

#### **BRIEFING**

#### **Draft Resource Strategy for Engagement with Stakeholders**

Date:	13 Jui	ne 2019		Priority:	High	1	
Security classification:	In Confidence			Tracking number:	3858	3 18-19	
Action sought							2(0)
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Hon Dr Megan V Minister of Ene Resources		d	Note that we in latest draft of the (attached in All engagement will June 2019.	ntend to share the Resource S nnex Three) fo	Strategy or	17 June	
Contact for tele	phone	discussion	n (if required)				
Name		Position	USS	Telephone			1st contact
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The following d	lepartn	nts/agen	cies have beer	n consulted			
N/A	)) 0						
Minister's office	to comp	plete:	☐ Approved			☐ Declined	
			□ Noted			☐ Needs cl	hange
			☐ Seen			☐ Overtake	en by Events
		☐ See Minister's Notes			☐ Withdrawn		
Comments							



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#### **Purpose**

This briefing informs you of our intention to share the latest draft of the Resource Strategy for engagement with stakeholders. It also provides you with an updated timeline of the Resource Strategy development process.

#### Recommended action

The Ministry of Business, Innovation and Employment recommends that you:

Note you previously agreed to our engagement approach on 28 February 2019 which stressed the importance of a collaborative approach and the use of an early draft version of the Strategy to facilitate further engagement with Treaty partners and stakeholders (briefing 2147 18-19 refers).

Noted

b **Note** that we intend to share the latest draft Resource Strategy (attached in Annex Three) for a two week engagement period (18 June – 1 July 2019) with select Treaty partners and stakeholders.

Noted

Note that the final Resource Strategy is scheduled for release to the public in August 2019, which is two months ahead of the CMA Review discussion document release date.

Noted

Sarah Stevenson

Manager, Resource Markets Policy Building, Resources and Markets, MBIE

13,6,19

Hon Dr Megan Woods

Minister of Energy and Resources

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#### **Background to the Resource Strategy**

- 1. The Mineral and Petroleum Resource Strategy for Aotearoa New Zealand: 2019-2029 (the Strategy) will set the Government's long term vision for the sector. It is a ten year strategy (2019-2029) that will support the transition to a low emissions future and a productive, sustainable, and inclusive economy. This vision will underpin the Tranche Two review of the Crown Minerals Act 1991 (CMA), and will guide future Government policy in the petroleum and minerals sector.
- 2. In January 2019, we provided you with the first draft overview of the Strategy [2145 18-19 refers]. On 28 February 2019, you agreed to our proposed approach to engagement with Treaty partners and stakeholders on the Strategy and the CMA review [2147 18-19 refers].
- 3. MBIE has since conducted early consultation with Treaty partners, research institutes, industry groups, local councils and environmental groups. We have further developed our Strategy based on their feedback. We have reflected their comments in the Strategy as far as practicable.

#### Engagement with stakeholders on the Draft Strategy

- 4. The engagement plan you agreed to in February 2018 (briefing 2147 18-19 refers) stressed the importance of a collaborative approach to engagement with Treaty partners and stakeholders. A collaborative approach to the development of the Strategy is critical to its ultimate success. While Government will be a chief implementer of the Strategy, the Strategy will be unable to effectively guide the mineral and petroleum sectors without cooperation from non-government groups such as industry and Treaty partners. Through a collaborative co-design approach to the Strategy, we maximise the chance of non-government buy-in.
- 5. In line with a collaborative approach, and as suggested in our February engagement plan, we have prepared a draft version of the Strategy for further engagement with select Treaty Partners and industry groups.
  - a. Who will receive the Draft Strategy? See Annex One for a full list of recipients. We selected a range of iwi/hapu groups and stakeholders based on their previous engagement with the development of the Strategy to date.
  - what will we communicate to recipients? See Annex Two for the proposed email we will send along with the Draft Strategy. We stress in our communications that this is a collaborative process, that nothing presented is final, and that we are open to change based on feedback. In the body of the Draft Strategy, we also include prompting questions seeking feedback on various sections.
  - c. **How long will recipients have to comment?** Two weeks (18 June 2019 1 July 2019). However, once the final Strategy is released in August 2019, the public will have another opportunity to provide further feedback.
  - d. What is in the Draft Strategy, and what are we seeking feedback on? See Annex Three for the full document. It contains the substance of the Strategy: its vision, objectives, principles, and action areas. It also contains sections regarding why we need a strategy, the purpose of the Strategy and the way this Strategy aligns with other Government priorities.
  - e. What is omitted from the Draft Strategy? We have omitted the ministerial foreword, background information on mining and petroleum in New Zealand and how it is regulated, and the details under the actions areas (completed, current and future actions). Given the short time-frame for engagement, we wanted to focus engagement on the most important details of the Strategy.

