Minerals West Coast submission on Ministry for the Environment discussion document: *Managing our Wetlands*

27th October 2021

About Minerals West Coast:

1. Minerals West Coast is an industry group representing the minerals sector on the West Coast. Our mission is to promote, encourage, and support the mining industry on the West Coast. We are governed by a group of voluntary trustees with a direct interest in the industry in the region.

2. Our members include gold and coal mining companies, as well as those with an interest in quarrying and civil earthmoving. These businesses range from small scale, solo operators, to larger firms employing anywhere up to one hundred staff across different sites, as well as New Zealand's largest mining companies. Other members include training institutes, engineering and mechanical support services, and geologists.

3. Minerals West Coast estimates the West Coast minerals sector employs about 600 people directly, in doing so supporting about as many contractors and support units. Mining jobs in the region pay about double the median annual salary. In 2020 Infometrics data indicated the sector contributed to 8.5% of gross regional product – the third highest contribution overall.

4. According to Infometrics, in 2019 the West Coast's median earnings per labour unit were the highest of all sectors – about $83,910 – compared to a median across all sectors of $44,010. Sectors associated with tourism, notably retail trade ($33,510) and accommodation & food services ($22,310) were third lowest and lowest respectively.

Submission

Minerals West Coast's full submission can be found in this document. Please direct any questions you may have about this submission to Minerals West Coast's manager, Patrick Phelps, whose contact details can be found at the end of this submission.

Minerals West Coast supports this government's goal of ensuring there is no future net loss to New Zealand's natural wetland ecosystems.

Minerals West Coast's firm belief is that this needn't preclude extraction of mineral resources (gold, coal, aggregate, iron sands, and any other economic mineral deposits that may not have been mined in New Zealand in the past) from some wetland ecosystems.

The loss of wetlands in this country historically and the degraded state of many remaining freshwater and terrestrial ecosystems cannot be addressed in isolation. We live in a country with 21st century expectations of our standard of living, which is underpinned at a regional and national level by having access to raw materials and a vibrant economy.

Without access to raw materials (such as minerals) and a vibrant economy at both a regional and national level, the ability for New Zealanders to have opportunities to pursue their interests in work or business would be compromised. In that event, the government's ambitions to provide the country with modern infrastructure, housing, and a decent health service and educational system in the interest of all New Zealanders would remain unfulfilled.

Minerals West Coast urges the government to ensure there is a consenting pathway to allow earthworks in wetlands for all minerals and argues this can be done in a way that ensures no net loss to wetland conservation, and ensures access to the raw materials modern societies require, including minerals.

Minerals West Coast also urges the government to consider whether all natural wetlands are worthy of the same degree of protection, and that private property rights also be taken into account.

Historic context of wetland decline and degradation, and the relevance to wetland conservation in 2021

New Zealand's wetlands were formed following the end of the last ice age about 18,000 years ago. From 18,000 years ago up until about 800 years ago, the natural processes that played out in that time frame meant that the first humans to arrive here from Polynesia found land now known as Aotearoa/New Zealand with about 80%-90% native vegetation cover. This was predominately forest but included wetlands.

These early settlers obtained food through hunter-gatherer methods, which included fire, in pursuit of available animal protein, including the 12 now extinct species of moa. This greatly reduced vegetation cover, from its original coverage of over 80% prior to human arrival to about 55% in 1840 when te Tiriti o Waitangi was signed. The ensuing immigration of British and other settlers of European origin began heralded another wave of habitat loss as vast areas of forest were cleared and wetlands drained as land was put under pasture to increase yields of wool, and latterly red meat and milk, reducing indigenous vegetation cover to a little over 25%.

It is worth noting that some of this habitat loss was state-sponsored – even until fairly recently government policies encourage further land development than might have occurred in their absence. Government initiatives put in place in relatively recent decades included Livestock Incentive Scheme (1977), Land Development Encouragement Loans (1978), and Supplementary Minimum Pricing (1978).

This historic habitat loss, which essentially occurred in pursuit of moa, mutton, and milk among other things, has slowed significantly but not stopped. The greater ongoing impact of both Polynesian and European settlement has been the introduction of plant and animal pests and predators.

Impacts on wetlands

Both major waves of human settlement have had an impact on wetlands. The extent to which remaining wetlands resemble anything like the wetlands that existed up until 800 years ago can be established with pollen record analysis and other methods. Minerals West Coast ***supports*** the government's revision of the definition of a natural wetland but wishes to stress that within the definition of natural wetland, there is considerable variation. Wetland is a broad definition and includes a variety of ecosystems including but not limited to bogs, mires, meres, moors, fens, swamps, marshes, shallow water, pakihi, gumland.

Because of the range of impacts on wetlands historically and today, the quality of remaining wetlands varies. These impacts include changes to hydrology (drains, loss of surrounding forests, dams and weirs etc); pest plants (weeds); animal pests and predators); increased/decreased nutrients; reduced prevalence of native plant and animal species (due to habitat loss or indirect

competition or predation from introduced species.

