

## Minerals West Coast submission on Crown Minerals Amendment Bill

Monday 23<sup>rd</sup> January 2023

**Please note Minerals West Coast would welcome the opportunity to speak to this submission.**

### Introduction: Minerals West Coast and the West Coast minerals industry

[1] Minerals West Coast represents the shared and collective interests of the West Coast region's miners and wider minerals sector. Minerals West Coast's membership ranges from individual members, through to small-medium sized family/private owned businesses, through to publicly listed and internationally financed companies.

[2] Miners on the West Coast produce coal as a source of energy for food production and space heating, coal for steelmaking, alluvial and hard rock gold, aggregates and gravels for roading and construction, limestone for fertiliser, pounamu (often as a by-product of gold mining), and mineral sands producing industrial minerals and rare earth elements.

[3] Minerals West Coast's membership also includes geologists, engineering firms, ecological consultants, and research groups, among others.

[4] In total the mining sector on the West Coast in 2021 accounted for 8.4% of GDP (third highest after dairy cattle farming at 10.6%, and electricity and gas supply at 9.1%)<sup>1</sup>. The sector also directly employs about 600 people, or 3.5% of the total West Coast population<sup>2</sup>.

### Summary and recommendations

[5] Minerals West Coast **disagrees** with the bill's proposal to neutralise the Crown Minerals Act's purpose statement.

[6] Minerals West Coast **disagrees** with changing wording from "efficient allocation of rights" to "efficient consideration and processing of applications for rights" as is outlined in the draft bill.

[7] Minerals West Coast neither **agrees** nor **disagrees** with the stated intention relating to increased Iwi engagement.

### Bill's claim to addressing a so called "lack of flexibility in CMA" as to management of Crown-owned minerals.

[8] Minerals West Coast understands the Crown's justification for making the changes to the Crown Minerals Act outlined in the bill to be for addressing a lack of flexibility in the legislation. In our view, the Government is seeking to solve a non-existent problem; the Crown minerals regulator is always in a position to exercise some discretion when making decisions.

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<sup>1</sup> Based on Infometric figures for the West Coast region, [available online here](#).

<sup>2</sup> Based on Infometric figures for the West Coast region, [available online here](#).

[9] The bill references the government’s commitment to “net-zero” greenhouse gas emissions (excluding biogenic methane) by 2050, the 2019 resource strategy (Responsibly Delivering Value), and the Emissions Reduction Plan released in May 2022.

[10] Implicit in the bill is an assumption that prospecting and exploring for, or the mining of, Crown-owned minerals stands in conflict with New Zealanders’ contributions to limit global warming to within 1.5°C of pre-industrial temperatures. Mining in this respect, is rather unremarkable – it is no different to any other activity in New Zealand that has a non-zero carbon footprint, i.e. almost everything New Zealanders do.

[11] Changing the purpose of the Crown Minerals Act from that of “promote” to “manage” will do little or nothing to further these policy objectives, which are already addressed under other legislation.

[12] The bill takes particular exception to the prospect of the Crown playing any role in promoting mining of or allocating rights to the mining of, fossil fuels, which is a bizarre approach given that New Zealand already imports significant quantities of fossil fuels, merely to keep the country moving and producing goods for customers both in domestic and international markets.

[13] If this government’s intention is to prohibit the production or use of fossil fuels (such as petroleum derived oil and gas or bituminous and sub-bituminous coals and lignite) then other policy instruments would be more appropriate, e.g. the Government could introduce into Parliament an *‘Anti-coal and petroleum extraction and imports of fossil fuels bill’*.

[14] As stated, a number of policy instruments for achieving the Government’s anti-fossil fuel agenda either exist already or could be implemented.

[15] Those which already exist include the New Zealand Emissions Trading Scheme and the zero carbon amendments to the Climate Change Response Act 2002.

[16] The government is free to use these tools to the full extent they are able to dampen demand for fossil fuels or inhibit their use (e.g. via demand-side solutions).

[17] Given that the majority of carbon dioxide emissions from fossil fuel use in New Zealand come from imported sources (namely imported transport fuels and to a lesser extent imported coal), supply-side measures taken against fossil fuels produced in New Zealand would be redundant if the same measures aren’t taken against those fossil fuels imported into New Zealand.

[18] To be “effective” any supply side measure would need to simultaneously address both the production and importation of fossil fuels.

[19] The economic and social ramifications of doing so would be substantial, and as such demand side solutions are more appropriate for a gradual transition to low carbon technologies.

[20] The use of the word “promote” in the Crown Minerals Act is justified in so far as the Crown has nationalised certain mineral resources of New Zealand on behalf of the people of New Zealand, to whom the Crown is subservient.

[21] If the Crown is to hold these assets on behalf of the people, then it is incumbent on the Crown to ensure these assets are utilised to the full benefit of the people it serves.

[22] By way of context, the Crown in the past legislated to take ownership of all gold, silver, uranium, and petroleum. Ownership of minerals other than gold, silver, uranium, and petroleum depends on when the land was first alienated from the Crown. The policy decision was made from the



commencement of the Land Act in 1948 that all sales of Crown land reserved all mineral rights to the Crown in that land.

[23] This was on the basis that the Crown was best placed to ensure those minerals were in fact developed and utilised for the benefit of all New Zealanders.

[24] If this government deems it desirable that the Crown should refuse or neglect to grant rights for certain types of minerals through New Zealand Petroleum and Minerals, then the costs (through foregone benefits) need to be determined and recognised.

[25] Simply sterilising these resources in perpetuity by refusing to grant or allocate permits for their development is not a justifiable action for the Crown to take on behalf of the people of New Zealand. Consider that many developed countries, other than New Zealand, are taking steps to safeguard and enhance their minerals supply chains. Other governments understand that recycling minerals will only ever meet a fraction of future demand for minerals, and that access to minerals is crucial to delivering wellbeing to society, in all sorts of ways.

[26] In addition, changing the wording from the “efficient allocation of rights” to the “efficient consideration and processing of applications for rights” implies this government intends for the Crown to no longer have an obligation to allocate mineral rights. It seems rather to be stating the obvious to suggest processing and considering matters put before them – this is simply the function of any assessment before rights are allocated.

[27] Again, this implies this government intends for the Crown to effectively sterilise the nation’s mineral resources, in which case, it is further evidence that the Crown is not the appropriate owner of these resources and should at least consider privatising them in perpetuity through some form of sell down process.

### **Bill makes improvements to permit/licence holder and permit applicant engagement with iwi and hapū**

[28] Minerals West Coast **neither supports nor opposes** the bill’s proposals for changing the level of iwi and hapū engagement.

[29] That said, Minerals West Coast urges the Crown to consider the burden this regulation may place on miners, iwi, and hapū nationwide by adding time to the process of obtaining the relevant permissions.

### **Bill makes decommissioning-related clarification and amendments**

[30] Minerals West Coast has **no comments to make** on this section of the bill.

### **Other matters for consideration: economic opportunities for New Zealanders and future energy security**

[31] New Zealand’s mineral endowment represents enormous opportunities to the people of New Zealand.

[32] Mining is New Zealand’s highest productivity sector, and among the highest for mean and median hourly and weekly earnings nationally (see Appendix 1), and among the highest for mean and median hourly and weekly earnings among Māori New Zealanders nationally (see Appendix 2).



Māori make up approximately 24.5% of people working in the mining sector in New Zealand<sup>3</sup>, compared with 16.5% of the general population<sup>4</sup>.

[33] An indication of the extent to which New Zealanders value the direct and indirect opportunities stemming from the resources sector (both petroleum and minerals) are the extent to which many New Zealanders, including Māori, vote with their feet and pursue opportunities in Australia, where mining plays, proportionally and in absolute terms, a far greater role in the national economy.

[34] By way of example, approximately 640,770 New Zealanders live in Australia, equal to 12.5% of New Zealand's resident population of 5,120,000<sup>5</sup>.

[35] Among Māori, approximately 142,107 of people reside in Australia, equal to 18.3% of the 775,836 Māori living in New Zealand<sup>6</sup>.

[36] In so far as people wish to support themselves and their families, or better their lot in life, the income that can be earned through mining presents an opportunity for people to do so.

[37] Government's have the power to enable or inhibit people's ability to pursue opportunities in New Zealand, or to encourage them to leave and pursue opportunities overseas.

[38] For the ongoing energy security of New Zealand, it is incumbent upon any government to ensure the petroleum and mineral resources of this country can continue to be utilised so long as there is demand for them.

[39] Fossil fuels make up over 61% of New Zealand's primary energy supply (33% oil; 21% natural gas; 7% coal), and about 54% of New Zealand's energy supply in industrial process heat (38% natural gas; 11% coal; 3% diesel; 2% other fossil fuels).

[40] This will most likely change in the coming decades to a greater and greater proportion of renewable energy supply in both the industrial sector and in the wider national energy supply.

[41] Nonetheless, until it does, inhibiting the ability for New Zealand's indigenous fossil fuel resources to be utilised can only lead to a greater reliance upon imports (and all the potential supply-chain issues and increased emissions associated with doing so) or potentially energy poverty if New Zealanders are forced to simply make do with less energy (and therefore higher associated costs) for transport, heating, food production, electricity generation, and so on.

[42] Finally, it is worth noting for the record that throughout all levels of Covid-19 lockdowns and traffic light settings, New Zealand's coal mines have operated as the coal, and the mining of it, have been considered essential services to the wellbeing and safety of New Zealanders<sup>7</sup>.

-ENDS-

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<sup>3</sup> This is based on Minerals West Coast's analysis of StatsNZ data ([available here](#)) indicating of the 6,100 New Zealanders employed in the minerals sector in 2022, 1,500 identify as Māori.

<sup>4</sup> Data from the 2018 census ([available here](#)) indicates New Zealanders identifying as Māori make up 16.5% of the New Zealand population.

<sup>5</sup> Based on data available on Wikipedia, which can be found [here](#).

<sup>6</sup> Based on data available on Wikipedia, which can be found [here](#).

<sup>7</sup> An article on this issue can be found [here](#).

## Appendix 1: Mean and median earnings by sector in New Zealand 2021<sup>8</sup>

New Zealand sectoral mean and median earnings (2021)				
Ranking	Sectoral mean hourly earnings	Sectoral mean weekly earnings	Sectoral median hourly earnings	Sectoral median weekly earnings
1	Financial and Insurance Services (\$46.68)	Financial and Insurance Services (\$1,875.00)	Financial and Insurance Services (\$38.86)	Mining (\$1,899.00)
2	Electricity, Gas, Water and Waste Services (\$42.08)	Electricity, Gas, Water and Waste Services (\$1,744.00)	Electricity, Gas, Water and Waste Services (\$35.96)	Electricity, Gas, Water and Waste Services (\$1,520.00)
3	Information, Media and Telecommunications (\$40.62)	Mining (\$1,710.00)	Mining (\$35.94)	Financial and Insurance Services (\$1,515.00)
4	Mining (\$38.75)	Information, Media and Telecommunications (\$1,631.00)	Public Administration and Safety (\$34.27)	Information, Media and Telecommunications (\$1,381.00)
5	Public Administration and Safety (\$38.66)	Public Administration and Safety (\$1,537.00)	Information, Media and Telecommunications (\$34.00)	Public Administration and Safety (\$1,350.00)
6	Professional and Administrative Services (\$38.31)	Professional and Administrative Services (\$1,480.00)	Professional and Administrative Services (\$31.97)	Professional and Administrative Services (\$1,249.00)
7	Wholesale Trade (\$34.89)	Wholesale Trade (\$1,403.00)	Education and Training (\$29.92)	Construction (\$1,204.00)
8	Rental, Hiring and Real Estate Services (\$34.45)	Transport, Postal and Warehousing (\$1,345.00)	Wholesale Trade (\$29.15)	Wholesale Trade (\$1,200.00)
9	Health (\$33.68)	Rental, Hiring and Real Estate Services (\$1,331.00)	Construction (\$28.77)	Manufacturing (\$1,151.00)
10	Total All Industry Groups (\$33.16)	Manufacturing (\$1,310.00)	Health (\$28.10)	Transport, Postal and Warehousing (\$1,151.00)
11	Education and Training (\$32.91)	Construction (\$1,298.00)	Total All Industry Groups (\$27.75)	Agriculture, Forestry and Fishing (\$1,096.00)

<sup>8</sup> Based on Minerals West Coast's interpretation of StatsNZ earnings data, [available here](#).