#### **Risk Assessment**

- 6. On balance, releasing this draft Strategy for engagement is recommended because it demonstrates our commitment to an open and collaborative approach, and gives the Strategy the best chance of buy-in from non-government groups. If we do not release this draft Strategy next week, we will be unable to effectively engage these groups based on our current timeline (see next section below).
- 7. In the table below, we have identified a range of risks associated with our proposed approach to release the Strategy, and considered how these risks can be mitigated.

Identified Risk	Mitigation Strategy
Lack of detail on the No New Mines on Conservation Land (NNMOCL) policy	The Strategy states that it will align with NNMOCL in the diagram on page 5. Also under the description of "Action Area 1: Modernise the Crown Minerals Act 1991", it references that the CMA will have a role in achieving the NNMOCL objective.  We also stress in our correspondence that this is only a draft version of the Strategy, and that the final version will include more detail. We can point to this if we receive comments.
Minimal consultation time	Two weeks is a short consultation period, but it has been preceded by significant engagement. Once the final Strategy is released in August 2019, the public will have another opportunity to provide further feedback.
Lack of detail regarding the future of Petroleum	We will have to accept this comment if it is raised, but we can ask what further detail they would like to see in the Strategy. We briefly mention on page 3 that "oil and gas has a role in providing us with the energy we need to run our economy as we transition."
Shared wider than intended recipients	In our correspondence, we have asked recipients to hold this draft Strategy in confidence. If it is distributed wider and reported on by the media, we can indicate that it is only draft.

#### Strategy Development Timeline and Process

8. Note the version of the Strategy we send to you on 8 July will be a near final document that will incorporate feedback received as a result of 18 June to 1 July 2019 engagement.

Action	Timing
Draft Strategy circulated to Treaty partners and stakeholders for feedback	18 June – 1 July 2019
Draft Strategy to Minister	8 July 2019
Ministerial Consultation	10 July 2019
Lodge Cabinet Paper	17 July 2019
DEV Cabinet Committee	24 July 2019
Resource Strategy Public Consultation	August 2019
Publication of final Resource Strategy	30 September 2019

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#### **Annex One: Proposed Engagement List**

#### **Treaty Partners**

We engaged with all of the lwi groups within New Zealand during the first phase of the engagement process. We propose to send a draft of the Resource Strategy to the lwi groups who indicated they were interested in contributing to the development of the Resource Strategy. These lwi groups are:

#### Ngāi Tahu

Located in Taranaki

Te Atiawa

Ngāti Mutunga

Taranaki iwi

Ngati Maru

Ngāti Tama

Ngāruahine

Ngāti Ruanui

Ngā Rauru Kiitahi

Whanganui lwi/ Te Atihaunui a Pāpārangi

Ngā Waiariki-Ngāti Apa Charitable Trust

Located in Nelson

Ngāti Tama

Ngāti Toa Rangatira

Te Atiawa o Te Waka-a-Māui

Ngāti Apa ki te Rā Tō

Rangitane o Wairau

Ngāti Kuia

Ngāti Rārua

Ngāti Kōata

#### Other stakeholders

We also engaged with a range of stakeholders during the first phase of the engagement process. This engagement was targeted to mining, oil and gas industry representative groups, the environmental groups with the most interest in mining, council groups in areas where the largest amount of mining occurred and a range of research institutes. We propose to send a draft of the Resource Strategy to the stakeholders who indicated they were interested in contributing to the development of the Resource Strategy. These stakeholders are:

Aggregate & Quarrying Association (AQA) Business New Zealand Energy Council Coal Action Network Coromandel Watchdog

Environment and Conservation Organisations of Aotearoa New Zealand

E tū Union\*

Forest and Bird\*\*

**GNS** 

Greenpeace New Zealand

Kiwi's Against Seabed Mining (KASM)

Major Gas Users Group (MGUG)

**New Plymouth District Council** 

New Zealand Steel

**PEPANZ** 

Straterra

Venture Taranaki

West Coast Regional Council

Westland District Council

The Fossil Fuels Aotearoa Research Network (FFARN)

\* Requested by you that this group be involved in the development of the Resource Strategy.

