

# Minerals policy proposals



October 2014

Minister of Energy and Resources  
Minister for Economic Development  
Minister for Regulatory Reform  
Minister of Science and Innovation  
Minister for the Environment  
Minister of Conservation  
Minister for Climate Change Issues  
Parliament Buildings  
WELLINGTON

Dear Ministers

## Straterra Briefing to Incoming Ministers 2014

During the last two Parliamentary terms your Government has been implementing the Business Growth Agenda. An important goal is to lift New Zealand's export performance to 40% of GDP by 2025. Straterra fully supports the BGA and this aspirational objective.

The minerals sector is, and could form a larger part of NZ's prosperity. We are today part of the "smart economy" - earning high wealth off a small footprint, employing skilled people, supporting regions, and producing essential materials and contributing to exports, safely and responsibly.

We commend the Government for its efforts to make NZ a better place for responsible economic activity. The health & safety reforms, and recent research funding allocations are examples.

But there has been a string of negative decisions, or decisions likely to stymie development: Bathurst Resources; King Salmon; Ruataniwha dam; Basin Reserve fly-over; Trans-Tasman Resources; and a specific aspect of the Chatham Rock Phosphate application to the EPA for a marine consent. In aggregate, these decisions are a deterrent to investment in NZ.

Add to that regional moves to prohibit some or all mining: Thames Coromandel District; Golden Bay (outstanding landscapes project); and Southland (restrictions on domestic coal use). Schedule 4 already prohibits mining on close to 50% of conservation land and in marine reserves.

Something is deeply wrong with our resource management system, and that includes rights to Crown-owned minerals. Our concerns are summarised as:

- Regulators acting in a way that is not enabling of responsible economic development;
- Too many resource management laws and regulators, with little or no integration; and
- A failure to counter an ideologically-driven, anti-mining agenda in NZ.



AGGREGATES



MINERALS



METALS



COAL

# PROJECT/ISSUE



To address these and other issues, Straterra launched at Parliament in April 2014 a Minerals Briefing Paper 2014. This paper is an integral part of our briefing for Ministers and is enclosed with this letter. It sets out the case for minerals, explains the industry, and makes recommendations for improving NZ's attractiveness for investment.

At stake is the realisation of NZ's current and future resource potential, principally in: gold and silver, iron sands, coal, aggregates and industrial minerals (e.g., limestone, clays), as well as rock phosphate, tungsten, titanium, vanadium, copper, platinum, and rare earth elements.

I am writing to you now to update you on Straterra's policy initiatives, to inform priority-setting for your respective portfolios, over the new Parliamentary term. We welcome engagement with you, and your officials on these proposals.

Straterra's headline policy outcomes for New Zealand, which will require action by the Government in consultation with industry, are:

- A regulatory culture for NZ's resource management system and rights to Crown-owned minerals that enables responsible minerals exploration and mining;
- Strong national direction on minerals activities under the Resource Management Act 1991;
- Aligned regulatory processes on public conservation land under the Crown Minerals Act 1991, Conservation Act 1987, and the RMA; and
- Effective governance and management of oceans.

These and other initiatives are discussed in more detail below.

## 1. Government to "partner" with industry when developing and implementing regulation

Policy-makers and regulators should adopt, as standard practice, open and transparent engagement with industries towards developing more effective, efficient and enabling regulation, and its administration (refer to the Productivity Commission 2014 report, "Regulatory Institutions And Practices" (page 6));

In a comparative survey of mineral rights and resource management regulation in Australian States and NZ in 2012, NZ scored *highest* for policy design, and *lowest* for administration of regulation. That is a further call to action for the Government to make changes to our regulatory culture.

It is important for regulators to have an understanding of, an interest in, and empathy with the people who are seeking to do business in NZ. We have observed many instances where this is not the case.

Where the partnership approach is being adopted by government agencies and regulators, the outcomes are more likely to be successful, for achieving the BGA.

## 2. Promote minerals for the benefit of New Zealand

The Crown Minerals Act 1991 has as its purpose to promote minerals prospecting, exploration and mining for the benefit of NZ. A working group of senior officials from the Ministry of Business, Innovation and Employment, and NZ Petroleum & Minerals has been formed with Straterra to explore system-wide regulatory reform, and improvements to NZP&M's administration of the CMA regime. That regime would

Out of scope

## 7. Analysis of the Exclusive Economic Zone and Continental Shelf (Environmental Effects) Act 2012 regime

The refusal in June 2014 by an EPA-appointed Decision-Making Committee of Trans-Tasman Resources' marine consent application to mine iron sands in the South Taranaki Bight has spurred Straterra to form a small working group to analyse this decision. Our inquiry spans three main elements:

- TTR's approach to the marine consent process;
- The DMC's running of the hearings process, and the EPA's role;
- The workability of the law.

Straterra's preliminary view is that a number of changes are necessary to the structure of the Decision-Making Committee, the nature and operation of the hearings process, to the way in which the EPA conducts its role, and to the law. We see an important role for guidance on matters including uncertainty, favouring caution and protection, adaptive management, and existing interests.

We will report to the Government on our findings when complete, with a view to improving the likelihood of seabed mining projects gaining marine consents. We note the TTR decision is under appeal to the High Court, and that another company, Chatham Rock Phosphate, has entered the marine consent process.

## 8. Marine protection

Straterra supports the concept of marine protection in the oceans, based on an informed conversation on where to designate such areas, and the level of protection. That is important to avoid debating the oceans in the context of marine consent applications for seabed mining (the previous item refers). On this, Straterra is keen to work with relevant interests, and the Government. Abolition of the Benthic Protection Areas, which were developed in a poor process, is a necessary first step.

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Yours sincerely,

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Straterra Inc.

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