clear.

43. Paragraph 5 of the Foreword refers to a "vast mineral reserve"; we suggest this could be misleading. Economic mineral resources are rare, hard to find, and are very localised. Mining can only happen where the minerals are present and economically recoverable.

44. We support making it clear that: "The environmental impacts of mining can and will be managed to the highest standard" (paragraph 9).

45. Mineral strategies in other jurisdictions include comments from the equivalent of our Science, Innovation and Technology Minister, so it would be good to see inclusion of remarks from Hon Judith Collins KC. The science and research side of minerals has been somewhat ignored in New Zealand recently. However, if we are to double exports and mine more, we need to educate more people in the sciences and have access to more research, in line with Action point 4, page 8.

The strategy at a glance

General comments

46. This section could benefit from some more structure, and be more concise on the objectives, actions and outcomes.

47. The language could be stronger/more ambitious e.g. Changes to opening paragraph:

    We are aiming to develop an enduring minerals sector that enhances prosperity for New Zealand, demonstrates its value, and delivers minerals for a clean energy transition.

    Suggested edits to something stronger eg:

    The New Zealand Government is committed to/This strategy commits to an enduring minerals sector that can deliver the minerals New Zealand and the world needs for a high-tech, highly electric future. This will enhance New Zealand's prosperity, by bringing research, jobs and money into the country, and increasing our exports, cementing us as a small but valuable global participant in the minerals supply chain.

Pillars

48. The strategy at a glance goes on to outline what are later referred to as "strategic pillars" – they should probably be introduced at such. (And perhaps be graphically represented?)

49. Again, the language could be more definitive – enhance, demonstrate, deliver vs enhancing, demonstrating, delivering.

50. The **Enhancing prosperity for New Zealanders** pillar and its reference to exports, jobs and wages, taxes and royalties and a range of flow on and indirect benefits is fully supported. We think some of these economic indicators could also be given formal status as associate goals. Certainly, there needs to be data on them, as discussed below, and their performance needs to be monitored. The example of aggregates is singled out as an example of meeting supply needs. This should be joined by coal and ironsands for its various domestic supply needs, and gold and others.

51. Environmental management, articulated as: "It also means protecting the environmental values which is important to New Zealanders" should possibly have its own pillar, instead of being lumped into **Enhancing prosperity for New Zealanders**. As a pillar it could be defined more and be seen as part of New Zealand's unique provenance story in our export markets and inclusive of cultural values/partnership with tangata whenua and Treaty of Waitangi obligations.

52. The main driver of interest and investment in minerals – **Delivering minerals for a clean energy transition** – is also price, particularly for gold.

How we'll know when we have achieved our aim

53. These may need to be revised to match other changes throughout the document. It would be good to include promoting New Zealand minerals globally as part of the strategy.

New Zealand's minerals support resilient global supply chains and contribute to a clean energy transition

54. There are two independent concepts in this heading.

55. We strongly support New Zealand minerals supporting resilient global supply chains. This is fundamental to growing our exports. There are opportunities for New Zealand to contribute to the global push to diversify and stabilise mineral supply. We don't think reference to geopolitical risks is

needed in this context. We also strongly support New Zealand's minerals contributing to a clean energy transition (referred to here and numerous other places throughout the draft strategy).

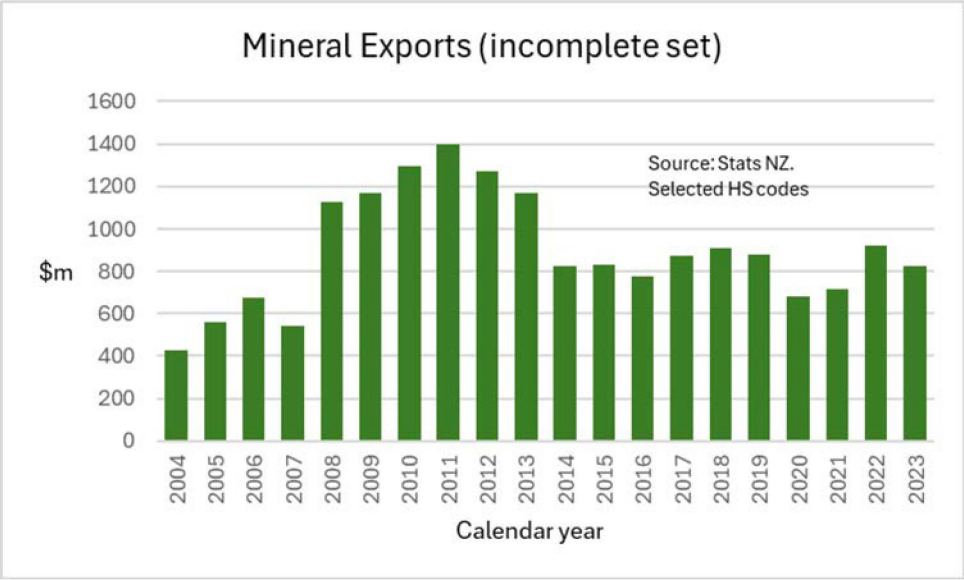
56. The two concepts are unnecessarily conflated in this sub heading as they overlap, and it could be separated into two. New Zealand minerals' contribution to global supply chains will be broader than just the clean energy transition and the contribution to the clean energy transition will be local as well as through global supply chains (for example, coal contributes to the clean energy transition as back-up to renewable energy generation to ensure the lights stay on when renewable sources are not available).