<sup>\*\*</sup> Have not yet indicated they want to be involved in the development of the Resource Strategy but given the high level of interest this group has in mining we will send them a copy of the draft Resource Strategy.

# Annex Two: Proposed Correspondence Accompanying Draft Strategy

### Email Subject: Engagement: Aotearoa New Zealand Resource Strategy for Petroleum and Minerals 2019-2029

#### Tēnā koe

We would like to take another opportunity to thank your iwi/organisation for expressing interest in contributing to the development of the Aotearoa New Zealand Resource Strategy for minerals and petroleum (the Strategy). We appreciate all feedback received so far. It has been helpful in drafting the Strategy and as we prepare for a discussion document on the Review of the Crown Minerals Act 1991 (CMA).

We are now seeking your views on the attached draft Strategy and request any input by Monday, 19 July. We are still on track to publish the Strategy for your further feedback, and wider consultation, in mid-2019.

#### Update on development of the Strategy and the CMA review

In the initial engagement email to you we previded the following timeline for the engagement on the Strategy and the CMA review.

High-level engagement (imeline

Phase	How you can be involved	Timing
1	Initial thoughts and views on the Strategy and issues for consideration in the CMA review	April 2019
2	Initial draft Strategy developed and circulated for feedback	May/June 2019
377	Strategy public consultation	Mid-2019
4	CMA discussion document public consultation	Late-2019

The first phase of engagement which included gathering initial thoughts on the Strategy and issues for consideration in the CMA review has since concluded. We have been busy using your feedback to develop an initial draft of the Strategy and to inform the CMA review.

#### We seek your feedback on our initial draft of the Strategy

We are now contacting you to begin phase two of our engagement process. Attached to this email is a draft version of the Strategy we have developed so far. We ask that you hold this draft Strategy in-confidence and do not circulate it more broadly. This is because we are on a tight timeline and are only able to respond to limited stakeholder feedback, at this early stage.

Note, you will have an opportunity to provide feedback on these sections when the final draft Strategy is released for formal public consultation later this year.

This draft Strategy contains sections covering:

- Why we need a Strategy,
- The purpose of the Strategy,
- · How the Strategy aligns with Government priorities,
- Our Vision.
- Objectives for the Sector,
- Guiding Principles, and
- Action Areas.

These sections present our current thinking; however, nothing contained in this draft is final. We intend for the development of the Strategy to be a collaborative process and we welcome any feedback you have.

Any feedback you have on the draft vision, objectives, principles and action areas is particularly valuable. You will find a full list of prompting questions inside the attached draft Strategy. Feel free to only answer the questions most relevant to you.

#### What is not included at this stage?

We are not circulating the entire draft Strategy at this stage as there are sections still under development and we want to focus your attention on the most crucial parts of the Strategy.

Areas omitted from the version of the Strategy attached to this email includes the ministerial forward, background information on the mining and oil gas industries within New Zealand, the mining lifecycle, an overview of the regulatory system, and details of completed, current and future actions undertaken under the six Action Areas.

#### Deadline for feedback

Rease email any feedback on the Strategy to resource.markets.policy@mbie.govt.nz by Monday 1st July 2019.

We have had to keep the timeframe for providing feedback short due to our delivery timeline. This Strategy informs the CMA Review, and the CMA discussion document is due for release later this year.

We want to stress again that you will have a further opportunity to provide feedback on the Strategy during the formal public consultation period later this year.

#### **Next steps**

Once feedback has been received from stakeholders we will incorporate this into the draft Strategy.

The draft Strategy will then be released for public consultation in the coming months.

The CMA discussion document will be released for public consultation in late 2019.

Thank you again for your feedback to date. If you have any questions in the meantime please feel free to let us know via <a href="mailto:resource.markets.policy@mbie.govt.nz">resource.markets.policy@mbie.govt.nz</a> and a member of the team will be in contact.