12	Transport, Postal and Warehousing (\$32.89)	Total All Industry Groups (\$1,247.00)	Manufacturing (\$27.25)	Total All Industry Groups (\$1,093.00)
13	Manufacturing (\$32.12)	Agriculture, Forestry and Fishing (\$1,165.00)	Rental, Hiring and Real Estate Services (\$26.88)	Education and Training (\$1,080.00)
14	Construction (\$31.53)	Education and Training (\$1,148.00)	Transport, Postal and Warehousing (\$26.37)	Rental, Hiring and Real Estate Services (\$1,055.00)
15	Art, Recreation and Other Services (\$31.13)	Health (\$1,127.00)	Art, Recreation and Other Services (\$26.00)	Health (\$1,000.00)
16	Agriculture, Forestry and Fishing (\$29.01)	Art, Recreation and Other Services (\$1,113.00)	Agriculture, Forestry and Fishing (\$25.00)	Art, Recreation and Other Services (\$1,000.00)
17	Retail Trade and Accommodation (\$25.3)	Retail Trade and Accommodation (\$818.00)	Retail Trade and Accommodation (\$22.00)	Retail Trade and Accommodation (\$800.00)

## Appendix 2: New Zealand Māori mean and median earnings by sector 2021<sup>9</sup>

New Zealand Māori sectoral mean and median earnings (2021)				
Ranking	Sectoral mean hourly earnings	Sectoral mean weekly earnings	Sectoral median hourly earnings	Sectoral median weekly earnings
1	Information, Media and Telecommunications (\$41.11)	Mining (\$1,618)	Information, Media and Telecommunications (\$35.96)	Information, Media and Telecommunications (\$1,438.00)
2	Financial and Insurance Services (\$39.77)	Information, Media and Telecommunications (\$1,527.00)	Financial and Insurance Services (\$33.24)	Public Administration and Safety (\$1,362.00)
3	Public Administration and Safety (\$35.00)	Financial and Insurance Services (\$1,509.00)	Public Administration and Safety (\$32.88)	Financial and Insurance Services (\$1,247.00)
4	Mining (\$34.70)	Public Administration and Safety (\$1,437.00)	Mining (\$28.00)	Construction (\$1,200.00)
5	Electricity, Gas, Water and Waste Services (\$31.99)	Electricity, Gas, Water and Waste Services (\$1,334.00)	Education and Training (\$27.23)	Electricity, Gas, Water and Waste Services (\$1,177.00)
6	Professional and Administrative Services (\$31.35)	Construction (\$1,229.00)	Construction (\$27.17)	Mining (\$1,176.00)
7	Education and Training (\$30.33)	Rental, Hiring and Real Estate Services (\$1,225.00)	Health (\$26.00)	Transport, Postal and Warehousing (\$1,124.00)
8	Manufacturing (\$29.66)	Manufacturing (\$1,222.00)	Electricity, Gas, Water and Waste Services (\$25.50)	Manufacturing (\$1,112.00)
9	Wholesale Trade (\$29.55)	Wholesale Trade (\$1,213.00)	Wholesale Trade (\$25.46)	Rental, Hiring and Real Estate Services (\$1,055.00)
10	Total All Industry Groups (\$29.49)	Transport, Postal and Warehousing (\$1,173.00)	Manufacturing (\$25.08)	Wholesale Trade (\$1,053.00)

<sup>9</sup> Based on Minerals West Coast's interpretation of StatsNZ earnings data, [available here](#).

11	Rental, Hiring and Real Estate Services (\$29.30)	Professional and Administrative Services (\$1,143.00)	Total All Industry Groups (\$25.00)	Total All Industry Groups (\$1,020.00)
12	Agriculture, Forestry and Fishing (\$29.23)	Total All Industry Groups (\$1,120.00)	Agriculture, Forestry and Fishing (\$24.98)	Education and Training (\$1,004.00)
13	Construction (\$29.10)	Agriculture, Forestry and Fishing (\$1,117.00)	Professional and Administrative Services (\$24.98)	Health (\$1,000.00)
14	Health (\$28.82)	Education and Training (\$1,080.00)	Transport, Postal and Warehousing (\$24.07)	Professional and Administrative Services (\$991.00)
15	Art, Recreation and Other Services (\$28.72)	Health (\$1,008.00)	Art, Recreation and Other Services (\$23.96)	Agriculture, Forestry and Fishing (\$959.00)
16	Transport, Postal and Warehousing (\$28.13)	Art, Recreation and Other Services (\$1,008.00)	Rental, Hiring and Real Estate Services (\$23.57)	Art, Recreation and Other Services (\$920.00)
17	Retail Trade and Accommodation (\$24.25)	Retail Trade and Accommodation (\$766.00)	Retail Trade and Accommodation (\$21.52)	Retail Trade and Accommodation (\$675.00)