The minerals sector's export-led growth pathway

57. The graphic of the mineral sector's export-led growth pathway is a bit out on its own.

58. The export and job numbers are an understatement as to what can be achieved and what the Government should be aiming for.

59. Export receipts from minerals are variable – much more than New Zealand exports generally – as they are influenced by volatile commodity prices and significant shifts in demand as shown in the following graph. The graph plots our (incomplete) estimate of mining exports based on what can easily be ascertained from Statistics New Zealand data (there is no official measure as discussed below). It shows that exports have more than doubled, and then halved again in relatively short periods.



60. The doubling of exports goal is expressed differently throughout the draft strategy. We read the official goal as doubling the value of New Zealand's mineral exports over 10 years to 2035. How the export goal is defined and measured needs to be clarified i.e. what minerals does the quoted figure of $1.03 billion comprise of and what Harmonised System (HS) codes are used? Currently, there is no readily accessible official export data available for the minerals sector as a whole. Also, the precise timing needs to be clarified. Is it calendar years? What is the starting point? etc.

61. Is the 7000+ jobs an official target alongside the export target? The only reference to this is in the table at the top of page 3. Is the target year for that 2035 or 2040? This is not clear. How is the number of jobs measured? Does it include self-employment? What is the data source to be used - Linked Employer-Employee Data (LEED), Quarterly Employment Survey (QES), Household Labour Force Survey (HLFS), and/or WorkSafe data?

62. The establishment of 10 significant mining operations of $100 million revenue per annum each. Is this a goal or just an example of what is needed / could be achieved?

The sector's role in our economy is important, now and into the future

Current mineral production

63. This section could benefit from better graphics and more explicit data e.g. a breakdown of people employed in the sector; a better map of the current mining areas; contribution to gross domestic product (GDP) in the mining regions; and note paragraph 59, above, regarding the mineral exports figure.

Royalties and tax

64. Crown royalties (including the Energy Resource Levy for coal) raised revenues of $21.6 million in 2022/23. Revenue from royalties is often used as a measure of industry's contribution to Government revenue. They are referred to in the strategy (e.g. page 4) as providing a "substantial revenue stream contributing to funding our roads, healthcare, and education".

65. The royalties' revenue figure, quoted alone, is misleading as a measure of the industry's contribution to the Government's fiscal position because it excludes tax revenue which is a much larger contributor. Industry payments to local government through council rates etc. are also significantly higher than royalties. And of course, expenditure on inputs and wages are significantly higher again, as discussed below. Royalties are emphasised in the draft strategy (perhaps because they are collected by MBIE) while other government revenue (i.e. tax) is downplayed.

66. It would be helpful to the industry if the Government could obtain and publish an estimate of the total tax revenue that the industry contributes. This would be preferable to the sole use of royalties as a measure of the industry's contribution to the Government coffers.

67. We understand that the level/rate of mining royalties may be up for review. We do not support an increase in royalties and we ask to be consulted as any review takes place. We do not have a view on whether existing royalties should be shared with local Government.

68. There is also an ill-conceived view in some quarters that the level of royalties (and/or tax revenue) the Government receives is somehow the economic indicator that matters when measuring mining's overall economic contribution[1]. The contribution that mining as an economic activity makes to the economy through jobs created, wages paid, procurement from suppliers etc. is far more important than payments to the Government. No other sector's economic contribution is measured solely by Government revenue, and this should not be the case with mining.

New mineral opportunities

69. There could be more detail around the deposits, as in estimated volumes, and which areas are likely to be mined within the timeframe of the strategy.

70. There are also a number of new gold (and coal) deposits that are expected to be mined within the timeframe of the strategy that should be represented somewhere.

71. The case study could have more detail and visuals.

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[1] This was the line of questioning in a recent television interview with the Minister of Resources – Q&A.

Why do we need a minerals strategy?

General comments

72. The introduction leads on the negative side and could instead lead with the opportunities the sector offers and how those can be unlocked by consideration of challenges and risks.

Minerals are critical to our economic functions, and we need to understand our needs and ensure reliable access to them

73. We agree that a lack of quality data hinders good decision-making. We note that the Government needs to acquire and release more data that could better inform rules, policies, and legislation.