Ngā mihi

Sarah Stevenson (Manager) and Joey Au (Principal Policy Advisor)
Resource Markets Policy

Ministry of Business, Innovation and Employment

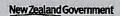


In-Confidence DRAFT Not Government Policy

# Responsibly Delivering Value

A Mineral and Petroleum Resources Strategy for Aotearoa New Zealand: 2019-2029

Contact: resource.markets.policy@mbie.govt.nz



#### **Ministerial Foreword**

[forthcoming]

#### Contents page

[Forthcoming]

## Why we need a Strategy?

New Zealand, along with the rest of the world, is living through a time of flux: societal expectations are evolving and the nature of the economy itself is also changing as we transition towards a low emissions economy. These trends will present challenges for the mineral and petroleum sectors – challenges this Strategy should help the sector meet.

#### **Opportunity 1: Low Carbon Future**

Many countries around the world, including New Zealand, are committed to decreasing their carbon emissions. As countries transition to low carbon economies, where clean technologies like electric vehicles and solar panels become more prevalent, the demand for clean-tech minerals such as cobalt and lithium is projected to increase dramatically. There may be opportunities for New Zealand to meet this demand for clean tech minerals and lead the way in climate smart mining techniques which stress sustainable and environmentally responsible mining operations.

#### Opportunity 2: Growing a Productive, Sustainable, and inclusive Economy

The population of New Zealand could grow as high as 7 million by 2068. To meet the needs of this growing population we will require more housing, more energy, and expanded infrastructure. The mining sector has a critical role to play in building this future.

We need to ensure we have the aggregate required to build the foundations of our houses and roads. We need coking coal to make the steel necessary to build our cities. And oil and gas have a role in providing us with the energy we need to run our economy as we transition. As the energy system transforms, we will also need to ensure we have the minerals (such as rare earth elements) necessary to produce the technology we need to power our future.

In order to meet these challenges, the mining sector needs to plan now, in order to build a more productive, sustainable, and inclusive economy.

#### **Opportunity 3: Social Licence**

Social licence to operate exists when society trusts that a business or industry is conducting itself in a legitimate, accountable, and socially responsible way. When social licence to operate is lost, an industry can find it hard to continue operating due to community resistance.

More New Zealander's are becoming aware of the impact fossil fuels and mining can have on the environment and the interests Māori have in protecting certain land from mining. If the mining sector is to continue providing the raw materials we need to sustain and grow our economy, we need to acknowledge and address society's evolving expectations.

#### **Summary of the Strategy**

[forthcoming]

**Background of mining in New Zealand** 

[forthcoming]

# The Purpose of this Strategy

This Strategy sets the Governments vision for the minerals and petroleum sector over the next ten years (2019-2029). It articulates objectives that build towards this vision. Achieving this vision requires collaboration across many groups in society. This Strategy articulates principles that should assist Government, industry and any other groups making decisions that affect the sector. Finally the Strategy contains action areas which the Government will focus on in the coming years.

#### This Strategy will:

- Provide a shared vision and principles which can help all groups think through mineral and petroleum resource issues;
- Communicate the vision the Government has for the sector thereby giving certainty to industry and the wider public; and
- Inform future Covernment policy impacting the mineral and petroleum sectors.

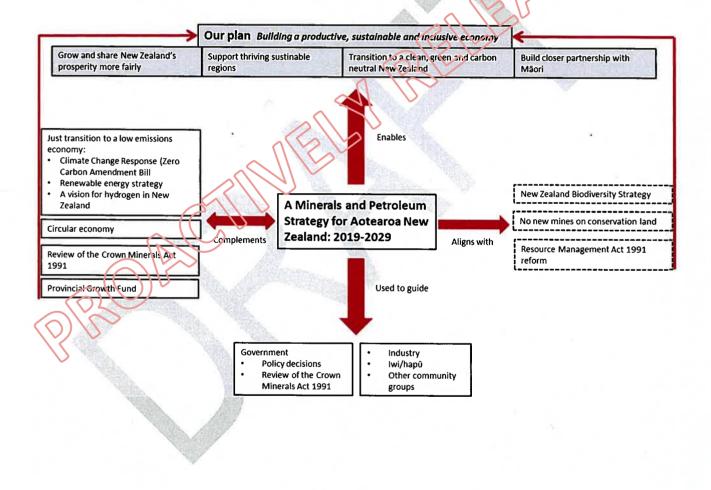
#### Note that this Strategy will not:

- Set future policies rather it provides the strategic vision and framework to which all future relevant policies will align; and
- Revisit the Government's policy to limit new petroleum exploration and mining permits to the onshore Taranaki region only — This is a key step towards transitioning to a low emissions future which is an aim of this Strategy.