Because of the impact being so wide ranging, certain facts should be acknowledged, namely: that simply physically protecting wetlands from further physical damage will not be enough alone to maintain or enhance the biodiversity values of New Zealand's remaining wetlands; that as well as there being many types of wetland, the remaining wetlands also vary greatly in quality and biodiversity values; the government's view is that all remaining natural wetlands have value, but it may be argued that some have more value than others

For that reason, the government's proposed avenues of ensuring there is a consenting pathway for earthworks in wetlands for certain activities has merit, with the overall goal being 'no net loss' to New Zealand's remaining wetland stock, and, perhaps, a net gain in wetlands.

Relevance for the West Coast

The Tai Poutini/West Coast region has inherited a significant proportion of the biodiversity that has survived the past eight centuries of human impact. About 22% of New Zealand's conservation estate is on the West Coast – in total, conservation land covers about 81.5% of the entire region. This occurs largely in mountainous or sloping terrain.

Across public and private land, the West Coast has the highest level of habitat representation in the country, with a large portion of protected areas in the region occurring as continuous sequences of eco-systems providing crucial corridors for species to spread from area to area. Of the estimated 10% of wetlands that remain in New Zealand today, the West Coast is home to approximately 33.8%[1] – this is more than any other region in the country, and more than are found in the entire North Island[2].

This policy will have a greater impact on the West Coast region than any other part of New Zealand for the simple fact that there are comparatively fewer wetlands left to protect in many other parts of the country. At every scale, whether an individual, an iwi, or a region, those that have developed land are rewarded, and those who have not developed land – whether by choice or by chance – are punished by being left with land that yields no economic return.

Relevance to the mining industry

The mining industry is peculiar (if not unique) in New Zealand in the sense that mining can be considered a temporary use of the land.

In 2018, LandCare Research/Manaaki Whenua prepared a report for the Biodiversity Collaborative Group (a group charged with informing the draft National Policy Statement for Indigenous Biodiversity).

LandCare Research's comments on the limits of remediation of habitats have some relevance in the context of this discussion – namely, that the technical ability to restore New Zealand ecosystems and the habitats of indigenous species is limited.

[1] (Maseyk & Gerbeaux, 2014)
[2] (Maseyk & Gerbeaux, 2014)

"In some instances the value of a resource or site has allowed intensive and expensive rehabilitation. These are usually associated with mines, highways, and high-end residences, and the most successful have had schedules involving the movement and reuse of elements of the ecosystem, such as trees, wood, and soils" – LandCare Research, 2018.

Because the value of some minerals being extracted, enough wealth is generated to allow for the restoration of the ecosystem impacted, and also to generate resources required to enhance other wetland ecosystems through expanding their size, reducing or eliminating the prevalence of plant and animal pests and predators.

Provided the right policies are in place, there can be a "net gain" for the environment.

New Zealand needs minerals

New Zealand relies on minerals and other raw materials to meet even the most basic needs of its population. The minerals New Zealand has produced in economic quantities in recent years include gold and silver; pounamu; sub-bituminous coal; bituminous coal; iron (from iron sands); clay, zeolite, limestone; aggregate and gravel.

Insofar as the mining of the above materials provides highly paid work in regional economies, the extraction of the above minerals has a value at a household and regional level.

What's more, New Zealand needs coal as a fuel for our factories vital to food production for feeding our own people and generating billions of dollars in exports for the country. Coal mining has continued during the two instances of New Zealand being placed under Covid-19 Alert Level 4 restrictions, classified as an "essential service" or a "key utility".

Iron bearing sands and domestic and imported coal are needed for domestic steel production, and exports of coking coal help to meet a growing international demand for steel.

Aggregates and gravel, as the discussion document notes, are vital for housing and infrastructure.

The West Coast has potential for mining garnet, for use in industrial abrasives, being a safer alternative to silica-based abrasives.

The discussion document acknowledges that minerals can only be mined where they are found. Mining, by its nature is functionally and operationally constrained.

The question is what level of impact on some wetlands where economic deposits of minerals are found is acceptable, and what measures are taken to rehabilitate the affect area when the mine reaches the end of its economic life, and whether or to what extent offsets or compensation may be necessary at other sites.

The point is that earthworks are the same where for a landfill, quarry, state highway or a mine. It is the effects of the earthworks that matter, in a wetland context, not the purpose of the earthworks, as such.

There is no need for the proposed distinction between what minerals are extracted

The discussion document makes a distinction between mining and quarrying, which we find bizarre because they are effectively the same activity, with similar impacts. Specifically, quarrying is a subset of mining.

It makes no difference in the context of wetland ecology if the mineral being sought through the mining process is coal, gold, aggregate, or anything else, or if the operation is called a quarry or a mine.

The discussion document also floats the idea that mining of fossil fuels should face different restrictions again.

If this government intends to make good on New Zealand's commitments made under the Paris Agreement by placing restrictions on fossil fuel activities, it should address this directly, not under the guise of regulation for a different purpose, as a principled approach to policymaking.

There is in place already a Climate Change Response Act that provides for the New Zealand Emissions Trading Scheme, and a requirement to consider climate change mitigation and adaptation under the Resource Management Act.

For now (and likely decades to come), New Zealand needs sub-bituminous coal and lignite for process heat in the South Island and parts of the North Island. Coal produced in the Waikato coal fields and imported (largely from Indonesia) coal (used to generate electricity) is part of why the power cuts some New Zealanders experienced several times this year are not a more frequent occurrence.

In the previous year coal imports hit a fifteen year high, largely due to coal consumption at majority Crown owned Genesis Energy's Huntly power plant (which burns a combination of natural gas and coal).

Preventing coal mining via wetland regulations would increase New Zealand's reliance on imported coal, undermining energy security in New Zealand, lead to higher global GHG emissions from shipping coal to New Zealand, and lead to domestic job losses.

As technology and economics allow, and under fit-for-purpose government policy settings, coal users will switch to other sources of energy over time, as the transition unfolds. Mining companies produce coal only for those who want to buy it – supply does not create demand; it is the demand for coal that generates the supply.

On that note, Minerals West Coast proposes the government focus on regulating the effects of activities on wetlands, and not on the activities themselves, in the context of the gateway.

On that point, the gateway should be phrased as: either nationally or regionally significant, and/or functionally/locationally/operationally constrained; and in all cases, to apply the effects management hierarchy.

Needs to allow for prospecting and exploration, as well as mining

Because mining of resources can only occur once those resources have been 'proven up' through prospecting and exploration – techniques for which range from low-impact desktop or handheld methods through to drilling and digging of test pits, there also needs to be a consenting pathway for these precursor and ancillary activities to mining as well.

Private landowners and the question of private versus social costs and benefits

It's estimated that of the remainder of New Zealand's wetlands, about 50% are on private land. On the West Coast there are some landowners whose land may hold mineral potential that would be unable to be realised if policies placing a blanket restriction on earthworks in wetlands are not changed.

The discussion document outlines in its preamble that wetlands are part of 'our landscape' and the freshwater services they provide for all New Zealanders through ensuring water quality and reducing the severity of flooding and erosion of rivers and coastlines, as well as providing habitats for animal and plant life.

For some landowners, particularly on the West Coast, there may be areas where there is mineral prospectivity or even an active mining permit obtained through the Crown Minerals Act.

If this potential were not able to be realised under a wetland protection regulation to deliver a national public good, the country as a whole should bear the cost to the private landowner via appropriate compensation; the alternative would be to recast New Zealand has presenting high sovereign risk to domestic and overseas investors and showing cavalier disregard of the rights of property owners.

As an example, several wetlands of recognised significance have been purchased through the Nature Heritage Fund, a well-established model. They include Maher Swamp, an area of coastal wetland on the West Coast with recognised potential for mining of ilmenite, a titanium-bearing iron ore. Through cooperation between previous landowners and the Department of Conservation, this area was purchased through the Nature Heritage Fund on a willing buyer-willing seller basis.

This issue is similar to that arising with the designation and protection of significant natural areas under the RMA.

Solutions and policy suggestions

Minerals West Coast **supports** the following changes to the freshwater policy outlined in this discussion document:

1. Changing the definition of natural wetland to the new definition outlined in this discussion document
2. Creating a consenting pathway for extraction of minerals (including aggregates) via earthworks in (or within 100 metres of) a natural wetland
3. The activity having the level of permission of 'discretionary' under the Resource Management Act

Minerals West Coast **opposes** the following:

1. Any form of 'splitting' the freshwater regulations to have one set of rules for aggregate and another set of rules for other minerals
2. Consequently, Minerals West Coast also opposes any differentiation between mining and quarrying – quarrying is a subset of mining, and its impacts (and the methods for remediating, rehabilitating, offsetting, and compensating for those impacts) are similar to that of mining

3. Any attempt to use policy intended for ensuring wetland conservation suffers 'no net loss' to attempt to inhibit the production or consumption of coal, which would be unprincipled policy making.

Minerals West Coast asks that the government **consider**:

1. Compensation for landowners whose property values will be impacted by this legislation
2. That not all wetlands are of equal quality or value, and that some will be more worthy of protection than others
3. That aside from physical protection from further drainage or clearance, wetlands, like all other ecosystems in New Zealand, require costly ongoing management to protect against the impacts of introduced plant and animal pests and predators, and that offsets and compensation is one way of providing that management
4. The impact this policy will have on regional economies such as the West Coast if mining is severely constrained, and the impact on New Zealand as a whole if the access to raw materials such as aggregate and coal necessary for gravel, aggregate, limestone, and coal necessary for the production of cement and steel vital for housing and infrastructure, including flood repairs and climate change resilience, is constrained.

If you have any questions about the contents of this submission, please contact Minerals West Coast's manager, Patrick Phelps on 021 238 6846, or manager@mwc.org.nz

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Maseyk, F. J., & Gerbeaux, P. (2014). Advances in the identification and assessment of ecologically significant habitats in two areas of contrasting biodiversity loss in New Zealand. *New Zealand Journal of Ecology*, 119.