We need to get the regulatory framework right

74. We agree the length of time it takes to deliver mining projects is costing New Zealand. Many of the provisions in the one-stop shop proposal in the Fast-track Approvals Bill will go some way to streamlining the regulatory framework and will reduce the inordinate length of time it takes to get approvals to prospect, explore, and mine New Zealand's resources. We support this legislation passing this year. We also recommend elements of it be replicated in the new, wider legislation to replace the Resource Management Act later this parliamentary term.

75. As discussed later in this submission, we are recommending first principles reviews of both the Exclusive Economic Zone and Continental Shelf (Environmental Impacts) Act (EEZ Act) and the Crown Minerals Act (CMA) to identify barriers to mining and allow for the original intent of the acts to support mining.

Mineral activities need to happen in a responsible and environmentally sustainable manner

76. We fully support the sentiment under this heading. Mineral production needs to be done in a responsible way with a balance between environmental protection and resource development.

77. As discussed earlier in paragraphs 35-37, the industry puts a lot of resources and money into minimising its environmental impact. This is directed by strict regulations, which we generally support, and also by inbuilt incentives – the sector has to do the right thing in the communities' miners operate in and also to meet customer and other stakeholder expectations.

78. Notwithstanding this, there is a public perception perpetuated by environmental groups that mining is worse than it is when it comes to environmental impact. This is largely an uninformed view based on historic practices and what happens in (often in developing) countries with minimal regulations.

79. The strategy (rightly) emphasises that mining needs to be done in a responsible manner, but it does not acknowledge that, even though some improvements are always possible, that this is largely already the case in New Zealand.

80. We acknowledge the mining industry needs to better communicate the extent of its environmental management in an accessible way. We also think there is a role for government to be involved in this.

81. The negative, largely misinformed, perceptions of mining practices in New Zealand held by members of the public/sections of the community have far reaching and damaging implications for the sector.

82. These include:

- the banking, investment, superannuation and insurance sectors refusing to do business with miners (and benefiting from the virtue signalling gained from this in public statements and marketing campaigns)

- difficulty in recruiting new employees who don't want to be associated with a "socially unacceptable" industry
- reduced funding to university geology faculties, and subsequently to valuable research, due to ideological views that "mining is bad"
- Crown research institutions and funding agencies taking a similar stance.

83. To mitigate this treatment, the facts about modern mining in New Zealand need to be better understood by the public as well as those institutions involved. The industry and industry organisations put a lot of resource into debunking the myths but critics say this is because we have a vested interest in "spinning a positive story". More neutral voices are needed.

84. We believe the Government has a role in explaining the facts, science, and evidence about mining and the environment and this should be incorporated into the strategy.

Mining on conservation land

85. This section also touches on the issue of mining on conservation land.

> *"…. ensuring ongoing protection of areas of high value (recognised as Schedule 4 conservation land in the Crown Minerals Act 1991), while also considering proposals to responsibly explore mining potential in other conservation areas."*

86. The mining industry is not seeking any changes to the existing regime making it easier to mine on conservation land. We totally support the existing prohibitions on Schedule 4 land and the current case-by-case assessment of applications on mining on other parts of the conservation estate.

87. We are concerned with the narrative coming from some quarters that the industry and / or some sections of the Government want to open more access to conservation land.

88. The current regime works well. Independent decision makers consider mining applications according to their merits. Conditions are set so that environmental impacts are managed.

89. As with all mining applications, many hoops have to be jumped through before approvals are given. Land in Schedule 4 of the Crown Minerals Act 1991 (which includes all National parks) is off limits, as it should be.

90. On page 6 it says government is: *"considering proposals to responsibly explore mining potential in other conservation areas"*. We would not want this to be misinterpreted as being different to the existing regime.

Recommendations

91. The discussion in the strategy around the importance of mining in a responsible and environmentally sustainable manner needs to explain what modern mining in New Zealand looks like and acknowledge the efforts by industry to reduce its environmental impact and in fact, create positive environmental outcomes.

92. The Government needs to be more proactive in telling the mining story and this should be reflected in the strategy as an action item.

Technological innovation and responsible recycling of materials need to be part of a responsible minerals regime

93. While we support the principle of responsible recycling of materials, the reality is New Zealand is not well set up to do this. Mint, originally a New Zealand company, tried to do this with e-waste but ended up setting up in Sydney. You can see more about that here. We say more about the circular economy in paragraphs 147-155.

We need to attract the right investment for our economic growth and access international markets

94. Large capital investment is needed in mining. The New Zealand Government has a role in attracting investment to the sector by providing a stable policy environment and by promoting New Zealand mining opportunities in international markets, as discussed elsewhere in this feedback. We also argue a New Zealand provenance story for mined minerals could be developed by the Government to unlock potential in export markets and attract investment, see paragraph 174.