# How does this Strategy align with Government Priorities?

This Strategy will help guide the development of the mineral and petroleum sectors. It informs the direction of future government policy and encourages stakeholders to make decisions that align with this Strategy's vision for the sector. It contributes directly to the following priorities detailed in our "Our Plan" (the Government's priorities for New Zealand):

Diagram outlining the Strategy's relationship to other Government priorities



### The Strategy

#### **Our vision:**

An environmentally and socially responsible mining sector that delivers for New Zealanders, both now and in the future.

#### Feedback sought:

- Does this align with your vision for minerals and petroleum in New Zealand?
- Are there any other factors we should include in our vision?

#### **Objectives for the Sector**

To achieve our vision, we will aim to build a sector that:

- 1. Responsibly delivers value for New Zealand (where value incorporates economic, social, environmental, and cultural dimensions).
- 2. Fully contributes to building a productive, sustainable, and inclusive economy.
- 3. Supports New Zealand's transition to a low emissions future.
- 4. Is competitive and innovative.
- 5 is efficiently and effectively regulated.

#### Feedback sought:

• Are there any other objectives we should include?

#### How will we achieve our vision?

Achieving our vision will require action from many groups in New Zealand. The Government will play its part by focusing on the following areas:

Action areas	What objective does it contribute to?
Modernise the Crown Minerals Act	1,2,3,4, and 5.
Understand our Strategic Resources	1,2,3
Improve Treaty Partnership	1.5
Improve Stakeholder and Community Engagement	1,5
Improved Industry Compliance	5
Research and Investment in Better Mining and Resource Use	1,2,3,4

#### Feedback sought:

 Are there any other actions areas you think the Government should consider as part of advancing this Strategy?

#### **Guiding Principles**

This strategy does not prescribe all the actions that will build towards our vision for the minerals and petroleum sector. Achieving our vision will require action across Government, Treaty partners, industry and other stakeholders. The following principles should help guide action that will occur in the sector:

#### The following principles should govern everyone (including the Crown and Industry):

- The environment, ecosystems, and biodiversity are respected now and in the long term;
- 2. Cultural interests are recognised and respected;
- 3. All existing legal rights (including land use, access, and cultural rights) are protected.
- 4. Impacts during all stages of the mining life-cycle are managed responsibly;
- 5. Negative impacts are either avoided or where they are unavoidable, they are reasonably minimised, mitigated, and/or offset;
- 6. Actions taken within the mineral and petroleum sector should align with the strategic direction of other related sectors, and Government strategies; and
- 7. Meeting resource demands through resource efficiency, recycling and reuse is done where practical.

#### The following principles apply specifically to the Crown:

- 8. The Crown receives a fair financial return for its minerals and petroleum;
- 9. The Crown honours its duty towards Māori as a Treaty partner and adheres to the Principles of the Creaty of Waitangi;
- 10. The Crown regulates in a way that is fair, reasonable and proportionate;
- 11. The Crown makes decisions based on the best evidence, and accounting for the foreseeable need for minerals and petroleum, both now and for future generations; and
- 12 The Crown proactively engages and consults with relevant stakeholders and decisions are communicated in a clear and transparent way.

# The following principles are recommended to guide the Industry (notwithstanding Principles 1-7 above, and voluntary principles adopted by the Industry):

- 13. Pursue continuous improvements in health and safety;
- 14. Strive to implement industry best practice in their operations;
- 15. Seek innovative ways to improve the resource efficiency of extraction operations; and minimise the negative impacts of these operations; and
- 16. Engage with stakeholders and implement management systems to understand and manage impacts, and realise opportunities for redress where needed.

#### Feedback sought:

- Do you agree with the grouping of these principles?
- Are there any principles missing from this list?
- Are there any principles you think should be removed from this list?

### **Action areas**

Building a mining sector that meets our vision requires collaboration across many groups in New Zealand. This Strategy identifies six action areas where the Government can make a significant contribution towards this Strategy's objectives. Under each action, we note specific actions that we have completed, actions we are currently undertaking, and actions we are going to take in the future [these actions are not included in this version of the Strategy as they are still under development]. Note however that these future actions (unless otherwise stated) are indicative only and are subject to future resourcing and policy decisions.