Avoiding unintended consequences

95. We support the need to avoid and minimise any unintended social and environmental consequences that could occur due to increased minerals activities.

We need to make informed choices about how we wish to develop our minerals

96. We support the sentiment around developing our minerals and note there is much potential to add value to New Zealand's untapped mineral endowment through domestic processing and refining. However, it won't always be the case that adding value will occur in New Zealand.

97. Likewise, industries could emerge which utilise imported minerals as part of the manufacturing process, perhaps as part of the "low carbon economy". New Zealand's aluminium smelter at Tiwai Point, where we import bauxite and turn it into aircraft-grade aluminium which we export, is an example of this.

98. New Zealand does not have many industrial supply chains that directly use the minerals we produce. Coal, sand and aggregate, ironsands, limestone, and phosphate are exceptions.

99. More value-added domestic manufacturing of minerals would be a positive development for New Zealand and would be welcomed by the sector. However, if the market for New Zealand minerals is in an unprocessed form offshore that is still a positive for New Zealand.

100. It is not clear what the Government can do to achieve more processing / new industries and the strategy should not over commit. There is little in the strategy geared toward this other than ***Action 4e – We will encourage industry to process, refine, and uptake other downstream capabilities to add value to our extracted minerals.*** This is a good outcome but what exactly does encourage industry mean?

101. We would caution against undue intervention from the Government to develop local manufacturing. What is needed from government is the removal of inappropriate regulatory and other barriers, and clear signals that investment is welcome.

102. Subsidies can distort market signals and detract commercial investment from where it would otherwise be directed.

103. We should acknowledge the important role that the existing mineral sector plays in adding value to New Zealand industry and the export sector. For example, coal is a key component in making New Zealand's food and other manufactured exports internationally competitive. Coal and ironsands are

critical to New Zealand's strategically important steel manufacturing industry. Aggregate is an essential resource for the construction of housing, roading and other transport infrastructure, both directly and in the manufacture of concrete, asphalt, and mortar.

104. These minerals are critical to the existing industrial supply chains (coal was acknowledged as an "essential service" in the COVID-19 lockdowns because of the critical role it plays in electricity generation, food production, and the heating of hospitals, among other things) and they must not be overlooked in the rush to find new mineral opportunities.

The strategy recognises the interests of Treaty partners in the protection and management of mineral resources

105. We support the sentiment in this section. Māori have significant interests and rights in relation to the protection and management of natural resources. Specifically, Māori have significant interests in retaining access to, and developing minerals for historical, cultural and economic reasons.

106. Māori have been extracting mineral resources for many centuries. There are a number of minerals of cultural importance to Māori such as pounamu, pakohe (argillite), mata (obsidian), and onewa (basalt). Pounamu, most of which is recovered in association with other minerals – particularly alluvial gold – is the most important of these.

107. In addition, many Māori work and have business interests in the sector. The percentage of the mining workforce that is Māori (24.6% in 2022) is much higher than the percentage of Māori in the general population (16.5%). Māori working in mining earn more than Māori working in all other sectors of the New Zealand economy. We believe this positive contribution could be acknowledged in the strategy.

How we'll get there

Action 1 – Improve data on New Zealand's mineral resources

108. We fully support the engagement of GNS Science to complete a detailed stocktake of New Zealand's known mineral potential. We are disappointed this activity slowed down in recent years.

109. We need to develop a better understanding of our stock of resources including identifying where such minerals might be, how accessible they are, and what would be involved in extracting them – noting that technologies, mineral demand, and commodity prices change over time. It is important that this knowledge base is built as it informs many of the choices New Zealand will confront in future.

110. We are pleased the study will apply to the complete mineral potential. We support including aggregate. Ascertaining the available sources and location of aggregate and sand throughout New Zealand is essential so that it remains accessible to meet future demand for housing and infrastructure growth. The study needs to cover both onshore and offshore areas.

111. There is some uncertainty when it comes to ***sub actions b, c and d*** and what they entail.

112. We are particularly interested to know more about 1(c) "growth pathway modelling to inform the potential of the sector into the future".

Economic data

113. Most of the data referred to here refers to geological data on mineral resources, not economic data which is also needed.

114. We argue that better economic data for the industry is needed not just so that these goals, and progress towards them, can be easily measured and monitored, but also, more importantly, so that

the industry is better able to be understood and promoted by government and others, and to assist decision making.

115. Economic data for the minerals sector is lacking in New Zealand, largely due to its size relative to other sectors. Some of this is due to data being withheld by Statistics New Zealand to retain commercial confidentiality due to the small number of companies operating in the sector. Sometimes data is lumped in with oil and gas and /or quarrying and bandied about without proper understanding.

116. At the very least, we recommend MBIE pull together existing economic data collected by Statistics New Zealand and other legitimate sources and publish it alongside the industry data it already publishes on a regular basis in an appropriate and consistent format.

117. There is also a case for increased funding for collection of economic data on mining and for revisiting with the companies involved whether commercial confidentiality remains a valid reason for withholding data. New data sets could include wages, foreign direct investment (FDI) and tax revenue, among others.

118. A number of entities have created data for the industry but data coming from government gives it official status and this is needed so it is seen as independent and free from bias.

Recommendations

119. We recommend:

- MBIE pull together existing economic data collected by Statistics New Zealand and other legitimate sources and publish it alongside the industry data it already publishes.
- Increased funding for collection of economic data on mining. This could be incorporated into **Action 1b, "*improve the collection of Crown and private mineral data to better understand our mineral production statistics*"** by adding **"and economic contribution"** at the end.

Action 2 – Ensure secure affordable and responsible access to the minerals we need

120. Discussion on critical minerals occurs throughout the document including in Action 2. We note that this discussion is distinct from the discussion around new minerals opportunities (for export and otherwise – including for the low carbon economy) which is what the public often perceives as critical minerals.

121. We support the development of a list of critical minerals, which is underway, and the commentary in the section on page 2 under ***There is ongoing resilience in our minerals supply chains***.

122. We disagree with the strategy's interpretation (used elsewhere by MBIE[2]) that critical minerals are restricted to those minerals that are critical to meeting domestic needs only. Given that New Zealand is a "taker" rather than a "maker", we are largely reliant on the minerals we mine, and will mine in the future, being exported raw and returned as manufactured goods we will import.

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[2] "MBIE are looking to develop a list of critical minerals for New Zealand to enable us to secure better access to those minerals and reduce their vulnerability to supply chain disruptions.

Identify minerals and raw materials reliance/demand in New Zealand. This will entail a comprehensive list of both internally produced and imported minerals and raw materials that are critical to New Zealand's economic functions, national security, and technological advancement." Source: GETS.GOVT.NZ

123. We believe the criteria for New Zealand's critical minerals list should include minerals that are critical for global demand as well as domestic demand. We are therefore pleased with the Minister's recent statements that the list will also "explore minerals in demand by our international partners where we may be able to contribute to supply". The wording of the strategy needs to better reflect this.

124. Framing critical minerals as solely minerals needed to ensure domestic needs are met means fewer minerals we currently mine or new mineral opportunities will be classed as critical.

125. Take, for example, the new mineral opportunities in the map on page 5. With the exception of phosphate, potash and hydrogen (not a mineral), all the minerals listed are likely to be exported and so would not be deemed critical under the proposed definition.

126. Of the minerals that are currently mined locally and could be deemed to be critical due to supply risk and economic importance, the obvious candidates are coal, aggregate and phosphate.

127. We acknowledge that New Zealand processing industries / domestic manufacturing capability could arise utilising new mineral opportunities (and/or imported minerals) but that is far from a given.

128. Where there are supply risks, deeming minerals to be critical, New Zealand usually has the option to import to fill the gap to meet supply shortfalls. This is accepted practice in an open market economy and should continue, although we acknowledge there are often constraints e.g. port facilities and time critical factors which mean imports won't mitigate all supply risks.

Recommendations

129. We support Action 2 and Action 2a but recommend:

"we" and "our" be replaced by "the world" and "the world's".

Action 2. ***Ensure secure, affordable and responsible access to the minerals we need.***

Action 2a. We will develop a list of critical minerals that are key to our economic needs and strategic interests.

Action 3 – Develop a more enduring, efficient and responsible regulatory framework

130. The proposed reform of the Resource Management Act 1991 and its national direction will be important to ensure consenting processes are efficient and to provide an enabling and enduring framework for responsible development.

131. The Crown Minerals Act (CMA), together with its aligned statute, the Resource Management Act (RMA), regulates most aspects of minerals sector activity so it is unsurprising there are a number of references to it throughout the draft strategy.

132. Legislation to amend the purpose statement of the CMA has been introduced (as part of the bill which reverses the 2018 oil and gas ban). This legislation will clarify the Government's role in promoting the use of Crown minerals.

133. We strongly support this, as discussed in the section on attracting investment. But it's likely there are other technical amendments that could be made to the CMA to modernise it and ensure it is fit-for-purpose and responsive to changes in the sector.

134. We support Action 3c relating to constructive engagement with Māori. In general, engagement between the industry and iwi and hapū is already strong and company consultation with local Iwi occurs as a matter of course.

135. We fully support Action 3d: We will maintain current permitting and access arrangement settings in relation to public conservation land.

136. We are pleased with the actions underway to improve the efficiency of the permitting process under the Crown Minerals Act.

137. We welcome the development of a one-stop shop fast-track approvals regime to accelerate the development of regional and national projects of significance, including mining projects. We are not looking for this regime to bypass or undermine New Zealand's high environmental standards.

138. We support the case-by-case development of the natural resources of New Zealand's Exclusive Economic Zone (EEZ), while meeting environmental objectives. A review of the Exclusive Economic Zone and Continental Shelf (Environmental Impacts) Act (EEZ Act) in collaboration with the minerals sector is required to identify barriers to seabed mining and allow for the original intent of the act to support mining.

Recommendations

139. We recommend a review of the EEZ Act be undertaken to identify barriers to seabed mining and allow for the original intent of the act to support mining.

140. We recommend a review of the CMA be undertaken to identify barriers to mining and allow for the original intent of the act to support mining.

Action 4 – Foster sector innovation, value add and commercialisation, and workforce development

141. Workforce development is important to our sector, and a ready supply of skilled staff will be needed as the sector grows.

142. New Zealand has lost many mining professionals to Australia in recent years where the mining sector is strong. In fact, there are now almost twice as many New Zealand born miners working in Australia than there are left working in New Zealand. Difficulties mining companies have in attracting skilled labour also stem from the uninformed/inaccurate perception that some parts of the community have of the sector, as discussed elsewhere in this submission. We think the government has a role in assisting the industry turn this around.

143. A workforce development strategy, developed with industry, will need to focus on both retention and attraction of skilled labour. It will need to develop the labour supply chain from schools and universities, through to researchers, education and training, and to have capability and capacity in the wide range of careers.

144. We agree, increased investment in research and development of New Zealand minerals opportunities is also needed. This is a legitimate role for government spending and we fully support government science funding going towards this.

145. We support Action 4b: We will collaborate with the sector to identify and connect key research, and innovation opportunities to inform future investment, and explore the potential of establishing a minerals leadership research hub or group.

Recommendation

146. We recommend the government work with industry to develop a workforce development strategy for the minerals sector which focuses on retention and attraction of skilled labour and the pathway from schools and universities to the sector.

Action 5 – Accelerate a circular economy of critical minerals in New Zealand

147. The circular economy is discussed in many places in the draft strategy.

148. We support the circular economy concept for all minerals, not just critical. By this we mean we acknowledge the role recycling has and will continue to have in meeting the global demand for minerals.

149. Recycling and reuse of some minerals is already occurring because it makes commercial sense for it to do so. For example, about 86% of waste steel is recycled or reused, the highest rate of recycling of any metal. Aggregates are also increasingly being recycled, where possible.

150. Recycling and reuse of minerals is likely to increase as it becomes more economic and societal pressures intensify, but recycling is unlikely to be able to completely fill the gap met by current and future demand and the need for extraction of new minerals will continue.

151. Action 5 talks up the Government's role in assisting the circular economy through a number of approaches including funding mechanisms.

152. Where it isn't economic, but where there is a public policy case for recycling to occur, then government incentives may have a role to play. Any decision to do this should take account of the costs – which are often prohibitive. It is also important to note that some of the recycling and reuse processes have significant environmental costs, or they may be more energy intensive, in themselves, which creates perverse outcomes.

153. Commercial extraction of metals from e-waste and circuit boards in New Zealand, which is increasingly occurring and which we fully support, will mostly recover metals and minerals such as copper that are generally not mined in New Zealand (gold and silver will be the exception). This will provide a supply of metals which will have important uses but won't offset the need for existing or new mines[3].

154. The example of Mint, highlighted in the **Why do we need a minerals strategy?** section, paragraph 93, is a cautionary tale about what is possible in New Zealand. As they say: "New Zealand talks a green e-waste game, Australia actually takes a tougher line on e-waste". And: "With all these sorts of things, you've got to put the plants where you have the least amount of friction and the highest possible return. You need both financial and regulatory support". (*NZ Herald* article, 24 August, 2022)

Recommendation

155. While we support the circular economy concept, recycling will not offset the need for existing or new mines and full consideration should be given to perverse outcomes where recycling and reuse processes have significant environmental costs, or are very energy intensive.

Action 6 – Increase public knowledge and confidence in the sector

156. As outlined earlier in this submission, we think the Government has an important role in helping the industry portray the facts around modern mining in New Zealand and that this should be incorporated into the strategy as a key component of building public knowledge and confidence in the sector. We support the sub actions under Action 6 which aim to do this particularly in regard to environmental impacts and economic contributions. We think this could be more explicit in the second of the

[3] The production of gold and silver from New Zealand e-waste will only be a tiny fraction of what is extracted locally.

strategy's three pillars, **Demonstrating the sector's value**, as described on page 2. i.e. as part of as describing the pros and cons of mineral production.

Recommendation

157. We recommend **Action 6c** should be strengthened as follows:

> ***We will ~~encourage~~ work with the sector to increase the amount of, and share with the public, contributions it makes to communities and the environment.***

Action 7 – Attract investment and build international partnerships

158. We strongly agree with the commentary under: We need to attract the right investment for our economic growth and access international markets on page 7.

159. We support Action 7 and Action 7a, specifically.

160. The minerals investment dollar is a global one, so for New Zealand to attract investment, we need to be an attractive destination.

161. The Crown Minerals Act is being amended to "promote" prospecting, exploration and mining of minerals, and for the Minister to "attract permit applications". We strongly support this amendment which reverses a change made to the Act in 2023.

162. The amendment sends an important signal and it reinforces / is consistent with the Government approach of: *Promoting investment opportunities to increase the scale and pace of development (number 6 of the key actions* on page 3) which is already underway with MBIE allocating resource to promote New Zealand internationally.

163. A proactive programme of marketing campaigns, including at international mining events and on trade missions, to promote New Zealand to international mineral investors and export markets is very important and we fully support this reinstated activity.

164. However, attracting and retaining international investment in the minerals sector requires more than this.

165. Stable policy settings and the right signals from Government are what is really needed to give investors' confidence.

166. In recent years the confidence of overseas investors has declined, mostly due to perceived anti-mining sentiment within government policy. For example, The Canadian Fraser Institute's annual global survey of mining and exploration companies showed a decline in New Zealand's ranking of investment attractiveness from the 41st most attractive jurisdiction (out of 112) in 2013 to the 72nd out of 84 in 2021. Investors look at this survey.

167. Because of the long lead times required for mining investments, clear signals from political parties that they are supportive of investment in mining and mineral processing are necessary. This means more of a cross-party approach is required.

168. Our assessment is that achieving such cross-party support requires robust environmental regulations are in place that are acceptable to the New Zealand public/society. But such regulations need to be sensible, based in evidence, manageable, and cognisant of the broader picture of economic, social and cultural impacts as well.

169. In our view we have this level of regulation already, more or less, and it is a lack of understanding from the public that is the blockage. As discussed in the section **Mineral activities need to happen in**

a responsible and environmentally sustainable manner, the Government needs to work with industry to explain the facts about mining and the environment so that a wider level of political support for mining can be generated.

Importance of Foreign Direct Investment (FDI)

170. There is a misunderstanding in some quarters that overseas investment in the mining sector is undesirable because the profits are taken out of New Zealand.

171. This is a fallacy. Much of the existing investment in the New Zealand mining sector is sourced from overseas and the economic benefits for both New Zealand and the local communities where mining occurs are clear. Overseas investment provides a larger pool of funds and is accompanied by access to new expertise, technology, and links to global distribution systems.

172. For every $1 earned in annual revenue, the great majority is spent locally on payments to local or national suppliers and contractors, government, employees, and many community investment activities. Much of the final profit made is reinvested in the operation with only the remainder repatriated as dividends.

173. It should also be noted that overseas investment in the New Zealand minerals sector is not significantly higher than it is for any other industry operating in New Zealand.

174. A strand of the New Zealand mining story which could possibly be emphasised more in overseas promotion is the New Zealand provenance story. Modern mining operations in New Zealand meet the highest employment, health and safety, and environmental standards globally. That New Zealand minerals are responsibly mined is a positive story and so we suggest a new sub action of Action 7: Promoting the New Zealand minerals provenance story to unlock potential in export markets and attract investment.

Recommendations

175. Cross-party support be sought to ensure ongoing investment and this can be achieved by better understanding of the environmental standards in place for mining, as well as the economic, social and cultural contributions the industry makes.

176. We recommend a proactive programme of marketing campaigns, including at international mining events and on trade missions, to promote New Zealand to international mineral investors and export markets.

Review cycle

177. We support the proposed review cycle on page 10 – a one-year review, with further reviews at least every three years.

Measuring success

178. As discussed earlier, more needs to be made of the strategic pillars in the document, with measuring success being the conclusion of the strategy. This section, on page 10, could be developed further before the strategy is finalised.

179. It is not totally clear how the three strategic pillars relate to the “What does success look like?” items in this table.

Enhancing prosperity for New Zealanders

180. We support this. Some of these economic indicators measuring prosperity could also be given formal status as associate goals. The example of aggregates is singled out as an example of meeting supply needs. This should be joined by coal for process heat and steel production.

Demonstrating the sector's value

181. Demonstrating the sector's value is important to grow social licence. It is an important role for the Government and the strategy, as it is seen as an independent party. Demonstrating value means not just economic value, the Government has a role in portraying the facts about the industry's environmental, social and cultural impacts as well.

Delivering minerals for a clean energy transition

182. As the draft strategy makes clear, the minerals sector contributes significantly to the low carbon economy and will be key to addressing climate change.

183. The International Energy Agency tells us that mining capacity needs to expand swiftly to build the range of technologies and infrastructure needed to meet the world's net zero targets of 2030 and 2050 and that to build the necessary range of technologies, the world will need six times more minerals for low emissions technology than are currently being extracted. (Page 2)

184. New Zealand has a role to play in supplying the minerals needed to build a low carbon, clean technology future. Some of these minerals are new opportunities. Some are traditional. Coal for example, is needed to manufacture steel which will be needed to build the renewable electricity generation infrastructure which New Zealand and the world is moving to. It is also likely to be needed in the future, more than the Government admits, as a back-up to renewable generation to avoid the need to overbuild new generation capacity to meet all weather scenarios.

185. New Zealand minerals' contribution to global supply chains will be broader than just the clean energy transition and the contribution to the clean energy transition will be local as well as through global supply chains. New Zealand minerals can be used in technology, medicine, and a host of other uses, as well as to secure economies (gold, and gold bullion).

Recommendations

In summary, our recommendations are as follows:

186. The strategy is anchored by a clear vision, and more decisive language is used to identify goals, actions and measures of success.

187. The strategy could benefit from professional design to make it more cohesive and easier to read, with appropriate photos and graphics to summarise key points, particularly if the document has wider use to promote New Zealand's mined rock and minerals to New Zealanders, investors, workforce, and export markets.

188. Given the importance of science to the mining industry, the Foreword section of the strategy could benefit from input from the Science, Innovation and Technology Minister, in addition to the Resources Minister.

189. The strategic pillars need to be introduced at the start of the strategy, not at the end.

190. Regarding the strategic pillars as they stand, we recommend economic indicators be given formal status; better data and monitoring of data is required; environmental management should have its

own pillar; and developing minerals for a clean energy transition is just one part of contributing to a global supply chain of minerals, there are many other uses as well.

191. We recommend a new sub action of Action 7: Promoting the New Zealand minerals provenance story to unlock potential in export markets and attract investment.

192. How the goal of doubling exports is defined and measured needs to be clarified.

193. Revenue from Crown royalties is not used as the key measure of the industry's contribution to Government revenue. An estimate of the total tax revenue that the industry contributes is a more accurate contribution.

194. We do not support an increase in Crown royalties and ask for industry to be consulted if any review takes place.

195. New mineral opportunities should be better defined with estimated volumes, in which areas they are likely to be mined and whether or not they fit within the timeframe of the strategy. Additional gold and coal deposits that are expected to be mined within the timeframe of the strategy should be represented.

196. The Fast-track Approvals Bill one-stop shop is considered critical to streamlining the regulatory framework and reducing the inordinate length of time it takes to get approvals to prospect, explore and mine New Zealand resources. We recommend the Bill be passed this year.

197. In addition to industry better communicating the extent of environmental management in mining, we recommend government also take a role in changing negative perceptions held by the public and sections of the community including banking and investing, Crown research institutions, and universities. We believe the Government has a role in explaining the facts, science and evidence about mining and the environment and this should be incorporated into the strategy.

198. The Government has access to data that could strengthen the strategy and we recommend using better data.

    - The positive contribution of Māori in mining be acknowledged in the strategy, with data.
    - MBIE pull together existing economic data collected by Statistics New Zealand and other legitimate sources and publish it alongside the industry data it already publishes.

199. Increased funding for collection of economic data on mining could be incorporated into **Action 1b**, *"improve the collection of Crown and private mineral data to better understand our mineral production statistics"* by adding "and economic contribution" at the end.

200. We support Action 2 and Action 2a but recommend:

    "we" and "our" be replaced by "the world" and "the world's".

    Action 2. ***Ensure secure, affordable and responsible access to the minerals <u>we</u> need.***

    Action 2a. We will develop a list of critical minerals that are key to <u>our</u> economic needs and strategic interests.

201. We recommend a review of the EEZ Act be undertaken to identify barriers to seabed mining and allow for the original intent of the act to support mining.

202. We recommend a review of the CMA be undertaken to identify barriers to mining and allow for the original intent of the act to support mining.

203. We recommend the Government develop a workforce strategy with the minerals sector which focuses on retention and attraction of skilled labour and the pathway from schools and universities to the sector.

204. While we support the circular economy concept, recycling will not offset the need for existing or new mines and full consideration be given to perverse outcomes where recycling and reuse processes have significant environmental costs or are very energy intensive.

205. We recommend **Action 6c** should be strengthened as follows:

> ***We will ~~encourage~~ work with the sector to increase the amount of, and share with the public, contributions it makes to communities and the environment.***

206. Cross-party support be sought is required to ensure ongoing investment and this can be achieved by better understanding of the environmental standards in place for mining, as well as the economic, social and cultural contributions the industry makes.

207. We recommend a proactive programme of marketing campaigns, including at international mining events and on trade missions, to promote New Zealand to international mineral investors and export markets.

208. The review cycle is one year, followed by reviews at least every three years.