# Action Area 1: Modernise the Crown Minerals Act

The Crown Minerals Act 1991 (CMA) and associated regulations set the regulatory framework which governs the minerals and petroleum sectors in New Zealand. It will play a role in setting the direction of the sector and in supporting the no new mines on conservation land objective. Given the demands of a rapidly changing energy system, and New Zealand's transition towards a low emissions economy, our needs from the mineral and petroleum sectors are constantly changing. As the demands on the sector changes, so too must the regulatory system respond and adapt to ensure the sector is best placed to meet these demands.

#### What we aim to achieve?

- The CMA will be fit for purpose and responsive to changes in the sector;
- The regulatory system will help build towards Our Vision for the sector; and
- The regulatory system will build towards all objectives of the Strategy.

#### Feedback sought:

# Action Area 2: Understand our Strategic Resources

New Zealand is a country rich in mineral and petroleum resources. Our understanding of the complete stock of our resources is, however, incomplete. It is important that we build this knowledge base as it informs many of the choices we will confront in the future. New Zealand's resource needs will change. We need to understand whether these needs can be met from our own resource base or whether we need to provide for these needs in alternative ways.

#### What we aim to achieve?

- Understand the stock of strategic resources in New Zealand;
- Be able to more accurately value our resource base, and
- Understand the current and future market for our resource, both domestically and internationally.

#### Feedback sought:

# Action Area 3: Improve Treaty Partnership

Kaitaikitanga underpins the Māori relationship to natural resources: it denotes the ancestral obligation Māori have collectively to sustain, guard, maintain, protect and enhance mauri (the life giving force of an ecosystem). If Māori are to fulfil this obligation, they must be able to voice their concerns, and be enabled to take an active role in the management of their land as manawhenua. This is particularly important in the mining sector because mining can have significant environmental impacts.

Improving the Māori-Crown partnership is a key step towards safeguarding Māori interests in their rohe (tribal area). As a signatory to the Treaty of Waitangi, the Crown owes a duty to Māori to honour that partnership, and the Crown is committed to improving that partnership.

#### What we aim to achieve?

- Clarity within the mining sector regarding the role of Māori, the Industry, and the Crown's obligation as a Treaty partner;
- Early and proactive engagement with Treaty partners; and
- Māori interests will be better considered in decision making processes.

#### Feedback sought:

# Action Area 4:

# Improve Community and Stakeholder Engagement

Effective engagement of stakeholders and our wider communities is key to building the mining sectors social licence to operate. We need to better inform the public about the value of minerals and mining in New Zealand, both positive and negative. We also need to inform our communities about the CMA and the wider regulatory framework so that they can more effectively contribute their views. Through a more engaged public, the sector can better understand community attitudes and adapt processes accordingly, which helps to build trust in the mining sector.

#### What we aim to achieve?

- Increased awareness of the value (positive and negative) that mining brings to our communities, and New Zealand as a whole;
- Our communities better understand the regulatory process governing mining;
- Trust that mining in New Zealand is occurring responsibly; and
- Better understanding of community values towards the development of our mineral and petroleum resources.

#### Feedback sought:

# Action Area 5: Improve Industry Compliance

The Crown Minerals Act 1991 and associated regulations set the regulatory framework which governs the minerals and petroleum sectors in New Zealand. Ensuring an effective, efficient and transparent compliance regime underpins the objectives of the regime as a whole, ensuring the integrity of the regime.

#### What we aim to achieve?

- The CMA compliance regime effectively and efficiently supports the three prongs of compliance activity, detection, investigation and incentivising compliance;
- The Crown is paid the revenue and fees that it is owed for the use of its resource, for the benefit of New Zealanders;
- The reputation of New Zealand as a responsible regulator is protected, and noncompliance is quickly detected and efficiently addressed; and
- The regulatory regime is seen as fair transparent, and proportional.

#### Feedback sought:

### **Action Area 6:**

# Research and Investment in Better Mining and Resource Use

We have an opportunity to research and invest in better mining and resource use practices. Better mining involves adopting practices to minimise the resource intensity of mining operations. It is also about exploring ways to minimise the environmental impact (and maximise rehabilitation potential) of mining. Better resource use is about unlocking higher value uses for our resources (moving up the value chain), and exploring efficiencies in our resource use and reuse. By investing in better mining and resource use we will ultimately minimise the impacts and maximise the value of mining in New Zealand.

#### What we aim to achieve?

- Minimise the negative impacts mining can have on the environment;
- Increase the value we receive from our mineral resources through higher value uses;
- Improve the efficiency of mining; and
- Meet a practical amount of our resource needs through mineral recycling.

#### Feedback sought: